

**EXECUTIVE
SUMMARY**

In 1Q23, Thailand's economy showed continuous improvement from 4Q22 mainly from domestic consumption that continued to improve thanks to government stimulus and international tourist arrival which jumped 19% QoQ. The government stimulus programs in 1Q23 include "Shop Dee Mee Kuen" (Shop and payback) on 1 January - 15 February and "Rao Teaw Duay Gun" (We travel together) on 7 March - 30 April. In 1Q23, international tourists' arrival remained above 2 mn per month and Chinese tourists became the third biggest incoming international tourists into Thailand, following Malaysia and Russia, after China reopened its border on 8 January 2023. In March 2023, total international tourist and Chinese tourist arrivals were 64% and 27%, respectively, of March 2019. The inflation rate continued to ease mainly from higher base last year. Moreover, concerns on rising costs from electricity slightly eased following the resolution from the Energy Regulatory Commission to lower the electricity tariff from Baht 5.33/unit to Baht 4.70/unit for the period of May - August 2023. Thailand economic expansion in 2023 is expected to grow 3-4%, driven mainly by tourism sector with double YoY international tourist arrivals anticipation and private consumption growth of 3%.

Central Pattana PLC ("The Company") performance in 1Q23 improved continuously following the strong recovery in 2022, especially the retail rental business that saw rental discount already returned to pre-Covid level during the quarter. In 1Q23, the Company reported total revenue of Baht 10,291 mn, and a net profit of Baht 3,246 mn, growing 27% and 39% YoY respectively. Excluding the impact of financial reporting standards, the Company's core performance showed a net profit of Baht 2,941 mn, increased by 44% YoY. Comparing to pre-Covid level, 1Q23 total revenue and core net profit already surpassed 1Q19 by 19% and 5%, respectively.

In 1Q23, the Company also completed 2 major renovation projects 1) Central Ramindra which reopened on 10 January 2023 and 2) Marche Thonglor which had a soft opening on 26 March 2023 with NLA expanded from 3,363 sqm to approximately 13,000 sqm. The Company had a soft opening of 1 new hotel on 10 March, which is Centara Ubon which created the second fully-integrated mixed use project in upcountry in Ubonratchathani province.

OVERVIEW

The Company has 4 business units under management:

- 1) Rental and services.
- 2) Food center services,
- 3) Hotels, and
- 4) Residential properties for sale

Which also include properties transferred to CPN Retail Growth Leasehold REIT (“CPNREIT”), CPN Commercial Growth property fund (“CPNCG”) as well as properties under the management of Grand Canal Land PLC (“GLAND”) which is the Company’s subsidiary.

Assets under Central Pattana as at 1Q23

Business Type	Total		CPN		CPNREIT		CPNCG	
	No.	'000 sqm	No.	'000 sqm	No.	'000 sqm	No.	'000 sqm
Shopping Mall								
Shopping malls in Bangkok	16	994	16	842	3	152		
Shopping malls in provinces	21	863	21	766	4	98		
Shopping malls in overseas	1	84	1	84				
Total Shopping Mall	38	1,942	38	1,691	7	250		
Community Mall	17	173	17	173				
Shopping mall under JV	1	169	1	169				
Total Retail Business	56	2,284						
Other Business								
Office	9	169	4	53	2	34	1	82
Hotel	5	1,020 rooms	4	716 rooms	1	304 rooms		
Residential for sales to date (high-rise)	18							
Residential for sales to date (low-rise)	8							
Assets under GLAND								
Office	1	145	1	68	2	77		
Residential for sales to date (high-rise)	1		1					
Residential for sales to date (low-rise)	1		1					

The Company has 38 shopping malls (16 in the Bangkok Metropolitan area, 21 upcountry, 1 overseas), 17 community malls, and 1 joint-venture with a total NLA of 2.3 mm sqm. The Company’s occupancy rate was stable QoQ at 90%.

The Company has 10 office buildings for rent with a total rental area of 314,436 sqm. The occupancy rate in 1Q23 was at 89%, decreased from the previous quarter at 91%.

The Company opened 1 new hotel, which is Centara Ubon on 10 March 2023. The occupancy of Centara Korat and Go! Hotel Bowin which opened in 2H22 improved from previous quarter. In 1Q23, the Company has a total of 5 hotels for a total of 1,020 rooms with an average occupancy rate of 65%, improving from 4Q22 occupancy of 60%.

The Company has developed a total of 28 residential projects to date. There was no new launch during 1Q23. Currently, the Company has a total of 20 projects available

for sale and transfer, comprising 11 high-rise projects that are mainly adjacent to the shopping centers and 9 low-rise projects.

ESG ACTIVITIES

The Company is part of Dow Jones Sustainability Index World in real estate industry for the 5th consecutive years with a lifted rank from 8th to 7th. Moreover, the Company remains a part of Dow Jones Sustainability Index Emerging market for the 9th consecutive years.

FINANCIAL

PERFORMANCE

1Q23 Profit & Loss Statement reconciliation between F/S and core performance

Unit: Baht mn	Per F/S	Impact from TFRS16	Core Performance
Revenue from rental & services	8,751		8,751
Revenue from other businesses	1,230		1,230
Other income	309		309
Total Revenue	10,291		10,291
Cost of rental & services	4,075		4,075
Cost of other businesses	680		680
Administrative expense	1,752		1,752
Operating profit (loss)	3,784		3,784
(+) Share of profit from invested co.	477		477
(+) Investment income	407	(381)	26
(-) Interest expense	596		596
(-) Income tax	798	(76)	722
(-) Minority interest	27		27
Net profit to parent co.	3,246	(305)	2,941

Impact from Thai Financial Reporting Standard

From 2020, the Company has adopted the Thai Financial Reporting Standard (TFRS16) - Leases which impacted the financial statement in terms of differences from actual performance. An impact on the statement of comprehensive profit and loss in 1Q23 was as followed:

- **Value adjustment to financial lease:** The Company recognized lease receivable from financial lease with CPNREIT in 1Q20 which reflects the present value at transaction date and are recognized receivable from financial lease until 2025 which will reflect the Company's cash flow at that time. In 1Q23, the Company recognized an interest income from the Central Rama 2 lease contract amounting to Baht 381 mn and recorded its deferred tax of Baht 76 mn.

The following management discussion excludes an impact of accounting standard (TFRS16) as mentioned above to the Company's best ability to reflect the financial performance based on actual business events, which may differ from the financial statements reviewed and/or audited by the auditors authorized by the Securities and

Exchange Commission of Thailand (SEC). In 1Q23, rental discount already returned to pre-Covid level. Therefore, the following comparison would be based on reported numbers only. The impact of TFRS 16 from rental discount during Covid period on revenue from rental and service income will no longer be presented.

Profit & Loss Statement (Baht mn)	1Q22	4Q22	1Q23	YoY (%)	QoQ (%)
Revenue from rental & services	7,097	8,531	8,751	23%	3%
Shopping Mall & Community Mall	6,761	8,172	8,389	24%	3%
Office	336	360	362	8%	1%
Revenue from Food Service Center	119	198	207	73%	4%
Revenue from Hotel Business	127	337	353	179%	5%
Revenue from Residential Business	435	1,143	670	54%	(41%)
Other Income	293	374	309	6%	(17%)
Total Revenue	8,072	10,583	10,291	27%	(3%)
Total Revenue (excl. non-recurring items)	8,072	10,583	10,291	27%	(3%)
Cost of Rental and Service Income	3,626	4,093	4,075	12%	(0%)
Shopping Mall & Community Mall	3,537	3,987	3,962	12%	(1%)
Office	89	106	113	26%	7%
Cost of Food Service Center	83	104	109	32%	5%
Cost of Hotel Business	40	102	118	195%	16%
Cost of Residential Business	307	749	453	48%	(39%)
Total Cost	4,056	5,047	4,755	17%	(6%)
Total Cost (excl. non-recurring items)	4,056	5,047	4,755	17%	(6%)
Administrative Expenses	1,347	2,292	1,752	30%	(24%)
Administrative Expenses (excl. non-recurring items)	1,347	2,157	1,752	30%	(19%)
Operating Profit	2,668	3,245	3,784	42%	17%
Operating Profit (excl. non-recurring items)	2,668	3,380	3,784	42%	12%
Net Finance Cost/Income Tax/Others	(301)	(412)	(511)	70%	24%
Profit to Non-Controlling Interest	(39)	(27)	(27)	(32%)	1%
Profit to Parent Company	2,328	2,806	3,246	39%	16%
Profit to Parent Company (excl. non-recurring items)	2,049	2,609	2,941	44%	13%
EPS to Parent Company	0.52	0.63	0.72	39%	16%
EPS to Parent Company (excl. non-recurring items)	0.46	0.58	0.66	44%	13%

Total Income

In 1Q23, the Company has a total income of Baht 10,291 mn, which increased 27% YoY from a continuous reduction of rental discount for retail businesses but lower 3% QoQ mainly from fewer transfer of residential unit QoQ.

1. Rental & Service business recorded revenue of Baht 8,751 mn, increased 23% YoY and 3% QoQ mainly from continued improvement in rental discount which already returned to pre-Covid level during 1Q23 in line with continued recovery of traffic and fully quarterly contribution from **Central Chanthaburi**, which opened on 26 May 2022. In addition, revenues also increased from higher common area charges, which the Company has applied the new rate to tenants since February 2023 to reflect higher electricity tariff.

2. Food center services posted revenue of Baht 207 mn, increased 73% YoY and 4% QoQ on continued recovery of footfall traffic which led to higher sales at food courts.
3. Hotel business recorded revenue of Baht 353 mn, up 179% YoY and 5% QoQ. Occupancy rate improved to 65% in 1Q23 from 49% in 1Q22 and 60% in 4Q22. During 1Q23, the Company opened 1 new hotel, which is Centara Ubon. Overall average daily room rate grew 37% YoY but lower 10% QoQ mainly from seasonality effect, while Hilton Pattaya occupancy and average daily room rate continued to improve QoQ.
4. Residential for sale business reported revenue of Baht 670 mn, increased 54% YoY but lower 41% QoQ.
5. Other income of Baht 309 mn, increased 6% YoY but lower 17% QoQ. The YoY increase was mainly from higher management income from better performance of retail business under CPNREIT and CPNCG but lower QoQ from seasonally lower other income from sponsorship.

Gross profit

The Company showed 1Q23 gross profit of Baht 5,226 mn, up 40% YoY and 1% QoQ. The reported gross margin improved to 52% from 48% in 1Q22 and 51% in 4Q22 mainly from continued improvement in rental discount and cost saving initiatives which have been implemented since 2020.

Operating profit

1Q23 operating profit of Baht 3,784 mn grew 42% YoY and 12% QoQ. 1Q23 operating profit margin stood at 37% (vs 1Q22 33% and 4Q22 31%). The improvement came mainly from healthier gross profit margin and seasonally lower SG&A in 1Q23 (SG&A to revenues ratio was 17% in 1Q23 vs 20% in 4Q22).

Net profit

The Company presented a net profit of Baht 2,941 mn in 1Q23, surging 44% YoY and 13% QoQ with a net margin of 27%. The increase in net profit QoQ was from the continued recovery of footfall traffic and spending resulting in rental discount returning to pre-Covid level as well as seasonally lower SG&A QoQ.

CAPITAL STRUCTURE

At the end of 1Q23, the Company reported an interest-bearing debt from financial institution of Baht 77,517 mn, decreasing slightly QoQ (4Q22 Baht 78,770 mn). With higher shareholder's equity from continued recovery in net profit, total net interest-bearing debt to equity continued to decline to 0.79x. 1Q23 weighted average interest rate rose slightly to 2.22% from 2.05% in 4Q22 with rising interest rate environment. The Company sustained its solid financial position with an interest coverage ratio at 9.7x in 1Q23.

Statement of Financial Position (Baht mn)*	End 1Q22	End 4Q22	End 1Q23	YoY (%)	QoQ (%)
Current assets					
Cash and current investments	7,024	6,121	5,388	(23%)	(12%)
Other current assets	17,513	19,122	18,851	8%	(1%)
Total current assets	24,536	25,242	24,239	(1%)	(4%)
Non-current assets					
Investment properties	165,702	168,702	169,841	2%	1%
Property & equipment (PP&E)	3,281	4,005	4,290	31%	7%
Other non-current assets	71,360	74,742	77,080	8%	3%
Total non-current assets	240,343	247,450	251,212	5%	2%
Total assets	264,879	272,692	275,451	4%	1%
Current liabilities					
Interest-bearing debt - 1 year	24,939	27,441	31,913	28%	16%
Other current liabilities	13,633	14,591	15,542	14%	7%
Total current liabilities	38,572	42,032	47,455	23%	13%
Non-current liabilities					
Interest-bearing debt	54,340	51,329	45,604	(16%)	(11%)
Other non-current liabilities	87,726	89,711	89,408	2%	(0%)
Total non-current liabilities	142,066	141,040	135,012	(5%)	(4%)
Total liabilities	180,638	183,072	182,467	1%	(0%)
Shareholders' equity					
Retained earnings - unappropriated	75,366	81,475	84,806	13%	4%
Other shareholders' equity	8,875	8,145	8,177	(8%)	0%
Total shareholders' equity	84,241	89,620	92,984	10%	4%

Financial Ratio	1Q22	4Q22	1Q23	YoY (%)	QoQ (%)
<u>Profitability Ratio</u>					
Gross profit margin	48%	51%	52%	4%	2%
Rental and Service Business	49%	52%	53%	5%	1%
Food Service Business	31%	48%	47%	16%	(0%)
Hotel Business	68%	70%	67%	(2%)	(3%)
Real Estate Business	30%	34%	32%	3%	(2%)
Operation profit margin	33%	31%	37%	4%	6%
Net profit margin	29%	27%	32%	3%	5%
Excluding non-recurring items	25%	25%	29%	3%	4%
Return on equity	6.7%	12.0%	12.6%	6%	1%
Excluding non-recurring items	5.1%	10.5%	11.1%	6%	1%
<u>Efficiency Ratio</u>					
Return on assets	2.1%	3.9%	4.2%	2%	0%
Excluding non-recurring items	1.6%	3.5%	3.7%	2%	0%
<u>Liquidity Ratio</u>					
Current ratio (times)	0.64	0.60	0.51	(13%)	(9%)
Quick ratio (times)	0.30	0.21	0.16	(14%)	(5%)
<u>Financial Policy Ratio</u>					
Liabilities to equity ratio (times)	2.14	2.04	1.96	(18%)	(8%)
Net interest-bearing debt to equity (times)	0.86	0.82	0.79	(7%)	(4%)

BUSINESS PLAN

Following the neutralization of rental discount to pre-pandemic level in 1Q23, the Company remains focus on delivering five-year expansion plan to achieve 14-16% compounded annual growth rate (CAGR) over 2023-2027. While residential and hotel development will play greater roles in driving the company's growth over the next five years (mainly from small base), retail property remains as the company's core business and the company plans to add on average around 100,000 sqm additional NLA per year from 2023-27. The company aims to leverage its strength in core retail property business to expand into other non-retail businesses such as residential, hotel and office, which also greatly complement its core business. This strategy not only introduces new revenue growth drivers but also helps diversifying overall business risks, which was quite evident during the past Covid-19 pandemic. Apart from the soft opening of Marche Thonglor and Centara Ubon in March 2023, announced projects over 2023-2027 are as follows:

2023

- 1) **Central Westville** locates on Ratchaphruek road with a Baht 3,600 mn investment budget for 32,000 sqm NLA, expected to open in October 2023.
- 2) **Hotels** - the Company plans to open **Go! Hotel** at **Robinson Banchang** in May, at **Central Sriracha** and at **Central Chonburi** in June. The Company also plans to open **Centara Ayutthaya** in October and **Centara One Rayong** in December.
- 3) **Residential** - the Company plans to launch 7 new projects with a combined value of Baht 9 bn, comprising of 3 high-rise projects (ESCENT Petchaburi, Buriram, and Bangna) and 4 low-rise projects (NIRATI Nakhon Si Thammarat as well as NIRADA Rama 2, Utthayan, and Ekkachai).

2024 onwards

- 1) **Central Nakorn Sawan** with a Baht 4,500 mn investment budget for 29,000 sqm NLA, is expected to open in 1Q24
- 2) **Central Nakorn Pathom** with a Baht 3,800 mn investment budget for 25,000 sqm NLA, is expected to open in 2Q24.
- 3) **Central Krabi** with a Baht 2,300 mn investment budget for 22,000 sqm, is expected to open in 4Q24.
- 4) **Dusit Central Park**, which is a joint venture with Dusit Thani PLC, includes 80,000 sqm retail space, 90,000 sqm office area, 250-keys hotel and 550 units of luxury residentials for a total investment value of Baht 46 bn, expected to open in 2024 onwards.

In addition, within the next 5-10 years, the Company will invest in 5 mega mixed-use development projects, including Dusit Central Park project. The Company set aside a five-year investment budget of Baht 135 bn, of which majority will be funded by operating cash flows.

Development progress of future projects under construction

Retail and Mixed-use Projects

Project		Type	Expected	NLA (sqm)
1	Mache Thonglor	Community Mall	Mar-23	12,000
2	Central Westveill	Shopping Mall	4Q23	32,000
3	Central Nakhon Sawan	Shopping Mall	1Q24	29,000
4	Central Nakhon Pathom	Shopping Mall	2Q24	25,000
5	Central Krabi	Shopping Mall	4Q24	22,000
6	Dusit Cental Park	Mixed-use Project		
	- Dusit Bangkok Hotel	ownership 30%	2024	250 Rooms
	- Central Park Shopping Mall	ownership 85%	2025	80,000
	- Central Park Offices	ownership 100%	2025	90,000
	- Residential Project	ownership 30%	2025	550 units

Hotel

Project		Type	Expected
1	Centara Ubon	Upscale Hotel	Mar-23
2	GO! Hotel Banchang	Premium budget Hotel	Apr-23
3	GO! Hotel Si Racha	Premium budget Hotel	Jun-23
4	GO! Hotel Chonburi	Premium budget Hotel	Jun-23
5	Centara Ayutthaya	Upscale Hotel	Oct-23
6	Centara One Rayong	Midscale Hotel	Dec-23

High-Rise Projects		Launched	Transfer	Project Value	Total No. of Units
1	PHYLL PHAHOL 34	2018	2019	1,268	358
2	ESCENT PARK VILLE CHIANGMAI	2019	2020	949	450
3	ESCENT RAYONG II	2020	2022	930	420
4	ESCENT KORAT	2020	2023	1,014	395
5	ESCENT HATYAI	2020	2023	1,518	665
6	ESCENT VILLE AYUTTHAYA	2021	2023	895	396
7	PHYLL PHUKET	2021	2023	1,483	439
8	ESCENT VILLE SURATHANI	2022	2025	1,015	459
9	ESCENT VILLE SUPANBURI	2022	2025	694	328
10	ESCENT VILLE CHACHOENSAO	2022	2025	654	362
11	ESCENT TRANG	2022	2025	884	378

Low-Rise Projects		Launched	Transferred	Project Value	Total No. of Units
1	NIYHAM BOROMRATCHACHONNANI	2018	2019	2,121	71
2	ESCENT TOWN PHITSANULOK	2020	2020	1,032	311
3	NINYA KALLAPAPRUEK	2020	2020	1,514	144
4	NIRATI CHIANGRAI	2020	2020	1,086	183
5	NIRATI BANGNA	2020	2020	1,208	156
6	NIRATI DON MUEANG	2021	2021	1,852	262
7	ESCENT AVENUE RAYONG	2021	2022	485	63
8	NIRATI CHIANGMAI	2022	2022	1,663	179
9	NINYA RATCHAPHRUEK	2022	2023	1,347	132