

EXECUTIVE SUMMARY

During 3Q23, the expectations on 2023 Thai GDP growth have been lowered following 2Q23 GDP growth of 1.8%YoY which came in below expectation mainly from contraction in export. The Office of the National Economic and Social Development Council (NESDC) and Bank of Thailand (BoT) revised down their 2023 GDP forecasts to 2.5-3.0% from 2.7-3.7% and 2.8% from 3.6%, respectively, on global economic slowdown which negatively impacts export and tourism. Despite expected slower GDP growth in 2023, domestic consumption is expected to remain robust and continue to be the main driver of Thai economy in 2023 and 2024. NESDC and BoT expects GDP growth to accelerate in 2024, with government support, export, and tourism providing stronger tailwind. Consumer confidence index showed improvement in August and September after the overhang on new government formation was lifted.

Central Pattana PLC's 3Q23 ("The Company" or "CPN") result was also positively driven by tailwinds from domestic consumption and tourism. Foreign tourist arrival in 3Q23 still improved by 10%QoQ, mainly from Chinese and Middle Eastern tourists. This led to QoQ improvement in tenants' sales and average rental rate despite a rainy season that usually results in low season for shopping mall and hotel businesses. Even though there have been concerns on the level of household debt, CPN has not seen material impact on shopping mall tenants' sales and residential sales thanks to the company's focus on mid-high income segment and unique competitive edge from mixed-use development strategy. Moreover, electricity tariff reduction continued to have positive impact on the company's operating profit margin, as the Energy Regulatory Commission lowered the rate from Baht 5.33/unit to Baht 4.70/unit for the period of May – August 2023 and to Baht 3.99/unit for the period of September – December 2023.

CPN's performance in 3Q23 improved continuously, mainly from QoQ increase in condominiums' transfer, following the strong recovery in 2022. The Company reported total revenue of Baht 12,277 mn, and net profit of Baht 4,162 mn, growing 31% and 45% YoY, respectively. Total revenues and net profit already exceeded 3Q19 by 30% and 48%, respectively. Total revenue and net profit improved by 10% and 13% QoQ, respectively mainly from residential business and record-high rental & service gross profit margin. Excluding the impact of financial reporting standards, the Company's core performance showed an all-time-high net profit of Baht 3,829 mn, increased by 49% YoY.

On business operations, the shopping mall business saw traffic recovery slightly improved QoQ, while overall occupancy remained stable QoQ. Central Ubon opened the Ubon Hall Convention Center, which is consistent with the province's target to become the "Mice City". Occupancy of recently opened hotels continued to ramp up and improved QoQ with 2 new hotels opened during 3Q23, namely 1) GO! Hotel Si Racha (79 keys), located next to Central Si Racha, on 1 August 2023 and 2) GO! Hotel Chon Buri (79 keys), located next to Central Chonburi, on 10 August 2023. On residential business, CPN launched a low-rise project, BAAN NIRATI NAKHON SI (project value Baht 677 mn), on 24 August 2023. Majority of 3Q23 transfers were from condominium projects, mainly ESCENT VILLE AYUTTHAYA, ESCENT HATYAI, and PHYLL PHUKET, of which the construction was completed during the quarter.

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 3Q23

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		
Shipping 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	7	169	4	53	2	34	1	82
Hotel	8	1,257 rooms	5	953 rooms	1	304 rooms		
Residential for sales to date (high-rise)	19							
Residential for sales to date (low-rise)	9							
Assets under GLAND								
Office	3	145	1	68	2	77		
Residential for sales to date (high-rise)	1		0					
Residential for sales to date (low-rise)	1		0					

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 of shopping mall remained similar QoQ at 91% in 3Q23 (91% in 2Q23).

The Company has 10 office buildings for rent with a total rental area of 319,894 sqm. The occupancy rate in 3Q23 was at 87%, similar to the previous quarter.

In 3Q23, the Company has a total of 8 hotels and 1,257 rooms with an average occupancy rate of 67%, improved from the previous quarter of 61%. All hotels in the portfolio saw QoQ improvement in occupancy across the board.

The Company has developed a total of 30 residential projects to date. Following the launch of the low-rise project, BAAN NIRATI NAKHON SI, the Company has a total of 21 projects available for sale and transfer, comprising 11 high-rise projects that are mainly adjacent to the shopping centers and 10 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

3Q23 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	9,358		9,358
Revenue from other businesses	2,560		2,560
Other income	359		359
Total Revenue	12,277		12,277
Cost of rental & services	4,230		4,230
Cost of other businesses	1,534		1,534
Administrative expense	1,755		1,755
Operating profit (loss)	4,758		4,758
(+) Share of profit from invested co.	579		579
(+) Investment income	445	(415)	30
(-) Interest expense	660		660
(-) Income tax	908	(83)	825
(-) Minority interest	53		53
Net profit to parent co.	4,162	(332)	3,829

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 3Q23 was as follow:

- **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 3Q23, the Company recognized an interest income from the Central Rama 2 lease contract amounting to Baht 415 mn and recorded its deferred tax of Baht 83 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). Rental discount already returned to pre-Covid level since 1Q23. Therefore, 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)	3Q22	2Q23	3Q23	YoY (%)	QoQ (%)	9M22	9M23	YoY (%)
Revenue from rental & services	7,951	9,230	9,358	18%	1%	22,600	27,339	21%
Shopping Mall & Community Mall	7,602	8,869	8,996	18%	1%	21,573	26,255	22%
Office	349	360	362	4%	0%	1,026	1,084	6%
Revenue from Food Service Center	182	245	229	26%	(7%)	457	680	49%
Revenue from Hotel Business	252	368	384	53%	4%	581	1,105	90%
Revenue from Residential Business	627	1,023	1,947	210%	90%	1,727	3,640	111%
Other Income	338	269	359	6%	34%	1,206	937	(22%)
Total Revenue	9,349	11,133	12,277	31%	10%	26,571	33,701	27%
Total Revenue (excl. non-recurring items)	9,349	11,133	12,277	31%	10%	26,226	33,701	28%
Cost of Rental and Service Income	3,924	4,343	4,230	8%	(3%)	11,355	12,648	11%
Shopping Mall & Community Mall	3,826	4,229	4,126	8%	(2%)	11,088	12,317	11%
Office	98	114	104	6%	(8%)	267	331	24%
Cost of Food Service Center	101	119	116	15%	(3%)	275	344	25%
Cost of Hotel Business	77	125	134	74%	7%	175	377	115%
Cost of Residential Business	421	687	1,284	205%	87%	1,181	2,425	105%
Total Cost	4,523	5,274	5,764	27%	9%	12,986	15,793	22%
Total Cost (excl. non-recurring items)	4,523	5,274	5,764	27%	9%	12,986	15,793	22%
Administrative Expenses (incl. impact from TFRS9)	1,538	1,652	1,755	14%	6%	4,377	5,159	18%
Operating Profit	3,289	4,207	4,758	45%	13%	9,208	12,749	38%
Operating Profit (excl. non-recurring items)	3,289	4,207	4,758	45%	13%	8,863	12,749	44%
Net Finance Cost/Income Tax/Others	(394)	(493)	(544)	38%	10%	(1,167)	(1,548)	33%
Profit to Non-controlling Interest	(22)	(36)	(53)	140%	46%	(88)	(116)	32%
Profit to Parent Company	2,872	3,678	4,162	45%	13%	7,954	11,085	39%
Profit to Parent Company (excl. non-recurring items)	2,567	3,373	3,829	49%	14%	6,806	10,144	49%
EPS to Parent Company	0.64	0.82	0.93	45%	13%	1.77	2.47	39%
EPS to Parent Company (excl. non-recurring items)	0.57	0.75	0.85	49%	14%	1.52	2.26	49%

Total Income

In 3Q23, the Company has a total income of Baht 12,277 mn, which increased 31% YoY mainly from the reduction of rental discount that already normalized since 1Q23 and significant increase in condominium transfers. The residential business was also the main driver for total income growth of 10% QoQ.

1. Rental & Service business recorded revenue of Baht 9,358 mn, increased 18% YoY and 1% QoQ with rental discounts already normalized since 1Q23. The QoQ improvement was mainly from higher tenants' sales which also led to slightly improved average rental rate QoQ.
2. Food center services posted revenue of Baht 229 mn, increased 26% YoY but decreased 7% QoQ. The YoY improvement was in line with traffic.
3. Hotel business recorded revenue of Baht 384 mn, up 53% YoY and 4% QoQ. Occupancy rate improved from 3Q22 and 2Q23 of 61% to 67% with all hotels showing improved occupancy QoQ especially the hotels that opened since 2H22. Overall average daily room rate (ADR) dropped 23% YoY and 15% QoQ from new hotels that have been opened since 2H22 which has lower ADR and higher contribution from new hotels. Hilton Pattaya, which is the main contributor of hotel revenues, saw ADR dropped 6% QoQ from seasonality effect but occupancy still improved QoQ.
4. Residential for sale business reported revenue of Baht 1,947 mn, increased from Baht 627 mn in 3Q22 YoY and 90% QoQ. Condominium projects contributed approximately ¾ of 3Q23 transfers. In this quarter, the Company began transferring the condominium units of ESCENT HATYAI and PHYLL PHUKET.

5. Other income of Baht 359 mn, increased 6% YoY and 34% QoQ. The improvement was from higher management income from better performance of retail business under CPNREIT and CPNCG and sponsorship for marketing events during 3Q23.

Gross profit

The Company showed 3Q23 gross profit of Baht 6,154 mn, up 37% YoY and 10% QoQ. The gross profit margin in 3Q23 was 52% slightly improved from the previous quarter of 51% mainly from QoQ improvement of gross profit margin of rental business on lower electricity costs and residential business on big transfers of condominium during the quarter.

Operating profit

3Q23 operating profit was Baht 4,757 mn grew 45% YoY and 13% QoQ with operating profit margin of 39% (vs 35% in 3Q22 and 38% in 2Q23). The YoY improvement was mainly from higher rental discount in the previous year and QoQ improvement was mainly from improvement in gross profit margin and lower SG&A to revenues QoQ (SG&A to total revenues ratio was 14% in 3Q23 vs 15% in 2Q23).

Net profit

The Company has a net profit of Baht 3,829 mn in 3Q23, increased 49% YoY and 13% QoQ with a net profit margin of 30% (vs 3Q22 of 26% and 2Q23 of 29%). The change was largely in line with the change in operating profit.

CAPITAL STRUCTURE

At the end of 3Q23, the Company reported an interest-bearing debt from financial institution (excl. loans from related parties) of Baht 77,683 mn, lower QoQ from Baht 82,077 mn in 2Q23, from repayment during the quarter. As a result, total net interest-bearing debt to equity improved to 0.76x from 0.85x in 2Q23 and weighted average interest rate rose slightly to 2.67% from 2.46% in 2Q23 with rising interest rate environment. The Company sustained its solid financial position with an interest coverage ratio at 10.48x in 3Q23.

Statement of Financial Position (Baht mn)	3Q22	2Q23	3Q23	YoY (%)	QoQ (%)
Current assets					
Cash, cash equivalents and financial investments	5,651	5,877	4,357	(23%)	(26%)
Trade accounts payable	3,367	2,191	2,049	(39%)	(7%)
Other current assets	15,275	17,478	17,128	12%	(2%)
Total current assets	24,293	25,546	23,533	(3%)	(8%)
Non-current assets					
Investment properties	168,470	170,222	172,165	2%	1%
Property & equipment (PP&E)	3,707	4,489	4,694	27%	5%
Other non-current assets	73,379	77,975	78,853	7%	1%
Total non-current assets	245,556	252,686	255,712	4%	1%
Total assets	269,849	278,232	279,245	3%	0%
Current liabilities					
Interest-bearing debt - 1 year	29,478	32,724	36,703	25%	12%
Other current liabilities	14,615	16,828	16,566	13%	(2%)
Total current liabilities	44,093	49,551	53,269	21%	8%
Non-current liabilities					
Interest-bearing debt	49,137	49,353	40,980	(17%)	(17%)
Other non-current liabilities	89,569	87,724	88,276	(1%)	1%
Total non-current liabilities	138,706	137,077	129,256	(7%)	(6%)
Total liabilities	182,799	186,628	182,524	(0%)	(2%)
Shareholders' equity					
Retained earnings - unappropriated	78,950	83,389	88,503	12%	6%
Other shareholders' equity	8,100	8,215	8,218	1%	0%
Total shareholders' equity	87,050	91,604	96,721	11%	6%

Financial Ratio	3Q22	2Q23	3Q23	YoY (%)	QoQ (%)	9M22	9M23	YoY (%)
Profitability Ratio								
Gross profit margin	50%	51%	52%	2%	0%	49%	52%	3%
Rental and Service Business	51%	53%	55%	4%	2%	50%	54%	4%
Food Service Business	45%	51%	49%	5%	(2%)	40%	49%	10%
Hotel Business	69%	66%	65%	(4%)	(1%)	70%	66%	(4%)
Real Estate Business	33%	33%	34%	1%	1%	32%	33%	2%
Operation profit margin	34%	36%	37%	4%	1%	33%	36%	3%
Excluding non-recurring items	35%	38%	39%	4%	1%	34%	38%	4%
Net profit margin	31%	33%	34%	3%	1%	30%	33%	3%
Excluding non-recurring items	27%	30%	31%	4%	1%	26%	30%	4%
Return on equity	11%	14%	14%	3%	1%	11%	14%	3%
Excluding non-recurring items	10%	13%	14%	4%	1%	10%	14%	4%
Efficiency Ratio								
Return on assets	4%	5%	5%	1%	0%	4%	5%	1%
Excluding non-recurring items	3%	4%	5%	2%	1%	3%	5%	2%
Liquidity Ratio								
Current ratio (times)	0.55	0.52	0.44	(20%)	(14%)	0.55	0.44	(20%)
Quick ratio (times)	0.20	0.16	0.12	(41%)	(26%)	0.20	0.12	(41%)
Financial Policy Ratio								
Liabilities to equity ratio (times)	2.10	2.04	1.89	(10%)	(7%)	2.10	1.89	(10%)
Net interest-bearing debt to equity (times)	0.85	0.85	0.76	(11%)	(11%)	0.85	0.76	(11%)
Interest Coverage Ratio (times)	9.83	9.64	10.48	7%	9%	9.71	9.96	3%

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 grow the revenues by 14-16% compounded annual revenue 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 retail 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. In 9M23, the Company opened **Marche Thonglor** (March), **Centara Ubon** (March), **GO! Hotel Ban Chang** (May), **ESCENT PETCHABURI** (June), **GO! Hotel Si Racha** (August), **GO! Hotel Chon Buri** (August), and **BAAN NIRATI NAKHON SI** (August). 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 retail NLA, expected to open in November 2023.
- 2) **Hotels** - the Company also plans to open Centara Ayutthaya in 4Q23.
- 3) **Residential** - the Company plans to launch 5 more new projects in 4Q23 with a combined value of Baht 8.7 bn in 4Q23, comprising of 2 condominium projects (ESCENT Buriram and Bangna) and 3 low-rise projects (BAAN NIRADA Rama 2, Autthayan and Ekkachai).

2024 onwards

- 1) **Central Nakorn Sawan** with a Baht 4,500 mn investment budget for 29,000 sqm retail NLA, is expected to open in 1Q24.
- 2) **Central Nakorn Pathom** with a Baht 3,800 mn investment budget for 25,000 sqm retail NLA, is expected to open in 1H24.
- 3) **Central Krabi** with a Baht 2,300 mn investment budget for 22,000 sqm retail NLA, is expected to open in 2025.
- 4) **Centara One Rayong Hotel** is expected to open in 2024
- 5) **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.

Summary of future projects under construction

Project		Type	Expected	NLA (sqm)
1	Mache Thonglor	Community Mall	opened in Mar-23	12,000
2	Central Westville	Shopping Mall	4Q23	32,000
3	Central Nakhon Sawan	Shopping Mall	1Q24	29,000
4	Central Nakhon Pathom	Shopping Mall	1H24	25,000
5	Central Krabi	Shopping Mall	2025	22,000
6	DUSIT CENTRAL PARK	Mixed-use Project		
	- Dusit Thani BANGKOK	ownership 30%	2024	250 Rooms
	- CENTRAL PARK	ownership 85%	2025	80,000
	- CENTRAL PARK OFFICES	ownership 100%	2025	90,000
	- DUSIT RESIDENCES	ownership 30%	2025	550 units

Hotel

Project		Type	Expect to Open
1	Centara Ubon	Upscale Hotel	Opened in Mar-23
2	GO! Hotel Banchang	Premium budget Hotel	Opened in May-23
3	GO! Hotel Si Racha	Premium budget Hotel	Opened in Aug-23
4	GO! Hotel Chonburi	Premium budget Hotel	Opened in Aug-23
5	Centara Ayutthaya	Upscale Hotel	4Q23
6	Centara One Rayong	Midscale Hotel	2024

Residential for Sales

Hight-Rise Projects		Launched	Transfer	Project Value	Total No. of Units
1	PHYLL PHAHOL 34	Sep-18	2019	1,268	358
2	ESCENT RAYONG II	Dec-20	2022	930	420
3	ESCENT KORAT	Dec-20	2023	1,014	395
4	ESCENT HATYAI	Dec-20	2023	1,518	665
5	ESCENT VILLE AYUTTHAYA	Nov-21	2023	895	396
6	PHYLL PHUKET	Dec-21	2023	1,483	439
7	ESCENT VILLE SURATHANI	Aug-22	2024	1,015	459
8	ESCENT VILLE SUPANBURI	Oct-22	2024	694	328
9	ESCENT VILLE CHACHOENSAO	Oct-22	2024	654	362
10	ESCENT TRANG	Dec-22	2024	884	378
11	ESCENT PHETCHABURI	Jun-23	2025	427	196

Low-Rise Projects		Launched	Transferred	Project Value	Total No. of Units
1	NIYHAM BOROMRATCHACHONNANI	Nov-18	2019	2,171	71
2	ESCENT TOWN PHITSANULOK	Dec-19	2020	961	243
3	NINYA KALLAPAPRUEK	Dec-19	2020	1,514	144
4	NIRATI CHIANGRAI	Sep-20	2020	1,086	183
5	NIRATI BANGNA	Oct-20	2020	1,208	156
6	NIRATI DON MUEANG	Sep-21	2021	1,944	248
7	ESCENT AVENUE RAYONG	Nov-21	2022	485	63
8	BAAN NIRATI CHIANGMAI	Nov-22	2022	1,663	179
9	BAAN NINYA RATCHAPHRUEK	Dec-22	2022	1,347	132
10	BAAN NIRATI NAKHON SI	Aug-23	2023	677	79