

Enclosure 8

Opinion of the independent financial adviser,
supporting deliberation of agenda item 8
Approval of the investment in the certain part of
CentralFestival Phuket 1 from connected person

Opinion Report of
the Independent Financial Advisor

For the Transaction of Investing in
the Properties of Central Festival Phuket 1

Proposed to the Shareholders of

Central Pattana Public Company Limited

Prepared by

Maybank Kim Eng Securities Thailand Public Company Limited

March 2015

(English Translation)

Disclaimer

The English translation of this document is prepared solely for reference for non-Thai shareholders of the Company. It should not be relied upon as either the definitive or the official document of the Company. The Thai version is the official document and shall prevail in all respects in the event of any inconsistency with the English translation.

Table of Content

	Page
1. Executive Summary	5
2. Characteristics and Details of the Transaction	11
3. Nature of Business and Scope of Operation of CPN	19
4. Business Information of CDS	29
5. Information of the Properties of Central Festival Phuket 1	31
6. Rationale and Necessity of the Transaction	36
7. Fairness on Pricing	47
8. Opinion of the Independent Financial Advisor regarding Fairness of Terms and Conditions in Relevant Agreements	59
9. Opinion of the Independent Financial Advisor regarding Resolution of Shareholders	71

13 March 2015

Subject: Opinion of the Independent Financial Advisor concerning the Connected Transaction and the Asset Acquisition Transaction in Investing in the Properties of Central Festival Phuket 1

To The Board of Directors and Shareholders
 Central Pattana Public Company Limited

Reference is made to the intention of Central Pattana Public Company Limited (“CPN” or the “Company”) to invest in Central Festival Phuket 1 which is a full-scale shopping complex located in Vichit Sub-District, Muang District, Phuket. In doing so, the Company shall:

- 1) Sublease some parts of the land on which Central Festival Phuket 1 Shopping Complex is located, with total approximate area of 25 rais and 36.8 sq.wah (10,036.8 sq.wah), from Central Department Store Company Limited (“CDS”) which is a related juristic person of CPN. The sublease period is approximately 41 years. CDS and CPN have a common major shareholder and some common directors.
- 2) Lease some parts of Central Festival Phuket 1 Shopping Complex from CDS for an approximate period of 41 years. The part of Central Festival Phuket 1 Shopping Complex which CPN will lease from CDS has a combined gross area and parking space of 106,391 sq.m. (with net leasable area of 44,347 sq.m.).
- 3) Accept transfer of possession right concerning utilities systems belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS. They include electrical system, public utilities systems, telephone system, elevators, escalators, air conditioning system, engineering system, waste water treatment system and other facilities.
- 4) Accept transfer of possession right concerning equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS.

(1) - 4) are collectively called the “**properties of Central Festival Phuket 1**”.)

The objectives of CPN in investing in the properties of Central Festival Phuket 1 are to expand the Company’s shopping plaza business in Phuket which is one of the most popular tourism provinces in the southern part of Thailand as well as to develop and manage such properties along with Central Festival Phuket 2 which is a new shopping complex to be developed by CPN. Central Festival Phuket 2 will commence its operation in the Year 2017. Developing and managing the properties of Central Festival Phuket

1 and Central Festival Phuket 2 under CPN would help to create operating synergies between those two assets, thus benefitting CPN's business operation over the long-term.

For the transaction of investing in the properties of Central Festival Phuket 1, related expenses and fees include:

- 1) Payments for land plots which are a part of the properties of Central Festival Phuket 1 for the amount of Baht 3,436 million (comprising lease compensation amounting Baht 667 million and total annual lease payments for the amount of Baht 2,769 million). When combined the aforementioned payments with other related fees and expenses amounting Baht 38 million, total payments CPN has to make in subleasing of land are Baht 3,474 million. Present value (PV) of all such payments at a 12% discount rate (equivalent to a minimum investment return CPN requires from investing in any commercial property projects) is Baht 672 million.
- 2) Payments for long-term lease of some parts of Central Festival Phuket 1 Shopping Complex (excluding areas belonging to Central Department Store) and accepting delivery of possession rights related to utilities system, equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest for the total amount of Baht 5,630 million. CPN has also to bear other expenses and fees related to the aforementioned transactions for the amount of Baht 62 million. Thus, total payments CPN has to make in relation to these are Baht 5,692 million.

Transactions in 1) and 2) above are considered connected transaction related to assets and services. The transaction size of the aforementioned connected transactions is 15.51 % in case PV of total payments and other relevant fees and expenses at the 12 % discount rate is compared with CPN's total net tangible assets. As the transaction size is greater than 3 % of total net tangible assets of Baht 41,020.72 million as showed in CPN's audited consolidated financial statements for the year ended 31 December 2014, such transaction must be approved by the shareholders of CPN by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

In regard to regulations related to asset acquisition/disposition, total consideration CPN has to pay for acquiring the properties of Central Festival Phuket 1 (which equals to Baht 6,364 million determined based on PVs of total payments and other relevant fees and expenses at the 12 % discount rate) compared with CPN's total consolidated assets (which is equal to Baht 89,035.19 million as of 31 December 2014) results in the highest transaction size of 7.15%. The aforementioned transaction when combined with other asset acquisition transactions occurred within the 6-month period prior to the date of meeting of the Board of Directors held to approve this transaction of acquiring the properties of Central Festival Phuket 1 (i.e. CAPEX for other investment projects for the amount of Baht 7,161.30 million) with the total size of 8.41 % results in the total asset acquisition size of 15.56%. Thus, the transaction of investing in the properties of Central Festival

Phuket 1 is regarded as a Class-2 transaction in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004.

The transaction that CPN will invest in the properties of Central Festival Phuket 1 is regarded as a connected transaction related to assets or services, with the total transaction size exceeding 3 % of total net tangible assets as showed in CPN's audited consolidated financial statements for the Year ended 31 December 2014. This transaction thus must be proposed for approval by the shareholders of CPN. It must receive no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders. In this regard, CPN appoints Maybank Kim Eng Securities (Thailand) Public Company Limited (the "**Independent Financial Advisor**") to be an independent financial advisor in giving opinions to the Board of Directors and shareholders regarding the appropriateness and benefits of the transaction, fairness of price and important terms and conditions as stipulated in relevant agreements. Maybank Kim Eng Securities (Thailand) Public Company Limited as an independent financial advisor would give opinions in the following issues regarding the transaction:

1. Nature and details of the asset acquisition transaction and the connected transaction;
2. The appropriateness, advantages and disadvantages of entering into the transaction;
3. The sufficiency of source of funds to enter into the transaction;
4. The reasonableness and fairness of all compensation and payment CPN will make to CDS;
5. The reasonableness of important conditions and provisions in relevant agreements to be entered into between CPN and CDS
6. The opinion of the Independent Financial Advisor regarding the shareholders' resolution.

In preparation of the report of opinion of the Independent Financial Advisor, the Independent Financial Advisor studied the following relevant information:

- Article of affidavit, memorandum of association, articles of association and list of the shareholders of CDS
- Attachment to the invitation letter to join the meeting of the Audit Committee in consideration and approval for investing in the properties of Central Festival Phuket 1
- Land title deeds, details, location and area plan of 8 land plots that CPN will sublease from CDS
- Asset appraisal reports as prepared by independent asset appraisers
- Financial projection and model for the properties of Central Festival Phuket 1
- The Main Land Lease Agreement for plots of land located in Vichit Sub District, Muang District, Phuket that was entered into between the original land owners and CDS. The Main Land Lease Agreement comprises two versions, namely original version dated 8 August 2001 and the extended version dated 11 December 2014

- Draft of the Sublease Agreement, draft of the Building Lease Agreement, draft of the Agreement to Acquire Utilities System and draft of the Property Acquisition Agreement, all of which will be entered into by CPN and CDS
- Interview of CPN's management and staffs with regard to rationale and necessity of the transaction
- Data about CPN's nature of business and characteristics of operation
- CPN's audited consolidated financial statements for the Years 2011, 2012, 2013 and 2014
- CPN's corporate presentation with regard to future projects

The opinion of the Independent Financial Advisor presented herein has been prepared with an assumption that the information and documents received from CPN and other reliable sources used by the Independent Financial Advisor is accurate and complete. The stated information has sufficient material for the Board of Directors' and shareholders' decision making process. Moreover, the analysis of economic and industry conditions includes only the information from the study period. If the aforementioned factors change significantly, the opinion of the Independent Financial Advisor regarding the transaction that CPN will invest in the properties of Central Festival Phuket 1 might be affected. Thus, the opinion of the Independent Financial Advisor has no ability to confirm the effects from the mentioned factors to CPN and CDS in the future. In addition, the opinion of the Independent Financial Advisor is towards the transaction that CPN will invest in the properties of Central Festival Phuket 1 only. It does not include other asset acquisition/disposition transactions and connected transactions of CPN in the past or in the future.

1. Executive Summary

1.1 Details about the Asset Acquisition Transaction and the Connected Transaction

Central Pattana Public Company Limited (“CPN” or the “Company”) will invest in Central Festival Phuket 1 which is a full-scale shopping complex located in Vichit Sub-District, Muang District, Phuket. In doing so, the Company will:

- 1) Sublease some parts of the land on which Central Festival Phuket 1 Shopping Complex is located, with total approximate areas of 25 rais and 36.8 sq.wah (10,036.8 sq.wah), from Central Department Store Company Limited (“CDS”) which is a related juristic person of CPN. The sublease period is approximately 41 years. CDS and CPN have a common major shareholder and some common directors.
- 2) Lease some parts of Central Festival Phuket 1 Shopping Complex from CDS for an approximate period of 41 years. The part of Central Festival Phuket 1 Shopping Complex which CPN will lease from CDS has a combined gross area and parking space of 106,391 sq.m. (with net leasable area of 44,347 sq.m.).
- 3) Accept transfer of possession right concerning utilities systems belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS. They include electrical system, public utilities systems, telephone system, elevators, escalators, air conditioning system, engineering system, waste water treatment system and other facilities.
- 4) Accept transfer of possession right concerning equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS.

(1) - 4) are collectively called the “**properties of Central Festival Phuket 1**”.)

The objectives of CPN to invest in the properties of Central Festival Phuket 1 are to expand the Company's shopping center business in Phuket which is one of the most popular tourism provinces in the southern part of Thailand and to develop such asset along with Central Festival Phuket 2 which is a shopping complex to be developed and constructed by CPN. Central Festival Phuket 2 is expected to commence its operation in 2017. Developing and managing the properties of Central Festival Phuket 1 along with Central Festival Phuket 2 under the Company would help to generate operating synergies between those two assets which will eventually benefit CPN's operation.

. As the transaction that CPN will invest in the properties of Central Festival Phuket 1 is regarded as a connected transaction related to assets or services, with the transaction size being greater than 3 % of CPN's net tangible asset which is showed on its audited consolidated financial statements as of 31 December 2014, it is required to propose the transaction for consideration and approval by the meeting of shareholders. The transaction must be approved by the shareholders of CPN, by receiving no less than three-fourths of the total

number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders. CPN thus appoints Maybank Kim Eng Securities (Thailand) Public Company Limited (the “**Independent Financial Advisor**”) to act as its independent financial advisor in expressing its fairness opinion to the Board of Directors and its shareholders regarding rationale and advantages from entering into the transaction, fairness on price and fairness on major terms & provisions as contained in the draft of relevant agreements.

The transaction of investing in the properties of Central Festival Phuket 1 is also regarded as a Class-2 transaction in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004.

1.2 Opinion of the Independent Financial Advisor concerning Rationale and Necessity of the Transaction

The Independent Financial Advisor deems that the transaction that the Company will invest in the properties of Central Festival Phuket 1 has some pros and cons/risk as follows:

Pros of the Transaction

- 1) Allowing CPN to expand its shopping plaza business in accordance with its long-term business plan, thus allowing the Company's commercial revenue to grow in the long-term. Investing in the properties of Central Festival Phuket 1 provides CPN with an opportunity to acquire subleasehold right associated with land and leasehold right concerning shopping complex building, both of which belonging to Central Festival Phuket 1 which is one of the largest shopping complexes in Phuket.
- 2) CPN can develop and manage the properties of Central Festival Phuket 1 along with Central Festival Phuket 2, a shopping complex to be developed by CPN. Central Festival Phuket 2 will commence its operation in the Year 2017. Developing and managing the properties of Central Festival Phuket 1 and Central Festival Phuket 2 under CPN would help to generate operating synergies between those two assets, thus benefitting CPN's business operation.
- 3) Help to enhance CPN's commercial revenue in the long-run and allow the Company to obtain sound long-term investment return.
- 4) Diversify the Company's business risk.
- 5) Allow CPN to achieve economies of scale in terms of marketing and PR activities which can commonly be used in the CPN Group, procurement of tenants and etc.
- 6) Allow CPN to maintain its leading position in Thailand's shopping plaza business.

Risk of Entering into the Transaction

- 1) Risk that actual rental and service revenues to be earned from operating the properties of Central Festival Phuket 1 in the future may be lower than projected ones due to uncontrollable factors such as intensifying business competition, unfavorable economic condition, changes in customer lifestyles and etc whereas annual lease payments to be made throughout the lease term are already fixed. This will cause actual investment return that CPN will earn from investing in the properties of Central Festival Phuket 1 to be lower than the projected one. To mitigate this risk, CPN will closely and continuously monitor financial performance of the properties of Central Festival Phuket 1. The Company may adjust operating and marketing plans for the assets in response to dynamically changing business and competition environments.
- 2) Risk due to increasing competition in the shopping plaza business in Phuket as property developers will renovate existing projects as well as develop new ones to capitalize on possibility that number of tourists who will visit Phuket will rise in the foreseeable future. This will definitely cause intense competition among developers and operators of shopping plazas in procuring tenants and attracting shoppers/visitors to their shopping complexes, thus hurting their profitability and investment return. To mitigate this risk, CPN will closely and continuously monitor financial performance of the properties of Central Festival Phuket 1. The Company may adjust operating and marketing plans for the assets in response to dynamically changing business and competition environments. Moreover, developing and managing the properties of Central Festival Phuket 1 along with Central Festival Phuket 2 would help to create operating synergies between the two assets, thus benefiting CPN's operation.
- 3) Risk that the Main Land Lease Agreement entered into between CDS and the owners of land on which Central Festival Phuket 1 Shopping Complex is currently located may be terminated prior to its expiration due to violation or non-conformance of terms and conditions in such agreement by CDS. This will result in the Sublease Agreement to be entered into between CPN and CDS being terminated as well. Nevertheless, risk that CDS will violate or non-conform to terms and conditions in the Main Land Lease Agreement is low as CDS has a policy to observe all terms and conditions in the Main Land Lease Agreement. In addition, prior to investing in the properties of Central Festival Phuket 1 by CPN, CDS as the holder of leasehold right associated with land plots on which Central Festival Phuket 1 is currently located will proceed to ask for permission from the original land owners such that in case the Main Land Lease Agreement is terminated due to violation or non-conformance by CDS, CPN can replace CDS as the counterparty in such agreement. CPN does not have to bear any additional expenses associated with this.
- 4) Risk that the Sublease Agreement and the Building Lease Agreement which will be entered into by CPN and CDS will be terminated before their expiration due to violation or non-conformance of terms and conditions in both agreements by CPN or CDS. To mitigate this risk, CPN will observe terms and conditions in both agreements as well as those in other agreements related to the properties of Central Festival Phuket 1 throughout the lease term. In case it is possible that CDS may violate or non-conform to terms and conditions

- in the Sublease Agreement and the Building Lease Agreement , CPN will notify CDS about such violation or non-conformance without delay so that CDS can take necessary actions to prevent such default.
- 5) Risk relating to tenants' inability to pay rental when due. Nevertheless, for every rental/long-term lease agreements CPN enters into, deposit equivalent to 3 to 6 months of the rental rate is required. It can be used as compensation for income of CPN in the case that the rental cannot be collected from such tenants.
 - 6) Risk of necessary refurbishment and renovation of the properties of Central Festival Phuket 1. This will happen in case of major renovation which may affect the shopping plaza's capacity to generate commercial revenue. Nonetheless, before each major renovation of the properties of Central Festival Phuket 1 in the future, CPN will set up a plan to minimize the impact on the shops and customers and will study the impact on income returns.
 - 7) Risk from the fact that CPN does not have the right over the space of Central Department Store in Central Festival Phuket 1 Shopping Complex. This is because Central Department Store located in Central Festival Phuket 1 Shopping Complex is not a tenant in the shopping complex and does not grant the sub-leasehold right to CPN. Central Department Store may in the future sell or sub-lease such land and space to any person whereby CPN will have no right of objection. Such act may affect the management of the properties of Central Festival Phuket 1 and the operating result of CPN.
 - 8) Risk of land expropriation. In accordance with the Main Land Lease Agreement, in case land plots on which Central Festival Phuket 1 Shopping Complex is located are expropriated by competent authorities in whole or in part and CDS deems that such land plots could no longer be used in accordance with leasing purposes, the parties agree that the Main Land Lease Agreement shall be immediately terminated. Termination of the Main Land Lease Agreement will also result in automatic termination of the Sub-Lease Agreement and the Building Lease Agreement. Termination of those two agreements will definitely cause actual investment return that CPN will earn from investing in the properties of Central Festival Phuket 1 to be lower than projected one. Nonetheless, based on CPN's examination, it is found that land plots on which Central Festival Phuket 1 Shopping Complex is located are not in the land expropriation zone in accordance with relevant land expropriation laws.

1.3 Opinion of the Independent Financial Advisor regarding the fairness of the building lease and transfer of utilities system value payable to CDS, a relevant party of CPN, by CPN

The Independent Financial Advisor deems that the building lease and transfer of utilities system value payable to CDS by CPN and annual land rental payments are reasonable. The methods that the Independent Financial Advisor employed to derive the opinion are as follows:

Approach 1 The Independent Financial Advisor compares the building lease and transfer of utilities system value to be paid to CDS with the fair market value appraised by 2 independent asset appraisers. However, the Independent Financial Advisor only compares the amount of building lease and transfer of utilities system value to be paid to CDS at the amount of 5,691.9 million Baht but not the annual land rental payments since the appraisers included the annual land rental payments as cash outflow in each year forecasted net cash flow.

The Independent Financial Advisor found that the payment payable to CDS for the lease tenure of 41 years is at 24% - 25% discount from the fair market value appraised by both independent asset appraisers.

Approach 2 The Independent Financial Advisor determines the Net Present Value (NPV) to CPN. If the NPV is positive, it implies that the transaction will create incremental value to CPN. Moreover, the Independent Financial Advisor also derives the expected Internal Rate of Return (IRR) to CPN from entering into the transaction. Then the Independent Financial Advisor will compare the IRR with the following thresholds:

- WACC of CPN at 9.7%
- required pre-tax IRR for investment in projects currently commercialized at 12.0%
- average return on investment in shopping malls outside Bangkok Metropolitan Area at 8%-10%

The IRRs of the projected cash flows at 12.2% and 10.2% for pre-tax and post-tax scenario respectively, still fall in the acceptable level, given that the IRR includes these two significant payment streams namely the payment to CDS at the amount of 5,630.0 million Baht (total of 5,691.9 million Baht if related transaction fee is included) and land rental payment. Thus it can be concluded that pricing condition for investment in Central Festival Phuket 1 between CPN and CDS who are related parties are reasonable as the IRRs are higher or comparable to the three thresholds.

1.4 Opinion of the Independent Financial Advisor regarding Key Terms and Conditions in Draft of Relevant Agreements

Based on our examination of key terms and conditions as stipulated in the draft of Sublease Agreement, the draft of Building Lease Agreement, the draft of Agreement to Acquire Utilities System and the draft of Property Acquisition Agreement, all of which to be entered by CPN and CDS, the Independent Financial Advisor deems that they are reasonable, fair and carried out in normal business practices. They do not yield unfair benefits to either party. Granting of right of first refusal by CDS to CPN to purchase, and/or accept transfer of ownership and/or right of possession, and/or to lease, and/or to sublease the real properties of Central Festival Phuket 1 will of course benefit CPN's future operations.

1.5 Opinion of the Independent Financial Advisor regarding Resolution of Shareholders

Taking into account all data/documents that the Independent Financial Advisor obtained from CPN and from outside reliable sources, it is of the opinion of the Independent Financial Advisor that the transaction that CPN will invest in the properties of Central Festival Phuket 1 for the purpose of expanding its shopping plaza business in Phuket makes sense and will provide benefits to CPN's operation as:

1. Investing in the properties of Central Festival Phuket 1 would help CPN to conform to its long-term business plan aimed to expand its shopping plaza business to other provinces with sound business potential, allow the Company to obtain long-term leasehold rights associated with a shopping complex with good location and sound long-term growth potential. Meanwhile, CPN could develop and manage the properties of Central Festival Phuket 1 along with Central Festival Phuket 2, thus generating business synergy between the two assets which will eventually benefit CPN's operation. Investing in the properties of Central Festival Phuket 1 also helps the Company to diversify its business risk.
2. Since the amount of 5,691.9 million Baht payment payable to CDS for the building lease tenure of 41 years and utilities system transfer are at 24% - 25% discount from the fair market value appraised by two independent asset appraisers and the after-tax NPV of the investment in the properties of Central Festival Phuket 1 is 486.5 million Baht, the decision to invest in the project will create incremental value to CPN. Moreover the IRR of the projected cash flows still fall in the acceptable level, which will generate additional value to CPN, given that the IRR includes these two significant payment streams namely the payment to CDS at the amount of 5,630.0 million Baht (total of 5,691.9 million Baht if related transaction fee is included) and land rental payment.
3. Key terms and conditions as stipulated in relevant agreements are reasonable, fair and carried out in normal business practices. They do not yield unfair benefits to either party. Granting of right of first refusal by CDS to CPN to purchase, and/or accept transfer of ownership and/or right of possession, and/or to lease, and/or to sublease the properties of Central Festival Phuket 1 will of course benefit CPN's future operation.

Thus, shareholders should approve CPN to invest in the properties of Central Festival Phuket 1 for the purpose of expanding the Company's shopping plaza business in Phuket.

2. Characteristics and Details of the Transaction

2.1 Objectives of the Transaction

The meeting of the Board of Directors of Central Pattana Public Company Limited (“CPN” or the “Company”) held on 2 March 2015 (only non-interested directors attending the meeting) considered the transaction in which CPN would invest in Central Festival Phuket 1 Shopping Complex which is a full-scale shopping plaza currently located in Phuket. Central Festival Phuket 1 Shopping Complex is located in Vichit Sub-District, Muang District, Phuket at the intersection between Thep Kasatree Road and Vichit Songkram Road. In doing so, CPN would:

- 1) Sublease some parts of the land on which Central Festival Phuket 1 Shopping Complex is located, with total approximate areas of 25 rais and 36.8 sq.wah (10,036.8 sq.wah), from Central Department Store Company Limited (“CDS”) which is a related juristic person of CPN. The sublease period is approximately 41 years. CDS and CPN have a common major shareholder and some common directors.
- 2) Lease some parts of Central Festival Phuket 1 Shopping Complex from CDS for an approximate period of 41 years. The part of Central Festival Phuket 1 Shopping Complex which CPN will lease from CDS has a combined gross area and parking space of 106,391 sq.m. (with net leasable area of 44,347 sq.m.). Note that gross area of Central Festival Phuket 1 Shopping Complex that CPN will lease from CDS excludes area belonging to Central Department Store.
- 3) Accept transfer of possession right concerning utilities systems belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS. They include electrical system, public utilities systems, telephone system, elevators, escalators, air conditioning system, engineering system, waste water treatment system and other facilities.
- 4) Accept transfer of possession right concerning equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS.

(1) - 4) are collectively called the “**properties of Central Festival Phuket 1**”.)

The objectives of CPN to invest in the properties of Central Festival Phuket 1 are to expand the Company’s shopping complex business in Phuket which is one of the most popular tourism provinces in the southern part of Thailand and to develop such asset along with Central Festival Phuket 2 which is a shopping complex to be developed and constructed by CPN. Central Festival Phuket 2 is expected to commence its operation in 2017. Developing and managing the properties of Central Festival Phuket 1 along with Central Festival Phuket 2 under the Company would help to generate operating synergies between those two assets. The same meeting of the Board of Directors also approved the Company to enter into this asset acquisition transaction.

The transaction that CPN will invest in the properties of Central Festival Phuket 1 is considered a connected transaction regarding assets or services according to the Notification of the Capital Market Supervisory Board No.Tor.Jor. 21/2551 regarding Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003. In addition, it is considered an asset acquisition transaction according to the Notification of the Capital Market Supervisory Board No. Tor.Jor. 20/2551 regarding Rules and Regulations on the Acquisition and Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004. The transaction must be approved by the shareholders of CPN, by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

2.2 Date of Transaction

CPN will invest in the properties of Central Festival Phuket 1 after obtaining an approval to enter into the transaction from the Annual General Meeting of Shareholders of the Year 2015 to be held on 24 April 2015.

2.3 Parties and Their Relationship

The Lessee/the party that accepts possession right: Central Pattana Public Company Limited (“CPN” or the “Company”)

The Lessor/the party that transfers possession right: Central Department Store Company Limited (“CDS”)

CPN and CDS are connected as both have the same major shareholder, namely the Chirathivat Group. CPN's directors who are interested directors include Mr.Suthichai Chirathivat, Mr.Suthikiati Chirathivat, Mr.Suthichart Chirathivat, Mr.Sudhisak Chirathivat, Mr.Sudhitam Chirathivat, Mr.Kobchai Chirathivat and Mr.Prin Chirathivat.

Key business details of CDS are as follows:

Company Name	Central Department Store Co., Ltd. (“CDS”)
Date of Incorporation	26 April 1974
Registered Address	1027 Central Chidlom Tower, Floor 7, Ploenchit Road, Lumpini Sub-District, Pathumwan District, Bangkok 10330
Registered Capital	Baht 3,335 million
Key Business	Department store
Major Shareholder (% of stake)	Central Retail Corporation Co., Ltd. (99.99%)

2.4 Details of the Transaction

In investing in the properties of Central Festival Phuket 1, CPN will proceed as follows:

1) **Sublease some parts of the land on which Central Festival Phuket 1 Shopping Complex is located from CDS**

CPN will sublease some parts of the land on which Central Festival Phuket 1 Shopping Complex is located from CDS for an approximate period of 41 years. Land plots CPN will sublease from CDS have total approximate area of 25 rais and 36.8 sq.wah (10,036.8 sq.wah). They are located in Vichit Sub-District, Muang District, Phuket. In subleasing land from CDS, CPN shall make the following payments to CDS:

- 1) Lease compensation for the total amount of Baht 667 million
- 2) Annual lease payments to be made once a year throughout the lease term for the total amount of Baht 2,769 million

Details of annual lease payments are showed in the following table

Unit: Millions of Baht					
Year	Lease Compensation	Annual Lease Payment	Year	Lease Compensation	Annual Lease Payment
2015	333	3	2036	-	88
2016	33	6	2037	-	88
2017	-	6	2038	-	88
2018	33	6	2039	-	97
2019	-	6	2040	-	97
2020	67	6	2041	-	97
2021	-	6	2042	-	106
2022	67	6	2043	-	106
2023	-	6	2044	-	106
2024	67	6	2045	-	117
2025	-	7	2046	-	117
2026	67	7	2047	-	117
2027	-	7	2048	-	129
2028	-	7	2049	-	129
2029	-	7	2050	-	129
2030	-	7	2051	-	142
2031	-	7	2052	-	142
2032	-	7	2053	-	142
2033	-	80	2054	-	156

2034	-	80	2055	-	156
2035	-	80	2056	-	67
			Total	667	2,769

Source: CPN

In addition, CPN has to bear other expenses and fees related to entering into long-term subleasing of land for approximate amount of Baht 38 million.

2) Lease some parts of Central Festival Phuket 1 Shopping Complex (excluding areas belonging to Central Department Store) and accept delivery of possession right related to utilities systems, equipment and furniture

In investing in this asset, CPN shall:

- 1) Lease some parts of Central Festival Phuket 1 Shopping Complex (which is a 4-storey building with two underground floors and started commercial operation since 2004) from CDS for an approximate period of 41 years. The part of Central Festival Phuket 1 Shopping Complex which CPN will lease from CDS has a combined gross area and parking space of 106,391 sq.m. (with net leasable area of 44,347 sq.m.).
- 2) Accept delivery of possession right concerning utilities systems belonging to parts of Central Festival Phuket 1 Shopping Complex CPN will invest in from CDS.
- 3) Accept delivery of possession right concerning equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex CPN will invest in from CDS.

To invest in assets with details as showed in 1)-3) above, the Company shall make total payments of Baht 5,630 million to CDS. CPN also has to bear other expenses and fees related to long-term lease of building and accepting delivery of possession right of related assets for the approximate amount of Baht 62 million.

Thus, in investing in the properties of Central Festival Phuket 1, total payments CPN has to make to CDS which is a related juristic person throughout the 41-year lease period amount Baht 9,166 million.

2.5 Transaction Size

Size of the Connected Transaction

For the transaction of investing in the properties of Central Festival Phuket 1, related expenses and fees include:

- 1) Payments for land plots which are a part of the properties of Central Festival Phuket 1 for the amount of Baht 3,436 million (comprising lease compensation amounting Baht 667 million and total annual lease payments for the amount of Baht 2,769 million). When combined the aforementioned payments with other

related fees and expenses amounting Baht 38 million, total payments CPN has to make in subleasing of land are Baht 3,474 million. Present value (PV) of all such payments at the 12% discount rate (equivalent to a minimum investment return CPN requires from investing in any commercial property projects) is Baht 672 million.

- 2) Payments for long-term lease of some parts of Central Festival Phuket 1 Shopping Complex (excluding areas belonging to Central Department Store) and accepting delivery of possession rights related to utilities system, equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest for the total amount of Baht 5,630 million. CPN has also to bear other expenses and fees related to the aforementioned transactions for the amount of Baht 62 million. Thus, total payments CPN has to make in relation to these are Baht 5,692 million.

Based on 1) and 2) above, sum of PVs of all expenses and fees in relation to investing in the properties of Central Festival Phuket 1 is Baht 6,364 million.

Transactions in 1) and 2) above are considered connected transaction related to assets and services. The transaction size of the aforementioned connected transactions is 15.51 % in case PV of total payments and other relevant fees and expenses at the 12 % discount rate is compared with CPN's total net tangible assets. As the transaction size is greater than 3 % of total net tangible assets of Baht 41,020.72 million as showed in CPN's audited consolidated financial statements for the year ended 31 December 2014, such transaction must be approved by the shareholders of CPN by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

Size of the Asset Acquisition Transaction

In regard to relevant regulations related to asset acquisition/disposition, total consideration CPN has to pay for investing in the properties of Central Festival Phuket 1 (which equals to Baht 6,364 million determined based on PVs of total payments and other relevant fees and expenses at the 12 % discount rate) compared with CPN's total consolidated assets (which is equal to Baht 89,035.19 million as of 31 December 2014) results in the highest transaction size of 7.15%. The aforementioned transaction when combined with other asset acquisition transactions occurred within the 6-month period prior to the date of the meeting of the Board of Directors held to approve this transaction of acquiring the properties of Central Festival Phuket 1 (i.e. CAPEX for other investment projects for the amount of Baht 7,161.30 million) with the total size of 8.41% results in the total asset acquisition size of 15.56%. Thus, the transaction of investing in the properties of Central Festival Phuket 1 is regarded as a Class-2 transaction in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004.

2.6 Details of the Acquired Assets

See Part 5 of this report.

2.7 Basis Used to Determine Value of Consideration

For the transaction of investing in the properties of Central Festival Phuket 1, CDS will receive the following compensations from CPN:

- 1) Payments for land plots which are a part of the properties of Central Festival Phuket 1 for the amount of Baht 3,436 million (comprising lease compensation amounting Baht 667 million and total annual lease payment for the amount of Baht 2,769 million). When combined the aforementioned payments with other related fees and expenses amounting Baht 38 million, total payments CPN has to make in subleasing of land are Baht 3,474 million.
- 2) Payments for long-term lease of some parts of Central Festival Phuket 1 Shopping Complex and accepting delivery of possession rights related to utilities system, equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest for the total amount of Baht 5,630 million. CPN has also to bear other expenses and fees related to the aforementioned transactions for the amount of Baht 62 million. Thus, total payments CPN has to make in relation to these are Baht 5,692 million.

The basis used in determining the value of consideration is in accordance with the conditions and agreements within the contract of normal commercial terms between CPN and CDS. In determining the value of consideration, CPN and CDS also take into account the fair value of such properties as appraised by independent asset appraisers and business potential of the properties of Central Festival Phuket 1.

2.7 Sources of Funds for Investing in the Properties of Central Festival Phuket 1

In investing in the properties of Central Festival Phuket 1, CPN will make payments as follows:

- 1) Payments to be immediately made upon signing of relevant agreements. These immediate payments include leasehold compensation for the amount of Baht 333 million and payments to be made for leasing shopping complex building and accepting delivery of possession right in assets related to the leased shopping complex building for the total amount of Baht 5,630 million. Thus, total amount of immediate payments that CPN will make to CDS is Baht 5,963 million. In addition, CPN has to bear additional fees and expenses related to entering into long-term land and building lease agreements for approximate amount of Baht 100 million. Thus, the combined amount of compensation, fees and expenses CPN needs to immediately pay for when investing in the properties of Central Festival Phuket 1 is Baht 6,063 million. To settle all of these expenses and payments, the Company will use internal cash flows from operation in conjunction with loans from financial institutions.

- 2) Payment for remaining leasehold compensation for the amount of Baht 334 million and annual leasehold payments to be made throughout the lease term of 41 years for the total amount of Baht 2,769 million. Thus, total amount of leasehold payments to be made throughout the lease period of 41 years is Baht 3,103 million. To settle these leasehold payments, CPN will use its future cash flows from operation and/or proceeds from bank loans and/or proceeds from bond issuance.

2.9 Benefits from Entering into the Transaction

Investing in the properties of Central Festival Phuket 1 will provide CPN with the following benefits:

- 1) Conform to CPN's long-term business plan and help to boost the Company's commercial revenues in the long-run
- 2) Investing in a shopping complex with good location and sound commercial potential. Investing in the properties of Central Festival Phuket 1 is an investment with lower risk than developing a new shopping complex from the beginning
- 3) Business synergy in terms of marketing, procurement of tenants & zoning arrangement, procurement of financing and etc due to development and management of the properties of Central Festival Phuket 1 and Central Festival Phuket 2 under CPN
- 4) Business diversification benefits for CPN
- 5) Achieving operational economies of scale by CPN
- 6) Help CPN to maintain its leading position in the domestic shopping plaza business

2.10 Approval for Entering into the Transaction by the Meeting of Shareholders

The transaction of investing in the properties of Central Festival Phuket 1 is considered a connected transaction, with the transaction size higher than 3% of the net tangible assets based on the audited consolidated financial statements of CPN as of 31 December 2014. As a result, the transaction must be approved by the shareholders of CPN, by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

2.11 Name of connected persons and/or interested shareholders who have no right to vote and the scope and characteristics of the benefits and interests of connected persons and/or interested shareholders from the transaction

In this shareholders' meeting to consider an approval for CPN to invest in the properties of Central Festival Phuket 1, connected person and/or interested shareholder which includes the Chirathivat Group has no right to vote to approve the transaction. The Chirathivat Group has total stake, directly and indirectly, of 55.29% in CPN.

The following table illustrates the stake of the Chirathivat Group in CPN as of 17 March 2015 which is the latest book closing date of the Company:

No.	Connected Person/Interested Shareholder	Number of Shares Held	% of Stake in CPN
1	Central Holding Company Limited (major shareholder)	1,176,343,960	26.21%
2	Individual persons in the Chirathivat Family	1,304,982,600	29.08%
Total		2,481,326,560	55.29%

Ultimate shareholder of Central Holding Company Limited includes individual persons who are members of the Chirathivat Family which is the founder of the company.

Directors of CPN who are interested directors include:

Name	Position
Mr.Suthichai Chirathivat	Chairman
Mr.Suthikiati Chirathivat	Director
Mr.Suthichart Chirathivat	Director
Mr.Sudhisak Chirathivat	Director
Mr.Sudhitam Chirathivat	Director
Mr.Kobchai Chirathivat	Director
Mr.Prin Chirathivat	Director

In this regard, all interested directors did not attend the meeting and did not vote in the Board of Directors' meeting to approve CPN to invest in the properties of Central Festival Phuket 1.

3. Business Characteristics and Nature of Operation of CPN

3.1 Information about CPN

Company Name	Central Pattana Public Company Limited (“CPN” or the “Company”)
Juristic Person ID	0107537002443
Company Address	Floor 30-33, the Offices at Central World Building, no. 999/9, Rama 1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330
Date of Incorporation	17 June 1980
Nature of Business	The Company operates in retail property for rent, which comprises large-scale shopping complexes and other supportive businesses. Its portfolio consists of shopping centers, offices, hotels, residential buildings and recreational parks. In addition, the Company invests in retail growth property fund and acts as a property manager of the fund.
Registered Capital as of 31 December 2014	2,244.00 million baht

3.2 Characteristics and Scope of Operation

Established on 17 June 1980 to develop and manage large-scale and integrated shopping centers, Central Pattana Public Company Limited or CPN was listed on the Stock Exchange of Thailand (SET) on 1 March 1995. Its issued and paid-up share capital as of 31 December 2014 is Baht 2,244.00 million of which the majority is held by Central Holdings Co., Ltd. and Chirathivat family members. CPN's core businesses comprise development of large-scale shopping complexes and provision of retail space for rent and related services. As of 31 December 2014, CPN manages 25 shopping complexes, owning 21 projects, with 4 leased out to CPN Retail Growth Leasehold Property Fund (CPNRF). CPN also runs office, residential and hotel buildings as its supporting businesses to optimize the use of land, diversify income sources and draw more customers to its shopping complexes. CPN also operates related businesses such as water & recreational parks and food centers in some shopping complexes to facilitate shoppers. Services and facilities provided at each complex mainly depend on locations and the needs of target customers.

3.2.1 CPN Business Groups

CPN's business falls into various business groups. Categorized by the source of income, there are six business groups which are described as follows:

1) Shopping Complexes

CPN's main source of income comes from the shopping complex business. Income from this business includes rental of retail spaces, utility & security services and cleaning services, rental of spaces in multi-purpose hall and provision of mass media services. Another source of income for CPN is the management fee at four property projects under CPNRF and a share of profit from investment in CPNRF.

CPN's shopping complex development starts from acquiring strategic locations, conducting feasibility studies, supervising designs and construction, administering sale and managing the shopping complexes after their commercial opening. Also in the scope of work is the provision of utilities, together with security and cleaning services at each site.

2) Office Buildings

The office building business involves the development of office buildings for rent, whereas there is demand for office space in shopping complex areas. It was found that the office building business not only complements that of the shopping complex, but also adds value to the project. It also enhances land usage and efficiency of car park management. The decision to develop an office building depends mainly on supply and demand for office space at each location. Income from the business comprises rental of office space, rental of retail shops in office buildings and utility service income. CPN's office building development starts from conducting feasibility studies, supervising designs and construction, leasing rental spaces and managing the buildings when they come into operation. Also in the scope of work is the provision of utilities, together with security and cleaning services at each site.

As of 31 December 2014, CPN runs 7 office building projects including CentralPlaza Lardprao, CentralPlaza Pinklao A&B, CentralPlaza Bangna, CentralWorld (The Offices at CentralWorld), CentralPlaza Chaengwattana and Central Grand Rama IX. For office buildings, CPN owns four projects and manages three projects, two under CPNRF: A and B Office buildings at CentralPlaza Pinklao and another under CPN Commercial Growth Leasehold Property Fund (CPNCG): the Offices at CentralWorld. Tenants of office buildings in CentralPlaza Lardprao, CentralPlaza Pinklao, CentralPlaza Bangna, CentralPlaza Chaengwattana and Central Grand Rama IX projects are mostly operators of businesses benefiting from shopping complexes, such as tutorial schools, language and music schools, beauty parlors and securities brokerage firms. The Offices at CentralWorld is different as it is a grade A office building located in the heart of the central business district. Thus, most tenants are leading businesses, both Thai and foreign, and multinational companies looking to base their headquarters there.

3) Hotel Business

CPN's hotels and shopping centers are located in the same areas since there is a natural demand that supports the retail business. This practice adds value to each project by making the most use of properties for the maximum return on investment. Key principles for consideration of hotel investment include project location, demand, supply, surrounding areas and the project's growth potential. The hotel business comprises guest rooms, seminar rooms and convention centers to serve the growth of the MICE (Meeting, Incentive, Convention and Exhibition) industry. As of 31 December 2014, CPN owns two hotels. One is the 255-room Centara Udonthani Hotel (formerly known as Charoensri Grand Royal Hotel, a part of Charoensri Complex, acquired by CPN in April 2009) and the other is Hilton Pattaya Hotel with 300 rooms (situated on top of CentralFestival Pattaya Beach and open in November 2010). CPN has hired expert hotel management companies, namely Central Plaza Hotel Plc and Hilton Hotel Corporation, to manage Centara Udonthani Hotel and Hilton Pattaya Hotel, respectively for the maximum benefit of the group.

4) Residential Buildings

As of 31 December 2014, CPN manages two residential building projects. One is Lang Suan Colonade, a 50-unit service apartment, and the other is Central City Residence Condominium, a 12-unit condominium on the premises of CentralPlaza Bangna.

5) Water Parks and Recreational Parks

Water parks and recreational parks are supporting businesses for shopping complexes, adding variety to features and services of shopping complexes. Not only can they attract more customers to shopping complexes, but also bring happiness to customers and people in surrounding communities. To make this happen, the size of land and space availability in the project are key factors. Current projects in this category are "Leoland Water Park" on the sixth floor of CentralPlaza Bangna and "Central Park", a large-scale recreational park on the premises of CentralPlaza Rama 2 which is open to the public and comprises a health park, a children playground, an activity area and renowned restaurants.

6) Food Centers

Food centers are considered an essential part of shopping complexes. They are intended for providing customers with a wide variety of economical and ready-to-serve dishes. CPN earns sizeable income from the sale of food and beverage in food centers.

3.3 CPN's Shareholding Structure

As of 17 March 2015, CPN's registered capital was Baht 2,244 million, consisting of 4,488,000,000 shares, with a par value of Baht 0.50 each. Its paid-up capital was Baht 2,244 million, consisting of 4,488,000,000 shares, with a par value of Baht 0.50 each. The Company's shareholding structure as of 17 March 2015 which is the latest book closing date is as below:

Shareholder	Number of Shares Held	% of Stake
1. Central Holding Company Limited*	1,176,343,960	26.21
2. HSBC (SINGAPORE) NOMINEES PTE LTD	259,348,906	5.78
3. Thai NVDR Company Limited	207,381,641	4.62
4. STATE STREET BANK EUROPE LIMITED	196,455,013	4.38
5. CREDIT SUISSE AG, HONG KONG BRANCH	78,444,160	1.75
6. THE BANK OF NEW YORK MELLON	73,825,300	1.65
7. BARCLAYS BANK PLC, SINGAPORE	70,850,648	1.58
8. BANK OF SINGAPORE LIMITED-BOS SEG A/C 102016	64,275,620	1.43
9. MRS. ARUNEE CHAN	57,645,820	1.28
10. UBS AG SINGAPORE BRANCH	54,135,000	1.21
11. Other shareholders	2,249,293,932	50.11
Total	4,488,000,000	100.00

*The ultimate shareholder of CPN and Central Holdings Company Limited includes individual persons who are members of the Chirathivat Family who are the founder of both companies.

Source: Central Pattana Public Company Limited

3.4 CPN's Operating Performance and Financial Condition

3.4.1 CPN's Consolidated Financial Statements for the Years 2011, 2012, 2013 and 2014

Shown as follows are CPN's consolidated statements of financial position, statements of comprehensive income and statements of cash flows for the Years 2011, 2012, 2013 and 2014:

CPN's Consolidated Statements of Financial Position for the Years 2011, 2012, 2013 and 2014

Unit: Millions of Baht	As of 31 December 2011		As of 31 December 2012		As of 31 December 2013		As of 31 December 2014	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets
Assets								
Current Assets								
Cash & cash equivalents	833.06	1.30%	2,893.64	4.16%	1,752.18	2.26%	2,487.78	2.79%
Short-term investments	111.56	0.17%	1,313.51	1.89%	117.01	0.15%	1,285.22	1.44%
Accounts receivable	881.24	1.38%	626.72	0.90%	1,229.67	1.59%	1,404.32	1.58%
Other receivables	1,466.53	2.29%	1,492.51	2.14%	2,400.24	3.10%	1,840.83	2.07%
Total current assets	3,292.39	5.18%	6,326.38	9.08%	5,499.10	7.09%	7,018.15	7.88%
Non-Current Assets								
Investment in associates	2,714.17	4.24%	3,308.79	4.75%	3,354.24	4.33%	5,443.53	6.11%
Other long-term investments	2.24	0.00%	2.24	0.00%	2.22	0.00%	68.47	0.08%
Investment Property	39,726.01	62.54%	45,038.47	64.68%	53,575.16	69.09%	60,927.25	68.43%
Property, Plant and Equipment	2,423.24	3.81%	2,463.43	3.54%	2,352.90	3.03%	2,140.49	2.40%
Leasehold Rights	14,494.30	22.82%	11,340.80	16.29%	11,456.56	14.78%	11,795.16	13.25%
Rights to Utilize Assets	156.79	0.24%	181.00	0.26%	127.26	0.16%	122.59	0.14%
Deferred Tax Assets	410.51	0.65%	656.06	0.94%	745.36	0.96%	731.39	0.82%
Other Non-Current Assets	301.99	0.47%	318.47	0.46%	425.96	0.55%	788.16	0.89%
Total Non-Current Assets	60,229.25	94.82%	63,309.26	90.92%	72,039.66	92.91%	82,017.04	92.12%

Unit: Millions of Baht	As of 31 December 2011		As of 31 December 2012		As of 31 December 2013		As of 31 December 2014	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets
Total Assets	63,521.64	100.00%	69,635.64	100.00%	77,538.76	100.00%	89,035.19	100.00%
Liabilities and Shareholders' Equity								
Current Liabilities								
Short-Term Loans from Financial Institutions	500.00	0.79%	-	-	900.00	1.16%	200.00	0.22%
Accounts Payable	791.77	1.25%	662.82	0.95%	598.41	0.77%	828.39	0.93%
Other Payables	3,713.82	5.85%	4,022.15	5.78%	5,157.20	6.65%	4,890.29	5.49%
Short-Term Loans from Related Parties	3.82	0.01%	3.94	0.01%	4.16	0.01%	4.39	0.00%
Current Portion of Long-Term Loans	6,479.92	10.20%	6,621.07	9.51%	5,153.57	6.65%	4,478.72	5.03%
Current Portion of Leasehold Liabilities	426.17	0.67%	219.29	0.31%	-	-	-	-
Current Portion of Advances Received from Customers	292.12	0.46%	315.69	0.45%	317.87	0.41%	688.90	0.77%
Accrued Tax Liabilities	315.04	0.50%	326.44	0.47%	547.97	0.71%	253.61	0.28%
Construction Payables	2,832.83	4.46%	2,320.26	3.33%	2,779.05	3.58%	2,782.18	3.12%
Total Current Liabilities	15,355.49	24.17%	14,491.66	20.81%	15,458.23	19.94%	14,126.48	15.87%
Non-Current Liabilities								
Other Long-Term Loans	18,264.76	28.75%	18,943.70	27.20%	13,788.04	17.78%	11,339.94	12.74%
Leasehold Liabilities-Net of Current Portion	219.29	0.35%	-	-	-	-	-	-
Deferred Tax Liabilities	493.37	0.78%	273.26	0.39%	155.45	0.20%	139.27	0.16%

Unit: Millions of Baht	As of 31 December 2011		As of 31 December 2012		As of 31 December 2013		As of 31 December 2014	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets
Employee Benefit Obligations	110.27	0.17%	127.98	0.18%	171.55	0.22%	193.48	0.22%
Advances Received from Customers-Net of Current Portion	4,731.51	7.45%	4,717.56	6.77%	4,941.49	6.37%	14,830.73	16.66%
Refundable Deposits	3,890.62	6.12%	4,502.25	6.47%	5,184.96	6.69%	5,395.43	6.06%
Leasehold Deposits	8.16	0.01%	679.27	0.98%	1,015.42	1.31%	1,261.94	1.42%
Total Non-Current Liabilities	27,717.98	43.64%	29,244.02	42.00%	25,256.91	32.57%	33,160.79	37.24%
Total Liabilities	43,073.47	67.81%	43,735.68	62.81%	40,715.14	52.51%	47,287.27	53.11%
Shareholders' Equity								
Paid-up Capital	2,178.82	3.43%	2,178.82	3.13%	2,244.00	2.89%	2,244.00	2.52%
Share Premium	2,007.57	3.16%	2,007.57	2.88%	8,558.56	11.04%	8,558.56	9.61%
Retained Earnings	15,828.19	24.92%	21,210.72	30.46%	25,419.60	32.78%	30,258.20	33.98%
Other Components of Shareholders' Equity	(51.79)	(0.08%)	(45.68)	(0.07%)	(43.74)	(0.06%)	(40.04)	(0.04%)
Equity Attributable to Equity Holders of Parent	19,962.79	31.43%	25,351.43	36.41%	36,178.42	46.66%	41,020.72	46.07%
Non-Controlling Interest	485.40	0.76%	548.54	0.79%	645.22	0.83%	727.20	0.82%
Total Shareholders' Equity	20,448.19	32.19%	25,899.97	37.19%	36,823.64	47.49%	41,747.92	46.89%
Total Liabilities and Shareholders' Equity	63,521.64	100.00%	69,635.65	100.00%	77,538.78	100.00%	89,035.19	100.00%

Source: The Stock Exchange of Thailand

CPN's Consolidated Statements of Comprehensive Income for the Years 2011, 2012, 2013 and 2014

Unit: Millions of Baht	2011		2012		2013		2014	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Rental and Service Revenues	10,853.19	83.48%	15,324.82	78.42%	18,128.31	83.51%	20,374.89	85.06%
Food and Beverage Revenues	632.06	4.86%	725.18	3.71%	881.88	4.06%	974.77	4.07%
Hotel Revenues	465.49	3.58%	711.78	3.64%	902.98	4.16%	957.88	4.00%
Investment Income	47.85	0.37%	77.81	0.40%	97.66	0.45%	61.44	0.26%
Gains from Financial Lease	-	-	1,775.84	9.09%	-	-	-	-
Other Revenues	1,001.99	7.71%	925.55	4.74%	1,698.19	7.82%	1,583.86	6.61%
Total Revenue	13,000.58	100.00%	19,540.98	100.00%	21,709.02	100.00%	23,952.85	100.00%
Cost of Rental and Service	7,050.23	54.23%	8,555.59	43.78%	9,541.90	43.95%	10,521.87	43.93%
Cost of Food and Beverage	541.35	4.16%	608.78	3.12%	690.76	3.18%	779.66	3.25%
Cost of Hotel Operation	191.87	1.48%	269.04	1.38%	308.96	1.42%	314.71	1.31%
Administrative Expenses	2,410.12	18.54%	2,740.93	14.03%	3,445.55	15.87%	3,666.74	15.31%
Financing Cost	874.27	6.72%	1,057.40	5.41%	812.53	3.74%	676.75	2.83%
Total Expenses	11,067.84	85.13%	13,231.74	67.71%	14,799.70	68.17%	15,959.73	66.63%
Share of Profit (Loss) in Associated Company	497.55	3.83%	584.25	2.99%	685.93	3.16%	813.27	3.40%
Pre-Tax Income from Continuing Operation	2,430.29	18.69%	6,893.49	35.28%	7,595.25	34.99%	8,806.39	36.77%
Corporate Income Tax	354.48	2.73%	641.64	3.28%	1,206.05	5.56%	1,378.04	5.75%
Net Profit	2,075.81	15.97%	6,251.85	31.99%	6,389.20	29.43%	7,428.35	31.01%
Profit Attributable to Equity Holders of Parent	2,058.12	-	6,188.70	-	6,292.53	-	7,306.95	-

Unit: Millions of Baht	2011		2012		2013		2014	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Profit Attributable to Non-Controlling Interests	17.69	-	63.15	-	96.67	-	121.39	-
Net Profit	2,075.81	-	6,251.85	-	6,389.20	-	7,428.35	-
Basic EPS	0.94	-	1.42	-	1.42	-	1.63	-

Source: The Stock Exchange of Thailand

CPN's Consolidated Statement of Cash Flows for the Years 2011, 2012, 2013 and 2014

Unit: Millions of Baht	2011	2012	2013	2014
Net Cash Flows from Operating Activities	7,756.21	9,861.10	11,024.99	21,766.22
Net Cash Flows Used in Investing Activities	(12,436.96)	(6,077.53)	(9,809.34)	(13,853.75)
Net Cash Flows from (Used in) Financing Activities	4,745.70	(1,725.36)	(2,357.11)	(7,176.87)

Source: The Stock Exchange of Thailand

CPN's Key Financial Ratios for the Years 2011, 2012, 2013 and 2014

Financial Ratios	2011	2012	2013	2014
Liquidity Ratio				
Current Ratio (x)	0.21	0.44	0.36	0.50
Quick Ratio (x)	0.12	0.33	0.20	0.37
Cash Ratio (x)	0.06	0.29	0.12	0.27
Profitability Ratio				
Gross Profit Margin	34.87%	43.72%	47.06%	47.93%
Operating Profit Margin	15.04%	27.70%	30.10%	31.49%
Net Profit Margin	15.38%	31.06%	28.53%	31.01%
ROA	3.27%	8.98%	8.24%	8.34%
ROE	10.15%	24.14%	17.35%	17.79%
Leverage Ratio				
Debt-to-Equity Ratio (x)	2.11	1.69	1.11	1.13
Debt-to-Total Assets Ratio (x)	0.68	0.63	0.53	0.53

4. Information about CDS

Name of Related Company	: Central Department Store Company Limited ("CDS")
Date of Incorporation	: 26 April 1974
Headquarter	: 1027 Central Chidlom Building, Floor 7, Ploenchit Road, Lumpini Sub-District, Pathumwan District, Bangkok 10330
Type of Business	: Department Store
Registered Capital	: 3,335 million baht

Shareholding Structure

CDS's shareholding structure as of 29 April 2014 is as below:

Shareholder	% of Stake
Central Retail Corporation Co., Ltd. ("CRC") (The Chirathivat Family and its related juristic persons holds directly and indirectly a 100% stake in CRC.)	99.99 %
The Chirathivat Family	0.01 %

Source: Business Online (<http://www.bol.co.th>)

Based on the table as showed above, the ultimate shareholder of CRC and CDS comprises individual persons who are members of the Chirathivat Family which is the founder of both CRC and CDS.

Overview of CDS Business

Central Department Store Co., Ltd. ("CDS") was incorporated in 1974 for the purpose of running Central Department Store. Currently, CDS has operated many branches of Central Department Store in Bangkok and its suburb areas and in many provinces which are trading and tourism hubs of Thailand.

Board of Directors

The Board of Directors of CDS as of 29 April 2014 comprises:

Director	Position
Mr.Suthiporn Chirathivat	Director
Mr.Suthichai Chirathivat	Director
Mr.Suthikiati Chirathivat	Director
Mr.Suthichart Chirathivat	Director
Mr.Suthirak Chirathivat	Director
Mr.Tos Chirathivat	Director
Mr.Prin Chirathivat	Director
Mr.Wat Chirathivat	Director
Mr.Kriengsak Chirathivat	Director
Mr.Narongrit Chirathivat	Director
Ms.Siriket Chirakitti	Director
Ms.Yuwadee Chirathivat	Director
Ms.Wantana Preuksawan	Director

Source: Business Online (<http://www.bol.co.th>)

5. Details about the Properties of Central Festival Phuket 1

5.1 Overview of Central Festival Phuket 1

Central Festival Phuket 1 is a large-scale shopping complex in Phuket and the southern part of Thailand. It was developed under the concept of “the Real Ultimate Gateway of Phuket”. Currently, Central Festival Phuket 1 comprises variety of retail outlets and businesses including movies theatre, food hall, fashion outlets, food and beverage outlets & restaurants, financial service providers, distributors of IT products, beauty parlors and etc. Central Festival Phuket 1 which started its commercial operation in 2004 is a 4-storey building with 2 underground floors. As of 31 December 2014, Central Festival Phuket 1 was under management by Central Department Store Co., Ltd. (“CDS”) which is a company in the Central Group.

5.1.1 Project Location

Central Festival Phuket 1 is currently located at No.74-75 Moo 5, Vichit Songkram Sub-District, Muang District, Phuket..

5.1.2 Building Characteristics and Facilities Systems

Central Festival Phuket 1 comprises a 4-storey building with 2 underground floors. The project is currently situated on land plots with approximate area of 29 rais. Total gross area of the shopping complex is approximately 134,000 sq.m. (including leasable area, common area, service area and car parking area). Utilities systems of Central Festival Phuket 1 comprise electrical system, public utilities systems, telephone system, elevators, escalators, air conditioning system, engineering system, waste water treatment system and other facilities.

5.1.3 Form of Management

As of 31 December 2014, Central Festival Phuket was managed by Central Department Store Co., Ltd. or CDS.

5.2 Details of parts of Central Festival Phuket 1 CPN will invest in

In investing in Central Festival Phuket 1, CPN will:

- 1) Sublease some parts of the land on which Central Festival Phuket 1 Shopping Complex is located, with total approximate area of 25 rais and 36.8 sq.wah (10,036.8 sq.wah), from Central Department Store Company Limited (“CDS”) which is a related juristic person of CPN.

- 2) Lease some parts of Central Festival Phuket 1 Shopping Complex from CDS. The part of Central Festival Phuket 1 Shopping Complex that CPN will lease from CDS has a combined gross area and parking space of 106,391 sq.m. (with net leasable area of 44,347 sq.m.).
- 3) Accept transfer of possession right concerning utilities systems belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS. They include electrical system, public utilities systems, telephone system, elevators, escalators, air conditioning system, engineering system, waste water treatment system and other facilities.
- 4) Accept transfer of possession right concerning equipment and furniture belonging to parts of Central Festival Phuket 1 Shopping Complex in which CPN will invest from CDS.

(1) - 4) are collectively called the “properties of Central Festival Phuket 1”.)

Details of which are as follows:

5.2.1 Land that CPN will sublease from CDS

CPN will sublease some parts of plots of land on which Central Festival Phuket 1 Shopping Complex is currently situated from CDS. Total area of which is approximately 25 rais and 36.8 sq.wah. Details of such plots of land that CPN will sublease from CDS are showed in the highlighted column of the table below:

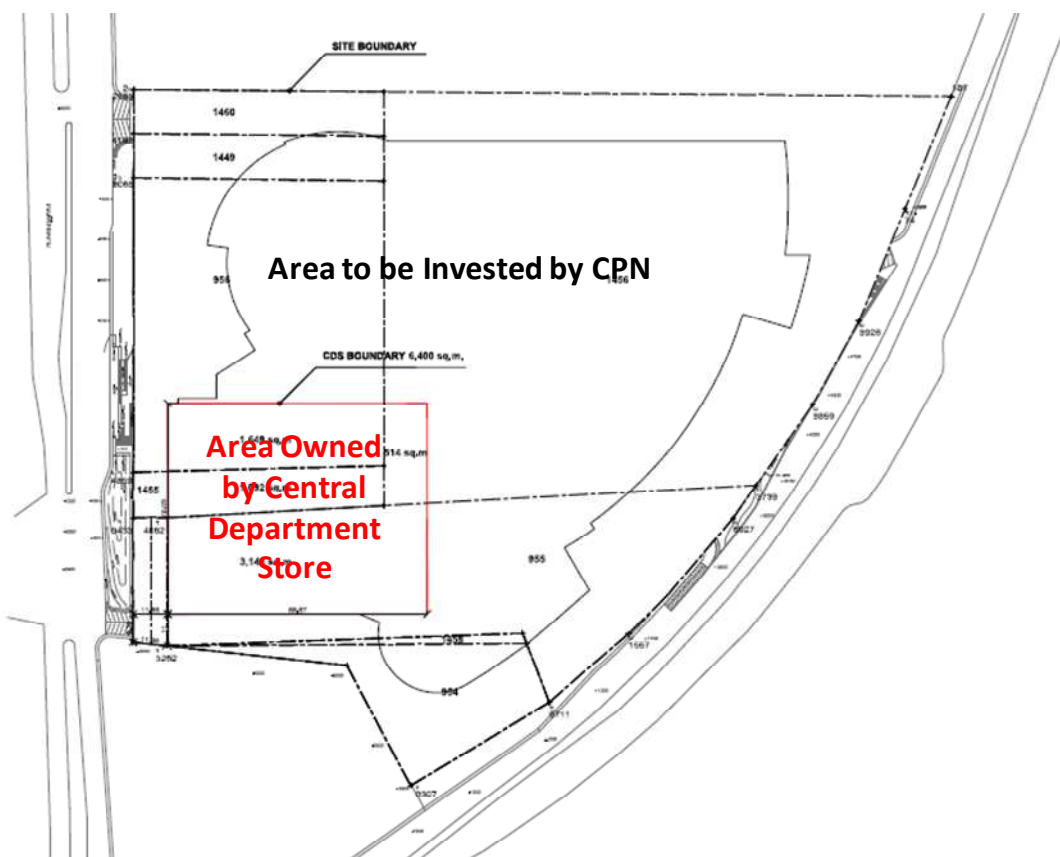
Title Deed No.	Land No.	Survey Page	Sub-District	District	Province	Total areas (Rai-Ngan-Sq.Wah)	Total Areas to be Invested by CPN (Rai-Ngan-Sq.Wah)
61809	955	7312	Vichit	Muang	Phuket	5-3-70.4	3-3-84.2
65689	1458	8847	Vichit	Muang	Phuket	0-0-46.2	0-0-46.2
61810	956	7313	Vichit	Muang	Phuket	5-0-73.7	4-0-61.5
65686	1455	8844	Vichit	Muang	Phuket	0-3-22.2	0-0-49.2
65599	36	8814	Vichit	Muang	Phuket	0-3-26.4	0-3-26.4
65691	35	8849	Vichit	Muang	Phuket	0-3-27	0-3-27
65687	40	8845	Vichit	Muang	Phuket	13-3-42.9	13-2-14.4
61808	11	7311	Vichit	Muang	Phuket	1-2-28	1-2-28
Total						29-0-36.8	25-0-36.8

CPN will give rights to use surrounding roads and entrances & exits of the project to Central Department Store Co., Ltd. (CDS), tenants of areas owned by CDS as well as CDS's customers. This is because CDS has possession rights in some areas of Central Festival Phuket 1 and rights to co-utilize some areas of Central Festival Phuket 1 as well.

5.2.2 Area in Central Festival Phuket 1 Shopping Complex and Parking Spaces CPN will lease from CDS

As of 31 December 2014, the entire Central Festival Phuket 1 had a combined gross area and parking space of approximately 134,204 sq.m. Nevertheless, CPN will not lease all available spaces of the project. CPN will lease some parts of Central Festival Phuket 1 Shopping Complex and parking spaces with combined area of 106,391 sq.m. from CDS. There are total spaces of 27,813 sq.m. in Central Department Store which is currently operated by CDS that CPN will not invest in.

Below illustrates areas in Central Festival Phuket 1 Shopping Complex CPN will lease from CDS and areas in Central Department Store CPN will not invest in.



Details of parts of Central Festival Phuket 1 Shopping Complex and parking spaces CPN will lease from CDS are as follows:

- 1) Gross area* in the shopping complex in the part CPN will lease from CDS for total space of 69,091 sq.m. (with leasable area of 44,347 sq.m.);

- 2) Car parking area with total space of 37,300 sq.m.

Note:

Gross area includes leasable area, common area and service area. Leasable area includes areas leased/rented to business operators. Common area is one that tenants and shoppers can co-utilize. Service area is one that elevators, escalators and supporting facilities are installed.

5.2.3 Details and Characteristics of Tenants

As of 31 December 2014, parts of Central Festival Phuket 1 Shopping Complex the Company will invest in had an occupancy rate of 95% and 164 tenants. Types of outlets/stores located in such area include Mini Anchors (i.e Central Food Hall, Supersport, Power Buy, Office Mate, Family Mart and B2S), movies theatres, food court, fashion outlets, restaurants, food & beverage outlets, beauty parlors, distributors of IT products, specialty products outlets, financial service providers and general service providers. As of 31 December 2014, major tenants in the area the Company will invest in included SF Cinema (movies theatres), Central Food Hall (food and beverage), Supersport (distributor of sports equipment), H&M (distributor of fashion products), Powerbuy (distributor of power appliances) and Office Mate (distributor of office supplies and equipment).

5.3 Summary of Details about Key Assets in Central Festival Phuket 1 CPN will Invest in (as of 31 December 2014)

<p><u>Land</u> (only the part CPN will sublease from CDS):</p> <p>Land to be Subleased by CPN (rais-ngan-sq.wah)</p> <p>Characteristics of Possession Right by CPN</p>	<p>25 rais and 36.8 sq.wah</p> <p>Subleasehold right for approximate period of 41 years ending on 6 June 2056</p>
<p><u>Areas in Central Festival Phuket 1 Shopping Complex</u> (only the part CPN will lease from CDS):</p>	
<p>● Gross Area (only the part CPN will invest in)</p>	<p>69,091 sq.m.</p>
<p>● Net Leasable Area (only the part CPN will invest in)</p>	<p>44,347 sq.m.</p>
<p>● Parking Space</p>	<p>37,300 sq.m.</p>

5.4 Development and Renovation Budget for the Properties of Central Festival Phuket 1

After investing in the properties of Central Festival Phuket 1, CPN will spend approximately Baht 305 million developing and renovating the properties of Central Festival Phuket 1 to ensure its marketing & operating concepts conform to marketing plan and concept as prescribed by CPN. Majority of such development and renovation budget will be used in the Year 2015, and the rest will be used in the Year 2016.

5.5 Development and Construction of Central Festival Phuket 2 by CPN

Apart from conforming to its long-term strategic plan to expand the shopping center business in Phuket which is one of the most popular tourism provinces in Thailand, another main objective of investing in the

properties of Central Festival Phuket 1 by CPN is to develop and manage such asset along with Central Festival Phuket 2 which is a new shopping complex to be developed and constructed by CPN. Developing and managing those two assets under CPN will create business synergies between them in terms of marketing, procurement and placement of tenants, financing and etc. The properties of Central Festival Phuket 1 will be located on the opposite side of Central Festival Phuket 2. CPN will construct a skywalk to link between those two assets, thus allowing visitors/shoppers to commute more conveniently between them.

Below illustrates the locations of the properties of Central Festival Phuket 1 and of Central Festival Phuket 2:



Note: CFP 1 represents the properties of Central Festival Phuket 1 (which commences its operation in 2004) and CFP2 represents Central Festival Phuket 2 which will start its operation in 2017.

Based on Corporate Presentation: 3Q14 Performance Review and MD&A for Q.4/2014 and for the Year 2014 as disclosed to the Stock Exchange of Thailand, the Company is on the process of designing Central Festival Phuket 2. Development and construction of Central Festival Phuket 2 will be completed in the Year 2017, and such shopping complex will commence its operation in the same year.

After investing in the properties of Central Festival Phuket 1 and completing development of Central Festival Phuket 2, CPN may lease some areas in those two assets to retail outlets which are operated by companies in the Central Group which is the Company's related juristic person. In doing so, CPN will charge rental, service fees or utility fees with various retail businesses under the Central Group by making comparison with those for profitable clients (ones with high potential who rent large retail space or in many projects and provide direct or indirect support for the Company's successful operation). Rental rates are subject to locations, area sizes, forms, rental patterns, periods, categories, other benefits earned (not only rentals, service fees and utility fees), potential in business operation, experience and success in joint businesses with CPN from past to present. Doing so is necessary as this would help to make those two assets more attractive and draw more tenants and shoppers/visitors to them.

6. Rationale of the Transaction

In providing our opinion with regard to rationale of the transaction whereby CPN will invest in the properties of Central Festival Phuket 1, the Independent Financial Advisor takes into account the following issues:

6.1 Objectives and Necessity of the Transaction

CPN's main business includes the business of developing, managing and leasing areas in shopping complexes. The Company has also engaged in other related businesses, invested in property funds and acted as the property manager for some property funds. In the Year 2014, CPN's main source of revenue came from the business of developing, managing and leasing areas in shopping complexes.

To maintain its leading position in the domestic shopping plaza business, CPN has a policy to continuously invest in shopping complexes with good location and sound long-term growth potential. Such projects can be located in Bangkok and its suburb areas or other provinces which have been trading and tourism hubs of Thailand. Normally, CPN will develop and construct such projects from the beginning. Nevertheless, CPN will also acquire or lease a shopping complex with good location that is already in operation in case such project could demonstrate it has long-term commercial potential and could generate sound long-term investment return for the Company. After acquiring or leasing such shopping plaza, the Company may adjust its marketing and business concepts as well as its marketing and operating plans as necessary to match with business condition and nature of competition prevalent in the area such project is located. In acquiring or leasing a shopping complex, CPN would conduct necessary marketing, financial and technical feasibility studies and evaluates relevant risk factors. In doing so, the Company will strictly comply with relevant rules and regulations as prescribed by the SEC and the SET.

Investing in the properties of Central Festival Phuket 1 thus allows CPN to conform to its long-term strategic plan which aims to expand the Company's shopping complex business. Doing so would help to enhance CPN's commercial revenue in the long-term, create value-added for its shareholders and to create job opportunities for communities surrounding such shopping complex.

6.2 Pros and Cons of Entering into the Transaction

Taking into account information the Independent Financial Advisor obtained from CPN as well as those obtained from outside reliable sources, the Independent Financial Advisor deems that pros and cons of entering into the transaction of investing in the properties of Central Festival Phuket 1 are as follows:

6.2.1 Advantages of Entering into the Transaction

1. Acquisition of leasehold right associated with a shopping complex with good location and sound long-term growth potential

Investing in the properties of Central Festival Phuket 1 allows CPN to realize long-term revenue growth and sound profitability thanks to the assets' prominent characteristics as follows:

- **Good Location:** The properties of Central Festival Phuket 1 are located at the intersection between Thep Kasatree Road and Vichit Road. Thep Kasatree Road is one of the main roads of Phuket Island as this road has integrated the northern and the southern parts of the province. A lot of people commute by using Thep Kasatree Road each day and this facilitates shoppers in visiting the properties of Central Festival Phuket 1 each day as well.
- **Diversity of Tenants:** The properties of Central Festival Phuket 1 have a diversified tenant base consisting of movie theatre, fashion outlets, electronic & appliance outlets, book stores, restaurants, food & beverage outlets and etc. Such outlets and shops are appropriately placed and zoned to attract shoppers/visitors and increase traffic in the properties of Central Festival Phuket 1.
- **High Occupancy Rate:** Historical occupancy rates of the properties of Central Festival Phuket 1 for the Years 2012, 2013 and 2014 were 96%, 98% and 95% respectively (Source: CPN). Such historical occupancy rates were close the average of occupancy rates of other shopping complexes currently managed by CPN.

2. Business synergy between the properties of Central Festival Phuket 1 and Central Festival Phuket 2

Around the beginning of the Year 2014, CPN's Board of Directors approved the transaction of leasing land plots which are located in the opposite side of the current location of the properties of Central Festival Phuket 1 for the purpose of developing Central Festival Phuket 2 which will be developed and constructed to be a shopping complex. Central Festival Phuket 2 which will be developed, constructed and managed by CPN itself is expected to start its commercial operation in the Year 2017.

CPN Management had continuously conducted feasibility studies in developing and managing the properties of Central Festival Phuket 1 and Central Festival Phuket 2 under CPN. Such studies indicate that doing so is appropriate and would help to generate benefits for CPN's shopping plaza business. This is because developing and managing those two assets under CPN would allow Central Festival Phuket to be one of the largest shopping complexes in Phuket and the southern region of Thailand. This would allow Central Festival Phuket to serve requirements and needs of various groups of domestic and international shoppers. CPN could also apply its marketing and operating expertises in the area of shopping complex business to both assets to ensure their long-term success.

3. Enhancement of commercial revenue and profitability

Investing in the properties of Central Festival Phuket 1 would allow CPN to enhance its commercial revenue and profitability in the long-run thanks to prominent characteristics of such assets in terms location, diversified tenant base and well-designed shopping center building.

4. Maintaining CPN's leading position the domestic shopping complex business

Currently, CPN is a leading player in the domestic shopping complex business, with its shopping complexes located in Bangkok and its suburb areas as well as in other provinces which are trading and tourism hubs of each region of Thailand. Investing in the properties of Central Festival Phuket 1 would allow CPN to maintain its high market share and leading position in the domestic shopping plaza business, thus allowing the Company to capitalize on the following advantages:

1. Create and maintain CPN's good image in the eyes of domestic and foreign financial institutions as well as domestic and foreign investors. This would allow CPN to seek for external sources of financing with competitive rates.
2. Enhance CPN's negotiating power with tenants and suppliers and in discussing with landlord and construction contractors.

5. An investment with lower risk when compared with developing and constructing a new shopping complex

Investing in the properties of Central Festival Phuket 1 would pose CPN to a relatively lower risk when compared with developing and constructing a new shopping complex. Although developing a new shopping complex would allow the Company to expand its business into the new market and get access to new groups of clients, this may also pose CPN to high investment risk thanks to substantial CAPEX requirement and uncertainties surrounding project development, construction and management. On the contrary, investing in the properties of Central Festival Phuket 1 which is a shopping complex with good location and starts commercial operation for more than 10 years would allow CPN to enhance commercial revenue and profitability in the long-run with relatively lower risk.

6. Business risk diversification

Over the last several years, CPN's main source of revenue came from rental and service revenues, a substantial portion of which came from shopping complexes like CentralPlaza Ladprao, Central World, CentralPlaza Bangna, CentralPlaza Changwattana and etc. Investing in the properties of Central Festival Phuket1 would allow CPN to diversify business risk as its rental and service revenues would come from higher number of shopping complexes under its management.

7. Economies of scale in terms of shopping center operation

Increasing number of shopping complexes in the CPN Group would allow the Company to achieve economies of scale in its operation, especially in launching marketing and PR activities within the CPN Group and procuring of tenants. Expansion of the CPN Group by increasing number of shopping complexes in the group would enhance the Company's negotiating power with financial institutions in obtaining sources of financing with competitive rates.

6.2.2 Disadvantages of Entering into the Transaction

Note that investing in the properties of Central Festival Phuket 1 may pose CPN to the following risk:

1. Risk that actual rental and service revenues to be earned in the future may be lower than projected ones

In investing in the properties of Central Festival Phuket 1, CPN is obligated to make series of annual lease payment to CDS throughout the lease term and needs to bear maintenance and renovation costs and expenses related to the assets. To pay for all such expenses and costs, CPN will use cash flows from operation to be generated in the future by the properties of Central Festival Phuket 1 as well as those to be generated by other projects under CPN management. Thus, in acquiring leasehold right associated with Central Festival Phuket 1 for a period of approximately 41 years, CPN is exposed to the risk that future rental and service revenues as generated by such asset will be lower than projected ones due to uncontrollable factors such as increasing competitive environment, unfavorable business and economic conditions and change in customer lifestyles. In case future rental and service revenues are lower than projected ones whereas annual lease payments to be made throughout the lease term are already fixed, this will definitely affect CPN's capacity to pay for annual lease as well as future maintenance and renovation costs and expenses. This will also result in actual investment return that CPN will obtain from investing in the properties of Central Festival Phuket 1 lower than the projected one.

To cope with intensifying business competition and unfavorable economic conditions which will play together to adversely affect future performance of the properties of Central Festival Phuket 1, CPN will:

1. **Arrange for diversified tenant base:** CPN will arrange for diversified tenant base of the properties of Central Festival Phuket 1 to achieve business diversification and to minimize potentially intense competition among tenants that have engaged in similar or the same type of business.
2. **Arrange for anchor tenants:** Having anchor tenants like movies theaters, restaurants, food hall and etc would help to attract visitors/shoppers to the properties of Central Festival Phuket 1. This will benefit businesses of other tenants/retailers as well.
3. **Promotion and PR activities:** Proper promotion and PR activities will be regularly launched to attract shoppers/visitors and create awareness among target shoppers/visitors.

4. **Maintaining and increasing renewal rates:** to reduce vacancy rate and to control costs related to procurement of new tenants.

2. Risk that the Main Lease Agreement will be terminated prior to its expiration

According to the land lease agreement for land plots located in Vichit Sub-District, Muang District, Phuket on which Central Festival Phuket 1 is currently located entered into between the original land owners and CDS (the “**Main Land Lease Agreement**”), the lessor can terminate the Main Land Lease Agreement prior to its expiration in case CDS as the lessee violates or fails to conform to major terms and conditions in such land lease agreement or fails to make scheduled lease payments as stipulated whereby CDS fails to cure such default or non-payment within the period as specified by the lessor. Termination of the Main Land Lease Agreement will result in automatic termination of the Sub-Lease Agreement to be entered into between CPN and CDS as well.

CPN, as the sub-lessee of some parts of land plots and lessee of some parts of shopping complex building which belong to Central Festival Phuket, may be exposed to the risk that it cannot utilize such leased assets for the purpose of running shopping center business in accordance with terms and conditions of relevant agreements in case the Main Land Lease Agreement is terminated prior to its expiration. Nevertheless, the risk that CDS will violate or fail to conform to major terms and conditions in the Main Land Lease Agreement is minimal. CDS has a policy to observe to all terms and conditions as stipulated in the Main Land Lease Agreement. In case CDS violates or fails to conform to terms and conditions of the Main Land Lease Agreement in the future, it will take necessary remedial actions which are acceptable to all parties in the Main Land Lease Agreement.

In addition, prior to investing in the properties of Central Festival Phuket 1 by CPN, CDS as the holder of leasehold right associated with land plots on which Central Festival Phuket 1 are currently located will proceed to ask for permission from the original land owners such that in case the Main Land Lease Agreement will be terminated due to violation or non-conformance by CDS, CPN can replace CDS as the counterparty in such agreement. CPN does not have to bear any additional expenses associated with this. Whether CPN will be allowed to replace CDS in managing area in which Central Department Store is located will depend on future negotiations among the original land owners, CDS and CPN.

3. Risk that the Sub-Lease Agreement and the Building Lease Agreement will be terminated prior to their expiration

In accordance with the Sub-Lease Agreement and the Building Lease Agreement to be entered into between CPN and CDS, such agreements can be terminated prior to their expiration in case CPN or CDS violates or fails to conform to their terms and provisions. In case CPN intentionally violates or fails to comply with their respective terms and conditions and CPN fails to cure such violation or non-conformance within the period specified by CDS or within the period as agreed upon between the parties, CDS may terminate such agreements

prior to their expiration. This will affect operation and management plans for the properties of Central Festival Phuket 1 as formulated by CPN as well as potential investment return CPN will earn from this investment. However, this risk is quite minimal as the Company will strictly observe all terms and conditions of those two agreements as well as those in all other agreements related to operation of the properties of Central Festival Phuket 1 throughout the lease term.

Apart from termination of the Sub-Lease Agreement and the Building Lease Agreement by CDS, CPN is allowed to terminate those two agreements prior to their expiration as well. This can happen in case CDS violates or fails to comply with terms and conditions of those two respective agreements and it fails to cure such violation or non-conformance within the period specified by CPN or any period as agreed upon between the parties. To reduce this risk, if it is possible that CDS may violate or fail to conform to terms and conditions of the Sub-Lease Agreement and/or the Building Lease Agreement in the future, CPN shall notify CDS about this without delay. This is to ensure CDS will take necessary actions to be in compliance with the Sub-Lease Agreement and the Building Lease Agreement.

4. Risk due to competitive environment of shopping center business in Phuket

Over the last several years, shopping center business in Phuket has been a highly competitive one as medium-and large-scale property developers have continuously engaged in the activities of developing additional shopping centers and other commercial properties thanks to Phuket's status as one of the main tourism hubs of Thailand. Over the next 5 to 10 years, it is likely that business competition especially in terms of development and construction of new shopping centers will intensify. Medium-and large-scale property developers will renovate existing projects as well as develop new ones to capitalize on potential that number of tourists who will visit Phuket Island will rise due to the advent of the ASEAN Economic Community (AEC). Operators of shopping complexes will compete with one another by offering attractive rental/leasing terms and conditions for consideration by tenants and continuously launching proper advertising and market promotional campaigns to attract shoppers/visitors. This increasingly competitive environment will of course hurt profit margin of CPN and other shopping center operators.

However, with more than 30 years of experience and expertise in the business of developing and managing shopping complexes as evidenced by its successful track record in developing and managing several shopping centers in Bangkok and its suburb areas and in other provinces, CPN could apply its experience and expertise to manage the properties of Central Festival Phuket 1 to ensure its long-term success.

5. Risk relating to tenants' ability to pay rental

The ability of tenants to operate their businesses will affect their rental payment, lease renewal or early termination of their lease agreements. All these factors will have a direct impact on revenue, profitability and investment return CPN will obtain from investing in the properties of Central Festival Phuket 1. Nevertheless, for

every rental/long-term lease agreement CPN enters into, deposit equivalent to 3 to 6 months of the rental rate is required. It can be used as compensation for income of CPN in the case that the rental cannot be collected from such tenants.

CPN will also formulate and launch marketing and promotional plans and activities as necessary to support businesses of tenants in the properties of Central Festival Phuket 1, and this would play an important role in enhancing lease renewal rate.

6. Risk of necessary refurbishment and renovation of the properties of Central Festival Phuket 1

Every shopping complex requires refurbishment and renovation to maintain modernity, to reflect customers' lifestyle and to attract shoppers/visitors to use its services regularly. Normally, annual refurbishment or maintenance will not much affect operating results of the shopping complex. However in case of major renovation in order to change major systems which normally takes place every 10-15 years, without closing the business of shopping complex, such renovation will be carried out on a part-by-part basis. Thus, an impact to the income of CPN will occur only in relation to the areas under renovation.

Nonetheless, before each major renovation of the properties of Central Festival Phuket 1 in the future, CPN will set up a plan to minimize the impact on the shops and customers and will study the impact on income returns. Major renovation is deemed necessary for the operation of the shopping complex in order to maintain a modern appearance and keep pace with continuous changes in the market, as well as to develop the attraction of the shopping complex and to satisfy the needs of customers. The consequential increase in the number of customers would mean the maintenance and growth of income and cash flow of CPN on a long-term basis.

Prior to investing in the properties of Central Festival Phuket 1 by CPN, CDS had renovated this asset 2-3 years ago. Note that after investing in the properties of Central Festival Phuket 1, CPN will spend about Baht 305 million to improve this asset to ensure it is up to CPN's shopping complex standards. 60 % of such renovation budget would be used in the Year 2015 and the rest will be used in the Year 2016.

7. Risk from the fact that CPN does not have the right over the space of Central Department Store in Central Festival Phuket 1 Shopping Complex

Central Department Store located in Central Festival Phuket 1 Shopping Complex is not a tenant in the shopping complex and does not grant the sub-leasehold right to CPN. Central Department Store may in the future sell or sub-lease such land and space to any person whereby CPN will have no right of objection. Such act may affect the management of the properties of Central Festival Phuket 1 and the operating result of CPN.

Nevertheless, inclusion of Central Department Store as a part of Central Festival Phuket 1 Shopping Complex (as well as a part of other shopping plazas currently under CPN management or those to be developed in the future) is crucial and benefits operation of shopping complexes. Having a department store as a part of medium-and large-sized shopping plazas would help to enhance their attractiveness, thus increasing the number of tenants as well as shoppers/visitors. In procuring tenants in the properties of Central Festival Phuket 1, Central Festival Phuket 1 as well as in Central Department Store, the Company and CDS will co-consider in procuring tenants such that no significant business competition among all assets exists.

CPN and CDS will share all common costs and expenses in relation to operation of the properties of Central Festival Phuket 1 and Central Department Store in accordance with size of gross area owned by each party.

8. Risk of land expropriation

In accordance with the Main Land Lease Agreement entered into between the original land owners and CDS, in case land plots on which Central Festival Phuket 1 is located are expropriated by competent authorities in whole or in part, and CDS deems that such land plots could no longer be used in accordance with leasing purposes, the parties agree that the Main Land Lease Agreement shall be immediately terminated. Termination of the Main Land Lease Agreement will also result in automatic termination of the Sub-Lease Agreement and the Building Lease Agreement, both of which will be entered into between CPN and CDS. Termination of those two agreements will definitely cause actual investment return that CPN will earn from investing in the properties of Central Festival Phuket 1 to be lower than the projected one. Although there is a possibility that CPN will obtain some compensation for land expropriation, such compensation is still highly uncertain. It is still hard to evaluate whether such compensation (if any) can compensate CPN for all damages the Company suffers.

Nonetheless, based on CPN's examination, it is found that land plots on which Central Festival Phuket 1 is currently situated are not in the land expropriation zone in accordance with relevant land expropriation laws. In case such land plots are expropriated in the future, CPN and CDS agree to negotiate about returning of some compensation that CPN pays to CDS in advance. Negotiation between the parties will be based on terms and conditions in relevant agreements and provisions of applicable laws.

6.3 *Rationale and necessity of entering into the transaction with the connected party*

Based on CPN's long-term business plan aimed to expand its shopping complex business in Bangkok and its suburb areas as well as in other provinces which have good commercial potential or are main tourism spots, the Company will either develop a new shopping complex from the beginning or acquiring/leasing a shopping complex that is already in operation for some time. Over the last couple of years, CPN has continuously studied possibilities in developing new shopping complexes in several areas of Thailand. In recent years, the Company tends to focus more on expanding its shopping complex business to other provinces which are

trading/tourism hubs of each region of Thailand, especially the ones in the southern part of the country. This is because the Company realizes that expanding its shopping complex business in the southern region will allow it to capitalize on strong business opportunities which will be prevalent over the next 10-15 years thanks to the government policy to promote southern provinces such as Phuket, Songkhla, Suratthani, Nakorn Srithammarat and etc to be trading and tourism hubs of the southern region and the forthcoming advent of the Asean Economic Community (AEC) which will result in increasing number of tourists from neighboring countries such as Malaysia, Singapore, Brunei, Indonesia and Myanmar to visit southern tourism provinces such as Phuket and Songkhla. As of 1 January 2015, CPN's shopping complexes that are in the southern region and already start their operations include CentralPlaza Suratthani, Central Festival Hatyai and Central Festival Samui. CPN is also in the process of developing CentralPlaza Nakorn Srithammarat which is scheduled to start operation in April 2016. One of the southern provinces that CPN plans to expand its shopping complex business into is Phuket which is one of the most popular tourism provinces of Thailand. In each year, millions of Thai and foreign tourists visit and spend billions of Baht in Phuket and this provide substantial business opportunities for related businesses such as shopping complex, department store, hotel and etc.

In expanding its shopping complex business in Phuket, the Company will do so by:

- 1) Investing in the properties of Central Festival Phuket 1 which are in operation for more than 10 years since 2004; and
- 2) Development and construction of Central Festival Phuket 2 (which is a luxurious shopping mall) by itself. In doing so, CPN's business development team conducted feasibilities in developing and constructing Central Festival Phuket 2 in many areas of Phuket including on land plots located in the opposite side of the existing location of Central Festival Phuket 1 in Vichit Sub-District, Muang District, Phuket. After evaluating and considering strengths, weaknesses, commercial potential as well as constraints of each area, the business development team deemed that development and construction of Central Festival Phuket 2 should be carried out on the land plots that are on the opposite side of the existing location of Central Festival Phuket 1. This is because such land plots are close to Thep Kasatree Road which is one of the main roads of Phuket Island, thus allowing Central Festival Phuket 2 to capitalize on its good and convenient-to-access location. Given Central Festival Phuket 2 will be located on the opposite side of the properties of Central Festival Phuket 1, CPN plans to construct a skywalk that will link between those two assets, thus allowing customers to commute more conveniently and comfortably between them.

After CPN invests in the properties of Central Festival Phuket 1, such asset will be managed under CPN along with Central Festival Phuket 2 to create business synergy between those two assets in terms of marketing, procurement of tenants, financing and etc. CPN's business expansion plan in Phuket which will be carried out by investing in the properties of Central Festival Phuket 1 and development of Central Festival Phuket 2 and

management of those two assets under the Company makes sense and could provide commercial benefits for CPN in the long-term as:

- 1) Central Festival Phuket after completion of additional development and construction (which comprises the properties of Central Festival Phuket 1 which started its operation since the Year 2004 and Central Festival Phuket 2 which is expected to start its operation in the Year 2017) and is under management by CPN will be one of the largest shopping complexes in Phuket. Thanks to its diversified tenant base and good location, this would help to attract tenants as well as customers to visit the complex. CPN will formulate and implement appropriate operating and marketing strategies and plans for this full-scale shopping complex to ensure it could compete well with competing shopping complexes and seek for proper commercial benefits from this asset.
- 2) Given marketing and operating concepts of the properties of Central Festival Phuket 1 are similar to those of other shopping complexes currently under CPN management as well as those currently under development by the Company, CPN could apply marketing and operating plans that could be used successfully with other projects in operation and management of this asset.
- 3) Elimination of potential conflict of interest between the properties of Central Festival Phuket 1 and Central Festival Phuket 2.
- 4) Entering into this transaction allows CPN to acquire sub-leasehold right associated with land plots as well as leasehold right concerning shopping complex building of a proven shopping complex project that is in operation for more than 10 years, with the remaining lease period of more than 40 years. This will expose CPN to lower risk than developing a new shopping complex from the beginning.

6.4 Opinion of the Independent Financial Advisor regarding sufficiency of sources of funds to invest in the properties of Central Festival Phuket 1

In investing in the properties of Central Festival Phuket 1, CPN will make relevant payment as follows:

- 1) Payments to be immediately made upon signing of relevant agreements. These immediate payments include leasehold compensation for the amount of Baht 333 million and payments to be made for leasing a shopping complex and accepting transfer of all other assets related to the leased shopping complex for the total amount of Baht 5,630 million. Thus, total amount of immediate payments that CPN will make to CDS is Baht 5,963 million. In addition, CPN has to bear additional fee and expense related to entering long-term land and building lease agreements for approximate amount of Baht 100 million. Thus, the combined amount of compensation, fee and expense CPN needs to immediately pay for when investing in the properties of Central Festival Phuket 1 is Baht 6,063 million. To settle all of these expenses and payments, the Company will use internal cash flows from operation in conjunction with loans from financial institutions. Taking into account CPN's past business performance, financial condition and cash flows from operation, the Independent Financial Advisor deems that CPN has sufficient cash flows from

operation to settle all payments to be made when investing in the properties of Central Festival Phuket 1. In case the Company needs to obtain loans from financial institutions to finance this investment, it could be able to obtain debt financing with reasonable financing costs thanks to its strong financial position as evidenced by its latest corporate rating of AA- by TRIS.

- 2) Payment for remaining leasehold compensation for the amount of Baht 334 million and annual leasehold payments to be made throughout the lease term of 41 years for the total amount of Baht 2,769 million. Thus, total amount of leasehold payments to be made throughout the lease period of 41 years is Baht 3,103 million. To settle these leasehold payments, CPN will use its future cash flows from operation and/or proceeds from bank loans and/or proceeds from bond issuance. In sourcing for additional financing, CPN will take into account factors like constraints in obtaining and utilizing each type of financing, cost of financing, capital market environment and etc.

7. The Opinion of Independent Financial Advisor on the Fairness of Transaction Value in The Related Party Transaction

The opinion of the Independent Financial Advisor regarding the fairness of the lease and transfer of utilities system value payable to CDS, a relevant party of CPN, by CPN for leasing a certain part of building and accepting the transfer of possession of utilities system of CentralFestival Phuket 1 over 41 years period is provided using the relevant information from CPN. The methods that the Independent Financial Advisor employed to derive the opinion are as follow:

Approach 1 Comparing the building lease and transfer of utilities system value payable to CDS on the contract signing date with the fair market value of the asset appraised by 2 independent asset appraisers using Income Approach

The Independent Financial Advisor compares the building lease and transfer of utilities system value to be paid to CDS at the amount of 5,630 million Baht (subject to relevant transaction fee of 1.1%, increasing the total value to 5,691.9 million Baht) with the fair market value appraised by 2 independent asset appraisers using Income Approach. However, the Independent Financial Advisor compares only the building lease and transfer of utilities system value but not the annual land rental payment since the appraisers included the annual land rental payment as a cash out flow in each year forecasted net cash flow.

Approach 2 Assessing the expected benefits to CPN will receive from entering into the transaction

The Independent Financial Advisor determines the Net Present Value (NPV) to CPN. If the NPV is positive, it means that the investment will create value to CPN. In addition, the Independent Financial Advisor derives the expected Internal Rate of Return (IRR) to CPN from entering into the transaction. Then the IRR is compared with the following threshold : CPN's Weighted Average Cost of Capital (WACC), CPN's Required Internal Rate of Return (IRR) for an investment in a project currently in operation, and average return from shopping mall business investment in 2013 according to the Thai Appraisal Foundation.

The Independent Financial Advisor provided the opinion on the fairness of transaction value and conditions of this related party transaction on the assumption that all of the information and important documents received from CPN are complete, correct, and reliable. Moreover, it is analyzed and considered over the present condition and information. The Independent Financial Advisor cannot certify and guarantee the completeness and correctness of information and certification received. Thus the Independent Financial Advisor report neither certifies nor guarantees the correctness if there are changes that may materially affect the business operation.

7.1 Assess the appropriateness by comparing the building lease value and utility system transfer value payable to CDS on the contract signing date with the fair market value of the asset appraised by 2 independent asset appraisers using Income Approach

Details of the fair market value assessment using Income Approach by 2 independent asset appraisers can be summarized as follow :

Independent Asset Appraiser		Fair Market Value for 17-year Tenure	Fair Market Value for 41-year Tenure
1	S.L. Standard Appraisal Co., Ltd.	5,550 million Baht	7,550 million Baht
2	Thai Property Appraisal Lynn Phillips Co., Ltd.	5,535 million Baht	7,625 million Baht

Both of the independent asset appraisers chose to value the lease of partial building and transfer of utilities system of CentralFestival Phuket 1 using Income Approach, which determines an asset value from its capability to generate future income. In an Income Approach, all of the forecasted net future cash flows generated by an asset will be discounted with appropriate discount rate to yield a net present value. The asset value will equal to the summation of all discounted net future cash flows. Rationale behind a preference of Income Approach is that it can appropriately reflect the true value of an asset as it relies more on future income generation capacity than on investment cost, which rarely correlates with asset's future cash flow.

In assessing the fair market value of the building lease and transfer of utilities system, the independent asset appraisers have included the annual land rental payment by CPN to landlord via CDS (the amount paid to CDS and the same as the amount CDS pay to landlord, meaning that CDS earns no spread) as a cash out flow in each year forecasted net cash flow. These annual rental rates are not the condition set between CPN and CDS, therefore, the fair market value from the appraisers can be directly compared with the building lease value and transfer of utilities system of 5,691.9 million Baht that CPN will pay to CDS on the contract signing day.

Based on the draft contract between CPN and CDS, the lease tenure is approximately 41 years. Thus the Independent Financial Advisor believes that it is more appropriate to compare the transaction value with Fair Market Value for 41-year Tenure than with Fair Market Value for 17-year Tenure. The 17-year Tenure is the remaining contract tenure CDS originally has with the landlord on the master lease contract before the lease contract extension to 2056 has been agreed upon.

Key assumptions employed by independent asset appraisers in assessing fair market value of the building lease of CentralFestival Phuket 1 can be summarized in the table below :

Key Assumptions	S.L. Standard Appraisal Co., Ltd.	Thai Property Appraisal Lynn Phillips Co., Ltd.																																						
Forecast Period	41-year forecast period	41-year forecast period																																						
Leasable Area	Leasable area of 44,347 sq.m. consisting :	Leasable area of 44,347 sq.m. consisting :																																						
	<table><tr><th>Rental Area Category</th><th>Sq.m.</th></tr><tr><td>Long-term Lease</td><td>757</td></tr><tr><td>Retail Space ⁽¹⁾</td><td>24,890</td></tr><tr><td>Theater</td><td>4,635</td></tr><tr><td>Food Court</td><td>1,801</td></tr><tr><td>Anchor Tenants Space</td><td>9,456</td></tr><tr><td>Cart⁽²⁾</td><td>183</td></tr><tr><td>ATM⁽²⁾</td><td>11</td></tr><tr><td>IT Zone⁽²⁾</td><td>257</td></tr><tr><td>Open Plan⁽²⁾</td><td>2,358</td></tr></table>	Rental Area Category	Sq.m.	Long-term Lease	757	Retail Space ⁽¹⁾	24,890	Theater	4,635	Food Court	1,801	Anchor Tenants Space	9,456	Cart ⁽²⁾	183	ATM ⁽²⁾	11	IT Zone ⁽²⁾	257	Open Plan ⁽²⁾	2,358	<table><tr><th>Rental Area Category</th><th>Sq.m.</th></tr><tr><td>Long-term Lease</td><td>757</td></tr><tr><td>Anchor Tenants and Food Court ⁽¹⁾</td><td>15,892</td></tr><tr><td>Retail Space</td><td>23,817</td></tr><tr><td>IT Zone</td><td>257</td></tr><tr><td>Open Plan</td><td>2,358</td></tr><tr><td>Cart</td><td>183</td></tr><tr><td>P1 P2 Rental Space</td><td>1,073</td></tr><tr><td>ATM</td><td>11</td></tr></table>	Rental Area Category	Sq.m.	Long-term Lease	757	Anchor Tenants and Food Court ⁽¹⁾	15,892	Retail Space	23,817	IT Zone	257	Open Plan	2,358	Cart	183	P1 P2 Rental Space	1,073	ATM	11
	Rental Area Category	Sq.m.																																						
	Long-term Lease	757																																						
	Retail Space ⁽¹⁾	24,890																																						
	Theater	4,635																																						
	Food Court	1,801																																						
	Anchor Tenants Space	9,456																																						
	Cart ⁽²⁾	183																																						
	ATM ⁽²⁾	11																																						
	IT Zone ⁽²⁾	257																																						
	Open Plan ⁽²⁾	2,358																																						
	Rental Area Category	Sq.m.																																						
Long-term Lease	757																																							
Anchor Tenants and Food Court ⁽¹⁾	15,892																																							
Retail Space	23,817																																							
IT Zone	257																																							
Open Plan	2,358																																							
Cart	183																																							
P1 P2 Rental Space	1,073																																							
ATM	11																																							
(1) Including Retail space and P1P2 Rental space		(1) Including Theater area of 4,635 sq.m., Food court Area of 1,801 sq.m., and Anchor tenants space of 9,456 sq.m.																																						
(2) Appraisers forecast the rental revenue from Cart, ATM, IT Zone, and Open plan as Rental revenue from Common area																																								
Occupancy Rate	Occupancy rate of 95.0% – 100.0% depending on rental area category	Occupancy rate of 92.0% – 100.0% depending on rental area category																																						
Retail Space Rental Rate	Retail space rental rate as of 2015 at 1,200 Baht/sq.m./month ⁽³⁾	Retail space rental rate as of 2015 at 1,450 Baht/sq.m./month ⁽³⁾																																						
Rental Growth Rate	Rental growth rate of retail rental space at 5.0% per year and rental growth rate of Anchor tenant space at 10.0% for every 3 years	Rental growth rate of retail rental space at 5.0% per year and rental growth rate of Anchor tenant space and ATM space at 3.0% per year																																						
Ratio of Direct Cost and Expenses to Revenue (including the Reserve for Capital Expenditure)	An average of the ratio of direct cost and expenses to revenue over 41 years equals to 41.7%. The figure includes the capital expenditure reserve at 3.0 % of total revenue per year	An average of the ratio of direct cost and expenses to revenue over 41 years equals to 42.8%. The figure includes the capital expenditure reserve at 3.0 % of total revenue per year																																						
Discount Rate	Discount rate at 10.0%	Discount rate at 10.5%																																						

Remark : (3) Retail rental space at 1,200 Baht/sq.m./month assumed by S.L. Standard Appraisal Co., Ltd. Is the average rental rate of 3 rental area category including Retail space of 24,890 sq.m., Theater space of 4,635 sq.m., and Food court 1,801 sq.m.. Since the rental rate of Theater and Food court are lower than the normal Retail space rental rate, the average rate used by S.L. Standard Appraisal Co., Ltd. is lower than the average rental rate used by Thai Property Appraisal Lynn Phillips Co., Ltd..

In assessing the fair market value, the independent asset appraisers have included the annual land rental payment by CPN to landlord via CDS as a cash out flow in each year forecasted net cash flow. Those annual land rental payments CPN will pay to CDS will equal to what CDS will pay to the landlord (CDS will gain no margin on those cashflows). Therefore, the fair market value from the appraisers can be directly compared with the building lease value and transfer of utilities system of 5,691.9 million Baht that CPN will pay to CDS on the contract signing day as an approach to determine the fairness of the related parties transaction.

The Independent Financial Advisor did not confront with any matter making the Independent Financial Advisor believes that key assumptions employed by independent asset appraisers are irrational, given the historical performance of CentralFestival Phuket 1 and the industry outlook. However, the Independent Financial Advisor cannot certify and guarantee that future performance of the project after the acquisition will be as forecasted by independent asset appraisers since these assumptions and forecasts are based solely on the opinion of independent asset appraisers given current economic condition and business environment. If there are changes that materially affect the business operation in the future, the opinion may change accordingly.

When the Independent Financial Advisor compares the value of building lease payment and transfer of utilities system payable to CDS by CPN at the amount of 5,630.0 million Baht (the value will increase to approximately 5,691.9 million Baht after including related transaction fee), with the fair market value of 41-year Tenure appraised by independent asset appraisers, the result can be summarized below :

- The building lease payment and transfer of utilities system payable to CDS at 5,691.9 million Baht is 24.6% less than the fair market value appraised by S.L. Standard Appraisal Co., Ltd.
- The building lease payment and transfer of utilities system payable to CDS at 5,691.9 million Baht is 25.4% less than the fair market value appraised by Thai Property Appraisal Lynn Phillips Co., Ltd.



Since the amount of 5,691.9 million Baht payment payable to CDS for the building lease tenure of 41 years and transfer of utilities system is at 24% - 25% discount from the fair market value appraised by both independent asset appraisers, it can be concluded that pricing condition for investment in CentralFestival Phuket 1 between CPN and CDS who are related parties are reasonable and will not make CPN and its shareholders worse off.

7.2 Assess the appropriateness by evaluating the expected benefits CPN will receive from entering into the transaction

In order to assess the appropriateness of the investment value in CentralFestival Phuket 1, the Independent Financial Advisor will derive the Net Present Value (NPV) CPN will receive from operating the project over 41 years. If the calculated NPV, which has already taken the payment to CDS at the amount of 5,630.0 million Baht (5,691.9 million Baht if transaction fee is included) and annual land rental payment (total of 3,435.9 million Baht) into consideration, is positive (greater than zero), the transaction will create an additional value to CPN and its shareholders.

Moreover the Independent Financial Advisor will also analyze both pre-tax and post-tax Internal Rate of Return (Pre-tax IRR and Post-tax IRR) CPN will receive from an investment in CentralFestival Phuket 1 and will then compare those returns with the following thresholds :

- Comparing post-tax IRR with Weighted Average Cost of Capital (WACC) of CPN
- Comparing pre-tax IRR with Required pre-tax Internal Rate of Return (Required pre-tax IRR) of CPN for an investment in commercialized project
- Comparing post-tax IRR with average return on investment in shopping mall outside Bangkok Metropolitan in 2013 according to Thai Appraisal Foundation

Since the total investment in the project comprises lumpsum payment to CDS for building lease and transfer of utilities system and annual land rental payment to landlord via CDS over 41 years, both are material cash outflows that will impact the return from investment in the project. Thus, if post-tax IRR exceeds WACC of CPN and the pre-

tax IRR is comparable to Required pre-tax IRR for an investment in commercialized project (no construction risk) of CPN and the post-tax IRR is higher than an average return on investment in shopping mall outside Bangkok Metropolitan in 2013 according to Thai Appraisal Foundation, it implies that both the payment to CDS on the contract signing date for the building lease and transfer of utility system and annual land rental payment are appropriate and the investment will create an incremental value to CPN.

The NPV and IRR are derived from forecasting net cash flows generated by the operating CentralFestival Phuket 1. These cash flows are based on key operating assumptions that are assumed from historical project operating performance and other relevant information received from CPN including but not limited to the renovation plan etc. Key operating assumptions employed in the cashflow projection are summarized in the table below :

Key Assumptions used to Forecast	Rationales behind Each Assumption
Assumptions related to Revenue	
Net leasable area of 44,347 sq.m.	Referring to the total leasable area in part of the building that CPN will lease from CDS
Occupancy rate equal to 95% of total leasable area over the forecast period	Referring to the ratio of current occupied area (equal to 42,350 sq.m.) to total leasable area that CPN will lease
Average retail rental space as of 2015 at approximately 1,378.50 Baht/sq.m./month	Referring to the current rental contracts between CDS and retail space tenants of CentralFestival Phuket 1. The number is close to an average retail space rental rate of other CPN projects outside Bangkok at 1,332 Baht/sq.m./month ⁽¹⁾ as of 30 September 2014
Average rental growth rate of 3.0% - 5.0% per year depending on the rental area category	Average rental growth rate at 3.0% - 5.0% reflects CPN normal rental rate adjustment policy which is comparable to other operators in the same industry
Common area maintenance charges (CAM charges) of 270 Baht/sq.m./month and grow at 5.0% per year over the forecast period	Common area maintenance charges (CAM charges) in 2015 at 270 Baht/sq.m./month is equivalent to the actual CAM charges of CentralFestival Phuket 1 in 2014. The growth rate of CAM charges at 5.0% per

Key Assumptions used to Forecast	Rationales behind Each Assumption
	year matches with the rental growth rate.
Other revenue such as utilities revenue, insurance revenue, property tax revenue, parking revenue and promotion area revenue is assumed to grow at 5.0% per year from the previous year over the forecast period	Growth rate of other revenue follows the growth rate of rental fee
Assumptions related to Cost and Expense	
Total cost equals to 28% of total revenue. The total cost comprises common area maintenance, insurance cost, property taxes and other rental related cost.	Referring to the ratio of total cost to total revenue of CentralFestival Phuket 1 during 2010 – 2014 at 25.9% - 27.6%. The range is close to those of other projects under CPN management during the same period. For example, Central Pattaya Beach has the cost to revenue ratio of 28.0% - 32.1% and CentralFestival Chiangmai has the cost to revenue ratio of 28.3% - 29.1%.
Expenses are assumed to be 12.0% of total revenue. The expenses consists of personnel expense, administration expense, marketing expense and management fee.	Referring the ratio of total expense to total revenue of CentralFestival Phuket 1 during 2010 – 2014 at 6.2% - 12.3%
Annual rental payment that CPN will pay to landlord via CDS from 2015 to 2056 will follow the amount specified in the lease contract	Referring to the detail of rental payment specified in the draft contract between CPN and CDS
Assumptions related to Capital Expenditure	
The amount of investment to renovate CentralFestival Phuket 1 to match CPN standard after the acquisition is assumed at 305.0 million Baht. 60% of the amount will be utilized in 2015 and the rest will be drawn down in 2016.	Referring to the renovation plan after the acquisition revealed by CPN
The amount of investment in Machinery and	Referring to the M&E renovation plan and expected

Key Assumptions used to Forecast	Rationales behind Each Assumption
Equipment (M&E) to be invested in 2032 (30 years from the construction of CentralFestival Phuket 1) is assumed to be 40% of total construction cost occurred during 2001 – 2002. The construction cost is adjusted with 3.0% annual growth rate.	investment budget revealed by CPN. CPN estimated the investment period and amount from its past experiences in developing and managing shopping malls.
Reserve of capital expenditure is assumed to be 1.0% of total construction cost occurred during 2001 – 2002. The construction cost is adjusted with 3.0% annual growth rate.	Referring from the information revealed by CPN. CPN estimated the value of appropriate reserved amount per year from its past experiences in developing and managing shopping malls.
Other assumptions	
Amount of rental deposit equals to 3 months – 4 months of the rental fee depending on the rental area category. The incremental deposit collected each year will increase the cashflow generated by the project operation. However, at the end of the forecast period at 2056, all of collected deposit will be returned to tenants	Referring to CPN's deposit collection policy

Remark: (1) Source : CPN Opportunities Day documents for Quarter 3 / 2014

After comparing all key assumptions with both historical operating performances of CentralFestival Phuket 1 and other resemble projects under CPN management, the Independent Financial Advisor did not see any matter making the Independent Financial Advisor to believe that key assumptions employed are irrational.

In order to derive the NPV of the investment in CentralFestival Phuket 1, the Independent Financial Advisor forecasted Net Free Cash Flows (Net FCF) that the project will generate each year over 41 years and discounted those net FCFs with WACC of CPN at 9.66%. The Net FCFs over 41 years and CPN's WACC calculation are presented below :

Forecasted Net Free Cash Flows CPN will Generate from Operating the Project over 41 years Period (Baht)					
Yr 0	(5,691,930,000.0)	Yr 15	971,755,816.7	Yr 30	1,884,872,927.2
Yr 1	(56,387,835.7)	Yr 16	1,018,688,189.1	Yr 31	1,971,187,253.8

Forecasted Net Free Cash Flows CPN will Generate from Operating the Project over 41 years Period (Baht)					
Yr 2	374,024,083.3	Yr 17	1,068,270,592.5	Yr 32	2,072,919,537.1
Yr 3	551,567,330.6	Yr 18	154,711,484.1	Yr 33	2,179,657,930.2
Yr 4	544,917,777.3	Yr 19	1,102,245,910.1	Yr 34	2,279,937,523.4
Yr 5	605,955,593.1	Yr 20	1,159,476,067.1	Yr 35	2,397,444,129.2
Yr 6	568,356,305.9	Yr 21	1,219,511,267.9	Yr 36	2,520,738,096.0
Yr 7	665,798,606.5	Yr 22	1,274,490,070.6	Yr 37	2,637,222,072.7
Yr 8	631,407,906.1	Yr 23	1,340,557,910.6	Yr 38	2,772,965,205.6
Yr 9	731,924,734.5	Yr 24	1,409,867,442.8	Yr 39	2,915,399,368.7
Yr 10	700,453,816.8	Yr 25	1,473,778,900.6	Yr 40	3,050,683,741.8
Yr 11	804,049,311.8	Yr 26	1,550,060,473.9	Yr 41	3,207,511,465.3
Yr 12	776,436,076.2	Yr 27	1,630,088,704.7	Yr 42	156,477,459.9 (The lease ended in June 2056.)
Yr 13	884,064,272.2	Yr 28	1,704,368,903.3		
Yr 14	927,027,967.5	Yr 29	1,792,455,584.6		

Notice : The forecasted Net FCFs presented in the table do not certify that CPN will receive these cashflows after entering into the transaction. However, it is a forecast developed by the Independent Financial Advisor for an illustration purpose to provide an opinion regarding the fairness of the transaction value between related parties. This projection developed by the Independent Financial Advisor is based on the project information provided by CPN.

$$WACC = Ke*(E/A) + Kd*(D/A)*(1-T)$$

Ke = Cost of Equity

Kd = Cost of Debt which is equal to 4% for all over the project life

T = Long-term corporate income tax rate which is equal to 20%

D/A = 37.3%

E/A = 62.7%

In order to identify the appropriate capital structure (E/A and D/A) to be used in the formula, the Independent Financial Advisor has considered the ratio of interest bearing debt and rental deposit over the total asset value according to the consolidated financial statement of CPN as of 31 December 2010 – 31 December 2014.

The Cost of Equity, a factor of Weighted Average Cost of Capital formula, can be identify by employing the Capital Asset Pricing Model (CAPM) as shown below.

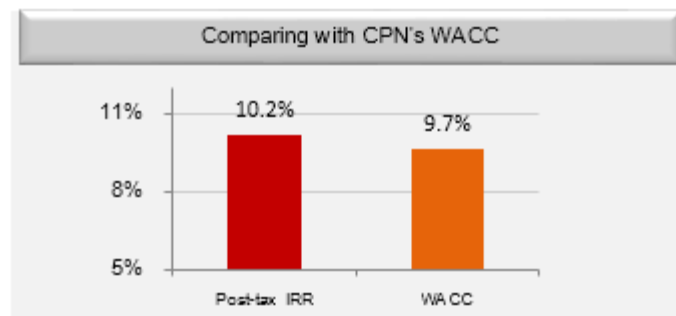
$$K_e = R_f + \beta (R_m - R_f)$$

- R_f = The risk-free rate can be referred from the 10-year government bond rate as of 24 February 2015, which is equal to 2.79% (Source: Thai Bond Market Association). The rationale that 10-year government bond is employed is to represent the risk-free rate that reflect the long-term investment return with no default risk. Moreover, it is highly liquid when compared to the government bond with longer life
- β = Beta represents the correlated volatility of CPN stock price in relation to the volatility of the SET index. As of 24 February 2015, the Beta is equal to 1.218. (Source: Bloomberg)
- R_m = The 30-year historical market return of the Stock Exchange of Thailand is 11.57%. The rationale behinds selecting 30 years horizon is that 30 years period cover all market life cycle which can better represent the investors' expected return in the future. (Source: The Stock Exchange of Thailand)

The Net FCFs presented in the table have taken the payment of 5,691.9 million Baht payable to CDS and annual land rental payment into consideration. By discounting those Net FCFs with 9.66% discount rate (equivalent to WACC of CPN), the after-tax NPV of the investment in CentralFestival Phuket 1 is 486.5 million Baht. As a consequence, the decision to invest in the project will create an incremental value to CPN.

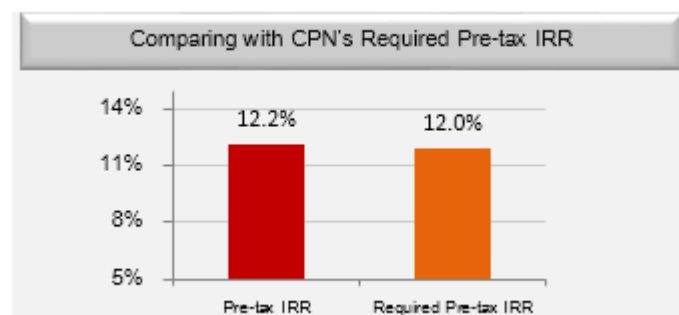
Besides NPV calculation, in assessing the benefit CPN will gain from entering into the transaction, the Independent Financial Advisor also estimated the IRR of the project over 41 years period. In order to derive IRR, the Independent Financial Advisor found the discount rate that makes the NPV of the project equals to zero. In this case, **the pre-tax and post-tax IRR of the investment is at 12.2% and 10.2% respectively.** These IRRs will then be used to compare with the following benchmarks :

- Comparing post-tax IRR at 10.2% with WACC of CPN



Post-tax IRR at 10.2% is greater than CPN's WACC at 9.7% as calculated above. This implies that the project can generate greater return than the weighted average cost, creating additional value to CPN and CPN's shareholders

- Comparing pre-tax IRR at 12.2% with required pre-tax IRR for investment in project currently commercialized



Pre-tax IRR of the project at 12.2% is comparable to the required pre-tax IRR policy of CPN for an investment in commercialized project at 12.0%. Investing in a commercialized project does not have a development risk / construction risk, thus requires lower return than investing in greenfield project.

- Comparing post-tax IRR at 10.2% with average return on investment in shopping mall outside Bangkok Metropolitan region



Post-tax IRR of the project at 10.2% is higher than the average return on investment in shopping mall outside Bangkok Metropolitan in November 2013 at 8.0% - 10.0% according to Thai Appraisal Foundation

In conclusion, the Independent Financial Advisor believes that the building leasehold value and utility system transfer value payable to CDS by CPN and annual land rental payment are reasonable as the IRR of the projected cash flows still fall in the acceptable level as illustrated, given that the IRR includes these two significant payment streams namely the payment to CDS at the amount of 5,630.0 million Baht (total of 5,691.9 million Baht if related transaction fee is included) and land rental payment. In the case that the lease payment to CDS and land rental fee is unreasonably high, the IRR will decrease to the level that is lower than CPN's WACC, CPN's required rate of return and industry average return.

8. Opinion of the Independent Financial Advisor regarding fairness of key terms and conditions in relevant agreements

8.1 Summary of land lease agreement entered into between CDS and owners of land plots on which Central Festival Phuket 1 Shopping Complex is located (the “Main Land Lease Agreement”)

Date and tenor of the Agreement 8 August 2001. The Main Land Lease Agreement has a tenor of 30 years starting from 1 January 2003 to 31 December 2032. On 11 December 2014, the Main Land Lease Agreement was extended for another 23 years 5 months and 6 days until 6 June 2056. Thus, the tenor of the Main Land Lease Agreement is 53 years 5 months and 6 days. As of 31 December 2014, the remaining term of the Main Land Lease Agreement is 41 years 5 months and 6 days, expiring on 6 June 2056.

Parties : The Lessee

Central Department Store Company Limited (“CDS”)

The Lessor

Group of individual persons who has no relationship with either CDS or CPN, directly or indirectly

Leased land plots: The land represented under Title Deed No.61809, Title Deed No.65689, Title Deed No.61810, Title Deed No.65686, Title Deed No.65599, Title Deed No.65691, Title Deed No.65687 and Title Deed No.61808 (For land plots under Title Deed No.61809, Title Deed No.65689, Title Deed No.61810, Title Deed No.65686, Title Deed No.65599, Title Deed No.65691 and Title Deed No.65687, CDS has leased the whole of each land plot. For land plot under Title Deed No.61808, CDS has leased only some portion of it.). All land plots are located at Vichit Sub-District, Muang District, Phuket. Total combined size of leased land plots is 29 rais and 36.8 sq.wah (11,636.8 sq.wah).

Leasehold payments Leasehold payments shall be made in accordance with terms and conditions of the Main Land Lease Agreement.

Key terms and conditions under the Main Land Lease Agreement	Utilization of leased land and entrance & exit to nearby land <ul style="list-style-type: none">• The Lessor allows the Lessee to use all leased land. The Lessee can allow another party to utilize the leased land as well.• Throughout the tenor of the Main Land Lease Agreement, the Lessor allows the Lessee and/or another party who obtains permission from the Lessee to utilize the leased land to use nearby land which is owned by the Lessor as an exit/entrance to the leased land only.
--	--

Subleasing of land and transfer of leasehold right

- Throughout the tenor of the Main Land Lease Agreement, the Lessor allows the Lessee to sublease the leased land or any buildings located on the leased land to another party or to transfer associated leasehold right to such party.
- Tenor of the sublease agreement shall not exceed that of the Main Land Lease Agreement.

Renewal of the Main Land Lease Agreement

Prior to the expiration of the Main Land Lease Agreement, in case the Lessee would like to extend the tenor of such agreement, the Lessee shall inform the Lessor in writing about its intention to do so at least 1 year prior to the date of lease expiration. The Lessor undertakes to give the right of first refusal to renew the Main Land Lease Agreement to the Lessee. In case the Main Land Lease Agreement expires under whosoever reasons, the Lessee agrees that all buildings, fixtures and equipment located on the leased land shall immediately belong to the Lessor.

Expropriation of leased land

The Lessee and the Lessor agrees that in case the leased land is expropriated by competent authorities, whether in whole or in part, such that it materially affects the business of the Lessee and the Lessee deems that it cannot utilize the leased land in accordance with leasing purposes, the Main Land Lease Agreement shall be immediately terminated.

Event of default

In case the Lessee fails to make any of annual lease payments, violates or fails to conform to material terms and conditions as stipulated in the Main Land Lease Agreement, and despite a prior written warning from the Lessor, the Lessee still fails to cure such default or non-conformance within reasonable time, the Lessor may terminate the Main Land Lease Agreement by providing a written notification to the Lessee at least 30 days prior to the date of termination.

8.2 Summary of draft of the land sublease agreement for Central Festival Phuket 1 Shopping Complex to be entered into between CPN and CDS (the “Sublease Agreement”)

Date of agreement:	CPN and CDS will enter into the Sublease Agreement after CPN obtains an approval to enter into the transaction from the meeting of the board of directors and the meeting of shareholders in accordance with applicable rules and regulations.
Parties:	<p><u>The Lessee</u></p> <p>Central Pattana Public Company Limited (“CPN”)</p> <p><u>The Lessor</u></p> <p>Central Department Store Co., Ltd. (“CDS”)</p>
Leased land:	The land represented under Title Deed No.61809, Title Deed No.65689, Title Deed No.61810, Title Deed No.65686, Title Deed No.65599, Title Deed No. 65691, Title Deed No.65687 and Title Deed No.61808 All land plots are located in Vichit Sub-District, Muang District, Phuket. Total combined size of subleased land plots is 25 rais and 36.8 sq.wah (10,036.8 sq.wah). Details of which appear in part 5.2.1 of this report.
Land leasing purposes	CPN agrees to utilize all subleased land in relation to the business of shopping complex, department store, retail outlet, office building, hotel, any related businesses, any businesses as deemed appropriate by CPN, businesses that are operated by CPN’s subsidiaries or any businesses in accordance with the business objective (s) of CPN.
Sublease period	<p>CDS agrees to sublease land to CPN in accordance with the following schedule:</p> <ul style="list-style-type: none">● First sublease period: From the date of entering into this agreement until 31December 2032● Second sublease period: From 1 January 2033 to 6 June 2056 <p>When CDS and/or a company under its control obtains an option and/or renew the Main Land Lease Agreement with the original land owners, CDS and/or the company under its control agrees to grant the right of first refusal to CPN to purchase, and/or accept transfer of ownership and/or right of possession, and/or to lease, and/or to sublease real properties of Central Festival Phuket 1. The value and conditions for the purchase, and/or acceptance of transfer of ownership and/or right of possession, and/or for the lease or sublease of such assets will depend on future negotiations and arrangements of CDS and CPN.</p>

Registration of leasehold right	The parties agree to register sub-leasehold right with competent authorities on the date and time that CPN will later notify CDS.
Rental payment	See part 2.4 of this report
Duty of CPN in accordance with the Sublease Agreement	<p>Throughout the term hereof, CPN agrees to observe all terms and conditions under this Sublease Agreement and under the Main Land Lease Agreement. CPN will not act in any manner that constitutes an event of default or breach of the agreement, or may be deemed to be an event of default or breach of the Main Land Lease Agreement or any condition, or cause the Main Land Lease Agreement to be terminated or cancelled by the existing lessor under the Main Land Lease Agreement. CPN agrees to immediately inform CDS in case there is any event that constitutes an event of default or breach of the agreement, or may be deemed to be an event of default or breach of the Main Land Lease Agreement or any condition, or cause the Main Land Lease Agreement to be terminated or cancelled.</p>
Duty of CDS in accordance with the Sublease Agreement	<p>CDS allows CPN to fully utilize all leased land in accordance with terms and conditions of the Sublease Agreement and the Main Land Lease Agreement and will not act in any manner that result or will result in CPN's incapacity to utilize the leased land, whether in whole or in part.</p> <p>CDS guarantees that CPN can utilize all subleased land as well as nearby land as an access to the subleased land in accordance with terms and conditions under the Main Land Lease Agreement without having to bear any additional expenses.</p>
Events of default or termination events	<ul style="list-style-type: none"> ● Willful breach or non-compliance with the terms or violation of the representations hereof by CDS for which no remedial action and compliance with this Agreement is made within the period as specified by CPN or within any period agreed by the parties; ● If CDS is placed under receivership or declared bankrupt by court order; ● Willful breach or non-compliance with the terms or violation of the representations hereof by CPN for which no remedial action and compliance with this Agreement is made within the period as specified by CDS or within any period agreed by the parties; ● Expiration of the sublease term hereunder; ● Mutual agreement by both parties to terminate this Agreement;

- The entire subleased land or any material part thereof is subject to expropriation zone, reservation zone, or survey zone for the purpose of expropriation pursuant to any notifications or laws governing expropriation or any other laws which significantly prevents CPN from using the subleased land.

Miscellaneous Prior to investing in the subleased land by CPN, CDS as the holder of leasehold right associated with land plots on which Central Festival Phuket 1 Shopping Complex is currently located will proceed to ask for permission from the original land owner such that in case the Main Land Lease Agreement will be terminated due to violation or non-conformance by CDS, CPN can replace CDS as the counterparty in such agreement. CPN does not have to bear any additional expenses associated with this.

8.3 Summary of draft of the building lease agreement for Central Festival Phuket 1 Shopping Complex (the "Building Lease Agreement")

Date of agreement CPN and CDS will enter into the Building Lease Agreement after CPN obtains an approval to enter into the transaction from the meeting of the board of directors and the meeting of shareholders in accordance with applicable rules and regulations.

Parties

The Lessee
Central Pattana Public Company Limited ("CPN")

The Lessor
Central Department Store Company Limited ("CDS")

Leased assets: CDS agrees to let CPN lease some parts of Central Festival Phuket 1 Shopping Complex which is located in Moo 5, Vichit Road, Muang District, Phuket. The leased assets include a 4-storey building with 2 underground floors and car parking spaces. Note that the leased assets exclude areas in Central Department Store.

Leasing purposes CPN agrees to utilize the leased building in relation to the business of shopping complex, department store, retail outlet, office building, hotel, any related businesses, any businesses as deemed appropriate by CPN, businesses that are operated by CPN's subsidiaries or any businesses in accordance with the business objective (s) of CPN.

Sublease period	<p>CDS agrees to lease the shopping complex building to CPN in accordance with the following schedule:</p> <ul style="list-style-type: none"> ● First lease period: From the date of entering into this agreement until 31 December 2032 ● Second lease period: From 1 January 2033 to 6 June 2056 <p>When CDS and/or a company under its control obtains an option and/or renew the Main Land Lease Agreement with the original land owners, CDS and/or the company under its control agrees to grant the right of first refusal to CPN to purchase, and/or accept transfer of ownership and/or right of possession, and/or to lease, and/or to sublease real properties of Central Festival Phuket 1. The value and conditions for the purchase, and/or acceptance of transfer of ownership and/or right of possession, and/or for the lease or sublease of Central Festival Phuket 1 will depend on future negotiations and arrangements of CDS and CPN.</p>
Registration of leasehold right	The parties agree to register leasehold right with competent authorities on the date and time that CPN will later notify CDS.
Rental payment	See part 2.4 of this report
Duty of CPN in accordance with the Building Lease Agreement	<p>Throughout the term hereof, CPN agrees to observe all terms and conditions under this Building Lease Agreement and under the Sublease Agreement. CPN will not act in any manner that constitutes an event of default or breach of the agreement, or may be deemed to be an event of default or breach of this Building Lease Agreement, the Sublease Agreement or any condition, or cause this Building Lease Agreement and/or the Sublease Agreement to be terminated or cancelled by CDS. CPN agrees to immediately inform CDS in case there is any event that constitutes an event of default or breach of the agreement, or may be deemed to be an event of default or breach of this Building Lease Agreement, the Sublease Agreement or any condition, or cause this Building Lease Agreement and/or the Sublease Agreement to be terminated or cancelled.</p>
Duty of CDS in accordance with the Building Lease Agreement	CDS allows CPN to fully utilize the leased building in accordance with terms and conditions of the Building Lease Agreement and will not act in any manner that result or will result in CPN's incapacity to utilize the leased building, whether in whole or in part.
Events of default or termination events	<ul style="list-style-type: none"> ● Willful breach or non-compliance with the terms or violation of the representations hereof by CDS for which no remedial action and

compliance with this Agreement is made within the period as specified by CPN or within any period agreed by the parties;

- If CDS is placed under receivership or declared bankrupt by a court order;
- Willful breach or non-compliance with the terms or violation of the representations hereof by CPN for which no remedial action and compliance with this Agreement is made within the period as specified by CDS or within any period agreed by the parties;
- Expiration of the sublease term hereunder;
- Mutual agreement by both parties to terminate this Agreement;
- The entire subleased land or any material part thereof is subject to expropriation zone, reservation zone, or survey zone for the purpose of expropriation pursuant to any notifications or laws governing expropriation or any other laws which significantly prevents CPN from using the leased building and the subleased land.

8.4 Summary of draft of the agreement to acquire the utilities systems of Central Festival Phuket 1 Shopping Complex (the “Agreement to Acquire Utilities Systems”)

Date of Agreement CPN and CDS will enter into the Agreement to Acquire Utilities Systems after CPN obtains an approval to enter into the transaction from the meeting of board of directors and the meeting of shareholders in accordance with applicable rules and regulations.

Parties

The Buyer

Central Pattana Public Company Limited (“CPN”)

The Seller

Central Department Store Company Limited (“CDS”)

Acquired properties:

The utilities systems of Central Festival Phuket 1 Shopping Complex which include electrical system, public utility systems, telephone system, elevators, escalators, air conditioning system as well as the engineering system, waste water treatment system and other facilities installed and operating in the properties of Central Festival Phuket 1, including any rights relating to or in connection with such systems (as the case may be). Buy and sales of assets under this Agreement shall become valid on the date of registration of sub-

	leasehold right as described in the Sublease Agreement and of registration of leasehold right as described in the Building Lease Agreement.
Payment	CPN agrees to make all payments in full on the date of registration of sub-leasehold right as specified in the Sublease Agreement and of registration leasehold right as specified in the Building Lease Agreement.
Delivery of possession right	The parties agree that the possession right to the acquired asset under this Agreement shall be deemed to be the complete delivery of possession over the acquired asset on the date of registration sub-leasehold right as specified in the Sublease Agreement and of registration leasehold right as specified in the Building Lease Agreement and upon payment of the price as specified herein.
Delivery of right under service agreement	Within 30 days from the date of delivery of possession right, CDS shall take any necessary actions to ensure all tenants enter into respective area lease agreements with CPN.
Events of default or termination events	<p>Prior to the date of delivering possession right, the parties may terminate this Agreement upon the occurrence of the following events:</p> <ul style="list-style-type: none">● The willful breach of or non-compliance with the terms or a violation of the representation hereof by CDS for which no remedial action is taken and no compliance with this Agreement and/or the Sublease Agreement and the Building Lease Agreement is made within reasonable period, or within any period agreed by the parties;● If CDS is placed under receivership or is declared bankrupt by a court order;● The Sublease Agreement and the Building Lease Agreement are terminated or cancelled due to the willful breach of or non-compliance with the terms or a violation of the representation hereof by CDS in each of such agreement;● The entire subleased land and leased building or any material part thereof is subject to expropriation zone, reservation zone, or survey zone for the purpose of expropriation pursuant to any notifications or laws governing expropriation or any other laws which significantly prevents CPN from using those assets in accordance with purposes of asset lease;● Mutual agreement by both parties to terminate this Agreement

8.5 Summary of draft of the property acquisition agreement for Central Festival Phuket 1 Shopping Complex (the “Property Acquisition Agreement”)

Date of Agreement	CPN and CDS will enter into the Property Acquisition Agreement after CPN obtains an approval to enter into the transaction from the meeting of the board of directors and the meeting of shareholders in accordance with applicable rules and regulations.
Parties	<p><u>The Buyer</u></p> <p>Central Pattana Public Company Limited (“CPN”)</p> <p><u>The Seller</u></p> <p>Central Department Store Company Limited (“CDS”)</p>
Acquired Properties:	Decorations, whether fixed or movable, including equipment used for the purpose of decoration or the convenience of service of users of building of Central Festival Phuket 1 Shopping Complex located in/or installed outside or inside the area of such building or on the surface of the building and/or in the leased areas of tenants in the building of Central Festival Phuket 1 Shopping Complex, as well as rights in relation to or in connection with the said properties (as the case may be)
Payment	CPN agrees to make all payments in full on the date of registration of sub-leasehold right as specified in the Sublease Agreement and of registration leasehold right as specified in the Building Lease Agreement.
Delivery of possession right	The parties agree that the possession right to the acquired asset under this Agreement shall be deemed to be the complete delivery of possession over the acquired asset on the date of registration sub-leasehold right as specified in the Sublease Agreement and of registration leasehold right as specified in the Building Lease Agreement and upon payment of the price as specified herein.
Event of default or termination events	<p>Prior to the date of transfer of title, this Agreement may be terminated upon the occurrence of the following events:</p> <ul style="list-style-type: none">● Mutual agreement by both parties to terminate this Agreement;● Breach of or non-compliance with the terms hereof or violation of the representations given herein by CDS, wherein CPN shall be entitled to immediately terminate this Agreement;

- CDS is under receivership or is declared bankrupt by the court order;
- The Sublease Agreement and the Building Lease Agreement are not signed;
- The Sublease Agreement and the Building Lease Agreement are terminated or become invalid.

8.6 Opinion of the Independent Financial Advisor regarding appropriateness of key terms and conditions in agreements related to investing in the properties of Central Festival Phuket 1

Terms and Conditions	Agreement (s) where terms and conditions are included	Opinion of the Independent Financial Advisor
<p>CDS agrees to lease assets to CPN in accordance with the following schedule:</p> <ul style="list-style-type: none"> ● First lease period: From the date of entering into this agreement until 31 December 2032 ● Second lease period: From 1 January 2033 to 6 June 2056 	The Sublease Agreement and the Building Lease Agreement	Tenors of the Sublease Agreement and the Building Lease Agreement are equivalent to that of the Main Land Lease Agreement.
When CDS and/or a company under its control obtains an option and/or renew the Main Land Lease Agreement with the original land owners, CDS and/or the company under its control agrees to grant the right of first refusal to CPN to purchase, and/or accept transfer of ownership and/or right of possession, and/or to lease, and/or to sublease the properties of Central Festival Phuket 1.	The Sublease Agreement and the Building Lease Agreement	Inclusion of this condition in relevant agreements benefits CPN's business operation. CDS and CPN agree to negotiate terms and pricing of the relevant agreements prior to their renewal.
The parties agree to register sub-leasehold right and leasehold right with competent authorities on the date	The Sublease Agreement and the Building Lease Agreement	The purpose of this clause is to ensure CPN and CDS will comply with applicable laws so that the Sublease Agreement and the Building Lease

and time that CPN will later notify CDS.		Agreement are legally valid.
CPN agrees to utilize all leased assets in relation to the business of shopping complex, department store, retail outlet, office building, hotel, any related businesses, any businesses as deemed appropriate by CPN, businesses that are operated by CPN's subsidiaries or any businesses in accordance with the business objective (s) of CPN.	The Sublease Agreement and the Building Lease Agreement	This condition is stipulated in relevant agreements to ensure that CPN will utilize all leased assets for the purpose of running CPN's main businesses or related ones.
Throughout the tenors of the Sublease Agreement and the Building Lease Agreement, CPN agrees to observe all terms and conditions under both agreements. CPN will not act in any manner that constitutes an event of default or breach of the Sublease agreement and the Building Lease Agreement, or may be deemed to be an event of default or breach of those two agreements or any condition, or cause those two agreements to be terminated or cancelled by CDS.	The Sublease Agreement and the Building Lease Agreement	This condition is included in relevant agreements to ensure that CPN will observe all key terms and conditions, thus allowing CDS to comply with the Main Land Lease Agreement as well.
Prior to investing in the subleased land by CPN, CDS as the holder of leasehold right associated with land plots on which Central Festival Phuket 1 Shopping Complex is currently located will proceed to ask for permission from the original land owners such that in case the Main Land Lease Agreement will be	The Sublease Agreement	CPN benefits from inclusion of this clause in the Sublease Agreement. Inclusion of this clause also helps to protect CPN from any damages that may occur due to termination of the Main Land Lease Agreement which is not according to the fault of CPN.

<p>terminated or cancelled in the future due to violation or non-conformance by CDS, CPN can replace CDS as the counterparty in such agreement. CPN does not have to bear any additional expenses associated with this.</p>		
<p>The Sublease Agreement and the Building Lease Agreement may be terminated under the following events:</p> <ul style="list-style-type: none"> • In case CDS violates or fails to comply with key terms and conditions in relevant agreements, and CDS cannot cure such default within specified period; • In case CDS is under receivership or is declared bankrupt by a court order; • In case CPN violates or fails to comply with key terms and conditions in relevant agreements, and CPN cannot cure such default within specified period; • Mutual agreement by both parties to terminate relevant agreements 	<p>The Sublease Agreement and the Building Lease Agreement</p>	<p>Such terms and conditions are normal ones under long-term land and building lease agreements.</p>

9. Opinion of the Independent Financial Advisor regarding Resolution of Shareholders

Taking into account all data/documents that the Independent Financial Advisor obtained from CPN and from outside reliable sources, it is of the opinion of the Independent Financial Advisor that the transaction that CPN will invest in the properties of Central Festival Phuket 1 for the purpose of expanding its shopping plaza business in Phuket makes sense and will generate benefits to CPN's operation as:

1. Investing in the properties of Central Festival Phuket 1 would help CPN to conform to its long-term business plan aimed to expand its shopping plaza business to other provinces with sound business potential, allow the Company to obtain long-term leasehold rights associated with a shopping complex with good location and sound long-term growth potential. Meanwhile, CPN could develop and manage the properties of Central Festival Phuket 1 along with Central Festival Phuket 2, thus generating business synergy between the two assets which will eventually benefit CPN's operation. Investing in the properties of Central Festival Phuket 1 also helps the Company to diversify its business risk.
2. Since the amount of 5,691.9 million Baht payment payable to CDS for the building lease tenure of 41 years and utilities system transfer are at 24% - 25% discount from the fair market value appraised by two independent asset appraisers and the after-tax NPV of the investment in the properties of Central Festival Phuket 1 is 486.5 million Baht, the decision to invest in the project will create incremental value to CPN. Moreover the IRR of the projected cash flows still fall in the acceptable level, which will generate additional value to CPN, given that the IRR includes these two significant payment streams namely the payment to CDS at the amount of 5,630.0 million Baht (total of 5,691.9 million Baht if related transaction fee is included) and land rental payment.
3. Key terms and conditions as stipulated in relevant agreements are reasonable, fair and carried out in normal business practices. They do not yield unfair benefits to either party. Granting of right of first refusal by CDS to CPN to purchase, and/or accept transfer of ownership and/or right of possession, and/or to lease, and/or to sublease the properties of Central Festival Phuket 1 will of course benefit CPN's future operation.

Thus, shareholders should approve CPN to invest in the properties of Central Festival Phuket 1 for the purpose of expanding the Company's shopping plaza business in Phuket.

Maybank Kim Eng Securities (Thailand) Public Company Limited, the Independent Financial Advisor, is to certify that it has used professional knowledge and skills to provide opinion regarding the transaction which CPN will invest in the properties of Central Festival Phuket 1, and has taken into account the best interests of CPN and its shareholders.

Yours truly,

.....
Mr. Montree Sornpaisarn, CFA	Mr. Pusit Kaewmongkolsri
Executive Director	Executive Director
Maybank Kim Eng Securities (Thailand) Plc.	Maybank Kim Eng Securities (Thailand) Plc.

In performing the duty as an independent financial advisor, we assign Ms.Wantana Petlerkwong to be the supervisor of financial advisory operation.

.....

Ms.Wantana Petlerkwong

Supervisor of Financial Advisory Operation