

Central Pattana Public Company Limited

Management's Discussion and Analysis (MD&A) Consolidated Financial Results: 4Q15 & FY2015

Performance Overview

In 2015, Thai economy continued to recover at a gradual pace with 2.8% GDP growth. Domestic spending, both public spending and private consumption, remained the main driver of growth. The private consumption gradually recovered supported by improved consumer confidence, persistent decline in energy prices, and partly benefitted from additional stimulus measures such as the government's tax deduction measure at the end of 2015. In addition, tourism sector continued to recover. The number of foreign tourists expanded from last year, but the recovery concentrated in Chinese tourists.

Amid economic uncertainty and sluggish retail sentiment, Central Pattana Public Company Limited ("CPN") continued to maintain revenue and net profit growth, and gear strategic plan towards business expansion.

2015 Year in brief:

- **Opened 3 new malls and acquired 1 mall, adding to 29 malls**

CPN accomplished its expansion plan with the launches of three new green-field projects namely CentralPlaza Rayong, CentralPlaza WestGate, and CentralFestival EastVille with well-received responses from customers and tenants. Additionally, CPN has invested in the certain part of CentralFestival Phuket ("CFP") Project with Central Department Store Co., Ltd. ("CDS") where CPN partially sub-leases the land on which the project lies for 25 rai, 36.8 sq.wah. from CDS for 41 years, leases part of CFP building and takes ownership transfer of system works with net leasable area of 44,347 sq.m. according to the resolutions of CPN's 2015 Annual General Meeting of Shareholders. The investment is one of CPN's business expansion plan; contributions from CFP will enhance revenue, profits, and cash flow for CPN.

- **Introduced new formats and concepts of shopping mall**

In response to changes in consumers' lifestyle, CPN introduced new formats and concepts of shopping mall to offer new things and unique experiences for customers as well as to differentiate CPN shopping malls from other counterparts. To this end, CPN launched CentralFestival EastVille with a brand new model of 'CentralFestival' brand refresh. CentralFestival EastVille combines indoor and outdoor spaces together with special green areas and large trees to bring a touch of nature to the shopping center with first time experience with a running track on the rooftop, co-working space, bicycle lane with parking, and pet zone. A complete range of products and services is

available at the shopping destination zone. The project would be the place where shoppers can escape from the hustle and bustle of the city under the concept of 'Bangkok Escape' from dusk till dawn.

- **Announced new partnership with IKEA**

CPN announced the first collaboration with IKEA, Swedish global furniture brand, to open a new IKEA store on the compound of CentralPlaza WestGate in the future. Such cooperation would strengthen its regional-mall status, differentiate from competitors and attract more customers to CPN's shopping mall.

- **Asset Enhancements**

CentralPlaza Pinklao has undergone a major renovation, started in end-March. The renovation was gradually implemented in phases and the new-look CentralPlaza Pinklao has gradually launched since October until finished its Phase 1 in December. This major renovation would build modern image and promote attractiveness of the shopping complex, which should help boost rental renewal rate, attract new tenants as well as increase customer traffic within the mall and maintain the positioning of a one-stop shopping center. At the same time, long-term contracts that expired in March for area about 20,000 sq.m. had been converted to 3-year term lease. Rental rate that has been raised up to current market rate together with an additional 2,000 sq.m. will be upside for the revenue growth in 2016.

CentralPlaza Bangna re-launched the fully themed roof-top "PORORO AQUAPARK BANGKOK" on the sixth floor after renovation to enhance safety and beauty with installment of new equipment. The water-park launch will enhance CentralPlaza Bangna's competitiveness, enabling it to attract more customers.

- **Well-managed finance cost**

CPN was able to lower cost of debt to 3.33% p.a. from 3.89% p.a. in 2014, thanks to using various financial instruments suitable with money and capital market environment. Plus, CPN's "AA-" company rating and the existing senior unsecured debenture ratings affirmed by TRIS Rating. The "AA-" ratings reflect the company's leading position in the retail property development industry in Thailand, proven record of managing high-quality shopping centers, reliable cash flows from contract-based rental and service income, and conservative financial policy.

- **Continually listed in 2015 DJSI Emerging Markets**

CPN has been selected as an index component of 2015 Dow Jones Sustainability Indices Emerging Markets (DJSI Emerging Markets) for two consecutive years. This prestigious membership reaffirmed CPN's philosophy of sustainable business conduct, taking into account the society, the environment, and all stakeholders, with active participation in social and community development.

FY2015 CPN reported its consolidated net profit of 7,880 MB, increased by 8% y-o-y with total revenues of 25,847 MB, grew by 8% y-o-y.

Given economic uncertainty, CPN managed to post remarkable performance with a net profit increase of 8% y-o-y.

For 4Q15, consolidated net profit was 1,911 MB, up 5% y-o-y and 5% q-o-q with total revenues of 7,113 MB, up 15% y-o-y and 12% q-o-q.

Note that FY2014 and FY2015 financial results incorporated the following non-recurring items:

FY2014:

- In 2Q14, CPN booked a 157 MB execution fee received from CPNRF in proceeding with the lease of the properties in CentralPlaza Chiangmai Airport incorporated in other income and a 128-MB finance cost associated with asset monetization into CPNRF.
- A 66 MB income from reversals of provisions for impairments of long-term investment in a related company, namely Siam Retail Development Co., Ltd., incorporated in the 4Q14 under other income. *(See notes to the financial statements for the year ended 31 December 2014, Item 11)*

FY2015:

- A 134 MB income from reversals of provisions for impairments of land at Khonkaen province incorporated in the 1Q15 under other income. *(See notes to the financial statements for three-month period ended 31 March 2015, Item 10)*

FY2015 total revenues of 25,847 MB, up by 8% y-o-y with an 7% y-o-y growth in recurring net profit to 7,746 MB.

Without the non-recurring items, FY2015 consolidated net profit would have grown by 7% y-o-y to 7,746 MB and total revenues would have increased by 9% y-o-y to 25,713 MB in spite of the decrease in revenue from CentralPlaza Pinklao, one of CPN's flagship malls, during a major renovation for 6 months.

If excluding temporary impact due to partial close for a major renovation at CentralPlaza Pinklao, total revenues would have increased by 10% and net profit would have increased by 12%.

The growth in revenue and net profit was mainly driven by

- Improved performance of existing projects especially at CentralWorld
- The full-year operation in 2015 of CentralFestival Samui and CentralPlaza Salaya after starting operation in 2014
- Contributions from four new projects launched in 2015
- Continuing growth in hotel business, led by great performance of Hilton Pattaya Hotel
- Emphasizing on efficient cost and expense management continuously including pooled procurement program in terms of supply and marketing campaigns for all shopping malls under CPN's management to achieve economy of scale.
- Dynamic interest expenses management through innovative sources of funding, resulting in lower interest expense of 7% y-o-y (excluding

a 128-MB finance cost associated with asset monetization into CPNRF booked under finance cost in 2Q14)

4Q15 total revenues of 7,113 MB, up by 16% y-o-y with an 8% y-o-y growth in recurring net profit to 1,911 MB.

Without the non-recurring items, a y-o-y comparison showed a continuing growth, recording 4Q15 consolidated total revenues of 7,113 MB, up 16% y-o-y. Net profit excluding non-recurring items of 1,911 MB was recorded during the quarter, up 8% y-o-y. The increase in total revenues and net profit were largely attributable to

- Increased revenue from existing malls
- Contributions from four new projects launched in 2015
- Efficient administrative expense management resulting in higher operating margins

4Q15 total revenues were up 12% q-o-q with an increase of 5% q-o-q in normal net profit.

Compared to the preceding quarter, 4Q15 consolidated total revenues increased by 12%, mainly from full quarter realization of project launched in 3Q15, CentralPlaza WestGate, and the latest launch in 4Q15, CentralFestival EastVille, including a good performance of hotel business, especially at Hilton Pattaya Hotel, during high season. Consequently, net profit increased by 5% but at the slower pace than revenues, owing primarily to the seasonal increases in SG&A from marketing and promotion expenses during festive celebrations at year-end together with higher personnel expenses.

Operational Performance

As of December 31, 2015, CPN managed 29 shopping centers (13 projects in Bangkok and 16 projects in the provinces), 7 office towers, and 1 residential property (totaling 11 units). These include the properties which had been transferred to CPN Retail Growth Leasehold Property Fund ("CPNRF") and CPN Commercial Growth Leasehold Property Fund ("CPNCG"), of which CPN acts as the property manager. In addition, CPN owned 2 hotel properties (totaling 561 guest rooms), but outsourced their managements.

At the end of 4Q15, the occupancy rate for CPN's retail properties remained high at average of 94%. Higher occupancy rate was shown at CentralPlaza Pinklao after areas of Phase 1 renovation have been completed and reopened since October 2015. Also occupancy rate at CentralPlaza Ladprao resumed 99% after the replacement of vacant areas by over 10 new tenants with new brands such as Cotton On, Matsumoto Kiyoshi, etc.

Table 1: Operational Statistics

Retail properties	No. of Projects	Net leaseable area (sqm.)	Occupancy Rate (%)		
			4Q14	3Q15	4Q15
CPN in BMA	13	893,920	96%	91%	93%
CPN in Provinces	16	687,121	95%	94%	95%
Total	29	1,581,041	96%	92%	94%

Non-core Properties	No. of Projects	Net leaseable area (sqm.)	Occupancy Rate (%)		
			4Q14	3Q15	4Q15
Office	7	170,342	97%	97%	98%
Residential *	1	1,568	38%	30%	30%
Hotel **	2	561 rooms	78%	78%	76%

* Lease of Langsuan Colonade building expired at 30 September 2015 and the leased asset was transferred to the lessor at the same day.

** Occupancy rate of Hotel Business was an average of 3 months

Financial Performance

Total Revenues

Revenues from rent and services

4Q15 consolidated revenues from rent and services registered 6,033 MB, up 15% y-o-y primarily due to

- Contributions from four new projects launched in 2015 i.e. CentralPlaza Rayong, CentralPlaza WestGate, CentralFestival Phuket, and CentralFestival EastVille.
- Strong performance of existing projects such as at CentralFestival Samui, CentralPlaza Chiangrai, CentralPlaza Grand Rama9, and Central World.

A q-o-q comparison showed an 8% revenue growth. This was mainly due to

- Contribution from the new shopping mall opened in 4Q15, i.e. CentralFestival EastVille.
- The full-quarter realization of CentralPlaza WestGate, launched in 3Q15.
- The re-launch of CentralPlaza Pinklao since October 2015 with higher rental rate and occupancy rate after a completion of renovation (Phase 1).
- Strong performance of existing projects such as at CentralPlaza Rama 9, CentralFestival Samui, CentralPlaza Chiangrai, and CentralPlaza Phitsanulok.

FY2015 consolidated revenues from rent and services increased by 9% y-o-y to 22,231 MB, confirming a well-diversified portfolio despite the decrease in revenues from CentralPlaza Pinklao during a partial closure for renovation. The increase in revenue was primarily due to

- Full-year contributions in 2015 from CentralFestival Samui and CentralPlaza Salaya after starting the operation in 2014.
- Contributions from four new projects launched in 2015, i.e. CentralPlaza Rayong, CentralPlaza WestGate, CentralFestival Phuket, and CentralFestival EastVille.
- FY2015, the average rental rate of all retail properties were 1,524 Baht/sq.m./month. Excluding new malls launched in 2014 and 2015 i.e. CentralFestival Samui, and CentralPlaza Salaya, CentralPlaza Rayong, CentralFestival Phuket, CentralPlaza WestGate, CentralFestival EastVille, and asset enhancement project i.e. CentralPlaza Pinklao, the same store average rental rate of other retail properties grew by 3% y-o-y from 1,501 to 1,538 Baht/sq.m./month.
- The effective same store rental growth of 3% was in line with the company's full year guideline, nevertheless, lower than the company's long-term target of 5% same store rental growth due to temporary discounts given to assist tenants at some shopping malls during a slow-recovery economy. However, the rental rate growth of new and renewed contracts was still maintained at 5% on average per year.

Revenues from food and beverage

In 4Q15, the in-mall food court business recorded a 24% y-o-y sales growth to 306 MB primarily due to new food centers in four new shopping malls opened in 2015 and the re-opening of new-look food center at CentralPlaza Pinklao added after the renovation. Performance of many food centers remained strong with double-digit growth such as CentralFestival Chiangmai, CentralPlaza Lampang, CentralPlaza Phitsanulok, and CentralFestival Samui.

On a q-o-q basis, revenues from food and beverage demonstrated a 12% sales growth. The increase was mainly from new food centers in new shopping malls launched in 3Q15 and 4Q15 as well as the re-launch of new food court in CentralPlaza Pinklao as mentioned earlier.

FY2015, the business posted a 10% y-o-y sales growth to 1,068 MB. The increase was mainly attributed to the new food courts launched in 2014 and 2015 coupled with an impressive sales growth at CentralFestival Chiangmai.

Revenues from hotel operations

Hotel operations are considered CPN's non-core businesses. In 4Q15, revenues from its 2 hotels decreased by 2% y-o-y to 264 MB. This was mainly due to the slowdown of Centara Hotel & Convention Centre Udonthani performance. However, the strong performance of Hilton Pattaya Hotel was maintained with higher RevPAR of 10% y-o-y.

On a q-o-q basis, revenues from hotel operation increased by 14% due to higher RevPAR of both hotels during festive season (despite occupancy rate declined slightly for Hilton Pattaya Hotel to be at 88% compared to 92% in 3Q15, and Centara Hotel & Convention Centre Udonthani remained the same for both quarter at 61%). Average room rate at Centara Hotel & Convention Centre Udonthani and Hilton Pattaya Hotel increased 10% q-o-q and 18% q-o-q respectively.

Revenue increased q-o-q was partly attributable to F&B revenue. F&B revenue generated higher income from New Year's Eve performance and New Year Gala Dinner at Hilton Pattaya Hotel. Centara Hotel & Convention Centre Udonthani gained from convention and banquet revenue from wedding and government meeting.

FY2015, hotel operations reported a 3% y-o-y revenue growth to 983 MB, thanks to strong performance of Hilton Pattaya Hotel. Wholesale segment especially from Asian market (China, South Korea, and Hong Kong) drove the full-year average occupancy rate at Hilton Pattaya up from 83% in 2014 to 89% in 2015 with higher room rate of 12% y-o-y. Weakened performance of Centara Hotel & Convention Centre Udonthani was mainly from lower occupancy rate due to lower number of corporate and government meetings, though average room rate showed a slight growth in 2015.

Total Costs

Costs of rent and services

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned to earn rentals.

In 4Q15, costs of rent and services rose by 17% y-o-y to 3,175 MB due to additional operating costs of projects launched in 2015. The rise in costs was mainly from 42 MB personnel costs increase and 245 MB depreciation increase.

On a q-o-q basis, costs of rent and services increased by 8% in line with growth in revenues from rent and services. The rise was mostly due to full quarter realization of operating costs of projects opened in 3Q15, additional

cost of projects opened in 4Q15, and additional cost of CentralPlaza Pinklao after the re-launch in October 2015.

FY2015, costs of rental and services increased by 9% y-o-y to 11,450 MB. The increase was primarily due to compounding effects of the following factors:

- Full-year realization of operating costs and depreciation of the new projects launched in 2014.
- Additional operating costs and depreciation of the new projects launched in 2015.
- Increased repair and maintenance costs and personnel expenses in general.
- Appreciation of land lease cost at Central Center Pattaya after the renewal of land lease for 20 years on May 1, 2015.

Considering on the same store basis, utility cost, which is a major cost accounted for over 30% of total costs of rent and services for shopping mall operation, decreased 5% y-o-y, reflected the effectiveness of energy saving programs that CPN has been continuously implementing.

Costs of food and beverage

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture, and decoration costs.

In 4Q15, costs of food and beverage stood at 246 MB, up 23% y-o-y and 13% q-o-q, in line with the increase of the revenue from food and beverage. The increase was mainly due to newly opened food courts at new shopping malls.

Likewise, FY2015 costs of food and beverage increased by 9% y-o-y to 852 MB, stemmed primarily from new food courts launched in 2014 and 2015 as previously mentioned.

Costs of hotel operations

4Q15 costs of hotel operations remained flat y-o-y in line with revenue and decreased 5% q-o-q to 83 MB mainly from adjusted accrued personnel cost.

FY2015 costs of hotel operations posted 332 MB, up 5% y-o-y. The rise in costs in line with the growth in hotel revenues.

Administrative Expenses

Total administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

Total administrative expenses in 4Q15 stood at 1,349 MB, a rise of 10% y-o-y from additional personnel expense arising from business expansion for both newly launched malls in 2015 as well as residential projects and from increased advertising and promotion expenses. However, the ratio of marketing expenses to revenues from rent and services decreased slightly supported by marketing sponsorship and economy of scale from pooled marketing campaigns.

Compared to previous quarter, 4Q15 total administrative expenses increased by 40%, led by

- Higher personnel expenses from yearly reserve for staff bonus.
- Marketing and promotion expenses during year-end celebrations.
- The one-off expenses for the grand opening events of CentralFestival EastVille
- Full quarter realization of depreciation of equipment for the back office at CentralPlaza WestGate.

FY2015, total administrative expenses amounted to 4,030 MB, up 10% y-o-y due primarily to reasons mentioned earlier as well as higher depreciation of equipment for back office at new shopping malls. The ratio of administrative expenses to revenues from rent and services was maintained at 18%, same proportion as that of FY2014.

Gross Profit Ratio & Operating Profit Ratio

The Gross Profit ratio (excluding other income) for 4Q15 slightly dropped to 47.0% from 48.0% in 4Q14 due to higher depreciation cost of new shopping malls opened in 2015 and the Operating Profit ratio this quarter increased slightly to 31.8% from 31.4% last year, thanks to lower administrative expenses to total revenue.

FY2015, Gross Profit ratio was remained the same at 48%, given well-managed cost control. The Operating Profit ratio this year decreased slightly from 35.7% in 2014 to 35.3% in 2015 due to slightly higher personnel expenses and marketing expenses as four new malls were launched in 2015, compared with only two new malls that launched in 2014.

On a q-o-q basis, Gross Profit ratio increased slightly from 46.6% to 46.9%, thanks to efficient cost management programs, especially costs of hotel operations, which decreased despite that revenues from hotel operations

increased by double digits. Operating Profit ratio, however, decreased from 34.1% to 31.8% as a result of higher SG&A in the fourth quarter every year when the company normally records high marketing and promotion expenses for year-end celebrations and set aside yearly reserve for staff bonus reflecting higher personnel expenses.

Net Profit

For 4Q15, net profit was 1,911 MB, up 5% y-o-y, mainly from

- Improved revenues from existing malls plus contributions from newly opened malls in 2015 as well as effective costs and expenses management.
- Considering utility cost on same store basis revealed the decrease of 6% y-o-y.
- Similarly, the increase in SG&A (+10% y-o-y) was significantly lower than the increase in core revenues (revenues from rent and services (excluding non-recurring items), revenues from food and beverage, and revenues from hotel operations) (+15% y-o-y), reflecting efficient cost control management programs and economy of scale.
- SG&A to core revenues decreased to 20% against 21% in 4Q14.

Compared to the preceding quarter, 4Q15 net profit increased by 5%, owing to the seasonal increases in SG&A as mentioned above.

FY2015 consolidated net profit recorded an 8% y-o-y growth to 7,880 MB. The y-o-y continuing growth for the CPN's performance was primarily attributable to the following factors:

- Improved performance of existing malls with a double-digit growth in net profit such as at CentralWorld, CentralPlaza Lampang, CentralFestival Chiangmai, CentralPlaza Khonkaen, CentralFestival Pattaya Beach, CentralPlaza Chonburi, CentralPlaza Suratthani, etc.
- The full-year contribution of CentralFestival Samui and CentralPlaza Salaya launched in 2014.
- Contributions from four new projects launched in 2015.
- Continuing growth in hotel business, led by increased Revenue per available room (RevPar) at Hilton Pattaya Hotel.
- Efficient cost and expense management, lower interest expenses as well as the economy of scale. CPN continuously focus on a number of implementations to reduce costs and expenses, reflecting a growth in revenue faster than a rise in operating costs and administrative expenses, thus sustained margins at high level even the company keep expanding the portfolio.

Table 2: Consolidated Results Summary

Consolidated Earnings (MB)	4Q14	3Q15	4Q15	FY14	FY15	% YoY (4Q14 vs 4Q15)	% QoQ Change	% YoY (FY14 vs FY15)
Revenue from rent and services	5,239	5,565	6,033	20,375	22,231	15%	8%	9%
Retail	5,140	5,459	5,920	19,966	21,806	15%	8%	9%
Office	95	104	112	393	416	18%	8%	6%
Other supportive businesses	4	2	0.3	17	10	(92%)	(84%)	(43%)
Revenue from hotel operations	269	232	264	957	983	(2%)	14%	3%
Revenue from food and beverage	247	274	306	975	1,068	24%	12%	10%
Other income	447	301	511	1,584	1,565	14%	70%	(1%)
Total revenues	6,202	6,372	7,113	23,891	25,847	15%	12%	8%
Total revenues excluding non-recurring items	6,136	6,372	7,113	23,668	25,713	16%	12%	9%
Cost of rent and services	2,710	2,938	3,175	10,522	11,450	17%	8%	9%
Retail	2,658	2,890	3,130	10,320	11,258	18%	8%	9%
Office	48	45	45	187	180	(6%)	(1%)	(3%)
Other supportive businesses	4	3	0.3	16	12	(93%)	(91%)	(28%)
Cost of hotel operation	83	87	83	315	332	0%	(5%)	5%
Cost of food and beverage	201	217	246	780	852	23%	13%	9%
Total costs	2,994	3,243	3,505	11,616	12,634	17%	8%	9%
Operating profit	1,929	2,173	2,265	8,447	9,074	17%	4%	7%
Net profit	1,820	1,816	1,911	7,307	7,880	5%	5%	8%
EPS (Bt)	0.41	0.40	0.43	1.63	1.76	5%	8%	8%

Future Developments

Under its 5-year plan (2016-2020), CPN aims to increase its revenues at a compound annual growth rate (CAGR) of 15% per annum through asset enhancement to add value to existing malls, regular rental increase, and new project development. CPN targets to grow its portfolio by adding 2-3 new projects a year. In light of Thailand's urbanization, CPN will expand its business in Bangkok & vicinities, and the provinces. Moreover, CPN looks out to open retail stores of new formats, which would come with new offers that can respond to customer needs, led to customer satisfaction. CPN, in addition, conducts studies on overseas markets, aiming to grow its business with sustainability and with comprehensive target achievement in the long run.

Domestic Expansion

Currently, CPN's three new projects are under construction and design phase, namely CentralPlaza Nakhon Si Thammarat (south of Thailand), CentralPlaza Nakhon Ratchasima (northeast of Thailand), and Central Phuket Phase 2 including the asset enhancement of two existing projects, namely CentralPlaza Pinklao Phase 2 and CentralPlaza Bangna Phase 3.

In addition, recognizing the potential of mixed-use development of shopping complex projects, CPN is going to develop residence projects in optimal support of its core shopping-complex business. To this end, CPN has set up a department consisting of experienced, skillful executives and personnel to investigate such development's feasibility and execute relevant tasks. CPN is going to develop residential projects (three condominiums) on CPN's shopping complex land under the Chiangmai, Khonkaen and Rayong projects, worth some 1,626 MB (excluding land value). CPN has projected the start of the construction work by 2Q16, and will take about two years to complete.

Overseas Expansion

For the past five years, CPN has been contemplating overseas investment, especially in Asian countries with high economic potential to expand its business base while diversifying investment risks. CPN has looked into overseas investment opportunities including the renovation of existing projects as well as new development projects in areas with great potential. At this stage, CPN has signed a Joint Venture Agreement with I-R&D Sdn. Bhd. ("IRD") (formerly, I-City Properties Sdn. Bhd. as the contract party), an I-Berhad wholly-owned subsidiary, to form a joint venture, in which CPN through subsidiaries holds a sixty-percent (60%) stake and IRD holds a forty-percent (40%) stake. The Joint Venture will develop a RM 830 million (or approximately Baht 8,300 million) regional shopping mall at i-City, Shah Alam, Selangor DarulEhsan, Malaysia. CPN envisions retail commerce in Malaysia to be filled with opportunities and growth potential. Furthermore, CPN has studied additional investment opportunities in Southeast Asian countries, with a focus on Vietnam and Indonesia.

Table 3: New developments

Location		Project	Progress	Completion	Net Leaseable Area (sqm.)
Domestic	Provinces	CentralPlaza Nakhon Si Thammarat	Under Construction	2016	26,000
		CentralPlaza Nakhon Ratchasima	Under Construction	2017	56,000
		Central Phuket Phase 2	Design Phase	2017	63,000
Overseas	Selangor, Malaysia	Central i-City	Under Construction	2018	89,700

Location		Project	Progress	Completion	Type
Domestic	Provinces	ESCENT Chiangmai	Applying for Construction Permit	2018	26-storey Condominium
		ESCENT Khonkaen	Applying for Construction Permit	2018	24-storey Condominium
		ESCENT Rayong	Applying for Construction Permit	2018	25-storey Condominium

Capital Structure

Total CAPEX for FY2015 was approximately 16,973 MB, comprising 2,163 MB asset enhancement projects, 14,797 MB new developments and land acquisitions.

During 2015, CPN raised new debts of approximately 13,183 MB, comprising 4,400 MB short-term borrowings and 8,783 MB long-term borrowings and repaid unsecured bonds and loans totaling 10,230 MB during the period.

Net interest-bearing debt to equity of 0.39 times

As of December 31, 2015, outstanding interest-bearing debts were 22,623 MB, comprising 74% fixed and 26% floating interest rate, increased by 41% from prior-year mainly to fund the investment in the certain part of CentralFestival Phuket ("CFP") and decreased by 1.4% from last quarter due to scheduled debt repayment. Net interest-bearing debt to equity ratio stood at 0.39 times,

considerably decreased from 0.45 times in 3Q15 due to higher balance of cash and cash equivalents and current investments, together with higher retained earnings but increased from 0.29 times previous year due to increased borrowings during the period.

Finance costs in 4Q15 amounted to 169 MB, increased by 84% y-o-y due to increased borrowings arising from loans from banks together with issuance of debentures to finance the investment in CFP 1 as above mentioned. Compared to previous quarter, finance costs were increased by 20% q-o-q due to increased debentures which were issued during 3Q15 and 4Q15.

4Q15 weighted average cost of debt 3.33% p.a.

In 2015, finance costs amounted to 509 MB, decreased by 7% y-o-y (excluding a 2Q14 128-MB finance cost associated with asset monetization into CPNRF). Despite an increase in outstanding debts, a drop in interest expenses stemmed from effective funding management by way of raising new loans or issuance of debentures with lower cost of debts to replace high-cost borrowings. A weighted average cost of debt in 2015 was 3.33% per annum, down from 3.89% in 2014.

Dividend Payout

CPN's Board of Directors has proposed Baht 0.70 per share (3,142 MB) dividend to be paid for the FY2015 performance, comparing to Baht 0.65 per share (2,917 MB) in 2014, pending the approval at the shareholders' meeting in April 2016. The dividend payment represents a 39.9% dividend payout ratio of the FY2015 net profit.

Table 4: Financial Position

Financial Position (MB)	End of 4Q14	End of 3Q15	End of 4Q15	% Change Q-o-Q	% Change Y-o-Y
Current assets					
Cash and current investments	3,773	2,522	4,326	71%	15%
Other current assets	3,245	3,041	3,011	(1%)	(7%)
Total current assets	7,018	5,564	7,337	32%	5%
Non-current assets					
Investment properties ⁽¹⁾	60,927	73,171	74,796	2%	23%
Leasehold rights	11,795	11,952	11,644	(3%)	(1%)
Property & equipment (PP&E)	2,140	1,971	1,939	(2%)	(9%)
Other non-current assets	7,154	7,306	7,328	0%	2%
Total non-current assets	82,017	94,400	95,708	1%	17%
Total assets	89,035	99,964	103,045	3%	16%
Current liabilities	14,126	17,152	15,530	(9%)	10%
Non-current liabilities	33,161	37,909	40,714	7%	23%
Total liabilities	47,287	55,061	56,244	2%	19%
Total equity	41,748	44,903	46,801	4%	12%

(1) Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is 157,100 MB (127,664 MB in December 2014), stated in the disclosure notes to the main financial statements no. 12 under "Investment Properties".