

## Executive Summary

The coronavirus disease (COVID-19) outbreak has impacted global and Thai economy since early of 2020, In 2H20 Thailand economy was gradually recovered after the first lockdown easing. The second wave outbreak happened around the end of 2020 however, the government has unannounced full lockdown restriction this time. Therefore, economic activity can continue resulting in less-than-expected full-year sluggish. In 2020, Thai economy was under pressure and limited by number of factors, namely 1.) Shrinking of export sector, nonetheless, slightly recovered by 2H20 along with trade-economy country 2.) Pressure in local consumption from outbreak next wave concerns 3.) Shrinking of private investment due to outbreak uncertainty and 4.) Weakness of tourism sector which impacted by foreign tourist restriction. Although, the government has launched measures and campaigns to relief economic impact as well as stimulus measures to support local consumption and domestic tourism, Thai economy in 2020 was reported GDP at -6.6% from +2.4% in 2019 and maintain the policy rate at 0.5% to stimulate the economic momentum and stabilized financial system.

The performance of Central Pattana Public Company Limited ("The Company" or "Central Pattana") in 2020 shows total revenue of THB 32,062 mn, a decrease of 16.5% YoY and net profit stood at THB 9,557 mn, a decrease of 18.6%YoY. Excluding the non-recurring items and impact of financial reporting standards, **total revenue stood at THB 27,798 mn and net profit stood at THB 5,621 mn.** The Company's rental and services business was significantly affected by COVID-19 situation, the Company hence, implemented the cost saving initiatives as planned to minimize impact on business performance and all stakeholders.

*The Company operates its business under the frame of all stakeholders concerns and efficiency manage cashflow adequacy for ongoing business under COVID-19 situation.*

In 2020, The Company was impacted by COVID-19 situation resulting a temporary closure of 34 shopping malls between 45-56 days according to an announcement from government sector. The Company still provides necessary services for customers and fully resumed shopping mall operations since second half of 2Q20 onwards. After re-opening, overall mall traffic has continued to recover supported by proactive measures to enhance cleanliness and highest safety to ensure customers by implementing practical measures to entire mall area. The Company has strictly concerned to all stakeholders and initiated the policy of efficiency management in terms of maximizing cost saving and resource allocation together with manage a cashflow adequacy to operate business during uncertainty circumstance. The Company currently manages 34 shopping malls with the net leasable area (NLA) of approximately 1.8 mn sqm. At the end of 2020, the average occupancy rate for all domestic retail properties stood at 92%.

### Mitigation plan for affected businesses during COVID-19 pandemic situation

*The Company was temporary closed shopping malls since March 22, 2020 and re-opened on May 17, 2020 due to COVID-19 outbreak.*

The Company temporary closed all domestic shopping malls to comply with the government restriction to control the COVID-19 outbreak as per announcement since March 22, 2020. However, the Company still provides necessary services such as supermarket, convenience stores, banks, drug stores, food and beverages shops for take away and delivery, to name a few. Moreover, the Company adopted the best practices for social distancing by arranging areas for food and beverages delivery service and take away and implement Chat and Shop system, Call center, Pick-up Counters and drive through pick-up stations to facilitate safety and convenience for customers including preventive measures in our shopping malls.

*After the Company re-opened all malls, the better signal of traffic due to proactive measures to enhance cleanliness and highest safety to ensure customers' confidence.*

After easing lockdown restriction, the Company re-opened all malls from May 17, 2020 onwards. The Company has foreseen number of traffic improvement because of customer's increasing confidence in safety and hygiene standards. The Company has initiated "Central's Hygiene and Safety Plan" to enhance cleanliness and highest safety measures practical for shopping centers, shops, tenants, and all employees to minimize the risk and response for "New Normal" lifestyle. A practical measure as mentioned help the Company start to regain customer's confidence leads to traffic quick improvement although obtained partially impact from second wave of pandemic situation during the last two weeks in December 2020. Due to the second outbreak, domestic shopping malls located in restriction area have temporary closed totaling in 4 locations, comprises CentralPlaza Mahachai, CentralPlaza Rayong, CentralFestival Pattaya Beach and Central Marina. In addition, the Company has strictly refrained Countdown celebration however, the impact still limits as shopping mall re-opened and operate its normal operation after unravel situation. Overall recovery is gradually improved mainly from local demand, the Company closely monitors situation with flexibility to adapt management strategy and marketing activities to fully response local demand. The adaptable strategy allows the recovery of tenant's sales in-line with mall traffic.

*Continue enabling remedy measurement for impacted tenants by giving the rent discount and arrange marketing activities to drive economy.*

The Company initiated tenant's relief measure during lockdown restriction by providing rent waiver for tenants who cannot operate their business as usual, as well as provide a proper rent discount depending on how much of the impact on case-by-case basis. The relief measures are considered base on mall traffic recovery, impacted business type and sales performance. Presently, most of all tenants re-operated their business which were supported by company's marketing campaign to drive overall economy as well as assist SME.

*Cost effective management and revisited 2020 investment plan to maintain liquidity to support business operations.*

After re-operated shopping malls, the Company has returned costs and variable expenses such as utilities, outsource services upon scale of business operations. However, the Company remains various cost reduction initiatives to reduce unnecessary costs at organization levels to mitigate the impact on revenue and profitability as the situation has yet to fully recover to normal levels. Furthermore, in light of the COVID-19 situation, the Company has scaled back the 2020 capital expenditure plan to prepare sufficient liquidity and proper capital structure amidst uncertainty circumstance.

*Occupancy rate of Centara and Convention center Udonthani continues to improve. While Hilton Pattaya has completed the renovation and re-operated on November 14, 2020 onwards.*

**Temporary closure of 2 Hotels since April 1, 2020 due to COVID-19 outbreak.** Re-opened Centara and Convention center Udonthani from July 1, 2020 with occupancy rate gradually improved. Whilst taking the opportunity to accelerate the renovation of Hilton Pattaya from May 2020 and re-operated on November 14, 2020 to enhance operational efficiency allows to support foreign demand after an outbreak unwind. Given the situation, the Company implemented cost saving initiative according to the change in revenue impact from lower foreign tourists due to government's travel restriction measures.

## Diversification into Mixed-use Development Projects

*Continuously launched 7 new residential projects locate adjacent to shopping mall and high potential location including condominium project and low-rise project which gain interest from target customers.*

**The Company has launched 7 new residential projects** to response customer's New Normal lifestyle given more personal space, locate in good location with full facilities, the new project launched comprise of;

**4 Low-rise residential projects** namely 1) ESCENT TOWN PHITSANULOK, townhome format 2) NINYA KALLAPAPRUEK, twin house format launched in 1Q20. 3) NIRATI Chiangrai and 4) NIRATI Bangna launched in 4Q20 which accumulated ample interest in terms of visitor number from potential customers both site visit and online format.

**3 Condominium projects adjacent to shopping mall developed by Central Pattana** namely, 1) ESCENT Rayong 2) ESCENT Korat and 3) ESCENT Hatyai all of which will enable for booking in 2021 onwards emphasizing the Mixed-use development leadership to expand revenue stream.

## Asset Enhancement Initiatives to enhance long-term competitiveness

*Started to renovate former ISETAN area to be a new multi-destination zone to serve customer lifestyle differences.*

After the closure of ISETAN department store at CentralwOrld in August 2020, The Company has started the renovation from the end of 2020 by developing to multi-destination zone format, comprising a mixture of anchor and retail tenants along with new magnet brands to capture all customer demands. The Company expects the renovation to be completed and ready to open by end of 2021 to serve demand from domestic and tourist customers. Currently is under the process of negotiation with tenants who potentially interested this area.

In addition, the Company continuously renovates existing shopping malls namely, CentralPlaza Rama2 and CentralFestival Pattaya Beach under "Destination Concept" including Food zone, Family zone, Sport zone, Fashion plus and arrange various interesting activities reflect customer's Center of Life by emphasizing new safety and hygiene experiences compatible with the "New Normal" lifestyle.

## Uphold Excellence of Business Sustainability

*Central Pattana is the only real estate development company in Thailand that has been selected to be a membership of DJSI World for three consecutive years.*

The Company has been selected to be a membership of Dow Jones Sustainability Indices (DJSI) during 2020. Central Pattana is the only property developer company and be one of twelve company in Thailand that has been selected to be a membership of DJSI World for three consecutive years (2018-2020) and DJSI Emerging Market for seven consecutive years (2014-2020) reflecting the philosophy of sustain business sense which be aware of community, environment and all stakeholders to drive a sustain social and community.

# Financial and Operating Performance in 2020

**Table 1: Summary of net leasable area and occupancy rate**

Table 1: Summary of Net Leasable Area and Occupancy Rate										
		Number of projects and net leasable/salable area under CPN management as of 4Q 2020								Occ. Rate / Sales Rate (%)
		Total		CPN		CPNREIT <sup>(1)</sup>		CPNCG <sup>(2)</sup>		as of 4Q 2020
		No.	sq.m.	No.	sq.m.	No.	sq.m.	No.	sq.m.	
<i>Retail properties</i>										
Shopping malls - BMA		15	932,506	15	785,412	3	147,094		94	
Shopping malls - Provinces <sup>(4)</sup>		18	791,049	18	724,256	2	66,793		91	
<b>Total domestic retail properties</b>		<b>33</b>	<b>1,723,555</b>	<b>33</b>	<b>1,509,668</b>	<b>5</b>	<b>213,887</b>		<b>92</b>	
Shopping malls - International		1	83,231	1	83,231				85	
<b>Total retail properties</b>		<b>34</b>	<b>1,806,786</b>	<b>34</b>	<b>1,592,899</b>	<b>5</b>	<b>213,887</b>		<b>92</b>	
<i>Non-core businesses</i>										
Office buildings		7	172,242	5	56,181	2	34,389	1	81,672	
Hotels <sup>(5)</sup>		2	561 rooms	1	259 rooms	1	302 rooms		34	
Residential (high rise)		9	3572 units	9	3572 units				84	
Residential (low rise)		5	912 units	5	912 units				9	
<i>Assets under GLAND</i>										
Office buildings		3	145,453	1	67,604	2	77,849		92	
Residential (high rise)		1	1991 units	1	1991 units				99	
Retail space in buildings			24,854		24,854				57	

- (1) Assets under CPNREIT comprises 1) 5 shopping malls, namely CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao (including Pinklao Tower A & B office buildings), CentralPlaza Chiangmai Airport and CentralFestival Pattaya Beach ; 2) 1 hotel, namely Hilton Pattaya and 3) 2 office buildings under the management of GLAND, namely The Ninth Towers and Unilever House, the leasehold rights for both of which were transferred from GLANDRT in 1Q20.
- (2) Assets under CPNCG comprises 1 office building, namely The Offices at CentralWorld
- (3) Occupancy rate of all businesses (except for residential) was an average of occupancy rate in each quarter
- (4) Central Phuket, which consists of the Central Phuket Floresta and Central Phuket Festival, is counted as a single project
- (5) Average occupancy rate of both hotels, calculating from total guest room. Hilton Pattaya was temporary closure for renovation purpose during the year and gradually re-opened guest room after completion hence, occupancy rate was at 57.2% of room availability in 4Q20 and 60.5% at the end of 2020.

## Overview

The Company has 4 business categories under management: 1) Shopping Center and office for rent; 2) Food center services; 3) Hotel; and 4) Residential for sale which includes the properties transferred to CPN Retail Growth Leasehold REIT ("CPNREIT") and CPN Commercial Growth Leasehold Property Fund ("CPNCG")

The Company managed 34 shopping centers (15 projects in Bangkok Metropolitan Area (BMA), 18 projects in the provinces, and 1 project overseas), 10 office towers, 30 food centers, 2 hotel properties, 18 residential projects consist of 13 high-rise projects and 5 low-rise projects.

At the end of 2020, the average occupancy rate of the Company's domestic shopping malls stood at 92%, equal to the same period of previous year. Most of the shopping malls maintained high level of occupancy rate despite most of tenants were impacted by COVID-19. The Company render an assistance to tenants by implementing remedy measure so that they could re-operate their business which resulting in maintaining mall occupancy rate.

*Same store rental revenue declined by 26% YoY*

In 2020, same store rental revenue decreased 26% YoY mainly from COVID-19 impact by providing rent discount to tenants as well as lower marketing activities and temporary close shopping malls. The same store rental revenue excludes that of 1.) new malls in 2019, namely Central i-City and Central Village; 2.) malls under major renovation during 2019 and 2020, namely CentralWorld, CentralPlaza Ladprao, CentralPlaza Chonburi, CentralPlaza Chiangrai, Central Phuket Festival, CentralFestival Pattaya Beach, CentralPlaza Chiangmai and CentralPlaza Rama 2.

### **Non-recurring items**

The Company has non-recurring items in 2020 compared to the previous year as follows:

#### **FY2020**

- GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) was dissolved and delisted from Stock Exchange of Thailand (GLAND has 15% ownership stake in GLANDRT) by complete assets transferred of The Ninth Towers Grand Rama 9 and Unilever House Grand Rama 9 to CPNREIT. The Company has recognized the transaction in consolidate financial statement as follows:
  - Income from GLANDRT leasehold asset divestment amount THB 270 mn was recognized in share of profit from associated companies
  - GLANDRT dissolve expense amount THB 227 mn was recognized in administrative expenses
  - Tax on GLANDRT dividend received amount THB 62 mn, the final dividend payment before dissolution and delisting of the Trust
  - Commission fee on GLANDRT assets acquisition to CPNREIT amount THB 56 mn was recognized in management income.
- The Company recognized revenue from financial lease, a one-time revenue complies with accounting standard amount THB 2,796 mn which recognized in other income and THB 559 mn tax is recognized in the income tax expense. The transaction does not affect the Company's cash flow.
- The Company recognized an insurance claim on CentralwOrld fire, amount THB 280 mn.
- The Company recognized gain related to financial instruments, which is non-recurring, amount THB 172 mn under selling & administrative expense (for 4Q20, the amount is recorded at THB 52 mn).

#### **FY2019**

- The Company sold a total of 42.5 million shares of its ownership in Dusit Thani Public Company Limited, or "DTC", or approximately 5% of the total issued and paid-up shares of DTC, at the price of 12 THB per share. As a result, the Company reported a decrease in ownership of DTC from 22.58% to 17.58% and recorded a gain from the transaction for THB 44.8 mn under other income.
- The Company recognized a provision of employee benefit for retirement amount THB 116 mn, as well as a retroactive adjustment for GLAND amount THB 15 mn which are classified under administrative expenses.

- The Company sold shares of CPN Village Company Limited, a subsidiary, to Mitsubishi Estate Asia Pte. Ltd. ("MEA") with 30% ownership stakes and recognized gain on sale of shares before tax amounting THB 254 mn which classified under other income.

### **Impact from the implementation of new financial reporting standards**

From 1 January 2020, the Company has adopted Thai Financial Reporting Standard - Financial instruments group (TFRS9) and Thai Financial Reporting Standard (TFRS16) - Leases which impacted to the financial statement as follows (see details in the Notes to Financial Statements No. 3 "Impact from the Changes in Accounting Standards")

**TFRS9** – Immaterial impact to financial position and statement of comprehensive profit and loss.

**TFRS16** – Impact to financial position which was one-time adjustment in 1Q20. Impact to statement of comprehensive profit and loss

An impact on new accounting standard adoption to statement of comprehensive profit and loss in 2020 and 4Q20 are as follow;

- The Company recognized cost of rental and services net decrease of THB 932 mn mainly from cost of operating leases decreased THB 2,464 mn whilst depreciation and amortization cost of right-of-use of assets (ROU) increased THB 1,532 mn (for 4Q20, recognized cost of rental and services net decrease of THB 249 mn mainly from cost of operating leases decreased THB 592 mn whilst depreciation and amortization cost of ROU increased THB 343 mn).
- The Company recognized an increase in interest expense amount THB 1,169 mn (for 4Q20, recognized an increase in interest expense amount THB 287 mn).
- The Company recognized rental revenue, which includes rent discount amount that the Company estimated to aid tenants that are affected by the COVID-19 situation, on a straight-line amortization basis throughout the contract duration of tenants amounted THB 1,132 mn (for 4Q20, recognized discount straight-line amortization amount THB 134 mn) and THB 226 mn of income tax expense on the rental revenue recognition (for 4Q20, recognized income tax expense on the rental revenue recognition amount THB 27 mn). The transaction does not affect the Company's cash flow.
- The Company recognized receivable from financial lease amount THB 963 mn (for 4Q20, recognized receivable from financial lease amount THB 321 mn). which recognized in investment income until 2025. However, this item does not affect the Company's cash flow.

**Overall impact of non-recurring items and TFRS16 implementation  
to statement of comprehensive profit and loss in 2020 as follow;**

**4Q20 Profit & Loss Statement reconciliation between F/S and core performance**

Unit: MTHB	Per F/S	Adj. non-recurring	Excl. non-recurring	TFRS16 Impact	Core performance (excl. non-recurring and TFRS16)
Revenue from rental and services	6,647		6,647	-134	6,513
Revenue from other businesses	1,418		1,418		1,418
Other Income	244		244		244
<b>Total income</b>	<b>8,309</b>	<b>0</b>	<b>8,309</b>	<b>-134</b>	<b>8,175</b>
Cost of rental & services	3,307		3,307	249	3,556
Cost of other businesses	928		928		928
Administrative expenses	1,563	-52	1,511		1,511
<b>Operating profit (loss)</b>	<b>2,511</b>	<b>52</b>	<b>2,563</b>	<b>-383</b>	<b>2,180</b>
(+)Share of profit from invested co.	170		170		170
(+)Investment income	343		343	-321	22
(-)Interest expense	458		458	-287	171
(-)Income tax expense	504	-78	426	-27	399
(-)Minority interest	44		44		44
<b>Net profit to parent company</b>	<b>2,017</b>	<b>130</b>	<b>2,147</b>	<b>-390</b>	<b>1,757</b>

**FY2020 Profit & Loss Statement reconciliation between F/S and core performance**

Unit: MTHB	Per F/S	Adj. non-recurring	Excl. non-recurring	TFRS16 Impact	Core performance (excl. non-recurring and TFRS16)
Revenue from rental and services	24,848		24,848	-1,132	23,716
Revenue from other businesses	3,014		3,014		3,014
Other Income	4,200	-3,132	1,068		1,068
<b>Total income</b>	<b>32,062</b>	<b>-3,132</b>	<b>28,930</b>	<b>-1,132</b>	<b>27,798</b>
Cost of rental & services	13,055		13,055	932	13,987
Cost of other businesses	1,982		1,982		1,982
Administrative expenses	5,536	-399	5,137		5,137
<b>Operating profit</b>	<b>11,490</b>	<b>-2,733</b>	<b>8,757</b>	<b>-2,064</b>	<b>6,693</b>
(+)Share of profit from invested co.	1,042	-270	772		772
(+)Investment income	1,099		1,099	-963	136
(-)Interest expense	1,865		1,865	-1,169	696
(-)Income tax expense	2,148	-699	1,449	-226	1,223
(-)Minority interest	60		60		60
<b>Net profit to parent company</b>	<b>9,557</b>	<b>-2,304</b>	<b>7,253</b>	<b>-1,632</b>	<b>5,621</b>

## **Overall Business Performance**

The following management discussion excludes an impact of non-recurring items and new accounting standard applied as mentioned above to the Company's best ability to reflect the financial performance based on actual business events, which may differ from the financial statements reviewed and/or audited by the auditors authorized by the Securities and Exchange Commission of Thailand (SEC).

*Total revenue decreased 27% YoY while total cost decreased 11.7% YoY.*

### **Total Revenue**

In 2020, the Company reported total revenue of THB 27,798 mn, a decrease of 27% YoY (for 4Q20, the Company reported total revenue of THB 8,175 mn, a decrease of 24.4% YoY) mainly from a decrease of revenue from rental and services as the Company remained relief measure by waving and providing rent discount to tenants who impacted by COVID-19 during the year and the second wave outbreak in 4Q20.

### **Total Costs**

In 2020, the Company reported total costs of THB 15,969 mn, a decrease of 11.7% YoY (for 4Q20, the Company reported total cost of THB 4,484 mn, a decrease of 9.9% YoY) mainly from effective cost reduction even though resumed all mall operations whilst other costs still lower from the year earlier, in line with a decrease in revenue.

### **Administrative Expenses**

Total administrative expenses constituted expenses on personnel, marketing & promotion, rental expense of Hilton Pattaya Hotel based on the sublet agreement with CPNREIT, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

*Total administrative expenses decreased 23.4% YoY.*

In 2020, the Company reported total administrative expenses at THB 5,137 mn, a decrease of 23.4% YoY (for 4Q20, administrative expenses at THB 1,511 mn, a decrease of 22.3% YoY). A decrease is mainly attributed to lower marketing & promotion expenses regarding to marketing activities deceleration if compare to the normal situation to strictly control and minimizing risk of COVID-19 outbreak. The Company demonstrated prudent cost control measures to be in-line with a decrease in revenue to retain business normalcy in current situation. The administrative expenses to total revenue ratio stood at 18.5% increased from 17.6% compare to previous year (for 4Q20, stood at 18.5% increased from 18% in previous year) mainly from a decrease of revenue more than a decrease of administrative expenses.

### **Gross Profit Ratio & Operating Profit Ratio**

In 2020, the gross profit ratio, excluding other income, dropped to 40.3% from 50.7% in previous year (for 4Q20, dropped to 43.5% compared to the previous year at 51.9%). Whilst operating profit ratio dropped proportionately to 24% from 34.8% YoY (for 4Q20, dropped to 26.6% compared to the previous year at 34.8%) mainly from COVID-19 outbreak impact on revenue side while continuously encouraging cost saving and lower administrative expense as mentioned earlier.

*Gross profit ratio and operating profit ratio stood at 40.3% and 24%, respectively.*



*Net profit decreased 51.6% YoY.*



*Revenue from rental and services business decreased 25.5% YoY, cost decreased 9.6% YoY while, gross profit margin stood at 41%.*

## **Net Profit**

In 2020, the Company reported a net profit of THB 5,621 mn, a decrease of 51.6% YoY (for 4Q20, the figure stood at THB 1,757 mn, a decrease of 49.3% YoY) mainly from impact of COVID-19 on revenue of each business category. Nonetheless, the Company significantly implemented cost effective management to retain normal business operation by considering all stakeholders and retain return to shareholders.

## **Performance of rental and services business**

### **Revenue from rental and services**

In 2020, the Company recorded revenue from rental and services at THB 23,716 mn, a decrease of 25.5% YoY (for 4Q20, reported revenue of THB 6,513 mn, a decrease of 20.4% YoY). The decrease is mainly attributed from rent waiver and rent discount to tenants at appropriate levels and on a case-by-case basis. In addition, the Company lowered certain events and marketing activities during the year compare to normal circumstance hence, revenue derived from marketing activities slightly declined.

### **Cost 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 for rental.

In 2020, the Company reported cost of rent and services at THB 13,987 mn, a decrease of 9.6% YoY (for 4Q20, reported cost of THB 3,556 mn, a decrease of 2.5% YoY) due to the following factors:

- Utility costs, a major component (accounts for approximately 30% of cost of rent and services) for shopping mall operations, decreased from the same period a year earlier mainly from the Company's cost effective management and continuous effort to conserve energy and utilities in operations. Hence, the utility cost decreased 20.4% YoY (for 4Q20, utility cost decreased 16.8% YoY).
- Lower repair and maintenance and certain outsourced services costs in-line with the cost control initiatives.

### **Gross profit of rental and services business**

The gross profit ratio for the rental and services business, which is the Company's core business, stood at 41% decreased from 51.4% in previous year (for 4Q20, stood at 45.4% decreased from 55.4% in previous year) mainly from a decrease in revenue proportion higher than a decrease in cost. Nevertheless, the Company continues to implement effective and cost management and prudent cost control measures to maintain its profitability and ongoing to recover.



*Revenue from food center services business decreased 47.6% YoY, cost decreased 22.9% while, gross profit margin stood at 31.9%.*



*Revenue from Hotel business decreased 72.7% YoY, cost decreased 56.1% while, gross profit margin stood at 45.7%.*

## **Performance of food center services business**

### **Revenue from food center services**

In 2020, the Company recorded revenue from food center services at THB 446 mn, a decrease of 47.6% YoY (for 4Q20, reported revenue of THB 126 mn, a decrease of 42.3% YoY) mainly from temporary close shopping malls during lockdown. However, traffic continuously improved after fully re-operates resulting in better performance QoQ.

### **Cost of food center services**

In 2020, the Company reported costs of food center services at THB 304 mn, a decrease of 22.9% YoY (for 4Q20, reported cost of THB 79 mn, a decrease of 26.6% YoY) due to effective cost management in line with revenue performance which has not yet returned to normal level.

### **Gross profit of food center services business**

The gross profit ratio for the food center services business stood at 31.9% decreased from 53.7% in previous year (for 4Q20, stood at 37.1% decreased from 50.6% in previous year) mainly from a decrease in revenue proportion higher than a decrease in cost.

## **Performance of hotel business**

### **Revenue from hotel operations**

Hotel operations are considered as a non-core business. In 2020, revenue from hotel operations was THB 306 mn, a decrease of 72.7% YoY (for 4Q20, reported revenue of THB 68 mn, a decrease of 75.1% YoY). Overall hotel performance was dropped as lower tourists from COVID-19 outbreak globally since the beginning of the year. Given the outbreak situation, the Company announced a temporary closed of 2 hotels since April 2020 and took the opportunity to accelerate the renovation of Hilton Pattaya Hotel which currently completed the renovation and gradually re-opened from November 14, 2020. The average room occupancy at Hilton Pattaya Hotel stood at 57.2% of available rooms after re-opening in 4Q20 resulting in revenue improvement QoQ, while occupancy rate at the end of 2020 stood at 60.5% decreased from 88.8% in previous year. After re-opened Centara Hotel and Convention Center Udonthani in July 2020, occupancy rate at the end of 2020 stood at 42%, lower than the previous year at 71%.

### **Cost of hotel operations**

In 2020, the Company reported costs of hotel operations at THB 166 mn, a decrease of 56.1% YoY (for 4Q20, reported cost of THB 54 mn, a decrease of 41.4% YoY) due mainly to the closure period as above-mentioned. Both hotels showed effective cost control conform the changing situation.

### **Gross profit of hotel operations**

The gross profit ratio for the hotel business stood at 45.7%, a decrease from 66.2% in previous year (for 4Q20, stood at 20.5%, a decrease from 66.2% in previous year) mainly from the absence of revenue from hotel operations during lockdown and renovation which fix cost existed.



*Revenue from sales decreased 22.1% YoY, cost decreased 17.5% YoY while, gross profit margin stood at 33.1%.*

## **Performance of real estate business**

### **Revenue from sales**

In 2020, the Company recorded revenue from sales at THB 2,262 mn, a decrease of 22.1% YoY (for 4Q20, reported revenue of THB 1,224 mn, a decrease of 26.9% YoY) due to lower transferred if compare to previous year. Nevertheless, there were a continuity of transfers of condominium units, namely ESCENT Nakhon Ratchasima, Phyll Pahol 34, ESCENT Ubonratchathani, ESCENT PARK VILLE Chiangmai and Belle Grand Rama 9 as well as the newly launched in 2020 namely ESCENT TOWN PHITSANULOK and NINYA KALLAPAPRUEK, NIRATI CHIANGRAI and NIRATI BANGNA. Hence, the residential transfers met the Company's target.

### **Cost of sales**

In 2020, the Company reported costs of sales at THB 1,512 mn, a decrease of 17.5% YoY (for 4Q20, reported cost of THB 794 mn, a decrease of 29.7% YoY). The cost reduction in line with its revenue performance which the Company effectively manage cost.

### **Gross profit of real estate business**

The gross profit ratio excludes other income for residential business stood at 33.1%, decrease from 36.9% in previous year (for 4Q20 stood at 35.1% increase from 32.6% in previous year) mainly from majority of the transfer attributed by new development in standalone land plot or projects outside of existing land bank.

**Table 2: Summary of Profit & Loss Statement**

Unit: million THB	4Q 2019	3Q 2020	4Q 2020	YoY (%)	QoQ (%)	FY 2019	FY 2020	YoY (%)
Revenue from rent and services	8,183	6,792	6,647	(19%)	(2%)	31,843	24,848	(22%)
Retail	7,813	6,446	6,314	(19%)	(2%)	30,433	23,563	(23%)
Office	369	346	333	(10%)	(4%)	1,410	1,286	(9%)
Revenue from hotel operations	274	31	68	(75%)	124%	1,121	306	(73%)
Revenue from food center services	218	122	126	(42%)	3%	851	446	(48%)
Revenue from real estate sales	1,675	374	1,224	(27%)	227%	2,904	2,262	(22%)
Other income	723	281	244	(66%)	(13%)	1,683	4,200	150%
<b>Total revenues</b>	<b>11,073</b>	<b>7,599</b>	<b>8,309</b>	<b>(25%)</b>	<b>9%</b>	<b>38,403</b>	<b>32,062</b>	<b>(17%)</b>
<i>Excluding non-recurring items</i>	<i>10,819</i>	<i>7,440</i>	<i>8,175</i>	<i>(24%)</i>	<i>10%</i>	<i>38,104</i>	<i>27,798</i>	<i>(27%)</i>
Cost of rent and services	3,648	3,354	3,307	(9%)	(1%)	15,481	13,055	(16%)
Retail	3,558	3,261	3,218	(10%)	(1%)	15,051	12,712	(16%)
Office	91	93	89	(2%)	(4%)	431	344	(20%)
Cost of hotel operations	93	23	54	(41%)	138%	379	166	(56%)
Cost of food center services	108	76	79	(27%)	5%	394	304	(23%)
Cost of real estate sales	1,130	256	794	(30%)	210%	1,833	1,512	(18%)
<b>Total cost of operations</b>	<b>4,978</b>	<b>3,708</b>	<b>4,235</b>	<b>(15%)</b>	<b>14%</b>	<b>18,087</b>	<b>15,037</b>	<b>(17%)</b>
<i>Excluding non-recurring items</i>	<i>4,978</i>	<i>3,942</i>	<i>4,484</i>	<i>(10%)</i>	<i>14%</i>	<i>18,087</i>	<i>15,969</i>	<i>(12%)</i>
Selling, general and admin expense	1,945	1,044	1,563	(20%)	50%	6,839	5,536	(19%)
<b>Operating profits</b>	<b>4,151</b>	<b>2,847</b>	<b>2,511</b>	<b>(40%)</b>	<b>(12%)</b>	<b>13,478</b>	<b>11,490</b>	<b>(15%)</b>
<i>Excluding non-recurring items</i>	<i>3,897</i>	<i>2,335</i>	<i>2,180</i>	<i>(44%)</i>	<i>(7%)</i>	<i>13,310</i>	<i>6,692</i>	<i>(50%)</i>
Net finance cost/income tax/others	480	366	493	3%	35%	1,740	1,933	11%
<b>Net profit</b>	<b>3,671</b>	<b>2,481</b>	<b>2,017</b>	<b>(45%)</b>	<b>(19%)</b>	<b>11,738</b>	<b>9,557</b>	<b>(19%)</b>
<i>Excluding non-recurring items</i>	<i>3,468</i>	<i>1,973</i>	<i>1,757</i>	<i>(49%)</i>	<i>(11%)</i>	<i>11,622</i>	<i>5,621</i>	<i>(52%)</i>
<b>Earnings per basic share (THB)</b>	<b>0.82</b>	<b>0.55</b>	<b>0.45</b>	<b>(45%)</b>	<b>(19%)</b>	<b>2.62</b>	<b>2.13</b>	<b>(19%)</b>
<i>Excluding non-recurring items</i>	<i>0.77</i>	<i>0.44</i>	<i>0.39</i>	<i>(49%)</i>	<i>(11%)</i>	<i>2.59</i>	<i>1.25</i>	<i>(52%)</i>

## Capital Structure

*Weighted average financing cost at the end of 2020 stood at 2.03%*

As of December 31, 2020, the Company reported total interest-bearing debt of THB 45,535 mn, an increase from the balance as of December 31, 2019 of THB 33,210 mn, mainly due to the higher short-term and long-term borrowings from financial institutions. Meanwhile, the weighted average financing cost at the end of 2020 stood at 2.03%, lower than 2.96% as of December 31, 2019. Fixed interest rates debt comprises 41% of total interest-bearing debt, floating interest rates make up 59%.

*Net debt to equity ratio stood at 0.48x*

Net interest-bearing debt to equity ratio stood at 0.48x, increased from the ratio at the end of 2019 at 0.38x. Although the Company has higher interest-bearing debt amount, the ratio does not exceed policy level at 1 time and debt covenant at 1.75 times. Furthermore, the Company emphasizes on the importance of effective management of its capital structure to be resilient towards the volatile money market and capital market, as well as maintain its financing cost at an optimum level for its businesses going forward.

## Credit Term

During the COVID-19 outbreak, The Company unchanged its credit term policy which allows between 1-30 days. In 2020, an average collection period was 35.2 days, increased from 14.7 days in 2019 mainly from receivables turnover ratio decreased to 10.2 times in 2020 from 24.4 times in 2019 due to on process of rent discount negotiation resulting in an increase in account receivables. The Company has not extended credit term policy, nonetheless, initiated the remedy

measure by providing rent waiver and discount. In the meantime, the Company implemented the cost-effective management to manage sufficient liquidity as well as put off half of capital expenditure from the original plan.

### Dividend

On February 18, 2021, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, which will be held on a later date, to approve the dividend payment of THB 0.70 per share to be paid from the 2020 net profit.

### Shares Repurchase Project

On February 20, 2020, the Board of Directors passed a resolution of Shares Repurchase Project for a purpose of financial structure management. The number of shares repurchase will not exceed 77 mn shares or no more than 1.7% of the Company's number of paid-up shares capital, or not exceed the limit of THB 5,000 mn total transaction amount. The repurchases were made on the Stock Exchange of Thailand during March 6, 2020 to September 5, 2020. The Company has repurchased a total number of 17.15 million shares, equivalent to 0.38% of the total paid-up capital and amounted to THB 761 mn.

**Table 3: Summary of Financial Position**

<i>Unit: million THB</i>	End of FY 2019	End of FY 2020	YTD (%)
<i>Current assets</i>			
Cash and current investments	3,055	9,225	202%
Other current assets	13,324	14,661	10%
<b>Total current assets</b>	<b>16,378</b>	<b>23,886</b>	<b>46%</b>
<i>Non-current assets</i>			
Investment properties <sup>(1)</sup>	125,286	159,983	28%
Property & equipment (PP&E)	1,597	3,242	103%
Other non-current assets	26,672	34,664	30%
<b>Total non-current assets</b>	<b>153,555</b>	<b>197,888</b>	<b>29%</b>
<b>Total assets</b>	<b>169,933</b>	<b>221,774</b>	<b>31%</b>
<i>Current liabilities</i>			
Interest-bearing debt - 1 year	8,865	18,131	105%
Other current liabilities	12,210	12,423	2%
<b>Total current liabilities</b>	<b>21,075</b>	<b>30,554</b>	<b>45%</b>
<i>Non-current liabilities</i>			
Interest-bearing debt	25,164	28,355	13%
Other non-current liabilities	43,232	85,741	98%
<b>Total non-current liabilities</b>	<b>68,396</b>	<b>114,096</b>	<b>67%</b>
<b>Total liabilities</b>	<b>89,471</b>	<b>144,650</b>	<b>62%</b>
<i>Shareholders' equity</i>			
Retained earnings - unappropriated	61,457	58,782	(4%)
Other shareholders' equity	19,005	18,341	(3%)
<b>Total shareholders' equity</b>	<b>80,462</b>	<b>77,123</b>	<b>(4%)</b>

<sup>(1)</sup> Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value as of December 31, 2020 is THB 350,420 mn (THB 252,051 mn as of December 31, 2019), as stated in the disclosure notes to the main financial statements no. 14 under "Investment Properties".

**Table 4: Key Financial Ratios**

	4Q 2019	3Q 2020	4Q 2020	YoY (%)	QoQ (%)	FY 2019	FY 2020	YoY (%)
<b>Profitability Ratio</b>								
Gross profit margin (%)	52%	49%	47%	(4%)	(2%)	51%	46%	(5%)
<i>Rent and services</i>	55%	51%	50%	(5%)	(0%)	51%	47%	(4%)
<i>Hotel operations</i>	66%	25%	20%	(46%)	(5%)	66%	46%	(21%)
<i>Food center services</i>	51%	38%	37%	(14%)	(1%)	54%	32%	(22%)
<i>Real estate sales</i>	33%	31%	35%	3%	4%	37%	33%	(4%)
Operating profit margin (%)	37%	37%	30%	(7%)	(7%)	35%	36%	1%
<i>Excluding non-recurring items</i>	36%	31%	27%	(9%)	(5%)	35%	24%	(11%)
Net profit margin (%)	33%	33%	24%	(9%)	(8%)	31%	30%	(1%)
<i>Excluding non-recurring items</i>	32%	27%	21%	(11%)	(5%)	31%	20%	(10%)
Return on equity <sup>(1)</sup> (%)	15%	15%	12%	(3%)	(3%)	15%	12%	(3%)
<i>Excluding non-recurring items</i>	15%	10%	7%	(8%)	(3%)	15%	7%	(8%)
<b>Efficiency Ratio</b>								
Return on assets <sup>(1)</sup> (%)	7%	6%	5%	(2%)	(1%)	7%	5%	(2%)

	End of FY 2019	End of FY 2020	YTD (Unit)
<b>Liquidity Ratio</b>			
Current ratio (times)	0.78	0.78	0.00
Quick ratio (times)	0.14	0.30	0.16
<b>Financial Policy Ratio</b>			
Liabilities to equity ratio (times)	1.11	1.88	0.77
Net interest-bearing debt to equity ratio <sup>(2)</sup> (times)	0.38	0.48	0.10

(1) Return on assets and return on equity are calculated based on net profit in the last twelve months

(2) Interest bearing debt to equity net of cash and cash equivalent and short-term investments

## **Outlook for 2021 Performance**

The Company prepared its 2021 business plan based on the premise in which COVID-19 continues to affect business operations. Hence, the Company continuously monitors the financial performance on a quarterly basis and is ready to calibrate its business plan according to the changing economy and industry environments. In summary, the outlook for 2021 are as follows:

*Although the COVID-19 situation has recently improved, the Company prudently prepares its business plan and guidelines and maintains utmost flexibility under varying circumstances.*

In 2021, the Company estimates that the COVID-19 impact to its revenues will be relatively limited compared to 2020, which saw a nationwide lockdown from the initial outbreak. As of February 2021, the situation surrounding the fresh round of outbreak starts to improve and, as the situation becomes under control, the Company expects a swift and strong recovery of revenues similar to the trend witnessed in the second half of 2020. Together with the advancement in vaccine availability and economic stimulus packages to alleviate the impact, consumption and tourism should also recovery at a solid pace, which in turn should be beneficial to the Company's business performance. Furthermore, the Company will open two new retail-led projects during 2021, which will support revenue growth going forward. Whilst there are many supportive factors, the Company maintains a prudent approach to calibrate its business plan according to varying circumstances and constantly changing economic climate.

Additionally, the Company focus on cost-efficiency management compatible with overall business and revenue direction by reducing variables cost, for example, utilities, marketing & promotion expense same as the year passing by. The cost management plan and ability to preserve company's revenue base could help to maintain company's profitability nearly to previous year together with strictly cost control even in better situation to increase its profitability afterward.

## **Five-Year Business Plan**

The Company has set its 5-year (2021-2025) investment plan and business objectives with the aim of maintaining average revenue growth per year (CAGR) at approximately 10% or higher, primarily driven by new mixed-use development projects, enhancement of existing shopping malls, and development of new residential projects, hotels and offices, both announced and unannounced. Furthermore, the Company prepares adequate levels of cash flow and liquidity under challenging circumstance of COVID-19 outbreak to meet its near-term and long-term objectives. Nonetheless, the Company maintains its confidence in its growth strategy under the vision of the "Center of Life", such that its business operations will continue to be the center of happiness, create new experiences, and become the safe and health-conscious place for people in multiple communities and lifestyle preferences. The Company is studying potential new concepts to accommodate the lifestyle needs of customers and the more dynamic operations by tenants as they embrace living under the New Normal.

The Company recognizes the potential to develop mixed-use projects in the shopping mall area by utilizing the existing vacant plots of land adjacent to the shopping malls, thus enhancing the value of investments in the form of residential development, office buildings and hotels, to name a few. The Company announced development plan of new projects namely **CentralPlaza Ayutthaya** (opening in 2021), **CentralPlaza Si Racha** (opening in 2021) and **CentralPlaza Chanthaburi** (targeted opening in 2022) and **Dusit Central Park** (phased opening from 2023-24 onwards).

Furthermore, the Company continuously plan for **asset enhancements** and **studies new development platform of unannounced assets** including undeveloped land under GLAND. The Company straight forward to develop projects such as **office, hotel, residential projects** under the concept of "Center of Life" to strengthen its core business. Moreover, the Company studied the **M&A opportunities** to invest in high growth potential assets and good return on investment as well as **expand its business the Southeast Asian countries**, especially Malaysia and Vietnam to access new revenue stream and accommodate its sustainable growth aspiration.

### **The Lease of Assets to CPNREIT**

On November 24, 2020, CPN Retail Growth Leasehold REIT was allowed the issuance and offering for sale of trust units, the fund raising objectively for investing in 2 assets of Central Pattana namely 1.) CentralMarina with a lease tenure of 15 years ending 2035; 2.) CentralPlaza Lampang with a lease tenure of 22 years ending 2041 with total transaction value not over THB 5,866 mn according to the resolutions of the Extraordinary General Meeting of Unitholders of CPN Retail Growth Leasehold REIT that agreed CPNREIT to lease new assets from the Company. CPNREIT has recently announced the final price for the subscription of additional units, the proceeds of which will be invested in the above-mentioned projects. Hence, the transaction is expected to be complete by the end of February 2021.



**Table 5: Progress of Future Projects**

			Now >>							
Project	Area	Complete by	2020				2021			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Domestic - Provinces			In the process of development				Expected opening ★ Expected opening ★			
Central Ayutthaya	TBC	2021								
Central Si Racha	TBC	2021								
Central Chanthaburi	TBC	2022								
Residential - High-rise	Units	Qtr/Year								
Domestic - BMA										
PHYLL PHAHOL 34	358	4/2019	Pre-sales ~40% Transferred 35%							
Domestic - Provinces										
ESCENT NAKHONRATCHASIMA	380	3/2019	Transferred 100%							
ESCENT VILLE CHIANGRAI	312	2/2019	Transferred 100%							
ESCENT VILLE CHIANGMAI	450	2/2019	Transferred 100%							
ESCENT UBONRATCHATHANI	395	4/2020	Pre-sales 95% Transferred 82%							
ESCENT PARK VILLE CHIANGMAI	450	4/2020	Pre-sales > 60% Transferred 43%							
Residential - Low-rise	Units	Qtr/Year								
Domestic - BMA										
NIYHAM BOROMRATCHACHONNANI	71	4/2018	Transferred 9 units							
ESCENT TOWN PHITSANULOK	358	1/2020	Transferred 35 units							
NINYA KALLAPAPRUEK	144	1/2020	Transferred 28 units							
NIRATI CHIANGRAI	1,017	4/2020	★ Transferred 9 units							
NIRATI BANGNA	1,160	4/2020	★ Transferred 4 units							
Joint Mixed-use Development		Qtr/Year								
Domestic - BMA										
Dusit Central Park *		2023-24	In the process of prepare building foundation, share facility construction and reviewing the investment plan							

\* Joint venture project with Dusit Thani Public Company Limited on a 23-rai land at the corner of Silom Road - Rama 4 Road and comprises:

- 1.) Central Park : a retail property with a total of 80,000 sq.m. leasable area in which the Company has 85% stake in the project.
- 2.) Central Park Offices : an office building with a total of 90,000 sq.m. leasable area in which the Company has 100% stake in the project.
- 3.) Dusit Thani Hotel Bangkok : a 250-room hotel in which the Company has 40% stake in the project.
- 4.) Residential project under the names "Dusit Residences" and "Dusit Parkside" : a combined total of 389 units in which the Company has 40% stake in the project.