

**Opinion of the Independent Financial Advisor concerning the acquisition
and disposition of assets and the connected transaction of
CP All Public Company Limited**

Presented to

Shareholders of CP All Public Company Limited



by

TISCO Bank Public Company Limited



14 September 2021

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of CP All Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinions is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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Glossary

The Company or CPALL	CP All Public Company Limited
The Group	CP All Public Company Limited and its subsidiaries
CPG	Charoen Pokphand Group Company Limited
CPH	Charoen Pokphand Holding Company Limited
CPM	C.P. Merchandising Company Limited
CPF	Charoen Pokphand Foods Public Company Limited
Makro	Siam Makro Public Company Limited
CPRH	C.P. Retail Holding Company Limited
CPRD	C.P. Retail Development Company Limited
Lotus's Stores (Thailand) or Lotus TH	Lotus's Stores (Thailand) Company Limited
Lotus's Stores (Malaysia) or Lotus MY	Lotuss Stores (Malaysia) Sdn. Bhd.
Ek-Chai	Ek-Chai Distribution System Company Limited
CPRH's shareholders	CPRH's shareholders, namely <ol style="list-style-type: none"> (1) CP All Public Company Limited (the Company or CPALL) (2) Charoen Pokphand Holding Company Limited (CPH) (3) C.P. Merchandising Company Limited (CPM)
Lotus's Group	Lotus's Group are <ol style="list-style-type: none"> (1) Lotus's Stores (Thailand) Company Limited (Lotus TH) (2) Ek-Chai Distribution System Company Limited (Ek-Chai) (3) Lotuss Stores (Malaysia) Sdn. Bhd. (Lotus MY)
EBT Date	Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date
EBT Transaction	The acceptance of the entire business transfer between Makro, a subsidiary of the Company, as the transferee and CPRH, as the transferor, pursuant to which Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the EBT date with the total value of THB 217,949,072,250 through the entire business transfer method
EBT Agreement	The entire business transfer agreement
Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction	Disposal of assets in relation to the entire business transfer of CPRH, an affiliate in which the Company holds shares representing 40.00 percent of the total registered capital of CPRH, to Makro with the total value of THB 87,179,628,900 (by considering the shareholding proportion of the Company in

CPRH at 40.00 percent). CPRH will receive up to 5,010,323,500 newly issued ordinary shares in Makro with a par value of THB 0.5 each at the offering price of THB 43.50 per share, totalling THB 217,949,072,250, as consideration for the entire business transfer of CPRH as payment in kind, instead of in cash. Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the EBT date. CPRH will proceed to register its dissolution within 2021 which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH

Return of Investment to the CPRH
Shareholders

All remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH

Company's Offered Shares

The offering of a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro, which is a subsidiary of the Company, in the amount of up to 363,200,000 shares with a par value of THB 0.50 each, representing up to 3.70 percent of the total issued and outstanding ordinary shares in Makro after the Share Allocation Transaction as EBT Consideration or representing up to 3.25 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro

Lent Shares

The lending of ordinary shares in Makro which are held by the Company to the over-allotment agent for the over-allotment process in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05

	percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro
Option Shares	The granting of the right to the over-allotment agent to purchase ordinary shares held by the Company in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro
Company's Shares Offering Transaction	The offering of the Company's Offered Shares, the lending of the Lent Shares to the over-allotment agent and the granting of the right to purchase the Option Shares to the over-allotment agent
SET	The Stock Exchange of Thailand
SEC Office	The Securities and Exchange Commission
Notifications on Acquisition or Disposal of Assets	The notification of the Capital Market Supervisory Board No. TorJor. 20 / 2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated 29 October 2004 (as amended)
Notifications on Connected Transactions	The notification of the Capital Market Supervisory Board No. TorJor 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) dated 19 November 2003 (as amended)
Independent Financial Advisor or IFA or TISCO	TISCO Bank Public Company Limited
SET Index	Stock Exchange of Thailand price index
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EBIT	Earnings before Interest and Tax
P/E	Price to Earning Ratio
P/BV	Price-to-book Value Ratio
EV/EBITDA	Enterprise Value to Earnings before Interest, Tax, Depreciation

WACC

and Amortization Ratio

Weighted average cost of capital

Part 1 Executive Summary

The meeting of the Board of Directors No. 6/2021 of CP All Public Company Limited (the “Company”), which was held on 31 August 2021, resolved the significant resolutions and agreed to propose to the Extraordinary General Meeting of Shareholder No. 1/2021 on 12 October 2021 for further consideration and approval for the following transactions:

Transaction 1 : the Acquisition of Assets and the Connected Transaction in relation to the Acceptance of the Entire Business Transfer of C.P. Retail Holding Company Limited (“CPRH”) by Siam Makro Public Company Limited (“Makro”) as the Board of Directors, by the disinterested directors, resolved to approve the acceptance of the entire business transfer under the entire business transfer plan between Siam Makro Public Company Limited (“Makro”), a subsidiary of the Company, as the transferee and C.P. Retail Holding Company Limited (“CPRH”), as the transferor, pursuant to which Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date (the “EBT Date”) with the total value of THB 217,949,072,250 through the entire business transfer method to reinforce the business of Makro and support Makro’s long-term strategies to become the leader in the retail and wholesale business and to expand the coverage of its business operations to be at a regional level (the “EBT Transaction”), the Board of Directors resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval. The Board of Directors also resolved to approve the entering into the entire business transfer agreement, contracts and other documents in relation to the acceptance of the entire business transfer from CPRH.

Transaction 2 : the Disposal of Assets in relation to the Entire Business Transfer of CPRH to Makro as the Board of Directors, by the disinterested directors, resolved to approve the disposal of assets in relation to the entire business transfer of CPRH, an affiliate in which the Company holds shares representing 40.00 percent of the total registered capital of CPRH, to Makro with the total value of THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent), CPRH will receive up to 5,010,323,500 newly issued ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totalling THB 217,949,072,250, as consideration for the entire business transfer of CPRH as payment in kind, instead of in cash (the details as appear in Paragraph 2). CPRH will proceed to register its dissolution within the year 2021 which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the “Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction”). The Board of Directors resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval and resolved to approve the entering into in the EBT Agreement, contracts and other documents in relation to the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction. In addition, the Board of Directors resolved to approve the Company, in the capacity as a shareholder of CPRH, to vote in favour of the entering into the

Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction and the dissolution of CPRH at the meeting of shareholders of CPRH.

Transaction 3 : the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering) as the Board of Directors resolved to approve various transactions in connection with the offering of ordinary shares in Makro to the public (Public Offering) (following the completion of the EBT Transaction) as set out as follows (1) the offering of a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro, which is a subsidiary of the Company, in the amount of up to 363,200,000 shares with a par value of THB 0.50 each, representing 3.70 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing 3.25 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the “Company’s Offered Shares”) (2) the lending of ordinary shares in Makro which are held by the Company to the over-allotment agent for the over-allotment process in the amount of up to 340,500,000 shares, representing 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the “Lent Shares”) and (3) the granting of the right to the over-allotment agent to purchase ordinary shares held by the Company in the amount of up to 340,500,000 shares, representing 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro, (the “Option Shares”) for the purpose of returning shares which are borrowed by the over-allotment agent from the Company, whether in whole or in part, which is a part of the over-allotment process of the issuance and offering of ordinary shares to the public.

The Company has appointed TISCO Bank Public Company Limited (“TISCO”), a financial advisor approved by the Office of the Securities and Exchange Commission (the “SEC Office”) to be an independent financial advisor to provide an opinion to shareholders on reasonableness, the fairness of value and conditions in entering into and appropriateness of the Acquisition of Assets and the Connected Transaction in relation to the Acceptance of the Entire Business Transfer of CPRH by Makro, the Disposal of Assets in relation to the Entire Business Transfer of CPRH, and Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering).

Considering the reasonableness of the Acquisition of Assets and the Connected Transaction in relation to the entire business transfer of CPRH by Makro, the Disposal of Assets in relation to the Entire Business Transfer of CPRH, and Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering), the IFA has opined that the EBT transaction is a part of business restructuring plan to reinforce the business of Makro and CPRD and support Makro’s long-term strategies to become the leading in the retail and wholesale business, to expand the coverage of the business operations to be at a regional level, and to strengthen the business through combining the strengths in various aspects of Makro with those of the Lotus’s Group, such as the coverage of store

formats. Moreover, the transaction will enhance the retail and wholesale industry to become more modernized, will strengthen the Company's competitive advantage against international e-commerce companies or technology companies that compete in Thailand by responding to rapid changes in consumer behaviour at both national and regional levels, and will be beneficial to stakeholders.

Benefits to the Company from entering into Transaction 1 - the Acquisition of Assets and the Connected Transaction in relation to the Acceptance of the Entire Business Transfer of CPRH by Makro, and Transaction 2 - the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction include (1) enhancing the Group's competitiveness in the retail and wholesale business of groceries and consumer products which could potentially lead to decent return from the investment in the future (2) Expanding the coverage of business operations of Makro, as a subsidiary of the Company, into the modern retail business with a strong capability and to grow business at the regional level (3) Generating potential synergies within the Group (4) No financial cost burden from a non-cash transaction with which the consideration will be settled by shares issuance and (5) Eliminating conflict of interests between the Company and Makro.

However, there are some disadvantages and risks from entering into Transaction 1 (the Acquisition of Assets in relation to the Acceptance of the Entire Business transfer of CPRH by Makro) and Transaction 2 (the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction) include (1) The Company will lose shareholding in Makro (2) Increasing in liability and leverage ratio (3) Risk from the underperformance of Lotus's Group (4) Risk from the recognition of Makro's goodwill in the Company's consolidated financial statements and (5) Risk from the Thai Trade competition laws.

Futhermore, there are some advantages from entering into Transaction 1 and Transaction 2 since they are the transaction with connected person. This include (1) Having the common major shareholders resulting in the aligned management direction (2) Familiarity within the Group (3) Maximizing effectiveness of resources management within the Group and (4) No financial cost burden from a non-cash transaction with which the consideration will be settled by shares issuance. However, the transactions with connected person also have some disadvantages including, (1) Conflict of interest in negotiation of price and terms and (2) Having expenses and burden regarding disclosure obligations in accordance with the connected transaction rules.

Benefits to the Company from entering into Transaction 3 (Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering)) include (1) Increase the shares distribution of minority shareholders (Free Float) of Makro to be in accordance with the requirements on the maintenance of qualifications of companies listed on the SET (2) Increase the liquidity of Makro's shares (3) Makro will receive fund from the fund raising (4) The Company will receive fund from the fund raising through the Company's Shares Offering Transaction and (5) The Company can realize gain from sale of Makro's share held by the Company.

However, Entering into Transaction 3 Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering) also has some disadvantages and risks including (1) The Company will lose shareholding in Makro (2) Risk if Makro is unable to increase its net profit in the future to compensate for the dilution of the Company's shareholding in Makro (3) Risk concerned with a success in filing of an application for offering of newly issued ordinary shares to the public (Public Offering) to the SEC Office and listing the capital increased shares on the SET and (4) Risk involved with a success in the Public Offering.

After considering the objective and necessity of the transaction together with the advantages, disadvantages, benefits and risks, the IFA has opined that the transaction is reasonable and appropriate as the transaction is a part of business restructuring plan within the Group and reinforce the business of Makro, hence entering into the transaction will gain greater benefits to the Company; therefore, the acquisition and disposal of assets and the connected transaction are considered **appropriate**.

In performing the valuation of the transaction, The IFA has conducted the valuation to determine the fair value of CPRH and Makro and can be summarized as follows:

- (1) The most appropriate method in valuing CPRH's equity is Discounted Cash Flow Approach, which reflects company's business plan, profitability, future growth opportunity and future return to shareholders. The IFA has the opinion that the appropriate value of CPRH is in the range of THB 197,690.3 – 258,252.7 million or equal to THB 99.1 – 129.5 per share.
- (2) The most appropriate method in valuing Makro's equity are Discounted Cash Flow Approach, which reflects company's business plan, profitability, future growth opportunity and future return to shareholders, together with Historical Market Price Approach which reflects demand and supply of the shares traded in the SET from the investors who have already considered the information as well as the future performance of Makro. The IFA has the opinion that the appropriate value of Makro is in the range of THB 179,557.6 – 215,795.1 million or equal to THB 37.4 – 45.0 per share.
- (3) From the summary of valuation of CPRH and Makro mentioned above, the IFA considers the appropriate Makro's number of increased share as the consideration for the EBT transaction calculated from the appropriate valuation range of CPRH divided by the appropriate share price range of Makro. Therefore, the appropriate number of shares to be issued by Makro as the consideration for the EBT transaction should be between 4,397.3 – 6,903.7 million shares

Considering the appropriateness of the value of the Transaction 1 and Transaction 2 under the EBT Transaction, since Makro will issue and allocate up to 5,010,323,500 new ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totaling THB 217,949,072,250, to CPRH as consideration for the entire business transfer from CPRH as payment in kind. Since the number of new ordinary shares to be issued by Makro of 5,010,323,500 shares is in the appropriate range of 4,397.3 – 6,903.7 million shares; **therefore the IFA has opined that the value of the transaction is appropriate.**

For the appropriateness of the value of the Transaction 3 - the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering), the IFA has the opinion that the appropriate value of Makro based on Discounted Cash Flow Approach, which is the most appropriate valuation method at the present, is in the range of THB 179,557.6 – 215,795.1 million or THB 37.4 – 45.0 per share. However, the above mentioned value of Makro serves as the information to support the shareholders' decision-making on approval of this transaction only, but does not institute a basis for determination of the public offering price of Makro (which is expected to be determined later on). In general, the Public Offering price determination is usually conducted close to the offering period which is derived from the book building process with institutional investors ("Book Building").

Institutional investors may use several valuation approaches as deemed appropriate including the discounted cash flow approach at the time of securities offering as well as other valuation approaches such as historical market approach. Moreover, the public offering price is determined through mutual decision between the Company, Makro and the underwriters based on factors such as the securities' fundamentals, the firm value from the discounted cash flow approach and other valuation approaches, economic and industrial trends, and market condition at the time of securities offering. Therefore, the IFA views that **the appropriate method for determining the public offering price of Makro shares should be the Book Building method** since the price derived can reflect demand and supply of the securities that will prevail shortly before the securities offering takes place. **Thus, the public offering price of Makro determined by Book Building process with which institutional investors may use several valuation approaches as deemed appropriate including the discounted cash flow approach at the time of securities offering as well as other valuation approaches such as historical market approach offering as one of the consideration factors is considered appropriate.**

In aspect of the reasonableness of the acquisition and disposal of assets and the connected transaction and the appropriateness of the value of the transaction mentioned above, the IFA recommends that the shareholders should **approve this transaction**.

However, the shareholders are advised to study the information in the attached documents submitted to the shareholders along with the invitation letter. The shareholders should also consider the reasonableness and the opinion of the IFA which is based on the assumption that the financial statements, public information, financial projection and business plan provided by management of the Company, CPRH and Makro, data that the IFA obtained from the Company, CPRH and Marko, as well as managements' interviews, are correct, accurate and complete. The IFA opinion is prepared based on the current industry condition, economic condition, other external factors, and the received information as of the time of study only. If there are significant changes to the current condition/situation, the IFA opinion may be materially affected. The decision to approve or disapprove the transaction rests primarily with the shareholders.

TISCO as the independent financial advisor, hereby certifies that the above opinion has been provided with due care in accordance with professional standard for the benefit of the shareholders.

Part 2 Information in Preparation of the Opinion of Independent Financial Advisor

The Company has appointed TISCO Bank Public Company Limited ("TISCO") as an independent financial advisor, independent from the Company and its subsidiaries, to provide opinion to the shareholders on the reasonableness of the acquisition and disposition of assets and the connected transaction. TISCO has reviewed and studied the information on the acquisition and disposition of assets and the connected transaction gathered from and provide by the Company, CPRH and Makro, together with publicly available information and other relevant information. The information and documents used in preparing this report including:

- The resolution of the Board of Directors' meeting of the Company No. 6/2021 held on 31 August 2021 and information memorandum as follows:
 - Information Memorandum on the Acquisition of Assets and Connected Transaction in relation to the Acceptance of the Entire Business Transfer of CPRH by Makro as of 31 August 2021
 - Information Memorandum on the Disposal of Assets in relation to the Entire Business Transfer of CPRH to Makro as of 31 August 2021
 - Information Memorandum on the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering) as of 31 August 2021
- The Company's financial statements for the years ended 31 December 2020 and interim financial statements for the six-month period ended 30 June 2021
- CPRH's financial statements for the period from 6 March 2020 (the date of incorporation) to 31 December 2020
- CPRD's financial statements for the period from 6 March 2020 (the date of incorporation) to 31 December 2020
- CPRD's interim financial statements for the three-month period ended 31 March 2021
- CPRD's interim financial statements for the six-month period ended 30 June 2021
- CPRD's pro forma consolidated financial statements for the years ended 31 December 2019 and 31 December 2020
- Lotus TH's financial statements for the years ended 28 February 2018 to 2021
- Ek-Chai's financial statements for the years ended 28 February 2018 to 2021
- Lotus MY's financial statements for the years ended 28 February 2018 to 2021
- Makro's Information Disclosure (Form 56-1) for the year ended 2020
- Makro's consolidated financial statements for the years ended 31 December 2018, 2019 and 2020, interim financial statements for the three-month period ended 31 March 2021 and for the six-month period ended 30 June 2021
- SET statistical data
- Interviews with management of CPRH and Makro regarding the current business operations as well as business strategies in the next 3 – 5 years
- Information and documents provided by CPRH and Makro

In preparing this report, the IFA cannot certify or warrant the accuracy or completeness of all information provided for us by the management of the Company and/or related parties. The opinion of the IFA is based on the

assumption that the aforementioned are all truthful and accurate. The IFA has performed the study and analysis with due diligence and care in accordance with professional standard. In addition, the objective of this report is to provide the opinion on the reasonableness of the acquisition and disposition of assets and the connected transaction only, which is based on the current circumstances and information received as at the time of preparing this report. Any changes or incidents that take place in the future may significantly affect the Company's business and its shareholder

The IFA opinion is prepared based on the current industry condition, economic condition, other external factors, and the received information as of the time of study only. If there are significant changes to the current condition/situation, the IFA opinion may be materially affected. However, the IFA has no obligation to update or review the IFA's opinion in this report.

This IFA opinion report is prepared for the use and benefits of the Company's shareholders. However, the decision to vote for or against the transaction rests primarily with the shareholders. The shareholders are advised to study the information as well as consider the attached documents submitted to the shareholders along with the invitation letter, and shall exercise reasonable care before casting a vote to ensure that the shareholders are considering and approving the transaction in an appropriate manner.

Part 3 Characteristic and Detail of the Transaction

3.1 Transaction 1 : the Acquisition of Assets and the Connected Transaction in relation to the Acceptance of the Entire Business Transfer of C.P. Retail Holding Company Limited by Siam Makro Public Company Limited

3.1.1 General Description of the Transaction

The meeting of the Board of Directors No. 6/2021 of CP All Public Company Limited (the “Company” or “CPALL”), which was held on 31 August 2021, resolved to approve the acceptance of the entire business transfer under the entire business transfer plan between Siam Makro Public Company Limited (“Makro”), a subsidiary of the Company, as the transferee and C.P. Retail Holding Company Limited (“CPRH”), as the transferor, pursuant to which Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date (the “EBT Date”) with the total value of THB 217,949,072,250 through the entire business transfer method to reinforce the business of Makro and support Makro’s long-term strategies to become the leader in the retail and wholesale business and to expand the coverage of its business operations to be at a regional level (the “EBT Transaction”), and resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval. The Board of Directors also resolved to approve the entering into the entire business transfer agreement (the “EBT Agreement”), contracts and other documents in relation to the acceptance of the entire business transfer from CPRH. Details of the transaction are as follows:

Overview of the Transaction

CPRH have 3 shareholders, namely (a) the Company; (b) Charoen Pokphand Holding Company Limited (“CPH”); and (c) C.P. Merchandising Company Limited (“CPM”) (the Company, CPH and CPM are collectively referred to as the “CPRH Shareholders”).

CPRH is an investment holding company with its main assets being shares in C.P. Retail Development Company Limited (“CPRD”) in the proportion of 99.99 percent of the registered capital of CPRD and other assets such as cash and cash equivalents. CPRD holds (a) 99.99 percent shares in Lotus’s Stores (Thailand) Company Limited (“Lotus TH”) which holds 99.99 percent shares in Ek-Chai Distribution System Company Limited (“Ek-Chai”), an operator of a retail business under the name Lotus’s in Thailand; and (b) 100.00 percent shares in Lotuss Stores (Malaysia) Sdn. Bhd. (“Lotus MY”) which operates a retail business under the name Lotus’s in Malaysia (collectively referred to as the “Lotus’s Group”). The business operation of CPRD is divided into two main groups which are the retail business and the business of leasing space in shopping malls. CPRD is a leading operator in the retail business of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets, and operates the business of leasing space in shopping malls in Thailand and Malaysia. For the year ended 31 December 2020, CPRD’s total pro forma revenue was THB 208,648 million and the total pro forma assets was THB 406,640 million.

The EBT Transaction and the Share Allocation Transaction as EBT Consideration

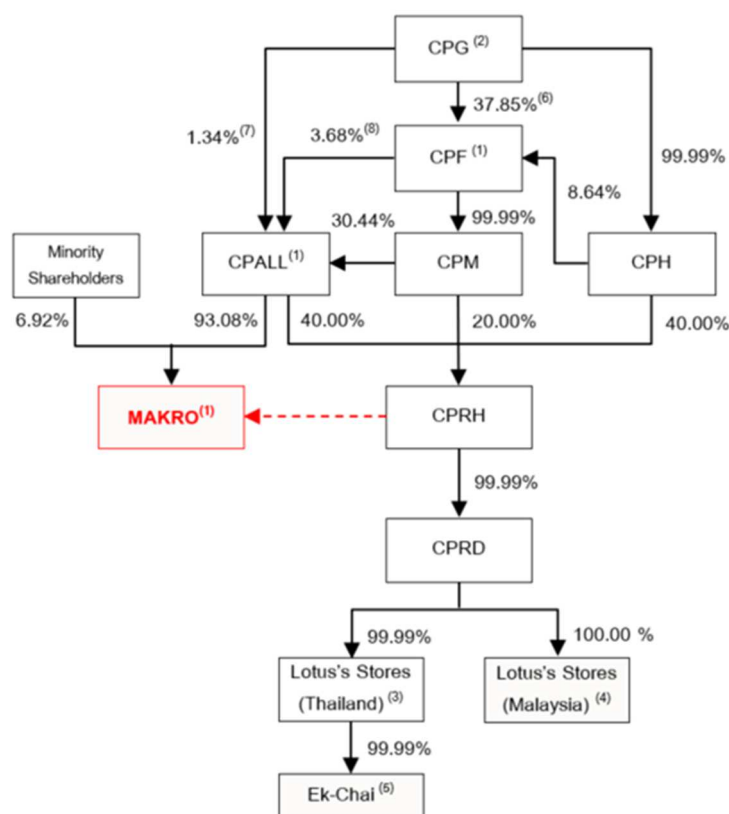
Under the EBT Transaction, Makro will issue and allocate up to 5,010,323,500 new ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totaling THB 217,949,072,250, to CPRH as consideration for the entire business transfer from CPRH as payment in kind, instead of in cash, representing 104.38 percent of the total issued and paid-up shares in Makro prior to the allocation of shares as consideration for the entire business transfer (the “Share Allocation Transaction as EBT Consideration”). The Share Allocation Transaction as EBT Consideration has taken into consideration the appropriateness of the capital structure of Makro.

The process of the entire business transfer will occur after the meetings of shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration as well as other matters necessary for and/or in connection with the foregoing transactions in compliance with the relevant regulations and the satisfaction of the conditions precedent under the EBT Agreement. Initially, it is expected that the EBT Transaction and the Share Allocation Transaction as EBT Consideration will be completed within 1 to 3 weeks from the date on which the Extraordinary General Meetings of Shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration or on any other date as mutually agreed between Makro and CPRH.

In this regard, the EBT Transaction will be carried out in compliance with the conditions under the Revenue Code in relation to the entire business transfer, pursuant to which CPRH will proceed to register its dissolution within the year 2021, which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the “Return of Investment to the CPRH Shareholders”). In this regard, the CPRH Shareholders will be required to comply with the relevant regulations of the SET.

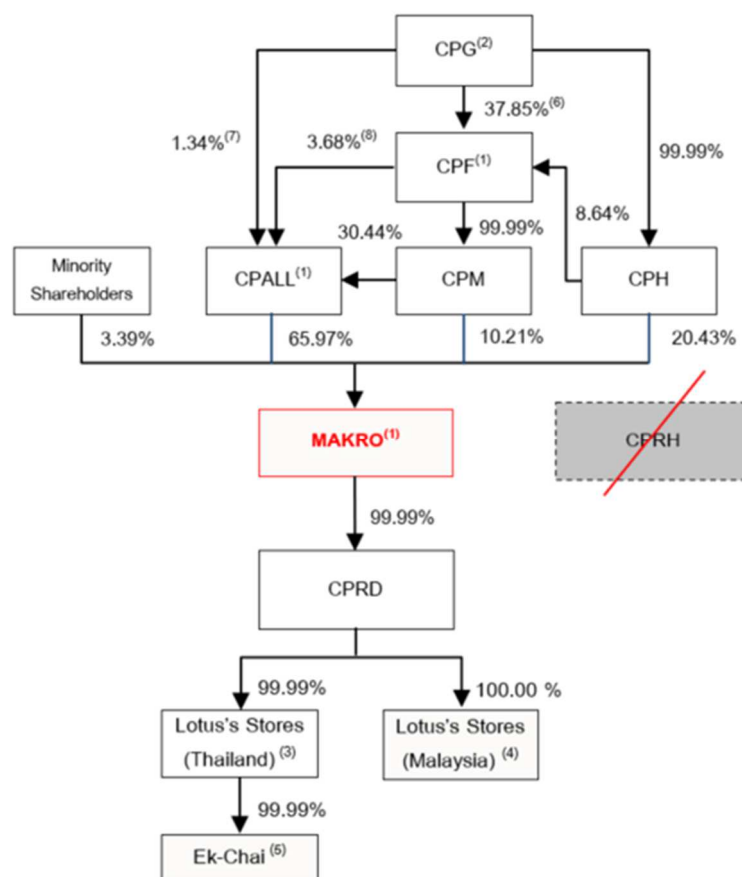
Shareholding structure before and after the EBT Transaction and the obligation of CPH an CPM to make a tender offer for all securities in Makro

The shareholding structure of Makro and CPRH before the EBT Transaction is summarised below.



- Notes: (1) Information on the shareholding in (a) Makro; (b) CPALL; and (c) CPF (before deducting the repurchased shares for financial management) is based on the Record Date on 25 August 2021, 6 May 2021 and 31 August 2021, respectively.
- (2) CPG means Charoen Pokphand Group Company Limited.
- (3) Lotus's Stores (Thailand) means Lotus's Stores (Thailand) Company Limited.
- (4) Lotus's Stores (Malaysia) means Lotuss Stores (Malaysia) Sdn. Bhd.
- (5) Ek-Chai means Ek-Chai Distribution System Company Limited.
- (6) CPG's shareholding in CPF includes the shareholding of CPG's subsidiaries (other than CPH) in CPF.
- (7) CPG's shareholding in CPALL includes the shareholding of CPG's subsidiaries in CPALL.
- (8) CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries (other than CPM) in CPALL.

The shareholding structure of Makro after the completion of the EBT Transaction, the Share Allocation Transaction as EBT Consideration, including after the registration of dissolution of CPRH, and the Return of Investment to the CPRH Shareholders is summarised below.



- Notes:
- (1) Information on the shareholding in (a) Makro; (b) CPALL; and (c) CPF (before deducting the repurchased shares for financial management) is based on the Record Date on 25 August 2021, 6 May 2021 and 31 August 2021, respectively.
 - (2) CPG means Charoen Pokphand Group Company Limited.
 - (3) Lotus's Stores (Thailand) means Lotus's Stores (Thailand) Company Limited.
 - (4) Lotus's Stores (Malaysia) means Lotuss Stores (Malaysia) Sdn. Bhd.
 - (5) Ek-Chai means Ek-Chai Distribution System Company Limited.
 - (6) CPG's shareholding in CPF includes the shareholding of CPG's subsidiaries (other than CPH) in CPF.
 - (7) CPG's shareholding in CPALL includes the shareholding of CPG's subsidiaries in CPALL.
 - (8) CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries (other than CPM) in CPALL.

3.1.2 Objective of the Transaction

The transaction is a part of business restructuring to reinforce the business of Makro and CPRD and support Makro's long-term strategies to become the leading in the retail and wholesale business, and to expand the coverage of the business operations to be at a regional level, and to strengthen the business through combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats. Moreover, the transaction will improve the efficiency derived from the consolidation of operations, which is expected to be beneficial to the Company and its shareholders in the future.

3.1.3 Date, Month and Year of the Transaction

Around one to three weeks from the date of the Extraordinary General Meeting of Shareholders of the Company.

3.1.4 Parties Involved and Relationship with the Company and Connected Person of the Company

Transferee	: Makro (a subsidiary of the Company)
Transferor	: CPRH
Relationship with the Company	: CPRH is a connected person of the Company because (a) CPRH's major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of CPF, whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH's indirect major shareholder, CPG, who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company. As a result, the Company is required to comply with the Notification of the Capital Market Supervisory Board No. TorJor 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) dated 19 November 2003 (as amended) (the "Notifications on Connected Transactions").

3.1.5 Type and Size of the Transaction

Type and Size of the Transaction under the Notifications on Acquisition or Disposal of Assets

The EBT Transaction is considered as a Class 4 acquisition of assets transaction or an indirect listing on the SET (Backdoor Listing) under the Notifications on Acquisition or Disposal of Assets with the transaction value of approximately THB 217,949,072,250. Details of the calculation of the transaction size are as follows:

Financial Information used in the Calculation of the Transaction Size

Unit: THB Million

	The Company	CPRH	CPRD
Financial Information	Consolidated Financial Statements ended 30 June 2021	Separate Financial Statements ended 31 December 2020	Pro Forma Consolidated Financial Information ended 31 December 2020
Net Tangible Assets ⁽¹⁾ (NTA)	85,826	199,479	
Total assets	513,087		
Net profit (loss)	12,359 ⁽²⁾		1,778

Note: ⁽¹⁾ Net Tangible Assets are calculated as the total assets less intangible assets, total liabilities and non-controlling interests.

⁽²⁾ Net profit (loss) attributable to equity holders of the Company of the past 12 months.

Basis of the Calculation of the Size of the Acquisition of Assets Transaction

Unit: THB Million (unless specified otherwise)

Basis of Calculation	Calculation Basis	Acceptance of the Entire Business Transfer of CPRH	Total Transaction Size (percent)
1. Value of Net Tangible Assets (NTA) basis	$\frac{((\text{NTA of company to be purchased} \times \text{Proportion to be acquired}) \times 100)}{(\text{NTA of listed company})}$	$\frac{((199,479 \times 100\%) \times 100)}{85,826}$	232.42
2. Net Operating Profits basis	$\frac{((\text{Net operating profits of company to be purchased} \times \text{Proportion acquired}) \times 100)}{\text{Net operating profits of listed company}}$	$\frac{((1,778 \times 100\%) \times 100)}{12,359}$	14.39
3. Total Value of Consideration basis	$\frac{(\text{Value of transaction to be acquired} \times 100)}{\text{Total assets of listed company}}$	$\frac{((217,949 \times 100\%) \times 100)}{513,087}$	42.48
4. Value of Shares Issued for the Payment of Assets basis	-	-	-

Based on the calculation basis above, the highest value from the calculation of the transaction size is equal to 232.42 percent on the basis of the net tangible assets (NTA). Upon combining with the assets acquisition transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 232.45 percent, which is equal to 100 percent or higher and, therefore, is considered as entering into a Class 4 transaction or a backdoor listing under the Notifications on

Acquisition or Disposal of Assets. In this regard, the EBT Transaction that is being carried out by Makro is not the case that requires the submission of a new listing application to the SET under the SET Regulation Re: Listing of Shares as Listed Securities as it meets all the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets, namely (a) the acquired business is in a similar line of business or a mutually supporting business to Makro's business; (b) Makro has no policy to make a significant change to its main business; (c) Makro's group of companies has suitable qualifications for listing on the SET; and (d) there will be no material change in the composition of the board of directors of Makro and the controlling power in Makro or controlling shareholders of Makro. However, the entering into the EBT Transaction in this case is a transaction that is being carried out by Makro and not by the Company. Therefore, the 4 criteria for the exemptions of the submission of a new listing application under Clause 24 of the Notifications on Acquisition or Disposal of Assets as aforementioned are directly related to Makro, which is the listed company that is entering into the transaction in this case, and are not related to the Company as the Company is not the entity entering into the transaction. Hence, the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets need not be reconsidered in respect of the Company. Therefore, the Company is required to disclose the information memorandum in relation to such transaction to the SET, to appoint an independent financial advisor to render opinions on the entering into such transaction to the shareholders and to convene a meeting of shareholders for an approval of the entering into the transaction by the votes of not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

Type and Size of Connected Transaction

The EBT Transaction and the Share Allocation Transaction as EBT Consideration are considered as connected transactions of the Company under the Notifications on Connected Transactions as CPRH is a connected person of the Company because (a) CPRH's major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of CPF, whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH's indirect major shareholder, CPG, who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company. Therefore, such transactions are considered as connected transactions under the type of transactions relating to assets or service pursuant to the Notifications on Connected Transactions, with the transaction value of approximately THB 217,949,072,250.

The value of the transactions is calculated based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021 and is equal to 253.94 percent of the value of the net tangible assets of the Company. Upon combining with the acquisition of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 254.22 percent. Thus, such transactions are considered as connected transactions under the type of transactions relating to assets or service of which the transaction value is higher than 3.00 percent of the net tangible assets of the Company. Therefore, the Company is required to disclose the information memorandum in relation to such transaction to the SET, to appoint an independent financial advisor to render opinions on the entering into such transactions to the shareholders and to convene a meeting of

shareholders for an approval of the entering into the transactions by the votes of not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

3.1.6 Detail of the Acquired Assets

On the EBT Date, Makro will accept the entire business of CPRH, comprising all assets and liabilities with details as follows:

(1) Assets

(1.1) All shares in CPRD held by CPRH in the amount of 1,994,745,742 shares with a par value of THB 100 each or approximately 99.99 percent of the total issued and paid-up shares in CPRD.

(1.2) Other assets existing as at the EBT Date.

(2) Liabilities

All liabilities existing as at the EBT Date.

3.1.7 General Information of CPRH

(1) General description of the business

Company name	C.P. Retail Holding Company Limited
Type of business	Investment business by holding shares in other companies
Office address	313 C.P. Tower, 14th Floor, Silom Road, Silom Sub-district, Bang Rak District, Bangkok
Juristic person registration number	0105563041629
Registration date	6 March 2020
Registered capital as at 31 July 2021	THB 199,479,574,500
Issued and paid-up capital as at 31 July 2021	THB 199,479,574,500

(2) Business operations of CPRH

CPRH operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, CPRD.

(3) List of shareholders of CPRH as at 31 July 2021

No.	Shareholders	Shares	Voting Rights (Percent)
1	The Company	797,918,298	40.00
2	CPH	797,918,298	40.00
3	CPM	398,959,149	20.00

No.	Shareholders	Shares	Voting Rights (Percent)
	Total	1,994,795,745	100.00

(4) List of directors of CPRH as at 31 July 2021

No.	Directors	Position
1	Mr. Soopakij Chearavanont	Director
2	Mr. Narong Chearavanont	Director
3	Mr. Suphachai Chearavanont	Director
4	Mr. Adirek Sripratak	Director
5	Mr. Umroong Sanphasitvong	Director

(5) Connected persons of the Company which hold shares in CPRH

(5.1) CPM

CPM is a major shareholder of the Company and a subsidiary of CPF. CPM holds 398,959,149 shares in CPRH, representing 20.00 percent of the total voting rights in CPRH.

(5.2) CPG

CPG is an indirect major shareholder of the Company. CPG indirectly holds 797,918,298 shares in CPRH through CPH, representing 40.00 percent of the total voting rights in CPRH.

(6) Summary of financial position and operating results

CPG is an indirect major shareholder of the Company. CPG indirectly holds 797,918,298 shares in CPRH through CPH, representing 40.00 percent of the total voting rights in CPRH.

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
Statement of Comprehensive Income	
Total revenue	0.11
Total expenses	0.68
Net profit	(0.58)
Statement of Financial Position	
Total assets	199,479.62
Total liabilities	0.62
Total shareholders' equity	199,479.00

3.1.8 General information of subsidiary of CPRH

1. CPRD

(1) General description of the business

Company name	C.P. Retail Development Company Limited
Type of business	Investment business by holding shares in other companies
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105563042102
Registration date	6 March 2020
Registered capital as at 31 July 2021	THB 199,474,574,500
Issued and paid-up capital as at 31 July 2021	THB 199,474,574,500

(2) Business operations of CPRD

CPRD operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiaries, namely, (a) Lotus TH; (b) Ek-Chai which is CPRD's subsidiary through Lotus TH's shareholding; and (c) Lotus MY.

Please consider the details of the business operations of CPRD and other companies within the Lotus's Group in the appendix of this report.

(3) List of shareholders of CPRD as at 31 July 2021

No.	Shareholders	Shares	Voting Rights (Percent)
1	CPRH	1,994,745,742	99.99
2	Mr. Soopakij Chearavanont	1	<0.01
3	Mr. Adirek Sripratak	1	<0.01
4	Mr. Umroong Sanphasitvong	1	<0.01
	Total	1,994,745,745	100.00

(4) List of directors of CPRD as at 31 July 2021

No.	Directors	Position
1	Mr. Suphachai Chearavanont	Director
2	Mr. Narong Chearavanont	Director
3	Mr. Adirek Sripratak	Director
4	Mr. Piyawat Titasattavorakul	Director

No.	Directors	Position
5	Mr. Pittaya Jearavisitkul	Director
6	Mr. Suparat Kawatkul	Director
7	Mr. Umroong Sanphasitvong	Director
8	Mr. Boonchai Opas-iam-likit	Director
9	Mr. Kriengchai Boonpoapichart	Director
10	Mr. Naris Thamkuekool	Director
11	Mr. Sompong Runnirattisai	Director
12	Mr. Noppadol Dej-Udom	Director
13	Mr. Thirapol Thanomsakyuth	Director
14	Mr. Prasit Boondoungprasert	Director
15	Mr. Nattawat Chunhawuttiyanon	Director

(5) Summary of financial position and operating results

The key financial information of CPRD for the accounting period from 6 March 2020 (the date of incorporation) and ending on 31 December 2020 based on the audited consolidated financial statements can be summarised below.

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
Statement of Comprehensive Income⁽¹⁾	
Total revenue ⁽²⁾	9,570.17
Total expenses ⁽³⁾	(9,083.80)
Gross profit	1,346.86
Net profit	(157.97)
Statement of Financial Position	
Total assets	400,957.81
Total liabilities	201,657.59
Total shareholders' equity	199,300.22

Notes: ⁽¹⁾ CPRD purchased the shares in Lotus TH and Lotus MY on 18 December 2020. Therefore, CPRD has consolidated the Lotus's Group operating results as from 18 December 2020 onwards.

⁽²⁾ The total revenue consists of revenue from sale of goods, rental income and revenue from rendering services and other income.

⁽³⁾ The total expenses consist of the cost of sales, cost of rental and cost of rendering of services, distribution costs and administrative expenses.

The key pro forma consolidated financial information of CPRD for the years ended 31 December 2019 and 2020 which has been provided assurance by the auditor can be summarised below.

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
Consolidated Statements of Profit and Loss		
Revenue from sale	205,227	197,460
Rental income and revenue from rendering services	14,805	11,188
Cost of sales	(166,237)	(160,670)
Cost of rental and cost of rendering of services	(5,354)	(5,526)
Gross Profit	48,441	42,452
Gains (loss) on foreign exchange rate	(2)	87
Other income	3,093	2,370
Net derivative gain	1	2
Distribution costs	(28,557)	(28,716)
Administrative expenses	(5,595)	(6,434)
Profit (Loss) from Operating Activities	17,381	9,761
Finance costs	(6,736)	(6,772)
Share of profit from investment in joint ventures and an associate	815	782
Profit (Loss) before Income Tax Expense	11,460	3,771
Income tax expense	(3,127)	(1,993)
Profit for the year	8,333	1,778
Consolidated Statements of Financial Position		
Assets		
Cash and cash equivalents	21,724	20,357
Trade and other current receivables	3,419	2,725
Inventories	12,386	11,930
Investment properties	29,695	29,186
Property, plant and equipment	72,986	71,113
Right-of-use Assets	25,422	26,894
Goodwill	226,228	226,228
Other assets	16,514	18,207
Total Assets	408,374	406,640
Liabilities		
Short-term borrowings from financial institutions	120,823	120,823
Trade and other current payables	37,127	38,361

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
Lease liabilities (including current portion)	30,241	34,059
Other liabilities	16,849	15,808
Total Liabilities	205,040	209,051
Issued and paid-up share capital	199,475	199,475
Retained earnings (Deficits)	8,333	10,112
Difference arising from pro forma adjustment	(4,561)	(12,066)
Other components of shareholders' equity	80	61
Total Shareholders' Equity Attributable to Owners of the Parent	203,327	197,582
Non-controlling interests	7	7
Total Shareholders' Equity	203,334	197,589
Total Liabilities and Shareholders' Equity	408,374	406,640

Notes: The unaudited pro forma consolidated financial information of CPRD has been compiled based on:

- (1) The separate financial statements of CPRD for the period from 6 March 2020 (the date of incorporation) to 31 December 2020 prepared in accordance with Thai Financial Reporting Standards and audited by auditor in accordance with Thai Standards on Auditing, expressing the unmodified opinion dated 28 May 2021. The auditor's report has not been published.
- (2) The special purpose consolidated financial statements of Lotus TH and its subsidiaries for the years ended 28 February 2021 and 29 February 2020 prepared in accordance with Thai Financial Reporting Standards and audited by auditor in accordance with Thai Standards on Auditing, expressing the unmodified opinion dated 31 August 2021. The auditor's report has not been published.
- (3) The special purpose financial statements of Lotus MY for the years ended 28 February 2021 and 29 February 2020 prepared in accordance with Malaysian Financial Reporting Standards and audited by auditor in accordance with International Standards on Auditing, expressing the unmodified opinion dated 30 August 2021. The auditor's report has not been published.

2. Lotus's Stores (Thailand) Company Limited which is a subsidiary of CPRD

(1) General description of the business

Company name	Lotus's Stores (Thailand) Company Limited ("Lotus TH")
Type of business	Investment business by holding shares in other companies
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105541029677

Registration date	15 May 1998
Registered capital as at 31 July 2021	THB 12,301,000
Issued and paid-up capital as at 31 July 2021	THB 12,301,000

(2) Business operations of Lotus TH

Lotus TH operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, Ek-Chai Distribution System Company Limited.

Please consider the details of the business operations of Lotus TH and other companies within the Lotus's Group in the appendix of this report.

(3) List of shareholders of Lotus TH as at 31 July 2021

No.	Shareholders	Shares	Voting Rights (Percent)
1	C.P. Retail Development Company Limited	1,230,098	99.99
2	Mr. Narong Chearavanont	1	<0.01
3	Mr. Suphachai Chearavanont	1	<0.01
	Total	1,230,100	100.00

(4) List of director of Lotus TH as at 31 July 2021

No.	Directors	Position
1	Mr. Adirek Sripratak	Director
2	Mr. Umroong Sanphasitvong	Director
3	Mr. Suphachai Chearavanont	Director

3. Ek-Chai Distribution System Company Limited which is a subsidiary of CPRD through shareholding by Lotus TH

(1) General description of the business

Company name	Ek-Chai Distribution System Company Limited ("Ek-Chai")
Type of business	Retail trading of groceries and consumer products
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105536092641

Registration date	13 August 1993
Registered capital as at 31 July 2021	THB 5,137,500,050
Issued and paid-up capital as at 31 July 2021	THB 5,137,500,050

(2) Business operations of Ek-Chai

Ek-Chai is a leader in the retail business of groceries and consumer products with multi-stores formats and engages in the business of leasing space in shopping malls in Thailand. As of 28 February 2021, Ek-Chai had 2,094 stores across the country, including 219 hypermarkets, 196 supermarkets and 1,679 mini-supermarkets.

Please consider the details of the business operations of Ek-Chai and other companies within the Lotus's Group in the appendix of this report.

(3) List of shareholders of Ek-Chai as at 31 July 2021

No.	Shareholders	Shares	Voting Rights (Percent)
1	Lotus's Stores (Thailand) Company Limited	513,750,003	99.99
2	Mr. Narong Chearavanont	1	<0.01
3	Mr. Suphachai Chearavanont	1	<0.01
	Total	513,750,005	100.00

(4) List of directors of Ek-Chai as at 31 July 2021

No.	Directors	Position
1	Mr. Sompong Rungnirattisai	Director
2	Mr. Naris Thamkuekool	Director
3	Mr. Nattawat Chunhawuttiyanon	Director
4	Ms. Salinla Seehaphan	Director
5	Mrs. Aurakanda Attavipach	Director

4. Lotus's Stores (Malaysia) Sdn. Bhd. Which is a subsidiary of CPRD

(1) General description of the business

Company name	Lotuss Stores (Malaysia) Sdn. Bhd. ("Lotus MY")
Type of business	Retail store business
Office address	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia
Juristic person registration number	200001018812 (521419-K)

Registration date	24 July 2000
Issued and paid-up capital	MYR 856,000,000, comprising: <ol style="list-style-type: none"> 1) Class A ordinary shares – 39,200,000 shares; 2) Class B ordinary shares – 16,800,000 shares; and 3) Preference shares (non-convertible non-cumulative irredeemable preference shares) – 60,000,000 shares

(2) Business operations of Lotus MY

Lotus MY engages in the retail business of groceries and consumer products with multi-store formats and the business of leasing space in shopping malls in Malaysia. As of 28 February 2021, Lotus MY had 46 hypermarkets and 16 supermarkets across Peninsular Malaysia.

Please consider the details of the business operations of Lotus MY and other companies within the Lotus's Group in the appendix of this report.

(3) List of shareholders of Lotus MY as at 31 July 2021

No.	Shareholders	Shares	Voting Rights (Percent)
1	C.P. Retail Development Company Limited	<ol style="list-style-type: none"> 1) Class A ordinary shares – 39,200,000 shares; 2) Class B ordinary shares – 16,800,000 shares; and 1) Preference shares (non-convertible non-cumulative irredeemable preference shares) – 60,000,000 shares 	100.00

(4) List of directors of Lotus MY as at 31 July 2021

No.	Directors	Position
1	Mr. Narong Chearavanont	Director
2	Mr. Naris Thamkuekool	Director
3	Mr. Piyawat Titasattavorakul	Director
4	Mr. Nattawat Chunhawuttiyanon	Director
5	Mr. Kenneth Chuanh Jin Kiat	Director
6	Mr. Yong Yvonne	Director
7	Mr. Sushmita Jeni Paul	Director
8	Mr. Azliza Baizura Binti Azmel	Director

3.1.9 Total Value of Consideration and Criteria for Determination of Total Value of Consideration

The total value of consideration in respect of the EBT Transaction is approximately THB 217,949,072,250. Upon the full satisfaction of the conditions of the EBT Transaction, Makro will issue 5,010,323,500 new ordinary shares at the offering price of THB 43.50 per share to CPRH as consideration for the entire business transfer as payment in kind, instead of in cash, totalling THB 217,949,072,250. Consideration has been given to the appropriateness of the capital structure of Makro and the value is based on the negotiations between the parties on the basis of valuation in accordance with the discounted cash flow approach which has taken into consideration the operating results and other relevant factors and the market comparable (with companies operating similar businesses) approach.

After Makro has sold the newly issued ordinary shares to CPRH under the private placement and after the CPRH Shareholders have accepted the transfer of shares in Makro as part of the liquidation process of CPRH, the CPRH Shareholders, namely, the Company, CPH and CPM will, directly and indirectly, hold 65.97 percent, 20.43 percent and 10.21 percent of the total issued and paid-up shares in Makro, respectively.

3.1.10 Value of Acquired Assets

The value of the assets acquired by the Company from the EBT Transaction is approximately THB 217,949,072,250.

3.1.11 Source of Funds for Transaction

Makro will issue 5,010,323,500 new ordinary shares at the offering price of THB 43.50 per share to CPRH as payment in kind, instead of in cash, totalling THB 217,949,072,250 as consideration for the entire business transfer.

3.1.12 Conditions of the Transactions

The EBT Transaction and the Share Allocation Transaction as EBT Consideration will only occur after the full satisfaction of the conditions precedent as specified in the EBT Agreement and other documents in relation to such transactions. Material conditions precedent are summarised below

- (a) The meeting of shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration, including other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (b) The meeting of shareholders of the Company has resolved to approve the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (c) The meetings of the board of directors of CPF, CPM and CPH have resolved to approve the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (d) The meeting of the board of directors and meeting of shareholders of CPRH have resolved to approve the transfer of the entire business to Makro, including the execution of the EBT Agreement and other relevant

documents, as well as any other actions to ensure the successful completion of the transfer of the entire business to Makro

- (e) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the entire business of CPRH, the businesses of CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares and/or the business of Makro and no events have occurred which obstruct the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (f) The SEC Office has approved the offering of the newly issued ordinary shares to CPRH which is an offering to a specific person (Private Placement).
- (g) Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares have obtained the necessary consents, permissions, agreements or waivers from customers, suppliers, creditors or contract parties who are third parties of Makro, companies within the Makro's group, CPRH, CPRD companies within the Lotus's Group, and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares in connection with the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (h) In order to enable CPRH to transfer shares in CPRD (which are a part of the assets of CPRH) to Makro pursuant to the EBT Agreement, Makro will execute a guarantee to guarantee a portion of CPRD's loan in the form to be agreed between creditors of CPRD and Makro. Such guarantee will come into effect when Makro has accepted the transfer of shares in CPRD from CPRH.

3.2 Transaction 2 : the Disposal of Assets in relation to the Entire Business Transfer of CPRH to Makro

3.2.1 General Description of the Transaction

The meeting of the Board of Directors No. 6/2021 of the Company, which was held on 31 August 2021, resolved to approve the disposal of assets in relation to the entire business transfer of CPRH, an affiliate in which the Company holds shares representing 40.00 percent of the total registered capital of CPRH, to Makro with the total value of THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent). CPRH will proceed to register its dissolution within 2021 which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the "Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction"). The Board of Directors resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval and resolved to approve the entering into in the EBT Agreement, contracts and other documents in relation to the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction. In addition, the Board of Directors resolved to approve the Company, in the capacity as a shareholder of CPRH, to vote in favour of the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction and the dissolution of CPRH at the meeting of shareholders of CPRH.

CPRH will transfer its entire business to Makro through the entire business transfer method, including 99.99 percent shares in CPRD held by CPRH and CPRH's other assets such as cash and cash equivalents. In return, Makro will issue up to 5,010,323,500 new shares with a par value of THB 0.5 each at the offering price of THB 43.50 per share to CPRH as consideration for the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction as payment in kind, instead of in cash.

3.2.2 Objective of the Transaction

The transaction is related to the acquisition of assets and connected transaction in relation to the acceptance of the EBT of CPRH by Makro which is a part of business restructuring to reinforce the business of Makro and CPRD and support Makro's long-term strategies to become a leader in the retail and wholesale business, and to expand the coverage of the business operations to be at a regional level, and to strengthen the business through combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats. Moreover, the transaction will improve the efficiency derived from the consolidation of operation, which is expected to be beneficial to the Company and its shareholders in the future.

3.2.3 Date, Month and Year of the Transaction

Around one to three weeks from the date of the Extraordinary General Meeting of Shareholders of the Company.

3.2.4 Parties Involved and Relationship with the Company

Transferee	:	Makro
Transferor	:	CPRH
Relationship with the Company	:	The Company holds shares representing 40.00 percent of the total registered capital of CPRH.

3.2.5 Type and Size of the Transaction

Type and Size of the Transaction under the Notifications on Acquisition or Disposal of Assets

The Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction (by considering the shareholding proportion of the Company in CPRH at 40.00 percent) is considered as a disposal of assets transaction under Notifications on Acquisition or Disposal of Assets. When calculating the value of the transaction on the basis of the net tangible assets (NTA), the highest value of the transaction is equal to 92.97 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, when considering together with the Company's Shares Offering Transaction (as explained in section 3.3.5) and the disposal of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 109.06 percent, therefore, it is considered as a Class 1 disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets. Details of the calculation of the transaction size are as follows:

Financial Information used in the Calculation of the Transaction Size

Unit: THB Million

	The Company	CPRH	CPRD
Financial Information	Consolidated Financial Statements ended 30 June 2021	Separate Financial Statements ended 31 December 2020	Pro Forma Consolidated Financial Information ended 31 December 2020
Net Tangible Assets (NTA) ⁽¹⁾	85,826	199,479	
Total assets	513,087		
Net profit (loss)	12,359 ⁽²⁾		1,778

Note: ⁽¹⁾ Net Tangible Assets are calculated as the total assets less intangible assets, total liabilities and non-controlling interests.

⁽²⁾ Net profit (loss) attributable to equity holders of the Company of the past 12 months

Basis of the Calculation of the Size of the Disposal of Assets Transaction

Unit: THB Million (unless specified otherwise)

Basis of Calculation	Calculation Basis	Disposal of Investment in CPRH	Total Transaction Size (percent)
1. Value of Net Tangible Assets (NTA) basis	$\frac{((\text{NTA of company to be sold} \times \text{Disposed proportion}) \times 100)}{(\text{NTA of listed company})}$	$\frac{((199,479 \times 40\%) \times 100)}{85,826}$	92.97
2. Net Operating Profits basis	$\frac{((\text{Net operating profits of company to be sold} \times \text{Disposed proportion}) \times 100)}{\text{Net operating profits of listed company}}$	$\frac{((1,778 \times 40\%) \times 100)}{12,359}$	5.75
3. Total Value of Consideration basis	$\frac{(\text{Value of disposed transaction} \times 100)}{\text{Total assets of listed company}}$	$\frac{((217,949 \times 40\%) \times 100)}{513,087}$	16.99
4. Value of Securities Issued for the Payment of Assets basis	-	-	-

3.2.6 Details of the Disposed Assets

CPRH will transfer the entire business to Makro, comprising all assets and liabilities with details as follows:

- (1) Assets

(1.1) All shares in CPRD held by CPRH in the amount of 1,994,745,742 shares with a par value of THB 100 each, representing around 99.99 percent of the total issued and paid-up shares in CPRD.

(1.2) Other assets existing as at the EBT Date.

(2) Liabilities

All liabilities existing as at the EBT Date.

3.2.7 General Information of CPRH and subsidiaries of CPRH

Please consider the general information of CPRH and subsidiaries of CPRH in the section 3.1.7 and 3.1.8 in this report.

3.2.8 Total Value of Consideration and Criteria for Determination of Total Value of Consideration

The total value of consideration in respect of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent). Makro will issue up to 5,010,323,500 new shares with a par value of THB 0.5 each at the offering price of THB 43.50 per share to CPRH as consideration for the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction as payment in kind, instead of in cash. The value is based on the negotiations between Marko and CPRH on the basis of valuation in accordance with the discounted cash flow and market comparable (with companies operating similar businesses) approaches.

3.2.9 Value of Disposed Assets

The value of the assets disposed by the Company in the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is approximately THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent).

3.2.10 Conditions of the Transaction

The Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction will only occur after the full satisfaction of the conditions precedent as specified in the EBT Agreement and other documents in relation to such transactions. Material conditions precedent are summarised below:

- (a) The meeting of shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration, including other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (b) The meeting of shareholders of the Company has resolved to approve the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (c) The meetings of the board of directors of CPF, CPM and CPH have resolved to approve the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.

- (d) The meeting of the board of directors and meeting of shareholders of CPRH have resolved to approve the transfer of the entire business to Makro, including the execution of the EBT Agreement and other relevant documents, as well as any other actions to ensure the successful completion of the transfer of the entire business to Makro.
- (e) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the entire business of CPRH, the businesses of CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares and/or the businesses of Makro and no events have occurred which obstruct the entering into the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (f) The SEC Office has approved the offering of the newly issued ordinary shares to CPRH which is an offering to a specific person (Private Placement).
- (g) Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares have obtained the necessary consents, permissions, agreements or waivers from customers, suppliers, creditors or contract parties who are third parties of Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group, and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares in connection with the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (h) In order to enable CPRH to transfer shares in CPRD (which are a part of the assets of CPRH) to Makro pursuant to the EBT Agreement, Makro will execute a guarantee to guarantee a portion of CPRD's loan in the form to be agreed between creditors of CPRD and Makro. Such guarantee will come into effect when Makro has accepted the transfer of shares in CPRD from CPRH.

3.3 Transaction 3 : the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering)

3.3.1 General Description of the Transaction

The meeting of the Board of Directors No. 6/2021 of the Company, which was held on 31 August 2021, resolved to approve various transactions in connection with the offering of ordinary shares in Makro to the public (Public Offering) (following the completion of the EBT Transaction) as set out below, and resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval.:

The Company will take the following actions in connection with the offering of ordinary shares in Makro:

- (1) The Company will offer a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro in the amount of up to 363,200,000 shares with a par value of THB 0.50 each, representing up to 3.70 percent of the total issued and outstanding ordinary shares in Makro after the Share Allocation Transaction as EBT Consideration or representing up to 3.25 percent of the total issued and outstanding ordinary shares in Makro after

the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro.

In this regard, Makro will issue new ordinary shares in the amount of up to 6,372,323,500 shares with a par value of THB 0.50 each, dividing into (a) up to 5,010,323,500 shares with a par value of THB 0.50 each to CPRH as consideration for the entire business transfer as payment in kind; instead of in cash; and (b) up to 1,362,000,000 shares with a par value of THB 0.50 each for public offering.

- (2) The Company will lend ordinary shares in Makro which are held by the Company to the over-allotment agent for the over-allotment process in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro.
- (3) The Company will grant the right to the over-allotment agent to purchase ordinary shares in Makro held by the Company in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro for the purpose of returning shares which are borrowed by the over-allotment agent from the Company, whether in whole or in part, which is a part of the over-allotment process of the issuance and offering of ordinary shares to the public.

In the case where the over-allotment agent exercises the right to purchase all the Option Shares from the Company, the Company's shareholding proportion in Makro will reduce to be not less than 51.63 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of newly issued ordinary shares to the public by Makro.

3.3.2 Objective of the Transaction

The Company will offer a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro after the completion of the Share Allocation Transaction as EBT Consideration which will increase the shares distribution of minority shareholders (Free Float) of Makro to be in accordance with the requirements on the maintenance of qualifications of companies listed on the SET and will increase the liquidity in the trading of ordinary shares in Makro. Furthermore, the Company and Makro will receive fund from the fund raising which can be used for business expansion or for payment of existing loans in accordance with the business plan.

3.3.3 Date, Month and Year of the Transaction

After the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration and after Makro has received the approval from the SEC Office to offer the ordinary shares to the public (Public Offering) and the registration statement and the prospectus have become effective.

3.3.4 Parties Involved and Relationship with the Company

- Purchasers : (1) The public and/or institutional investors
- (2) Existing shareholders of (a) Makro (other than the Company and subsidiaries of the Company); (b) the Company (other than the CPG group as specified in Form 56-1 for the year 2020 of the Company); and (c) Charoen Pokphand Foods Public Company Limited ("CPF") (other than the CPG group as specified in Form 56-1 for the year 2020 of CPF) (if any)
- (3) Customers, suppliers or persons providing any other benefits (patrons) of Makro, the Company, CPM and/or CPH (if any)
- (4) Cornerstone investors (if any)
- Seller : The Company

3.3.5 Type and Size of the Transaction

The Company's Shares Offering Transaction is considered as a disposal of assets transaction. When calculating the value of the transaction on the basis of the net tangible assets (NTA), the highest value of the transaction is equal to 15.93 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, when considering together with the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction (as explained in the section 3.2.5 and the disposal of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 109.06 percent, therefore, it is considered as a Class 1 disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets. Details of the calculation of the transaction size are as follows:

Financial Information used in the Calculation of the Transaction Size

Unit: THB Million

	The Company	Makro	CPRH	CPRD
Financial Information	Consolidated Financial Statements ended 30 June 2021	Consolidated Financial Statements ended 30 June 2021	Separate Financial Statements ended 31 December 2020	Pro Forma Consolidated Financial Information ended 31 December 2020
Net Tangible Assets (NTA) ⁽¹⁾	85,826	17,565	199,479	
Total assets	513,087	70,131		
Net profit (loss)	12,359 ⁽²⁾	6,723 ⁽²⁾		1,778

- Note: ⁽¹⁾ Net Tangible Assets are calculated as the total assets less intangible assets, total liabilities, and non-controlling interests.
- ⁽²⁾ Net profit (loss) attributable to equity holders of the Company of the past 12 months.

Basis of the Calculation of the Size of the Disposal of Assets Transaction

Unit: THB Million (unless specified otherwise)

Basis of Calculation	Calculation Basis	Disposal of shares in Makro which are held by the Company	Total Transaction Size (percent)
1. Value of Net Tangible Assets (NTA) basis	$\frac{((\text{NTA of company to be sold} \times \text{Disposed proportion}) \times 100)}{(\text{NTA of listed company})}$	$\frac{(((17,565+199,479) \times 6.30\%) \times 100)}{85,826}$	15.93
2. Net Operating Profits basis	$\frac{((\text{Net operating profits of company to be sold} \times \text{Disposed proportion}) \times 100)}{\text{Net operating profits of listed company}}$	$\frac{(((6,723+1,778) \times 6.30\%) \times 100)}{12,359}$	4.33
3. Total Value of Consideration basis	$\frac{(\text{Value of disposed transaction} \times 100)}{\text{Total assets of listed company}}$	$\frac{((703.7 \times 39.52^{(1)}) \times 100)}{513,087}$	5.42
4. Value of Shares Issued for the Payment of Assets basis	-	-	-

Note: ⁽¹⁾ The value of the disposed transaction per share is calculated from the weighted average price of ordinary shares in Makro traded on the SET for the past 15 consecutive business days prior to the date on which the Board of Directors passed the resolution, the period of which is from 9 to 30 August 2021 and the price of which is THB 39.52 per share (Source: SETSMART from www.setsmart.com).

3.3.6 Detail of the Disposed Assets

Ordinary shares in the total amount of 703,700,000 shares, representing 6.30 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro comprising (a) up to 363,200,000 of the Company's Offered Shares; and (b) up to 340,500,000 Option Shares.

3.3.7 General Information of Makro

- (1) General description of the business

Company name	Siam Makro Public Company Limited
Type of business	Wholesale business of groceries and consumer products
Office address	1468 Phatthanakan Road, Phatthanakan Sub-district, Suan Luang District, Bangkok

Juristic person registration number	0107537000521
Registration date	11 February 1994
Registered capital as at 31 July 2021	THB 2,400,000,000
Issued and paid-up capital as at 31 July 2021	THB 2,400,000,000

(2) Business operations of Makro

Makro operates cash and carry trade centres business under the name “Makro” to sell groceries and consumer products and engages in the import, export and distribution of frozen and chilled food products as well as provides storage and delivery services.

(3) List of the first 10 shareholders of Marko as at 15 March 2021

No.	Shareholders	Shares	Voting Rights (percent)
1	Siam Makro Holding (Thailand) Limited ⁽¹⁾	2,640,302,800	55.01
2	The Company	1,827,598,700	38.07
3	Bualuang Long-Term Equity Fund	38,441,700	0.8
4	Mr. Prinya Tieanworn	34,300,000	0.71
5	Thai NVDR Company Limited	18,879,397	0.39
6	Bualuang Long - Term Equity Fund 75/25	17,106,100	0.36
7	Bualuang Flexible RMF	11,310,300	0.24
8	Bualuang Equity RMF	8,302,900	0.17
9	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	7,107,958	0.15
10	Bualuang Basic Dividend LTF	6,287,300	0.13
	Total	4,609,637,155	96.03

Note: ⁽¹⁾ Siam Makro Holdings (Thailand) Limited is 99.99 percent indirect subsidiary of the Company. The combined shareholding in Makro is 93.08 percent of total issued and paid-up shares in Makro.

In this regard, list of the shareholders after the EBT Transaction and the Share Allocation Transaction as EBT Consideration and before the tender offer for securities by CPM and CPH are as follows:

No.	Shareholders	Shares	Voting Rights (percent)
1	The Company	3,831,728,100	39.06
2	Siam Makro Holding (Thailand) Limited	2,640,302,800	26.91

No.	Shareholders	Shares	Voting Rights (percent)
3	CPH	2,004,129,400	20.43
4	CPM	1,002,064,700	10.21
5	Minority shareholders	332,098,500	3.39
	Total	9,810,323,500	100.00

(4) List of directors of Makro as at 31 July 2021

No.	Directors	Position
1	Mr. Suphachai Chearavanont	Director
2	Mr. Korsak Chairasmisak	Director
3	Mrs. Suchada Ithijarukul	Director
4	Mr. Umroong Sanphasitvong	Director
5	Mr. Piyawat Titasattavorakul	Director
6	Mr. Pittaya Jearavisitkul	Director
7	Mr. Adirek Sripratak	Director
8	Mr. Prasert Jarupanich	Director
9	Mr. Narong Chearavanont	Director
10	Mrs. Saowaluck Thithapant	Director
11	Mr. Joti Bhokavanij	Independent Director
12	Mr. Rawat Chamchalem	Independent Director
13	Mrs. Kannika Ngamsopee	Independent Director
14	Mr. Jukr Boon-Long	Independent Director
15	Mr. Prasobsook Boondech	Independent Director

(5) Summary of financial position and operating results

The key financial information of Makro for the years ended 31 December 2018, 2019 and 2020 and for the six-month period ended 30 June 2021 based on the consolidated financial statements of Makro which have been reviewed by the auditor can be summarised below.

Unit: THB million

	The year ended 31 December 2018	The year ended 31 December 2019	The year ended 31 December 2020	The six month ended 30 June 2021
Statement of Comprehensive Income				
Total revenue ⁽¹⁾	192,930.09	210,627.04	218,760.19	111,052.81
Total expenses ⁽²⁾	185,120.27	202,422.55	209,803.69	106,981.01
Gross profit ⁽³⁾	18,943.85	21,167.71	22,123.90	10,702.92

Net profit ⁽⁴⁾	5,941.99	6,244.59	6,562.67	3,020.86
Statement of Financial Position				
Total assets	62,065.26	62,641.33	74,034.15	70,130.98
Total liabilities	42,808.63	41,906.96	51,323.64	47,274.21
Total shareholders' equity	19,256.63	20,734.37	22,710.52	22,856.77

- Notes: (1) The total revenue consists of revenue from sales, revenue from rendering services and other incomes.
- (2) The total expenses consist of cost of sales, cost of distribution and administrative expenses.
- (3) The gross profit is calculated by revenue of sale less the cost of goods sold.
- (4) Net profit (loss) attributable to equity holders of Makro

3.3.8 Total Value of Consideration and Criteria for Determination of Total Value of Consideration

The total value of consideration in respect of the Company's Shares Offering Transaction will be in line with the offering price of newly issued ordinary shares and existing ordinary shares in Makro which will be offered to the public (Public Offering). At present, the shares offering price has not yet been determined. The offering price will be determined through a book building process in which institutional investors are to express their intention to purchase the shares in Makro at the desired price (Book building) through a survey by securities companies or by other appropriate methods.

3.3.9 Value of Disposed Assets

The assets disposed are a portion of the ordinary shares in Makro which are held by the Company. The Company will receive consideration in the form of cash from investors. At present, the offering price of shares which will be offered to the public (Public Offering) has not yet been determined. The offering price will be determined through a book building process in which institutional investors are to express their intention to purchase the shares in Makro at the desired price (Book building) through a survey by securities companies or by other appropriate methods.

3.3.10 Conditions of the Transaction

- The meeting of shareholders of Makro has resolved to approve Makro to issue and offer new shares to the public (Public Offering) and has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- Makro has registered the increase of the registered capital with the Department of Business Development, the Ministry of Commerce
- The EBT Transaction and the Share Allocation Transaction as EBT Consideration have been completed.
- Makro has received the approval from the SEC Office to offer newly issued shares to the public (Public Offering).

Part 4 Opinion of the Independent Financial Advisor on the Transaction

4.1 Transaction 1 the Acquisition of Assets and Connected Transaction in relation to the Acceptance of the Entire Business Transfer of CPRH by Makro and Transaction 2 the Disposal of Assets in relation to the Entire Business Transfer of CPRH to Makro

Since Transaction 1 and Transaction 2 are related to the Entire Business Transfer between CPRH and Makro; therefore, the IFA considers the reasonableness, advantages, disadvantages and risk of both transactions together.

4.1.1 Reasonableness and benefits of the transaction

The EBT transaction is a part of business restructuring plan to reinforce the business of Makro and CPRD and support Makro's long-term strategies to become the leading in the retail and wholesale business, and to expand the coverage of the business operations to be at a regional level, and to strengthen the business through combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats. Moreover, the transaction will improve the efficiency derived from the consolidation of operations, which is expected to be beneficial to the Company and its shareholders in the future

4.1.2 Comparison of advantages and disadvantages of entering into the transaction

Advantages of entering into the transaction

1. Enhancing the Group's competitiveness in the retail and wholesale business of groceries and consumer products which could potentially lead to decent return from the investment in the future

Entering into this transaction, Makro, a subsidiary of the Company, will acquire all shares in CPRD, a retailer and mall operator in Thailand and Malaysia. CPRD operates its business through investment holdings in Lotus's Group, a leading multichannel retailer in terms of both physical store space and market share. CPRD has sound operating performance; therefore, entering into the transaction will provide a great opportunity for the Group to expand its business into modern retail business and will be considered an investment in a high potential business. In addition, Makro, as a subsidiary of the Company, can recognize CPRD's performance right after the transaction which would potentially result in higher total net income of the Company.

2. Expanding the coverage of business operations of Makro, as a subsidiary of the Company, into the modern retail business with a strong capability and to grow business at the regional level

Currently, the Group's main business covers convenience stores and cash and carry trade centers business, hence entering into the transaction will increase coverage of business and diversification of income sources of Makro. This is considered a mitigation method diversify risk or reduce negative effect that might happen to the Group in case of the Company's existing business unexpectedly underperform.

Additionally, entering into the transaction will also provide an opportunity to Makro to penetrate into modern retail business as Lotus's Group is one of the leading operator in the retail business of groceries and consumer products in Thailand with a strong branding and has diverse distribution channels comprising

hypermarkets, supermarkets and mini-supermarkets which cover all regions across Thailand and Malaysia. The number of stores in each business type of the Company, Makro and CPRD are summarized as follows:

The Company	<u>Convenience Store Business</u>	
	Convenience stores under the “7-Eleven” trademark a total of 12,432 stores⁽¹⁾	
Makro	<u>Cash and carry business</u> under the name “Makro”	
	1. Classic stores	79 stores
	2. Foodservice Stores	30 stores
	3. Eco Plus Stores	15 stores
	4. Food Shops	5 stores
	5. Fresh@Makro Stores	1 stores
	6. Siam Frozen Shops	7 stores
	7. Overseas	7 stores
	Total	144 stores⁽¹⁾
CPRD	<u>Retail business in Thailand</u>	
	1. Hypermarket stores	219 stores
	2. Supermarket stores	196 stores
	3. Mini-supermarket stores	1,679 stores
	Total	2,094 stores⁽²⁾
	<u>Retail business in Malaysia</u>	
	1. Hypermarket stores	46 stores
	2. Supermarket stores	16 stores
	Total	62 stores⁽²⁾

Note: ⁽¹⁾ as of 31 December 2020

⁽²⁾ as of 28 February 2021

3. Generating potential synergies within the Group

Entering into the transaction will generate potential synergies through improvement of operation efficiency between the Company and Lotus’s group such as maximizing resource utilization for highest economic benefit, expanding customer base, supply chains management, lowering cost from integration of logistic and distribution center , accessibility to lower cost of fund, and growth opportunity in E-commerce business of Makro.

4. No financial cost burden from a non-cash transaction with which the consideration will be settled by shares issuance

Under the EBT Transaction, Makro will issue 5,010,323,500 new ordinary shares, with par value of THB 0.5 per share, at the offering price of THB 43.50 per share to CPRH as consideration for the entire business transfer as payment in kind, instead of in cash, totalling THB 217,949,072,250. Therefore, the settlement with Makro’s newly issued shares results in no financial burden to Makro.

5. Eliminating conflict of interests between the Company and Makro

After the business restructuring, Lotus's group will operate the business under Makro, hence any conflicts of interest between the Company and Makro in operating modern retail business will be eliminated. The business management policy after the transaction will be for the mutual benefit of Lotus's group and Makro, protecting the interests of the Company's and Makro's shareholders.

However, under this the business restructuring, Makro will issue new ordinary shares to CPRH as consideration for the entire business transfer. After Makro issue the new ordinary shares under private placement to CPRH and the CPRH's shareholders have accepted the transfer of shares in Makro as part of the liquidation process of CPRH, the CPRH's shareholders, namely, the Company, CPM (a major shareholder of the Company) and CPG (indirect major shareholder of the Company) will hold 65.97 percent, 20.43 percent and 10.21 percent of the total issued and paid-up shares in Makro, respectively. Considering various factors and the appropriateness of the capital structure of the Company, the IFA has opined that the shareholding structure is for the benefit to the Company. Moreover as a shareholder, the Company has the right to independently manage the Company's investment in proportion to the Company's shareholding in Makro. In addition, as a listed company on the SET, the Company has measures regarding entering into the connected transaction that may involve conflict of interest to make sure that any ongoing or future transaction are reasonable, contain general terms and conditions as though it was a transaction with a third party and it is for the best interest of the Company.

Disadvantages of entering into the transaction

1. The Company will lose shareholding in Makro

After the EBT Transaction by Makro, the Company's direct and indirect shareholding in Makro will decrease from approximately 93.08 percent to approximately 65.97 percent of total voting rights in Makro (before the issuance and offering of new ordinary shares to the public (Public Offering) by Makro) which will result in the control dilution and earnings dilution of the Company. However, even though the Company will lose shareholding in Makro, the Company will still remain the major shareholder of Makro and continue to involve in Makro's business direction and strategy going forward. Besides, after the EBT Transaction, Makro can recognize CPRD's performance as a subsidiary of Makro which could partially compensate for such dilution of the Company's shareholding in Makro.

2. Increasing in liability and leverage ratio

After the completion of the EBT Transaction by Makro, the Company's liabilities and leverage ratio might increase from the consolidation of CPRD's assets and liabilities in the Company's consolidated financial statements instead of previously recording as investment in associate company. After the completion of the EBT Transaction by Makro, the Company's interest bearing debt and leverage ratio will increase as follows:

Unit: THB Million (unless specified otherwise)

The Company's interest bearing debt before the transaction ⁽¹⁾⁽²⁾	298,549.1
The Company's total equity before the transaction ⁽¹⁾	108,687.1
The Company's Leverage ratio before the transaction (Times)	2.8
CPRD's interest bearing debt ⁽²⁾⁽³⁾	158,425.9
The Company's interest bearing debt after the transaction	456,975.0

The Company's Leverage ratio (calculated from the Company's interest bearing debt) after the transaction (Times)⁽⁴⁾	4.2
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Note: ⁽¹⁾ Data from the Company's interim financial statements for the six-month period ended 30 June 2021

⁽²⁾ Interest bearing debt includes short-term borrowings from financial institutions, debentures, long-term borrowings from financial institutions and lease liabilities.

⁽²⁾ Data from CPRD's interim financial statements for the six-month period ended 30 June 2021

⁽⁴⁾ Calculated from the Company's interest bearing debt after the transaction divided by the Company's total equity. However, the Company's total equity might increase depending on the price of exchanged shares to be recorded in the Company's financial statement

4.1.3 Comparison of advantages and disadvantages of entering into the transaction with connected person

Advantages of entering into the transaction with connected person

1. Having the common major shareholders resulting in the aligned management direction

As a result of having common major shareholders between the Company and CPRH, and the EBT transaction is a part of business restructuring plan within the Group, the business process and management practices will be in the same direction and aligned with the Group's long-term strategies.

2. Familiarity within the Group

Since the EBT transaction is a part of business restructuring plan within the Group, this will result in the effectiveness of the communication and conditions on the transaction compared with the transaction with a third party which might have the differences in operations and corporate culture. Therefore, Makro and CPRD business operation will be smoothly carried out and efficient going forward.

3. Maximizing effectiveness of resources management within the Group

Having separated operations in retail and wholesale business between Makro and CPRD can cause complexities in business operations in various aspects such as resource utilization, capital investment and human resources. After the business restructuring, resources allocation and human resources management will be in coherent and maximizing effectiveness the Group's operation.

4. No financial cost burden from a non-cash transaction with which the consideration will be settled by shares issuance

Under the EBT Transaction, Makro will issue 5,010,323,500 new ordinary shares, with par value of THB 0.5 per share, at the offering price of THB 43.50 per share to CPRH as consideration for the entire business transfer as payment in kind, instead of in cash, totalling THB 217,949,072,250. Therefore, the settlement with Makro's newly issued shares resulted in no financial burden to Makro.

Disadvantages of entering into the transaction with connected person

1. Conflict of interest in negotiation of price and terms

As the EBT transaction is considered as connected transactions, it may cause a conflict of interest in negotiation of price and terms. However, the Company has measures to control conflict of interest as follows:

- Approval of transactions that may lead to conflict of interest are required to be approved by the Board of Directors and reviewed by the Audit Committee.

- Any vested interest directors will not attend the meeting and will not have the right to vote on that agenda.
 - Arranging a commercial agreement with general commercial terms as if the transactions are done with third parties.
 - Appoint an independent financial advisor to render opinions to the shareholders in respect of the entering into the connected transaction.
2. Having expenses and burden regarding disclosure obligations in accordance with the connected transaction rules

The EBT Transaction is considered a connected transaction of a listed company under the Notification of the Capital Market Supervisory Board No. TorJor 21/2551 Re: Rules on Connected Transactions. The Company has to prepare a report and disclose an information memorandum to the SET and also has expense in hiring an independent financial advisor in order to render opinions on the transaction as well as expense in arranging the shareholders' meeting to approve the transaction.

4.1.4 Risk from entering into the transaction

1. Risk from the underperformance of Lotus's Group

Makro, as a subsidiary of the Company, and the Company might not get the expected return from the investment if Lotus's Group unable to operate according to the business plan which results in the underperformance of Lotus's Group. Such risk can arise from various casuses including:

- The incident that the COVID-19 pandemic causesd significant disruptions to global and regional economies, including the economies of Thailand and Malaysia which might have a significant impact on Lotus's Group businesses.
- Lotus's Group growth strategies including the opening of new stores, the rebranding and renovating of existing stores, require a substantial amount of investment and might not get the return on the investment as expected.
- Lotus's Group might be unable to meet consumers' needs and behavior that have been changed and might not be able to attract customers or implement advertising, marketing and promotion campaign to maintain their customer base

2. Risk from the recognition of Makro's goodwill in the Company's consoliated financial statements

After the completion of the EBT Transaction, Makro may have to record goodwill from the transaction to reflect the differences between the total value of consideration and the fair value of CPRH's asset and liabilities. Moreover, upon the completion of the transaction, in the event that Lotus's Group performances do not meet the expectation, Makro would need to evaluate the impairment of goodwill. The goodwill will be tested impairment every fiscal period by the auditor, and in case of goodwill impairment, this will affect Makro's and the Company's Income Statement and shareholder's equity.

3. Risk from the Thai Trade competition laws

The Thai Trade Competition Commission issued an order approving the Group to acquire Lotus' Group with certain conditions. Such conditions may impact joint business operations between Makro and Lotus' Group, limiting the expected synergy benefits from the business combination.

4.2 Transaction 3 Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering)

4.2.1 Reasonableness and benefits of the transaction

The Company will offer a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro after the completion of the Share Allocation Transaction as EBT Consideration which will increase the shares distribution of minority shareholders (Free Float) of Makro to be in accordance with the requirements on the maintenance of qualifications of companies listed on the SET and will increase the liquidity in the trading of Makro's ordinary shares. Furthermore, the Company and Makro will receive fund from the fund raising which can be used for business expansion or for payment of existing loans in accordance with the business plan.

4.2.2 Comparison of advantages and disadvantages of entering into the transaction

Advantages of entering into the transaction

1. Increase the shares distribution of minority shareholders (Free Float) of Makro to be in accordance with the requirements on the maintenance of qualifications of companies listed on the SET

The issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro will increase the shares distribution of minority shareholders (Free Float) to be in the proportion of not less than 15.00 percent of the registered capital of Makro in accordance with the requirements on the maintenance of qualifications of companies listed on the SET.

2. Increase the liquidity of Makro's shares

After the issuance and offering of newly issued ordinary shares to the public (Public Offering), Makro's shares will be distributed into wider range of investors and increase the shares distribution of minority shareholders which result in higher liquidity in of Makro's shares.

3. Makro will receive fund from the fund raising

The fund received from the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro can be used for business expansion in accordance to business plans or repayment of outstanding debt which could reduce financial cost burden and interest expenses. Moreover, this will increase Makro's financial flexibility for future business operation and strengthen Makro's capital structure.

4. The Company will receive fund from the fund raising through the Company's Shares Offering Transaction

The fund received from the fund raising through the Company's Shares Offering Transaction can be used for business expansion in accordance to business plans or repayment of outstanding debt which could reduce financial cost burden and interest expenses. Moreover, this will increase the Company's financial flexibility for future business operation and strengthen the Company's capital structure.

5. The Company can realize gain from sale of Makro's share held by the Company

The Company can realize gain from sale of Makro's shares which are held by the Company in case of the public offering price is higher than the cost of investment in Makro recorded in the Company's financial statement.

Disadvantages of entering into the transaction

1. The Company will lose shareholding in Makro

After the EBT Transaction by Makro, the Company's direct and indirect shareholding in Makro will decrease from approximately 65.97 percent to approximately 51.63 percent of total voting rights in Makro (in case the over-allotment agent exercise the right to purchase all the Option Shares from the Company after the issuance and offering of new ordinary shares to the public (Public Offering) by Makro) which will result in the control dilution and earnings dilution of the Company. However, even though the Company will lose shareholding in Makro, the Company will still remain the major shareholder of Makro and continue to involve in Makro's business direction and strategy going forward. Besides, the Company will receive fund from the fund raising through the Company's Shares Offering Transaction which could partially compensate for such dilution of the Company's shareholding in Makro.

4.2.3 Risk from entering into the transaction

1. Risk if Makro is unable to increase its net profit in the future to compensate for the dilution of the Company's shareholding in Makro

At present, the Company recognizes net profit of Makro in proportion to its shareholding in Makro which is 93.08 percent. Based on Makro's consolidated financial statement for the year ended 31 December 2020, Makro reported a net profit of THB 6,562.67 million; hence, the Company would recognize a profit from Makro in the amount of THB 6,108.53 million (net profit after deduction of minority interest).

The issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro will decrease the Company's shareholding in Makro; therefore, if Makro fails to achieve higher net profit in the future, the earnings per share (EPS) received from Makro shares held by the Company will decline from the current level.

2. Risk concerned with a success in filing of an application for offering of newly issued ordinary shares to the public (Public Offering) to the SEC Office and listing the capital increased shares on the SET

The issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro requires filing of an application to the SEC Office and submitting a listing application of capital increase shares to the SET, and the success depends on the approval by the SEC Office and the SET.

3. Risk involved with a success in the Public Offering

The success of the public offering depends on the capital market condition, the country's economic situation and other relevant factors at the time of the public offering. Such factors could result in the lower price and value of funding than Makro's expectation.

Part 5 Opinion of the IFA regarding the Transaction Value

The opinions of the IFA are based on the following assumptions:

- The information and documents including, but not limited to, financial statements, public information, financial projection and business plan provided by management of the Company, CPRH and Makro, data that the IFA obtained from the Company, CPRH and Marko, as well as managements' interviews are correct, accurate and complete. The IFA cannot certify or warrant the accuracy of the information and documents used in preparing this report, and the IFA has no responsibility for the accuracy or completeness of such information obtained from the Company, CPRH and Makro, or the responsibility for the omission to disclose important information whether by negligence or otherwise.
- None of the events, other than assumptions explicitly made in this report, which has occurred, is about to occur or is expected to occur may have substantial impact on financial results or financial status of CPRH or Makro. In addition, we have assumed:
 - There is no other risk that might delay or significantly change the valuation of the transaction.
 - The IFA's report was prepared based on the economic situation and other factors as of the time of study only. However, the IFA is not able to estimate the effect of changing in the aforementioned situation and factors and has no obligation to adjust or update the information in this report.
 - There is no other material adverse event including, but not limited to, economic condition, political situation or legal imposition that could have material adverse effect on the status, revenues, business operation or business opportunity of CPRH and Makro.

5.1 Valuation of CPRH

In performing a valuation of CPRH, the IFA has carried out the following valuation approaches:

- Book Value Approach
- Discounted Cash Flow Approach
- Market Comparables Approach

5.1.1 Book Value Approach

This approach determines CPRH's share price based on the book value as reported on CPRH's latest separated financial statement as of 31 December 2020 audited by a certified auditor approved by the SEC Office (KPMG Phoomchai Audit Company Limited). The detail of CPRH's book value calculation can be shown as follows:

(Unit: THB Million)

Paid-up capital	199,479.6
Retained earnings	
Appropriated - statutory reserve	-
Unappropriated	(0.6)
Total shareholders' equity of CPRH	199,479.0
Number of paid-up ordinary shares (million shares) as of 31 December 2020 ⁽¹⁾	1,994.8
Book value per share (THB)	100.0

Note: ⁽¹⁾ Par value of THB 100.00 per share

According to this approach, the total shareholders' equity of CPRH is THB 199,479.00 million or THB 100.0 per share. The IFA did not adjust CPRH's book value with the fair value of CPRH's assets and liabilities since CPRH did not prepare any appraisal report of its assets by independent appraiser.

Nevertheless, this book value approach only measures the accounting value of CPRH at a particular point in time without taking into consideration of future operational performance, economic conditions and industry development as well as the fair value of assets and liabilities of CPRH. Therefore, the IFA considers that the Book Value Approach is not an appropriate valuation method for this transaction.

5.1.2 Discounted Cash Flow Approach

Discounted cash flow approach is based on the calculation of present values of future cash flow expected to obtain from the business operation with appropriate discount rate. In performing the valuation of CPRH's shareholders' equity, the IFA uses weighted average cost of capital as a discount rate to derive the present value of cash flow to the business (Free cash flow to firm) during the next 5 years, from the year 2021 to 2025. The IFA relies on public information, assumptions provided by management of the Company and CPRH as well as management interview. Discounted Cash Flow Approach could reflect company business plan, profitability, future growth opportunity and future return to shareholders; hence the IFA believes that this method is an appropriate valuation approach for this transaction.

Since CPRH is an investment holding company, holding 99.99% of CPRD shares while CPRD holds 99.99% of Lotus's Group, and CPRH did not have a consolidated financial statement, the IFA perform valuation of CPRH based mainly on forecasted cash flow of CPRD. The forecasted years shown are for the period ended 31 December.

(1) Key Assumptions for Financial Projections

(1.1) Revenue

CPRH's revenue consists of 1) Revenue from sale of goods and 2) Rental income and revenue from rendering of services

Revenue from sale of goods

Projected revenue from sale of goods can be divided into 2 parts: 1) Revenue from sale of goods in retail stores which is derived from forecasted number of stores and forecasted average sale per store per year of Lotus's Group, and 2) Revenue from sale of goods via other channels

Number of stores

The historical and forecasted number of stores can be summarized as follows;

	2019/20A ⁽¹⁾	2020/21A ⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Net number of stores expansion⁽²⁾							
<u>Retail stores in Thailand</u>							
Hypermarkets	3	4	4	6	6	4	4
Supermarkets	(1)	-	9	9	10	10	10
Mini-supermarkets	21	102	100	90	190	190	290
<u>Retail stores in Malaysia</u>							
Hypermarkets	-	-	-	-	-	-	-
Supermarkets	2	2	5	9	14	8	8
Mini-supermarkets	-	(9)	-	-	-	-	-
Total	25	99	118	114	220	212	312
Number of store at the end of the year							
<u>Retail stores in Thailand</u>							
Hypermarkets	215	219	223	229	235	239	243
Supermarkets	178	196	205	214	224	234	244
Mini-supermarkets	1,595	1,679	1,779	1,869	2,059	2,249	2,539
<u>Retail stores in Malaysia</u>							
Hypermarkets	46	46	46	46	46	46	46
Supermarkets	14	16	21	30	44	52	60
Mini-supermarkets	9	-	-	-	-	-	-
Total	2,057	2,156	2,274	2,388	2,608	2,820	3,132

Note: ⁽¹⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

⁽²⁾ Net number of stores expansion are number of new stores opening less closed stores

The IFA forecasts the number of stores based on the management's plan and historical store opening data. For retail stores in Thailand, management will focus mainly on expanding Mini-supermarkets format which provide a wide selection of fresh food and dry grocery. For retail stores in Malaysia, management aims to increase supermarket stores in response to changing consumer behaviour to shop at smaller retail shops

Sales per store growth rate

The historical and forecasted sales per store growth rates can be summarized as follows:

Average sales per store growth per year (percent)	2019/20A ⁽¹⁾	2020/21A ⁽¹⁾	2021E	2022E	2023E	2024E	2025E
<u>Retail stores in Thailand</u>							
Hypermarkets ⁽²⁾	(7.8)	(11.8)	0.0	0.6	1.1	1.3	1.0
Supermarkets	(1.4)	(0.0)	0.0	3.1	2.1	1.7	1.7
Mini-supermarkets	(1.6)	(3.1)	0.0	11.4	3.8	2.5	1.5
<u>Retail stores in Malaysia</u>							
Hypermarkets	1.1	(1.2)	1.0	2.1	2.2	2.2	2.2
Supermarkets ⁽³⁾	9.9	(1.9)	(5.6)	2.1	1.9	2.0	2.7

Note: ⁽¹⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

⁽²⁾ Average sales per area of store per year

⁽³⁾ Average sales per store growth rate of new store are 1.0 percent throughout the forecasted period

The IFA forecasts the sales per store growth rate based on current economic condition, economic outlook as well as company's business plan. In 2021, Thailand and Malaysia continue to experience impacts from COVID-19 pandemic. However, Lotus's group has plan to rebrand and modernize existing stores during 2021 and 2022, and the operating performance of rebranded stores has shown improving results with increasing actual sales per store. Thus, the forecasted sales per store in 2021 are already reflected the aforementioned impacts together. Store sales growth expects to grow in 2022 due to the recovery from the effects of the COVID-19 pandemic. The IFA forecasts that growth rate of Mini-supermarket is higher than Hypermarket and Supermarket due to company's plan to accelerate Mini-supermarket renovation. In addition, the IFA has taken into consideration the factor that the size of new store might be different from existing store which would affect the ability to generate sales in the forecasted period.

Growth rates of revenue from sale of goods via other channels

Revenue from sale of goods via other channels consists of wholesale and online sales. The historical and forecasted growth rates of revenue from sale of goods via other channels can be summarized as follows:

Average sales growth per year (percent)	2019/20A ⁽¹⁾	2020/21A ⁽¹⁾	2021E	2022E	2023E	2024E	2025E
<u>Thailand</u>							
Wholesale	132.9	8.9	4.4	10.0	10.0	10.0	10.0
Online	(34.2)	63.4	183.4	20.0	15.0	15.0	15.0
<u>Malaysia</u>							
Wholesale	241.4	168.1	(3.4)	83.3	64.6	40.0	25.0
Online	8.6	37.5	38.3	29.3	27.3	20.0	15.0

The IFA forecasts sales growth of revenue from sale of goods via other channels will grow according to historical growth rate and Lotus's group business plan. In 2021, online sales growth in

Thailand is expected to have a strong upward trend in accordance with 6-month actual performance in 2021 as the COVID-19 pandemic has accelerated the shift in customers' shopping behaviour from store purchases to online purchases. However, 2022's growth rate is expected to decline due to high sales revenue in 2021.

For Malaysia, wholesale sale growth is expected to decrease in 2021 due to the effects of the COVID-19 pandemic according to 6-month actual performance. However, growth of wholesales revenue in Malaysia is expected to grow from 2022 onwards due to the recovery from the effects of the COVID-19 pandemic along with Lotus's Group wholesale strategy to focus on restaurants and local "mom-and-pop" stores around its retail stores and invest in its IT infrastructure to support this group of customer. Online sales growth in Malaysia is expected to show continuing trend in line with historical performance.

Rental income and revenue from rendering of services

Forecasted rental income and revenue from rendering of services is derived from the forecasted net lettable area, forecasted occupancy rate and forecasted average rental rate.

Net lettable area

The forecasted net lettable area is based on Lotus's group management plan to expand mall space which would come along with new store opening and existing mall space renovation. The forecasted net lettable areas are as follows:

Net lettable area (Thousand sq.m.)	2019/20A⁽¹⁾	2020/21A⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Malls in Thailand	1,046.0	1,066.3	1,071.0	1,086.0	1,100.0	1,110.0	1,120.0
Malls in Malaysia	306.2	331.2	355.9	405.5	463.4	472.4	490.4

Note: ⁽¹⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

Occupancy rate

The historical and forecasted occupancy rate can be summarized as follows:

Average occupancy rate (percent)	2019/20A⁽¹⁾	2020/21A⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Malls in Thailand	95.4	87.3	80.8	85.0	85.0	85.0	85.0
Malls in Malaysia	94.0	93.1	77.3	80.0	80.0	80.0	80.0

Note: ⁽¹⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

The occupancy rate in 2021 is based on 6-month actual performance in 2021 which has impacted by the COVID-19 pandemic from the measures to prevent the spread of COVID-19. The IFA expects higher occupancy rate in 2022 for both in Thailand and Malaysia due to the recovery from the effects of the COVID-19 pandemic. The forecasted average occupancy rates are as follows:

Rental rate

The historical and forecasted rental rate can be summarized as follows:

Rental rate (THB/sq.m. per month)	2019/20A⁽¹⁾	2020/21A⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Malls in Thailand	1,068.8	815.2	850.0	909.5	936.8	964.9	993.8
Malls in Malaysia ⁽²⁾	466.5	347.1	463.9	489.1	478.7	490.8	491.2

Note: ⁽¹⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

⁽²⁾ Assumption for exchange rate is approximately 7.80 THB/MYR

The IFA forecasts rental rate based on the expected recovery from the effects of the COVID-19 pandemic, management plan and historical rental growth rates.

(1.2) Gross Profit Margin

The historical and forecasted gross profit margin can be summarized as follows:

Gross Profit Margin⁽¹⁾ (percent)	2019/20A⁽¹⁾	2020/21A⁽¹⁾	2021E	2022E	2023E	2024E	2025E
<u>Business in Thailand</u>							
Retail Business	23.5	22.8	22.7	22.7	22.7	22.7	22.7
Mall Business	78.1	70.6	72.4	72.9	72.9	72.8	72.8
<u>Business in Malaysia</u>							
Retail Business	20.5	22.0	21.1	21.2	21.3	21.3	21.3
Mall Business	81.0	75.2	76.9	76.9	76.9	76.9	76.9

Note: ⁽¹⁾ Excluding depreciation and amortization

⁽²⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

The IFA's forecasted gross profit margins are calculated from the historical average and trends of historical cost of sales, historical rental and rendering of services cost, as well as the 6-month actual performance in 2021.

(1.3) Selling and administrative expense (SG&A)

Selling and administrative expense (SG&A)

SG&A includes employee expenses, warehouse expenses, utilities expenses, and sales and promotional expenses. The IFA forecasts SG&A based on the historical SG&A and actual SG&A in 2021. The historical and the forecasted SG&A as a percentage of sales revenues are as follows;

Selling and administrative expense ⁽¹⁾ (percentage of sales revenue)	2019/20A⁽¹⁾	2020/21A⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Business in Thailand	14.7	14.8	14.8	14.8	14.8	14.7	14.7
Business in Malaysia	14.7	14.1	14.0	13.7	13.4	13.0	12.7

Note: ⁽¹⁾ Excluding depreciation and amortization

⁽²⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

The IFA's forecasted SG&A are calculated based on the historical average and trends of each type of expenses as well as the 6-month actual performance in 2021. SG&A as percentage of sale revenue will slightly decrease throughout the forecasted period due to the increasing in the proportion of revenue from sale of goods via other channels which has lower SG&A as percentage of sale revenue than revenue from sale of goods in retail stores.

Separation cost from the acquisition of Lotus's group by CPRD

Aside from SG&A from normal operations, Lotus's group has separation cost which arose from the acquisition of Lotus's group by CPRD from the former shareholder. The separation cost includes IT infrastructure cost and rebranding cost. The management's projections of separation cost are around THB 2,992.2 million in 2021, THB 1,929.8 million in 2022 and around THB 1,264.1 - 1,427.6 million per year in 2023 till 2025

(1.4) Capital expenditure ("CAPEX")

The IFA forecasts CAPEX based on management plan which include new store expansion CAPEX, existing store maintenance CAPEX, existing store renovation and improvement CAPEX, as well as separation cost arose from the acquisition of Lotus's group by CPRD from the former shareholder.

New store expansion CAPEX is according to the number of new store opening in each forecasted year. New stores expansion CAPEX in Thailand are approximately THB 360.0 million per one Hypermarket store, approximately THB 50.0 million per one Supermarket store and approximately THB 12.0 million per one Mini-supermarket store. New stores expansion CAPEX in Malaysia is approximately MYR 3.0 – 10.7 million per one Supermarket store (approximately THB 23.4 – 83.4 million per store) depending on the size of store.

Additionally, some part of the separation cost arose from the acquisition of Lotus's group by CPRD from the former shareholder which include IT infrastructure cost and rebranding cost, will not be recorded as SG&A but will be included in CAPEX which will only occur during 2021 – 2023 totalling approximately THB 7,232.8 million.

(1.5) Corporate Income Tax

Corporate income tax is 20.0 percent for Thailand and 24.0 percent for Malaysia throughout the forecasted period. For Malaysia, some types of expense are non-tax deductible such as, building depreciation and rebranding cost.

(1.6) Working Capital

Working capital mainly consists of Account Receivable and Other Receivable, Account Payable and Other Payable, and Inventory. Based on the historical, the working capital assumptions are as follows;

	2019/20A ⁽¹⁾	2020/21A ⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Business in Thailand							
Account Recievable Day (days)	4.4	5.2	4.8	4.8	4.8	4.8	4.8
Account Payable Day (days)	84.3	86.5	85.4	85.4	85.4	85.4	85.4
Inventory Day (days)	29.5	29.2	29.3	29.3	29.3	29.3	29.3
Business in Malaysia							
Account Recievable Day (days)	7.8	8.3	8.0	8.0	8.0	8.0	8.0
Account Payable Day (days)	55.2	60.9	58.0	58.0	58.0	58.0	58.0
Inventory Day (days)	27.8	27.5	27.6	27.6	27.6	27.6	27.6

Note: ⁽¹⁾ Historical data of Lotus TH and Lotus MY are based on the fiscal year ended 29 February 2020 (2019/20A) and 28 February 2021 (2020/21A)

(1.7) Other assumptions

Apart from the assumptions mentioned earlier, the IFA has made other key financial assumptions as follows:

- Financial projections did not account for the synergies which may arise from the business integration between Makro and Lotus's group.
- Depreciation and amortization is calculated in accordance with the Lotus's Group accounting policies. Assets have a useful life in the range of 5 – 40 years depending on type of asset except Leasehold land in Malaysia which has a useful life in the range of 58 – 90 years.
- By the end of 2021, CPRD will repay existing short term loan. The sources of funds for loan repayment come from 1) Short-term loan from financial institutions of CPRD 2) Long-term loan from financial institutions of Ek-Chai and 3) Long-term loan from financial institutions of Lotus MY. After the EBT Transaction and the Public Offering of Makro, CPRH might receive fund from Makro to repay the existing loan. However, the IFA did not assume that CPRD will use the received fund from the transaction to repay the abovementioned existing loan but assumed the CPRD's loan is rollovered throughout the forecasted period.
- Assumption for exchange rate are around 7.80 THB/MYR and around 32.91 THB/USD (Source: BOT as of 27 August 2021)

(2) Summary of forecasted financial projections**Forecasted profit and loss statement**

Unit: THB Million

	2019A ⁽¹⁾	2020A ⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Total revenue⁽²⁾	223,028.0	210,936.0	219,357.2	237,727.3	256,397.2	273,865.4	292,059.0
Lotus TH	187,307.0	174,932.0	180,294.1	195,273.5	208,286.2	222,270.3	237,126.8
Lotus MY	36,404.0	36,414.0	39,063.0	42,453.8	48,110.9	51,595.2	54,932.2
Gross profit⁽³⁾	51,437.0	44,740.0	54,405.6	59,468.0	63,994.4	68,180.1	72,543.7
Lotus TH	44,183.0	37,335.0	45,297.5	49,418.9	52,580.3	55,963.4	59,559.9
Lotus MY	7,937.0	7,815.0	9,108.1	10,049.1	11,414.1	12,216.7	12,983.7
SG&A⁽³⁾	(34,152.0)	(35,150.0)	(33,660.8)	(34,879.9)	(36,781.0)	(38,803.3)	(41,178.9)
Lotus TH	(28,058.0)	(29,606.0)	(27,590.5)	(28,877.3)	(30,265.9)	(31,991.4)	(34,051.8)
Lotus MY	(5,837.0)	(5,544.0)	(6,070.4)	(6,002.6)	(6,515.1)	(6,811.9)	(7,127.1)
Share of profit from investment in joint ventures and an associate	815.0	782.0	522.6	677.2	859.0	859.0	859.0
Gain/(Loss) on exchange rate and derivatives	(1.0)	89.0	(534.6)	-	-	-	-
EBITDA	30,719.0	22,885.0	20,732.8	25,265.3	28,072.4	30,235.8	32,223.8
Depreciation and amortization	(12,620.0)	(12,424.0)	(12,804.9)	(14,855.7)	(15,803.4)	(16,395.3)	(17,551.7)
EBIT	18,099.0	10,461.0	7,927.9	10,409.7	12,269.1	13,840.5	14,672.1
Finance cost ⁽⁴⁾	(6,639.0)	(6,690.0)	(6,831.7)	(5,956.7)	(6,355.7)	(6,778.6)	(6,497.3)
Income tax expense	(3,127.0)	(1,993.0)	(1,692.4)	(1,445.0)	(1,561.0)	(1,936.9)	(2,181.2)
Net Income	8,333.0	1,778.0	(596.2)	3,008.0	4,352.3	5,124.9	5,993.7

Note: ⁽¹⁾ Data from CPRD's pro forma consolidated financial statements for the years ended 31 December 2019 and 31 December 2020

⁽²⁾ Including other income at CPRD and the adjustments according to CPRD's pro forma consolidated financial statements for the years ended 31 December 2019 and 31 December 2020, thus the total is different from the sum of revenue from Lotus TH and Lotus MY

⁽³⁾ Historical gross profit margin and SG&A include depreciation and amortization. They are also include the adjustments according to CPRD's pro forma consolidated financial statements for the years ended 31 December 2019 and 31 December 2020, thus the total is different from the sum of gross profit and S&GA from Lotus TH and Lotus MY

⁽⁴⁾ Finance cost net off with interest income

Forecasted balance sheet

Unit: THB Million

	2019A ⁽¹⁾	2020A ⁽¹⁾	2021E	2022E	2023E	2024E	2025E
Total asset	408,374.0	406,640.0	416,720.5	425,088.7	437,438.5	448,209.8	461,107.7
Total liabilities	205,040.0	209,051.0	211,012.1	216,372.4	224,369.8	230,016.2	236,920.4
Total equity	203,334.0	197,589.0	205,708.4	208,716.4	213,068.7	218,193.6	224,187.3

Note: ⁽¹⁾ Data from CPRD's pro forma consolidated financial statements for the years ended 31 December 2019 and 31 December 2020

Forecasted free cash flows to firm

Unit: THB Million

	6M2021 (1)	2022	2023	2024	2025
Operating profit after income tax expense⁽²⁾	3,242	8,965	10,708	11,904	12,491
Depreciation and amortization	7,071	14,856	15,803	16,395	17,552
Working capital and non-cash items	(2,397)	1,283	1,110	1,120	1,177
Cash flow from operating activities	7,917	25,103	27,622	29,419	31,220
Cash flow from investing activities	(8,745)	(12,680)	(11,120)	(10,143)	(11,591)
Adjusting tax shield for interest expense	(275)	(1,872)	(1,533)	(1,769)	(1,637)
Free cash flows to firm	(1,103)	10,551	14,968	17,508	17,992

Note: ⁽¹⁾ Free cash flow to firm for the 6-month period of 2021 used to derive enterprise value is the forecasted free cash flow to firm from July to December 2021 which is calculated from the forecasted free cash flow to firm in 2021 minus actual free cash flow to firm for the 6-months period ended 30 June 2021

⁽²⁾ Excluding interest income, gain/(loss) on exchange rate and derivatives and finance cost

(3) Discount Rate and calculation of Terminal Value

The discount rate used in the calculation of net present value is 6.09 percent, which is a weighted average cost of capital (WACC) of CPRH. The IFA calculated the discount rate as follows:

$$WACC = K_e[1 - (D / (D + E))] + K_d(1 - T)[D / (D + E)]$$

Where	K_e	=	Cost of equity
	K_d	=	CPRD's average cost of debt during the forecasted period, which is equal to 3.81% per year
	T	=	Corporate income tax rate of 20.00 percent
	$D/(D+E)$	=	CPRD's interest bearing debt to sum of interest bearing debt and equity as reported on CPRD's consolidated financial statement as of 30 June 2021 which is equal to 0.80

Cost of equity (K_e) is derived from the Capital Asset Pricing Model (CAPM) as follows;

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

Where	R_f	=	The risk-free rate of 2.90% p.a. since the valuation is based on going concern basis, the IFA considers using the 4.9-year Thai government bond yield which is the longest on-the-run government bond (Source: Thai BMA)
	β	=	Volatility of return of CPRD's comparable companies in Thailand and Asia Pacific in relation to their listed stock exchange over the 5-year period (Source: Bloomberg), adjusted by CPRD's capital structure as

reported on CPRD's consolidated financial statement as of 30 June 2021. β is equal to 0.75

R_m = Average market return from investing the SET Index since it was officially started trading, which is equal to 10.34% p.a. (Source: SET as of 18 August 2021)

The calculation of Terminal Value is as follows:

$$\text{Terminal Value} = [\text{FCFF}_{2025}(1+g)] / (\text{WACC} - g)$$

Where FCFF_{2025} = Free cash flow to firm in 2025
 g = The long-term growth rate of cash flow after year 2025 which is equal to 1.50% based on Thailand's forecasted inflation rate
 WACC = The weighted average cost of capital calculated by the IFA, which is equal to 6.09%

(4) Summary of valuation using Discounted Cash Flow Approach

Unit: THB Million (unless specified otherwise)

	As of 31 October 2021
Discount rate (WACC) (percent)	6.09
The long-term growth rate of cash flow after year 2025 (percent)	1.50
Present value of Free Cash Flow to Firm (2021 ⁽¹⁾ – 2025)	50,500.8
Present value of Terminal Value	310,939.6
Enterprise value	361,440.4
Add Cash and cash equivalent ⁽²⁾	22,449.7
Less Interest Bearing Debt ⁽²⁾	(158,425.9)
Equity value of CPRD	225,464.2
Add Cash and cash equivalent of CPRH ⁽³⁾	5.0
Equity value CPRH	225,469.3
Divided by number of outstanding share of CPRH (million share)	1,994.8
Share Price (THB per share)	113.0

Note: ⁽¹⁾ Free cash flow to firm for the 6-months period of 2021 used to derive enterprise value is the forecasted free cash flow to firm from July to December 2021 which is calculated from the forecasted free cash flow to firm in 2021 minus actual free cash flow to firm for 6-months period ended 30 June 2021

⁽²⁾ As reported on CPRD's consolidated financial statement as of 30 June 2021

⁽³⁾ Cash and cash equivalent minus interest bearing debt based on reported CPRH's financial statement as of 30 December 2020

Based on Discounted Cash flow Approach, equity value of CPRH equals to THB 225,469.3 million or THB 113.0 per share

(5) Sensitivity Analysis

The IFA also conducted a sensitivity analysis to show the impact from assumptions on valuation of CPRH's equity value based on the different WACCs and Terminal Growth Rates, which are the factors that have direct impact to the valuation. The sensitivity range of WACCs and Terminal Growth Rates is +/- 5.0 percent. The results from the sensitivity analysis are presented below:

Equity Value of CPRH (THB million)		Discount Rate (WACC) (percent)		
		5.79	6.09	6.39
Terminal Growth Rate (Percent)	1.43	245,953.5	220,244.2	197,690.3
	1.50	251,995.5	225,469.3	202,248.5
	1.58	258,252.7	230,868.0	206,948.5

Share Price of CPRH (THB per share)		Discount Rate (WACC) (percent)		
		5.79	6.09	6.39
Terminal Growth Rate (Percent)	1.43	123.3	110.4	99.1
	1.50	126.3	113.0	101.4
	1.58	129.5	115.7	103.7

According to the sensitivity analysis above, the appropriate value of CPRH based on Discounted Cash Flow Approach is in the range of THB 197,690.3 – 258,252.7 million or THB 99.1 – 129.5 per share.

5.1.3 Market Comparables Approach

The Market Comparables Approach determines the value of a company under the assumption that peer companies fundamentally operating in the similar business are supposed to have comparable range of trading multiples. Since CPRH is an investment holding company, holding 99.99% of CPRD shares while CPRD holds 99.99% of Lotus's Group, and CPRH did not have a consolidated financial statement; therefore the valuation of CPRH under Market Comparable approach is based on the assumption that the IFA considers valuation of CPRH based on financial projections of CPRD.

The valuation methods applied in the Market Comparable Approach will be performed by using market comparables as follows:

- Price to Earning Ratio Approach (P/E Multiples)
- Price to Book Value Ratio Approach (P/BV Multiples)
- Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio Approach (EV/EBITDA Multiples)

This market comparables valuation method reflects market mechanism and investors' view of the business at a particular point of time. Nevertheless, the peer companies used for comparison may vary in details of fundamental factors including accounting policy, investment policy, size of business, cost structure, sources of other income, and quality of assets and business. Since the list of comparable companies is not exhaustive, and peer companies may be different in various aspects as mentioned, the comparison is necessarily limited and merely for illustrative purposes.

The IFA selected the comparable companies in retail and wholesales industry with similar business as Lotus's Group which are listed in Thailand and Asia Pacific from SETSMART and Bloomberg as follows:

Comparable Group in Thailand

(1) Central Retail Corporation Public Company Limited ("CRC")

CRC is the leading multi-format and multi-category retailing platform in Thailand including department stores, specialty stores, supermarkets, hypermarkets, convenience stores and retail plazas under various brand such as, Central Department Store, Robinson Department store, Robinson Lifestyle Center, Supersports, Thaiwatsadu, Baan & Beyond, Tops, Central Food Hall, and FamilyMart etc. At the end of 2020, CRC operated 1,898 stores in Thailand, 124 stores in Vietnam and 9 Department stores in Italy. CRC recorded revenue of THB 194,311.4 million and net profit of THB 46.3 million.

(2) Berli Jucker Public Company Limited ("BJC")

BJC operates business in manufacturing and modern retail services, managing modern retail stores as well as online stores by merging all the channels of the business together. The Omni-Channel Model includes retail businesses and also rental and service area (Dual Retail Property Model) for those who are interested in renting in the retail area of the company. BJC is the leading retailer in Thailand under the brand of "BIG C Supercenter" which consists of 1) Hypermarket format under the brand of BIG C Supercenter and Big C Extra 2) Supermarket format under the brand of Big C Market and Big C Food Place 3) Convenience store format under the brand of Mini Big C and others. In 2020, BJC recorded revenue of THB 157,606.7 million and net profit of THB 4,001.2 million.

(3) Siam Makro Public Company Limited ("Makro")

Makro operates cash and carry trade centres business under the name "Makro" to sell groceries and consumer products for its member customers. Makro has distribution centers across Thailand and has more than three million registered customers including retailers, hotels, restaurants, and catering business, as well as mid-small size businesses. At the end of 2020, Makro has 137 stores in across Thailand and recorded revenue of THB 218,760.2 million and net profit of 6,562.7 million.

Comparable Group in Asia Pacific

(4) Aeon Company Limited ("AEON")

AEON is a Japanese company operates mainly in retail store, supermarket and convenience stores. AEON is also engaged in women's and casual clothing store business, development business of commercial property, and financing service through the subsidiaries. AEON has various formats of retail stores across Asia

under the brand such as, AEON and Maxvalu. In the last fiscal year, AEON recorded revenue of THB 2,529,965.8 million and net loss of THB 20,884.5 million.

(5) Yonghui Superstores Company Limited (“Yonghui”)

Yonghui is a Chinese company which operates supermarket franchises selling groceries and consumer products across China under the brand of “Bravo YH” and has over 1,037 stores in across China. In the last fiscal year, Yonghui recorded revenue of THB 422,651.0 million and net profit of THB 8,137.8 million.

(6) Sun Art Retail Group Limited (“Sun Art”)

Sun Art is a Chinese company which operates supermarket franchises selling groceries and consumer products including hypermarket, superstore, and convenience store and leading E-Commerce business in China under the brand of “RT-Mart”, “RT-Super” and “RT-Mini”. At the end of 2020, Sun Art has over 4 8 4 hypermarket store across China. Sun Art’s main development strategy are omni-channels and to become a leader in digital transformation in retail business. In the last fiscal year, Sun Art recorded revenue of THB 433,021.9 million and net profit of THB 13,024.3 million.

(7) E-Mart Inc. (“E-Mart”)

E-Mart is a South Korean Company which is the leading retailer in South Korea operates under the brand of “Emart”, “Emart Mall”, “Emart Traders”, “Molly’s Pet Shop” and Boots and others. In the last fiscal year, E-Mart recorded revenue of THB 584,761.2 million and net profit of THB 9,602.1 million.

(8) Puregold Price Club Inc. (“Puregold”)

Puregold is a Philippines-based company engaged in the wholesale and retail business and has approximately 280 various stores across Philippines including department store, hypermarket supermarket and discount store. In the last fiscal year, Puregold recorded revenue of THB 106,346.5 million and net profit of THB 5,087.3 million.

(9) AEON Co. (M) Bhd. (“AEON Malaysia”)

AEON Malaysia is a subsidiary of AEON Company Limited which operates retail store selling groceries and consumer products in Malaysia under the brand of “AEON”, “Maxvalu”, “Daiso” and others. In the last fiscal year, AEON Malaysia recorded revenue of THB 30,164.1 million and net profit of THB 308.4 million.

(10) Olympic Group Corporation (“Olympic Group”)

Olympic Group is a Japanese company which operates retail store selling groceries and consumer products through supermarket and discount store mainly in the Tokyo, Japan, under the brand of “Olympic”. In the last fiscal year, Olympic Group recorded revenue of THB 29,723.6 million and net profit of THB 894.2 million.

(11) Metro Retail Stores Group Inc. (“Metro”)

Metro is a Philippines-based company which operates retail store selling groceries and consumer products in Malaysia under the brand of “METRO” and operates through department store, hypermarket and supermarket across Philippines. In the last fiscal year, Metro recorded revenue of THB 19,823.1 million and net profit of THB 283.5 million.

Table: Financial summary of peers companies in Thailand and Asia Pacific

Company	Country	Market Cap. (THB Million)	Enterprise Value (THB million)	P/E (Times)			P/B (Times)			EV/EBITDA (Times)		
				Current	2021E	2022E	Current	2021E	2022E	Current	2021E	2022E
AEON Co., Ltd.	Japan	782,353.0	1,373,750.2	n/a	n/a	91.3 ⁽¹⁾	2.6	2.5	2.7	9.0	10.6	8.9
Central Retail Corporation Plc.	Thailand	197,515.3	318,308.5	n/a	284.6 ⁽¹⁾	41.4	3.5	3.7	3.5	16.9	16.2	12.2
Yonghui Superstores Co., Ltd.	China	195,861.4	332,974.4	158.1 ⁽¹⁾	36.8	23.3	2.5	1.9	1.9	n/a	21.3	16.5
Sun Art Retail Group Ltd.	China	195,242.3	169,900.8	13.2	15.4	16.0	1.5	1.4	1.3	3.9	3.9	4.2
Siam Makro Plc.	Thailand	174,000.0	178,424.6	26.2	24.5	22.0	7.2 ⁽¹⁾	7.1 ⁽¹⁾	6.4 ⁽¹⁾	14.2	14.1	13.0
Berli Jucker Public Co., Ltd.	Thailand	136,265.1	301,597.9	36.4	27.8	23.2	1.2	1.2	1.1	15.7	14.9	13.8
E-Mart Inc.	South Korea	134,440.1	296,749.3	12.4	13.9	11.8	0.5	0.5	0.5	8.5	7.9	7.5
Puregold Price Club Inc.	Philippines	76,578.0	89,254.3	13.9	13.8	12.4	3.3	1.6	1.4	7.6	7.6	7.1
AEON Co. (M) Bhd.	Malaysia	14,229.2	35,582.3	32.6	20.9	16.4	1.1	1.1	1.0	6.2	5.9	5.7
Olympic Group Corp.	Japan	5,394.9	10,422.0	6.7	n/a	n/a	0.7	n/a	n/a	6.0	n/a	n/a
Metro Retail Stores Group Inc.	Philippines	2,980.2	5,940.1	n/a	33.3	16.6	0.5	0.5	n/a	8.4	3.8	n/a
Mean				20.2	23.3	20.3	1.7	1.6	1.7	9.6	10.6	9.9
Median				13.9	22.7	16.6	1.3	1.4	1.4	8.4	9.3	8.9
25th Percentile				12.8	15.1	16.0	0.8	1.1	1.1	6.5	6.3	7.1
75th Percentile				29.4	29.2	23.2	2.6	1.9	2.1	12.9	14.7	13.0

Source: Bloomberg as of 2 August 2021

Note: ⁽¹⁾ Excluded from the calculation of statistics value since the IFA considered as an outlier

(1) Price to Earning Ratio Approach (P/E Multiples)

P/E Multiples approach is calculated by multiplying CPRD's net profit with P/E of comparable companies. The net profit used in this calculation is based on the financial projections. The IFA examines a range of value of the CPRH which corresponds to the P/E multiples in different time intervals, which are:

- 2021E Forward P/E multiples
- 2022E Forward P/E multiples

Figure: 2021E Forward P/E multiples (Times)

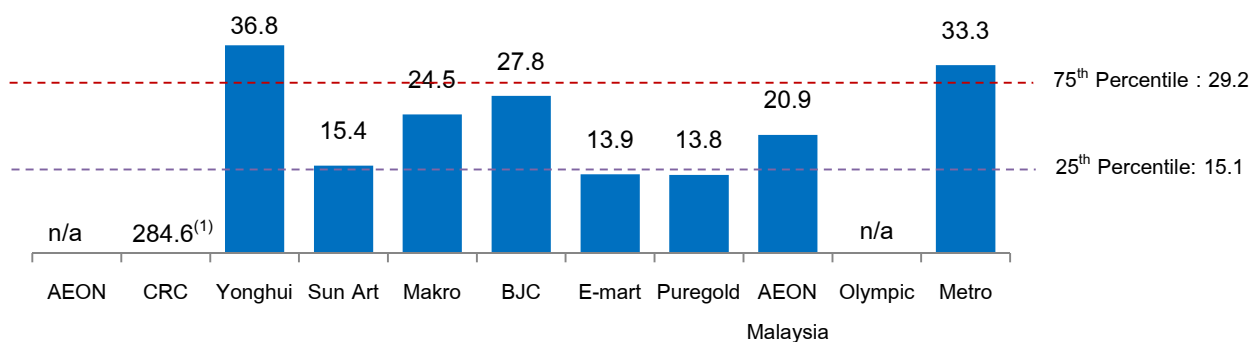
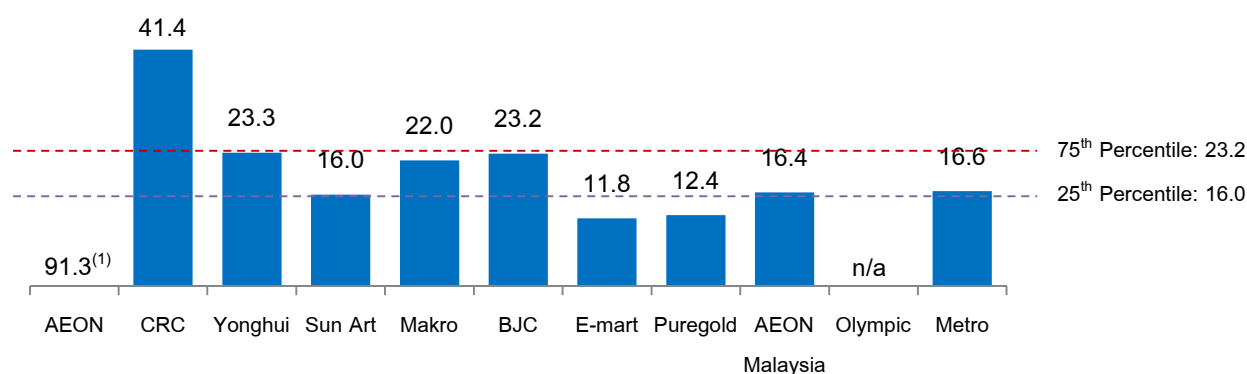


Figure: 2022E Forward P/E multiples (Times)



Note: ⁽¹⁾ Excluded from the calculation of statistics value since the IFA considered as an outlier

Summary of valuation results based on P/E Multiples

Unit: THB Million (unless specified otherwise)

	Forecast	
	2021	2022
Forecasted net profit/(loss)	(596.2)	3,008.0
25 th Percentile P/E (Times)	15.1	16.0
75 th Percentile P/E (Times)	29.2	23.2
Equity value calculated from 25 th Percentile	n/a	48,133.3
Equity value calculated from 75 th Percentile	n/a	69,655.3
Range of equity value	n/a	48,133.3 – 69,655.3
Range of share price (THB per share)	n/a	24.1 – 34.9

From the table above, the appropriate range of equity value of CPRH is calculated from 25th to 75th percentile P/E of comparable companies. In 2021, CPRD's forecasted net profit is negative and thus appropriated equity value cannot be calculated. Based on 2022 forecasted net profit, the appropriate range equity value of CPRH equals to THB 48,133.3 – 69,655.3 million or THB 24.1 – 34.9 per share.

(2) Price to Book Value Ratio Approach (P/BV Multiples)

P/BV Multiples approach is calculated by multiplying CPRD's book value with P/BV of comparable companies. The book value used in this calculation is based on the financial projections. The IFA examines a range of value of the CPRH which corresponds to the P/BV multiples in different time intervals, which are:

- 2021E Forward P/BV multiples
- 2022E Forward P/BV multiples

Figure: 2021E Forward P/BV multiples (Times)

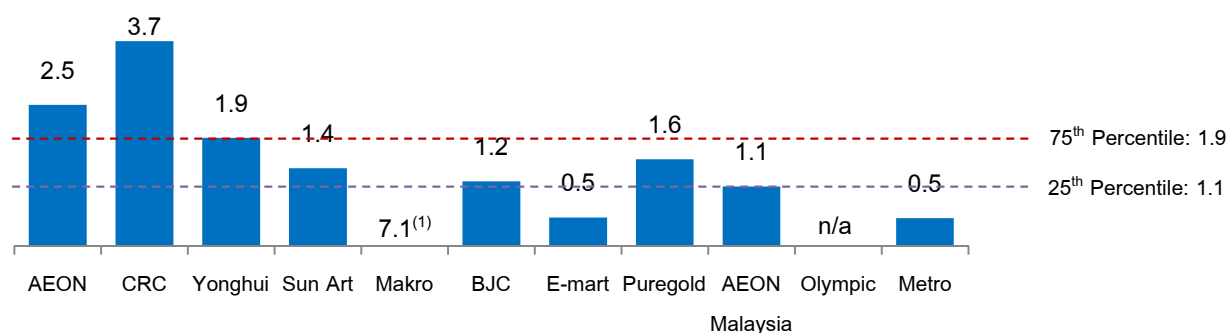
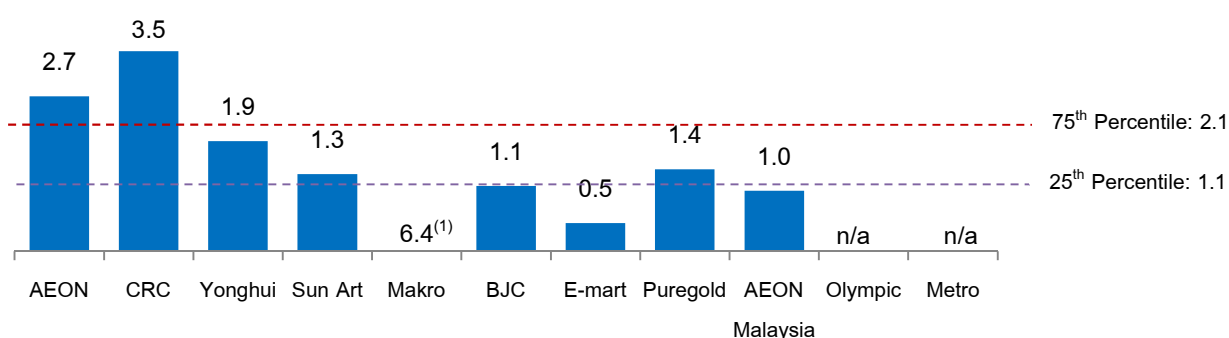


Figure: 2022E Forward P/E multiples (Times)



Note: ⁽¹⁾ Excluded from the calculation of statistics value since the IFA considered as an outlier

Summary of valuation results based on P/BV Multiples

Unit: THB Million (unless specified otherwise)

	Forecast	
	2021	2022
Forecasted book value	205,708.4	208,716.4
25 th Percentile P/BV (Times)	1.1	1.1
75 th Percentile P/BV (Times)	1.9	2.1
Equity value calculated from 25 th Percentile	219,799.5	231,049.0
Equity value calculated from 75 th Percentile	399,547.5	437,438.2
Range of equity value	219,799.5 – 399,547.5	231,049.0 – 437,438.2
Range of share price (THB per share)	110.2 – 200.3	115.8 – 219.3

From the table above, the appropriate range of equity value of CPRH is calculated from 25th to 75th percentile P/BV of comparable company. Based on 2021 and 2022 forecasted book value, the appropriate ranges of equity value of CPRH equal to THB 219,799.5 – 399,547.5 million or THB 110.2 – 200.3 per share and THB 231,049.0 – 437,438.2 million or THB 115.8 – 219.3 per share respectively.

(3) Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio

Approach (EV/EBITDA Multiples)

This method of valuation is calculated by multiplying CPRD's EBITDA with EV/EBITDA of the aforementioned peer companies to derive the enterprise value of CPRH. The IFA then adds cash and cash equivalents and deduct interest bearing debt from the CPRD's enterprise value (as reported in CPRD's consolidated financial statement as of 30 June 2021), and adds cash and cash equivalents net off with interest bearing debt of CPRH (as reported in CPRH's financial statement as of 31 December 2020) to calculate the equity value. The IFA examines a range of value of the CPRH which corresponds to the EV/EBITDA multiples in different time intervals, which are:

- 2021E Forward EV/EBITDA multiples
- 2022E Forward EV/EBITDA multiples

Figure: 2021E Forward EV/EBITDA multiples (Times)

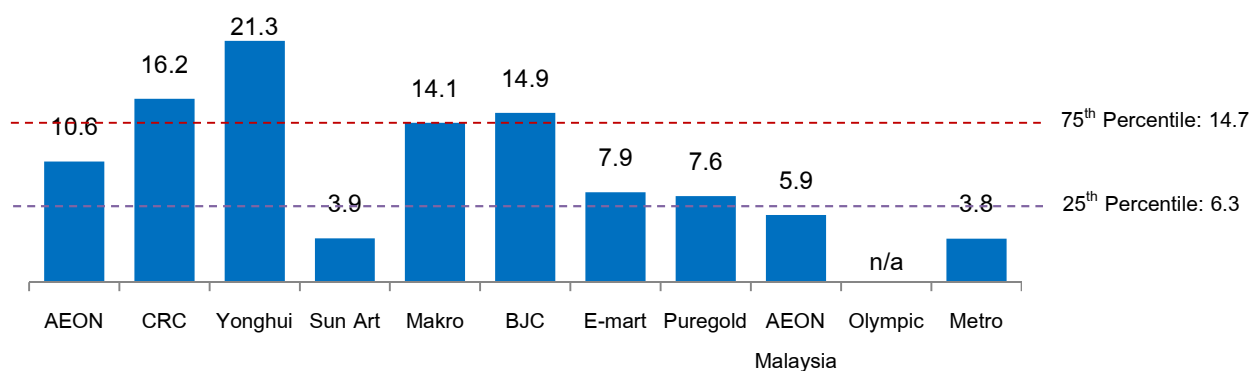
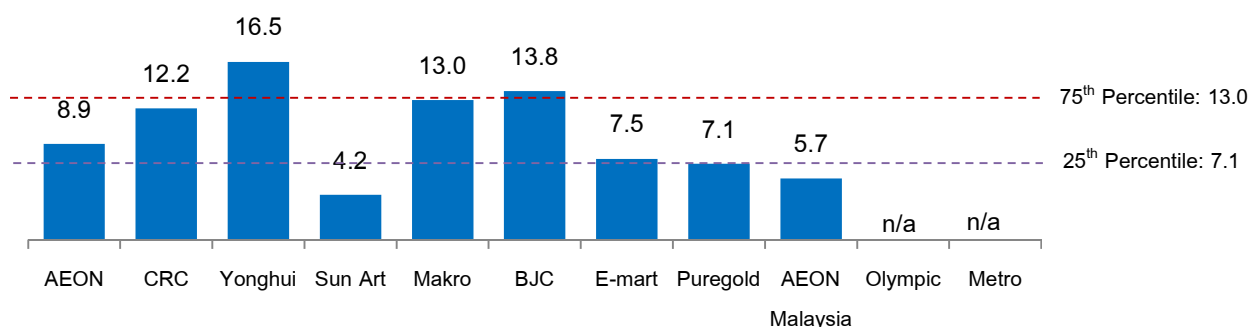


Figure: 2022E Forward EV/EBITDA multiples (Times)



Summary of valuation results based on EV/EBITDA Multiples

Unit: THB Million (unless specified otherwise)

	Forecast	
	2021	2022
Forecasted EBITDA	20,732.8	25,265.3
25 th Percentile P/BV (Times)	6.3	7.1
75 th Percentile P/BV (Times)	14.7	13.0
Enterprise value calculated from 25 th Percentile ⁽¹⁾	133,572.5	181,082.6
Enterprise value calculated from 75 th Percentile ⁽¹⁾	310,198.1	333,280.2
Equity value calculated from 25 th Percentile ⁽¹⁾	0.0	42,376.8
Equity value calculated from 75 th Percentile ⁽¹⁾	168,951.7	192,275.9
Range of equity value	0.0 – 168,951.7	42,376.8 – 192,275.9
Range of price per share (THB per share)	0.0 – 84.7	21.2 – 96.4

Note: ⁽¹⁾ Including cash and cash equivalent net off with interest bearing debt as reported in CPRH's financial statements as of 31 December 2020

From the table above, the appropriate range of equity value of CPRH is calculated from 25th to 75th percentile EV/EBITDA of comparable company. Based on 2021 and 2022 forecasted EBITDA, the appropriate ranges of equity value equal to THB 0 – 168,951.7 million or THB 0.0 – 84.7 per share and THB 42,376.8 – 192,275.9 million or THB 21.2 – 96.4 per share respectively.

5.2 Valuation of Makro

In performing a valuation of Makro, the IFA has carried out the following valuation approaches

- Book Value Approach
- Discounted Cash Flow Approach
- Market Comparables Approach
- Historical Market Price Approach

5.2.1 Book Value Approach

This approach determines Makro's share price based on the book value as reported on Makro's latest consolidated financial statement as of 30 June 2021 reviewed by a certified auditor approved by the SEC Office (KPMG Phoomchai Audit Company Limited). The detail of Makro's book value calculation can be shown as follows:

Unit: THB Million (unless specified otherwise)

Paid-up capital	2,400.0
Premium on ordinary shares	3,290.2
Deficit from changes in ownership interests in subsidiary	(20.0)
Retained earnings	
Appropriated - statutory reserve	240.0
Unappropriated	16,652.2
Other components of equity	(188.2)
Total shareholders' equity of Makro⁽¹⁾	22,374.2
<u>Less</u> Dividends	(1,920.0)
Book value after adjustment	20,454.2
Number of paid-up ordinary shares (million shares) as of 30 June 2021 ⁽²⁾	4,800.0
Book value per share (THB)	4.3

Note: ⁽¹⁾ Excluding non-controlling interests

⁽²⁾ Par value of THB 0.5 per share

According to this approach, the total shareholders' equity of Makro is THB 20,454.2 million or THB 4.3 per share. The IFA adjusted Makro's book value by deducting the interim dividend payments according to the resolution of the Board of Directors' meeting of Makro No. 6/2021 held on 10 August 2021 which Makro declared the interim dividend payment of THB 0.4 per share equivalent to THB 1,920.0 million, paid from the 6-month operating period in 2021 (from 1 January 2021 to 30 June 2021). However, The IFA did not adjust Makro's book value with the fair value of Makro's assets and liabilities since Makro did not prepare any appraisal report of its assets by independent appraiser.

Nevertheless, this book value approach only measures the accounting value of Makro at a particular point in time without taking into consideration of future operational performance, economic conditions and industry development as well as the fair value of assets and liabilities of Makro. Therefore, the IFA considers that the Book Value Approach is not an appropriate valuation method for this transaction.

5.2.2 Discounted Cash Flow Approach

Discounted cash flow approach is based on the calculation of present values of future cash flow expected to obtain from the business operation with appropriate discount rate. In performing the valuation of Makro's shareholders' equity, the IFA uses weighted average cost of capital as a discount rate to derive the present value of cash flow to the business (Free cash flow to firm) during the next 5 years, from the year 2021 to 2025. The IFA relies on public information, assumptions provided by management of the Company and Makro as well as management interview. Discounted Cash Flow Approach could reflect company business plan, profitability, future growth opportunity and future return to shareholders; hence the IFA believes that this method is an appropriate valuation approach for this transaction.

(1) Key Assumptions for Financial Projections

(1.1) Revenue

Makro's revenue consists of 1) Revenue from sale of goods and 2) Revenue from rendering of services

Revenue from sale of goods

Revenue from sale of goods can be divided into 2 parts: 1) cash and carry business, and 2) import, export and distribution of frozen and chilled products with storage and delivery services (food service business)

1) Cash and carry business

Revenue from cash and carry business in Thailand and international are derived from forecasted number of cash and carry trade centers and forecasted sales per store in each store formats

Number of stores

The historical and forecasted number of stores in Thailand and international can be summarized as follows:

	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Net number of stores expansion⁽¹⁾							
Makro - Thailand	5	3	7	35	60	85	85
Makro - International	3	1	1	4	5	6	2
Total	8	4	8	39	65	91	87
Number of store at the end of the year							
Makro - Thailand	134	137	144	179	239	324	409
Makro - International	6	7	8	12	17	23	25
Total	140	144	152	191	256	347	434

Note: ⁽¹⁾ Net number of stores expansion are number of new stores opening less closed stores

The IFA forecasts number of stores based on the management expansion plans and the historical expansion. For Makro Thailand, the management will focus mainly on expanding Fresh@Makro store which is the newly developed format mainly focusing on the sale of fresh foods to serve small and medium sized restaurants in the nearby area - in order to reduce their travel time and increase their convenience, as well as to serve big family customers which have become more likely to cook their own food.

Sales per store growth rate

The historical and forecasted sales per store growth rate can be summarized as follows:

Average sales per store growth per year (percent)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Makro – Thailand stores	3.7	0.7	2.0	2.4	6.7	5.0	5.0
Makro – International (existing stores)	13.0	3.3	(16.9)	22.0	15.0	15.0	10.0

The IFA forecasts sales per store growth rate based on current economic condition, economic outlook as well as company's business plan. In 2021, both Thailand and overseas countries continue to experience impact of COVID-19 pandemic. However, the actual performance in 2021 shows that COVID-19 pandemic has a limited impact on the performance of Makro's cash and carry trade centers in Thailand. Besides, forecasted sales per store growth rates during 2022 – 2025 are expected to grow due to the economic recovery from the effects of the COVID-19 pandemic along with the GDP growth of Thailand and overseas and inflation rate which are the economic indicator and key drivers of retail industry.

However, the average sales per store growth of new stores of Makro International are based on the management's prospect. The management expects that new stores would experience high growth rate within the first years after opening due to the process of building up customer's awareness in the areas which is in line with historical performance. The forecasted sales per stores growth rates of Makro International's new stores are as follows:

Average sales per store growth per year (percent)	Year 1	Year 2	Year 3	Year 4	Year 5
Makro – International (new stores)	-	15.0 – 25.0	12.0 – 25.0	10.0 – 12.0	5.0 – 9.0

Growth rates of revenue from a project to develop modern retailers to become smart Shohuay

Apart from cash and carry business, Makro creates a project to develop modern retailers to become smart Shohuay for new generations of Shohuay operators who want to inherit their family's retail operation to be able to strengthen their business sustainably. Makro has dedicated to helping increase competitiveness and income for retailers and providing services and advice on store management as well as providing IT platform that could potentially increase revenue of retailers. The IFA's projects incremental revenue from this project of THB 3,718 – 26,067 million per year during 2022 to 2025

2) Food service business

Apart from cash and carry business, which is the core business of Makro, food service business is another source of income of Makro under the management of Food Service Asia Pacific

and Middle East (Food Service APME) business unit. Makro has established its Food Service Business in 6 countries, including Thailand, Cambodia, Vietnam, Singapore, Hong Kong, and the United Arab Emirates. Most of the products of the food service business are premium products imported from overseas which are different from the products sold in Makro stores. Food service business particularly focuses on the HoReCa customers consisting of hotels, restaurants and catering business, high-end and full service restaurants, fast food service provider, leading hospitals, airlines and other business operators. The historical and forecasted sales growth of food service business can be summarized as follows:

Average sales growth per year (percent)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Food service business	2.7	(27.9)	26.9	17.1	5.0	5.1	5.4

The forecasted sales growth of food service business in 2021 is based on 6-month actual performance in 2021 which shows a recovery from 2020's sales which was impacted by the COVID-19 pandemic. After that, revenue from food Service business is expected to continue its recovery trend and grow along with GDP growth and inflation rates in each country.

Revenue from rendering of services

Revenue from rendering of services consists of revenue from business partners such as revenue from promotions. The historical and forecasted revenue from rendering of services as a percentage of sales revenues are as follows;

Proportion of revenue from rendering of services (percentage of total sales revenue)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Proportion of revenue from rendering of services	1.7	1.8	1.8	1.7	1.5	1.4	1.2

The forecasted revenue from rendering of services is based on the proportion of revenue from rendering of service to total sales revenue and the management's plan. With the strategy to increase the portion of fresh food and imported products sold, the management expects proportion of revenue from rendering of services to total sale revenue to gradually decrease throughout the forecasted period.

(1.2) Gross Profit Margin

The historical and forecasted gross profit margins are as follows;

Gross Profit Margin⁽¹⁾ (percent)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Cash and carry business in Thailand							
Fresh@Makro format			17.4	17.4	17.4	17.4	17.4
Other formats	9.9	10.1	10.1	10.4	10.8	11.0	11.2
Cash and carry business in Oversea	8.4	9.4	8.8	8.8	8.8	8.8	8.8
Food service business	22.00	20.3	21.4	21.4	21.4	21.4	21.4

Note: ⁽¹⁾ Excluding depreciation and amortization

The IFA forecasts gross profit margin based on the historical gross profit margin and actual gross profit margin in 2021. However, gross profit margin from cash and carry trade centers in Thailand is expected to grow according to the management's strategy to increase the portion of fresh food and imported products which have higher margin than the average. The IFA forecasts gross profit margin of Fresh@Makro format based on data from the actual performance of the first store (opened in June 2020) during April - July 2021 which represents stable performance period.

(1.3) Selling and administrative expense (SG&A)

Selling and administrative expense (SG&A)

SG&A includes employee expenses, utilities expenses, and sales and promotional expenses etc. The historical and the forecasted SG&A as a percentage of sales revenues are as follows;

Selling and administrative expense⁽¹⁾ (percentage of sales revenue)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Selling and administrative expense	7.1	6.6	6.8	6.9	7.1	7.3	7.3

Note: ⁽¹⁾ Excluding depreciation and amortization

The IFA forecasts SG&A based on the historical average and trends of each type of expenses as well as the 6-month actual performance in 2021. SG&A as percentage of sale revenue will slightly increase throughout the forecasted period due to the increasing in SG&A of Fresh@Makro which has higher SG&A as percentage of sale revenue than other formats.

(1.4) Capital expenditure ("CAPEX")

The IFA forecasts CAPEX based on management plan which includes new store expansion CAPEX in Thailand and overseas, IT infrastructure CAPEX, existing store maintenance CAPEX and business transformation CAPEX.

New store expansion CAPEX is according to the number of new store opening in each forecasted year depending on the format and size of store. New stores expansion CAPEX in Thailand are approximately THB 200.0-350.0 million per one Food service store, approximately THB 300.0 – 460.0 million per one Eco Plus store, approximately THB 100.0 – 200.0 million per one Food shop store, and approximately THB 52.0 million per one Fresh@Makro store. New stores

expansion CAPEX in overseas is approximately 70.0 – 600.0 per store depending on store format and size.

(1.5) Corporate income tax

Corporate income tax is 20.0 percent throughout the forecasted period.

(1.6) Working Capital

Working capital mainly consists of Account Receivable and Other Receivable, Account Payable and Other Payable, and Inventory. Based on the historical, the working capital assumptions are as follows;

	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Account Recievable Day (days)	1.9	1.7	1.8	1.8	1.8	1.8	1.8
Account Payable Day (days)	50.9	51.7	51.3	51.3	51.3	51.3	51.3
Inventory Day (days)	28.7	27.8	28.3	28.3	28.3	28.3	28.3

(1.7) Other assumptions

Apart from the assumptions mentioned earlier, the IFA has made other key financial assumptions as follows:

- Financial projections did not account for the synergies which may arise from the business integration between Makro and Lotus's group.
- Depreciation and amortization is calculated in accordance with the Makro's accounting policies. Assets have a useful life in the range of 2 – 50 years depending on type of asset.
- For Makro Thailand's new store expansion, source of fund consists of internal cash and short term loans from financial institution. For Makro International's new store expansion, Makro will use internal cash and loan from financial institution with average of 4-year term.

(2) Summary of forecasted financial projections

Forecasted profit and loss statement

Unit: THB Million

	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Total revenue	210,607.9	218,722.6	225,257.1	244,682.0	281,557.5	326,872.0	382,122.7
Gross profit	25,595.7	26,706.8	26,924.7	29,968.2	35,373.7	41,961.8	49,863.1
SG&A	(14,687.4)	(14,210.9)	(14,928.9)	(16,471.3)	(19,581.6)	(23,380.5)	(27,578.4)
EBITDA	10,908.3	12,495.9	11,995.8	13,496.9	15,792.1	18,581.2	22,284.6
Depreciation and amortization	(2,723.0)	(3,577.0)	(3,672.4)	(4,356.2)	(5,517.4)	(6,910.4)	(8,220.9)
EBIT	8,185.3	8,918.9	8,323.4	9,140.7	10,274.8	11,670.9	14,063.7
Finance cost ⁽¹⁾	(290.8)	(581.9)	(651.5)	(925.8)	(1,342.2)	(1,607.1)	(1,765.7)
Income tax expense	(1,710.0)	(1,812.8)	(1,534.4)	(1,643.0)	(1,786.5)	(2,012.8)	(2,459.6)

	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Net Income	6,184.5	6,524.2	6,137.5	6,571.9	7,146.1	8,051.0	9,838.4

Note: ⁽¹⁾ Finance cost net off with interest income

Forecasted balance sheet

Unit: THB Million

	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Total asset	62,641.3	74,034.2	80,160.8	97,500.7	116,400.0	136,723.9	156,876.1
Total liabilities	41,907.0	51,323.6	51,243.5	62,011.4	73,764.6	86,037.5	96,351.3
Total equity	20,734.4	22,710.5	28,917.3	35,489.3	42,635.4	50,686.4	60,524.8

Forecasted free cash flows to firm

Unit: THB Million

	6M2021 ⁽¹⁾	2022	2023	2024	2025
Operating profit after income tax expense⁽²⁾	3,886.5	7,497.7	8,488.2	9,658.1	11,604.1
Depreciation and amortization	1,889.7	4,356.2	5,517.4	6,910.4	8,220.9
Working capital and non-cash items	1,085.1	1,241.6	2,365.8	2,912.4	3,559.8
Cash flow from operating activities	6,861.4	13,095.5	16,371.4	19,480.9	23,384.8
Cash flow from investing activities	(7,157.6)	(12,744.5)	(11,820.5)	(14,194.6)	(10,991.9)
Adjusting tax shield for interest expense	(113.3)	(185.2)	(268.4)	(321.4)	(353.1)
Free cash flows to firm	(409.5)	165.8	4,282.4	4,964.9	12,039.8

Note: ⁽¹⁾ Free cash flow to firm for the 6-month period of 2021 used to derive enterprise value is the forecasted free cash flow to firm from July to December 2021 which is calculated from the forecasted free cash flow to firm in 2021 minus actual free cash flow to firm for the 6-months period ended 30 June 2021

⁽²⁾ Excluding interest income and finance cost

(3) Discount Rate and calculation of Terminal Value

The discount rate used in the calculation of net present value is 6.45 percent, which is a weighted average cost of capital (WACC) of Makro. The IFA calculated the discount rate as follows:

$$WACC = K_e[1 - (D / (D + E))] + K_d(1 - T)[D / (D + E)]$$

Where	K_e	=	Cost of equity
	K_d	=	Makro's average cost of debt during the forecasted period, which is equal to 4.91% per year
	T	=	Corporate income tax rate of 20.00 percent
	$D/(D+E)$	=	Makro's interest bearing debt to sum of interest bearing debt and equity as reported on Makro's consolidated financial statement as of 30 June 2021 which is equal to 0.72

Cost of equity (K_e) is derived from the Capital Asset Pricing Model (CAPM) as follows;

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

Where	R_f	=	The risk-free rate of 2.90% p.a. since the valuation is based on going concern basis, the IFA considers using is determined from the 49-year Thai government bond yield which is the longest on-the-run government bond (Source: Thai BMA)
	β	=	Volatility of return of Makro's comparable companies in Thailand and Asia Pacific in relation to their listed stock exchange over the 5-year period (Source: Bloomberg), adjusted by Makro's capital structure as reported on Makro's consolidated financial statement as of 30 June 2021. β is equal to 0.72
	R_m	=	Average market return from investing the SET Index since it was officially started trading, which is equal to 10.34% p.a. (Source: SET as of 18 August 2021)

The calculation of Terminal Value is as follows:

$$\text{Terminal Value} = [\text{FCFF}_{2025}(1+g)] / (WACC - g)$$

Where	FCFF_{2025}	=	Free cash flow to firm in 2025
	g	=	The long-term growth rate of cash flow after year 2025 which is equal to 1.50% based on Thailand's forecasted inflation rate
	WACC	=	The weighted average cost of capital calculated by the IFA, which is equal to 6.45%

(4) Summary of valuation using Discounted Cash Flow Approach

Unit: THB Million (unless specified otherwise)

	As of 31 October 2021
Discount rate (WACC) (percent)	6.45
The long-term growth rate of cash flow after year 2025 (percent)	1.50
Present value of Free Cash Flow to Firm (2021 ⁽¹⁾ – 2025)	16,838.7
Present value of Terminal Value	190,233.2
Enterprise value	207,072.0
Add Cash and cash equivalent ⁽²⁾	7,442.1
Less Interest Bearing Debt ⁽²⁾	(16,380.1)
Less Dividend ⁽³⁾	(1,920.0)
Equity value of Makro	196,214.0
Divided by number of outstanding share of Makro (million share)	4,800
Share Price (THB per share)	40.9

- Note:** ⁽¹⁾ Free cash flow to firm for the 6-months period of 2021 used to derive enterprise value is the forecasted free cash flow to firm from July to December 2021 which is calculated from the forecasted free cash flow to firm in 2021 minus actual free cash flow to firm for 6-months period ended 30 June 2021
- ⁽²⁾ As reported on Makro's consolidated financial statement as of 30 June 2021
- ⁽³⁾ According to the resolution of the Board of Directors' meeting of Makro No. 6/2021 held on 10 August 2021, Makro declared the interim dividend payment of THB 0.4 per share, paid from the 6-month operating period in 2021 (from 1 January 2021 to 30 June 2021).

Based on Discounted Cash flow Approach, equity value of Makro equals to THB 196,214.0 million or THB 40.9 per share

(5) Sensitivity Analysis

The IFA also conducted a sensitivity analysis to show the impact from assumptions on valuation of Makro's equity value based on the different WACCs and Terminal Growth Rates, which are the factors that have direct impact to the valuation. The sensitivity range of WACCs and Terminal Growth Rates is +/- 5.0 percent. The results from the sensitivity analysis are presented below:

Equity Value of Makro (THB million)		Discount Rate (WACC) (percent)		
		6.13	6.45	6.77
Terminal Growth Rate (Percent)	1.43	208,808.6	193,236.2	179,557.6
	1.50	212,245.2	196,214.0	182,159.5
	1.58	215,795.1	199,283.4	184,836.6

Share Price of Makro (THB per share)		Discount Rate (WACC) (percent)		
		6.13	6.45	6.77
Terminal Growth Rate (Percent)	1.43	43.5	40.3	37.4
	1.50	44.2	40.9	37.9
	1.58	45.0	41.5	38.5

According to the sensitivity analysis above, the appropriate value of Makro based on Discounted Cash Flow Approach is in the range of THB 179,557.6 – 215,795.1 million or THB 37.4 – 45.0 per share.

5.2.3 Market Comparables Approach

The Market Comparables Approach determines the value of a company under the assumption that peer companies fundamentally operating in the similar business are supposed to have comparable range of trading multiples

The valuation methods applied in the Market Comparable Approach will be performed by using market comparables as follows:

- Price to Earning Ratio Approach (P/E Multiples)

- Price to Book Value Ratio Approach (P/BV Multiples)
- Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio Approach (EV/EBITDA Multiples)

This market comparables valuation method reflects market mechanism and investors' view of the business at a particular point of time. Nevertheless, the peer companies used for comparison may vary in details of fundamental factors including accounting policy, investment policy, size of business, cost structure, sources of other income, and quality of assets and business. Since the list of comparable companies is not exhaustive, and peer companies may be different in various aspects as mentioned, the comparison is necessarily limited and merely for illustrative purposes.

The IFA selected the comparable companies in retail and wholesales industry with similar business as Makro which are listed in Thailand and Asia Pacific from SETSMART and Bloomberg which are the same comparable group as Lotus's Group according to section 5.1.3 except for Makro itself that the IFA did not include in the comparable group.

Table: Financial summary of peers companies in Thailand and Asia Pacific

Company	Country	Market Cap. (THB Million)	Enterprise Value (THB million)	P/E (Times)			P/B (Times)			EV/EBITDA (Times)		
				Current	2021E	2022E	Current	2021E	2022E	Current	2021E	2022E
AEON Co., Ltd.	Japan	782,353.0	1,373,750.2	n/a	n/a	91.3 ⁽¹⁾	2.6	2.5	2.7	9.0	10.6	8.9
Central Retail Corporation Plc.	Thailand	197,515.3	318,308.5	n/a	284.6 ⁽¹⁾	41.4	3.5	3.7	3.5	16.9	16.2	12.2
Yonghui Superstores Co., Ltd.	China	195,861.4	332,974.4	158.1 ⁽¹⁾	36.8	23.3	2.5	1.9	1.9	n/a	21.3	16.5
Sun Art Retail Group Ltd.	China	195,242.3	169,900.8	13.2	15.4	16.0	1.5	1.4	1.3	3.9	3.9	4.2
Berli Jucker Public Co., Ltd.	Thailand	136,265.1	301,597.9	36.4	27.8	23.2	1.2	1.2	1.1	15.7	14.9	13.8
E-Mart Inc.	Thailand	134,440.1	296,749.3	12.4	13.9	11.8	0.5	0.5	0.5	8.5	7.9	7.5
Puregold Price Club Inc.	South Korea	76,578.0	89,254.3	13.9	13.8	12.4	3.3	1.6	1.4	7.6	7.6	7.1
AEON Co. (M) Bhd.	Philippines	14,229.2	35,582.3	32.6	20.9	16.4	1.1	1.1	1.0	6.2	5.9	5.7
Olympic Group Corp.	Malaysia	5,394.9	10,422.0	6.7	n/a	n/a	0.7	n/a	n/a	6.0	n/a	n/a
Metro Retail Stores Group Inc.	Japan	2,980.2	5,940.1	n/a	33.3	16.6	0.5	0.5	n/a	8.4	3.8	n/a
Mean				19.2	23.1	20.1	1.7	1.6	1.7	9.1	10.2	9.5
Median				13.5	20.9	16.5	1.3	1.4	1.4	8.4	7.9	8.2
25th Percentile				12.6	14.7	15.1	0.8	1.1	1.1	6.2	5.9	6.7
75th Percentile				27.9	30.5	23.2	2.6	1.9	2.1	9.0	14.9	12.6

Source: Bloomberg as of 2 August 2021

Note: ⁽¹⁾ Excluded from the calculation of statistics value since the IFA considered as an outlier

(1) Price to Earning Ratio Approach (P/E Multiples)

P/E Multiples approach is calculated by multiplying Makro's net profit with P/E of comparable companies. The net profit used in this calculation is based on the financial projections. The IFA examines a range of value of the Makro which corresponds to the P/E multiples in different time intervals, which are:

- 2021E Forward P/E multiples
- 2022E Forward P/E multiples

Figure: 2021E Forward P/E multiples (Times)

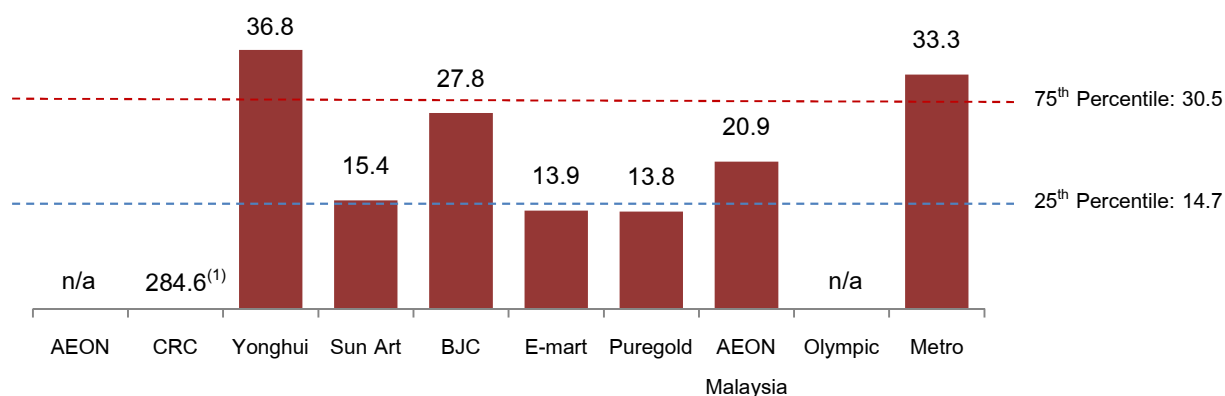
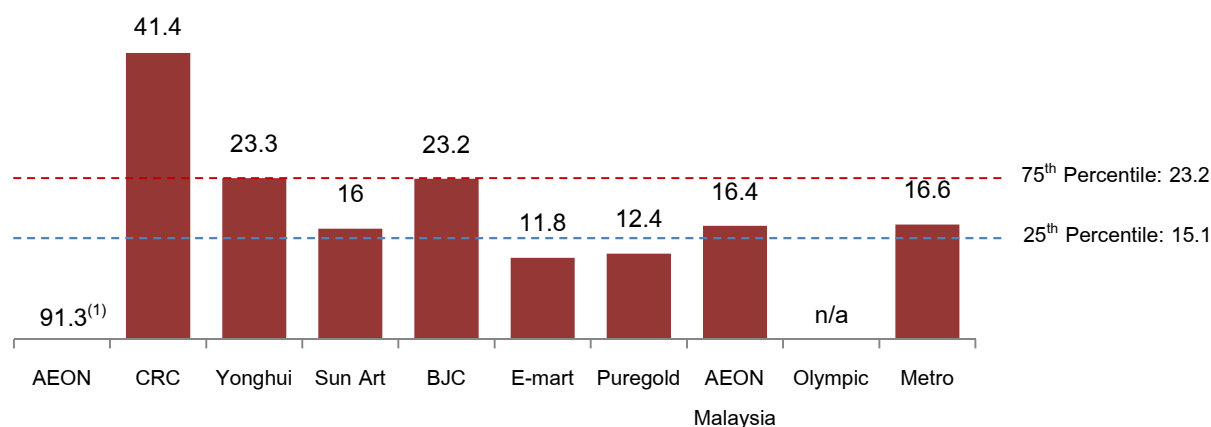


Figure: 2022E Forward P/E multiples (Times)



Note: ⁽¹⁾ Excluded from the calculation of statistics value since the IFA considered as an outlier

Summary of valuation results based on P/E Multiples

Unit: THB Million (unless specified otherwise)

	Forecast	
	2021	2022
Forecasted net profit/(loss)	6,137.5	6,571.9
25 th Percentile P/E (Times)	14.7	15.1
75 th Percentile P/E (Times)	30.5	23.2
Equity value calculated from 25 th Percentile	90,098.6	99,252.8
Equity value calculated from 75 th Percentile	187,439.5	152,502.0
Range of equity value	90,098.6 – 187,439.5	99,252.8 – 152,502.0
Range of share price (THB per share)	18.8 – 39.0	20.7 – 31.8

From the table above, the appropriate range of equity value of Makro is calculated from 25th to 75th percentile P/E of comparable companies. Based on 2021 and 2022 forecasted net profit, the appropriate ranges of equity value of Makro equal to THB 90,098.6 – 187,439.5 million or THB 18.8 – 39.0 per share and THB 99,252.8 – 152,502.0 million or THB 20.7 – 31.8 per share respectively.

(2) Price to Book Value Ratio Approach (P/BV Multiples)

P/BV Multiples approach is calculated by multiplying Makro's book value with P/BV of comparable companies. The book value used in this calculation is based on the financial projections. The IFA examines a range of value of the Makro which corresponds to the P/BV multiples in different time intervals, which are:

- 2021E Forward P/BV multiples
- 2022E Forward P/BV multiples

Figure: 2021E Forward P/BV multiples (Times)

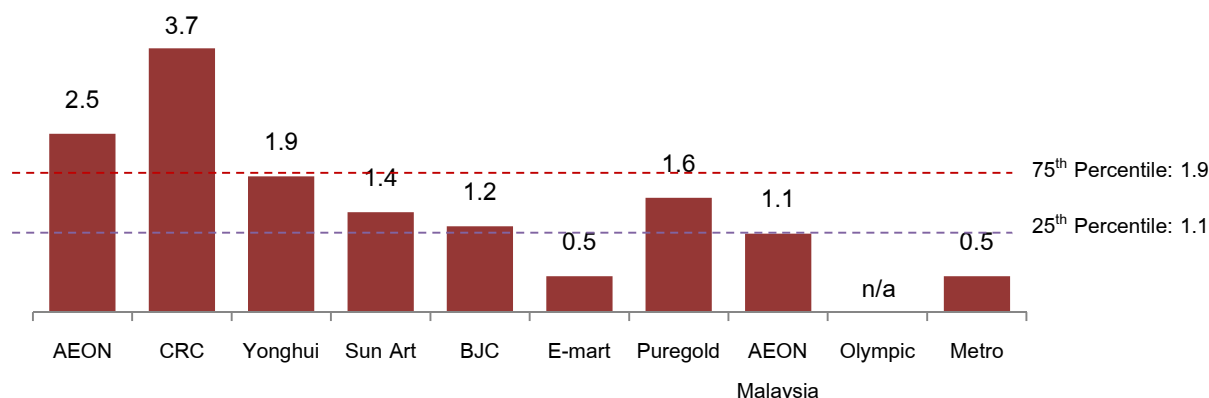
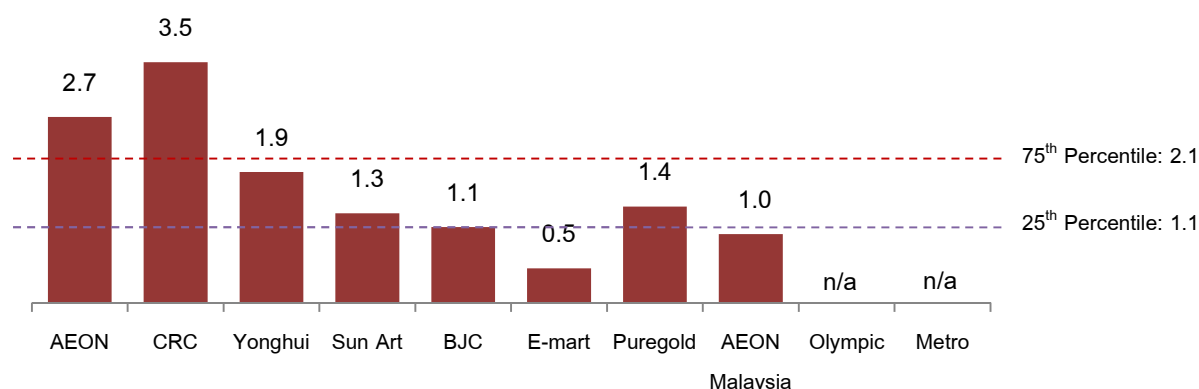


Figure: 2022E Forward P/E multiples (Times)



(P/BV) Summary of valuation results based on P/BV Multiples

Unit: THB Million (unless specified otherwise)

	Forecast	
	2021	2022
Forecasted book value	28,917.3	35,489.3
25 th Percentile P/BV (Times)	1.1	1.1
75 th Percentile P/BV (Times)	1.9	2.1
Equity value calculated from 25 th Percentile	30,941.6	39,304.4
Equity value calculated from 75 th Percentile	56,099.7	74,350.1
Range of equity value	30,941.6 – 56,099.7	39,304.4 – 74,350.1
Range of share price (THB per share)	6.4 – 11.7	8.2 – 15.5

From the table above, the appropriate range of equity value of Makro is calculated from 25th to 75th percentile P/BV of comparable companies. Based on 2021 and 2022 forecasted book value, the appropriate ranges of equity value of Makro equal to THB 30,941.6 – 56,099.7 million or THB 6.4 – 11.7 per share and THB 39,304.4 – 74,350.1 million or THB 8.2 – 15.5 per share respectively.

(3) Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio Approach (EV/EBITDA Multiples)

This method of valuation is calculated by multiplying Makro's EBITDA with EV/EBITDA of the aforementioned peer companies to derive the enterprise value of Makro. The IFA then adds cash and cash equivalents and deduct interest bearing debt from the Makro's enterprise value (as reported in Makro's consolidated financial statement as of 30 June 2021), and deducts the interim dividend payment of Makro according to the resolution of the Board of Directors' meeting of Makro No. 6/2021 held on 10 August 2021 which Makro declared the interim dividend payment of THB 0.4 per share or THB 1,920.0 million, paid from the 6-month

operating period in 2021 (from 1 January 2021 to 30 June 2021), to calculate the equity value. The IFA examines a range of value of the Makro which corresponds to the EV/EBITDA multiples in different time intervals, which are:

- 2021E Forward EV/EBITDA multiples
- 2022E Forward EV/EBITDA multiples

Figure: 2021E Forward EV/EBITDA multiples (Times)

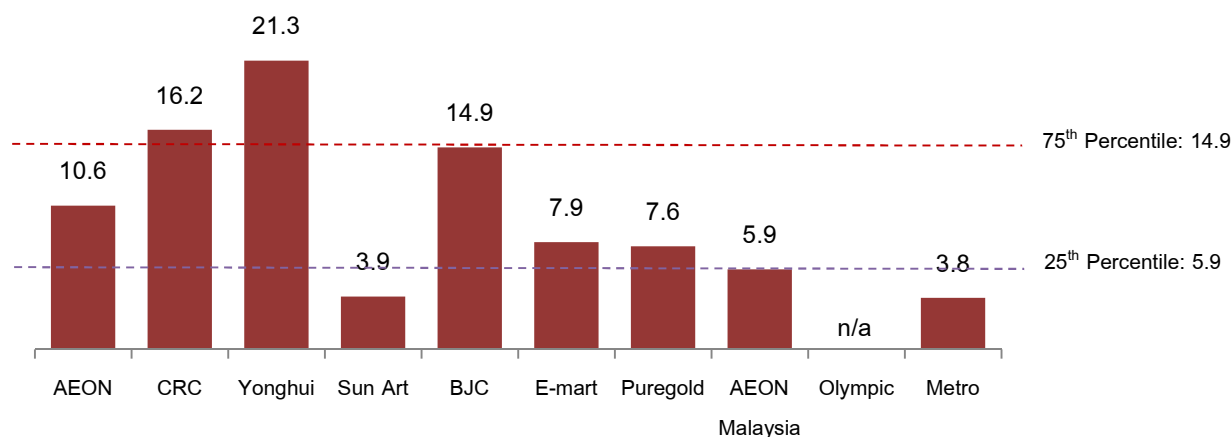
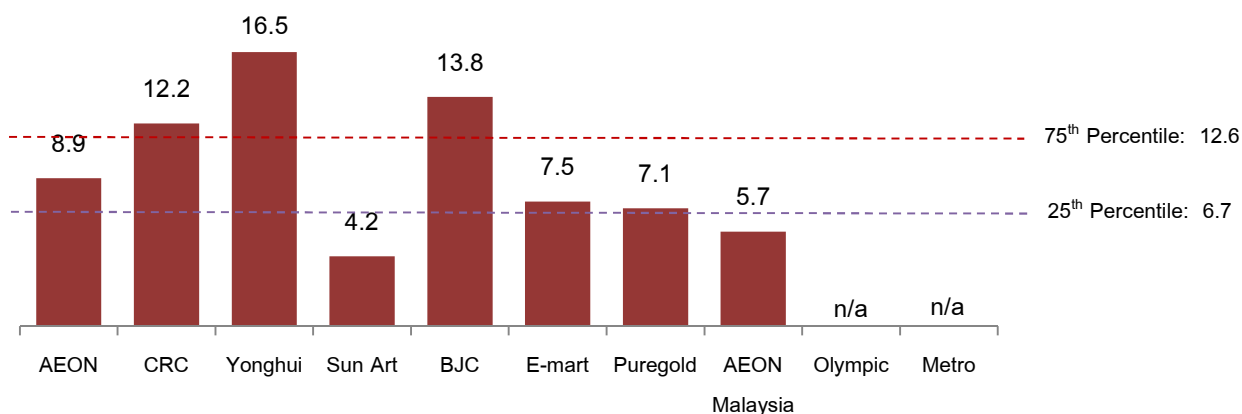


Figure: 2022E Forward EV/EBITDA multiples (Times)



Summary of valuation results based on EV/EBITDA Multiples

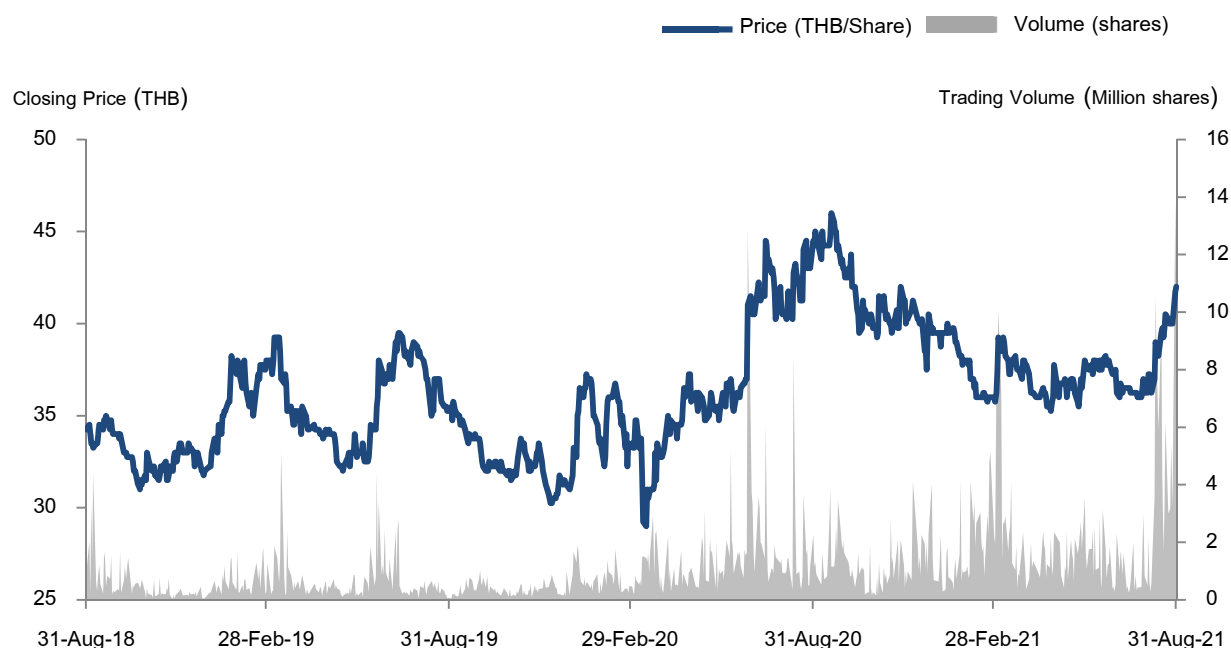
Unit: THB Million (unless specified otherwise)

	Forecast	
	2021	2022
Forecasted EBITDA	11,995.8	13,496.9
25 th Percentile EV/EBITDA (Times)	5.9	6.7
75 th Percentile EV/EBITDA (Times)	14.9	12.6
Enterprise value calculated from 25 th Percentile	71,015.1	90,631.9
Enterprise value calculated from 75 th Percentile	178,977.3	170,263.8
Equity value calculated from 25 th Percentile	60,157.2	79,774.0
Equity value calculated from 75 th Percentile	168,119.4	159,405.9
Range of equity value	60,157.2 – 168,119.4	79,774.0 – 159,405.9
Range of price per share (THB per share)	12.5 – 35.0	16.6 – 33.2

From the table above, the appropriate range of equity value of Makro is calculated from 25th to 75th percentile EV/EBITDA of comparable companies. Based on 2021 and 2022 forecasted EBITDA, the appropriate ranges of equity value equal to THB 60,157.2 – 168,119.4 million or THB 12.5 – 35.0 per share and THB 79,774.0 – 159,405.9 million or THB 16.6 – 33.2 per share respectively.

5.2.4 Historical Market Price Approach

Historical Market Price Approach reflects demand and supply of the shares traded in the SET from the investors who have already considered the information as well as the future performance of Makro. Therefore, the IFA considers that the Historical Market Price Approach is an appropriate valuation method for this transaction.



Source: SETSMART, Historical trading data in the period of 31 August 2018 to 31 August 2021

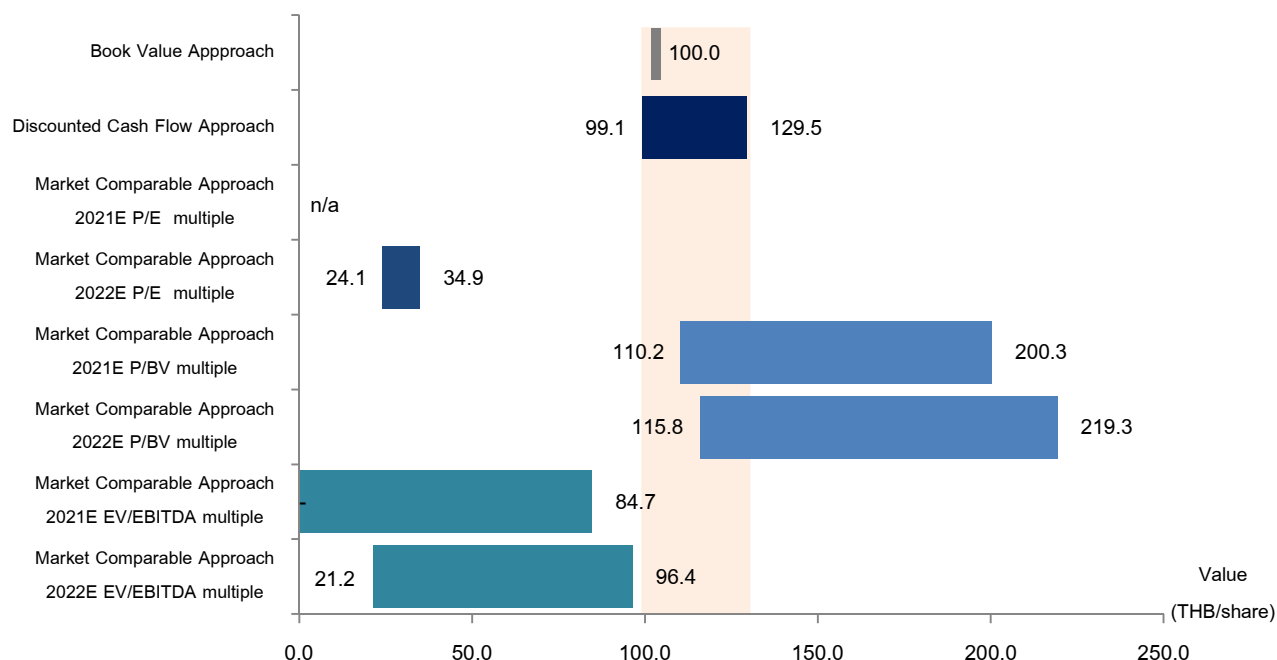
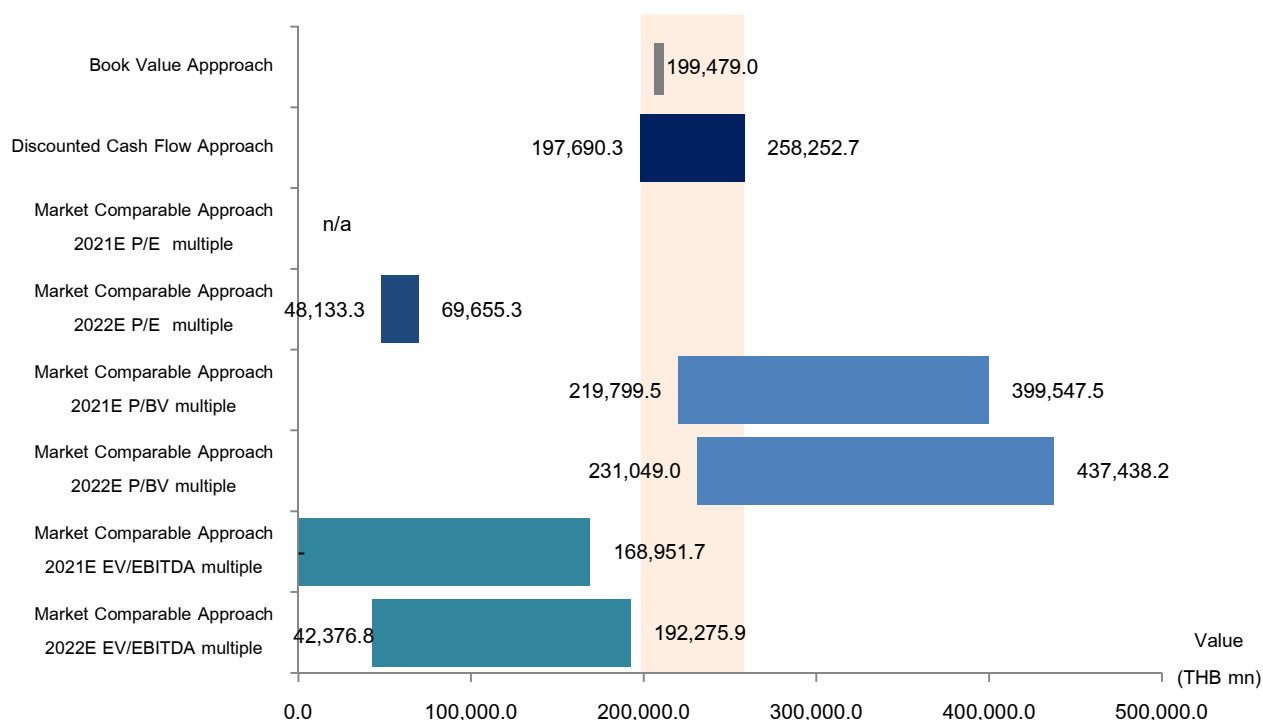
The daily closing price and daily trading volume over the past 3 years are shown in the graph above. For the Historical Market Price Approach, the IFA have considered using the 7-business day, 15-business day, 30-business day, 90-business day, 180-business day and 360-business day historical volume weighted average price of Makro until 31 August 2021, which is the last trading day prior to Makro's announcement about the transaction. The volume weighted average price of Makro in each time period are summarized in the table below.

Period of Average Market Price	Period	Volume Weighted Average Price (THB per share)
7 business days prior to the announcement	23 August 2021 – 31 August 2021	40.75
15 business day prior to the announcement	10 August 2021 – 31 August 2021	39.86
30 business days prior to the announcement	16 July 2021 – 31 August 2021	39.37
90 business days prior to the announcement	19 April 2021 – 31 August 2021	38.28
180 business days prior to the announcement	27 November 2020 – 31 August 2021	38.17
360 business days prior to the announcement	3 March 2020 – 31 August 2021	38.68

From the table above, considering the 7-business day, 15-business day, 30-business day, 90-business day, 180-business day and 360-business day historical volume weighted average prices of Makro until 31 August 2021, the range of Makro's share price is THB 38.17 – 40.75 per share or equal to equity value of TH 183,216.0 – 195,600.0 million.

5.3 Summary of valuation

Summary of Valuation of CPRH

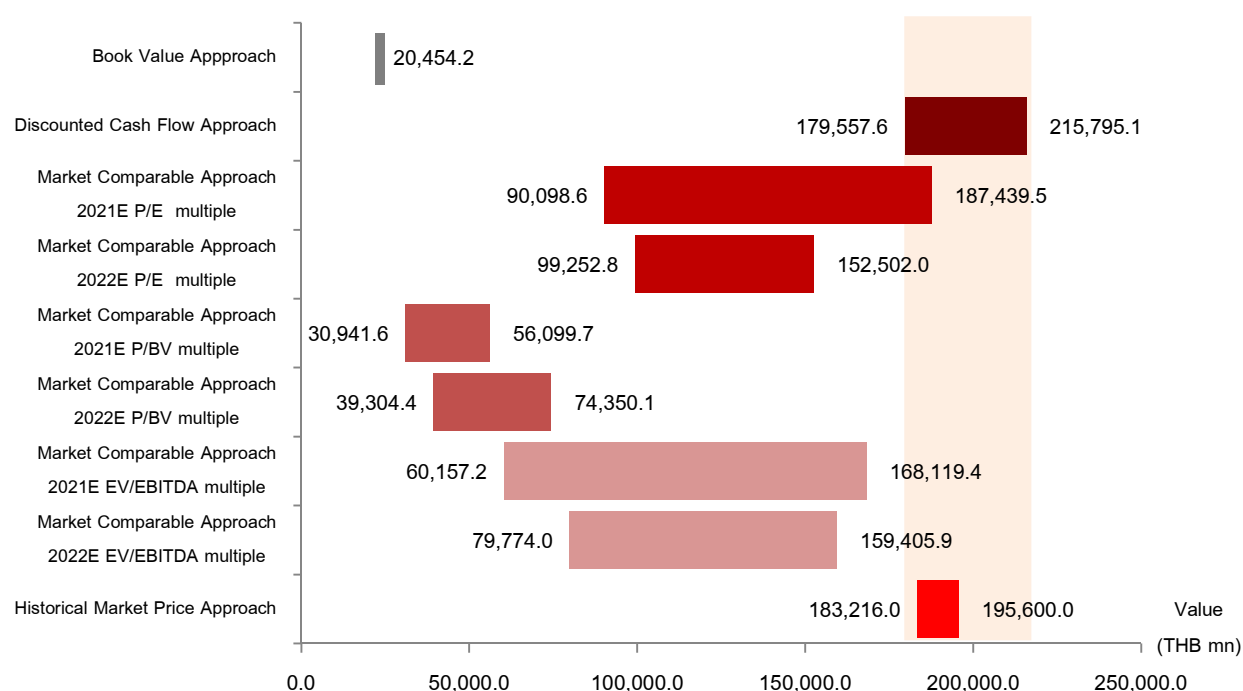


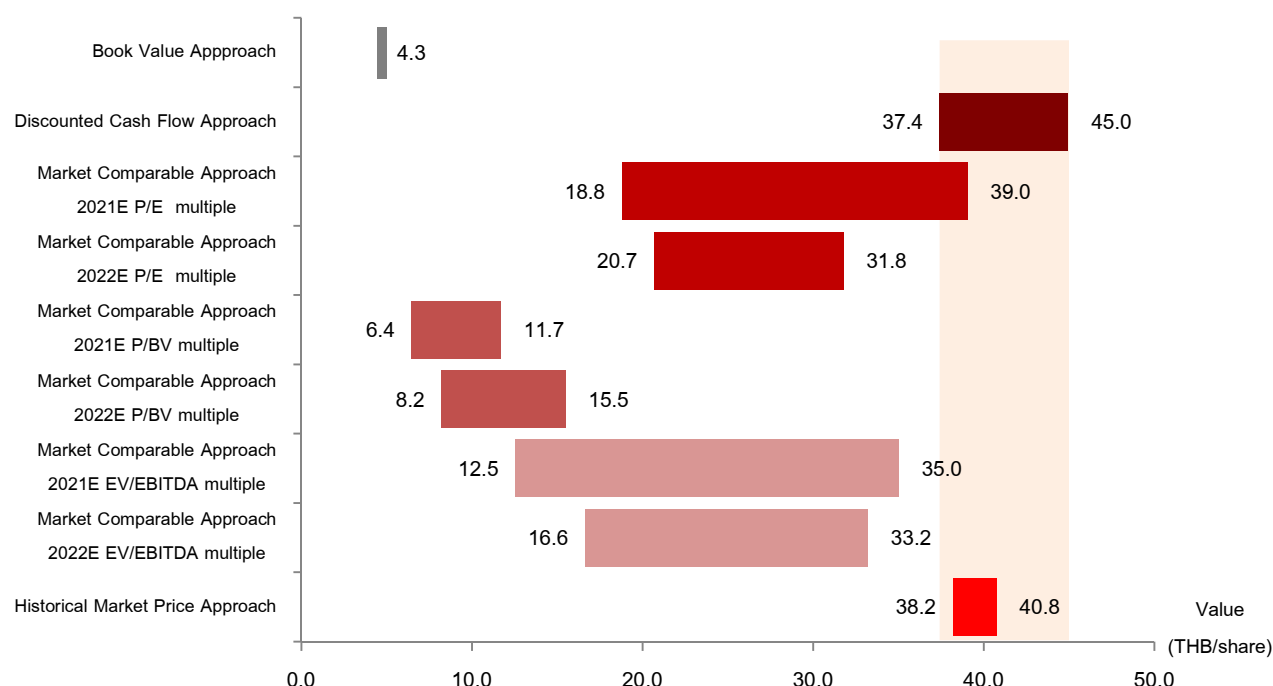
The IFA has considered using various valuation approaches as discussed in the previous section. However, Book Value Approach only measures the accounting value of CPRH at a particular point in time without taking into consideration of future operational performance, economic conditions and industry development as well

as the fair value of assets and liabilities of CPRH. Market Comparables Approach also has limitation since the peer companies used for comparison may vary in details of fundamental factors including accounting policy, investment policy, size of business, cost structure, other income, and quality of assets and business. Therefore, the IFA considers that both approaches are not appropriate valuation methods for this transaction and consider mainly on Discounted Cash Flow Approach which reflects company's business plan, profitability, future growth opportunity and future return to shareholders.

The IFA has the opinion that the appropriate value of CPRH based on Discounted Cash Flow Approach is in the range of THB 197,690.3 – 258,252.7 million or THB 99.1 – 129.5 per share.

Summary of Valuation of Makro





The IFA has considered using various valuation approaches as discussed in the previous section. However, Book Value Approach only measures the accounting value of Makro at a particular point in time without taking into consideration of future operational performance, economic conditions and industry development as well as the fair value of assets and liabilities of Makro. Market Comparables Approach also has limitation since the peer companies used for comparison may vary in details of fundamental factors including accounting policy, investment policy, size of business, cost structure, other income, and quality of assets and business. Thus, the IFA considers that both approaches are not appropriate valuation methods for this transaction. Therefore, the IFA consider performing the valuation mainly based on Discounted Cash Flow Approach which reflects company's business plan, profitability, future growth opportunity and future return to shareholders, together with Historical Market Price Approach which reflects demand and supply of the shares traded in the SET from the investors who have already considered the information as well as the future performance of Makro.

The IFA has the opinion that the appropriate value of Makro based on Discounted Cash Flow Approach and Historical Market Price Approach is in the range of THB 179,557.6 – 215,795.1 million or THB 37.4 – 45.0 per share.

5.4 Opinion of the Independent Financial Advisor on the appropriateness of Makro's number of increased shares as the consideration for the EBT transaction

From the summary of valuation of CPRH and Makro as discussed in the previous section, the IFA considers the appropriate Makro's number of increased share as the consideration for the EBT transaction calculated from the appropriate valuation range of CPRH divided by the appropriate share price range of Makro. Therefore, the appropriate number of shares to be issued by Makro as the consideration for the EBT transaction should be between 4,397.3 – 6,903.7 million shares. The number of increased shares can be summarized as follows:

Makro's number of increased shares as the consideration (million shares)		Appropriate share price range of Makro (THB per share)	
		37.4	45.0
Appropriate valuation range of CPRH (THB million)	197,690.3	5,284.7	4,397.3
	258,252.7	6,903.7	5,744.4

5.5 Opinion of the Independent Financial Advisor on the Appropriateness of the Value of the Transaction

5.5.1 Transaction 1: the Acquisition of Assets and the Connected Transaction in relation to the Acceptance of the Entire Business Transfer of C.P. Retail Holding Company Limited by Siam Makro Public Company Limited

Since Transaction 1 and Transaction 2 are related to the Entire Business Transfer between CPRH and Makro; therefore, the IFA considers the appropriateness of the value of both transactions together.

Under the EBT Transaction, Makro will issue and allocate up to 5,010,323,500 new ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totaling THB 217,949,072,250, to CPRH as consideration for the entire business transfer from CPRH as payment in kind. Since the number of new ordinary shares to be issued by Makro of 5,010,323,500 shares is in the appropriate range of 4,397.3 – 6,903.7 million shares; therefore the IFA has opined that the value of the transaction is appropriate

5.5.2 Transaction 3: the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering)

The IFA has the opinion that the appropriate value of Makro based on Discounted Cash Flow Approach, which is the most appropriate valuation method at the present, is in the range of THB 179,557.6 – 215,795.1 million or THB 37.4 – 45.0 per share.

However, the above mentioned value of Makro serves as the information to support the shareholders' decision-making on approval of this transaction only, but does not institute a basis for determination of the public offering price of Makro (which is expected to be determined later on). In general, the Public Offering price determination is usually conducted close to the offering period which is derived from the book building process with institutional investors (Book Building). Institutional investors may use several valuation approaches as deemed appropriate including the discounted cash flow approach at the time of securities offering as well as other valuation approaches such as historical market approach. Moreover, the public offering price is determined through mutual decision between the Company, Makro and the underwriters based on factors such as the securities' fundamentals, the firm value from the discounted cash flow approach and other valuation approaches, economic and industrial trends, and market condition at the time of securities offering.

Therefore, the IFA views that the appropriate method for determining the public offering price of Makro shares should be the Book Building method since the price derived can reflect demand and supply of the securities that will prevail shortly before the securities offering takes place. Thus, the public offering price of Makro determined by Book Building process, Institutional investors may use several valuation approaches as deemed appropriate including the discounted cash flow approach at the time of securities offering as well as other valuation approaches such as historical market approach offering as one of the consideration factors is considered appropriate.

Part 6 Summary of the Opinion of the Independent Financial Advisor

The IFA has studied the information of the transaction, managements' interviews, macroeconomic factors as well as the advantages, disadvantages and risks of the the transaction, and therefore the IFA has opined that entering into 3 transactions including, (1) the Acquisition of Assets and the Connected Transaction in relation to the Acceptance of the Entire Business Transfer of CPRH by Makro (2) the Disposal of Assets in relation to the Entire Business Transfer of CPRH and (3) the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering) are **reasonable** and will be beneficial to the Company and its shareholders in the long-term.

For the appropriateness of the value of the Acquisition of Assets in relation to the acceptance of the entire business transfer of CPRH by Makro) and the Disposal of Assets in relation to the entire business transfer of CPRH, since the number of new ordinary shares to be issued by Makro as consideration for the entire business transfer of 5,010,323,500 shares is in the appropriate range of 4,397.3 – 6,903.7 million shares; therefore the IFA has opined that the value of the transaction is **appropriate**.

For the appropriateness of the value of the Disposal of Assets as a result of the Offering of Shares in Makro to the Public (Public Offering), the IFA has the opinion that the appropriate value of Makro based on Discounted Cash Flow Approach, which is the most appropriate valuation method at the present, is in the range of THB 179,557.6 – 215,795.1 million or THB 37.4 – 45.0 per share. However, the above mentioned value of Makro serves as the information to support the shareholders' decision-making on approval of this transaction only, but does not institute a basis for determination of the public offering price of Makro (which is expected to be determined later on). In general, the Public Offering price determination is usually conducted close to the offering period which is derived from the book building process with institutional investors ("Book Building"). Institutional investors may use several valuation approaches as deemed appropriate including the discounted cash flow approach at the time of securities offering as well as other valuation approaches such as historical market approach. Moreover, the public offering price is determined through mutual decision between the Company, Makro and the underwriters based on factors such as the securities' fundamentals, the firm value from the discounted cash flow approach and other valuation approaches, economic and industrial trends, and market condition at the time of securities offering. Therefore, the IFA views that **the appropriate method for determining the public offering price of Makro shares should be the Book Building method** since the price derived can reflect demand and supply of the securities that will prevail shortly before the securities offering takes place. **Thus, the public offering price of Makro determined by Book Building process with which institutional investors may use several valuation approaches as deemed appropriate including the discounted cash flow approach at the time of securities offering as well as other valuation approaches such as historical market approach offering as one of the consideration factors is considered appropriate.**

In aspect of the reasonableness of the acquisition and disposal of assets and the connected transaction and the appropriateness of the value of the transaction mentioned above, the IFA recommends that the shareholders should **approve this transaction**.

However, the shareholders are advised to study the information in the attached documents submitted to the shareholders along with the invitation letter. The shareholders should also consider the reasonableness and the opinion of the IFA which is based on the assumption that the financial statements, public information, financial projection and business plan provided by management of the Company, CPRH and Makro, data that the IFA obtained from the Company, CPRH and Marko, as well as managements' interviews are correct, accurate and complete. The IFA opinion is prepared based on the current industry condition, economic condition, other external factors, and the received information as of the time of study only. If there are significant changes to the current condition/situation, the IFA opinion may be materially affected. The decision to approve or disapprove the transaction rests primarily with the shareholders.

The independent financial advisor, hereby certifies that it has provided the above opinion with due care in accordance with professional standard for the benefit of the shareholders.

Best Regards,

Independent Financial Advisor
TISCO Bank Public Company Limited

-Pitada Vatcharasiritham-

(Pitada Vatcharasiritham)

Senior Executive Vice President
Corporate Banking Group

-Manop Petdamronasakul-

(Manop Petdamrongsakul)

Head of Corporate Finance

-Komkrit Raksakulkiat-

(Komkrit Raksakulkiat)

Supervisor

Appendix

BUSINESS DESCRIPTION¹

Overview

CPRD is a leading retailer of groceries and consumer goods which has a variety of store formats as well as a leading mall operator in Thailand and Malaysia. In Thailand, through its subsidiary Ek-Chai, CPRD is a leading multichannel retailer in terms of both physical store space and market share. As of 28 February 2021, it had 2,094 stores across the country, including 219 hypermarkets, 196 supermarkets and 1,679 mini-supermarkets. CPRD's retail business in Thailand is supported by strong local supply chains and efficient distribution and logistics networks. In addition, CPRD also has strong brand equity and investment plans in the various strategic initiatives.

In addition, through its subsidiary Ek-Chai, CPRD is a leading operator of malls in Thailand in terms of number of malls. As of 28 February 2021, in Thailand it had:

- 196 malls (excluding the 23 LPF listed property fund malls described below) representing permanent net lettable area ("NLA") of approximately 715,000 m² in aggregate, occupied by CPRD's hypermarkets. 61 of these malls were owned by CPRD under freehold over land and building;
- an occupancy rate of approximately 90% at its malls based on permanent NLA; and
- a 25% interest in LPF, through its subsidiary Ek-Chai, a listed property fund that holds 23 malls across Thailand with permanent NLA of approximately 337,000 m².

CPRD also operates a leading retail store business and malls business in Malaysia through its subsidiary Lotus MY. As of 28 February 2021, CPRD operated 46 hypermarkets and 16 supermarkets across Peninsular Malaysia. Similar to CPRD's retail business in Thailand, CPRD's Malaysia retail business is supported by reliable supply chains and robust distribution and logistics networks, as well as CPRD's strong brand equity and significant investments in the various strategic initiatives discussed above.

As of 28 February 2021, CPRD's malls business in Malaysia had:

- 57 malls representing permanent NLA of approximately 296,000 m² in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title²; and
- an occupancy rate of approximately 92% at its malls based on permanent NLA.

¹ Due to rounding conventions, totals given for columns of figures in this document may not equal the sums of the individual line items contained therein.

² In Malaysia, a freehold gives the title holder the right from the Malaysian government to use the land for an indefinite period. A leasehold gives the title holder the right from the Malaysian government to use the land for a term not exceeding 99 years, which means the landowner can hold the land until the expiry of the leasehold period and, unless extended or renewed, the leasehold land will revert to the Malaysian state. Both freeholds and leaseholds are transferrable.

As of and for the year ended 31 December 2020, CPRD had revenue from sale of goods of THB 197,460 million, rental income and revenue from rendering of services of THB 11,188 million and total assets of THB 406,640 million, in each case on a pro forma basis.³

Recent Developments

Asset acquisitions from CPFT

- On 31 May 2021, CPRD entered into an agreement with CPF Trading Co., Ltd. (“CPFT”), an indirect subsidiary of CPF, through its subsidiary Ek-Chai, to purchase certain assets including equipment, IT systems and other relevant assets and information. CPRD has agreed to pay total consideration of approximately THB 862 million for these assets. CPRD plans to use such assets to support CPRD’s existing businesses.

Impact of COVID-19 pandemic

- *General impact.* Thailand and Malaysia have experienced and continue to experience multiple waves of the COVID-19 outbreak, and new variants of COVID-19 have been discovered. The COVID-19 pandemic has caused significant disruptions to global and regional economies, including the economies of Thailand and Malaysia. To curb the spread of COVID-19, the governments in Thailand and Malaysia have imposed various protective measures against the outbreak. For example, they have implemented protective measures including temporary shutdowns of operating facilities or reduced operating hours, implemented lock downs in high risk areas, implemented travel restrictions and border controls, suspended business activities, imposed rules on quarantines and social distancing and suspended major events. This has significantly affected the Thai and Malaysian economies, production and supply chains and the business operations of companies in these countries, including ours. In Thailand, the impact of COVID-19 was initially less severe than in other countries. However, the most recent wave of COVID-19 infections has severely impacted Thailand since December 2020 and has resulted in the implementation of full or partial lockdowns in several regions where CPRD’s stores and malls are located. These measures have disrupted normal business operations both in and outside of affected areas, and the resulting economic effects have had a particularly negative impact on Thailand’s travel and tourism industry, with large-scale closures of hotels, restaurants and airlines throughout the country. CPRD’s management is closely monitoring the situation and cooperating with the local governments to ensure the sufficiency of food availability and to minimise the impact on its business to the extent possible.
- *Measures undertaken by CPRD.* CPRD have taken extensive precautionary measures to protect its employees and customers from COVID-19 and the effects of the pandemic. Among many measures:

³ Unless stated otherwise, references to “pro forma” financial information for CPRD assumes CPRD acquired Lotus TH, Ek-Chai and Lotus MY effective 1 January 2019. In addition, although CPRD’s fiscal year-end is 31 December, the underlying financial statements of Lotus TH and Lotus MY have a fiscal year-end of 28 February until 28 February 2021. Therefore, the data presented herein for Lotus TH and Lotus MY are based on their respective financial years ended 29 February 2020 and 28 February 2021.

- it has implemented strict safety measures, such as regular sanitation efforts and social distancing measures, across its stores, distribution centres and offices;
 - it has provided protective equipment to its employees;
 - it has adjusted its work processes and enabled various groups within its work force to work from home in order to reduce the risk of infection without materially sacrificing operations and productivity;
 - it has provided COVID-19 insurance coverage to many of its employees who were most at risk;
 - it has provided additional assistance to its employees including cash coupons for purchasing necessary supplies from its stores; and
 - it has endeavoured to avoid layoffs and in some cases, even increased recruitment during the pandemic period. It also paid out special cash awards to certain customer-facing employees to show its appreciation for their efforts and dedication to its customers throughout the pandemic.
- *Impact on CPRD's business and further responses.* The government's protective measures against the outbreak and disruptions in Thailand and in Malaysia have had the following impact on CPRD's business:
- Government-mandated lockdowns and restrictions have affected CPRD's stores' operating hours, affected its customer traffic, and required it to adopt safety measures. CPRD's retail stores and distribution centres stayed open during lockdown periods as the Government permitted businesses selling food products to remain open. However, in Thailand, the Government prohibited the sale or display of "non-essential" goods, such as clothing, alcohol and electrical appliances, during the lockdown periods, which has negatively affected CPRD's sales of such products. The Government also implemented a COVID-19 stimulus campaign which provided financial stimulus aimed mainly at supporting traditional stores such as local "mom-and-pop" stores, rather than large-scale modern stores like ours. This has had the effect of increasing competition from such local traditional stores with CPRD's retail businesses. The Government did implement other initiatives which provided some relief for CPRD's businesses in the form of reduced social security expenses and property taxes. CPRD's retail business experienced panic buying following the announcement of lockdowns, which led to shortages of some products, exacerbated by the eventual closures of international borders which caused logistical problems for imported goods. Another effect of the COVID-19 pandemic has been to accelerate the shift in customers' shopping behaviour to online purchases due to the difficulties of physically accessing CPRD's stores during periods of lockdown or due to fears of disease. CPRD's retail business in Thailand saw a decrease in revenue from sale of goods of THB 8,364 million, or 4.9%, from THB 171,326 million in the year ended 29 February 2020 to THB 162,962 million in the year ended 28 February 2021, in part as a result of this combination of factors. However, CPRD believes these factors were partially offset by increased food sales as a result of panic buying and other factors. The government of Malaysia implemented similar prohibitions on "non-essential" goods and, depending on the severity of the outbreak in the relevant district, imposed travel distance restrictions, restrictions on inter-district or inter-state travel and trading hour.

Nevertheless, CPRD's retail business in Malaysia saw an increase in revenue from sale of goods of MYR 98 million (THB 597 million), or 2.2%, from MYR 4,542 million (THB 33,901 million) in the year ended 29 February 2020 to MYR 4,640 million (THB 34,498 million) in the year ended 28 February 2021 due to the opening of new stores and increases in demand for online shopping. CPRD believes that its compliance with safety protocols in Malaysia and the hygiene practices in its stores have helped to make customers feel confident to continue shopping at its stores during the pandemic.

- The government-mandated lockdowns resulted in closures or significantly reduced operating hours for most malls in Thailand and Malaysia at various times during the COVID-19 pandemic. This development led to a downturn in earnings for the tenants of CPRD's malls in Thailand and Malaysia, which then led to increased vacancies in its malls and stores. As of 28 February 2021, CPRD's permanent occupancy rate in Thailand had fallen to approximately 90% from an average of approximately 95% in periods before the COVID-19 pandemic. To help mitigate the impact on its tenants from the pandemic despite a decrease in occupancy rates, CPRD extended financial support through rent reductions to the tenants of its malls in Thailand, which had a negative effect on its rental income. Government stimulus programs aimed at consumers and business owners also helped improve the prospects of its tenants. Although such measures helped to ameliorate the fall in occupancy rates at CPRD's malls as a result of COVID-19, due to the new waves of COVID-19 since April 2021, as of 30 June 2021, the permanent occupancy rate in its malls in Thailand further decreased to approximately 80%.

As a result, CPRD's malls business in Thailand saw a 24.1% decrease in rental income and revenue from rendering of services, from THB 12,739 million in the year ended 29 February 2020 to THB 9,670 million in the year ended 28 February 2021. In Malaysia, CPRD's malls business was able to maintain a relatively steady fixed tenant occupancy rate of approximately 90% throughout the pandemic. However, CPRD offered significant rental waivers and discounts to its mall tenants in Malaysia. As a result, CPRD's malls business in Malaysia saw a 26.4% decrease in rental income and revenue from rendering of services from MYR 277 million (THB 2,066 million) in the year ended 29 February 2020 to MYR 204 million (THB 1,518 million) in the year ended 28 February 2021.

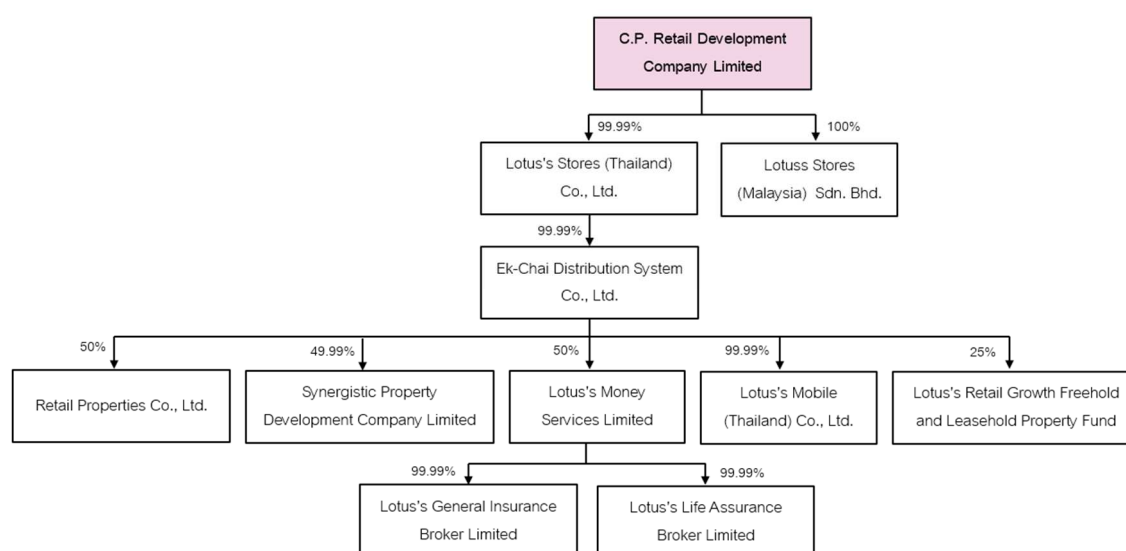
- The buying habits of CPRD's customers changed during the COVID-19 pandemic, particularly in the retail sector. In addition to being more careful with their expenses in general, CPRD's customers began to spend more on fresh food products and other grocery products, and less on non-food products, and began to prefer shopping in their neighbourhoods, avoiding big retail stores, preferring instead to shop in smaller-format stores such as supermarkets, mini-supermarkets and local "mom-and-pop" stores, and shopping online. This was magnified by Government stimulus measures which encouraged shopping at traditional stores such as local "mom-and-pop" stores, rather than large-scale modern stores, as well as, in certain cases, government restrictions on travel and movement. While this shift in retail consumer spending patterns had a negative effect on CPRD's larger format stores, it had a positive effect on its small

format stores. The aggregate contribution from supermarkets and mini-supermarkets to CPRD's aggregate revenue from sale of goods and other income relating to retail business⁴ in Thailand increased by 1.6% from THB 62,571 million in the year ended 29 February 2020 to THB 63,556 million in the year ended 28 February 2021. In response to these changes, CPRD improved its fresh food offerings particularly in its mini-supermarkets to meet this increased local demand.

- There was also increased interest from CPRD's customers in shopping online, especially during the early stages of Government-mandated lockdowns. In response to this increased interest, CPRD accelerated its online channel activity across Thailand and Malaysia to capitalise on the fast-emerging online trend during COVID-19. CPRD's revenue from sale of goods from its online segment in Thailand grew by 63.4% from THB 744 million in the year ended 29 February 2020 to THB 1,216 million in the year ended 28 February 2021. Similarly, CPRD's revenue from sale of goods from its online segment in Malaysia grew by 37.7% from MYR 122 million (THB 909 million) in the year ended 29 February 2020 to MYR 168 million (THB 1,246 million) in the year ended 28 February 2021. Since 28 February 2021, CPRD's online segment has continued to demonstrate substantial growth, with revenue from sale of goods from its online segment for the three months ended 31 May 2021 more than twice the level seen in the corresponding period of 2020.

Structure of the CPRD's Group

As of 31 July 2021, CPRD has only two direct subsidiaries, Lotus TH, the holding company for the Thai operations, and Lotus MY, the operating company in Malaysia. Lotus TH, in turn, has only one direct subsidiary, Ek-Chai, the operating company in Thailand. For further detail of CPRD's joint ventures, see "Associates and Joint Ventures".



⁴ Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.

History

Selected key milestones relating to CPRD's business are set out below:

1994	<ul style="list-style-type: none"> ● Ek-Chai opened its first store in Bangkok's Seacon Square
1996	<ul style="list-style-type: none"> ● Ek-Chai opened its first distribution centre in Wangnoi, near Bangkok
2001	<ul style="list-style-type: none"> ● Ek-Chai opened its first mini-supermarket called Express Ramindra ● Tesco and Sime Darby entered into a joint venture to form the Lotus MY business
2002	<ul style="list-style-type: none"> ● Lotus MY opened its first hypermarket store in Puchong, Selangor, Malaysia
2003	<ul style="list-style-type: none"> ● Ek-Chai launched the first Talad store opened in Phongphet, Thailand
2007	<ul style="list-style-type: none"> ● Lotus MY launched its Clubcard loyalty programme in Malaysia ● Lotus MY opened its fresh products distribution centre in Simpang Pulai, Perak, Malaysia
2009	<ul style="list-style-type: none"> ● Ek-Chai launched its Clubcard loyalty programme in Thailand ● Lotus MY opened its ambient distribution centre in Bukit Beruntung, Selangor, Malaysia
2012	<ul style="list-style-type: none"> ● Tesco Lotus Retail Growth Property Fund ("TGLF") began trading on the SET
2013	<ul style="list-style-type: none"> ● Ek-Chai and Lotus MY launched their Grocery Home Shopping ("GHS") online shopping platform, allowing customers to buy fresh produce, groceries, and general products online
2015	<ul style="list-style-type: none"> ● Ek-Chai's regional distribution centres opened in the Northeast and South of Thailand ● Lotus MY launched a strategic partnership with Lazada
2018	<ul style="list-style-type: none"> ● Ek-Chai began redeveloping its hypermarket and mini-supermarket concepts
2019	<ul style="list-style-type: none"> ● Lotus MY completed a refresh of 21 stores under its next generation program
2020	<ul style="list-style-type: none"> ● COVID-19 pandemic caused major disruption in the world economy, affecting CPRD's business in Thailand and Malaysia ● The investment in CPRD by CPALL, CPH and CPM through shareholding in special purpose vehicle, CPRH, was completed in December 2020
2021	<ul style="list-style-type: none"> ● In February, CPRD's hypermarket was rebranded under the "Lotus's" brand, and opened its first "Go Fresh" mini-supermarket ● In June, Ek-Chai also expanded coverage of its grocery home shopping online platform from 25 stores in February to 89 stores.

CPRD's Business Segments

CPRD's business comprises two main segments:

- Retail business
- Malls business

In addition, CPRD has invested in associates and joint ventures. For a description of CPRD's joint ventures, see "Associates and Joint Ventures".

The following table sets forth CPRD's revenue from sale of goods in Thailand and Malaysia for the periods indicated.

	Year Ended 28 February⁵			
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
Thailand	171,326	83.5	162,962	82.5
Malaysia ⁶	33,901	16.5	34,498	17.5
Total revenue from sale of				
goods	205,227	100.0	197,460	100.0

The following table sets forth CPRD's rental income and revenue from rendering services in Thailand and Malaysia for the periods indicated.

	Year Ended 28 February			
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
Thailand	12,739	86.0	9,670	86.4
Malaysia ⁶	2,066	14.0	1,518	13.6
Total rental income and				
revenue from rendering				
services	14,805	100.0	11,188	100.0

⁵ References to 28 February 2020 in financial and operating result table shown in this document are to 29 February 2020, as that was a leap year.

⁶ In preparing its pro forma consolidated financial statements, CPRD applied a THB to MYR exchange rate of 7.4634 and 7.4356 for the year ended 29 February 2020 and 28 February 2021, respectively.

The following table sets forth CPRD's EBITDA by main segment in Thailand and Malaysia and the total EBITDA and as adjusted for share of profit from investment in joint ventures and an associate for the periods indicated.

Business Segment	Year Ended 28 February			
	2020	%	2021	%
	(unaudited)			
	(THB millions, except percentages)			
Thailand				
Retail.....	15,745	52.4	11,135	50.1
Malls	9,804	32.6	6,412	28.9
Segmental EBITDA for Thailand....	25,549	85.0	17,547	79.0
Malaysia ⁶				
Retail.....	1,938	6.5	2,714	12.2
Malls	1,752	5.8	1,162	5.3
Segmental EBITDA for Malaysia ...	3,690	12.3	3,876	17.5
Share of profit from investment in joint ventures and an associate	815	2.7	782	3.5
Total EBITDA⁽¹⁾	30,054	100.0	22,205	100.0

Note:

- (1) EBITDA for any year is defined as profit for the year adding back depreciation and amortisation, finance costs and income tax expense. EBITDA by business segment has been calculated by allocating a portion of such expense items to each segment and also does not include share of profit from investment in joint ventures and an associate. Similarly, EBITDA by geographic segment does not include share of profit from investment in joint ventures and an associate. CPRD uses EBITDA, including EBITDA by segment, to provide additional information about its operating performance. EBITDA, including EBITDA by segment, is not a measure of financial performance under TFRS, MFRS or IFRS. CPRD believes that this measure is useful for certain investors to determine its operating cash flow and historical ability to meet debt service and capital expenditure requirements. CPRD believes the investor community commonly uses this type of financial measure to assess the operating performance of companies in its business sector. You should not consider CPRD's definition of EBITDA, including EBITDA by segment, in isolation or construe it as an alternative to profit for the year or as an indicator of operating performance or any other standard measure under TFRS, MFRS or IFRS. CPRD's definition of EBITDA and its allocation of expenses in calculating EBITDA by business segment may not be comparable to similarly titled measures used by other companies, including in the same industry.

Thailand

CPRD, through its subsidiary Ek-Chai, operates a retail business and malls business in Thailand. It is a leading multichannel retailer in terms of both physical store space and market share in Thailand. As of 28 February 2021, it had 2,094 stores across the country, including 219 hypermarkets, 196 supermarkets and 1,679 mini-supermarkets. CPRD's retail business in Thailand is supported by strong local supply chains and efficient distribution and logistics networks. CPRD's retail business has been built on its strong brand equity and proven strategy for establishing a platform for profitable growth. CPRD continues to drive growth through continuing investments, including in the following areas:

- capturing new customer segments by modernising and relaunching the new “Lotus's” brand;
- improving the quality of product offerings and services;
- modernising and renovating its stores and researching the implementation of new technologies to enhance the efficiency of CPRD's business operations and to provide more convenience to its customers;
- implementing the “Go Fresh” concept in its supermarkets and mini-supermarkets;
- expanding the geographical coverage of its stores in Thailand;
- accelerating online sales growth by leveraging its nationwide network of over 2,000 stores, including improving performance and collaborating with popular online marketplaces such as Grab, Shopee and Lazada as other points of sale; and
- launching new businesses, such as the coffee and café chain businesses “Jungle Café” and “Arabita” and vending machines and collaborating with True retail to expand our product offering.

For additional information, see “CPRD's Retail Business in Thailand – Thai Retail Initiatives.”

CPRD is also a leading operator of malls in Thailand in terms of number of malls. As of 28 February 2021, in Thailand it had:

- 196 malls (excluding the 23 LPF listed property fund malls described below) representing permanent NLA of approximately 715,000 m² in aggregate, occupied by CPRD's hypermarkets. 61 of these malls were owned by CPRD under freehold over land and building;
- an occupancy rate of approximately 90% at its malls based on permanent NLA; and
- a 25% interest in LPF, through its subsidiary Ek-Chai, a listed property fund that holds 23 malls across Thailand with permanent NLA of approximately 337,000 m².

CPRD's Retail Business in Thailand

The following table sets forth sales, by format, of CPRD's retail business in Thailand for the periods indicated.

	Year Ended 28 February			
	2020	%	2021	%
	(unaudited)			
	(THB millions, except percentages)			
Retail Sales in Thailand				
Retail stores in Thailand				
Hypermarkets	108,848	63.2	98,811	60.4
Supermarkets	20,191	11.7	21,146	12.9
Mini-supermarkets	42,380	24.6	42,410	25.9
Online channel	744	0.5	1,216	0.8
Total retail sales in Thailand	172,163	100.0	163,583	100.0
(Less) Other income relating to retail business ⁷	(837)		(621)	
Revenue from sale of goods	171,326		162,962	

Thai Retail Stores

CPRD operates three types of brick-and-mortar stores in Thailand: “H-Stores” hypermarkets, “Go Fresh” supermarkets and “Go Fresh” mini-supermarkets.

- *H-Stores* — CPRD’s H-Store hypermarkets are one-stop shopping complexes with a particular emphasis on fresh foods and groceries, with sales floor areas around 2,000 to 7,000 m², with an average sales floor area of approximately 4,500 m². According to Euromonitor, CPRD is, by a significant margin, the leading hypermarket chain in Thailand. CPRD’s hypermarkets’ value proposition is to be a destination for fresh food and dry grocery – food products, but also with full coverage of dry grocery – non-food products, in particular health and beauty products, household products and baby products, home and living products, appliances and apparel. The hypermarkets cater to a broad spectrum of customer needs including top-up needs, “big basket” routine purchases and stock-up needs. These larger-format stores will also be key elements in CPRD’s online integration initiative, as they can serve as fulfilment hubs as well as showrooms for products that will be sold only through online channels. The value proposition of CPRD’s hypermarkets lies in its ability to offer consistently competitive pricing on its products – an “Everyday Low Price” – that appeals to its target customers.

For the year ended 28 February 2021, CPRD’s hypermarkets had aggregate revenue from sale of goods and other income relating to retail business⁸ of THB 98,811 million, which accounted for 60.4% of its

⁷ Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD’s retail business.

⁸ Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD’s retail business.

overall retail sales in Thailand. For the year ended 28 February 2021, the product breakdowns of H-Stores sales were 53.3% from dry grocery, 17.4% from fresh food, 14.3% from general merchandise, 5.5% from apparel and 9.5% from liquor and tobacco products. CPRD believes that more than half of Thailand's population lives within a 25-minute driving distance from a CPRD H-Store.

- **“Go Fresh” Supermarkets** — As part of CPRD's rebranding initiative, CPRD is in the process of rebranding its former “Talad” supermarkets to “Go Fresh” supermarkets. Its supermarkets are mid-sized stores ranging in sales floor area from 500 to 1,500 m², with an average sales floor area of approximately 725 m² that are mainly located in busy commercial areas or smaller rural towns. They were developed as local neighbourhood stores where customers can regularly shop for groceries as well as other products. The focus of these supermarkets is to provide customers with quality fresh food and dry grocery - food products, and a wide selection of dry grocery – non-food products, in particular health and beauty products, and household and baby products. The supermarkets primarily cater to customers who shop to top-up or stock-up. These mid-sized stores will also play a key part in CPRD's online initiative.

For the year ended 28 February 2021, CPRD's supermarkets had aggregate revenue from sale of goods and other income relating to retail business⁹ of THB 21,146 million, which accounted for 12.9% of its overall retail sales in Thailand. For the year ended 28 February 2021, the product breakdowns in terms of sales were 60.8% from dry grocery, 31.5% from fresh food, 3.6% from liquor and tobacco products, 3.3% from general merchandise and 0.8% from apparel.

- **“Go Fresh” Mini-supermarkets** — As part of CPRD's rebranding initiative, it is in the process of rebranding the former “Tesco Lotus Express” to the new “Lotus's Go Fresh” mini-supermarkets. Its mini-supermarkets typically have small footprints with sales floor area ranging in size from 150 to 400 m², with an average sales floor size of approximately 170 m². CPRD plans for its mini-supermarkets to be the main future growth driver for its retail business in Thailand. As of 28 February 2021, CPRD was one of the largest mini-supermarket operators in Thailand, and it plans to open approximately 700 additional mini-supermarkets by the end of 2023. CPRD currently operates its mini-supermarkets in a wide range of locations, from residential and commercial areas to gas stations, providing convenience and accessibility to customers. The focus for the mini-supermarkets is to provide a wide selection of fresh food and dry grocery – food products, together with non-food essentials. The mini-supermarkets primarily cater to customers who shop for daily cooking and top-up needs but increasingly play an important role in online sales as well, particularly for on demand delivery. CPRD is also concentrating on placing more of its new Jungle Cafés in its mini-supermarkets to increase foot traffic and attract more customers.

⁹ Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.

For the year ended 28 February 2021, CPRD's mini-supermarkets had aggregate revenue from sale of goods and other income relating to retail business¹⁰ of THB 42,410 million, which accounted for 25.9% of its overall retail sales in Thailand. For the year ended 28 February 2021, the product breakdowns of the sales were 63.1% from dry grocery, 22.3% from fresh food, 11.9% from liquor and tobacco, 2.2% from general merchandise and 0.5% from apparel.

The following table sets forth the number of stores, by type, for CPRD's retail segment in Thailand as of the dates indicated.

Number of Stores	As of 28 February	
	2020	2021
Hypermarkets.....	215	219
Supermarkets.....	178	196
Mini-supermarkets	1,595	1,679
Total.....	1,988	2,094

Online Channel

In addition to its offline retail business, CPRD serves customers in Thailand through its online channel by leveraging its extensive hypermarkets network as fulfilment hubs.

CPRD's online channel serves customers who want a convenient way to shop for groceries. Its online retail platform, the GHS platform serve as fulfilment hub and allows customers to order online from 89 of its hypermarkets as of June 2021. CPRD's GHS platform allows customers to either order and pick-up at the store, or to arrange for next-day delivery service. In addition to GHS, CPRD has historically partnered with third-party marketplaces such as Shopee, Lazada and Happy Fresh, and more recently during the COVID-19 pandemic, with Grab and Food Panda to offer its products on their separate online platforms. Customers are able to order CPRD products on these marketplaces, and the marketplace will deliver those products to customers on-demand and within 1-2 days of ordering. In order to better serve this expanding online channel, CPRD is currently upgrading its IT system. The new IT infrastructure, which is expected to be in place by mid-2022, will support CPRD's online catalogue to cover the product offerings from over 2,000 stores in all store formats.

In addition, CPRD will leverage its extensive network of its hypermarkets to be used as fulfilment hubs by expanding from 89 hypermarkets in June 2021 to over 200 hypermarkets clusters nationwide, with 40 to 45 clusters located in the greater Bangkok area, and to leverage its 2,000 stores for both on-demand and next-day deliveries for CPRD's online business. Once this enhanced IT infrastructure is in place, CPRD will be able to fully leverage its nationwide footprints in Thailand to provide an effective combination of on-demand and next-day online

¹⁰ Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.

service to its customers. In addition, the new infrastructure will cover a significant upgrade across key operating systems including customer application, order management system, picking system and transport management system. The new IT system will also implement a new application that provides personalised customer experiences and is easier for customers to use. For the year ended 28 February 2021, CPRD's had revenue from sale of goods from its online segment in Thailand of THB 1,216 million, which accounted for 0.8% of CPRD's overall retail sales in Thailand. Since 28 February 2021, CPRD's online segment has continued to demonstrate substantial growth, with revenue from sale of goods from its online segment for the three months ended 31 May 2021 more than twice the level seen in the corresponding period of 2020.

Thai Retail Initiatives

CPRD is committed to improving and expanding its retail store business in Thailand with the following initiatives:

- *Modernise and relaunch “Lotus’s” brand.* Since the separation of Lotus TH, Ek-Chai and Lotus MY from their former parent company Tesco, and under the new ownership and management of CPRD, it has launched an initiative to modernise and relaunch the “Lotus’s” brand and to distinguish it from the “Tesco Lotus” brand previously operated by Tesco. CPRD believes this initiative will attract and capture new customer segments, particularly younger customers. Its brand modernisation efforts include adopting new colourful logos on our store signs and publicity materials, researching the implementation of technologies to enhance the efficiency of CPRD's business operation and to provide more convenience to customers, strengthening online channel sales and introducing a new loyalty scheme. CPRD's goal is to rebrand all of its hypermarkets to the “Lotus’s” brand by the end of 2022 and to continue evolving the format to better fit customers in different regions across Thailand.
- *Improve product offerings and services.* CPRD believes that the main draw of its retail business is the high quality and wide range of products that allow its stores to serve as one-stop-shop destinations. In particular, CPRD's fresh food strategy emphasizes regional sourcing from local vendors, direct delivery to stores to ensure freshness and quality, and offering of a wide range of fresh foods in all of our store formats to meet a broader spectrum of customer needs. CPRD also invests in developing more private label products for the Thai retail market, which it believes offer more options to customer for value-for-money products. Other product lines that CPRD is improving include health, beauty and wellness products and home appliances. In addition to improving its product offerings, CPRD is committed to refining other ancillary aspects of its stores to improve the overall shopping experience. These include ensuring cleanliness and safety of its stores, quick restocking and shelving of products, in-store support and product recommendations and implementing convenient technology such as self-checkout machines.
- *Modernise and renovate its stores.* CPRD is renovating its hypermarkets to better adapt to the changing needs and demands of its customers. It is currently downsizing the store floor in its hypermarkets for apparel and hardware and expanding fresh food and cooking sections to meet increased demand for such products. CPRD is also implementing new technologies and IT system to improve its customers' shopping experience and to improve store efficiency. The goal of renovation and upgrading all of its hypermarkets is to increase business efficiency and to provide more convenience to customers.

- *Implement “Go Fresh” concept.* CPRD is also rebranding its Talad supermarkets to “Go Fresh” supermarkets and its Tesco Lotus Express to “Lotus’s Go Fresh” mini-supermarket. This effort includes repurposing its store space. The “Go Fresh” concept will be a key element in our “Winning with Fresh” strategy. CPRD’s Go Fresh stores will focus on fresh food offerings in both loose and packaged form, and uniquely position themselves as close-to-home stores for convenient and quick shopping for fresh food products.
The Go Fresh stores will have an enhanced look and feel akin to a “modern wet market” concept, and will offer quality fresh food products to serve the daily cooking and household needs of customers.
- *Mini-supermarkets of CPRD.* The mini-supermarkets will have a wider selecting of grocery products than normal convenience stores, and CPRD aims to enhance the customer experience through the addition of Jungle Café kiosks and mobile shopping services. Smaller stores that can be optimised to accommodate increased store capacity will be upgraded and rebranded as “Lotus’s Go Fresh” mini-supermarkets. Currently CPRD plans on implementing the “Go Fresh” concept, under which it aims to complete the rebranding of approximately 1,000 stores in Thailand by the end of 2021 and of the remaining stores in Thailand by the end of 2022. As of 31 July 2021, CPRD has rebranded 343 stores to the “Go Fresh” concept.
- *Expand geographic coverage.* In comparison, traditional trade has a high penetration rate throughout the country, including areas where it does not have stores. Therefore, in order to reach and serve more customers, as well as to improve its fulfilment capabilities, CPRD plans to develop stores where it currently does not have a presence. Under this store expansion plan, CPRD aims to open an average of 4 to 6 new hypermarkets, 10 new supermarkets and 250 mini-supermarkets per year over the next three years.
- *Accelerate online sales by leveraging its strength in nationwide physical footprint.* With its GHS online platform, CPRD aims to expand its online offerings beyond the current coverage through 89 hypermarket stores in the Bangkok area to over 2,000 stores across the country by the end of 2022, including all of its mid and small-sized stores with the “Go Fresh” format. The expansion will enable retail customers in Thailand to receive their online purchases on an on-demand, next-day, and click-and-collect basis nationwide. The new GHS online platform will be enhanced through CPRD’s on-going IT initiative, encompassing significant upgrades to customer applications, ordering management system, picking system, and transport management system. In addition, CPRD will continue to work with leading marketplace partners such as Shopee, Lazada, Grab, and Food Panda to complement CPRD’s online channel.
- *Launch new businesses to enhance the store experience.* CPRD believes that F&B can drive foot traffic to its stores. As an initial strategy, CPRD has decided to capitalise on customers’ growing interest in coffee shops by making its new Jungle Café and Arabitia coffee shops a key part of its store experience. CPRD believes that its high-quality, good-value coffee products, sold through its coffee shops in various formats at its retail spaces, will entice people to shop with it. CPRD’s current plan is to place Jungle Café

counters, shops-in-shop or shop-front spaces in its mini-supermarkets and supermarkets, or even placing standalone Arabitua coffee shops in its hypermarket premises. In addition to coffee, CPRD is looking at developing other F&B retail dining concepts to attract customers to its stores. Furthermore, CPRD intends to leverage its partnership with True to enhance the electronic products offerings in its stores as described under the general merchandise segment below.

Thai Retail Products

A key factor for the success of CPRD's Thai retail business is the variety of products offered in its stores. CPRD's main products categorised as Fresh Food, Dry Grocery – Food, Dry Grocery – Non-Food, General Merchandise, Liquor & Tobacco and Apparel. CPRD sells a wide range of leading global and domestic brands alongside a significant number of local SME brands and an extensive range of its private label products, the details of which are set out below:

- *Fresh Food* — Fresh food is the core of all of CPRD's product ranges and the fastest growing category in its retail business. CPRD's fresh food product range comprises meat and seafood (pork, poultry, beef, egg, fish, shrimp), vegetable and fruit, dairy (fresh milk, yogurt and cheese), egg, ready-to-cook and ready-to-eat, bakery, and frozen food (ready-to-cook and ready-to-eat frozen meals and ice cream). CPRD strives to serve high quality fresh food products to customers at affordable prices. It carefully sources and sells products made to the highest quality to ensure that all of its products are safe and comply with all applicable laws and regulations. CPRD leverages its supply chain to help build better relationships and strengthen its capability to source directly from farmers and local suppliers. It extensively develops a value-added range for fresh foods to serve its customer's needs, such as marinades and ready-to-cook and ready-to-eat meals, as well as new innovations such as plant-based meats.
- *Dry grocery – Dry grocery covers both dry food and dry non-food products.*
 - Dry food products comprise cooking essentials (cooking oil, sauce, seasoning), beverages (water, soft drink, juice, coffee, tea), staple food (rice, noodle, grain), shelf-stable and plant-based milk, baby (milk powder and food), confectionery (biscuit, snack, candy), food supplements, canned food and baking needs. CPRD's curated range of dry food products caters to a wide range of key customer needs across its different channels, price ranges, brands and imported goods. CPRD collaborates closely with global suppliers to serve its customers and expand the product categories. It develops strong relationships with local suppliers to develop new products to enhance its offering and strengthen its points of differentiation.
 - *Dry non-food* products include health and beauty (shampoo, soap, toothpaste, lotion, cosmetics, pharmacy), household (laundry detergent, fabric softener, dishwash detergents, floor cleaners, insecticides), paper (toilet tissue, kitchen roll, facial tissue, feminine hygiene and adult diapers), baby (diapers and accessories), pet food and accessories and religious products. With this category of products, CPRD aims to offer an extensive range that includes all leading brands. CPRD purchases these products directly from the manufacturers. It has strong partnerships with

a wide range of global vendors in the dry non-food segment that can help it deliver value for its customers.

- *General Merchandise* — General merchandise covers a wide group of categories including home products such as toys, stationery, sports equipment, bath, bedding, furniture, luggage, plastic storage, home cooking, automotive, lighting and do-it-yourself (“DIY”) home improvement. CPRD offers quality items for everyday use, and, in categories in which leading brands do not have a product offering, offers its private label products. CPRD is therefore able also to differentiate and add value through its private label products. It will be focusing its efforts on offering its home cooking products to align with its overall food product offerings and on repurposing more of the floor space at its stores to optimise sales and follow customer trends. General merchandise also includes electrical products such as televisions, major domestic appliances (refrigerators, washing machines), small domestic appliances (rice cookers, electric cookers, fans, air conditioning, kettles, toasters, irons, vacuum cleaners, hair dryers). CPRD will be partnering with True to offer mobile phones, SIMs, phone accessories as well as internet-connected home products such as smart lights, electrical outlets and thermostats. It is also developing with True a “digital health corner” experience through which customers can have an online consultation with a doctor in its stores.
- *Liquor and tobacco* – CPRD offers a wide range of local and imported beer, wines, spirits and cigarettes with customised ranges and varieties for different groups of stores.
- *Apparel* — Apparel products include everyday clothing, focusing on essentials and comfortable clothing for all members of the family.

In addition to third-party national brands, CPRD offers thousands of private label products across all categories. CPRD’s current brands follow three tiers:

- “Lotus’s” – this is its core brand, which applies to a wide range of products that offer high quality at affordable prices;
- “Khumka” – an entry-level brand for essential products that are fit-for-purpose at very affordable prices; and
- “Prestigo” – this is its premium brand for high-quality products at reasonable prices, particularly for food-inspired and kitchen-related products.

CPRD is currently in the process of transitioning away from the “Tesco” brands previously used when it was part of Tesco and replacing those legacy private label products with the new brands described above. CPRD recently completed the transition to “Lotus’s” brands in its fresh food category. CPRD will launch a broader private label initiative to create strong brand awareness with customers in August 2021, which it expects will be followed by a full conversion to its new brands in all of its non-food product categories by the end of 2021.

CPRD is also developing products under newer brands across more categories, such as “Momento” for home lines, “Aliv” for health and beauty, and “MeStyle” for apparel.

For the year ended 28 February 2021, CPRD's private label products constituted more than 20% of revenue from sale of goods in Thailand. For developing its private label products, CPRD selectively targets a product category that has a sizeable market, high growth potential with several existing brands and readily available opportunities for distinguishing its products.

CPRD plans to strengthen its general products offerings in its Thai retail segment as well as healthy foods and other health-related items aimed at customers who are increasingly health-conscious. It also intends to unify its product strategy with its retail business in Malaysia in order to cross-market private label products and jointly source products. CPRD's goal is to align its products and categories across Thailand and Malaysia and provide a unified product line without compromising the needs specific to each market.

The following table sets forth sales revenues, by product type, of CPRD's retail business in Thailand during the periods indicated.

	Year Ended 28 February			
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
Retail Sales in Thailand				
Dry grocery	98,565	57.3	92,985	56.9
Fresh food	31,757	18.4	33,425	20.4
General merchandise	18,383	10.7	16,035	9.8
Liquor and tobacco	15,669	9.1	15,251	9.3
Apparel	7,767	4.5	5,881	3.6
Delivery income and others ¹¹	22	0.0	6	0.0
Total retail sales in Thailand	172,163	100.0	163,583	100.0
(Less) Other income relating to retail business ¹²	(837)		(621)	
Revenue from sale of goods	171,326		162,962	

¹¹ Primarily represents delivery income.

¹² Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.

Thai Retail Customers

CPRD's retail customers in Thailand span a variety of age groups, income demographics and household sizes. CPRD believes that its primary strengths in attracting customers include:

- customers' perception of its products as offering significant value-for-money;
- the public's trust in its brand; for instance, in 2021, CPRD under Lotus's brand was voted as the second most trusted grocery store brand in Thailand, according to a consumer survey on brand image by Ipsos (Thailand) Company Limited; and
- its dedication to customer service and engagement with local communities.

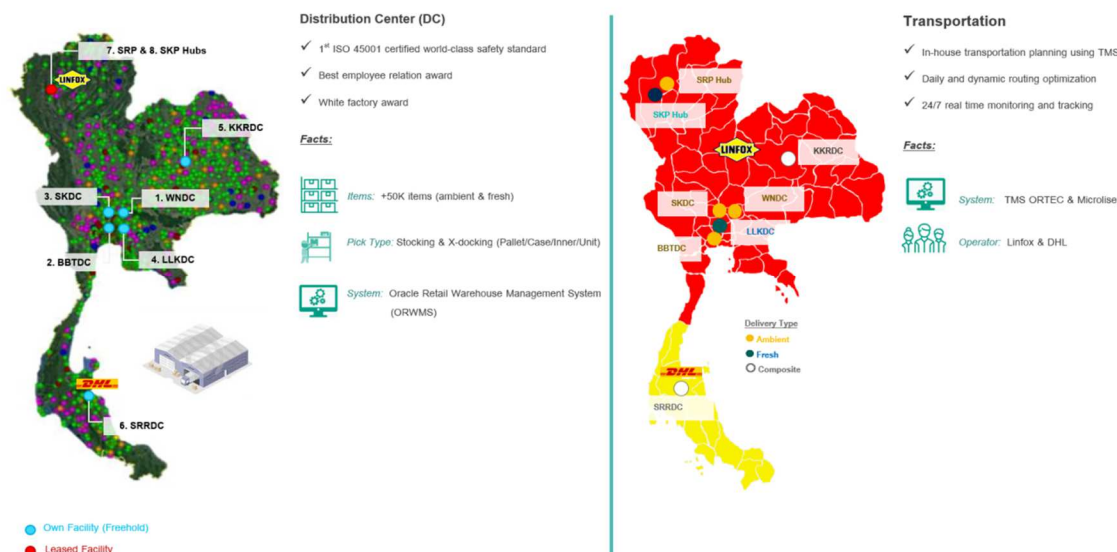
CPRD plans on further leverage its strengths to reach more customers, especially the younger generation.

To better understand its customers, CPRD makes extensive use of customer data analysis. CPRD has extensive data sets covering more than 600 million customer transactions per year from almost 9 million ClubCard customers. CPRD has engaged third-party services with strong reputations and extensive experience in scientific analysis of customer data, who provide the latest technology, software and consulting services to help it understand customer behaviour and motivation and formulate strategies to anticipate future buying patterns. CPRD is able to use such analytics to optimise the customer experience from acquisition to retention, as well as to enhance product selection. CPRD also uses its customer data analysis to formulate price and promotion strategies that deliver value to customers.

To keep its retail customers engaged, CPRD offers a Clubcard loyalty programme that allows customers to accumulate reward points for shopping at its stores. CPRD's research shows that loyalty programme members tend to buy more than non-members, both in terms of aggregate purchase amounts and size of individual purchases. As of 28 February 2021, CPRD had approximately 16 million loyalty programme members in Thailand, of whom over 50% were active purchasers. CPRD offers a Clubcard loyalty programme application for mobile phones that functions as a membership card and provides information to members regarding personalised coupons and other personalised promotions while also allowing CPRD a means of direct communication with its customers. CPRD is continuing to develop additional features to improve the customer experience on its loyalty programme application, create better rewards and enable customers to personalise their experience and introducing new loyalty scheme simultaneously with Lotus's rebranding initiative.

Thai Retail Distribution and Logistics

A key part of CPRD's retail strategy is optimizing its supply chain, distribution and logistics. This ensures sufficient and suitable inventory levels across its stores, that the produce and perishable goods it sells are fresh and of high quality, and that it can provide good value to customers while remaining profitable.



CPRD's suppliers' goods are first transported by DHL and Linfox, which are international logistics companies. They provide and operate a large fleet of trucks to CPRD's state-of-the-art distribution centres, from which the products are distributed to its stores. As online sales are increasing rapidly, CPRD has dedicated a few of its distribution centres to storing and distributing online sale products. It is also leveraging its nation-wide network of stores to fulfil online sales, which helps optimise last-mile delivery costs and thereby gives it a competitive advantage over other online retailers.

CPRD is constantly looking for ways to improve the efficiency of its distribution and logistics system. For instance, we are leveraging an "HLE Hub & Spoke" system for home deliveries to customers, whereby we have designated a number of our hyperstores, in addition to existing distribution centres, as hubs for the storage of "white goods". When an order is made, we work with third party operators to arrange for the goods to be picked up from the hubs and delivered directly to consumers' homes. This increases our capacity to offer home deliveries and complements our online growth strategy. Furthermore, we also developed a "Bakery Hub & Spoke" system, whereby it has designated six of its hyperstores as manufacturing hubs for baked goods. Professional bakers and support staffs at these hyperstores produce baked goods, which are then transported directly to CPRD's other stores, bypassing the distribution centres. Such system improves the quality of baked goods and reduces product waste.

As of 28 February 2021, CPRD had 8 DCs in Thailand with an aggregate building floor space of approximately 277,000 m² and daily outbound distribution volume of approximately 950,000 cases per day and one online fulfilment centre with building floor space of 10,364 m² and daily outbound distribution volume of approximately 200 orders per day. The following table sets forth key details regarding CPRD's DCs and online fulfilment centre:

Facility name, location and description	Building floor space (m ²)	Approximate daily outbound distribution volume	Approximate average warehouse capacity utilisation for the year ended 28 February 2021

Facility name, location and description	Building floor space (m ²)	Approximate daily outbound distribution volume	Approximate average warehouse capacity utilisation for the year ended 28 February 2021
Regional			
SRP Hub – North Regional Ambient Hub	5,800	19,000 cases/day	70%
SKP Hub – North Regional Fresh Hub	1,450	11,000 cases/day	85%
SK RDC – Central Regional Ambient DC	33,700	222,000 cases/day	75%
KKRDC – Northeast Regional Ambient + Fresh DC	51,990	Ambient – 130,000 cases/day Fresh – 42,000 cases/day	80%
LLKRDC – Central Regional Fresh DC	35,000	88,000 cases/day	50%
SRRDC – South Regional Ambient + Fresh DC	51,990	Ambient – 65,000 cases/day Fresh – 20,000 cases/day	50%
National			
WN NDC – National Ambient DC	58,347	192,000 cases/day	75%
Online Fulfilment Centre	10,364	200 orders/day	70%
BBTDC – National Ambient DC	29,000	161,000 cases/day	80%

CPRD's distribution centres in Thailand are outfitted with advanced logistics technology, such as semi-automated single pick machines and automated picking cart with pick-to-light capabilities. Each of CPRD's hypermarkets also has backroom storage with average size of 200-300 m².

CPRD has arrangements with DHL and Linfox, international logistics companies, to provide and operate delivery fleets and logistics capability for its retail business in Thailand.

In addition to transportation and storage for its retail stores, CPRD offers distribution and logistics services to third parties, including warehouse space rental, cross docking platform, product transportation, return-to-vendor services and transport management.

Thai Retail Suppliers

CPRD's retail business in Thailand has direct buying relationships with many producers of brand-name products. CPRD works with its suppliers to create partnerships that provide it with end-to-end value chain efficiency that translates into quality products at affordable prices for its customers. All of CPRD's buyers receive regular

training, and CPRD adheres to a code of conduct to ensure it deals with its suppliers ethically and legally. The COVID-19 pandemic created unprecedented supply constraints including disruptions and delays that have impacted and could continue to impact the flow and availability of certain products.

CPRD's Malls Business in Thailand

CPRD's malls business in Thailand consists of building and operating its own malls and acting as property manager for malls owned by CPRD's Retail Growth Freehold and Leasehold Property Fund ("LPF"), in which CPRD holds a 25% equity interest through its subsidiary Ek-Chai.

Malls in Thailand

In Thailand, CPRD's malls business (excluding its role as property manager for LPF) has developed three distinct types of malls to better serve different types of customers.

- *Family Malls* — These large malls are intended to be family-oriented destinations that provide a wide range of shopping and leisure activities. The principal tenants of CPRD's family malls include restaurants, fashion stores, financial and non-financial service providers and entertainment-related tenants. Its family malls in Thailand typically have a permanent NLA of over 5,000 m². As of 28 February 2021, CPRD had 12 family malls in Thailand (excluding 11 family malls held by LPF) with an aggregate permanent NLA of approximately 136,000 m².
- *Neighbourhood Malls* — These are mid-sized malls for quicker visits, with emphasis on food. They offer a diverse array of restaurants, beverage shops and grab & go food stores. Although smaller than CPRD's family malls, neighbourhood malls have entertainment-related tenants for families, as well as fashion stores and financial and non-financial service providers. The permanent NLA of these malls is typically between 2,000 and 5,000 m². As of 28 February 2021, CPRD had 85 neighbourhood malls in Thailand (excluding 11 neighbourhood malls held by LPF) with an aggregate permanent NLA of approximately 444,000 m².
- *Service Malls* — These smaller malls are aimed at providing a "one-stop" shopping space that is well-suited for everyday retail and services needs. As these malls are smaller, they focus on offering essential goods and services for customers, including a few restaurants, shops for various everyday service needs, basic clothing stores and recreational spaces for children. The service malls typically have a permanent NLA of less than 2,000 m². As of 28 February 2021, CPRD had 99 service malls in Thailand (excluding one service mall held by LPF) with an aggregate permanent NLA of approximately 135,000 m².

CPRD's malls are strategically located across Thailand to cover as much area as possible and to allow as much access to customers as possible. Each mall has a CPRD hypermarket as its anchor tenant. Most of CPRD's malls are located in the greater and central Bangkok region, as well as in major cities in the North, North East and South regions of Thailand. As of 28 February 2021, approximately 31% of CPRD's malls were located on freehold land.

Mall Initiatives

CPRD continues to search for prime locations for malls across Thailand with the following criteria:

- large and densely populated areas;
- highly visible and capable of generating increased customer traffic;
- access to major roads and public transportation; and
- large space available for parking and good infrastructure.

CPRD has a number of initiatives that it is pursuing in connection with its malls:

- *Future mall development:* Develop future malls as mixed-use properties that can function as neighbourhood shopping destinations by meeting customers' needs through online channel sales and delivery options. CPRD is also exploring other avenues to improving customers' experience in its future malls through, for example, greater variety and offerings, pairing with strategic partners, and personalized marketing to its customers.
- *Optimise mall layout:* Use underutilised areas and create a seamless layout between the mall and hypermarket.
- *Optimise space usage:* Increase the proportion of mall space used for food options, with a balance between mass-market brands and more niche or traditional offerings, to transform its malls into food destinations to attract more visitors and increase footfall.
- *Improve food court experience:* Upgrade and create right-sized spaces in its malls, and introduce new brands and concepts such as a cloud kitchen, to improve customers' food court experience.
- *Improve digital experience:* Implement IT infrastructure to improve support for digital payments by customers, so as to enhance customers' experience.
- *Actively manage tenant mix:* Actively seek out and acquire quality food and non-food tenants, in particular well-known brands or franchises, and introduce a new look and feel to the mall with the optimal tenant mix.
- *Health, beauty and wellness:* Focus on tenants and space usage in malls for health, beauty and wellness options, to serve changing consumer needs and preferences.

CPRD is also implementing the following strategies to accelerate the recovery of its malls business from the effects of the COVID-19 pandemic:

- invest in online channels and online delivery for mall customers and integrate mall tenants (both food and non-food tenants) onto its online platform; and
- develop new tenants to replace or downsize existing tenant categories that have been particularly badly impacted by COVID-19 by, for example, replacing play areas and cinemas with tenants devoted to home improvement and fitness options.

Investment in and Services to LPF

CPRD holds a 25% equity interest in LPF, through its subsidiary Ek-Chai, a listed property fund in Thailand, making it the largest unitholder. LPF owns 23 CPRD-branded malls across Thailand. CPRD also has an agreement with LPF to operate LPF's malls as the property manager.

As of 28 February 2021, LPF's property portfolio comprised 11 family malls, 11 neighbourhood malls and one service mall, with an aggregate permanent NLA of approximately 337,000 m² and 97% average occupancy rates.

As the property manager of LPF's malls and a 25% unitholder of LPF through its subsidiary Ek-Chai, CPRD derives two separate streams of income from LPF as follows:

- *Property Manager Fees* — As property manager, CPRD collects four different types of fees from LPF in connection with its services rendered in respect of LPF malls, namely: rental collection income, property management fee, incentive fee and commission income. CPRD receives property manager fees on a monthly basis, and these fees are calculated based on various metrics of the LPF malls' performance. The rental collection income is based on a percentage (not exceeding 3%) of LPF's annual net property revenue from malls, the property management fee is calculated based on a percentage (not exceeding 0.3%) of the net asset value of the fund, the incentive fee is based on a percentage (not exceeding 2.35%) of annual net property income of the mall.
- *Dividends* — As unitholder, CPRD receives distributions from LPF based on its unitholding percentage. The dividends have a minimum pay-out ratio of 90% of LPF's quarterly net investment income. CPRD receives four dividend payments per year.

Mall Tenants in Thailand

CPRD has a diverse mix of tenants across its malls in Thailand. CPRD broadly categorises its tenants into three different types:

- *Permanent tenants* — These are tenants who agree to a tenancy of more than one year with monthly rent of either a fixed amount or a variable rent based on their sales (with or without guaranteed minimum amounts). For the year ended 28 February 2021, CPRD's revenues from these tenants were THB 5,998 million.
- *Temporary tenants* — Temporary tenants lease for less than one year and their fast turnover allows CPRD to renew its product and services offerings based on the customers' needs. Small pop-up stalls and small brand stores fall into this category. For the year ended 28 February 2021, CPRD's revenues from these tenants were THB 1,433 million.
- *Food court* — CPRD enters into service agreements with concessionaires for the food courts in its malls. These leases have an average term of one year. Food courts help maintain traffic to its malls and its other tenants, as customers often come to its malls for affordably priced meals. For the year ended 28 February 2021, CPRD's revenues from these tenants were THB 611 million.

Permanent tenants provide a stable stream of revenue and are thus crucial for the success of CPRD's malls business in Thailand. The average tenancy of its permanent tenants, including CPRD hypermarkets, which constitute the largest group of permanent tenants, is approximately 3 years, with large anchor tenants averaging up to 30 years. CPRD's permanent tenants can be further categorised as follows:

- *Finance* — these tenants constituted approximately 5% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 16% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Services & Technology* — these tenants constituted approximately 9% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 17% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Food* — these tenants constituted approximately 23% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 24% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Fashion* — these tenants constituted approximately 11% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 20% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Beauty & Leisure* — these tenants constituted approximately 8% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 11% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Anchor and outdoor space* — these tenants constituted approximately 44% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 12% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.

Malaysia

CPRD operates a leading retail business and a malls business in Malaysia through its subsidiary Lotus MY. CPRD is a leading retailer in Peninsular Malaysia in terms of market share, with a household penetration rate for the year ended 28 February 2021 of 53%, with 62 stores as of 28 February 2021, including 46 hypermarkets and 16 supermarkets. Similar to CPRD's retail business in Thailand, CPRD's retail business in Malaysia is supported by reliable supply chains and robust distribution and logistics networks, as well as CPRD's strong brand equity and significant investments including:

- capturing new customer segments by modernising and relaunching the new "Lotus's" brand;
- improving the quality of product offerings and services at affordable pricing;
- implementing the "Go Fresh" concept for its new 1,000 m² stores;
- increasing coverage by expanding its physical store network in the 1,000 to 4,000 m² formats;

- leveraging its network of over 62 stores to accelerate online sales growth, including improving performance and collaborating with popular online marketplaces such as Food Panda, Shopee and Lazada as other points of sale; and
- strengthening its B2B sales channel nationwide by focusing on independent restaurants, traditional stores and other local establishments such as hospitals, hotels and schools.

For additional information, see “CPRD’s Retail Business in Malaysia – Malaysia Retail Initiatives.”

CPRD also operates a network of malls in Malaysia. As of 28 February 2021, CPRD had:

- 57 malls in Malaysia representing permanent NLA of approximately 296,000 m² in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title¹³; and
- an occupancy rate of approximately 92% at its malls based on permanent NLA.

CPRD’s Retail Business in Malaysia

CPRD, through its subsidiary Lotus MY, is a leading retailer in Peninsular Malaysia. For the year ended 28 February 2021, its network of hypermarkets, supermarkets, “Express” stores (as described below), online and B2B sales channels had retail sales revenues of MYR 3,720 million (THB 27,664 million), MYR 767 million (THB 5,704 million), MYR 10 million (THB 77 million), MYR 168 million (THB 1,246 million) and MYR 22 million (THB 160 million), respectively.

Malaysian Retail Stores

CPRD operates two types of brick-and-mortar stores in Malaysia: hypermarkets and supermarkets.

As of 28 February 2021, CPRD has a total of 62 retail stores in Malaysia, primarily located in the Northwest, Central and Southwest of Peninsular Malaysia, with a particular concentration of 20 stores in Klang Valley, where the country’s capital city, Kuala Lumpur, is located.

- *Hypermarkets* — CPRD’s hypermarket stores in Malaysia are one-stop shopping complexes with an emphasis on fresh foods and groceries, with sales floor areas greater than 4,000 m². Most of these hypermarkets are built as anchor stores in CPRD’s malls. For the year ended 28 February 2021, these hypermarkets had total retail sales revenue of MYR 3,720 million (THB 27,664 million), which accounted for 79.4% of CPRD’s overall retail sales revenues in Malaysia. The product breakdown of sales at CPRD’s Malaysian hypermarkets was 68.8% from groceries, 9.4% from general merchandise, 18.8% from fresh food and 3.0% from clothing. CPRD’s hypermarkets are a leading hypermarket network in Peninsular Malaysia. These stores are all located in Peninsular Malaysia.

¹³ In Malaysia, a freehold gives the title holder the right from the Malaysian government to use the land for an indefinite period. A leasehold gives the title holder the right from the Malaysian government to use the land for a term not exceeding 99 years, which means the landowner can hold the land until the expiry of the leasehold period and, unless extended or renewed, the leasehold land will revert to the Malaysian state. Both freeholds and leaseholds are transferrable.

- **Supermarkets** — These are mid-sized stores with sales floor areas ranging from 2,000 to 4,000 m² that are mainly located in Peninsular Malaysia. They were developed as local neighbourhood stores where customers can regularly shop for groceries as well as for other products. For the year ended 28 February 2021, CPRD's supermarkets had total retail sales revenue of MYR 767 million (THB 5,704 million), which accounted for 16.4% of its overall retail sales revenues in Malaysia. The product breakdown of sales was 69.0% from groceries, 8.3% from general merchandise, 20.7% from fresh food and 2.0% from clothing.

CPRD is in the process of rebranding its hypermarkets and supermarkets in Malaysia under the name "Lotus's" from the legacy "Tesco" brand name and expects to complete the rebranding by next year. Going forward, CPRD's 1,000 m² stores in Malaysia will be branded "Go Fresh." Until September 2020, CPRD's retail business in Malaysia also included a smaller format of stores called "Express", with average sales floor area of approximately 130 m². CPRD previously operated nine such Express stores with a local Malaysian partner but the format was discontinued in September 2020 when the partnership ended. CPRD may in the future explore other ways to open stores in the small format below 1,000 m².

The following table sets forth the number of stores, by type, for CPRD's retail segment in Malaysia.

	As of 28 February	
Number of Stores	2020	2021
Hypermarkets	46	46
Supermarkets	14	16
Express stores.....	9	0
Total	69	62

Malaysian Online Channels

In addition to the offline retail business CPRD operates at its brick-and-mortar stores in Malaysia, CPRD serves customers through online channels, in particular through its in-house GHS platform as well as third-party marketplaces such as Lazada, Food Panda, Shopee and Happy Fresh. CPRD has a number of initiatives to improve customers' online experience with its stores:

- offer better online customer experience through its on-going IT upgrade initiative, which should enable same day delivery, smart promotion mechanics and smarter product substitution;
- develop an online fulfilment centre prototype which should offer more online services, improve efficiency and reduce operational cost;
- increase the number of stores in Malaysia that can access its GHS platform beyond the current nine stores; and

- expand the “Click and Collect” functionality of our websites and app, whereby customers can place an order from home but collect it at the store in lieu of delivery, to all of its stores.

Malaysia Retail Initiatives

CPRD is committed to improving and expanding its retail store business in Malaysia with the following initiatives:

- *Modernise and relaunch “Lotus’s” brand.* Since the separation of Lotus MY from its former parent company Tesco, and under the new ownership and management of CPRD, CPRD has embarked on an initiative to modernise and relaunch the “Lotus’s” brand and to distinguish it from the “Tesco” brand previously operated by Tesco. CPRD plans to complete the modernisation of the “Lotus’s” brand by mid-2022. It believes this initiative will attract and capture new customer segments, particularly younger customers. CPRD’s brand modernisation efforts include adopting new colourful logos, researching the implementation of technologies to enhance the efficiency of CPRD’s business operation and to provide more convenience to its customers, strengthening online channel sales and introducing a new loyalty scheme.

As a part of relaunching the “Lotus’s” brand, CPRD is also introducing smaller stores of 1,000 m² branded as “Go Fresh” stores that will have a wider selection of grocery and fresh food products than convenience stores, and it aims to enhance the customer experience through “scan as you shop” functionality and self-service checkout counters. Currently CPRD plans on rebranding 62 stores in Malaysia by mid-2022 and opening 28 new stores by December 2023.

- *Improve product offerings and services.* CPRD believes that the main draw of its retail business is the high quality and wide range of its products, offered at affordable prices that allow the stores to serve as one-stop-shop destinations. In particular, CPRD’s fresh food strategy emphasizes regional sourcing from local vendors, direct delivery to stores to ensure freshness and quality, and offering of a wide range of fresh foods to meet a broader spectrum of customer needs. CPRD also invests in developing more private label products for the Malaysian retail market, which it believes offer more options to customer for value-for-money products. CPRD is constantly refreshing its product ranges to keep up to date with changes in consumer needs and trends. Other product lines that it is improving include health, beauty and wellness products and home appliances. In addition to improving its product offerings, CPRD is committed to refining other ancillary aspects of its stores to improve the overall shopping experience. These features include ensuring cleanliness and safety of its stores, quick restocking and shelving of products, in-store support, convenient and smart technologies such as “scan as you shop” and self-service checkout counters.
- *Modernise and renovate its stores.* CPRD is renovating its hypermarkets to better adapt to the changing needs and demands of its customers. CPRD is currently downsizing the store floor in its hypermarkets for apparel and hardware and expanding fresh food and cooking sections to meet increased demand for such products. It is also implementing new technologies and IT systems to improve its customers’ shopping experience and store efficiency.

- *Adjust its stores to smaller formats.* CPRD currently operates hypermarkets, which have a sales floor area of over 4,000 m², and supermarkets, which have sales floor areas between 2,000 and 4,000 m². CPRD has observed a shift in consumer preferences towards smaller format stores and is looking to meet this shift by resizing its stores to smaller formats. Smaller format stores also have lower operational costs. Due to prevailing foreign ownership restrictions under Malaysia law, foreign-owned operators are restricted from opening stores smaller than 1,000 m².
- *Leverage store network to accelerate online channel growth.* CPRD is aiming to significantly increase its retail sales by leveraging its extensive store network to accelerate growth in the online channel. Its ongoing efforts include developing an improved and more stable IT system, creating a seamless online shopping experience on its own GHS platform and mobile application and offering various convenience-focused features such as on-demand delivery and “click and collect” drive through shopping. CPRD continues to work on improving its partnerships with third-party platforms such as Happy Fresh, Food Panda, Shopee and Lazada to build a strong online presence and to make sure that it can reach customers conveniently through any online portal of their choice.
- *Strengthen its B2B channel.* In addition to establishing its brick-and-mortar stores as the go-to source for food and other shopping needs, CPRD is seeking to build and strengthen its retail B2B services. CPRD’s B2B effort includes being a one-stop shop for restaurants and local “mom-and-pop” stores that are looking for meat, fresh food, dry groceries and cookware. To increase B2B sales from Lotus MY’s retail business, CPRD has dedicated sales teams that directly service nearby restaurants and local “mom-and-pop” stores. CPRD also continues to invest in its IT infrastructure to create a more seamless customer experience.
- *Cost reduction.* Recently, CPRD has made investments to implement various cost reduction initiatives. Such initiatives include an energy cost savings project, where it has implemented energy efficient technologies at its stores in refrigeration, HVAC and lighting, as well as a shift to renewable energy through solar photovoltaic plants on the roofs of its large format stores and DCs. CPRD also performs thorough evaluations of costs relating to distribution and sales network. CPRD reviews its cost structures continuously, and in 2021 it is conducting a study of its supply chain network to optimise and develop for future growth. To further reduce its operating costs, CPRD has also implemented various technological and software tools, such as self-service checkouts, scan as you shop technology, a customer service desk solution, mobile apps for ordering, tablets for in-store communications with our staff, produce scales and payment link.

Malaysian Retail Products

A key factor in the success of CPRD’s retail business in Malaysia is the variety of affordably-priced products offered in its stores. CPRD offers a one-stop-shop experience for groceries, fresh food products, general products and apparel from a range of brands, in addition to its private label products.

- *Groceries* — CPRD's grocery products include commodities, canned food, cooking and baking needs, baby products, hot beverages, confectionary goods, food supplements, beer, wine and spirits, cold beverages, health & beauty products, chilled and frozen foods and dried sundries. CPRD aims to sell quality groceries to customers who want a broad range of products available at affordable prices. It constantly optimises its inventories, engages with local suppliers and develops private label products to compete effectively in the market.
- *Fresh Food* — Fresh food products include fresh vegetables and fruits, meats and seafood. In order to offer quality food products at affordable prices, CPRD engages in direct sourcing of products, introduce value-added products such as ready-to-cook or ready-to-eat items and regularly perform end-to-end reviews of its supply chain to ensure the freshness of its products. Fresh food is CPRD's fastest growing product category. Although it is not the most profitable product category, it is effective at increasing customer traffic to its stores. Traditional wet markets and other supermarkets are our direct competitors in the realm of fresh food products.
- *General Products* — General products include home furnishings, furniture, electrical products, computer products, luggage, outdoor leisure, home improvement supplies, automotive products, toys and stationery. CPRD offers quality items for everyday use, including a broad range of private label home products. CPRD refreshes its product line-up periodically and aims to offer new and higher quality products as it finds and partners with more suppliers.
- *Apparel* — CPRD's apparel products include affordable basics daily household needs consisting of both private label products and local brands. CPRD plans to expand its clothing offerings in Malaysia to include clothes for infants and children.

CPRD offers various private label products for each of the product categories above. CPRD's brands presently include "Tesco" for standard products and "Value" for value-focused products, although CPRD plans to migrate to "Lotus's" branding in the future. For the year ended 28 February 2021, CPRD's private label products constituted more than 25% of revenue from sale of goods in Malaysia. For developing its private label products, CPRD selectively targets a product category that has sizeable market size, high market growth potential with several existing brands and readily available opportunities for distinguishing its products. CPRD outsources the manufacturing of private label products to local manufacturers, while retaining IP over the brand and the recipes.

CPRD plans on implementing a policy to unify its Malaysian product strategy with its Thailand retail business, in order to cross-market private label products as well as to jointly source products. Its goal is to align its products and categories across the two regions and provide a unified product line without compromising the needs specific to each market.

The following table sets forth sales revenue, by product type, in CPRD's retail segment in Malaysia for the periods indicated.

Fiscal Year Ended 28 February

	2020	%	2021	%
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*(unaudited)**(MYR millions, except percentages)***Sales Revenue**

Groceries	3,219	70.1	3,246	69.3
Fresh food	777	16.9	882	18.8
General products	446	9.7	431	9.2
Apparel	151	3.3	128	2.7
Total retail sales	4,593	100.0	4,687	100.0
(Less) Other income relating to retail business ¹⁴	(51)		(47)	
Revenue from sales of goods ..	4,542		4,640	

Malaysian Retail Customers

CPRD's retail customers in Malaysia span a variety of age groups, income demographics and household sizes. To better understand its customers, CPRD has in the past partnered with customer data science analysis companies to help it better understand its customer segments, develop its product strategy, plan its online and in-store retail shopping experience, develop customer loyalty program and identify effective marketing strategies.

To keep its customers engaged, CPRD offers a Clubcard loyalty programme that allows customers to accumulate reward points for shopping at its stores. CPRD's research shows that loyalty programme members tend to buy more than non-members. As of 28 February 2021, CPRD had approximately 1.9 million household loyalty programme members in Malaysia, of whom approximately 52% were active purchasers. CPRD offers a Clubcard loyalty programme application for mobile phones, which functions as a membership card and provides information regarding coupons and other promotions while also giving it a means to reach and communicate directly with members.

¹⁴ Other income relating to retail business comprises consignment income arising from CPRD's retail business.

Malaysian Retail Distribution and Logistics

A key part of CPRD's Malaysian retail strategy is optimizing its supply chain, distribution and logistics. This ensures that its inventory levels across its stores are adequate, that the produce and perishable goods it sells are fresh and are of high quality, and that it can provide good value to customers while remaining profitable.

As of 28 February 2021, CPRD had 2 owned distribution centres and 1 rented frozen distribution centre in Malaysia with the aggregate storage space of approximately 108,136 m², and daily distribution outbound volume of approximately 330,231 cases. CPRD uses three kinds of distribution centres for its products: ambient distribution centres for storing groceries and general products at room temperature, fresh products distribution centres where it can store products at 1 to 2 degrees Celsius, and frozen-food distribution centres which are run by third parties. Each of CPRD's hypermarkets in Malaysia has backroom storage space, with an average area greater than 250 m² and height of greater than 5.5 metres (excluding fit-out stores where we are in a rented space and have had to adapt our design to the space available).

CPRD largely operates its distribution and logistics functions in-house in Malaysia. As of 28 February 2021, it had a fleet of trucks in Malaysia for transporting products to and from various distribution centres, stores and warehouses. Its fleet includes 20 dedicated trucks for long-haul routes in the north and south regions, 5 dedicated trucks for east coast delivery, 62 prime movers, 52 ambient trailers and 43 refrigerated trailers.

CPRD offers distribution and logistics capabilities to suppliers in Malaysia and to support its own online sales, including cross docking platform, product transportation, return-to-vendor services and transport management systems.

Malaysian Retail Suppliers

CPRD has direct buying relationships with many producers of brand-name products for its Malaysian retail business. Although it is not reliant on any one supplier, CPRD sources a large portion of products from certain popular brands. CPRD attempts to lower its purchase costs from its suppliers by negotiating volume discounts and additional incentives. While the COVID-19 pandemic created unprecedented supply constraints including disruptions and delays that have impacted and could continue to impact the flow and availability of certain products, CPRD has thus far not experienced any material disruption to its supplies as a result of the COVID-19 pandemic. CPRD has a strong long-term relationship with a wide network of suppliers, and in the event a source of supply becomes unavailable for any reason, it is generally able to procure the same or a substitute product from an alternative supplier by leveraging its supplier network.

CPRD's Malls Business in Malaysia

As of 28 February 2021, CPRD's malls business in Malaysia had:

- 57 malls representing permanent NLA of approximately 296,000 m² in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title¹⁵; and
- an occupancy rate of approximately 92% at its malls based on permanent NLA.

Malls in Malaysia

In Malaysia, CPRD has developed three distinct types of malls to better serve different types of customers.

- *Family Malls* — These large malls are intended to be family-oriented destinations that provide a wide range of shopping and leisure activities. The principal tenants of CPRD's family malls include restaurants, fashion stores, financial and non-financial service providers and entertainment-related tenants. CPRD's family malls in Malaysia have lease NLA of over 6,000 m². As of 28 February 2021, CPRD had 23 family malls in Malaysia with an aggregate permanent NLA of approximately 197,000 m².
- *Neighbourhood Malls* — These are mid-sized malls for quicker visits, with emphasis on food. They offer a diverse array of restaurants, beverage shops and grab & go food stores. Although smaller than CPRD's family malls, neighbourhood malls also have entertainment-related tenants for families, as well as fashion stores and financial and non-financial service providers. The lease NLA of these malls are between 3,000 and 6,000 m². As of 28 February 2021, CPRD had 18 neighbourhood malls in Malaysia with an aggregate permanent NLA of approximately 73,000 m².
- *Service Malls* — These smaller malls are aimed at providing "one-stop" shopping space that is well-suited for everyday retail and services needs. As these malls are smaller, they focus on offering essential goods and services for customers, including a few restaurants, shops for various everyday service needs, basic clothing stores and recreational spaces for children. CPRD's service malls in Malaysia have lease NLA of less than 3,000 m². As of 28 February 2021, CPRD had 16 service malls in Malaysia with an aggregate permanent NLA of approximately 26,000 m².

CPRD's malls are strategically located throughout Peninsular Malaysia to cover as much area as possible and to allow as much access to customers as possible, and most have its hypermarkets as anchor tenants. CPRD continues to search for prime locations across Malaysia with the following criteria:

- Large and densely populated areas;

¹⁵ In Malaysia, a freehold gives the title holder the right from the Malaysian government to use the land for an indefinite period. A leasehold gives the title holder the right from the Malaysian government to use the land for a term not exceeding 99 years, which means the landowner can hold the land until the expiry of the leasehold period and, unless extended or renewed, the leasehold land will revert to the Malaysian state. Both freeholds and leaseholds are transferrable.

- Highly visible and capable of generating increased customer traffic;
- Access to major roads and public transportation; and
- Large space available for parking and good infrastructure.

Mall Tenants in Malaysia

CPRD has a diverse mix of different tenants across its malls. It broadly categorises its tenants into three different types:

- *Permanent tenants* — These are tenants who agree to a tenancy of more than one year with monthly rent of either a fixed amount or a variable rent based on their sales (with or without guaranteed minimum amounts). For the year ended 28 February 2021, revenues from these tenants were MYR 146 million (THB 1,089 million) (approximately 71.6% of total mall revenue in Malaysia).
- *Temporary tenants* — Temporary tenants lease for less than one year and their fast turnover allows CPRD to renew its product and services offerings based on the customers' needs. Small pop-up stalls and small brand stores fall into this category. For the year ended 28 February 2021, revenues from these tenants were MYR 40 million (THB 296 million) (approximately 19.6% of total mall revenue in Malaysia).
- *Food court* — CPRD enters into service agreements with concessionaires for food courts at its malls in Malaysia. The average term of their lease is 1 year. Food courts help maintain traffic to CPRD's malls and its other tenants, as customers often come to malls to have a meal at affordable prices. For the year ended 28 February 2021, revenues from these tenants were MYR 18 million (THB 133 million) (approximately 8.8% of total mall revenue in Malaysia).

Permanent tenants provide a stable stream of revenue and are thus crucial for the success of CPRD's malls business in Malaysia. The average tenancy of CPRD's permanent tenants is approximately 2 years, with large anchor tenants averaging up to 3 years. Every year, approximately 1,000 units have leases that expire that year. CPRD's permanent tenants are primarily classified into six categories:

- *Food & Beverages* — these tenants constituted 14.6% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 23.4% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Health & Beauty* — these tenants constituted 5.5% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 16.1% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *DIY & Home* — these tenants constituted 32.4% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 14.6% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.

- *Fashion* — these tenants constituted 17.0% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 15.9% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Services* — these tenants constituted 11.4% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 21.0% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Leisure, Sports & Other* — these tenants constituted 19.1% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 9.0% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.

Associates and Joint Ventures

CPRD has in the past invested and will continue to seek opportunities to invest in associates and joint ventures. CPRD's share of profits from investment in joint ventures and an associate comprised 9.8% and 44.0% of CPRD's profit for the years ended 31 December 2019 and 2020, respectively, on a pro forma basis. Below is a summary of CPRD's material associates and joint ventures as of 31 December 2020, on a pro forma basis.

Company	Jurisdiction	% Ownership	Business
Lotus's Retail Growth Freehold and Leasehold Property Fund	Thailand	25%	Listed property fund which holds 23 malls across Thailand
Retail Properties Company Limited	Thailand	50%	Leasing land and building where hypermarket in Bangkok is located
Synergistic Property Development Company Limited	Thailand	49.99%	Mall and other real estate businesses in Pattaya
Lotus's Money Services Limited	Thailand	50%	Financial and Insurance services

CPRD RISK FACTORS

1. The outbreak of the novel coronavirus (“COVID-19”) has caused, and could continue to cause, severe disruptions in global and regional economies, including the economies of Thailand and Malaysia, which could adversely affect CPRD.

The COVID-19 pandemic has caused significant disruptions to global and regional economies, including the economies of Thailand and Malaysia. To curb the spread of COVID-19, Thailand and Malaysia have imposed various protective measures against the outbreak. For example, their respective governments have issued orders to temporarily shut down operating facilities or reduce operating hours, locked down risky areas, issued travel restrictions and border controls, extended delays, suspended business activities, imposed rules on quarantines and social distancing and/or suspended major events. This has significantly affected the Thai and Malaysian economies, production and supply chains and the business operations of companies operating in these countries, including CPRD. While progressive relaxations have recently been granted for movement of goods and people and cautious re-opening of businesses and offices, Thailand and Malaysia have experienced and continue to experience waves of COVID-19 infection, which have been exacerbated by the discovery of new variants of COVID-19. In Thailand, the impact of COVID-19 was initially less severe than in other countries. However, the most recent wave of COVID-19 infections has severely impacted Thailand since December 2020 and resulted in several regions where CPRD’s stores and malls are located implementing full or partial lockdowns during this period. These measures have disrupted normal business operations both in and outside of affected areas. CPRD’s management is closely monitoring the situation and cooperating with the relevant governments to ensure the sufficient distribution of food and to minimise the impact on its business to the extent possible.

These restrictions and disruptions in Thailand, and to some extent in Malaysia, are one of the factors which have had a significant impact on CPRD’s business, including:

- a decrease in revenue from sale of goods in Thailand of THB 8,364 million, or 4.9%, from THB 171,326 million for the year ended 29 February 2020 to THB 162,962 million for the year ended 28 February 2021;
- a decrease in rental income and revenue from rendering of services in CPRD’s malls in Thailand and Malaysia, resulting from a combination of decreased occupancy rates and rental waivers, reductions and discounts, such that CPRD’s malls business in Thailand saw a 24.1% decrease in rental income and revenue from rendering of services from THB 12,739 million in the year ended 29 February 2020 to THB 9,670 million in the year ended 28 February 2021, and CPRD’s malls business in Malaysia saw a decrease in rental income and revenue from rendering of services of 26.4% from MYR 277 million (THB 2,066 million) in the year ended 29 February 2020 to MYR 204 million (THB 1,518 million) in the year ended 28 February 2021.

There can be no guarantee that CPRD’s results will improve in future periods. It is possible that there will be a recurrence of more virulent variants of COVID-19, including ones against which existing vaccines may not be as effective, which could lead to future lockdowns or other restrictive measures. Even if the COVID-19 virus were eventually brought under control and the impact of the COVID-19 pandemic subsides, CPRD will still need to

capitalise on growth opportunities. In response to changing consumer behaviour to shopping at smaller neighbourhood shops and online, CPRD has committed significant resources to expanding to smaller format stores, growing its online sales and upgrading its IT infrastructure, such as its website and mobile application, among other initiatives. Any failure by CPRD to capture such opportunities and may result in declining revenue, and its future operating results may fall below expectations.

Despite CPRD's efforts, the most recent waves of COVID-19 infections had a significant impact on its operations, as there were infection clusters at its distribution centres, including the Bang Bua Thong distribution centre for CPRD's retail business in Thailand which CPRD closed down for two weeks, and near many stores and increased risk of infections among its employees, customers and in its stores, malls and other facilities, which led to government orders to close or decrease operating hours for certain of its stores and malls, which in turn led to decreases in sales and income. Although we believe that CPRD has so far responded rapidly and in accordance with government mandates, the perception of an inadequate response in the future could cause reputational harm to CPRD's brand and subject it to lost sales and claims from employees, customers, suppliers, regulators or other parties. If the measures taken by CPRD ultimately turn out to be ineffective, or if its customers do not participate in social distancing and other safety measures, the well-being of its employees and customers could be at risk. Any future outbreak of confirmed COVID-19 cases in CPRD's stores or malls could result in temporary or sustained workforce shortages, limitations on operating hours and/or closures, which would negatively impact CPRD's business and results of operations. In particular, any potential negative impact on the health of CPRD's executive management team or key employees or the executive management team or key employees of its suppliers and distributors, particularly if a significant number of its or their executive management team or key employees are impacted, could adversely affect its or their ability to promote business continuity amidst disruptive events. In addition, any belief by customers that they have contracted COVID-19 in one of CPRD's stores or malls, or that CPRD has not taken appropriate precautionary measures to prevent the spread of COVID-19 in its stores or malls, could result in costly and time consuming litigation and/or negatively impact CPRD's reputation.

Other factors and uncertainties related to the ongoing COVID-19 pandemic include, but are not limited to:

- the severity and duration of the COVID-19 pandemic, including any additional waves of infections in locations where CPRD operates or affecting its employees caused by additional periods of increases or spikes in the number of COVID-19 cases, future variants or related strains of the virus or other factors;
- additional government restrictions that may impact CPRD's business;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- unknown consequences on CPRD's business performance, initiatives and expansion plans stemming from the substantial diversion of time and other resources to its pandemic response;
- the pace of recovery when the COVID-19 pandemic subsides;

- the impact of the COVID-19 pandemic on the business and results of operations of tenants in CPRD's malls;
- the impact of the COVID-19 pandemic on the supply, cost and inventory of products that CPRD sells in its stores; and
- the long-term impact of the COVID-19 pandemic on CPRD's business, including consumer behaviors. For example, CPRD has observed changing customer behaviour during the pandemic, in particular a shift away from its larger stores to smaller neighbourhood shops and significant growth in online sales. CPRD may not be able to respond or adapt in a timely manner if such changes in consumer behaviour become more permanent, or occur more rapidly or in a manner different from its expectations.

The extent to which the COVID-19 pandemic, or the future outbreak of any other highly infectious or contagious disease, affects CPRD's business, results of operations and financial condition will depend on future developments, which are highly uncertain, including the scope, severity and duration of such pandemic, the actions taken to contain the pandemic or mitigate its impact, including the adoption of available COVID-19 vaccines, the impact of relaxing or revoking such existing restrictions too quickly, and the direct and indirect economic effects of the pandemic and containment measures, among others. The continuing impacts of the COVID-19 pandemic are highly unpredictable and volatile, may materially adversely affect CPRD's business, financial condition and results of operations, and may have the effect of heightening many of the risks described in this "Risk Factors" section.

2. Major legal, regulatory and administrative proceedings may negatively affect CPRD's business.

CPRD is involved in legal, regulatory and administrative proceedings from time to time, and CPRD is exposed to the possibility of being involved in other legal, regulatory and administrative proceedings in future. The outcome of some of these proceedings or other contingencies could require CPRD to take, or refrain from taking, actions which could negatively affect our operations or could require CPRD to pay substantial amounts of money.

As of the date of this IM1, in particular, there are two on-going legal proceedings against the Thai Trade Competition Commission (the "TCC") and the Office of Thai Trade Competition Commission (the "OTCC") in relation to the merger control approval granted for the acquisition of Lotus TH by CPRD. On 9 March 2020, CPRD entered into an agreement with Tesco to purchase Lotus TH and Lotus MY. The completion of the acquisition required approval from the TCC in accordance with Thailand's Trade Competition Act B.E. 2560 (2017) ("TCA"). In November 2020, the TCC issued an order (the "TCC Order") approving the acquisition of Lotus TH. On the basis of this TCC Order, CPRD and Tesco proceeded with completion of the acquisition on 18 December 2020. However, in March 2021, a consumer interest group known as the Foundation for Consumers, together with other third-party groups and individuals, filed a legal action (the "TCC Claim") against the TCC and OTCC with the Central Administrative Court of Thailand (the "Court") claiming, in essence, that the TCC Order was issued unlawfully due to non-compliance with certain procedures prescribed by laws and the TCC exercised inappropriate and illegitimate discretion in granting the TCC Order. These claimants requested the Court to revoke the TCC Order or to prescribe the following additional conditions to the TCC Order:

- CPRD must sell part of its businesses or assets to mitigate the impact of its market-dominant power and must reduce its combined market share to not exceeding 50%;

- CPRD must be prohibited from opening new branches for a period of 10 years following completion of the merger; and
- the effective periods of the merger conditions specified in the TCC Order must be extended, from the original 5 years set out in condition 2¹⁶ to 10 years, and from the original 2 years set out in conditions 4¹⁷ to 5 years.

Although neither CPRD nor Lotus TH were named as defendants in the TCC Claim, the Court's view was that its ruling on the TCC Claim is relevant to CPRD and Lotus TH. Therefore, the court summoned CPRD and Lotus TH as third-party interpleaders to the proceedings in order for it to properly understand the information and facts relevant to the issues alleged by the claimants.

The claimants also submitted a petition to the Court requesting a temporary suspension of enforcement of the TCC Order during the Court proceedings (the "**Claimants Petition**"). In May 2021, the Court issued an order dismissing the Claimants Petition because at this stage, the Court found that the TCC Order had been duly issued in accordance with procedures and regulation prescribed under the TCA. Therefore, the Court further determined that there was no reason to believe that the TCC Order had been issued unlawfully. Such order dismissing the Claimants Petition is final and cannot be appealed.

In relation to the TCC Claim, the TCC, OTCC, CPRD and Lotus TH filed a motion of defence in which the TCC, OTCC, CPRD and Lotus TH argued, among other points, that the TCC Order was in fact lawful because it was issued in compliance with all procedures prescribed by laws and the exercise of discretion by the TCC was prudent, appropriate and legitimate.

In addition to the TCC Claim which was filed by a consumer interest group, an individual who is an owner of a local convenience store also filed a legal action challenging the TCC Order on similar grounds as the TCC Claim. Therefore, in June 2021, the Court combined this case with the earlier TCC Claim into one case. As at the date hereof, the Court is currently considering the TCC Claim and is in the process of fact-finding. It is possible that the Court may render its judgment before the end of 2021 as it deemed the TCC Claim to be an urgent court proceeding. The parties may appeal the Court's judgment to the Supreme Administrative Court within 30 days from receipt of such judgment. This 30-day period cannot be extended. Any appellate judgment of the Supreme Administrative Court would be final.

We believe that the TCC Order was lawful because the TCC is the authority with the power to approve the acquisition of Lotus TH by CPRD and the submission of the application and all relevant information by CPRD for the TCC consideration was in compliance with all required procedures prescribed by laws. We also believe that the

¹⁶ CPALL and Ek-Chai shall increase their sales proportion of products of small and medium sized enterprises (SMEs) comprising agricultural products, community farming products, community goods, products of small and micro community enterprises (SMCE) or local products (OTOP) and other categories of products, in respect of 7-Eleven and Tesco Stores in aggregate of all store formats; such increase must grow by at least 10 percent per annum from the previous year, for a period of 5 years. In this regard, the criteria on small and medium sized enterprises (SMEs) pursuant to the provisions of law governing the prescription of characteristics of small and medium sized enterprises shall apply.

¹⁷ Ek-Chai shall maintain the conditions of contracts and agreements with its original suppliers of goods or raw materials which have been already executed, for a period of 2 years, except for any change of conditions of contract which benefits or is in favour of the original suppliers of goods or raw materials and it must obtain consent from such original suppliers of goods or raw materials of such change as well.

TCC considered all information and issued the TCC Order in compliance with all procedures prescribed by laws. Therefore, we believe that the Court is unlikely to order the revocation of the TCC Order. However, we cannot guarantee the outcome of the Court's decision, or that such ruling will be favourable to us.

In addition, even if the Court were to revoke the original TCC Order, we believe that the Court in this case and TCC will not have any legal justification to require CPRD to unwind or invalidate the acquisition of Lotus TH or impose any administrative fine under the TCA on CPRD because the acquisition of Lotus TH by CPRD was completed in accordance with the laws and in good faith following CPRD's receipt of the TCC Order which, in fact, was legally binding and effective at the time of the acquisition. However, if the TCC Order is revoked by the Court, the TCC may request CPRD to resubmit its application to approve the acquisition of Lotus TH. We cannot guarantee that the new TCC order will be issued or will be issued without new conditions supplementing the existing conditions under the existing TCC Order or CPRD will be able to fully comply with the additional conditions imposed by the new TCC order. In any case, if CPRD does not agree with TCC's decision or its new order, it has the right to appeal with the Court within the period prescribed under the laws.

While we do not believe the outcome of the TCC Claim will affect the validity of the recent acquisition by our Company of CPRD, if the TCC imposes additional conditions for CPRD, compliance with such conditions may impact its existing business operations and thus result in significant costs and expenses. The TCC Claim may also require significant time commitments by certain members of management and key personnel which could have an adverse effect on the management of our business and growth plans.