Emerging Risk Assessment

01. *Geopolitical Tensions and International Economic Risk*

Risk Characteristics

The world is currently facing geopolitical tensions on multiple fronts, including strategic rivalry among major powers, military conflicts in certain regions, trade barriers, and fragmentation in the economic and technology landscape. These factors affect global trade, investment, and financial market stability.

At the Southeast Asia regional level, while the overall picture remains relatively stable, the region is still sensitive to international relations issues such as tensions along the Thailand-Cambodia border, the situation in Myanmar, and geopolitical competition among major powers active in the region. These could affect confidence, tourism, investment, and capital flows.

In addition, volatility in interest rates, exchange rates, inflation, and energy prices influenced by global developments remains directly linked to the geopolitical context and may affect purchasing power, financing costs, and business operating costs.

For Thailand, which still faces an uncertain political environment and shifts in economic policy, these developments may affect private sector investment and investor confidence. Changes in taxes or laws related to the real estate sector may increase operating costs or affect the Company's ability to expand projects.

The Company may also be affected if new laws are enforced without sufficient lead time for adaptation, which could increase project costs and implementation timelines. The Company therefore closely monitors legal and policy developments so it can adjust its business strategy in a timely manner.

Risk Impact

Impact on the Company

Although this risk remains at a monitoring level, if it becomes significant it may lead to the following impacts:

- **Demand Risk: A** slowdown in tourist arrivals or purchasing power among certain groups may affect tenant sales, traffic, and hotel occupancy during certain periods.
- **Investment & Expansion Risk: Policy** or economic uncertainty may affect the timing of investment decisions by businesses and consumers, while exchange rate volatility may become more difficult to forecast.
- **Cost & Supply Chain Risk: Vo**latility in energy prices, construction materials, or imports of certain goods.
- **Confidence & Valuation Risk: Inve**stor and capital market confidence may be affected, which may be reflected in volatility in financing costs or asset values.

However, the Company operates a diversified business portfolio and derives most of its income from the domestic market, which helps reduce some of the impact from external volatility.

Impact on Stakeholders

- **Customers and tourists** Confidence in travel and spending.
- **Tenants and partners** Volatility in sales and costs.
- **Employees** Continuity of operations.

- **Investors and financial institutions** Assessment of country risk and the resilience of the business model.

Risk Mitigation Measures

The Company classifies geopolitical tensions and international economic risk as an emerging risk with high uncertainty, complexity, and multidimensional linkages that may have significant impacts over the next 1-2 years if the situation intensifies. As an Emerging Risk, the Company emphasizes a "close-monitoring and preparedness" approach rather than a purely reactive response, including:

1. **Enhanced Monitoring & Scenario Analysis** Monitor geopolitical, economic, and international policy developments, including shifts in domestic laws and policy directions, while adjusting business strategy to align with regulatory changes and assessing potential scenario-based impacts.
2. **Portfolio Diversification & Resilience** Strengthen the retail-led mixed-use model and diversify income across multiple business types, including shopping centers, offices, residences, and hotels.
3. **Flexible Capital & Project Management** Manage investment timing and new project execution with discipline in order to preserve financial flexibility.
4. **Stakeholder Communication & Relationship** Communicate proactively with tenants, investors, and partners to maintain confidence during periods of volatility, while strengthening relationships with government agencies to support efficient project execution.

02. Air Pollution Risk

Risk Characteristics

Air pollution, especially fine particulate matter (PM2.5), remains a major environmental and public health issue in Thailand and across Southeast Asia. It is considered an "emerging risk that continues to evolve" because it carries high uncertainty, is complex, and is linked to many factors, including open burning, traffic, urban density, industrial activity, and climate and transboundary wind patterns.

During 2024-2025, many areas in Thailand experienced PM2.5 levels above standards during certain periods, leading the government to intensify air quality oversight and raising expectations for businesses to manage environmental impacts more effectively.

For the Company, which operates shopping centers, office buildings, residential projects, and hotels, this risk may not directly affect the business structure. However, if pollution levels become severe or prolonged, they may affect users' health, travel behavior, and the image of cities as destinations.

The Company considers air quality risk to be an Emerging Risk with complex and multidimensional characteristics. Although it has not yet structurally affected the business, if the situation becomes severe or prolonged it may affect confidence and consumer behavior. It should therefore be closely monitored over the next 1-3 years.

Risk Impact

Impact on the Company

- **Demand & Traffic Impact** During periods of high particulate levels, travel behavior and the use of public areas may be affected, reducing shopping center traffic or limiting outdoor activities.
- **Performance** Customers or service users may reduce travel outside their homes to avoid health risks.
- **Health & Safety Risk** Health concerns for employees, customers, and tenants.
- **Operational Delay and Cost Impact** The need to strengthen indoor air quality control measures, such as upgrading air filtration systems, and operational adjustments in line with government measures, such as restrictions on goods transportation periods or suspension of dust-generating activities during certain times, including construction work.
- **Reputation & ESG Expectation** Expectations from investors and society regarding the organization's role in protecting the environment and quality of urban life.

However, the Company's business model, which emphasizes indoor spaces, allows it to manage indoor air quality at an appropriate level.

Impact on Stakeholders

- **Customers and service users** Confidence in indoor air quality.
- **Tenants** Continuity of business activities.
- **Employees** Health and safety at work, or the need to adjust work practices in line with government measures.
- **Investors and society** ESG expectations and the organization's role in urban environmental quality.

Risk Mitigation Measures

The Company recognizes this emerging risk and has therefore implemented the following management measures:

- Prevent PM2.5 from entering buildings by adjusting air-conditioning systems to positive pressure in order to block PM2.5, carbon dioxide, and allergens from entering shopping center interiors.
- Install high-quality filters (MERV 14) to filter air and effectively capture fine particles such as PM2.5 and allergens, reducing particulate levels and circulating clean air inside shopping centers.
- Install water curtain systems to capture dust before it enters air-conditioning systems, prior to releasing cooled air into shopping center areas, thereby improving dust reduction efficiency.
- Install Mist System technology to capture dust at main entrances and spray water mist on rooftops and surrounding shopping center areas during periods when particulate levels exceed standards.
- Avoid activities that may generate dust and toxic smoke, such as suspending incense and candle burning for worship, while encouraging tenants, customers, and employees to reduce behaviors that may create pollution, such as idling vehicle engines.
- Install smart IoT-based automatic detection systems to monitor PM2.5 levels in all areas, such as entrances, rooftops, and information points, and establish systematic measurement measures at defined times so that PM2.5 issues can be addressed promptly.

- Study and pilot new technologies that can reduce PM2.5, such as HVAC Air Scrubber technology, an air treatment system that combines ventilation with the absorption of airborne contaminants, for installation in various projects. This supports carbon reduction and clean energy approaches that help reduce pollution over the long term.
- Support collaboration with the public and private sectors on environmental issues and prepare for air quality regulations that may become more stringent.

03. *Changing Consumer Behavior Risk*

Risk Type

Social

Risk Description

Consumer behavior is changing rapidly, especially through structural shifts that continue to evolve and are difficult to predict. This is not limited to the growth of e-commerce, but also includes changes in lifestyle, attitude, spending priority, and expectations regarding experience. In particular, the New Gen segment, which is becoming the next core target group, tends to be less attached to brand names, no longer views the mall as the primary destination, and places greater importance on value-for-money, sustainability, and flexibility.

At the same time, smaller household structures, a greater tendency to rent rather than buy, and lifestyle-based consumption are changing spending patterns and the choice of where to live and work. These structural behavioral shifts are influenced by many factors, including the economy, society, technology, and the values of younger generations, making medium- to long-term demand pattern forecasting highly uncertain.

Impact

If spending, travel, working, and living patterns change, they may affect the quality of customer spending and the suitability of tenant mix in shopping centers, impacting rental income and the need to reconfigure leased space to support new demand. In addition, demand for more experience-driven hotel stays, more flexible office space, and the tendency to rent rather than buy in the residential business may affect the Company. If the Company cannot track and adapt its products, services, and projects to changing consumer needs in a timely manner, this may affect long-term growth and revenue generation.

Response Plan

The Company has adjusted its strategy by developing an "Experience-Based Destination" concept that focuses on creating differentiated experiences in shopping centers through a combination of lifestyle, wellness activities, and entertainment to attract customers. In addition, the Company has developed digital channels to align with changing consumer behavior and increased the use of technology to connect shopping centers with customers.