

**Subject: Analyst Briefing 3Q08**  
**Venue: The Stock Exchange of Thailand**  
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**Session I: CPNRF Presentation 3Q08**

**Speaker: Ms Jotika Savanananda**  
**(TMB Asset Management- Managing Director)**

Greetings to all investors and analysts, I would like to start with the performance of CPNRF.

#### **Slide 5**

Despite a crash in CPNRF unit price, operating performance of CPNRF was surprisingly above expectation set last 3 years at the time the acquisition of CentralPlaza Rama 2 and CentralPlaza Rama 3 occurred. One proof was shown by an increase in net investment income of 14.5% y-o-y reaching 251.7 MB for the third quarter. By adding back on amortization of deferred expenses, where the last installment of 5.5 MB was on August 2008, the distributable income rose to 257 MB. Note that the dividend payout policy is at 95% of distributable income; therefore, net distribution would be at 244.3 MB or 0.2238 baht per unit, an increase of 10.8% y-o-y and 3.9% q-o-q. Annualized distribution yield also jumped up to 12.7%, which was very impressive comparing with the government bond or downward trend of saving deposit.

#### **Slide 6**

By looking at income statement, property income increased by 5.7% y-o-y, beaten the projection of 5% growth y-o-y. In addition, this was an organic growth where the rental rate continued to increase approximately 5 % each year. Moreover, asset enhancement in CentralPlaza Rama 2 and CentralPlaza Rama 3 also helped contributing to higher income. A big jump in interest income on y-o-y basis was mainly due to an increase in interest rate; however, this was counted only as a small fraction of total income. A major factor contributing to higher income was a reduction in selling and administration expense by 7.3% q-o-q and 6.5% y-o-y. Amortization of deferred expense decreased as stated previously that our last installment was only 5.5 MB in 3Q08, compared with 12.1 MB for regular installment on previous quarter.

#### **Slide 7**

Excess of cash on balance sheet was reserved for dividend payout, which will take place on 16<sup>th</sup> December 2008. Investment in security and other receivables were also included in short term investment in terms of cash deposit and bill of exchange, where average yield was 3.6% p.a. Another point worthwhile noting concerns with yearly asset revaluation on investment in properties, where the last mark to market demonstrated fair value of investment in properties of 10,841.1 MB as at 31<sup>st</sup> December 2007. We have already contacted an independent appraisal value firms-15 Business Advisory Limited, to conduct asset (properties) revaluation for CentralPlaza Rama 2 and CentralPlaza Rama 3 to obtain new market value as at 31<sup>st</sup> of December this year. Nevertheless, after revalue the assets for three consecutive years, the value of assets have not yet gone down even though the assets were classified as leasehold. Moreover, unless the discount rate has been changed, we also expect the value to maintain at the same level this year since current revenue was higher than projected.

#### **Slide 8**

When comparing current CPNRF unit price with NAV per unit, it can be seen that we were selling at discount. In addition, by comparing yield of CPNRF with other alternative investments, CPNRF showed outstanding yield, even when comparing with comparable securities in the stock market (SET). Moreover, since CPNRF will distribute Bt0.2238 per unit for 3Q08 performance, it could be

the case that CPNRF unit price will drop theoretically the same amount of distribution; and yield would therefore become more attractive than 12.68% p.a. mentioned in the slide. Having said that, it is worthwhile considering property fund as one type of security in investment portfolio.

### **Slide 9**

By looking at historical distribution over last four quarters, distribution continued to grow over the periods from Bt0.2019 per unit for 3Q07 to Bt0.2238 per unit this quarter. Hence, it can be seen that CPNRF showed very impressive improvement in performance over time. Other details on distribution refers to three important dates, which are 26<sup>th</sup> November 2008 for XD Date, 1<sup>st</sup> December 2008 for book closure date and 16<sup>th</sup> December 2008 for dividend payment date.

***Speaker: Mr. Thanasombat Sanitwongse (Vice President- Property Operation Area of CPN).***

### **Slide 11**

An overall occupancy rate for CPNRF portfolio maintained at pleasant level of 98% in 3Q08 with the occupancy rate of 99.1% and 95.6% at CentralPlaza Rama 2 and CentralPlaza Rama 3 respectively.

### **Slide 12**

For the contract renewable and new lease, rental rate for CPNRF portfolio increased by 5.8% p.a., which was comprised of an increase of 5.4% p.a. from CentralPlaza Rama 2 and 6.3% p.a. from CentralPlaza Rama 3 for the first nine months 2008. One factor supporting higher rental rate was a change in merchandising mix, which was weighted more on services business. This business provided higher rent when comparing with other businesses during the recent economic condition.

### **Slide 13**

According to lease expiry profile, 21% of total occupied area will be renewed in the fourth quarter 2008 at CentralPlaza Rama 2. It is noted that most of tenants with expiry contracts have already informed us to renew. For non-renewable contract, it should not bring any concerns since CPN has found replacements for these leases. For CentralPlaza Rama3, only 4% of total occupied area in the fourth quarter 2008 will be expired, however, 29% of total occupied area will be renewed in 2009. Therefore, there will also be a change in merchandise mix to meet customer lifestyle and needs for CentralPlaza Rama 3 next year, which is expected to attract more shoppers.

### **Slide 14**

There were no significant changes in CPNRF rental structure profile for 3Q08 since most contracts were maintained at same policy as previous quarter.

### **Slide 15**

Tenants trade mix also showed no major change during this quarter, however, as stated previously, major alteration of merchandising mix for CentralPlaza Rama 3 will be held next year upon the contract expiry. Therefore, more food and beverage sector as well as services are expected to attract more shoppers and yield higher rental rate for CPNRF.

### **Slide 16**

Anchor tenants, who acquired 44.1% of total leasable area for 3Q08, were unchanged from previous quarter.

### **Slide 17**

Both CentralPlaza Rama 2 and CentralPlaza Rama 3 continued to show an upward trend on traffic performance especially for CentralPlaza Rama 2 where the growth mainly came from events and activities at both Plaza and Central Park.

**Slide 18**

There will be asset enhancement plans for CentralPlaza Rama 2 and CentralPlaza Rama 3 in 2009. At CentralPlaza Rama 3 we will modify air conditioning system at existing Junction X zone as well as adding new retails kiosks with an aim to obtain higher revenue from those spaces. Moreover, improvements of directional sign along with newly opened Vocal school- The Star Maker is expected to bring more customers into Junction X zone. Note that Junction X zone also offers satisfy rental rate.

CentralPlaza Rama 3 is also under development plan at Junction X zone as well as E-life zone located on the 6<sup>th</sup> floor. These zones are now under process of development, which is expected to finish on 15<sup>th</sup> of December this year. More foot traffic on 6<sup>th</sup> floor is expected after the completion of development. Moreover, CentralPlaza Rama 3 is also undertaking restroom renovation which is planned to finish early 2009.

**Session IV: Q & A session for CPNRF**

**Q:** From slide 14 of CPNRF presentation, the graphs of rental structure was classified by percentage of occupied area and percentage of number of tenants, however, do you have information on rental structure which based on total revenue?

**A: K. Naparat:** By classifying rental structure based on revenue, 80% of contracts will be fixed rent, and the rest will be percentage of sales.

**Thank you for your attention in our third quarter 2008 results analyst meeting. For more information on CPNRF, please visit CPNRF corporate website at [www.cpnrf.com](http://www.cpnrf.com) and please contact our Investor Relations Division directly for any enquiries. Have a great day.**