

CPN Retail Growth Leasehold Property Fund

3Q 2009 Results Briefing

Analyst Briefing Transcript

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CORPORATE PARTICIPANTS

CPNRF – CPN Retail Growth Leasehold Property Fund

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SCB Asset Management (“SCBAM”) – EVP of Investment Management

As a representative of CPNRF’s Fund Manager

Thanasombat Sanitwongse

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As a representative of CPNRF’s Property Manager

Presentation – CPN Retail Growth Leasehold Property Fund

Speaker: Mr. Vijchu Chantatab, EVP of Investment Management of SCB Asset Management

Good morning investors of CPNRF and CPN.

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In this quarter presentation, I would like to add a new section in; “the Capital Increase”, which has just been completed in November 2009.

On early November 2009, CPNRF has invested in CentralPlaza Pinklao project with a total investment of Baht 5,680 million and investment period of 15 years. This investment has made the total fund size to increase from Baht 10,910 million to Baht 15,764 million. Besides, we have borrowed Baht 1,000 million at rate MLR -1.75% to MLR -1.00% with a 12-year tenor, which is matched with asset life of CentralPlaza Pinklao project. Note that this is the first time for property fund to use loan as a part of capital increase and according to the SEC, property fund cannot use loan more than 10% of its NAV. By using debt in our capital increase, unitholders will get a benefit from a higher yield as a result of higher gearing ratio. The investment has completed on November 4, 2009, and newly issued units have been registered at the SET on November 9, 2009.

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Firstly, the benefit of capital increase for both fund and unitholders is that CPNRF has been able to invest in a prime asset of CPN, which able to generate consistent cash flow. Secondly, there will be no dilution to existing unitholders since our goal is to invest in an asset that can generate revenue without diluting yield and IRR of fund. More detail on DPU accretive to unitholders can be found on CPNRF’s prospectus. Thirdly, capital increase also enhances fund size, which reflects better economy of scale in terms of diversifying operating expenses as well as higher liquidity of fund. Fourthly, by having more

assets in the fund, we can improve risk diversification of the fund by diversifying location of each asset as revenue flows from different sources. Another benefit, as mentioned previously, is the benefit from gearing of Baht 1,000 million, which will bring higher yield for unitholders. Lastly, the main objective of fund is to bring CPNRF to a higher standard property fund, in terms of asset quality and size of fund, in both Thailand and within region. By doing so, we have to achieve both organic growth, which is growth in revenue from existing assets, as well as growth through an acquisition.

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As for financial performance, the latest distribution shown in the table is the distribution for the third quarter plus one month (totaling 4 months before the capital increase) since we believe the remaining revenues and other benefits from exiting assets should be all distributed to existing unitholders. Therefore, the distribution for 3Q09 was Baht 0.3046 per unit, slight higher than the usual of approximately Baht 0.22 per unit. By looking at the performance in 3Q09, net investment income increased to Baht 263.2 million from Baht 251.7 million in 3Q08 and Baht 257.3 million in 2Q09, representing an increase of 4.6% yoy and 2.3% qoq, respectively. The 4-month distribution was Baht 332.5 million, calculated by using Baht 263.2 million from 3Q09 plus 1-month distribution for October 2009, which was then equal to Baht 0.3046 per unit and annualized yield of 9.9%.

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Property income of Baht 335.8 million in 3Q09 showed an efficient income stream from properties as compared to Baht 329.7 million in 3Q08 and Baht 331.7 million in 2Q09. On the other hand, interest income decreased to Baht 2.0 million from Baht 7.3 million in 3Q08 and Baht 3.6 million in 2Q09, reflecting current lower market interest rate. Overall, total income remained stable at Baht 337.7 million. Moreover, property expense declined to Baht 69.5 million from Baht 74.7 million in 3Q08 and Baht 72.7 million in 2Q09, mainly due to an efficient cost control. Therefore, total net investment income in 3Q09 increased to 263.2 million Baht, improving for both yoy and qoq.

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Balance sheet as at 3Q09 has not changed much from that as at 2Q09. Investment in properties remained the same as at the previous quarter as valued by appraiser. However, investment in securities and cash has changed slightly. Note that investment in securities referred to those in low risk securities such as government bond or T-bill. Overall, total assets grew effectively as projected from Baht 11,919.4 million as at the end of 2Q09 to Baht 11,946.1 million as at the end of 3Q09. This resulted in slightly higher net asset in 3Q09 of Baht 11,365.7 million, compared to Baht 11,354.0 million in 2Q09. NAV per unit also rose, reflecting efficiency of fund, from Baht 10.4021 per unit in 2Q09 to Baht 10.4129 per unit in 3Q09.

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By comparing variety of yields in this slide, we can see that CPNRF still offers good opportunity to investors in terms of high yield of 9.93% compared to 4.53% for SET dividend yield, 3.93% for 10-year government bond, 3.73% for 5-year government bond, or even less than 1% for deposit. CPNRF

should, therefore, be an attractive alternative for investors who are looking for consistent cash flow and low volatility.

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By looking at CPNRF distribution payment, it can be seen that, over the past year, we continuously distributed consistent cash flow. However, the latest distribution has jumped slightly due to a longer period for distribution as mentioned previously.

Speaker: Mr. Thanasombat Sanitwongse, Vice President – Property Operation Area of CPN

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For the performance of CentralPlaza Rama 2 and CentralPlaza Rama 3, operation was considered good as the market was active and traffic remained high. However, occupancy rate has slightly declined from 98.1% in 2Q09 to 97.2% in 3Q09 due to difficulty in filling up tenants as a result of sluggish economy.

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As for new and renewed lease profile, total new and renewed lease profile for CPNRF portfolio stood at 12,439 sq.m., or an average increase in rental rate of 4.7% pa. This increase in rental rate came from 4.9% pa. increase in rental rate at CentralPlaza Rama 2 and 4.6% pa. increase at CentralPlaza Rama 3.

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Tenants with expiring leases still continue to renew their leases in 3Q09. At CentralPlaza Rama 3, tenants of 29% of occupied area have expiring lease and 15% of those has already renewed their leases, leaving 14% to renew their lease in 4Q09. There will be zoning change for CentralPlaza Rama 3, which will start in 2010. At CentralPlaza Rama 2, 5% of occupied area are expiring lease tenants, which will have to renew their leases in 4Q09.

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Rental Structure between fixed rental and variable rental remained similar to that of 2Q09.

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Tenant mix in 3Q09 also stayed roughly the same as in 2Q09. Nevertheless, the change in tenant mix of CentralPlaza Rama 3 should start next year, by adding more F&B on the 6th floor.

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For anchor tenants, most of their lease term remained unchanged, except for Fitness First, which has just renewed its lease.

Overall operation of both CentralPlaza Rama 2 and CentralPlaza Rama 3 still performed well. Moreover, expiring tenants continued to renew their leases, which will help increase rental rate to 5-6% each year.

Mr. Naris: As a property manager, I would like to add from what Mr. Thanasombat said on the renovation of CentralPlaza Rama 3. CentralPlaza Rama 3 has been opened since 1997, and it is now in due time for renovation. This renovation will not be a major one, but in the form of phase by phase renovation, which will be held next year. This year, we have already renovated restrooms, and the plan for 2010 is re-zoning the fashion section. This section contains small shops, in which most of them are long term lessee, and the current design of this section are not so stylish. This renovation will help this fashion section to be trendier and more convenient by improving design as well as adding escalators.

Questions & Answers

Question: For CPNRF, what is the payout ratio for the distribution in 3Q09 of Baht 0.3046 per unit?

Answer: Mr. Vijchu: Baht 0.3046 per unit accounts for 95% of net income available for distribution.

Question: What is the capex for the renovation of CentralPlaza Rama 2 and CentralPlaza Pinklao? Where will this capex come from and will it affect yield of CPNRF?

Answer: Mr. Vijchu: We still have not yet finalized the capex for both CentralPlaza Rama 2 and CentralPlaza Pinklao renovations, but we have already allocated capital for them, therefore, it will not affect yield of the fund. More detail on projected capex for CentralPlaza Pinklao can be found in CPNRF prospectus, however, the precise figures will have to be announced again in due time.

Question: Since the distribution for CPNRF of 9.93% has already included the principle, how much is the yield for pure distribution?

Answer: Mr. Vijchu: According to CPNRF prospectus for the capital increase, yield for 2010 is approximately 11%. However, whether or not there will be a capital decrease, it would depend on the appraisal value, which will be appraised every year. Nevertheless, as the time goes, the assets' life will be shorter, which will be reflected in the appraisal value of the assets, and the decrease in capital will have to be adjusted with this assets' value. To calculate an approximate capital decrease, including CentralPlaza Pinklao project, we could simply use the straight-line approach, which will yield approximately 3% for the principle out of 11% yield.

Moderator:

Thank you for your attention on our third quarter results announcement briefing. For more information on CPNRF, please visit CPNRF corporate websites at www.cpnrf.com, respectively, or directly contact Investor Relations Department. Thank you.

For more information, please contact CPNRF Investor Relations: ir@cpnrf.com

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