



CPN Retail Growth Property Fund

FY2008 Results Briefing

Analyst Briefing Transcript

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CORPORATE PARTICIPANTS

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Central Pattana ("CPN") – VP of Property Management

As a representative of CPNRF's Property Manager

Nold Swangjang

TMB Asset Management ("TMBAM") – Property Fund Manager

As a representative of CPNRF's Fund Manager

Presentation

Speaker: Nold Swangjang, Property Fund Manager, TMBAM

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

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Operating result in 2008, the net investment income showed a growth to Baht 971.7 million or increased by 8.3% from Baht 897.1 million of the previous year. The fund will pay total distribution of Baht 951.4 million, increased by 5.9% from the previous year. Distribution per unit was 0.8716 Baht, up 5.9% from Baht 0.8230 of the previous year. Investment income increased from growth in rental income, interest income, and other incomes.

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In 2008, property income reached Baht 1,304.1 million, up 5.1% from Baht 1,241.3 million in 2007. Interest Income was Baht 29.2 million or decreased by 1.0% from Baht 29.5 million last year. Thus, total income was Baht 1,333.3 million, increased by 4.9% from last year. On the other hand, property expenses were up by 2.2% to Baht 311.1 million from Baht 304.5 million last year. Other management fees and expenses showed no significant change in 2007 and 2008 at Baht 20.7 million and Baht 20.9 million, respectively. Thus, total expenses in 2008 decreased by 3.2% from 2007 to Baht 361.7 million.

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In terms of Balance Sheet as of 31 December 2008, CPNRF reported Total Investment in Properties of Baht 10,972.0 million, increased from Baht 10,841.1 million of 3Q/2008 due to an increase in the value of the properties by revaluating CentralPlaza Rama 2 and CentralPlaza Ratchada-Rama 3. Thus, Total Assets rose to Baht 11,935.8 million and Net Asset Value ("NAV") was recorded at Baht 11,332.1 million. In comparison, Retained Earnings reached Baht 417 million, NAV per Unit was at Baht 10.3821 as at 31 December 2008.

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CPNRF's Dividend Yield showed an attractive trading yield of 10.98% p.a. compared with 3.71% p.a. of 10-year government bond yield and 0.75% p.a. of saving deposit.

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CPNRF's distribution payment from the previous period, paid on 30 March 2008, was Baht 0.2159 per unit or equivalent to a Distribution yield of approximately 11% p.a. This was based on unit price as at 26 February 2009.

Speaker: Thanasombat Sanitwongse, VP – Property Management & Development, CPN

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

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An overall occupancy rate in 4Q/2008 improved slightly to 98.5% from previous quarter as that of CentralPlaza Rama 2 was up at 99.1% and CentralPlaza Ratchada-Rama 3 was up to 96.9%.

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The new and renewed leases led to 5.7% growth in rental rates. The renewal and new leases were already completed at the end of 2008 with renewal and new leases area at CentralPlaza Rama 2 totaling of 22,620 sqm.

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In 2009, 10% and 29% of occupied area of CentralPlaza Rama 2 and CentralPlaza Ratchada-Rama 3 will be expired. This would allow adjustments to the zoning at CentralPlaza Ratchda-Rama 3, which should improve the property performance.

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There was no change in rental structure profile.

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Tenant trade mix also showed no major change; although there would be some changes this October 2009 when we will add more restaurants at CentralPlaza Ratchada-Rama 3, as there is still a room for improvement for food and beverage there.

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As for contracts of anchor tenants, Fitness first's contract will be expired in April 2009 and has already been renewed. Also, IT City's contract will be expired in Aug 2009 and the contract has been renewed as well.

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Both CentralPlaza Rama 2 and CentralPlaza Ratchada-Rama 3 continued to show an upward trend on traffic performance due to growth of residential areas near CentralPlaza Rama 2 and events and activities at CentralPlaza Ratchada-Rama 3, drawing more people to the shopping malls. In addition, high oil prices situation encouraged people to shop at neighboring shopping malls.

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The reconfiguration of E-Life Zone and XY Arena Zone at CentralPlaza Ratchada-Rama 3 were completed. 2009's plan is to improve merchandizing mix at CentralPlaza Ratchada-Rama 3 towards the end of the year.

Speaker: Naris Cheyklin, SEVP and CFO, CPN

Please allow me to add some points apart from what Mr.Thanasombat had said earlier. With the economic crisis, CPN has discussed with some small retail shops to lease back their shops. This helped utilize cash balance of CPNRF and enhance property management of CPN by remerchandising.

Question & Answer

Moderator:

Thank you. We'd like to open it up for questions now.

Question: NAV of CPNRF has continuously increased for two consecutive years, what is the trend of investment value and how to assess the NAV?

Answer: Nold Swangjang, Property Fund Manager, TMBAM

The increase of assessed price partly came from rental income since it is based on Income Approach. Thus, whether the rental income this year is the same or higher, this will lead to an increase in the net asset value (NAV). However, this depends on assessor's applied cap rate which represents economic situation. The cap rate of approximately 10 -13% is used for the assumption of the NAV assessment. And the assumptions are based on income statement and comparing with industries.

How to expect the price of CPNRF in the future as it is a leasehold? Once the lease period is short, the value will represent the assessed price itself. However, this depends mainly upon the balance of rental rate and income growth.

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