

CPN Retail Growth Leasehold Property Fund

FY 2009 Results Briefing

Analyst Briefing Transcript

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As a representative of CPNRF’s Fund Manager

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As a representative of CPNRF’s Property Manager

Presentation – CPN Retail Growth Leasehold Property Fund

Speaker: Mr. Poom Osatananda, EVP of Investment Management of SCB Asset Management

Good morning investors of CPNRF and CPN.

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Year 2009 was one of the highlighted years for CPNRF. Before proceed the discussion, I would like to introduce briefly about the second capital increase of CPNRF, which took place in November 2009. Before the second capital increase, CPNRF had two assets namely CentralPlaza Rama 2 and CentralPlaza Ratchada-Rama 3. On November 6, 2009, CPNRF had acquired a third asset, CentralPlaza Pinklao, as a result of the capital increase. CentralPlaza Pinklao comprised Pinklao Plaza, Pinklao Office Tower A and Pinklao Office Tower B. As a result of the acquisition, the dividend payment period in 2009 was slightly different from that of the normal year. Normally, dividend will be paid four times a year based on quarterly results, however, the third quarter dividend of 2009 covered four-month period, stating July – October, while the fourth quarter dividend covered only two-month period, starting November – December. Despite the timing change, the 2009 dividend payout ratio was still around 95% of net income available for distribution which is the net investment income before recognizing unrealized gain/loss from change in investment value. Adding to the table on slide 5, “n.a” shown in the net investment under “2-month of 1 November – 31 December” column” was equal the net investment income excluding unrealized gain/loss from change in investment value of Bt279 million. The dividend per unit for the two-month period was Bt0.1622, representing 95% distribution from net income available for distribution or 9.9% annualized yield.

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CPNRF financial performance for 2009 was slightly more complicate than that of the normal year due to the growth in property income came from two sources; organic growth from existing two properties and growth from acquisition of CentralPlaza Pinklao. For 4Q09 performance, property income increased to Bt485.8 million, of which 70% or Bt340 million of an increase was from the two-month income from CentralPlaza Pinklao since CentralPlaza Pinklao represented high proportion of total revenue of CPNRF

portfolio. Net investment income during 4Q09 also rose to Bt366.7 million, of which almost 70% or Bt58 million was from CentralPlaza Pinklao as well. Please note that our method of presenting financial statement was slightly different from those presented by the auditor since we focus more on the net investment income before unrealized gain/loss from change in investment value as it reflects clearer picture of operation performance. Net investment income of 2009 was recorded at Bt1,150.7 million, a YoY increase of 18.4%. The 2009 income statement also included amortization of deferred expenses, a non-cash expense which normally incur during IPOs or capital increase. Excluding this non-cash expense, the net investment income rose by 15% from 2008.

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Balance sheet during 4Q09 was also different from those in 3Q09 due to the acquisition of CentralPlaza Pinklao as mentioned earlier. Despite this factor, another factor adding to 4Q09 Balance sheet was an annual asset value appraisal, which showed Bt300 million increased in asset value during 2009. Most of our investment in securities were in BE, in which when combining with cash will make our total cash-equivalent of more than Bt1,000 million. With this excess in cash, during January, we used partial of this cash to prepaid the loan in an amount of Bt510 million. The original amount of loan was Bt1,000 million, which was issued for an acquisition of CentralPlaza Pinklao. Note that according to the SEC, the total loan for property fund cannot exceed 10% of its NAV. By having paid back partial amount of total loan while interest rate was favorable to do so, we have received interest saving of Bt1.7 million per month. Alternatively, while comparing 4% interest rate with yielded from cash of approximately 1%, an Income Statement will record a figure of net interest saving at approximately Bt1.3 million per month.

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As mentioned earlier, CPNRF annualized yield was 9.9%, in which, when comparing to government bond or SET dividend yield, CPNRF dividend yield was higher than others as seen in the figure. Note that CPNRF contains leasehold properties, in which its weighted average remaining life is 37 years. CentralPlaza Pinklao has 15 years, leasehold, while CentralPlaza Rama 2 has 15 years and CentralPlaza Rama 3 has 25 years as stated in property registration, however, the total right to lease still remains at 85 years.

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The payment date for dividend during period of November 1, to December 31, 2009 was on March 15, 2010, in which dividend was paid at Bt0.1622 per unit.

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

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Overall 4Q09 occupancy rate for CPNRF remained stable compared with 3Q09. For CentralPlaza Rama 2, occupancy rate has increased to 98.4%, while CentralPlaza Rama 3 rose by 2.7% to 97.3%. During 4Q09, CentralPlaza Pinklao has been acquired into CPNRF portfolio, which then added 24,046 sq.m. to Plaza leasable area and 33,762 sq.m. to total office leasable area. Occupancy rate for CentralPlaza Pinklao also remained high at 98.9% and it anticipates a full occupancy during 2010. Office's occupancy rate stood at 92.6%, which then made total occupancy rate for CPNRF portfolio, remained high at 97.2%.

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During 2009, CentralPlaza Rama 2 had number of total renewals and new leases of 182 leases, which contributed to an increased in 5.0% in rental rate. CentralPlaza Rama 3 had 97 renewals and new leases which made rental rate increased by 4.9%. During November and December 2009, Pinklao Plaza had 20 renewals and new leases, while Pinklao Office Towers had 22 leases. These contributed to 5.6% and 2.7% rise in rental rate of CentralPlaza Pinklao respectively. Rental rate for total CPNRF portfolio was then increased by 4.5%. Moreover, as CentralPlaza Pinklao will be under renovation during 2010, therefore rental rate for lease renewal tenants is expected to be higher. A jump in rental rate after the renovation is expected to be approximately 8-10%, which will then drive the future rental rate for CentralPlaza Pinklao to be higher.

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Overall lease expiry profile remained well balanced with constant tenants' renewal. During 2010, CentralPlaza Rama 2 has 11% lease expiry and 27% for both CentralPlaza Rama 3 and CentralPlaza Pinklao. For Pinklao Office Tower A and B, the lease expiry profile stood at 34% and 25% respectively. However, most of these lease expiry tenants has already renewed their lease this year.

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Rental Structure for 4Q09 has changed slightly due to an acquisition of CentralPlaza Pinklao, which made fixed rent increased to 70.2% and variable rent decreased to 29.4%. Rental structure by number of tenants remained stable at 95.7% for fixed rent and 4.3% for variable rent.

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Overall tenant mix has also changed slightly with an injection of CentralPlaza Pinklao into portfolio. However, tenant mix for CentralPlaza Rama 2 and CentralPlaza Rama 3 still remained stable. For CentralPlaza Pinklao, an additional area of 24,046 sq.m. comprised 25% of Food and Beverage, 11% of Electronics, IT and Furnishing, 2% of Entertainment and Leisure, 33% of Fashion, Health and Beauty, 28% of others and 1% of vacant area. In terms of Pinklao Office Tower A and B, the tenant trade mix comprised 34% of Language, Art and Tutoring, 14% of Financial Institution, 8% of Government Agencies, 10% of Health and Beauty, 7% of IT and Electronics, 9% of CPN Office, 11% of other and 7% of vacant. With these contributions from CentralPlaza Pinklao, the tenant trade mix for total CPNRF plaza portfolio has been changed to 17% for Department Store, 14% for Food and Beverage, 15% for Electronics, IT and Furnishing, 13% for Entertainment and Leisure, 21% for Fashion, Health and Beauty, 18% for Others and 2% for Vacant area.

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Despite an acquisition of CentralPlaza Pinklao into CPNRF portfolio, number of anchor tenants remained slightly stable, apart from an increased of 2,975 sq.m. from Fitness First at CentralPlaza Pinklao. Moreover, no contracts from anchor tenants will be expired during 2010.

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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