



PROPERTY
DEVELOPMENT
& INVESTMENT
A Member of Central Group

Central Pattana Public Company Limited

Subject : Analyst Briefing 1Q08
Venue : The Stock Exchange of Thailand
Date: May 27th, 2008
Session I: CPN Presentation 1Q08

A warm welcome to all analysts, fund managers, shareholders, honorable guests, and media

Speaker: Mr. Naris Cheyklin (SEVP- Account & Finance, Property Management, CFO of CPN)

Slide 5

In the first quarter of 2008, there has been a sign of improvement supported by a continuous recovery in consumer confidence since the end of last year. Unfortunately, soaring oil and consumer product prices has potentially threatened further recovery in consumer confidence; thus, higher cost of living has now become our concern for the rest of the year. While rising in agricultural product prices has resulted in an increase in farmers' income, a question remains on whether the higher household income from agricultural sectors can overcome lower consumer purchasing power.

Furthermore, political situation is likely to be an on-going factor for the economy during the remaining of the year. Thus, we shall keep our focus on the economic fundamentals such as an effectiveness of government's economic stimulus packages, an implementation of mega projects, a possibility of inflation rate to remain in Bank of Thailand's (BOT) target, a stable and currently low interest rate, and a continuous bloom of Thai tourism industry. These factors have been taken into account with regard to our business expansion plan, and we will not take overwhelmed risks against our financial capability.

Therefore, we are working on a capital increase of CPN Retail Growth Property Fund (CPNRF) in order to prepare ourselves on future financial needs. In addition to our plan to divest CentralPlaza Pinklao into CPNRF for a capital increase, we also plan to transfer CentralPlaza Chiangmai Airport to the fund at the same time. CentralPlaza Chiangmai Airport, which we bought in 1996 and completed its renovation both phase one and two in 2003, has been in operation for 5 years. We believe it has become one of our matured assets and possibly ready to be put into CPNRF; however, the transfer of CentralPlaza Chiangmai Airport to CPNRF in this round of capital increase has not been concluded yet. We expect the capital increase of CPNRF to be completed in the third quarter of this year.

In regards to an initiating of office-focused REIT, we are currently negotiating on contract term. However, since we are now proceeding the capital increase of CPNRF, it allows us time to work on office-focused REIT pending issues. Therefore, it is likely that we will launch office-focused REIT after the completion of CPNRF capital increase.

Slide 8

In the first quarter of 2008, CPN's operations had improved mainly from lower advertising and marketing expenses after traffic has shown a sign of betterment. As a result, advertising and marketing budget has been reduced. The expenses in the first quarter were still below our budget. The remaining amount as per the budget will be reserved for the coming quarters if any economic situation has not improved as we expect and resulted in a requirement of such reserves. Of course, we will not overrun our budget. As of now, the amount of those reserves has not been used.

The average effective rental rate increased at a moderate rate, while leasing progress on existing projects has much improved. Looking at CentralWorld, we are approaching to close deals with renowned brands, and they are likely to sign leasing contracts very soon. Currently, there are



PROPERTY
DEVELOPMENT
& INVESTMENT
A Member of Central Group

Central Pattana Public Company Limited

overwhelmed requests from exhibitors to arrange events at CentralWorld. It has led to the beliefs that our CentralWorld is strengthening. Discounts at CentralWorld have been much lower in the first quarter of this year when compared to the same quarter of last year and about 3-4% lower from a high season in the fourth quarter of last year. We deem that CentralWorld's performance will continue to improve, especially after the opening of Center Point, a new anchor, in the third quarter. At present, there is a regular activity arranged by Center Point on every Friday at the frontage of CentralWorld to attract teenagers. The opening of Center Point on the sixth floor at CentralWorld will be around August or September this year. It will be one of magnets to the shopping mall. Indeed, CentralWorld has become the destination for lifestyle with mixed activities, restaurant's diversity, and affordable shopping items. We certainly believe that CentralWorld will become one of the successful shopping malls in our portfolio.

For other existing malls, we have seen continuous improvement, particularly at CentralPlaza Rattanathibet. It has evidently shown that traffic flow at CentralPlaza Rattanathibet grew by approximately 20% yoy in the first quarter. This turnaround was after a completion of its renovation in 2006. The format of CentralPlaza Rattanathibet is a mix between lifestyle and community shopping mall, which can compete with nearby malls in Ngamwongwan area. In addition, it will be different from CentralPlaza Chaengwattana, which will be opened around November of this year. Certainly, each shopping mall has its own positioning and targeted customers. In regard to CentralPlaza Pinklao, operation performance has also improved since the first quarter of last year after adversely affected by political rally in 2005. However, there is a concern on current political situation, which may impede the development of the shopping mall. A gathering taken place on Ratchadamnoen Rd. might force people to re-route to avoid traffic jam, which will not benefit the mall.

The average effective rental rate grew by 3% in this quarter when compared to the same period of last year. We expect to see uninterrupted growth in the second half of this year. The company's rental rate growth was moderate. The reason that rental rate could not be essentially increased partly stems from an uncertainty of land lease extension at CentralPlaza Ladprao, which will be expired at the end of the year. As such, we are unable to conclude contract renewal for CentralPlaza Ladprao's tenants, sequentially resulting in neither for us to proceed for a rate increase nor for tenants to voluntarily progress on their shop renovations.

For developing projects at Chaengwattana and Pattaya Beach, the leasing has been on schedule. CentralPlaza Chaengwattana, to be opened in November, has a current sale progress of about 85% of our target. We have about one to two months to fill up the vacant space, and tenants will have around four to five months to fit out their shops. Meanwhile, we are trying to push for more sales at CentralFestival Pattaya Beach, which leasing progress is currently slightly below our target. However, the take-up rate for Pattaya is expected to catch up fast as we are now reaching to close deals with one to two groups of retail operators, who own four to five renowned brands. More importantly, those brands for example DKNY and Diesel have not been operated yet in any nearby malls.

The foundation work at CentralPlaza Chonburi was completed, while CentralPlaza Khon Kaen began its foundation work. For CentralPlaza Rama 9 project, main contractor was awarded and now started for piling work. With regard to our developing projects, they are on schedule. CentralPlaza Chaengwattana is due to operate around the end of November, while the opening of CentralFestival Pattaya Beach will be around the end of January or at the beginning of February of next year. The exact opening date of those two projects will be announced on press conference later on. The openings of CentralPlaza Chonburi and CentralPlaza Khon Kaen projects will be around July 2009 and the end of 2009, respectively.



Slide 10

On the operation side, the average occupancy rate for ten shopping malls was recorded at 95%, almost unchanged from the last quarter. CentralPlaza Pinklao's occupancy rate stood at 91%. The vacant space was from the remove of approximately 3,000 – 4,000 sqm bowling alleys to be specified. The space will be replaced by two new anchors, namely SB Furniture and Fitness First. Those two anchors are currently fitting out and expected to open in the third quarter this year, which will result in a higher occupancy rate at 95 – 96%. In addition, we will have a major renovation at CentralPlaza Pinklao this year. However, the renovation might not be completed by this year-end and more likely to be continued through next year. The occupancy rates for CentralPlaza Rama 2 and CentralPlaza Rattanathibet have much improved as well. For CentralPlaza Rama 3, there is a tenant-mix change to keep up with current lifestyle and to be able to compete with nearby malls. Furthermore, we just opened the new face of food courts at Rama 3 and Pinklao in April. The places look fantastic while their revenues beat our projection. The old food court at Pinklao is to be ceased and converted to retail space, which can generate higher income. Apart from the above mentioned, other malls' retail occupancy rate reached almost 100%.

Slide 11

As for office properties, overall occupancy rate has raised slightly. The occupancy rate at Pinklao Tower B increased to 85% in the first quarter from 75% in the fourth quarter of last year. However, the take-up rate was slower than forecasted due to location that the Pinklao Tower B is not adjacent to main road. We expect the occupancy rate at Pinklao Tower B to reach about 90% by year-end. Meanwhile, the occupancy rate at The Offices at CentralWorld stood at 97%. We are reaching to close leasing deals for almost entire space on the 45th floor since we started to lease the space in the third quarter last year. The remaining top floor on the 44th floor is still vacant nonetheless.

For residential properties, apartments at Bangna are assets for sale. As we demand high selling price, the sale progress is quite slow. However, we believe that we can afford to wait as we acquired it at a very low cost, and there are only a few units left. A renovation of our property at Langsuan was completed last year. This has resulted in higher occupancy rate.

Slide 12

Since there is no significant change regarding the contract types, I shall move on to the next topic.

Slide 13

During the first three months of 2008, the average effective rental rate excluding CentralWorld showed a growth of 4% yoy, while those including CentralWorld showed a 3% yoy growth.

Slide 14

The traffic flow in the first quarter has improved in almost all properties except for the one in Chiangmai, at which traffic was down by 4% yoy, due to an opening of Big C store nearby. However, we believe this is only a short term distraction. The traffic should return to normal in the next three to four months.

Slide 16

Moving along on our developments to CentralPlaza Chaengwattana, the project consists of three components; a plaza building, an office tower, and a parking building. The parking building was completed and ready to commercialize. Meanwhile, construction of the plaza building is progressing to the sky-roof works. For the office building of Chaengwattana project, the construction has made progress to the 20th fl and its external or façade will be completed by the opening date of the Plaza. Interior and M&E works inside the office building, however, will be completed later on next year. Our purpose is to have an entire project looked completed from the outside. This is from our experience at CentralWorld project during the time that Zen Tower and Centara Hotel were on constructions.



This had led many to the belief that CentralWorld's construction was not finished when the CentralWorld initially operated.

Slide 17

For CentralFestival Pattaya Beach, the construction progress was at 56% and the work has now reached the main elevator hall of the hotel. The external progress of Pattaya Beach is slower than that of Chaengwattana due to a design change of the hotel, but we believe it is still on schedule. An external part of the hotel tower will be completed when the project is launched, implied the same rationale as that of Chaengwattana project mentioned above. So, as the project will be commercial operated in January 2009, leasing deal will have to be concluded by August for food & beverage segment and by September for fashion segment. We have received responses from some well-known international fashion brands. Those are interesting to come to both Pattaya Beach project and CentralWorld if deals complete.

Slide 18

CentralPlaza Chonburi was a surprise on the leasing progress, which is now ahead of our expectation. The opening of this project should be adhered in July 2009.

Slide 19

The contractor was already awarded, and the construction has started for CentralPlaza Khon Kaen.

Slide 21

With regard to the Pre-Cadet School project, we are still waiting for the Crown Property Bureau to hand over the land. The land is located on the corner of Rama 4 Rd., with a long front part, and Wireless Rd., which could be one of the prime locations in Bangkok. The project will be taken a long construction period due to its large scale, comprising a huge space of office building.

For overseas projects, we are still looking for opportunities. Currently, there are many land owners offering us prime locations to initiate shopping mall projects, which I personally reckon a possible sign of property bubble especially in Vietnam and China. Hence, we are cautious and will not rush for overseas project developments.

Slide 22

Moving on to capital expenditure, CPN's Capex plan in the first quarter remained unchanged. We believe we can procure our sources of fund to match with our Capex plan. By doing so, a capital increase of CPNRF, one of our sources of fund, will likely to include properties in Pinklao and Chiangmai. This will allow us to secure 2008 Capex. Therefore, bond issuing or project financing should not be required to meet this year Capex plan.

Slide 23

CPN's retail leaseable area will grow from approximately 760,000 sqm in 2008 to about one million sqm in 2011, or an increase of 42% in the next four years. In addition, total leaseable area will increase from approximately 900,000 sqm by the end of this year to about 1,170,000 sqm in 2011. This has not yet incorporated future rate increase to further reassure investors of sustainable growth.

Furthermore, I would like to update you on other potential projects. We are now pursuing the purchases of two to three landbanks to secure prime locations in several high potential growth provinces. On top of that, one acquisition project in provincial area is on progress. We expect the sale and purchase agreement to be signed around next week. We shall inform you on any update once the deal is completed. The land purchase and the acquisition are carried out cautiously at the same time.



This should conclude the main highlights for operations. We shall move to financial highlight part.

Speaker : Ms. Naparat Sriwanvit (Vice President- Finance of CPN)

Slide 24

Overall financial performance in the first quarter was much better on yoy and qoq basis. Total revenue stood at 2,233 MB, operating profit was 820 MB, and net profit recorded 617 MB. In comparison to the same period last year, total revenue in the first quarter achieved a 13% growth, while net profit rose by 48%. This was mainly due to higher income from CentralWorld supported by an increase in its occupancy rate and lower discount. Moreover, a drop in advertising and marketing expenses in the first quarter resulted in higher operating income. We have set a target of such expenses to total revenue at 4.5-5% this year while it was 7% last year. However, the ratio of advertising and marketing expenses to total revenue was only 3% in the first quarter of this year.

In comparison to the fourth quarter of last year, total revenue declined by 5%; however, this was due to a non-recurring income in the fourth quarter from compensation for cancellation of rights to a certain land at CentralWorld to Zen Department store. Without the non-recurring income, total revenue and net profit in the first quarter this year increased by 4% and 102%, respectively, primarily from lower marketing expenses.

Slide 25

In the breakdown of total revenue for each business, main incomes were generated from retail property development business unit. Retail income increased by 15%yoy in the first quarter due to a higher common-area, air-conditioning and maintenance rate (CAM charge) corroborated with a rise in electricity charges which pass through tenants, and an increase in rental rates achieved at all properties. As for the offices, there were better performances of the Offices at CentralWorld and Pinklao Tower B. This contributed to an increase of 7% yoy in revenue from office business unit. For food and beverage, revenue increased by 5% yoy, owing to our good quality food courts.

Slide 26

In the breakdown of costs of rental and service, this fluctuated due to an increase in electricity charges and the opening of new areas, particularly at CentralWorld. Cost of rental and service in the first quarter increased by 8% yoy and merely 1% qoq where cost of rental and service mainly comprised of depreciation cost. It is noted that depreciation expense of CentralWorld had stabilized; hence, it should not vary materially in 2008.

Slide 27

Selling and administration expenses decreased by 4% yoy and 51% qoq. It mainly resulted from a drop in advertising and marketing expenses. Nonetheless, personnel cost was about 20% higher from the same period last year in order to support business expansion.

Slide 28

There was an improvement in gross profit margin, registered at about 45% in the first quarter, as well as other key ratios related to earnings. These were due to higher net income in this quarter. Retail business' gross profit margin reached 47% in this quarter.

Slide 29

With regard to capital structure, net interest-bearing debt to equity remained the same as in the previous quarter at 0.6 times. We are still adhering to our policy to maintain net debt to equity of not higher than 1.0 time.



PROPERTY
DEVELOPMENT
& INVESTMENT
A Member of Central Group

Central Pattana Public Company Limited

Slide 30

This page shows you about our debt structure. CPN's outstanding borrowings were mostly long-term bond with over 3-year tenor. The weighted average rate was at 5.2% per annum. Interest-bearing debt was 70% fixed interest rate and 30% floated rate.

Slide 31

This page shows you the CPN's stock price movement. Apparently, CPN share price gained an appreciation in the first quarter. The dividend payout policy was unchanged at 40% of normal net profit. At CPN's Annual General Shareholder Meeting (AGM), on 22nd May 2008, shareholders had approved the dividend payment at Bt0.33 per share or 40% of net profit.

This comes to the end of CPN presentation. We shall go through CPNRF presentation.

Session II: CPNRF Presentation 1Q08

Speaker : Mr. Phiphat Phisanuwongrak (Senior Fund Manager of TMB Asset Management)

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

Slide 5

As Khun Naris mentioned about a consumer confidence improvement in the first quarter resulted in higher traffic flow to the shopping malls. Consequently, incomes increased for CentralPlaza Ratchada Rama 3 ("Rama 3") and CentralPlaza Rama 2 ("Rama 2"), managed by CPN as a property manager. Net income in first quarter was 236 MB, up 5% from the fourth quarter of last year and 6% from the same period of last year. The distribution policy was the same at 95% of net profit, resulted in a distribution of Bt0.2164 per unit. The current yield was at 8.3% per annum, based on a trading unit price of Bt10.50. However, for any investors held the unit since the IPO at Bt10.0 per unit, the yield can be calculated at 8.6% per annum, which considered a great return.

Slide 6

Looking at the details on the income statement, you can see that property income for the first quarter of this year was 318 MB, an increase of 6.2% yoy and 0.8% qoq. It was highlighted that property expenses dropped in this quarter. This can be explained by seasonal lower marketing expenses in the first quarter comparing to the high season in the fourth quarter. Property expenses declined 11% from last quarter. Moreover, interest income decreased in this quarter. However, the interest income should be better in the second quarter as interest rate is likely to turnaround. In addition, management fee expenses were stable. Total expenses decreased by 9% from the last quarter.

Slide 7

The balance sheet has not changed much from the last quarter. Total assets as at 31 March 2008 were 11,775 MB. NAV as at 31 March 2008 was Bt10.25, a 2.4% premium than NAV at IPO.

Slide 8

At present, the yield on CPNRF is at 8.3% per annum. The spread over 10-year government bond is approximately 342 basis points

Slide 9

The next slide shows you historical distribution payment which was clearly seen that fund performance improved continuously. Hence, it was able to distribute accretion payment almost



every quarter. The XD date is on 30 May 2008, book closure date will be on 4 June 2008, and distribution payments will be on 17 June 2008.

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

Slide 11

With regard to operations, the performance improved for both Rama 2 and Rama 3. The overall portfolio occupancy rate was at 98% in this quarter, improved from 96.8% in the fourth quarter of last year. The occupancy rate at Rama 2 increased from 99.0% in last quarter to 99.6% in this quarter. As well as, at Rama 3, the occupancy rate was 94.1%, increased from 91.6% in the last quarter, which should continue to improve in the future.

Slide 12

Let move on to a subject of new and renewal lease contracts. There were 38 new and renewed contracts which accounted to 2,640 sqm., or 2% of total leaseable areas. This brought about a rental rate upturn of 5.6% under the new or renewed leases.

Slide 13

The portion of expiring lease contract for the rest of this year will be 26% and 12% at Rama 2 and Rama 3, respectively. Therefore, the overall expiring lease contract of total portfolio will be approximately 22% of total occupied area. As for contract renewal, we expect a slight remerchandising mix. For example at Rama 3, it needs a remerchandising to bring in new looks, keep the mall up to date, and be competitive.

Slide 14

As for rental structure, there was no major change here. Fixed rent portion stayed at 59.1% of total occupied area, while consignment rent (% of sales) was at 40.9% of total occupied areas.

Slide 15

Portion of merchandise mix has no significant change.

Slide 16

Our key tenants are all market players as you can see in the table, which accounted for 44.6% of total leaseable area. All of these anchor tenants are the magnets to draw visitors to the shopping malls, which also can ensure success to other retail tenants.

Slide 17

Traffic at Rama 2 and Rama 3 has greatly improved by 5% and 12%, respectively, from average visitors of last year.

Khun Naris, CPN's CFO added more comments:

Before we move to Q&A session, I would like to give you a note on slide 28 of CPN presentation. Gross profit margin in this quarter has reached 45%, which is usually a high season. From my view the high gross profit margin in this quarter should not be used as a proxy for calculation of average gross profit margin for the whole year. Therefore, average gross profit margin for 2008 should reasonably stand in a range of 43-44%.

Having mentioned about our favorable performance, I am truly appreciated our staff dedication and all their hard works. Because of intense competition among shopping malls in Bangkok, we are working hard to make our shopping malls leading properties and, of course, to continue to show a better performance.



PROPERTY
DEVELOPMENT
& INVESTMENT
A Member of Central Group

Central Pattana Public Company Limited

In addition, we would like to point to an advertisement business, currently generating a small income. This year, we will emphasize on this business to generate higher portion of revenues. Normally, the cost is very minimal, only commission fees to be specified. Hence, advertising incomes will directly contribute to our bottom line.

Session III: Q & A Session

Q: What is revenue and EBITDA contribution of CentralWorld and CentralPlaza Ladprao?

A: Revenue contributions from CentralWorld and Ladprao are much closed, while EBITDA contribution of CentralWorld is far lowered than that of Ladprao.

Q: What do you foresee the contribution of advertising income in the next 2-3 years?

A: For this year, the contribution will be quite minimal, only 1-2% of total revenue, while a higher portion is expected next year. However, sale of advertising had showed a good response, exceeding the target.

Q: What is the additional fund size of CPNRF capital increase if CentralPlaza Pinklao and CentralPlaza Chiangmai Airport will be injected in?

A: First of all, CPN's board of directors have not yet approved for transferring CentralPlaza Chiangmai Airport into CPNRF for the capital increase. If approved, the additional fund size with those two properties will be over Bt10bn. A fair asset valuation report of those two properties will be posted to us within next two weeks. We think that CPNRF fund size after capital increase will be approximately Bt20bn (US\$600m) which will attract more investors, enhance liquidity, and command trading premium. We target to grow the fund size to about US\$1bn, making more attractive regionally.

Q: How do you foresee the discounts at CentralWorld in the second quarter until the end of this year?

A: I think the discounts at CentralWorld are likely to be maintained at its current level. This is due to the second and third quarters being low season, and I am not certain about the impact of political instability. As I mentioned earlier, the Center Point will be operated in August or September this year, which is quite close to the end of the third quarter. As such, the fourth quarter performance should improve, benefiting from the opening of the Center Point and high season. As a result, we think we should be able to lower the discounts at CentralWorld in the fourth quarter of this year.

Q: There is an increase in Capex plan of approximately 1,000 MB, resulting from the development of CentralPlaza Khon Kaen. Should the investment cost of Khon Kaen project stay at this figure? Also, could you please clarify what the 1,000MB of additional investment cost of Khon Kaen project will be used for?

A: There are two reasons for the additional investment cost of 1,000 MB of Khon Kaen project.

First, there is a higher construction cost, for instance a significant increase in steel price.

Second, the size of the project is scaled up so as to support great demand in that area. This is confirmed by our market survey. We sent 4-5 sales staffs to pre-sale the project and got very good feedbacks. They could close deals with tenants at Junction X zone. Although the floor plan has not yet been finalized, the Junction X zone was booked, and deposits had been made. This ensures us that there is demand, and we plan to expand Junction X zone to cover such demand. Moreover, a convention hall has been added to the project. Having all year round events at the convention hall will help support our shopping mall in terms of traffic flow. We believe that the plaza will be recognized as a hub of the Northeast region; however, this will compete with existing convention hall in Udon Thani province. The convention hall itself does not make a great return, but it should



PROPERTY
DEVELOPMENT
& INVESTMENT
A Member of Central Group

Central Pattana Public Company Limited

eventually create a great support to our shopping mall business. In addition, we already bought land adjacent to the project. It is now more convenient to access the project with three entrances and in the future it might be a chance to have a hotel in this big plot. It is noted that this is a freehold project, so there should not be a concern about a higher cost as we could maintain IRR at a satisfactory level.

Q: Is there any further progress on renewal lease of CentralPlaza Ladprao?

A: The result should come out soon. Once the State Railway of Thailand approves the case, the renewal lease agreement then has to go through the Cabinet for approval. The details of deal cannot be disclosed at this moment.

Q: I reckon that rental rate growth for last year and in this quarter was about 4-5% which was lower than its history. Are you concern? What do you foresee for rental rate growth and outlook for this year?

A: It is true that the rental rate growth in the third and fourth quarter of last year was slow as a result of several negative factors in 2007. The outlook for this year depends on the economic situation. I believe that when inflation rises, tenants would well accept that rental rate can be lifted up due to higher costs, for instance, personnel expenses, etc. Moreover, shoppers are likely to adapt for higher product prices. The consignment contract clearly reflects such changes. In the case of moderate growth of economy, I believe that rental rate growth for this year will be considerably higher than that of last year. This is to catch up on the inflation increase.

Thank you for your attention in our first quarter results analyst meeting. For more information on CPN and CPNRF, please visit CPN and CPNRF corporate websites at www.cpn.co.th and www.cpnrf.com, respectively, and please contact our Investor Relations Division directly for any enquiries. Have a great day.