

Central Pattana Public Company Limited

Company Rating:

A+

Issue Ratings:

CPN093A: Bt1,000 million senior debentures due 2009

A+

CPN096A: Bt1,000 million senior debentures due 2009

A+

CPN096B: Bt500 million senior debentures due 2009

A+

CPN10DA: Bt1,500 million senior debentures due 2010

A+

CPN126A: Bt3,000 million senior debentures due 2012

A+

Rating Outlook:

Stable

Rating History:

Company Rating

Issue Rating

Secured

Unsecured

23 May 2007

A+

-

A+

22 Feb 2005

A

-

A

4 Oct 2002

A-

-

A-

17 May 2001

BBB+

-

BBB+

Rating Rationale

TRIS Rating affirms the ratings of Central Pattana PLC (CPN) and its existing debentures at “A+”. The ratings reflect the company’s leading position in the Thai retail property development industry, its proven record in managing high-quality shopping centers, reliable cash flow from contract-based rental and service income, and conservative financial policy. The ratings also take into consideration CPN’s aggressive expansion plans, the renewal risk for the CentralPlaza Ladprao, and the slowdown in Thailand’s economic growth as a result of an uncertain political situation and higher inflation.

CPN is the largest retail property developer in Thailand. Its major shareholders are the Chirathivat family (32%) and Central Holding Co., Ltd. (27%), the leading retailer in Thailand. The ownership link with the Central Group is seen as a benefit since Central Department Store has been a strong anchor for shopping centers owned by CPN. From 2003, CPN’s retail space expanded at an average of 6.9% per annum, while the total supply of retail space in the Bangkok Metropolitan Area (BMA) grew by an average of 4.2% per annum. Currently, CPN operates 10 shopping centers in Bangkok and other big cities in Thailand. With total retail space of 697,034 square meters (sq.m.), CPN holds the number one rank, with 23% market share, down from 28% in the previous year. The market share is expected to recover after two new shopping centers, CentralPlaza Chaengwattana and CentralFestival Pattaya Beach, open in late 2008 and early 2009, respectively.

CPN’s solid operating performance is attributable to high occupancy rates and healthy same store sales growth for its shopping centers. The occupancy rate of the 10 shopping centers averaged 94.4% for the past five years and 95.7% at the end of March 2008. The rise is mainly the result of the improved occupancy rates at CentralWorld, CentralPlaza Ram Indra, and CentralPlaza Rattanathibet, after renovations were completed. Same store sales growth increased from 13% in 2006 to 14% in 2007. The revenue contribution from office building rentals grew sharply from 3.8% of total revenue in 2004 to 9.5% in the first three months of 2008, after the opening of the offices@CentralWorld and office tower B at CentralPlaza Pinklao.

CPN’s conservative financial policies are evidenced by the discipline in keeping the net debt to equity ratio below one. The company’s growth strategy will require Bt6,000-Bt10,000 million in annual capital expenditures during 2008-2010. With its plan to lease or sublease approximately Bt10,000 million in property assets to the property fund, the level of leverage is expected to be maintained as planned. Four new shopping centers, scheduled to be completed by 2009, will partly mitigate the contract renewal risk of the CentralPlaza Ladprao land lease agreement with the State Railway of Thailand (SRT).

The current high inflation rate, driven up by high oil prices, has lowered consumer confidence and spending. The consumer confidence index slightly improved to 80.7 in March 2008, but slumped to 78 in June 2008, the same level as at the end of 2007.

Rating Outlook

CPN's "stable" outlook reflects the company's ability to maintain its market position in the retail property industry by developing new projects and acquiring existing shopping centers. Despite substantial capital expenditures planned for 2008-2010, the company is expected to continue its conservative financial policy by maintaining the target net debt to equity ratio at less than one times in the medium term.

Key Rating Considerations

Strengths/Opportunities

- Leading position in the Thai retail property development market
- High-quality shopping center portfolio
- Recurring cash flow from contract-based rental and service income
- Proven record in shopping center management
- Financial flexibility

Weaknesses/Threats

- Aggressive expansion plans during 2008-2010
- Potentially higher leasehold payments for CentralPlaza Ladprao
- Slowdown in economic growth

Corporate Overview

CPN was incorporated in 1980 under the name "Central Plaza Co., Ltd." to develop and operate a mixed-use shopping complex in Bangkok. The company was listed on the Stock Exchange of Thailand (SET) in 1995. As of March 2008, the Chirathivat family held a 59% stake in CPN through Central Holding Co., Ltd. (27%) and family members (32%). The Thailand Equity Fund is another major shareholder of CPN, with a 4.9% stake. Central Holding, wholly-owned by Chirathivat family members, is a holding company engaged in retailing, real estate, hotels, wholesaling, and food retailing.

The company currently operates and manages 10 shopping centers, five office buildings, two residential condominiums, and seven food centers. The company also develops new shopping centers and provides services within the centers. CPN is the largest Thai shopping center developer with 697,034 sq.m. of total rentable space at the end of March 2008. Its share of Thai retail property during the last three years averaged 26.6%, followed by The Mall Group, which had an 18.7% share.

For the first three months of 2008, rental and service income from shopping centers accounted for 79.5% of total revenue, followed by office buildings and residential condominiums (9.8%), food center operations (4.3%), and other income (6.4%). Rental

and service income from the largest tenant was around 6%, and the top ten tenants contributed roughly 24% of total rental and service income. The company's average occupancy rate for shopping centers in March 2008 was 95.7%, higher than the industry average of 93.9%, mainly due to the improved occupancy rate of CentralWorld, CentralPlaza Ram Indra, and CentralPlaza Rattanathibet, which were all renovated in 2006.

Table 1: CPN's Total Portfolio

Properties	2004	2005	2006	2007	Jan-Mar 2008
Total area (sq.m.)					
Shopping center*	589,007	617,299	691,332	696,993	697,034
Office	134,099	134,038	145,875	144,792	144,792
Apartment	16,336	6,373	6,373	6,373	6,373
Occupancy rate (%)					
Shopping center	95.3	93.1	92.3	96.3	95.7
Office	47.1	83.3	90.3	92.7	95.4
Apartment	76.4	68.9	68.6	69.2	71.6

Note: *Including shopping centers under CPN Retail Growth Property Fund

Source: CPN

Table 2: CPN's Revenue Breakdown

	2004	2005	2006	2007	Jan-Mar 2008
Total rental and service income (Bt mil.)	6,158	6,844	7,282	8,496	2,233
Growth (%)	13.2	11.1	6.4	16.7	13.3
Proportion (%)					
Shopping centers	84.0	79.9	76.3	78.4	79.5
Office buildings	3.8	7.3	10.1	9.9	9.5
Apartments	0.7	0.5	0.3	0.2	0.3
Food & beverages	6.3	6.1	5.4	4.4	4.3
Other income	5.3	6.2	7.9	7.1	6.4
Total	100	100	100	100	100

Source: CPN

Recent Developments

- **Signed hotel management agreement for Central Festival Pattaya Beach project**

In March 2008, CPN finalized the hotel management agreement with Hilton International Manage LLC. to manage the hotel in the Central Festival Pattaya Beach project. The project consists of a shopping center with salable area of 54,000 sq.m. and a 340-room hotel with gross area of

27,000 sq.m. The company is in the process of seeking investors for the hotel. The investment for the shopping center is approximately Bt4,200 million. The company expects to open the shopping center in early 2009 and the hotel in 2010.

▪ **CentralPlaza Chaengwattana to start operations in late 2008**

The CentralPlaza Chaengwattana project started in 2006 with an investment of Bt5,300 million. The project consists of a 64,000 sq.m. shopping center and a 26,000 sq.m. office building. The construction is 88% complete, with 78% of the retail space rented out. The shopping center is expected to open in late 2008, while the office building will open in the second quarter of 2009.

INDUSTRY ANALYSIS

▪ **Private consumption growth rebounds in the first quarter of 2008**

Thailand's wholesale and retail trade comprises about 13%-14% of GDP. Retail industry growth is driven mainly by private consumption, which slowed to a 1.5% annual growth rate in 2007 from rates of 3.2% and 4.5% in 2006 and 2005, respectively. The slowdown in private consumption was due to political uncertainty, rising oil prices, unrest in the southern provinces, and an economic slowdown. However, the growth rate in private consumption rose slightly to 2.6% in the first quarter of 2008 based on good factors such as rising farm income, a rise in the minimum wage, and implementation of economic stimulation policies by the government.

The consumer confidence index (CCI), reported by the Center for Economic and Business Forecasting (CEBF), reflects the slight growth in consumer spending in the first quarter of 2008. The average of CCI was still low, but increased to 79.4 in the first quarter of 2008, from an average of 77.1 in 2007. However, the CCI had decreased since April 2008, to 78 in June 2008, due to political uncertainty and high oil prices.

Chart 1: Consumer Confidence Index

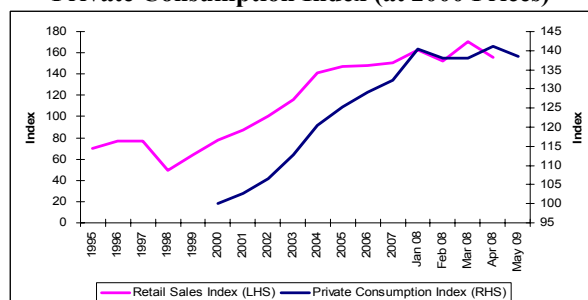


Source: Center for Economic and Business Forecasting

▪ **Retail sales rose in early 2008**

According to data from the Bank of Thailand (BOT), the retail sales index increased to 160.3 during January-April 2008, up 11% from the same period in 2007. However, the retail sales index peaked at 170.2 in March 2008 then decreased to 156.1 in April 2008. The BOT also reported that the private consumption index rose to 139.5 in the first four months of 2008, from 130 in the same period of 2007, but then fell to 138.4 in May 2008, mirroring the decline in CCI.

Chart 2: Retail Sales Index (at 2002 Prices) & Private Consumption Index (at 2000 Prices)

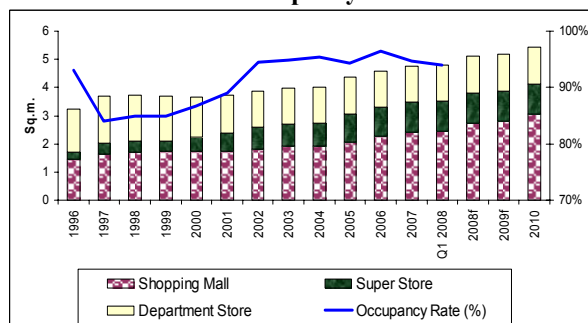


Source: Bank of Thailand

▪ **Strong demand for retail space**

According to CB Richard Ellis (Thailand) Co., Ltd., the total supply of retail space in the Bangkok Metropolitan Area (BMA) stood at 4.79 million sq.m. in the first quarter of 2008, up from 4.75 million sq.m. and 4.58 million sq.m. in 2007 and 2006, respectively. Out of the total supply of retail space, 51.3% was taken by shopping malls, 26.4% by department stores and 22.3% by superstores. The space taken by shopping malls will continue to grow as shopping behavior has changed. Consumers prefer to shop near home in order to reduce transportation costs.

Chart 3: Bangkok Retail Supply and Occupancy Rate



Source: CB Richard Ellis

Occupancy rates slightly decreased to 93.9% in the first quarter of 2008, down from 94.6% and 96.5% in 2007 and 2006, respectively. The occupancy rates in downtown and midtown properties fell. Average rental rates have remained

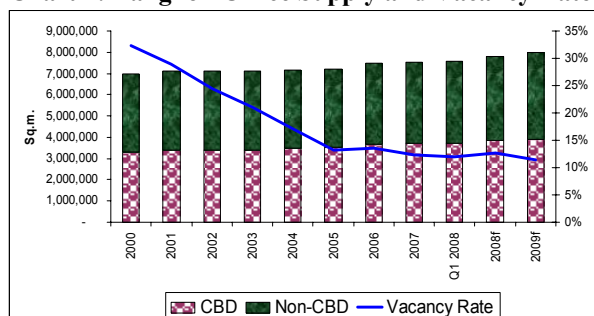
generally the same in most retail centers. The rental rates of retail space which are close to mass transit trains can charge the highest rental fees.

▪ **Weak demand for office space as business and investor confidence falls**

According to CB Richard Ellis, the total supply of office space in the BMA stood at 7.55 million sq.m. in 2007, up from 7.46 million sq.m. in 2006. In the first quarter 2008, only one new office building opened; total space increased slightly to 7.56 million sq.m.

Office space in the Central Business District (CBD) represented about 50% of the total or about 3.72 million sq.m. in the first quarter of 2008. Supply is expected to increase by 0.52 million sq.m. during the next three years. As supply is tight, the vacancy rate remained low at 11.9% in the first quarter of 2008, an improvement from a 12.4% rate in 2007 and 13.5% in 2006. Demand for office space is expected to remain stable as office space in prime areas remains in short supply. However, demand could be affected by declining investor confidence amid various unfavorable economic and political factors.

Chart 4: Bangkok Office Supply and Vacancy Rate



Source: CB Richard Ellis

▪ **Competition moderates after implementation of stringent zoning regulations**

Competition in the retail industry is moderate as the government is adopting stringent zoning laws and the economic slowdown discourages household consumption. The rapid expansion of superstores has drawn people away from traditional retailers. The government was pressured to implement more stringent rules to control the number of new superstores in cities. The Town Planning Act and the Building Control Act now govern commercial development in most cities. The regulations mainly affect the expansion of superstores. In response, superstores have created new strategies and opened smaller scale centers, which are permitted in the regulations, in order to maintain their market shares. Recently, the Cabinet approved the draft of the Retail and Wholesale Business Act. This new act delegates the authority from the national committee to provincial committee. The intention of this law

is to strike a balance between the traditional shophouse retailers and modern retail trade, which has expanded rapidly and commands greater bargaining power than traditional retailers.

Shopping centers are also partially affected by the zoning regulations, especially centers with a supermarket. However, developers with large portfolios of shopping centers will benefit from future supply limitations. Large developers also have advantages in securing new tenants because they can offer tenants space at numerous locations. Shopping centers that have good merchandise mixes, attractive concepts, and interesting promotions are able to increase customer traffic and also attract tenants to lease space.

BUSINESS ANALYSIS

CPN's strong business profile reflects the company's leading position in the retail shopping center sector, its high-quality assets, and predictable cash flow from contract-based rental and service income.

▪ **Leading position in the Thai shopping center industry**

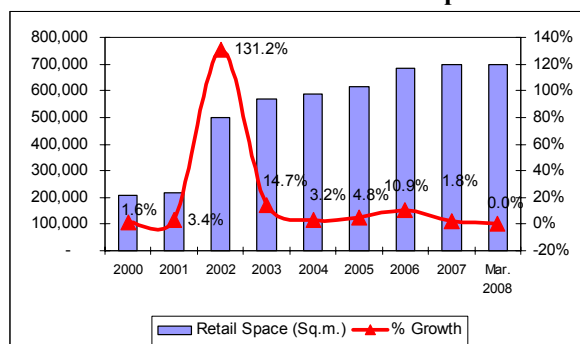
**Table 3: CPN's Shopping Center Portfolio
As of March 2008**

Shopping Center	Salable Area (sq.m.)	Occupancy Rate (%)
1. CentralPlaza Ladprao	55,562	99
2. CentralPlaza Ram Indra	17,722	98
3. CentralPlaza Pinklao	56,832	91
4. CentralPlaza Pattaya	15,227	100
5. CentralPlaza Ratchada Rama 3		
- CPN	18,192	100
- CPNRF	38,783	94
6. CentralPlaza Chiangmai Airport	76,410	99
7. CentralPlaza Bangna	57,392	99
8. CentralPlaza Rama 2		
- CPN	5,937	100
- CPNRF	93,253	100
9. CentralWorld	184,592	90
10. CentralPlaza Rattanaibet	77,132	99
Total	697,034	96

Note: CPNRF – CPN Retail Growth Property Fund
Source: CPN

CPN currently operates 10 shopping centers, comprising one downtown, three mid-town, four suburban, and two upcountry shopping centers. As of March 2008, the shopping centers had a total rentable area of 697,034 sq.m., the largest in the Thai shopping center industry. The company's overall occupancy rate in December 2007 was 96.3%, better than 92.4% in December 2006 and the industry average of 94.6% for 2007. The occupancy rate in March 2008 slightly declined to 95.7% due to the early termination of an anchor store in CentralWorld.

Chart 5: CPN's Total Retail Space



Source: CPN

CPN's solid operating performance is the result of the successful development of both existing and new shopping centers. Rental and service income has continued to grow 5.1% of total revenue in 2006 and 19.1% in 2007. CPN plans to develop eight new projects by 2010, both in Thailand and in other Asian markets, to strengthen its income generation and market position. The company currently has seven projects to be completed during 2008-2011.

▪ ***Recurring cash flow from contract-based rental and service income***

The company's main business is the development and management of shopping centers. Some centers are mixed-use complexes, which incorporate office and residential space. A mixed-use complex normally has fairly consistent weekday and weekend traffic, bringing in more consistent revenue.

Approximately 70% of CPN's rental space is under three-year rental contracts, while the remaining 30% is under long-term lease contracts. However, the proportion of long-term lease contracts is expected to fall in the future due to the company's target rent-to-lease ratio of 80:20 for the new shopping centers. The higher the proportion of short-term contracts, the greater the flexibility for rate adjustments, refurbishment and tenant mix changes. In terms of income generation, as of March 2008, long-term leases contributed 8.4% of rental and service income, while short-term leases accounted for 91.6%.

The monthly rental fee per square meter of each rentable unit can differ depending upon location and the marketing policy of each shopping center. CPN has increased rental rates for the popular shopping centers while maintaining competitive rental rates at the remaining centers. The average rental rate of Bt1,255/sq.m./month for the first three months of 2008 represents an 8% increase from Bt1,164/sq.m./month in 2006.

The company intends to increase the proportion of rental income from revenue-sharing contracts, which held at 8% in 2007 and for the first

three months of 2008. Revenue-sharing contracts comprise a minimum rental fee, which is normally lower than the monthly fixed payment, and a commitment for a percentage of sales. Therefore, the company can take full benefit of its investment by participating in tenants' growing retail sales, while the minimum fee partly insures against downside risk.

▪ ***High-quality shopping centers, good locations, and a mix of tenants***

CPN's overall asset quality is good, as a result of its diversified portfolio of income-producing properties, good locations, and a diverse and strong tenant base. The company's main income-contributing shopping centers in 2007 were CentralPlaza Ladprao, CentralPlaza Pinklao, CentralPlaza Bangna, and CentralWorld. The contribution from CentralWorld matches the level of CentralPlaza Ladprao.

Each of CPN's shopping centers usually undergoes a major renovation every eight to nine years in order to enhance retail appeal and draw customer traffic. Magnet attractions, such as Central Department Stores, cinemas, bowling alleys, supermarkets, brand name shops, and large multipurpose halls, also stimulate traffic. The prime-quality shopping centers also attract prime-quality tenants who have the ability to pay the rent even during economic downturn period. A good mix of anchor tenants attracts other specialty retailers. CPN's rent-expiry profile is manageable, with 15%-25% of total contracts expiring every year. This spread mitigates the rollover risk of the tenant base.

▪ ***Renewal risk for CentralPlaza Ladprao***

The land lease agreement for CentralPlaza Ladprao will expire in December 2008. Currently, the new contract is under negotiation with SRT, and is expected to be concluded before December 2008. Though the new rental rate is projected to be sharply higher, CPN plans to retain this superb center within its portfolio. However, if the contract is not renewed, revenue from CentralPlaza Ladprao will be mostly replaced by four new projects to be completed by 2008-2009.

▪ ***Gradual improvement of CentralWorld operations***

The CentralWorld project comprises three elements: a shopping plaza, an office tower, and a hotel. The renovation and expansion of CentralWorld shopping plaza was completed in 2006, which added approximately 60,000 sq.m. of new rentable area. The occupancy rate increased from 75% in 2005 to 90% for the first three months of 2008, and is expected to rise further when a replacement anchor opens in the third quarter of

2008. Though the rental rate has been discounted for the first year of operation, it is expected to recover within two years. Rental and service income from this shopping plaza sharply increased in 2007, rising by 135% from 2006, as the project reached full year operation.

The CentralWorld office building, with 83,382 sq.m. of rental space, had a 96.5% occupancy rate as of March 2008, up from 91% in December 2006. The project benefited from the shortage of grade A office space during 2005-2006.

The convention center, which is owned and operated by Central Plaza Hotel PLC (CENTEL), opened in July 2007, which helps draw more traffic to the shopping center.

▪ ***New projects require substantial capital expenditures***

CPN plans to develop and open eight new shopping centers by 2010 in both Thailand and overseas markets. Currently, the company has seven projects on hand, four of which are under construction, two are in the feasibility study process, and one has been awarded a land lease. CPN's market position will be strengthened after all projects have been launched. However, the company may face the pressure on high capital expenditures during the construction period. The first two projects, CentralPlaza Chaengwattana and CentralFestival Pattaya Beach, are expected to open in late 2008 and early 2009. These two projects carry investment costs of approximately Bt4,000-Bt5,000 million each.

Another two green field projects, which started construction in early 2008, are located in Chonburi and Khon Kaen. Both projects are expected to be completed within 2009. The total investment for each project is approximately Bt1,500-Bt2,500 million. Contributions from these four projects will mitigate the renewal risk of the land lease for CentralPlaza Ladprao.

Table 4: CPN's Future Projects

Project Location	Space* (Sq.m.)	Investment Cost (Bt mil.)	Target Completion
1. Chaengwattana	64,000	4,500-5,000	Nov 2008
2. Pattaya Beach	54,000	3,500-4,000	Feb 2009
3. Chonburi	39,700	1,500-2,000	Jul 2009
4. Khon Kaen	48,700	2,000-2,500	Nov 2009
5. Chiangmai 2	n.a.	5,000	Q4/2010
6. Rama 9	n.a.	4,000-4,500	Q2/2011

Source: CPN

* Excluding department stores

In July 2007, the company finalized the new terms and conditions of the land lease agreement of the Rama 9 project. The lease will expire in June 2040. The project is currently undergoing a detailed feasibility analysis. Construction is expected to start by the end of 2008; the center will open in 2011. In addition, in June 2008, CPN announced a

new project in Chiangmai located on the super highway to the north of Chiangmai. Construction for this project is expected to start within 2008.

CPN was awarded a 30-year lease from the Crown Property Bureau to develop 40 rai of land on Rama 4 road, formerly Pre-Cadet School. However, the lease agreement will take effect after all existing retailers move out. Therefore, the development period for this project will span the next 3-5 years.

The company has elected to exercise caution and slow the overseas investment plan. Feasibility studies of many potential locations are continuing. Apart from developing new shopping centers, CPN also considers acquisition of existing centers in order to avoid limitations imposed by zoning regulations.

FINANCIAL ANALYSIS

CPN's strong financial profile reflects the predictable cash flow from contract-based income and its conservative financial policy. CPN maintains a healthy financial position while pursuing a growth strategy.

▪ ***Conservative financial policy***

CPN's financial policy has been moderately conservative, with a net debt to equity ratio target of less than one times. The company has a policy to use long-term loans and property funds to finance property assets. The company has low interest rate risk, because fixed interest rate loans constituted around 60% of total debt as of March 2008. The amortized repayment schedule of the property funds (Type IV) helps CPN properly manage cash flow. In addition, the company has only Thai baht-denominated loans.

▪ ***Planned asset sale to property fund***

After the BOT lifted the unremunerated reserve requirement on short-term capital inflows in March 2008, CPN has considered raising funds by selling assets to a property fund, CPNRF. In June 2008, CPN announced a plan to lease or sublease CentralPlaza Pinklao plus two office buildings, and CentralPlaza Chiangmai Airport. These assets are worth approximately Bt10,000 million. The capital increase of CPNRF is expected to finance through a rights offering and private placement within 2008. CPN intends to retain its investment interest of 33% in CPNRF. By funding through the property fund, CPN will improve the capital structure and receive tax benefits.

▪ ***Healthy profitability, albeit declining***

CPN's rental and service income increased by 19.1% from Bt6,310 million in 2006 to Bt7,517 million in 2007, though the rental discount was implemented after the bomb blast on New Year's

Eve of 2007. The average rental rate grew 5% in 2007, down from 12% growth in 2006. The increase in rental and service income was attributable to both same store sales growth and increased occupancy rates at some shopping centers after renovations. The completed property re-developments have improved the performance of the portfolio and increased future income. The occupancy rate of CentralPlaza Ram Indra increased from 76% in 2006 to 98% in March 2008, CentralPlaza Rattana Thibet from 90% in 2006 to 99% in March 2008, and CentralWorld from 81% in 2006 to 90% in March 2008.

Operating income before depreciation and amortization as a percentage of rental and service income and sales decreased from 48.8% in 2006 to 42.4% in 2007, primarily as a result of marketing expenses incurred during the slowing economy and the first full year of operations at CentralWorld. However, the operating margin improved to 50.8% for the first three months of 2008. The pretax return on permanent capital ratio decreased slightly, from 11.3% in 2006 to 10.9% in 2007.

▪ **Maintained cash flow protection**

The funds from operations (FFO) to total debt ratio held in the 17% range in 2007, as both FFO and total debt remained constant at approximately Bt2,700 million and Bt12,000 million, respectively. The earnings before interest, tax, depreciation and

amortization (EBITDA) interest coverage ratio slightly improved from 5.09 times in 2006 to 5.38 times in 2007 and to 5.60 times for the first three months of 2008.

▪ **Leverage level maintained, despite high capital expenditures**

CPN has a policy to balance its fundraising through both equity and debt in order to maintain a healthy capital structure. The total debt (including capitalized annual leases) to capitalization ratio maintained at 54% in 2007 and gradually improved to 52.8% in March 2008. CPN recognized a capital gain from selling its properties to CPNRF in 2005, which boosted equity capital and helped improve the capital structure.

According to the renovation and expansion plans, capital expenditures will be approximately Bt6,000-Bt10,000 million per year during 2008-2010. CPN plans to finance its 2008 capital expenditures with operating cash flow of approximately Bt2,000-Bt3,000 million per year and the proceeds from leasing of approximately Bt10,000 million assets to the property fund. If the company is able to renew the lease contract of CentralPlaza Ladprao with SRT, the new lease payment will be far higher than the existing contract, which will slightly deteriorate its capital structure.

Financial Statistics and Key Financial Ratios*

Unit: Bt million

	Jan-Mar 2008	2007	2006	2005	2004	2003
Rental and service income	1,993	7,517	6,310	6,002	5,447	4,840
Food and beverage sales	97	378	397	420	387	341
Gross interest expense	127	581	621	544	459	404
Net income from operations	617	1,783	1,685	3,701	1,348	1,130
Funds from operations (FFO)	691	2,749	2,692	1,368	2,049	1,804
Capital expenditures	857	3,587	4,440	3,002	3,928	2,508
Cash and short-term investment	3,266	3,983	3,690	6,140	2,100	2,279
Total assets	37,119	37,205	34,336	33,376	27,104	23,550
Total debt	11,793	12,048	11,127	11,060	9,668	8,009
Shareholders' equity	14,351	13,639	12,574	11,789	8,743	7,956
Operating income before depre. and amort. as % of rental & service income and sales	50.78	42.41	48.84	55.58	50.65	48.77
Pretax return on permanent capital (%)	3.18**	10.89	11.34	22.89	11.45	10.71
Earnings before interest, tax, depre. and amort. (EBITDA) interest coverage (times)	5.60	5.38	5.09	13.49	4.85	5.13
FFO/total debt (%)	4.30**	17.06	17.95	9.28	15.60	15.84
Total debt/capitalization (%)	52.80	54.17	54.39	55.57	60.03	58.87
Total debt/capitalization (%) ***	45.11	46.90	46.95	48.40	52.51	50.17

Note: All ratios are operating leased adjusted ratios

* Consolidated financial statement

** Non-annualized

*** Excluding capitalized annual leases

Rating Symbols and Definitions

TRIS Rating uses eight letter rating symbols for announcing medium- and long-term credit ratings. The ratings range from AAA, the highest rating, to D, the lowest rating. The medium- and long-term debt instrument covers the period of time from one year up. The definitions are:

- AAA** The highest rating, indicating a company or a debt instrument with smallest degree of credit risk. The company has extremely strong capacity to pay interest and repay principal on time, and is unlikely to be affected by adverse changes in business, economic or other external conditions.
- AA** The rating indicates a company or a debt instrument with a very low degree of credit risk. The company has very strong capacity to pay interest and repay principal on time, but is somewhat more susceptible to the adverse changes in business, economic, or other external conditions than AAA rating.
- A** The rating indicates a company or a debt instrument with a low credit risk. The company has strong capacity to pay interest and repay principal on time, but is more susceptible to adverse changes in business, economic or other external conditions than debt in higher-rated categories.
- BBB** The rating indicates a company or a debt instrument with moderate credit risk. The company has adequate capacity to pay interest and repay principal on time, but is more vulnerable to adverse changes in business, economic or other external conditions and is more likely to have a weakened capacity to pay interest and repay principal than debt in higher-rated categories.
- BB** The rating indicates a company or a debt instrument with a high credit risk. The company has less than moderate capacity to pay interest and repay principal on time, and can be significantly affected by adverse changes in business, economic or other external conditions, leading to inadequate capacity to pay interest and repay principal.
- B** The rating indicates a company or a debt instrument with a very high credit risk. The company has low capacity to pay interest and repay principal on time. Adverse changes in business, economic or other external conditions could lead to inability or unwillingness to pay interest and repay principal.
- C** The rating indicates a company or a debt instrument with the highest risk of default. The company has a significant inability to pay interest and repay principal on time, and is dependent upon favourable business, economic or other external conditions to meet its obligations.
- D** The rating for a company or a debt instrument for which payment is in default.

The ratings from AA to C may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within a rating category.

TRIS Rating's short-term ratings focus entirely on the likelihood of default and do not focus on recovery in the event of default. Each of TRIS Rating's short-term debt instrument covers the period of not more than one year. The symbols and definitions for short-term ratings are as follows:

- T1** Issuer has strong market position, wide margin of financial protection, appropriate liquidity and other measures of superior investor protection. Issuer designated with a "+" has a higher degree of these protections.
- T2** Issuer has secure market position, sound financial fundamentals and satisfactory ability to repay short-term obligations.
- T3** Issuer has acceptable capacity for meeting its short-term obligations.
- T4** Issuer has weak capacity for meeting its short-term obligations.
- D** The rating for an issuer for which payment is in default.

All ratings assigned by TRIS Rating are local currency ratings; they reflect the Thai issuers' ability to service their debt obligations, excluding the risk of convertibility of the Thai baht payments into foreign currencies.

TRIS Rating also assigns a "Rating Outlook" that reflects the potential direction of a credit rating over the medium to long term. In formulating the outlook, TRIS Rating will consider the prospects for the rated company's industry, as well as business conditions that might have an impact on its fundamental creditworthiness. The rating outlook will be announced in conjunction with the credit rating. In all cases, the outlook assigned to a company will apply to all debt obligations issued by the company. The categories for "Rating Outlook" are as follows:

- Positive** The rating may be raised.
- Stable** The rating is not likely to change.
- Negative** The rating may be lowered.
- Developing** The rating may be raised, lowered or remain unchanged.

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