TRIS RATING

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CreditNews ข่าวเครดิต
News for Investors
Announcement No. 632 26 June 2009

Central Pattana Public Company Limited

Company Rating:	A+
Issue Ratings:	
CPN10DA: Bt1,500 million senior debentures due 2010	A+
CPN119A: Bt1,500 million senior debentures due 2011	A+
CPN126A: Bt3,000 million senior debentures due 2012	A+
CPN135A: Bt2,000 million senior debentures due 2013	A+
CPN145A: Bt1,000 million senior debentures due 2014	A+
Up to Bt1,200 million senior debentures due within 2013	A+
Rating Outlook:	Stable

Rating History:	**Company Rating**	**Issue Rating**	
		Secured	**Unsecured**
23 May 2007	A+/Stable	-	A+
22 Feb 2005	A/Stable	-	A
12 Jul 2004	A-/Positive	-	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+”. At the same time, TRIS Rating assigns the rating of “A+” to CPN’s proposed issue of up to Bt1,200 million in senior debentures. The ratings reflect the company’s leading position in the retail property development market, 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 expansion plans and the slowdown in the Thai economy.

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. Currently, CPN operates 14 shopping centers, with total retail space of 915,394 square meters (sq.m.), in Bangkok and major cities of Thailand. The retail space operated by CPN expanded at an average of 5.8% per annum for the past five years, while the total supply of retail space in Greater Bangkok grew by an average of 4.9% per annum. CPN has long been the market leader in the retail property market in Thailand, with 24% market share in 2008 as measured by total retail space. The openings of three new shopping centers, the acquisition of the Charoensri Complex, and the 20-year renewal of the sub-lease agreement for the CentralPlaza Ladprao have strengthened CPN’s leading position in the industry.

The solid operating performance is attributable to high occupancy rates and healthy same store sales growth for CPN’s shopping centers. The occupancy rate of the 10 shopping centers averaged 94.4% per annum for the past five years. Despite the current slowdown in overall economy, each of its new shopping centers achieved high occupancy rate since its inception. As of March 2009, the average occupancy rate improved to 96.7%, better than the industry average of 92.9%. For the first three months of 2009, the company’s same store sales increased by 6% compared with the first three months of 2008, while its rental and service income grew by 23% to Bt2,451 million, due mainly to the openings of two new shopping centers, CentralPlaza Chaengwattana and CentralFestival Pattaya Beach.

In 2009, capital expenditures will be approximately Bt7,000 million, including the acquisition of the Charoensri Complex project in April. During 2010-2012, the development plans will require Bt5,000-Bt7,500 million in capital expenditures annually. The company plans to fund these expansion projects using a combination of cash flow from operations and new borrowings. As of March 2009, total debt increased to Bt18,505 million and the total debt to capitalization ratio rose to 53.98%. Leverage is expected to improve, if the company will be able to sell some shopping centers to the property fund.

The retail sales index reported by the Bank of Thailand has continuously declined since the first quarter of 2008. The index fell by 10.8% year-on-year (y-o-y) in the first quarter of 2009, closely tracking the 7.1% slide in gross domestic product (GDP) for the same period. The consumer confidence index also decreased, falling from 80.7 in March 2008 to 71.5 in May 2009. Further deteriorations in overall economy and private consumption remain rating concerns.

Rating Outlook

The "stable" outlook reflects CPN's ability to maintain its solid position in the retail property development industry. With three-year contracts with tenants, high occupancy rates in existing shopping centers, and a conservative financial policy, the company should be able to withstand the current slowdown in consumer spending and overall economy.

Key Rating Considerations

Strengths/Opportunities

- Leading position in the retail property development industry
- Portfolio of high-quality shopping centers with high occupancy
- Recurring cash flow from contract-based rental and service income
- Proven record in shopping center management
- Financial flexibility

Weaknesses/Threats

- High capital requirements for expansion during 2009-2012
- Declining retail sales and consumer spending will lower demand for retail space

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 2009, the Chirathivat family held a 59% stake in CPN through Central Holding Co., Ltd. (27%) and family members (32%). Central Holding, wholly-owned by Chirathivat family members, is a holding company engaged in retailing, real estate, hotels, wholesaling, and food retailing.

CPN is the largest Thai shopping center developer with 915,394 sq.m. of total rentable space at the end of May 2009. The company currently operates and manages 14 shopping centers, six office buildings, two residential condominiums, one hotel and 11 food centers. Considering all the Thai retail properties during the last three years, CPN averaged a 25% market-leading share, followed by The Mall Group, which had a 17% share.

For the first three months of 2009, rental and service income from shopping centers accounted for 80.8% of total revenue, followed by rental and service income from office buildings and residential condominiums (8.1%), food center operations (5.3%), and other income (5.8%). The increase in the contribution from shopping centers came from the openings of two new shopping centers, CentralPlaza Chaengwattana and CentralFestival Pattaya Beach. Rental and service income from the largest tenant was around 7%, and the top 10 tenants contributed roughly 23% of total rental and service income. The company's average occupancy rate for shopping centers in March 2009 was 96.7%, higher than the industry average of 92.9%.

Table 1: CPN's Total Property Portfolio

Property	2005	2006	2007	2008	Jan-Mar 2009
Total area (sq.m.)					
Shopping center*	617,299	691,332	696,993	761,111	817,894
Office	134,038	145,875	144,792	144,280	163,812
Apartment	6,373	6,373	6,373	6,373	6,373
Occupancy rate (%)					
Shopping center	93.1	92.3	96.3	97.4	96.7
Office	83.3	90.3	92.7	93.9	84.2
Apartment	68.9	68.6	69.2	67.2	66.2

*Note: *Including shopping centers owned by CPN Retail Growth Property Fund*
Source: CPN

Table 2: CPN's Revenue Breakdown

	2005	2006	2007	2008	Jan-Mar 2009
Total rental and service income (Bt mil.)	6,844	7,282	8,496	9,311	2,757
Growth (%)	11.1	6.4	16.7	9.6	23.5
Proportion (%)					
Shopping centers	79.9	76.3	78.4	77.9	80.8
Office buildings	7.3	10.1	9.9	9.3	7.9
Apartments	0.5	0.3	0.2	0.3	0.2
Food & beverages	6.1	5.4	4.4	4.9	5.3
Other income	6.2	7.9	7.1	7.6	5.8
Total	**100**	**100**	**100**	**100**	**100**

Source: CPN

Recent Developments

- ***Finalized the sub-lease agreement for the CentralPlaza Ladprao***

The land lease agreement for CentralPlaza Ladprao expired on 18 December 2008. In early 2009, CPN signed the new agreement with Central International Development Co., Ltd. for 20 years ending 18 December 2028. The total payment will be Bt16,178 million, including an up-front fee and annual lease payments. The company needs to invest at least Bt1,382 million for asset renovation, which should be completed by 2013. The company plans to renovate this shopping center during 2010-2011.

- ***Four new shopping centers added to portfolio as scheduled***

From late 2008, three new shopping centers were opened: CentralPlaza Chaengwattana (November 2008), CentralFestival Pattaya Beach (January 2009), and CentralPlaza Chonburi (May 2009). Moreover, CPN succeeded in acquiring the Charoensri Complex project located in Udon Thani in April 2009. The openings of these four projects increased total retail space by 219,232 sq.m. As of May 2009, the average occupancy rate of these four properties was approximately 90%.

- ***CentralPlaza Khon Kaen to open in late 2009***

The total investment cost for the CentralPlaza Khon Kaen project was Bt3,260 million for a 48,700 sq.m. shopping center. As of March 2009, the construction was 45% complete, with 71% of the retail space rented out. The shopping center is expected to open in late 2009.

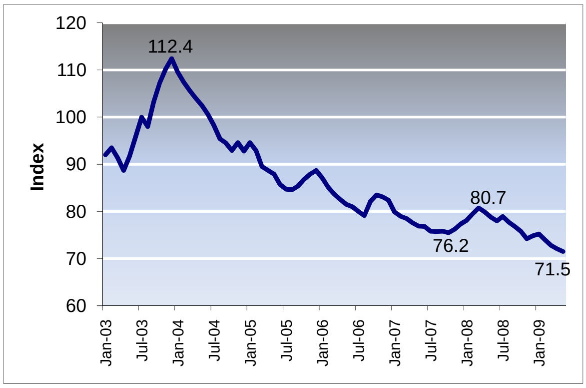
INDUSTRY ANALYSIS

- ***Private consumption dropped in the first quarter of 2009***

Thailand's wholesale and retail trade comprises 13%-14% of GDP. Retail industry growth is driven mainly by private consumption, which slightly improved to a 2.5% annual growth rate in 2008 from a rate of 1.6% in 2007. For the first three months of 2009, private consumption fell by 2.6% compared with the same period of 2008. The contraction in private consumption was due to a slowdown in the global economy and domestic political uncertainty. However, the Office of the National Economic and Social Development Board forecasted that the private consumption would recover to 0.4% by the end of 2009. The implementation of economic stimulation policies by the government is expected to help boost consumer spending in the second half of the year.

The consumer confidence index (CCI), as reported by the Center for Economic and Business Forecasting (CEBF), confirms the slowdown in consumer spending. The CCI fell from 80.7 in March 2008 to 71.5 in May 2009.

Chart 1: Consumer Confidence Index

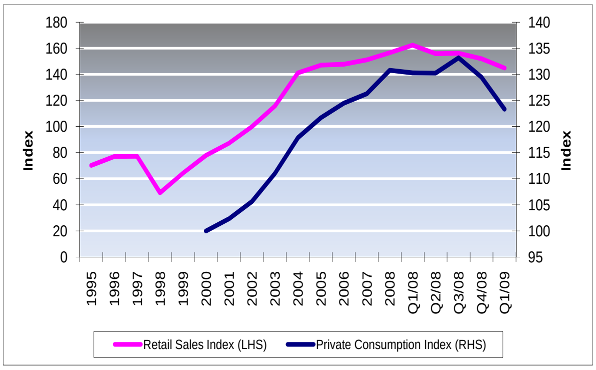


Source: Center for Economic and Business Forecasting

- ***Declining retail sales since late 2008***

According to data from the Bank of Thailand (BOT), the retail sales index decreased continuously to 151.96 for the fourth quarter of 2008 and to 144.8 for the first quarter of 2009. The index fell by 6.5% and 10.8% y-o-y in the fourth quarter of 2008 and in the first quarter of 2009, respectively. The BOT also reported that the private consumption index dropped to 123.32 in the first quarter of 2009, from 130.28 in the same period of 2008, in line with the decline in the CCI.

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

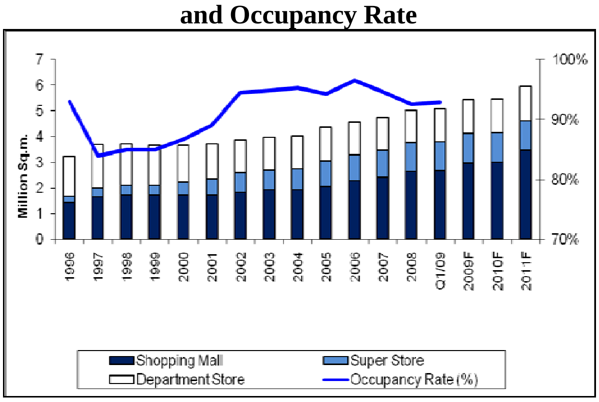


Source: *Bank of Thailand*

- ***Demand for retail space continues to grow***

According to CB Richard Ellis (Thailand) Co., Ltd., the total supply of retail space in Greater Bangkok stood at 5.08 million sq.m. in the first quarter of 2009, up from 5.04 million sq.m. and 4.75 million sq.m. in 2008 and 2007, respectively. Out of the total supply of retail space, 52.8% was taken by shopping malls, 25.1% by department stores and 22.1% by superstores. The space taken by shopping malls should continue to grow over the medium term as shopping behavior has changed. Consumers prefer to shop near their homes in order to reduce transportation costs.

Chart 3: Bangkok Retail Supply and Occupancy Rate



Source: *CB Richard Ellis*

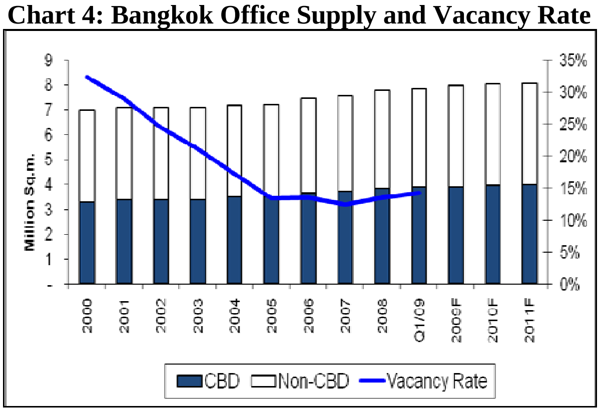
Across the industry, the average occupancy rate decreased to 92.6% in 2008, down from 94.6% in 2007, because new shopping centers opened with lower occupancy rates than the existing centers. However, the rate improved slightly to 92.9% in the first quarter of 2009. The occupancy rates for properties in the downtown, midtown, and suburban areas fell, compared with the first quarter of 2008. However, the rates in the midtown and suburban areas improved slightly, compared with the fourth quarter of 2008. Average rental rates have generally remained the same in most retail centers. The rental rates are the highest for retail space close to mass transit trains.

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

According to CB Richard Ellis, the total supply of office space in Greater Bangkok stood at 7.80 million sq.m. in 2008, up from 7.55 million sq.m. in 2007. In the first quarter 2009, three new office buildings opened with a combined area of 67,300 sq.m.; total space increased slightly to 7.86 million sq.m.

Office space in the Central Business District (CBD) represented about 50% of the total or about 3.91 million sq.m. in the first quarter of 2009. As new supply was completed, the vacancy rate slightly increased, rising from 12.4% in 2007 to 13.5% in 2008 and to 14.2% in the first quarter of 2009. Supply is expected to increase by 0.23 million sq.m. during the next three years. Demand for office space has been weak because of the slowdown in the economy and declining investor confidence. Companies seem to prefer renovating existing buildings to relocating, due to the cheaper cost.

Chart 4: Bangkok Office Supply and Vacancy Rate



Source: *CB Richard Ellis*

- ***Stringent zoning regulations moderate competition***

Competition in the retail property 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 market share. Currently, there has been no progress on the Retail and Wholesale Business Act, after the Cabinet approved the draft of this Act on 8 May 2007. This new act delegates the authority from the national committee to provincial committees. The intention of this law is to strike a balance between the traditional shophouse retailers and modern trade retailers, which have expanded rapidly and command 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 entice tenants to lease space.

BUSINESS ANALYSIS

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

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

CPN currently operates 14 shopping centers, comprising one downtown, three mid-town, five suburban, and five upcountry shopping centers. As of May 2009, the shopping centers had a total rentable area of 915,394 sq.m., the largest in the Thai shopping center industry. The company's overall occupancy rate in December 2008 was 97.4%, better than 96.3% in December 2007 and the industry average of 92.6% for 2008. The occupancy rate in March 2009 slightly declined to 96.7% due to the opening of CentralFestival Pattaya Beach which held 88% occupancy.

CPN's solid operating performance is the result of the successful development of both existing and new shopping centers. Rental and service income grew by 8.3% in 2008 and 23% y-o-y for the first three months of 2009. The jump in rental and service income for the first three months of 2009 came mainly from the openings of two new shopping centers, CentralPlaza Chaengwattana and CentralFestival Pattaya Beach. By the end of 2009, CPN will launch the 15th shopping centers, named CentralPlaza Khon Kaen, in December. The company is currently developing four new projects, to be completed during 2010-2014. The new projects will increase the ability to generate income and strengthen market position.

Table 3: CPN's Shopping Center Portfolio
As of May 2009

Shopping Center	Salable Area (sq.m.)	Occupancy Rate (%)
1. CentralPlaza Ladprao	55,531	97
2. CentralPlaza Ram Indra	17,159	99
3. CentralPlaza Pinklao	55,824	97
4. CentralPlaza Pattaya	15,225	100
5. CentralPlaza Ratchada Rama 3		
- CPN	18,192	99
- CPNRF	39,965	96
6. CentralPlaza Chiangmai Airport	76,108	99
7. CentralPlaza Bangna	57,435	98
8. CentralPlaza Rama 2		
- CPN	5,937	100
- CPNRF*	93,302	99
9. CentralWorld	184,592	97
10. CentralPlaza Rattanathibet	76,892	98
11. CentralPlaza Chaengwattana	66,939	92
12. CentralFestival Pattaya Beach	54,793	88
13. CentralPlaza Udon Thani	49,000	99
14. CentralPlaza Chonburi	48,500	80
Total	**915,394**	**96**

* *CPNRF = CPN Retail Growth Leasehold Property Fund*

** *Occupancy rates for 1-12 are based on figures as of March 2009*

Source: CPN

- ***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, yielding a more consistent revenue stream.

Approximately 75% of CPN's rental space is under three-year rental contracts, while the remaining 25% 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 2009, long-term leases contributed 13% of rental and service income, while short-term leases accounted for 87%.

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 Bt1,272/sq.m./month for the first three months of 2009 represented a 1.3% increase from Bt1,255/sq.m./month for the first three months of 2008. The low growth in the rental rate partly came from two newly opened shopping centers, as the company generally offers discounts to the tenants at the newest locations.

- ***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.

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, super-markets, brand name shops, and large multi-purpose halls, also stimulate traffic. A good mix of anchor tenants attracts other specialty retailers. The prime-quality shopping centers also attract a diverse mix of local and international branded retailers, which ensures earnings stability through economic cycles. CPN's rent-expiry profile is manageable, with 15%-30% of contracts expiring every year. This spread mitigates the rollover risk of the tenant base.

- ***Success at CentralWorld***

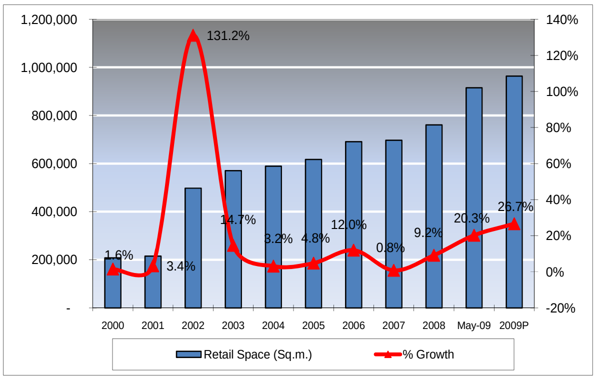
The CentralWorld project comprises three elements: a shopping plaza, an office tower, and a hotel. The renovation and expansion of Central-World shopping plaza was completed in 2006, which added approximately 60,000 sq.m. of new rentable area. The occupancy rate gradually increased from 81% in 2006 to 97% for the first three months of 2009. The rental rate was discounted for the first year of operation and after the bomb explosion on New Year's eve in 2006. Currently, only a few shops in some zones continue to receive discounts. Despite the discounts, rental and service income from this shopping plaza grew by approximately 16% in 2008 and for the first three months of 2009.

The CentralWorld office building, with 82,796 sq.m. of rental space, had a 95.1% occupancy rate as of March 2009. The project benefited from the shortage of grade A office space when it opened.

- ***Growth in both retail and office space in 2009***

During the past five years, CPN focused on the redevelopment of CentralWorld and did not open any new shopping centers. Since November 2008, three new shopping centers, with total retail space of 170,232 sq.m., have been launched: CentralPlaza Chaengwattana, CentralFestival Pattaya Beach, and CentralPlaza Chonburi. In April 2009, the company also acquired the Charoensri Complex project, comprising a 49,000 sq.m. shopping center and a 255-room hotel. The occupany rate of both the shopping center and the hotel were high at 99% and 88%, respectively.

Chart 5: CPN's Total Retail Space



Source: CPN

CPN's retail space is expected to increase to 964,094 sq.m., rising 26.7% y-o-y by the end of 2009, after the opening of CentralPlaza Khon Kaen.

The office space portfolio also increased, rising by 19,530 sq.m., after the opening of the office building at CentralPlaza Chaengwattana in March 2009. The occupancy rate of CentralPlaza Chaengwattana was low at 8% in March 2009, but the sales progress increased to 25% of total space in April 2009. The major tenants are education centers, like the office buildings at CentralPlaza Pinklao. The company expects to achieve a 35% occupancy rate by the end of 2009.

- ***Substantial capital expenditures ahead***

During the next three years, CPN will fund both renovation and new development projects, with a total cost of Bt5,000-Bt7,500 million per year. CPN's market position will be strengthened, but the company may face the pressure on cash flow due to the high level of capital expenditures.

CPN plans to renovate two shopping centers, CentralPlaza Ladprao and CentralPlaza Udon Thani, during 2010-2012. The total investment for each project is approximately Bt1,500-Bt2,000 million.

The CentralPlaza Rama 9 project has been delayed from the previous plan, due to the slowdown in the Thai economy. Construction is expected to resume in the fourth quarter of 2009, with the center opening in 2012. The second project in Chiangmai, located on the super highway to the north of Chiangmai, is expected to open in 2012 too. The project is currently undergoing a detailed feasibility analysis.

In addition to shopping center projects, CPN will invest Bt2,000 million for the hotel development at CentralFestival Pattaya Beach. The company plans to sell the hotel to a property fund or investors once the construction is complete.

Table 4: CPN's Expansion Projects

Project Location	Space* (Sq.m.)	Investment Cost (Bt mil.)	Target Completion
1. Khon Kaen	48,700	3,260	Dec 2009
2. Pattaya Beach (Hotel)	40,000	2,000	Q3/2010
3. Rama 9	n.a.	4,000-4,500	Q2/2012
4. Chiangmai 2	n.a.	3,500	Q3/2012

Source: CPN
* *Excluding department stores*

CPN was awarded a 30-year lease from the Crown Property Bureau to develop 40 rai of land on Rama 4 road, formerly the military Pre-Cadet School. However, the lease agreement will take effect after all existing retailers move out. The development period for this project will span the next three to five years. Apart from developing new shopping centers, CPN also considers acquiring existing centers in order to avoid limitations imposed by zoning regulations.

The company has decided to exercise caution and slow overseas investment plans, but feasibility studies are continuing for many potential locations.

FINANCIAL ANALYSIS

CPN's strong financial profile reflects the predictable cash flow from contract-based income and its conservative financial policy. The company's financial position slightly deteriorated due to the increased amount of debt required for the expansion projects.

- ***Conservative financial policy***

CPN's financial policy has been moderately conservative, with a net debt to equity ratio target of less than one. The company has a policy to use long-term loans and property funds to finance property assets. The company has moderate interest rate risk, because fixed interest rate loans constituted around 55% of total debt as of March 2009. 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 planned to raise funds by selling assets to CPNRF, a property fund. However, the plan has been postponed, as the capital market slumped due to the global financial crisis in late 2008. Currently, CPN is reconsidering plans to lease or sublease CentralPlaza Pinklao shopping center plus two office buildings to CPNRF within 2009. These assets are worth approximately Bt5,000 million. CPN intends to retain its holding of 33.33% in CPNRF. CPN's capital structure will be improved, if the transaction successfully implements.

- ***Healthy profitability***

CPN's rental and service income increased by 23% from Bt1,993 million for the first three months of 2008 to Bt2,451 million for the first three months of 2009. The increase in rental and service income was attributable to both same store sales growth of 6% and the openings of two new shopping centers. The completed property re-developments have also improved the performance of the portfolio and will increase future income, due to the ability to increase occupancy rate and rental rate.

Operating income before depreciation and amortization as a percentage of rental and service income and sales improved from 42.28% in 2007 to 44.66% in 2008 and to 47.74% for the first three months of 2009. However, the operating margin may slightly decline because of the more costly new sub-lease agreement for CentralPlaza Ladprao and the grand opening expenses for several new projects in 2009.

- ***Decline in cash flow protection***

The funds from operations (FFO) to total debt ratio decreased from 17.06% in 2007 to 12.95% in 2008, as total debt increased sharply from Bt12,048 million in 2007 to Bt16,610 million in 2008. FFO remained constant at approximately Bt2,700 million, but should rise after the new shopping centers open. The earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage ratio improved from 5.38 times in 2007 to 5.60 times in 2008, but slightly declined to 5.21 times for the first three months of 2009.

- ***Leverage level increases due to high capital expenditures***

CPN has a policy to balance its funding through equity and debt in order to maintain a healthy capital structure. The total debt (including capitalized annual leases) to capitalization ratio increased from 54.17% in 2007 to 57.96% in 2008 and to 63.60% in March 2009. The rise came mainly from the new lease payment of CentralPlaza Ladprao and loans for new projects.

According to the renovation and expansion plans, capital expenditures will be approximately Bt5,000-Bt7,500 million per year during 2009-2012. CPN plans to finance its 2009 capital expenditures with operating cash flow of approximately Bt3,500-Bt4,000 million and borrowings of Bt3,000-Bt4,000 million. However, if CPN could sell assets to the property fund this year, the capital structure would be improved.

Financial Statistics and Key Financial Ratios*

Unit: Bt million

	Jan-Mar 2009	--------- Year Ended 31 December --------- 2008	2007	2006	2005	2004
Rental and service income	2,451	8,142	7,517	6,310	6,002	5,447
Food and beverage sales	147	456	378	397	420	387
Gross interest expense	192	543	581	621	544	459
Net income from operations	603	2,186	1,783	1,685	3,701	1,348
Funds from operations (FFO)	967	2,709	2,749	2,692	1,368	2,049
Capital expenditures	1,459	6,700	3,587	4,440	3,002	3,928
Cash and short-term investment	2,787	3,677	3,983	3,690	6,140	2,100
Total assets	46,361	43,784	37,205	34,336	33,376	27,104
Total debt	18,505	16,610	12,048	11,127	11,060	9,668
Shareholders' equity	15,774	15,173	13,639	12,574	11,789	8,743
Operating income before depreciation and amortization as % of rental & service income and sales	47.74	44.66	42.28	48.76	55.58	50.65
Pretax return on permanent capital (%)	2.63**	10.99	10.89	11.34	22.89	11.45
Earnings before interest, tax, depreciation and amortization (EBITDA) interest coverage (times)	5.21	5.60	5.38	5.09	13.49	4.85
FFO/total debt (%)	3.51**	12.95	17.06	17.95	9.28	15.60
Total debt/capitalization (%)	63.60	57.96	54.17	54.39	55.57	60.03
Total debt/capitalization (%) ***	53.98	52.26	46.90	46.95	48.40	52.51

Note: All ratios are operating lease adjusted
* *Consolidated financial statements*
** *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 the fundamental creditworthiness of the company. The rating outlook will be announced in conjunction with the credit rating. In most cases, the outlook of each debt obligation is equal to the outlook assigned to the issuer or the obligor. 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.

TRIS Rating may announce a **"CreditAlert"** as a part of its monitoring process of a publicly announced credit rating when there is a significant event that TRIS Rating considers to potentially exerting a substantial impact on business or financial profiles of the rated entity. Due to an insufficient data or incomplete developments of the event, such as merger, new investment, capital restructuring, and etc., current credit rating remains unchanged. The announcement aims to forewarn investors to take a more cautious stance in investment decision against debt instruments of the rated entity. CreditAlert report consists of a "Rational" indicating warning reasons, a "CreditAlert Designation", and a current credit rating. Rating Outlook is withheld in the announcement.

CreditAlert Designation illustrates a short-term rating outlook indicative of the characteristics of impacts on the credit rating in one of the three directions (1) *Positive* (2) *Negative* and (3) *Developing.*