

## Central Pattana Public Company Limited

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
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+
CPN119A: Bt1,500 million senior debentures due 2011	A+
CPN126A: Bt3,000 million senior debentures due 2012	A+
Up to Bt3,000 million senior debentures due within 2014	A+
<b>Rating Outlook:</b>	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 company rating of Central Pattana PLC (CPN) and the ratings of CPN's existing debentures at "A+". At the same time, TRIS Rating assigns the rating of "A+" to CPN's proposed issue of up to Bt3,000 million in senior debentures. The ratings reflect the company's leading position in the Thai retail property development industry, 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 current 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 of companies is seen as a benefit since Central Department Store has been a strong anchor for shopping centers owned by CPN. From 2003, the retail space owned by CPN expanded at an average of 6.9% per annum, while the total supply of retail space in the Greater Bangkok grew by an average of 4.2% per annum. Currently, CPN operates 12 shopping centers in Bangkok and in other big cities in Thailand. With total retail space of 819,611 square meters (sq.m.), CPN is the market leader, with 24% market share, up slightly from 23% in 2007. The rise is mainly the result of the opening of CentralPlaza Chaengwattana. The 20-year renewal of the sub-lease agreement covering the CentralPlaza Ladprao location has also strengthened CPN's leading position in the industry.

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. As of December 2008, the average occupancy rate stood at 97%, mainly due to the improved rate at CentralWorld. The growth rate of same store sales slipped from 14% in 2007 to 10% in 2008. Office building rentals now constitute a larger portion of total revenue, up sharply from 3.8% of total revenue in 2004 to 10.1% in 2008. The rise came after the offices@CentralWorld and office tower B at CentralPlaza Pinklao opened.

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CPN's conservative financial policies are evidenced by the discipline in holding the net debt to equity ratio below one. Due to the slowdown in Thailand's economy, the company postponed some projects and cut annual capital expenditures to Bt4,000-Bt6,000 million during 2009-2011, an approximately 25% reduction.

The retail sales index reported by the Bank of Thailand has continuously declined since the first quarter of 2008. The index fell by 6.5% year-on-year (y-o-y) in the fourth quarter of 2008, closely tracking the 4.3% slide in gross domestic product (GDP) for the same period. The consumer confidence index also decreased from 80.7 in March 2008 to 74 in February 2009. Further deterioration in overall economy and drops in private consumption remain rating concerns.

#### **Rating Outlook**

The "stable" outlook reflects CPN's ability to maintain its solid position in the retail property market. With high occupancy in existing shopping centers and its conservative policy to slow expansion, the company should be able to withstand the current economic slowdown in Thailand.

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