

Enclosure 4

Opinion of the independent financial adviser,
supporting deliberation of agenda item 2

Approval of land leasing from connected party

Opinion of the Independent Financial Advisor

For the Connected Transaction and
the Asset Acquisition Transaction related to Entering into the
30-Year Land Lease Agreement for the Purpose of
Developing a Shopping Complex

Proposed to the Shareholders of

Central Pattana Public Company Limited

Prepared by

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Public Company Limited

December 2012

Disclaimer

The English translation of this document is prepared solely for reference for non-Thai shareholders of CPN. It should not be relied upon as either the definitive or the official document of CPN. The Thai version is the official document and shall prevail in all respects in the event of any inconsistency with the English translation.

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IB 55/2012

27 November 2012

Re: Opinion of the Independent Financial Advisor regarding Connected Transaction and Asset Acquisition Transaction related to Entering into a 30-year Land Lease Agreement for the Purpose of Developing a Shopping Center

To Board of Directors and Shareholders
Central Pattana Public Company Limited

Reference is made to the intention of Central Pattana Public Company Limited ("CPN") to enter into a 30-year land lease agreement with Vantage Ground Company Limited ("**Vantage**") which is CPN's connected person. The purpose of entering into such long-term land lease agreement is to lease land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah, or 39,396.1 sq.wah. They are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi. CPN plans to develop a shopping center on such land plots. Entering into this long-term land lease agreement by CPN is regarded as a connected transaction related to asset or service and an asset acquisition transaction.

For the transaction that CPN will enter into a 30-year land lease agreement with Vantage which is CPN's connected person to let land plots located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, total approximate areas of which are 98 rais, 1 ngan and 96.1 sq.wah, or 39,396.1 sq.wah, for the purpose of developing a shopping complex, it will make total lump sum of leasehold payment (including upfront fee and annual rental fee) of Baht 5,098.68 million for the entire lease term. When such lump sum of leasehold payment is combined with other relevant expenses (i.e. leasehold registration fee, stamp duty fee and other expenses to be incurred when entering into a land lease agreement) for the approximate amount of Baht 78 million, this results in the total transaction size of Baht 5,176.68 million (Present value (PV) of total lump sum leasehold payment and all other relevant expenses at the discount rate of 12 % which is the minimum required rate of return CPN expects when investing in any commercial real estate projects is Baht 1,479.54 million). The transaction that CPN will enter into the 30-year land lease agreement with Vantage is regarded as a connected transaction related to asset or service. The size of this connected transaction is 6.11 % in case the size of this connected transaction is determined based on the PV at the discount rate of 12 % which exceeds 3 % of total net tangible assets of Baht 24,235.64 million as showed on CPN's reviewed consolidated financial statements for the 9-month period ended 30 September 2012. The transaction thus must be approved by the shareholders of CPN, by receiving no less

than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

In regard to relevant regulations related to asset acquisition/disposition, total consideration CPN has to pay when entering into the 30-year lease agreement with Vantage (which is equal to Baht 1,479.54 million determined based on the PV of total lump sum leasehold payment and other relevant expenses at the 12 % discount rate) compared with CPN's total consolidated assets (which is equal to Baht 68,343.56 million as of 30 September 2012) results in the highest transaction size of 2.17 %. Such long-term lease transaction when combined with other asset acquisition transactions that occurred within the 6-month period prior to the date of meeting of the Board of Directors held to approve this long-term lease transaction (transactions that occurred between 10 May and 9 November 2012) with the total size of 9.79 % (including the transaction of acquiring investment units of CPN Commercial Growth Leasehold Property Fund ("CPNCG") and expenditures for other investment projects with the total investment amount of Baht 6,690.10 million) results in the total asset acquisition size of 11.96 %. Thus, the transaction that CPN will enter into the 30-year land lease agreement with Vantage is regarded as a Class-3 transaction with no new securities issued as a compensation for asset acquisition in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004. CPN is thus required to immediately disclose the transaction and serve a written report with minimum information contained as required under Schedule 1 annexed to the notification to the SET.

The transaction that CPN will enter into a 30-year land lease agreement with Vantage is regarded as a connected transaction related to asset or service, with the total transaction size exceeding 3 % of total net tangible assets as showed in CPN's consolidated reviewed financial statements for the 9-month period ended 30 September 2012. This transaction thus must be proposed for approval by the shareholders of CPN. It must receive no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders. In this regard, CPN appoints Maybank Kim Eng Securities (Thailand) Public Company Limited (the "**Independent Financial Advisor**") to be an independent financial advisor giving opinions to the Board of Directors and shareholders regarding the appropriateness and benefits of the transaction, fairness of price and important conditions of entering into such 30-year land lease agreement. Maybank Kim Eng Securities (Thailand) Public Company Limited as an independent financial advisor would give opinions in the following issues regarding the transaction:

1. Nature and details of the asset acquisition transaction and the connected transaction;
2. The appropriateness, advantages and disadvantages of entering into the transaction;
3. The sufficiency of source of funds to enter into the transaction;
4. The reasonableness and fairness of leasehold payment CPN will make to Vantage;
5. The reasonableness of conditions and important provisions in the draft of long-term land lease agreement; and

6. The opinion of the Independent Financial Advisor regarding the shareholders' resolution.

In preparation of the report of opinion of the Independent Financial Advisor, the Independent Financial Advisor studied the following relevant information:

- Article of affidavit, memorandum of association, articles of association and list of the shareholders of Vantage
- Land title deeds, details, location and area plan of 27 land plots that CPN will let from Vantage
- A letter issued by the Mass Rapid Transit Authority of Thailand
- Royal decree specifying area/land to be expropriated for the purpose of developing and constructing Motorway No.81 Bangkok-Karnchanaburi
- Asset appraisal reports with details regarding appraised values of vacant land plots located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Sathong Hin Sub District, Bangyai District, Nonthaburi that were prepared by 15 Business Advisory Limited and Brooke Real Estate Company Limited, both of whom are independent asset appraisers under SEC list
- Financial assumptions and model used to study and evaluate commercial and financial feasibilities of the shopping center to be constructed and developed on land plots CPN will let from Vantage
- Development plan for the shopping complex to be developed and constructed on land plots CPN will let from Vantage
- Draft of the 30-year land lease agreement to be entered into between CPN and Vantage
- Interview of CPN officers regarding rationale and appropriateness of entering into the 30-year land lease agreement by CPN
- Data regarding CPN's nature of business, scope of operation and financial performance & condition
- CPN's audited consolidated financial statements for the years 2009, 2010 and 2011 and reviewed consolidated financial statements for the 9-month period ended 30 September 2012

The opinion of the Independent Financial Advisor presented herein has been prepared with an assumption that the information and documents received from CPN and other reliable sources used by the Independent Financial Advisor is accurate and complete. The stated information has sufficient material for the Board of Directors' and shareholders' decision making process. Moreover, the analysis of economic and industry conditions includes only the information from the study period. If the aforementioned factors change significantly, the opinion of the Independent Financial Advisor regarding the transaction that CPN will enter into the 30-year land lease agreement with Vantage might be affected. Thus, the opinion of the Independent Financial Advisor has no ability to confirm the effects from the mentioned factors to CPN and Vantage in the future. In addition, the opinion of the Independent Financial Advisor is towards the transaction that CPN will enter into the 30-year land lease agreement with Vantage only. It does not include other asset acquisition/disposition transactions and connected transactions of CPN in the past or in the future.

1. Executive Summary

1.1 Nature and Characteristics of the Asset Acquisition Transaction and the Connected Transaction

Central Pattana Public Company Limited (“CPN”) will enter into a 30-year land lease agreement with Vantage Ground Company Limited (“Vantage”) which is CPN’s connected person. The purpose of doing so is to let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Sathong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing a shopping complex.

As the transaction that CPN will enter into the 30-year land lease agreement with Vantage is regarded as a connected transaction related to asset or service, with the transaction size of greater than 3 % of CPN’s net tangible assets which is showed on its reviewed 9-month consolidated financial statements as of September 30, 2012, it is required to propose the transaction for consideration and approval by the meeting of shareholders. The transaction must be approved by the shareholders of CPN, by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders. CPN thus appoints Maybank Kim Eng Securities (Thailand) Public Company Limited (the “Independent Financial Advisor”) to act as its independent financial advisor in expressing its fairness opinion to the Board of Directors and its shareholders regarding rationale and advantages from entering into the transaction, fairness on price and fairness on major terms & provisions as contained in the draft of the land lease agreement.

The transaction of entering into the 30-year land lease agreement with Vantage is also regarded as a Class-3 transaction with no new securities issued as a compensation for asset acquisition in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004. The size of this land lease transaction when combined with CPN’s other asset acquisition transaction that occurred during the 6-month period prior to the date of BOD meeting held to approve the transaction results in total transaction size of less than 15 %.

1.2 Opinion of the Independent Financial Advisor regarding Rationale and Advantages from Entering into the 30-Year Land Lease Agreement

It is of the opinion of the Independent Financial Advisor that entering into the 30-year land lease agreement with Vantage which is CPN’s connected person, thus allowing it to obtain a leasehold right associated with land plots located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Sathong Hin Sub District, Bangyai District, Nonthaburi, total approximate areas of which are 98 rais, 1 ngan and 96.1 sq.wah, or 39,396.1 sq.wah, provides CPN with certain advantages and risk as follows:

Advantages from Entering into the Transaction

- 1) Entering into the 30-year land lease agreement allows CPN to conform to its long-term business plan and helps to increase its commercial revenue in the long run. Entering into the 30-year land lease agreement with Vantage allows CPN to obtain leasehold right associated with land plots located at the intersection between Kanjana Pisek Road and Rattana Thibet Road. Such land plots are also located close to the MRT Purple Line. Thanks to its good location, those land plots are appropriate for developing a shopping complex project.
- 2) Entering into the 30-year land lease agreement allows CPN to increase its rental & service revenues and receives sound investment return from the shopping complex in the long term.
- 3) Entering into the 30-year land lease agreement allows CPN to diversify its business risk as it is able to obtain rental & service revenues from a larger number of shopping complexes.
- 4) Entering into the 30-year land lease agreement allows CPN to gain advantages from economies of scale in its operation, especially in terms of marketing & PR activities which can be commonly used in the CPN Group and sourcing for tenants for areas in shopping centers under CPN management.

Disadvantages/Risk from Entering into the Transaction

- 1) Risk that actual occupancy rate of the new shopping complex will not be as high as expected due to its competition with modern trade, shopping center and department store which are located in the nearby areas. Nevertheless, the shopping complex that CPN will develop on plots of land it will let from Vantage does not directly compete with those modern trade, shopping center and department store. CPN will change the new shopping center's merchandising mix and/or its market position to attract more anchor stores and tenants in case the shopping complex is not successful as expected.
- 2) Risk that CPN may not be able to meet the development & construction schedule and budget and this will adversely affect revenues, profit and investment return of the shopping complex project. Nevertheless, this may not pose a serious threat to CPN as in recent years CPN gained substantial expertise and experience in developing and constructing several shopping complexes with similar nature and characteristics. CPN managed to meet construction & development schedules and budget for all of those projects. Prior to commencing development and construction of any shopping center projects, CPN will conduct an in-depth project feasibility study and evaluate risk factors and constraints that may adversely affect the project success, time and budget required for construction and development of the project. This is to ensure that development and construction of a shopping center project can be completed within a required time and budget and it can provide a sound investment return to CPN.
- 3) Risk due to cannibalization as the new shopping complex project will be located close to CPN's two existing shopping centers i.e. Central Plaza Chaeng Wattana and Central Plaza Rattana Thibet. However, CPN's management and development team have carefully considered all relevant factors and deemed that launching a new shopping center will not materially affect sales revenues of the two existing shopping

centers. This is because each of the shopping centers is located in different areas of Nonthaburi, all of which are highly populated areas.

- 4) Risk that land plots on which the new shopping center will be located may be affected by heavy flood in the future. Nevertheless, CPN has formulated and implemented certain preventive measures to minimize risk of heavy flood both during the construction & development and operation phases of the shopping center.
- 5) Risk that land plots on which CPN's shopping complex will be located may be expropriated as they are situated close to the MRT Purple Line (Bangyai-Ratchburana) and Motorway No.81 (Bangkok-Karnchanaburi). Note that expropriation of land for the purpose of developing and constructing the MRT Purple Line was completed and former owners of those land plots had already been compensated for land expropriation. Land plots that were already expropriated for the purpose of developing the MRT Purple Line are sufficient and it is no longer necessary for the government authorities to expropriate additional land plots. CPN plans to develop the new shopping complex based on land title deeds that are adjusted after land expropriation. CPN already obtained an approval from the Mass Rapid Transit Authority of Thailand to get access to some parts of the expropriated areas to facilitate development and construction of its new shopping complex. Land plots that CPN will let under the 30-year land lease agreement with Vantage are not affected by land expropriation for the purpose of developing and constructing Motorway No.81.

1.3 Opinion of the Independent Financial Advisor regarding the Reasonableness of Leasehold Payment Scheme

It is of the opinion of the Independent Financial Advisor that the leasehold payment scheme CPN has to pay to Vantage is reasonable after we verify its appropriateness by 2 different approaches.

The first approach is to compare the present value of leasehold payment with two appraised rent values as given by two different independent asset appraisers. It turns out that the present value of leasehold payment all along the lease term is lower than the market rent values as appraised by both the first independent asset appraiser and the second independent asset appraiser by approximately 5% and 10% consecutively.

The second approach is to assess the expected benefit to CPN from running the shopping complex by calculating the internal rate of return CPN will obtain from investing in this shopping center. According to the projection, the expected return to CPN is approximately 14.8%. In order to evaluate the appropriateness of IRR level, it is compared with 3 benchmarks as follows:

1. CPN's weighted average cost of capital of 8.76%
2. The required return of CPN in the range of 14% -15%
3. The average return from shopping mall investment in Bangkok Metropolitan Area referred from a meeting held by Thai Appraisal Foundation at 8% - 12%.

Because the project IRR at 14.8% has already taken into account the leasehold payment scheme that CPN has to pay to Vantage, it can be concluded that the leasehold payment scheme specified in the 30-year land lease agreement to be entered into between CPN and Vantage is reasonable as the overall project return to CPN is good enough to exceed all of the 3 benchmarks.

1.4 Opinion of the Independent Financial Advisor regarding Fairness of Terms and Provisions in the Draft of Land Lease Agreement

After examining key terms and provisions as specified in the draft of 30-year land lease agreement to be later entered into between CPN and Vantage, it is of the opinion of the Independent Financial Advisor that 1) Key terms and provisions as specified in such draft of 30-year land lease agreement are considered reasonable, fair and carried out in normal business practice. They do not yield unfair benefits to any particular party and 2) provision which requires that leasehold payment to be made by CPN to Vantage shall consist of 2 portions, namely upfront fee for the total amount of Baht 654.96 million and annual rental fee, would help to make terms of leasehold payment more correspond to rental and services revenue to be earned in each year in the future from the shopping center. This also helps to mitigate the risk that CPN may need to make a substantial amount of leasehold payment in one time which may drastically raise CPN's debt burden.

1.5 Opinion of the Independent Financial Advisor regarding Resolution of the Shareholders

Taking into account all data/documents that the Independent Financial Advisor obtained from CPN and from outside reliable sources, it is of the opinion of the Independent Financial Advisor that the transaction that CPN will enter into a 30-year land lease agreement with Vantage which is its connected person so that CPN can obtain a leasehold right associated with land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing and constructing a shopping complex provides CPN with certain advantages as follows:

1. Entering into the 30-year land lease agreement with Vantage allows CPN to conform to its long-term business plan which aims to develop and construct a shopping complex in the easily accessible area with sound business potential. Developing a new shopping center on those land plots will help to increase CPN's rental & service revenues, provide it with a sound investment return over the long term, diversify its business risk and provide it with economies of scale in operation.
2. The leasehold payment scheme that CPN will pay to Vantage is appropriate. This is because the present value of all leasehold payments discounted by CPN's weighted average cost of capital is lower than the rental market value by approximately 5% and 10% respectively of the values appraised by two independent asset appraisers. Moreover, thorough assessment of the expected benefit to CPN from

running the shopping complex by calculating the internal rate of return CPN will obtain from investing in this shopping center project taking into account the leasehold payment scheme as specified in the land lease agreement indicates that doing so will create value-added for CPN and its shareholders.

3. Key terms and provisions as specified in the draft of 30-year land lease agreement between CPN and Vantage are considered reasonable, fair and carried out in normal business practice. They do not yield unfair benefits to any particular party.

Thus, shareholders should approve CPN to enter into the 30-year land lease agreement with Vantage so that it can let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing and constructing the shopping complex.

2. Nature and Characteristics of the Transaction

2.1 Objective of the Transaction

Central Pattana Public Company Limited (CPN)'s Board of Directors' Meeting No.6/2012, held on 9 November 2012, had considered the transaction into which CPN would enter a 30-year land lease agreement with Vantage Ground Company Limited (**Vantage**) to let land plots with total approximate area of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah. Such land plots are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi. The purpose of entering into such 30-year land lease agreement is to obtain land plots to be used for developing and constructing a shopping complex. The meeting also approved the entering into the asset acquisition transaction and connected transaction.

The transaction of CPN entering into a 30-year land lease agreement with Vantage is considered a connected transaction regarding asset or service according to the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2551 regarding Rules on Connected Transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003. In addition, it is considered an asset acquisition transaction according to the Notification of the Capital Market Supervisory Board Tor.Jor. 20/2551 regarding Rules and Regulations on the Acquisition and Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004. The transaction must be approved by the shareholders of CPN, by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

2.2 Date of the Transaction

CPN will enter into the 30-year land lease agreement with Vantage to let land plots with total approximate area of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing and constructing a shopping center after it obtains an approval from the Extraordinary General Meeting of Shareholders No.1/2013 to be held on 18 January 2013.

2.3 Relevant Parties and Their Relationship

Lessee: Central Pattana Public Company Limited ("CPN")

Lessor: Vantage Ground Company Limited ("**Vantage**")

CPN and Vantage are connected as they have a common major shareholder and controlling person, namely the Chirathivat Group. The Chirathivat Group holds total ownership (direct and indirect) in CPN of 59.46 % and a 100 % stake in Vantage.

Certain business information regarding Vantage is as follows:

Information regarding Vantage

Company Name	Vantage Ground Company Limited ("Vantage")
Registration No.	0105534115695
Date of Incorporation	9 December 1991
Registered Address	No. 306, Silom Road, Suriwongse Sub-District, Bangrak District, Bangkok
Registered Capital	85 million baht (consisting of 850,000 ordinary shares with a par value of 100 baht each)
Nature of Business	Acquire, sell and lease building, land and real properties
Major shareholder (% of shareholding)	Harn Central Department Store Company Limited (99.98 %)

2.4 Details of the Transaction

CPN will enter into an asset acquisition transaction and a connected transaction by entering into the 30-year land lease agreement with Vantage to let land plots with total approximate area of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah for the purpose of developing and constructing a shopping center. Such land plots are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi. Payments that CPN will make to Vantage consist of 2 portions, namely:

- 1) Upfront fee for the total amount of Baht 654,960,162.50
- 2) Rental fee to be paid for the entire 30-year lease term for the total amount of Baht 4,443,717,144. Such rental fee will be paid once a year.

Details regarding rental fee to be paid each year for the entire 30-year lease term is as follows:

Year	Annual Rental Fee (Baht)	Year	Annual Rental Fee(Baht)
1	5,275,744	16	153,788,476
2	5,275,744	17	153,788,476
3	5,275,744	18	153,788,476
4	87,929,060	19	176,856,747
5	87,929,060	20	176,856,747
6	87,929,060	21	176,856,747
7	101,118,419	22	203,385,259
8	101,118,419	23	203,385,259
9	101,118,419	24	203,385,259
10	116,286,182	25	233,893,048
11	116,286,182	26	233,893,048
12	116,286,182	27	233,893,048
13	133,729,109	28	268,977,005
14	133,729,109	29	268,977,005
15	133,729,109	30	268,977,005

Source: Central Pattana Public Company Limited

CPN has also to bear additional cost/expense related to entering into such long-term land lease agreement (such as leasehold registration fee, stamp duty fee and other expenses related to entering into a long-term land lease agreement) for the approximate amount of Baht 78,000,000.

2.5 Transaction Size

Size of Connected Transaction

For the transaction which CPN will enter into the 30-year land lease agreement with Vantage to let land plots with total approximate area of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Sathong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing and constructing a shopping center project, CPN has to make total leasehold payment which includes upfront fee and annual rental payments for the entire amount of Baht 5,098.68 million. Such leasehold payment when combined with other relevant expenses (i.e. leasehold registration fee, stamp duty fee and other expenses to be incurred when entering into such long-term land lease agreement) for the approximate amount of Baht 78 million will result in the total transaction size of Baht 5,176.68 million. Present value (PV) of total leasehold payment (including upfront fee and annual rental payments) and other relevant expenses determined at 12 % which is the minimum return CPN expects from investment in any commercial property projects equals to Baht 1,479.54 million. This transaction is regarded as a connected transaction related to asset or service. The transaction size of this connected transaction is 6.11 % in case PV of total leasehold payment and other

relevant expenses at 12 % discount rate is compared with CPN's total net tangible assets. As the transaction size is greater than 3 % of total net tangible assets of Baht 24,235.64 million as showed in CPN's reviewed consolidated financial statements for the 9-month period ended 30 September 2012, such transaction must be approved by the shareholders of CPN by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote, excluding the votes of interested shareholders.

Size of the Asset Acquisition Transaction

In regard to relevant regulations related to asset acquisition/disposition, total consideration CPN has to pay when entering into the 30-year lease agreement with Vantage (which equals to Baht 1,479.54 million which is determined based on PV of total leasehold payment and other relevant expenses at 12 % discount rate) compared with CPN's total consolidated assets (which is equal to Baht 68,343.56 million as of 30 September 2012) results in the highest transaction size of 2.17 %. Entering into such 30-year land lease agreement when combined with other asset acquisition transactions occurred within the 6-month period prior to the date of meeting of Board of Directors held to approve this long-term lease transaction (transactions that occurred between 10 May and 9 November 2012) with the total size of 9.79 % (including the transaction of acquiring investment units of CPN Commercial Growth Leasehold Property Fund ("CPNCG") and expenditures for other investment projects with the total investment amount of Baht 6,690.10 million) results in the total asset acquisition size of 11.96 %. Thus, the transaction that CPN will enter into the 30-year land lease agreement with Vantage is regarded as a Class-3 transaction with no new securities issued as a compensation for asset acquisition in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosing of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004. The size of this land lease transaction when combined with CPN's other asset acquisition transaction that occurred during the 6-month period prior to the date of BOD meeting held to approve the transaction results in total transaction size of less than 15 %.

2.6 Details of the Acquired Asset

Land plots that CPN will let under the 30-year land lease agreement with Vantage have total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah. As the Metropolitan Rapid Transit Purple Line (Bangyai-Ratchburana from Bangyai to Bangsue) (MRT Purple Line) traverses some parts of such land plots, they are divided into 2 parts, namely Land 1 and Land 2. Details of each are as follows:

- Land 1 (located on the left-handed side of the MRT Purple Line) consists of vacant land under 18 land title deeds, with total approximate area of 89 rais and 57.2 sq.wah (35,657.2 sq.wah). Details of which as of 2 November 2012 are as follows:

No.	Land Area			Current Holder of Ownership	Registered Obligation
	Rai	Ngan	Sq.Wah		
1	10	3	50.0	Vantage Ground Co., Ltd.	None
2	3	1	75.4	Vantage Ground Co., Ltd.	None
3	3	1	90.5	Vantage Ground Co., Ltd.	None
4	9	2	36.9	Vantage Ground Co., Ltd.	None
5	6	1	20.0	Vantage Ground Co., Ltd.	None
6	3	1	09.4	Vantage Ground Co., Ltd.	None
7	14	0	78.4	Vantage Ground Co., Ltd.	None
8	16	3	08.1	Vantage Ground Co., Ltd.	None
9	6	2	76.0	Vantage Ground Co., Ltd.	None
10	2	0	99.5	Vantage Ground Co., Ltd.	None
11	2	0	99.0	Vantage Ground Co., Ltd.	None
12	2	0	99.0	Vantage Ground Co., Ltd.	None
13	1	1	90.0	Vantage Ground Co., Ltd.	None
14	1	1	87.0	Vantage Ground Co., Ltd.	None
15	1	1	87.0	Vantage Ground Co., Ltd.	None
16	1	1	87.0	Vantage Ground Co., Ltd.	None
17	1	1	87.0	Vantage Ground Co., Ltd.	None
18	0	1	77.0	Vantage Ground Co., Ltd.	None
Total Area under Land 1	89	0	57.2		

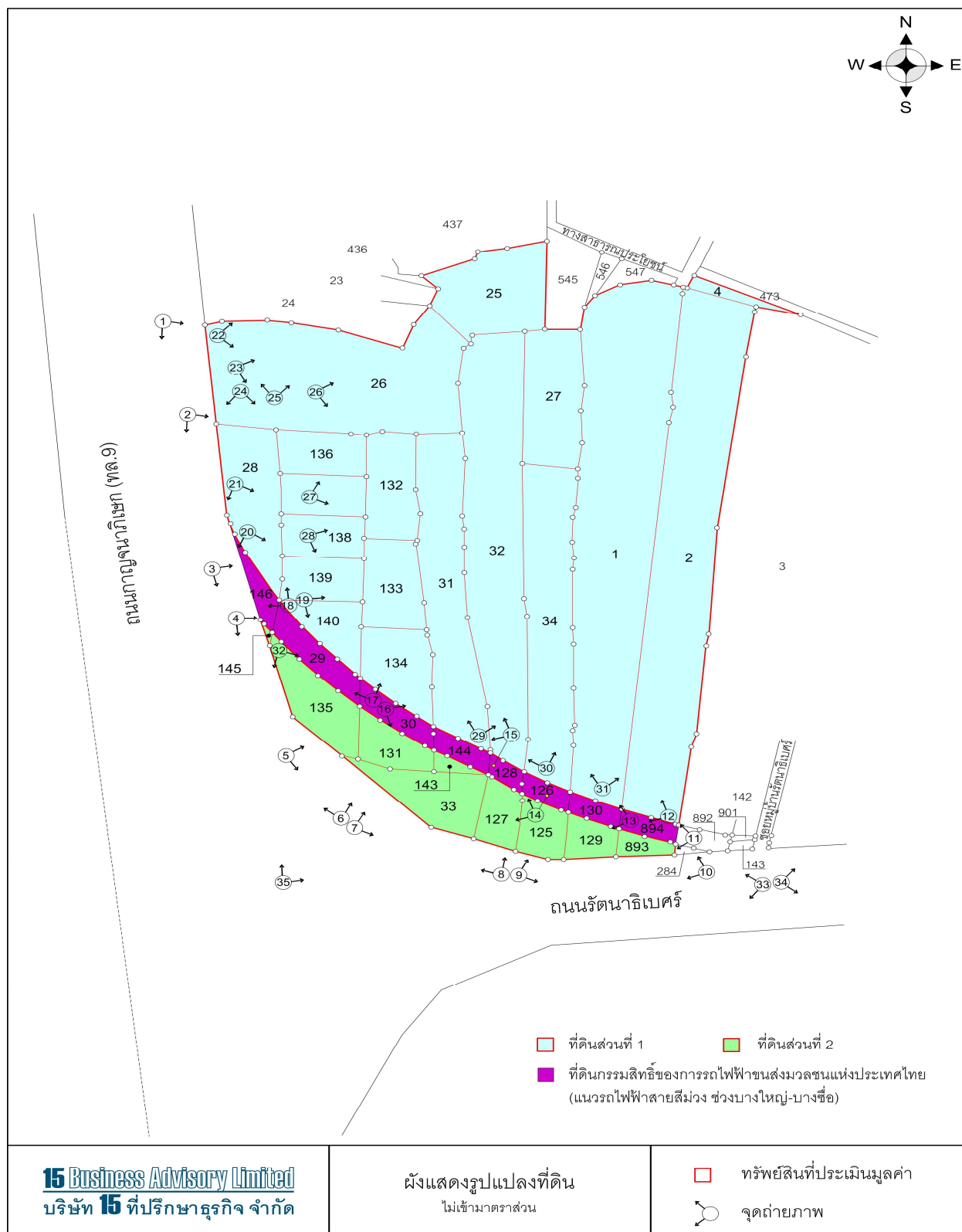
Source: Central Pattana Public Company Limited

- Land 2 (located on the right-handed side of the MRT Purple Line) consists of vacant land under 9 land title deeds, with total approximate area of 9 rais, 1 ngan and 38.9 sq.wah (3,738.9 sq.wah). Details of which as of 2 November 2012 are as follows:

No.	Land Area			Current Holder of Ownership	Registered Obligation
	Rai	Ngan	Sq.Wah		
1	2	0	96.0	Vantage Ground Co., Ltd.	None
2	1	0	48.0	Vantage Ground Co., Ltd.	None
3	1	0	63.0	Vantage Ground Co., Ltd.	None
4	0	3	07.0	Vantage Ground Co., Ltd.	None
5	0	1	77.0	Vantage Ground Co., Ltd.	None
6	1	0	96.0	Vantage Ground Co., Ltd.	None
7	2	0	32.0	Vantage Ground Co., Ltd.	None
8	0	0	95.0	Vantage Ground Co., Ltd.	None
9	0	0	24.9	Vantage Ground Co., Ltd.	None
Total Area under Land 2	9	1	38.9		

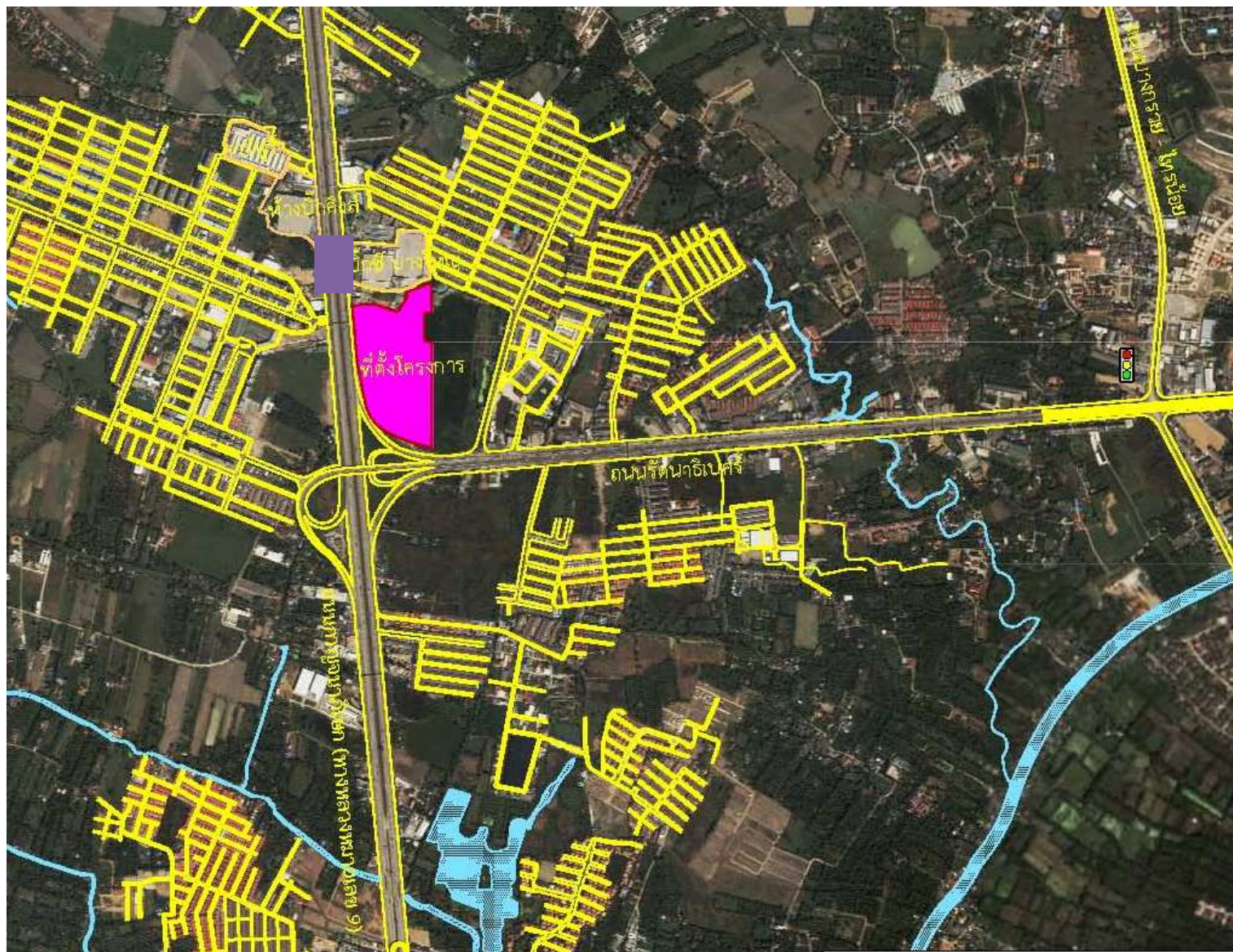
Source: Central Pattana Public Company Limited

Illustration 1: Illustration of Land Plots to be Let by CPN from Vantage



Source: Central Pattana Public Company Limited

Illustration 2: Bird Eye View of Land Plots to be Let by CPN from Vantage



Source: Central Pattana Public Company Limited

Illustration 3: Locations of CPN's Shopping Centers in Nonthaburi



CPN's Shopping Centers in Nonthaburi	
1	CentralPlaza Chaengwattana (CPN's existing shopping center)
2	CentralPlaza Rattana Thibet (CPN's existing shopping center)
3	CentralPlaza Bangyai (CPN's new shopping complex to be developed and constructed on the leased land plots)

Source: Central Pattana Public Company Limited

2.7 Basis Used to Determine Value of Consideration

In entering into the 30-year land lease agreement with Vantage to let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing a shopping center project, CPN will make two portions of payments with the total amount of Baht 5,098.68 million. They consist of upfront fee for the total amount of Baht 654.96 million and annual rental payments with the total payment amount of Baht 4,443.72 million to be made for the entire 30-year lease term. Moreover, CPN has also to bear other relevant expenses (including leasehold registration fee, stamp duty fee and other expenses related to entering into a long-term land lease agreement) to be incurred when entering into a long-term land lease agreement for the approximate amount of Baht 78 million.

The basis used in determining the value of consideration is in accordance with the conditions and agreements within the contract of normal commercial terms between CPN as the lessee and Vantage as the lessor. In determining the value of consideration, CPN and Vantage also take into account the fair value of land plots as appraised by independent asset appraisers and business potential of the shopping complex to be developed and constructed on such land plots.

2.8 Source of Funds for Entering into the Transaction

In entering into the 30-year land lease agreement with Vantage, CPN will make the total payment of Baht 5,098.68 million for the entire 30-year lease term. Such payment will consist of 2 portions, namely

- 1) Upfront fee for the total amount of Baht 654.96 million
- 2) Rental fee to be made once a year, with the entire payment amount of Baht 4,443.72 million for the entire 30-year lease term

CPN has also to bear other relevant expenses (including leasehold registration fee, stamp duty fee and other expenses related to entering into a long-term land lease agreement) to be incurred when entering into a long-term land lease agreement for the approximate amount of Baht 78 million.

In making payment for the upfront fee for the amount of Baht 654.96 million and other relevant expenses approximately amounting Baht 78 million, CPN will use mainly its internal source of cash flows. CPN may also use cash proceeds it obtained from selling leasehold right associated with the Offices at CentralWorld which used to be CPN's main operating asset to CPN Commercial Growth Leasehold Property Fund or CPNCG.

In making payment for annual rental fee for the total amount of Baht 4,443.72 million, CPN will use its future operating cash flows and/or proceeds from future bank loans and/or issuance of corporate bonds and/or proceeds from future offering of investment units of property funds.

2.9 Potential Benefits from Entering into the Transaction

The transaction of entering into the 30-year land lease agreement with Vantage to let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah for the purpose of developing and constructing a shopping center will provide benefits to CPN as follows:

- 1) Conformity with CPN's long-term business plan and allowing CPN to realize increase in its rental and service revenues;
- 2) Allowing CPN to obtain leasehold right associated with land plots with sound commercial potential and are appropriate for developing a shopping center;
- 3) Providing CPN with a great opportunity to earn increasing revenue and a sound long-term investment return;
- 4) Diversifying CPN's business risk; and
- 5) Allowing CPN to earn potential benefits due to economies of scale in its operation.

2.10 Approval for Entering into the Transaction by the Meeting of Shareholders

The transaction of entering into the 30-year land lease agreement with Vantage to lease land plots with total approximate area of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah for the purpose of developing and constructing a shopping center project is considered a connected transaction, with the transaction size higher than 3% of the net tangible assets based on the 9-month reviewed consolidated financial statements of CPN as at September 30, 2012. As a result, the transaction must be approved by the shareholders of CPN, by receiving no less than three-fourths of the total number of votes of shareholders or proxies who are present at the meeting, and who have the right to vote.

2.11 Name of connected persons and/or interested shareholders who have no right to vote and the scope and characteristics of the benefits and interests of connected persons and/or interested shareholders from the transaction

In this shareholders' meeting to consider an approval for CPN to enter into the 30-year land lease agreement with Vantage, connected persons and/or interested shareholders have no right to vote to approve the transaction. Details on connected persons and/or interested shareholders who have no right to vote in the shareholders meeting of CPN to approve the entering into the transaction, the number and the proportion of shares of CPN held by the aforementioned persons are as follows.

No.	Connected Person/Interested Shareholder	Number of Shares Held	% of Shareholding
1	Central Holding Co., Ltd. (major shareholder)	588,171,980	27.00%
2	Individual persons in the Chirathivat Family	707,728,910	32.46%
Total		1,295,900,890	59.46%

Source: Central Pattana Public Company Limited

The names of CPN's directors who have stakes and/or are connected persons are as follows.

Name	Position in CPN
Mr. Suthichai Chirathivat	Chairman
Mr. Suthikiati Chirathivat	Director
Mr. Suthichart Chirathivat	Director
Mr. Sudhisak Chirathivat	Director
Mr. Sudhitham Chirathivat	Director
Mr. Prin Chirathivat	Director
Mr. Kobchai Chirathivat	Director

In this regard, all interested directors did not attend the meeting and did not vote in the Board of Directors' meeting to approve CPN to enter into the 30-year land lease agreement with Vantage.

3. Information regarding Nature of Business and Operation of Central Pattana Public Company Limited

3.1 General Information regarding the Business of Central Pattana Public Company Limited

Company Name	Central Pattana Public Company Limited
Registered Number	0107537002443
Registered Address	The Offices at CentralWorld Floor 30-33, 999/9 Rama 1 Road, Pathumwan Bangkok 10330
Registration Date	17 June 1980
Type of Business	The Company operates in retail property for rent, which comprises large-scale shopping complexes and other supportive businesses. Its portfolio consists of shopping centers, offices, hotels, residential buildings and recreational parks. In addition, the Company invests in retail growth property fund and acts as a property manager of the fund.
Registered Capital as of 30 September 2012	Baht 2,178.82 million

3.2 Nature of Business and Operation

Established on 17 June 1980 to develop and manage large-scale and integrated shopping centers, Central Pattana Public Company Limited or CPN was listed on the Stock Exchange of Thailand (SET) on 1 March 1995. Its issued and paid-up share capital as of 30 September 2012 is Baht 2,178.82 million of which the majority is held by Central Holdings Co., Ltd. and Chirathivat family members. CPN's core businesses comprise development of large-scale shopping complexes and provision of retail space for rent and related services. As of 30 September 2012, CPN manages 18 shopping complexes, owning 15 projects, with three leased out to CPN Retail Growth Leasehold Property Fund (CPNRF). CPN also runs office, residential and hotel buildings as its supporting businesses to optimize the use of land, diversify income sources and draw more customers to its shopping complexes. CPN also operates related businesses such as water & recreational parks and food centers in some shopping complexes to facilitate shoppers. Services and facilities provided at each complex mainly depend on locations and the needs of target customers.

3.2.1 CPN Business Groups

CPN's business falls into various business groups. Categorized by the source of income, there are six business groups which are described as follows:

1) Shopping Complexes

CPN's main source of income comes from the shopping complex business. It helps to generate over 80% of the total revenue. Income includes rental of retail spaces, utility & security services and cleaning services. Another source of income for CPN is the management fee at three property projects under CPNRF and a share of profit from investment in CPNRF.

CPN's shopping complex development starts from acquiring strategic locations, conducting feasibility studies, supervising designs and construction, administering sale and managing the shopping complexes after their commercial opening. Also in the scope of work is the provision of utilities, together with security and cleaning services at each site.

2) Office Buildings

The office building business involves the development of office buildings for rent, whereas there is demand for office space in shopping complex areas. It was found that the office building business not only complements that of the shopping complex, but also adds value to the project. It also enhances land usage and efficiency of car park management. The decision to develop an office building depends mainly on supply and demand for office space at each location. Income from the business comprises rental of office space, rental of retail shops in office buildings and utility service income. CPN's office building development starts from conducting feasibility studies, supervising designs and construction, leasing rental spaces and managing the buildings when they come into operation. Also in the scope of work is the provision of utilities, together with security and cleaning services at each site.

As of 30 September 2012, CPN runs six office building projects at CentralPlaza Lardprao, CentralPlaza Pinklao, CentralPlaza Bangna, CentralWorld (The Offices at CentralWorld), CentralPlaza Chaengwattana and Central Grand Rama IX. For office buildings, CPN owns four projects and manages two projects, one under CPNRF: A and B Office buildings and another under CPN Commercial Leasehold Property Fund (CPNCG): the Offices at CentralWorld. Tenants of office buildings in CentralPlaza Lardprao, CentralPlaza Pinklao, CentralPlaza Bangna, CentralPlaza Chaengwattana and Central Grand Rama IX projects are mostly operators of businesses benefiting from shopping complexes, such as tutorial schools, language and music schools, beauty parlors and securities brokerage firms. The Offices at CentralWorld is different as it is a grade A office building

located in the heart of the central business district. Thus, most tenants are leading businesses, both Thai and foreign, and multinational companies looking to base their headquarters there.

3) Hotels

CPN's hotels and shopping centers are located in the same areas since there is a natural demand that supports the retail business. This practice adds value to each project by making the most use of properties for the maximum return on investment. Key principles for consideration of hotel investment include project location, demand, supply, surrounding areas and the project's growth potential. The hotel business comprises guest rooms, seminar rooms and convention centers to serve the growth of the MICE (Meeting, Incentive, Convention and Exhibition) industry. As of 30 September 2012, CPN owns two hotels. One is the 255-room Centara Udonthani Hotel (formerly known as Charoensri Grand Royal Hotel, a part of Charoensri Complex, acquired by CPN in April 2009) and the other is Hilton Pattaya Hotel with 300 rooms (situated on top of CentralFestival Pattaya Beach and open on November 2010). CPN has hired expert hotel management companies, namely Central Plaza Hotel Plc and Hilton Hotel Corporation, to manage Centara Udonthani Hotel and Hilton Pattaya Hotel, respectively for the maximum benefit of the group.

4) Residential Buildings

As of 30 September 2012, CPN manages two residential building projects. One is Lang Suan Colonade, a 50-unit service apartment, and the other is Central City Residence Condominium, a 12-unit condominium on the premises of CentralPlaza Bangna.

5) Water Parks and Recreational Parks

Water parks and recreational parks are supporting businesses for shopping complexes, adding variety to features and services of shopping complexes. Not only can they attract more customers to shopping complexes, but also bring happiness to customers and people in surrounding communities. To make this happen, the size of land and space availability in the project are key factors. Current projects in this category are "Leoland Water Park" on the sixth floor of CentralPlaza Bangna and "Central Park", a large-scale recreational park on the premises of CentralPlaza Rama 2 which is open to the public and comprises a health park, a children playground, an activity area and renowned restaurants.

6) Food Centers

Food centers are considered an essential part of shopping complexes. They are intended for providing customers with a wide variety of economical and ready-to-serve dishes. CPN earns sizeable income from the sale of food and beverage in food centers.

3.3 CPN's Management Structure

CPN's management structure consists of the following committees and sub-committees as follows:

1. The Board of Directors
2. The Sub-Committees which include:
 - 2.1 The Audit Committee
 - 2.2 The Nomination and Remuneration Committee
 - 2.3 The Risk Management Committee
 - 2.4 The Corporate Governance Committee
3. The Executive Committee
4. The Management Committee

Details of each board committee are as follows:

Board of Directors

The Board of Directors consists of 12 directors as follows:

Name	Position
1. Mr.Suthichai Chirathivat	Chairman
2. Mr.Paitoon Taveebhol	Independent Director
3. Mr.Chackchai Panichapat	Independent Director
4. Mrs.Sunandha Tulayadhan	Independent Director
5. Mr. Karun Kittisataporn	Independent Director
6. Mr. Kanchit Bunajinda	Director
7. Mr. Suthikiati Chirathivat	Director
8. Mr. Suthichart Chirathivat	Director
9. Mr. Sudhisak Chirathivat	Director
10. Mr. Sudhitham Chirathivat	Director
11. Mr. Kobchai Chirathivat	Director
12. Mr. Prin Chirathivat	Director

Source: Central Pattana Public Company Limited

The Audit Committee

The Audit Committee consists of 4 members as follows:

Name	Position
1. Mr.Paitoon Taveebhol	Chair of the Audit Committee
2. Mr.Chackchai Panichapat	Member of the Audit Committee
3. Mrs.Sunandha Tulayadhan	Member of the Audit Committee
4. Mr. Karun Kittisataporn	Member of the Audit Committee

Source: Central Pattana Public Company Limited

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 4 members as follows:

Name	Position
1. Mr.Chackchai Panichapat	Chairman
2. Mrs.Sunandha Tulayadhan	Member
3. Mr. Karun Kittisataporn	Member
4. Mr. Kanchit Bunajinda	Member

Source: Central Pattana Public Company Limited

The Risk Management Committee

The Risk Management Committee consists of 5 members as follows:

Name	Position
1. Mr.Paitoon Taveebhol	Chairman
2. Mr. Kobchai Chirathivat	Member
3. Mr. Prin Chirathivat	Member
4. Mr. Kanchit Bunajinda	Member
5. Mr. Naris Cheyklin	Member

Source: Central Pattana Public Company Limited

The Corporate Governance Committee

The Corporate Governance Committee consists of 6 members as follows:

Name	Position
1. Mr. Naris Cheyklin	Chairman
2. Ph.D. Nattakit Tangpoonsinthana	Member
3. Ms. Naparat Sriwanvit	Member
4. Mrs. Suwadee Singngam	Member
5. Ph.D. Suchart Otaivites	Member
6. Mr. Uthai Kongkittiwong	Member

Source: Central Pattana Public Company Limited

The Executive Committee

The Executive Committee consists of 6 members as follows:

Name	Position
1. Mr. Suthichai Chirathivat	Executive Chairman
2. Mr. Suthikiati Chirathivat	Member
3. Mr. Suthichart Chirathivat	Member
4. Mr. Sudhisak Chirathivat	Member
5. Mr. Sudhitham Chirathivat	Member
6. Mr. Prin Chirathivat	Member

Source: Central Pattana Public Company Limited

The Management Committee

The Management Committee consists of 9 members as follows:

Name	Position
1. Mr. Kobchai Chirathivat	President and CEO
2. Mr. Sudthidej Chirathivat	Senior Executive Vice President
3. Mr. Naris Cheyklin	Senior Executive Vice President, Finance, Accounting

Name	Position
4. Ms. Wallaya Chirathivat	Senior Executive Vice President, Business Development and Project Construction
5.Mr.Somchart Barameechai	Senior Executive Vice President, Operation
6. Mr. Suthipak Chirathivat	Executive Vice President, Office of the President
7. Mrs. Narttaya Chirathivat	Executive Vice President, Leasing
8. Mr. Terachart Numanit	Executive Vice President, Project Construction
9. Ph.D. Nattakit Tangpoonsinthana	Executive Vice President, Marketing
10. Mrs. Panida Sooksridakul	Acting Executive Vice President, Property Management

Source: Central Pattana Public Company limited

3.4 Shareholding Structure

As of 30 September 2012, CPN's registered capital was Baht 2,178.82 million, consisting of 2,178,816,000 ordinary shares, with a par value of Baht 1 each. Its paid-up capital was Baht 2,178.82 million, consisting of 2,178,816,000 ordinary shares, with a par value of Baht 1 each. As of 28 November 2012 which is the latest book closing date, CPN's shareholding structure is as follows:

Shareholder	Number of Shares Held	% of Total Paid-up Shares
1. The Chirathivat Group (consisting of Central Holding Co., Ltd. and some members of the Chirathivat Family)	1,295,508,258	59.46 %
2. HSBC (SINGAPORE) NOMINEES PTE LTD	178,315,819	8.18 %
3. Thai NVDR Co., Ltd.	94,838,635	4.35 %
4. THE BANK OF NEW YORK (NOMINEES) LIMITED	60,848,910	2.79 %
5. BARCLAYS BANK PLC, SINGAPORE	28,173,650	1.29 %
6. UBS AG SINGAPORE BRANCH	26,820,000	1.23 %
7. The Social Security Office (2 cases)	25,254,400	1.16 %
8. Mr.Niti Osathanukor	24,786,200	1.14 %
9. State Street Bank Europe Limited	24,446,740	1.12 %
10. BNP PARIBAS SECURITIES SERVICES Luxembourg	21,411,100	0.98 %
11. Other shareholders	398,412,288	18.30 %
Total	2,178,816,000	100.00 %

Source: The Stock Exchange of Thailand

3.5 CPN's Financial Performance and Condition

3.5.1 CPN's Financial Statements for the Years 2009, 2011 and 2011 and for the First 9 Months of 2012

The following tables show CPN's consolidated statements of financial position, statements of comprehensive income, cash flow statements for the Years 2009, 2011 and 2011 and for the first 9 months of the Years 2011 and 2012:

CPN's Consolidated Statements of Financial Position for the Years 2009, 2010, 2011 and for the First 9 Months of 2012

Unit: Millions of Baht	As of 31 December 2009		As of 31 December 2010 (Restated)		As of 31 December 2011		As of 30 September 2012	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets
Assets								
Current Assets								
Cash and cash equivalents	1,734.55	3.41%	771.56	1.43%	833.06	1.30%	3,042.18	4.45%
Current investments	806.46	1.58%	860.71	1.60%	111.56	0.17%	1,662.18	2.43%
Trade accounts receivable	480.93	0.94%	653.49	1.21%	881.24	1.38%	652.09	0.95%
Other current assets	915.23	1.80%	1,479.16	2.75%	1,466.53	2.29%	1,546.17	2.26%
Total current assets	3,937.17	7.74%	3,764.92	6.99%	3,292.39	5.14%	6,902.62	10.10%
Non-Current Assets								
Investment in associate	2,617.78	5.14%	2,684.15	4.98%	2,714.17	4.24%	3,332.15	4.88%
Other long-term investments	1.90	0.00%	1.00	0.00%	2.24	0.00%	2.24	0.00%
Property, plant & equipment, investment properties and leasehold rights	42,876.52	84.24%	45,858.01	85.13%	56,643.56	88.42%	56,493.85	82.66%
Asset usage rights	174.91	0.34%	165.57	0.31%	156.79	0.24%	150.88	0.22%
Deferred tax assets	931.66	1.83%	1,100.98	2.04%	948.03	1.48%	1,159.99	1.70%
Other non-current assets	355.50	0.70%	294.77	0.55%	301.99	0.47%	301.83	0.44%
Total non-current assets	46,958.27	92.26%	50,104.48	93.01%	60,766.78	94.86%	61,440.94	89.90%
Total assets	50,895.44	100.00%	53,869.40	100.00%	64,059.17	100.00%	68,343.56	100.00%

Unit: Millions of Baht	As of 31 December 2009		As of 31 December 2010 (Restated)		As of 31 December 2011		As of 30 September 2012	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets
Liabilities and Shareholders' Equity								
Current Liabilities								
Trade accounts payable-related parties	6.94	0.01%	5.99	0.01%	6.21	0.01%	14.00	0.02%
Other accounts payable	2,700.50	5.31%	2,656.78	4.93%	4,499.38	7.02%	4,314.68	6.31%
Short-term loans from related parties	3.56	0.01%	3.69	0.01%	3.82	0.01%	3.91	0.01%
Current portion of long-term loans	1,809.85	3.56%	2,989.93	5.55%	6,479.92	10.12%	5,542.47	8.11%
Current portion of accounts payable for leasehold rights	390.34	0.77%	413.76	0.77%	426.17	0.67%	219.29	0.32%
Other short-term loans payable	-	-	1,100.00	2.04%	500.00	0.78%	0.00	0.00%
Current portion of unearned rental and service income	306.53	0.60%	311.66	0.58%	292.12	0.46%	315.70	0.46%
Income tax payable	188.50	0.37%	352.42	0.65%	315.04	0.49%	156.86	0.23%
Contractor payables	1,483.14	2.91%	2,319.08	4.31%	2,832.83	4.42%	1,718.36	2.51%
Total current liabilities	6,889.36	13.54%	10,153.31	18.85%	15,355.49	23.97%	12,285.27	17.98%
Non-Current Liabilities								
Other long-term loans payable	14,878.03	29.23%	14,994.68	27.84%	18,264.76	28.51%	20,949.78	30.65%
Accounts payable for leasehold right	852.34	1.67%	438.58	0.81%	219.29	0.34%	-	-
Deferred tax liabilities	1,812.01	3.56%	1,686.87	3.13%	1,030.88	1.61%	948.80	1.39%

Unit: Millions of Baht	As of 31 December 2009		As of 31 December 2010 (Restated)		As of 31 December 2011		As of 30 September 2012	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets	Amount	% of Total Assets
Employee benefit obligations	-	-	94.27	0.17%	110.27	0.17%	123.51	0.18%
Unearned rental and service income	4,437.83	8.72%	4,235.48	7.86%	4,731.51	7.39%	4,777.15	6.99%
Deposits received from customers	2,994.67	5.88%	3,340.31	6.20%	3,890.62	6.07%	4,361.06	6.38%
Guarantees for leasehold rights	23.12	0.05%	8.16	0.02%	8.16	0.01%	133.20	0.19%
Total Non-Current Liabilities	24,998.00	49.12%	24,798.35	46.03%	28,255.49	44.11%	31,293.50	45.79%
Total Liabilities	31,887.36	62.65%	34,951.66	64.88%	43,610.98	68.08%	43,578.77	63.76%
Shareholders' Equity								
Issued and paid-up share capital	2,178.82	4.28%	2,178.82	4.04%	2,178.82	3.40%	2,178.82	3.19%
Share premium	2,007.57	3.94%	2,007.57	3.73%	2,007.57	3.13%	2,007.57	2.94%
Retained earnings	14,539.84	28.57%	14,339.46	26.62%	15,828.19	24.71%	20,101.32	29.41%
Other components of equity	(52.82)	(0.10%)	(51.12)	(0.09%)	(51.79)	(0.08%)	(52.06)	(0.08%)
Equity attributable to owners of the Company	18,673.41	36.69%	18,474.73	34.30%	19,962.79	31.16%	24,235.65	35.46%
Non-controlling interests	334.67	0.66%	443.01	0.82%	485.40	0.76%	529.14	0.77%
Total shareholders' equity	19,008.08	37.35%	18,917.74	35.12%	20,448.19	31.92%	24,764.79	36.24%
Total liabilities and shareholders' equity	50,895.44	100.00%	53,869.40	100.00%	64,059.17	100.00%	68,343.56	100.00%

CPN's Consolidated Statements of Comprehensive Income for the Years 2009, 2010, 2011 and for the First 9 Months of the Years 2011 and 2012

Unit: Millions of Baht	2009		2010 (Restated)		2011		First 9 months of the Year 2011		First 9 months of the Year 2012	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenue										
Revenue from rent and services	10,178.47	64.77%	9,822.42	82.73%	10,853.19	83.48%	7,829.91	84.71%	11,283.87	76.56%
Revenue from food and beverage	639.43	4.07%	550.03	4.63%	632.06	4.86%	455.49	4.93%	513.87	3.49%
Revenue from hotel operation	116.35	0.74%	157.45	1.33%	465.49	3.58%	337.89	3.66%	506.36	3.44%
Investment income	27.40	0.17%	225.81	1.90%	47.85	0.37%	27.13	0.29%	48.53	0.33%
Other income	4,752.27	30.24%	1,116.86	9.41%	1,001.99	7.71%	592.44	6.41%	2,386.59	16.19%
Total revenues	15,713.92	100.00%	11,872.57	100.00%	13,000.58	100.00%	9,242.86	100.00%	14,739.22	100.00%
Expenses										
Cost of rent and services	6,118.08	38.93%	6,386.88	53.80%	7,050.23	54.23%	5,187.93	56.13%	6,230.41	42.27%
Cost of food and beverage	532.87	3.39%	470.52	3.96%	541.35	4.16%	389.46	4.21%	432.22	2.93%
Cost of hotel operation	45.73	0.29%	67.08	0.56%	191.87	1.48%	140.80	1.52%	193.88	1.32%
Administrative expenses	2,073.63	13.20%	2,099.03	17.68%	2,410.12	18.54%	1,632.20	17.66%	1,782.20	12.09%
Losses of asset write-off	-	-	775.00	6.53%	-	-	-	-	-	-
Financial costs	745.18	4.74%	688.29	5.80%	874.27	6.72%	618.87	6.70%	841.45	5.71%
Total expenses	9,515.49	60.55%	10,486.80	88.33%	11,067.84	85.13%	7,969.26	86.22%	9,480.16	64.32%
Share of profit in associate	450.54	2.87%	475.12	4.00%	497.55	3.83%	379.56	4.11%	419.27	2.84%
Profit before income tax expense from continuing operations	6,648.97	42.31%	1,860.89	15.67%	2,430.29	18.69%	1,653.16	17.89%	5,678.33	38.53%

Unit: Millions of Baht	2009		2010 (Restated)		2011		First 9 months of the Year 2011		First 9 months of the Year 2012	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Income tax expense	1,699.26	10.81%	722.84	6.09%	354.48	2.73%	275.81	2.98%	555.27	3.77%
Profit for the year	4,949.71	31.50%	1,138.05	9.59%	2,075.81	15.97%	1,377.35	14.90%	5,123.06	34.76%
Other comprehensive income										
Owners of the Company	4,951.62	-	1,124.87	-	2,058.12	-	1,365.94	-	5,079.29	-
Non-controlling interests	(1.91)	-	13.18	-	17.69	-	11.41	-	43.76	-
Profit for the year	4,949.71	-	1,138.05	-	2,075.81	-	1,377.35	-	5,123.06	-
Basic EPS	2.27	-	0.52	-	0.94	-	0.63	-	2.33	-

CPN's Consolidated Statements of Cash Flow for the Years 2009, 2010, 2011 and for the First 9 Months of the Years 2011 and 2012

Unit: Millions of Baht	2009	2010 (Restated)	2011	First 9 months of 2011	First 9 months of 2012
Net cash flow from operating activities	5,577.04	3,930.45	7,756.21	1,066.21	6,808.64
Net cash flow used in investing activities	(8,489.06)	(5,413.16)	(12,436.96)	(6,253.57)	(4,224.03)
Net cash flow from (used in) financing activities	2,239.24	519.72	4,745.70	5,186.56	(372.16)

Source: The SET

CPN's Selected Financial Ratios for the Years 2009, 2010, 2011 and for the First 9 Months of 2012

Financial Ratios	2009	2010	2011	First 9 months of 2012
Liquidity Ratio				
Current ratio (x)	0.57	0.37	0.21	0.56
Quick ratio (x)	0.44	0.23	0.12	0.44
Accounts receivable turnover (x)*	21.49	27.85	23.36	21.34
Debt collection period (days)*	16.98	13.11	15.62	17.10
Profitability Ratio				
Gross profit margin	38.76%	34.24%	34.87%	44.27%
EBIT margin	45.74%	20.64%	24.48%	43.01%
Net profit margin	30.62%	9.22%	15.38%	33.80%
ROE*	28.96%	9.00%	15.82%	27.97%
Financial Policy Ratio				
Debt-to-equity ratio (x)	1.68	1.85	2.13	1.76
Debt-to-total assets ratio (x)	0.63	0.65	0.68	0.64
Asset Utilization Ratio				
Total assets turnover ratio (x)*	0.34	0.24	0.23	0.27
Net fixed assets turnover ratio (x)*	0.42	0.28	0.26	0.32
Return on total assets*	10.46%	3.26%	5.28%	8.29%
Return on fixed assets*	12.72%	3.85%	6.08%	10.04%
Per Share Data				
EPS (Baht)	2.27	0.52	0.94	2.33
Book value per share (Baht)	8.72	8.68	9.38	11.37

* Annualized Figure

2011 Financial Performance Review

Performance Overview

Over the first three quarters of the Year 2011, retail market as well as business operators enjoyed the trade expansion that stemmed mainly from strong domestic demand. The inundation in Thailand during the fourth quarter devastated the economy on a large scale and slowed down both retail and wholesale trade businesses. The great floods not only decelerated consumer spending, but also forced several shopping centers, department stores, and retail shops to cease their operations temporarily. This left no exception for the properties under the management of CPN. Due to inconvenient access and security reasons for properties and staff, CPN temporarily closed three projects –CentralPlaza Lardprao, CentralPlaza Ramindra and CentralPlaza Pinklao, of which partial retail property and two offices were in CPN Retail Growth Leasehold Property Fund (“CPNRFP”). The flooding left CPN with no property damage, but absence of revenue from those projects during the closure period.

Despite these challenges, CPN accomplished its expansion plan with the launches of three projects – CentralPlaza Chiangrai, CentralPlaza Phitsanulok and CentralPlaza Grand Rama 9 – and achieved its financial targets. CPN reported its FY2011 consolidated net profit of Baht 2,076 million, an increase by 82.27 % y-o-y, with total revenues of Baht 13,498.13 million, a growth by 9.32 % y-o-y.

The y-o-y change in CPN’s financial performance for the Year 2011 was primarily due to the following factors:

- 1) The closure of CentralWorld Shopping Center during April – September 2010 due to a political demonstration in nearby areas and a renovation of the project.
- 2) The closure of CentralPlaza Lardprao Shopping Center during February –August 2011 for major renovation.
- 3) The closure of Centara Hotel & Convention Center, Udonthani during June - November 2011 for major refurbishment.

In addition, CPN’s FY2010 and FY2011 financial results incorporated the following non-recurring items:

For FY2010:

- 1) A Baht 281 million (after tax) income from a reversal of provision for doubtful account and its associated interest income.
- 2) A Baht 804 million write-off (non-cash) of CentralWorld Shopping Center assets.
- 3) A Baht 96 million compensation from the government for the closure of CentralWorld Shopping Center during the political demonstration in nearby areas.

For FY 2011:

- 1) A Baht 187 million income from reversals of provisions for impairments of assets.

Without the non-recurring items, CPN's FY2011 consolidated total revenues would have increased by 12% y-o-y, mainly from the new projects, and its net profit would have grown by 21% y-o-y, thanks to increased rental rates and an efficient marketing expense management.

Financial Performance

Total Revenue

Revenues from Rent and Service

Even though CentralPlaza Lardprao Shopping Center was closed for 6-month renovation in 2011 and the two equity-owned projects were shut down temporarily during the flooding, CPN's FY2011 revenues from rent and services increased by 10.49 % y-o-y to Baht 10,853.19 million, primarily due to three distinct sources:

- 1) The 6-month closure of CentralWorld Shopping Center in 2010.
- 2) Contributions from the shopping center projects launched in 2011.
- 3) Continuous increases in rental rates at most of its existing properties.

Food and Beverage Sales

For FY2011, CPN's food and beverage sales increased by 14.91 % y-o-y. The increase was attributed to the opening of new food courts at CentralPlaza Chiangrai and CentralPlaza Phitsanulok coupled with an impressive sales growth at the CentralFestival Pattaya Beach food outlets.

Revenue from Hotel Operations

Hotel operations are considered CPN's non-core businesses. For FY2011, without contribution from Centara Hotel & Convention Center, Udonthani – which was closed for a 6-month refurbishment in 2011, revenues from hotel operations still grew by 195.64 % y-o-y to Baht 465.49 million, mainly from a full-year contribution of Hilton Pattaya Hotel.

Total Costs

Cost of Rent and Services

Cost of rent and services constitutes utilities, depreciations and amortizations, costs on repair & maintenance, on-site personnel, insurance premium and property tax.

For FY2011, CPN's costs of rental and services increased by 10.39 % y-o-y to Baht 7,050.23 million. The increase was primarily due to compounding effects of the following sources:

- 1) Lower costs related to CentralWorld Shopping Center in FY2010 due to its 6-month closure.
- 2) Lower costs of CentralPlaza Lardprao Project in FY2011 due to its 6-month closure.
- 3) A full-year depreciation of the newly renovated parts of the CentralWorld Shopping Center in FY2011.
- 4) Cost of rental and services of the new shopping center projects launched in 2011.

Cost of Food and Beverage

Cost of food and beverage constitutes supply costs, on-site personnel, depreciation and cost on repair & maintenance of food center equipment and furniture. FY2011 cost of food and beverage increased by 15% y-o-y, due to the growth in food and beverage sales as previously mentioned.

Cost of Hotel Operations

FY2011 costs of hotel operations amounted to Baht 191.87 million, up 186.03 % y-o-y. The increase in costs reflected the growth in hotel revenues, as previously mentioned.

Operating and Administrative Expenses

Operating and administrative expenses constitute expenses on personnel, marketing and promotion, office supplies, professional fees and depreciation of office equipment and hotel properties. Total operating and administrative expenses in FY2011 stood at Baht 2,410.12 million, an increase by 14.82 % y-o-y due to recognition of full-year depreciation associated with Hilton Pattaya Hotel and higher personnel expenses. FY2011 marketing and promotional expenses showed a decrease by 11% y-o-y.

Excluding the expenses for the grand opening of the new projects, FY2011 marketing and promotional expenses would have been 3.5% of total revenues, compared to 4.8% of FY2010. These figures reflected not only economy of scale related to CPN's operation but also its efficient management of marketing expenses.

Net Profit

CPN reported its FY2011 consolidated net profit of Baht 2,075.81 million, up 82.40 % y-o-y. Without the non-recurring items, the net profit would have grown by 21% y-o-y, thanks to increased rental rates at most of CPN's existing projects and efficient management of marketing expenses.

Financial Structure

CPN's total CAPEX for FY2011 was approximately Baht 13,000 million, comprising Baht 3,000 million asset enhancement projects, Baht 5,200 million new developments and Baht 4,800 million land acquisitions. During FY2011, CPN raised new debts of Baht 6,700 million, comprising Baht 5,000 million unsecured bonds and Baht 1,700 million long-term borrowings.

As at the end of FY2011, CPN's interest-bearing debts stood at Baht 25,245 million, comprising 91% fixed and 9% floating interest rate debts, with a weighted average interest rate of 4.3% per annum. As at the end of FY2011, CPN's net interest-bearing debt to equity ratio stood at 1.2 times.

9 Months of 2012 Financial Performance Overview

Revenue from Rent and Services

For the first 9 months of 2012, consolidated revenues from rent and services registered Baht 11,283.87 million, a 44.11 % y-o-y increase, primarily due to the following factors:

- Increase in the number of shopping centers in operation
 1. The completion of the expansion phase of CentralPlaza Udonthani and its existing building renovation in March 2012.
 2. The re-launch of CentralPlaza Lardprao in August 2011.
 3. The opening of new shopping center projects – CentralPlaza Phitsanulok and CentralPlaza Grand Rama IX – in 4Q2011.
- At the end of 3rd quarter of 2012, the average rental rate and occupancy rate of CPN's all retail properties were 1,455 Baht/sqm/month and 98% respectively while the same store average rental rate impressively grew 12% y-o-y from 1,218 to 1,359 Baht/sqm/month.

Food and Beverage Sales

Over the first 9 months of 2012, the in-mall food court business recorded a 12.82 % y-o-y growth in sales to Baht 513.87 million, mainly from the new food court at CentralPlaza Phitsanulok which was opened in 4Q11 and from the food court at CentralPlaza Udonthani that was relocated to the expansion area, in addition to higher food and beverage sales at CentralFestival Pattaya Beach and other locations.

Revenue from Hotel Operations

Hotel operations are considered CPN's non-core business. During the first 9 months of 2012, revenue from these supportive businesses amounted to Baht 506.36 million, an increase by 49.86 % y-o-y due to the closing down for refurbishment of the Centara Hotel & Convention Center in 2Q2011 and reopening in December 2011.

Total Costs

Cost of Rent and Services

During the first nine months of 2012, CPN's cost of rent and services amounted to Baht 6,230.41 million, up 20.09 % y-o-y from cost of operation and depreciation related to the newly opened malls and the newly renovated malls. In addition, cost of utilities, security, cleaning and insurance increased when compared to the same period of last year.

Cost of Food and Beverage

During the first nine months of 2012, CPN's cost of food and beverage stood at Baht 432.22 million, up 10.98 % y-o-y. The change in cost was in line with change in food and beverage sales.

Cost of Hotel Operations

During the first nine months of 2012, CPN's cost of hotel operation was Baht 193.88 million, a surge by 37.70 % y-o-y. This was mainly due to the closing down for refurbishment of the Centara Hotel & Convention Center in 2Q2011, thus no operation cost related to such project being recognized in 2Q2011. However, CPN had to recognize operation cost related to the Centara Hotel & Convention Center for the entire 2Q2012 when it was in full operation.

Operating and Administrative Expenses

CPN's total operating and administrative expenses for the first nine months of 2012 stood at Baht 1,782.20 million, a rise by 9.19 % y-o-y from an increased expense incurred to operate the newly opened malls and support the increased number of employees for business expansion. On the contrary, marketing & promotion expenses decreased due to efficient management of related expenses.

Net Profit

During the first nine months of 2012, CPN reported a consolidated net profit of Baht 5,123.05 million, up 271.95 % y-o-y, primarily from a higher number of operated malls when compared to the prior year. In addition, finance costs and income tax expense also increased due to the higher profit from business expansion. In Q3/2012, CPN realized profit under financial lease of Baht 1,601.56 million when the company sold leasehold rights related to the Offices at CentralWorld to CPNCG in September 2012.

New Developments

Under its 5-year plan, CPN aims to increase its revenues at a compound annual growth rate (CAGR) of 15% per annum. To achieve this goal, apart from increasing rents through continuous asset enhancement and efficient property management, CPN targets to grow its portfolio by 10% a year through new developments. CPN also studies other formats in order to introduce modern shopping malls to the market.

For the 4th quarter of 2012, CPN will complete and open two new projects, namely CentralPlaza Suratthani and CentralPlaza Lampang. Both projects are expected to be launched in accordance with the schedule. In addition, there are three projects under development and three land plots under detailed studies.

Future Developments (As of 30 September 2012)

Location	Project	Progress	Completion
Provincial Areas	CentralPlaza Suratthani	Under construction	Fourth quarter 2012
	CentralPlaza Lampang	Under construction	Fourth quarter 2012
	CentralPlaza Ubonratchathani	Under construction	Second quarter 2013
	CentralFestival Chiangmai	Under construction	Fourth quarter 2013
	CentralFestival Hatyai	Under construction	Fourth quarter 2013

Source: Central Pattana Public Company Limited

Financial Structure

To achieve its revenue target, CPN projected FY2012 CAPEX of Baht 11,000 –12,000 million, funded through operating cash flow, long-term borrowing from financial institutions and cash proceeds from lease/sublease of office property to a property fund.

As at September 30, 2012, interest-bearing debts stood at Baht 26,492 million, an increase by Baht 1,247 million from that of the end of FY2011. They comprised 83% fixed and 17% floating interest rates. Net interest-bearing debt to equity ratio stood at 0.88 times. Finance costs over the first nine months of 2012 amounted to Baht 841.45 million, for a weighted average finance cost of 4.43% pa.

3.6 Overview of Retail and Wholesale Industry in 2011

In the Year 2011, Thailand, especially in the central region and Bangkok, faced the Great Flood. It caused severe damage to the overall domestic economy as well as the retail and wholesale industries. Numerous industrial estates were closed during the inundation and this adversely affected manufacturing, transportation and product distribution. Furthermore, several shopping centers, department stores and shops were temporarily closed due to inconvenient access and security reasons for properties and staff. Even though such natural disaster ravaged the overall economy for only a short term, the damage was widespread. Therefore, the Year 2011 domestic economic growth rate was adjusted down.

In general, several factors, such as rise in prices of agricultural products, the populist policy and rise in minimum wages and salaries of government officials contributed to growth of domestic retail and wholesale businesses in 2011. Almost every group of entrepreneur adapted themselves to ensure business growth by expanding branches and markets to provincial areas, developing new shop patterns and intensively using marketing tools. They also considered expanding their market base to other Asean countries in response to Thailand's participation in ASEAN Economic Community (AEC) in 2015. These positive factors will continue posing effects in 2012 and they are the key factors that will drive the domestic economic growth in the Year 2012.

Shopping Centers and Department Stores

For the Year 2011, entrepreneurs in this group continued to develop new projects, both in Bangkok and provincial areas. There were several newly-opened large shopping malls, namely Terminal 21, CentralPlaza Chiangrai, CentralPlaza Phitsanulok, and CentralPlaza Grand Rama 9. Large shopping centers, such as CentralPlaza Ladprao, were also under renovation. A number of shopping centers in Bangkok, such as Mega Bangna, the Emporium 2 and Gateway Ekamai, are under construction and completion is expected in the upcoming two years. The Mall Bang Khae was under restoration. In provincial areas, major projects under construction included CentralPlaza Suratthani, CentralPlaza Lampang, Promenada Chiang Mai and Robinson Suphanburi. Presently, there were only few shopping centers in these areas compared to the incessantly growing number of population and higher purchasing power. Entrepreneurs who expanded their business to these markets with high potential in provincial areas would be able to rule the market and create connections before the situation gets more competitive.

Competition in the retail business in Bangkok, especially in areas with great potential like the city center, economic zone and the eastern side of Bangkok around Suvarnabhumi Airport, is fiercer than that in other provinces. Entrepreneurs speed up renovation of existing shopping malls, area expansion and improvement of merchandising mix to ensure more strength in their operation. Those who gain more advantages are the ones with experience in retail development and management. They must also have enough capital, connections with shops and flexibility to constantly modernize their stores and shopping centers.

Marketing strategies remain a crucial tool to stimulate customers' spending. That is why entrepreneurs cautiously spend their marketing budget. In addition to the aim to attract target groups, activities are focused on promoting outlet sales in parallel with creating business alliances that can co-host major marketing events to ensure the maximum return of the spending. More and more tools for customer relations were used to increase sales volumes and maintain customer bases. Only highly experienced entrepreneurs who have the ability to adapt themselves to the fast-changing market could keep and expand their market shares.

Due to the flooding and political unrest during the past two years, most entrepreneurs realize the importance of security system in shopping malls. Good management system would help them to stay open under abnormal circumstances. Entrepreneurs are ready to put more investment in property security and safety such as raising the security standard and preparing for water drainage and prevention systems to ensure the shopping centers' normal operation and maximum safety of properties.

Community Malls and Lifestyle Malls

Small shopping center projects have been expanding with an investment from real-estate groups and other groups that already own land. Most development patterns are in the form of community malls or mixed-use development between small shopping centers and large residential projects to add value to the overall project. Major projects launched in 2011 included the Nine at Rama 9, the Circle Rachapruek and CityViva Sathorn.

The projects under construction are Thaniya Park Sri Nakarin, Sena Fest Charoen Nakorn and Festival Walk Nawamin.

In developing these malls, developers focus on a harmonious design with nature. The buildings are open-air to differentiate themselves from large shopping centers. To attract customers, developers pay attention to selection of shops. Most projects consist of supermarkets, food outlets, tutoring schools, beauty parlors and banks to match target customers' lifestyles. In the future, the number of this retail group will continue to rise but face competition from both large shopping centers and hypermarkets that reduce size, adjust services and add characteristics of shopping malls. As a result, this group must further adjust itself to maintain its uniqueness, retain a regular customer base and continually increase revenue.

Hypermarkets and Convenience Stores

Entrepreneurs in this group have continually expanded their branches. Hypermarkets have developed a variety of projects such as mega retail only, mixed patterns between retail and small shopping centers and small shops similar to convenient stores. For the Year 2011, the sales volume of this group enjoyed constant growth except in the last quarter due to the Great Floods. However, entrepreneurs in this group expect that the purchasing power would return after the government's compensation and assistance since the beginning of 2012.

As for the direction of this group, large branches are not expected to expand so much because they are restricted by the Town Planning Act. Entrepreneurs therefore focus on expansion of smaller branches such as Lotus Express, Mini BigC, Tops Daily, and MaxValue to easily reach consumers.

Strategies to increase sales volume have still focused on providing discounts, promotions, premiums and customer services via store membership cards and credit cards and building confidence in quality and customer satisfaction. Entrepreneurs in this group have emphasized marketing communication by using media such as television, newspaper and direct mail to promote dynamic promotions. The group has also used intensive benchmark campaigns to attract customers.

4. Rationale and Reasonableness of the Transaction

In considering rationale and reasonableness for the transaction that CPN will enter into the 30-year land lease agreement with Vantage for the purpose of developing a shopping center project, the Independent Financial Advisor takes into account the following issues:

4.1 Objective and Necessity of Entering into the Transaction

CPN's core businesses comprise development of large-scale shopping complexes and provision of retail space for rent and related services. CPN has also operated related businesses to support the business of developing and managing shopping complexes, invested in property funds and acted as the property manager for some listed property funds. CPN's and its subsidiaries' businesses could be categorized into 6 separate business groups including shopping complexes, office buildings, hotels, residential buildings, water parks & recreational parks and food centers. In the Year 2011, CPN's main source of revenue was from the business of developing and managing shopping complexes. As of 30 September 2012, CPN manages 18 shopping complexes, owning 15 projects, with three leased out to CPN Retail Growth Leasehold Property Fund (CPNRF).

CPN's shopping complex development starts from acquiring strategic locations, conducting feasibility studies, supervising designs and construction, administering sale and managing the shopping complexes after their commercial opening. Also in the scope of work is the provision of utilities, together with security and cleaning services at each site. As CPN continues to develop and open a new shopping center project, coupled with its capabilities to raise rental rates in shopping complexes it has managed and to source for new tenants in its shopping complexes so that most shopping complexes under its management has an occupancy rate of higher than 90 %, this has helped CPN to achieve an annual compounded growth in rental and services revenue of 13.76 % for the period between 2002 and 2011.

In addition to the 18 existing shopping complexes, CPN is now developing and constructing another 5 shopping complexes outside Bangkok. It is scheduled that two of which will commence their commercial operations within Q.4/2012. The remaining of which are scheduled to commence their commercial operations within 2013. Apart from those five shopping center projects under development, CPN has also conducted feasibility study related to developing and running several shopping complex and commercial property projects located in Bangkok & its suburban areas and outside Bangkok. This would help CPN to achieve a continuous growth in revenue and profit over the next 5 to 10 years.

Thus, the transaction that CPN will enter into the 30-year land lease agreement with Vantage to let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah (39,396.1 sq.wah), all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing a shopping center project is a part of CPN's strategic plan aimed to achieve a continuous growth in its commercial revenue over the next 3-5

years. This also conforms to CPN's long-term business plan to develop shopping center projects in the easily accessible areas with sound business potential. Note that the land plots on which the new shopping complex will be situated are located in the area on which the MRT Purple Line will traverse and at the intersection between Kanjana Pisek Road and Rattana Thibet Road which are full of highly populated communities. It is expected that the number of population in those communities will continue to rise over the next few years. Developing a new shopping center project in such area would allow CPN to achieve a continuous growth in its revenue, generate value-added for its shareholders and create economic growth and job opportunities for nearby communities.

4.2 Comparison between advantages and disadvantages/potential risk of entering into the 30-year land lease agreement

Taking into account the data that was obtained from CPN and other reliable sources, the Independent Financial Advisor deems that advantages and disadvantages/potential risk of entering into the 30-year land lease agreement with Vantage are as follows:

4.2.1 Advantages of Entering into the Land Lease Agreement

- 1) Conforming to CPN's long-term plan to develop shopping center projects with sound business potential and allowing its commercial revenue to expand over the long run

Entering into the 30-year land lease agreement with Vantage allows CPN to obtain land plots located at the intersection between Kanjana Pisek Road and Rattana Thibet Road. Such land plots are located close to the MRT Purple Line, thus making them appropriate for developing a commercial property project in the form of shopping complex. This allows CPN to add a new shopping complex to its existing portfolio of 18 shopping centers under management as of 30 September 2012 including 5 more new shopping complexes to be launched within Q.4/2012 and within 2013.

Key details regarding the shopping complex project to be developed on the leased land plots are as follows:

Key details regarding the shopping complex project to be developed on the leased land plots

Project Name	Central Bangyai (The project name may be later changed as appropriate.)
Location	Saothong Hin Sub District, Bangyai District, Nonthaburi 11140 (At the intersection between Kanjana Pisek Road and Rattana Thibet Road)
Development and Construction Period	26 months
Expected Year to Commence Construction	2013
Expected Year to Commence Commercial Operation	2015

Gross Floor Area + Parking Area	Approximately 333,000 sq.m. (including retail area, area for department store, parking area, common area and landscape)
Net Rentable Area of the Shopping Center (excluding area for department store, parking area, common area and landscape)	75,000 sq.m.
Characteristics of the Project	The shopping center will be a 3-storeyed building, with 1 underground floor. The shopping center project will consist of many anchor stores, Central Department Store, movies theatres, food centers and many other well-known outlets.
Target Customers	C+ up customers who live in Nonthaburi Province and nearby provinces

Source: Central Pattana Public Company Limited

CPN will let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah, or 39,396.1 sq.wah under the 30-year land lease agreement it will enter into with Vantage. The shopping center to be developed on those leased land plots will consist of shopping center building, in-building parking, on-grade parking, landscape and internal road

In entering into the 30-year land lease agreement with Vantage, CPN also takes into consideration development of the expansion phase of the shopping center when demand for retail areas rises in the future. In this regard, CPN plans to develop the expansion phase of the shopping center as well as a car-parking building. In doing so, CPN will formulate a development plan for the expansion phase to ensure available areas are appropriately and efficiently utilized and developed. It is expected that CPN will spend about 18 months in developing the expansion phase of the shopping complex and car-parking building and the expansion phase of the shopping complex will have approximately 21,000 sq.m. of net rentable areas.

2) Acquisition of leasehold rights associated with land plots with sound business potential that are appropriate for developing a shopping center project

Entering into the 30-year land lease agreement with Vantage allows CPN to acquire leasehold rights associated with land plots which are located at the intersection between Kanjana Pisek Road and Rattathibet Road, in the area of Bangyai Junction, Sathong Hin Sub District, Bangyai District, Nonthaburi. All such land plots are located in the Red Zone Area which consists of many highly

populated communities and areas that are appropriate for developing commercial property projects, especially in the form of shopping complex. Located close to the land plots CPN will use for developing the shopping center are modern trade such BIG C Bangyai, BIG C Extra Bangyai, BIG KINGS Bangyai Department Store, Kasemrat Rattanathibet Hospital, HomePro Rattanathibet, the Square Shopping Center, Bangyai Central Market, Bangyai District Office, Rattanathibet Village, Krisada Nakorn Village Project 10 and etc. Note that all nearby community mall, modern trades and shopping center do not directly compete with the shopping complex that CPN will develop on the leased land plots. Given the shopping complex that CPN will develop and operate on the leased land plots will be a fully-integrated one, it thus provides services and has target customer groups that are different from those of its nearby indirect competitors. At present, there has yet to be fully-integrated shopping complex in the area of Bangyai Intersection. Thus, developing and operating a large-scale shopping complex in that area may allow CPN to earn a sound return on investment. In recent years, CPN has been quite successful in developing and launching large-scale shopping complexes with concept and nature similar to the one to be developed on the leased land plots. They include CentralPlaza Rattanathibet which is located close to KaeRai Intersection on Rattanathibet Road and CentralPlaza Chaengwattana which is located close to Pakkret Intersection on Chaengwattana Road. Both shopping complexes so far have been quite successful as they are located in the areas with high population. The new shopping complex is expected to be popular and successful like those two existing shopping centers.

The land plots that CPN will let under the 30-year land lease agreement with Vantage are also located close to Motorway Bangyai-Karnchanaburi and the MRT Purple Line Bangyai-Bangsue. This has made such land plots be appropriate for developing a commercial property project. Entering into the 30-year land lease agreement with Vantage thus allows CPN to obtain leasehold rights associated with land plots with sound business potential and appropriate for developing a large-scale shopping complex in accordance with CPN's long-term strategic plan.

3) A good opportunity for CPN to enhance its revenue and sound rate of return in the long run

CPN plans to develop and construct a large-scale, one-stop service shopping complex on the land plots it will obtain under the 30-year land lease agreement. As the shopping center will be positioned to be different from the nearby community mall, shopping center and modern trades and given the fact that they have quite different target groups of customers, it is expected the new shopping complex will be one of the most well-known and popular shopping complexes on Kanjana Pisek Road and Rattanathibet Road. Developing and operating that new shopping complex will help to enhance CPN's operating revenue and provide sound investment return to the company in the long term.

4) Diversification of CPN's Business Risk

Over the last couple of years, CPN's rental and service revenues came mainly from shopping complexes like CentralPlaza Ladprao, CentralWorld, CentralPlaza Bangna and CentralPlaza Chaengwattana. Developing and launching new shopping complexes in Bangkok & its suburb areas and other provinces will allow CPN to diversify its sources of rental and services revenue. This is because those revenues will come from a larger number of shopping complexes under CPN management.

5) Economies of Scale in CPN's Operation

The increasing number of shopping complexes under CPN management will allow CPN to gain advantage in terms of economies of scale in its operation, especially in the area of marketing and PR activities which can be commonly used in the CPN Group. Increase in CPN's scale and size of operation will enhance its bargaining power in sourcing for tenants for shopping centers under its management as well as in obtaining sources of funds from financial institutions.

4.2.2 Risk/Disadvantages of Entering into the Agreement

1) Risk that actual occupancy rate of the new shopping complex will not be as high as targeted

Located in the areas close to land plots that CPN will let under the 30-year land lease agreement with Vantage are modern trade like BIG C Bangyai, BIG C Extra Bangyai, BIG KINGS Bangyai Department Store and the Square Shopping Center. Although those modern trades, department store and shopping center will not directly compete with the shopping complex that CPN will develop on those land plots, this may cause some adverse impact to CPN as some tenants may prefer to let areas in them rather than those in the CPN shopping complex. Thus, if CPN cannot source for anchor stores and tenants for its new shopping center as planned or there is lack of diversity of tenants in such shopping complex, rental and services revenue to be generated by the new shopping complex may not be as high as targeted. This may cause an investment return from the new shopping center project to be lower than that required by CPN. In case CPN faces this problem, it may change merchandising mix of the new shopping complex and/or the project position to attract more anchor stores and tenants.

2) Risk that the development and construction period for the new shopping center project may be longer than planned and thus CPN cannot realize commercial revenue in accordance with the schedule

In accordance with the preliminary development and construction plan, CPN expects that it will spend approximately 2 years to develop and construct the new shopping center project. However, if the actual time required for developing and constructing such shopping center project is longer than planned, CPN may not be able to realize commercial revenue from it as scheduled, thus causing the investment return from the project to decline. However, this might not pose a serious threat to CPN as in recent years CPN has gained substantial experience and expertise in developing and constructing several shopping centers of similar nature and characteristics. CPN managed to complete them within the required development and construction schedule and budget.

3) Risk of Cost Overrun

In case CPN fails to develop and construct the shopping center project in accordance with the schedule, this may cause a cost overrun to the project. This will cause adverse impact to CPN in several ways. CPN may need to look for additional financing to support its project development and construction and actual investment return from the shopping center may be lower than expected.

However, in recent years CPN has gained substantial experience and expertise in developing and constructing many medium-and large-scale shopping complexes in Bangkok & its suburb areas and other provinces. Prior to commencing developing and constructing any new shopping centers, CPN will conduct an in-depth project feasibility study and evaluate risk factors and constraints that may affect the project success, time and budget required for construction and development of the project. This is to ensure that development and construction of a shopping center can be completed within a required time and budget and it can start commercial operation.

4) Risk due to Cannibalization

CPN will develop and construct a new shopping center project on land plots it will let under the 30-year land lease agreement with Vantage. Such land plots are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Sathong Hin Sub District, Bangyai District, Nonthaburi. At present, apart from the new shopping center to be developed and constructed, CPN also operates two shopping centers in Nonthaburi area, including CentralPlaza Chaengwattana and CentralPlaza Rattanathibet. Thus, launching a new shopping center in the same province as that in which its two existing shopping centers are located might pose CPN to the risk of cannibalization. Those three shopping centers of CPN might compete with one another and thus their commercial revenues may be adversely affected.

However, this may not pose a serious threat to CPN's shopping center business as each of those shopping center projects is located in different areas of Nonthaburi. The new shopping complex will be located in Bangyai District which is the center of motorway on the western side of Bangkok. It will be developed to be a shopping complex which aims to attract people from nearby provinces of Bangkok such as Suphanburi, Ayudhya, Nakhonpratom, Pratumthani and etc. On the contrary, CentralPlaza Rattanathibet which is located in Muang District and CentralPlaza Chaengwattana which is located in Pakkret District have targeted at people who live in the nearby areas who can easily and conveniently commute to those two shopping centers within a short period of time. They have their own groups of customers that are different from those who are the target of CPN's new shopping center. CPN's management and development team have carefully considered all relevant factors and deemed that launching a new shopping center will not materially affect sales revenues of the two existing shopping centers.

5) Risk that land plots on which the new shopping center project will be located might be affected by heavy floods in the future

Land plots that CPN will let under the 30-year land lease agreement with Vantage is located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi. In the last quarter of 2011, that area was seriously affected by heavy flood. In case Thailand faces another heavy flood in the future, it is possible that such area may be inundated again. This will adversely affect development, construction and commercial operation of CPN's new shopping center.

Although most of such area was adversely affected by heavy flood in late 2011, BIG C Bangyai which is located close to and on the same side as the land plots on which CPN will develop a shopping center was not affected by flood.

CPN has formulated and implemented preventive measures to minimize risk of heavy flood as follows:

Preventive Measures Implemented during the Construction Period

1. Constructing dike of which height is greater than the highest flood level by at least 0.5-1 meter.
2. Constructing ditches and conduits which are connected to clarifier in the construction area to pump water out of the flooded construction area.

Preventive Measures Implemented during the Commercial Operation Period

1. Designing and constructing dike surrounding the shopping center of which height is greater than the highest flood level by at least 0.5-1 meter (data regarding the highest flood level was collected for the purpose of project design and construction).
2. Installing efficient feed pumps in many different places surrounding the project.
3. Costly equipment and machine will be kept in the area which is lowly exposed to risk of flood such as storey 2 and 3 of the shopping center building.
4. Providing necessary training for staffs who are responsible for taking care of the shopping center so that they are well prepared to face future heavy flood.

CPN will arrange for Contractor's All Risk and Industrial All Risk to minimize any adverse impact to the development and construction of the new shopping complex.

6) Risk that land plots on which CPN's shopping complex is located are close to some infrastructure projects

Based on data that the Independent Financial Advisor obtained from CPN, as of 30 September 2012, there are some infrastructure projects to be developed in the area close to land plots that CPN will let from Vantage under the 30-year land lease agreement. They include MRT Purple Line (Bangyai-Ratchburana) and Motorway No.81 (Bangkok-Karnchanaburi). This may pose CPN to the risk that land plots on which it will develop and construct the shopping complex may be expropriated by the government for the purpose of developing and constructing the MRT Purple Line and Motorway No.81

Note that expropriation of land for the purpose of developing and constructing the MRT Purple Line was finalized and former owners of those land plots had already been compensated for land expropriation. Land plots that had already been expropriated for the purpose of developing the MRT Purple Line are sufficient and it is no longer necessary for the government authorities to expropriate additional land plots. CPN plans to develop the new shopping complex based on land title deeds that are adjusted after land expropriation. CPN already obtained an approval from the Mass Rapid Transit Authority of Thailand to get access to some parts of the expropriated areas to facilitate development and construction of its new shopping complex.

Land plots that CPN will let under the 30-year land lease agreement with Vantage are not affected by land expropriation for the purpose of developing and constructing Motorway No.81.

4.2.3 Rationale and Necessity to Enter into the Transaction with Connected Person

Based on CPN's long-term strategic plan aimed to solidify its sound long-term growth potential and profitability, CPN will continuously develop and launch medium-and large-scale shopping complexes in Bangkok and its metropolitan areas, its suburb areas and in other provinces. Target areas must be those with sound commercial potential which are easily accessible. In recent months, CPN has conducted feasibility studies regarding development, construction and operation of new shopping complexes in many areas including on Rattanathibet Road and Kanjana Pisek Road which are those with sound commercial potential. CPN has deemed that land plots located at the intersection between Rattanathibet Road and Kanjana Pisek Road, in the area of Bangyai Junction, Nonthaburi which Vantage started collecting them since 2003 are those with sound business potential. They are good for developing and constructing a large-scale shopping complex thanks to their prime location which is adjacent to Rattanathibet Road and Kanjana Pisek Road. Such land plots which are in the highly populated areas are also located close to the MRT Purple Line. Total areas of land plots which CPN will let from Vantage are sufficient for initial and expansion phases of the new shopping complex. Based on results of marketing, operation and financial feasibility studies, CPN management deems that development and operation of the new shopping complex on the leased land plots will generate a sound investment return and create value-added for CPN shareholders.

Thanks to their prime location and appropriateness for developing a large-scale shopping complex in accordance with CPN's business development plan, it is of the opinion of the Independent Financial Advisor that entering into the 30-year land lease agreement with Vantage which is CPN's connected person to let such land plots will generate benefits for CPN as follows:

- Help CPN to secure land plots in the prime location with sound commercial potential. They are good for developing and operating a large-scale shopping complex, with sufficient areas for both initial and expansion phases of the shopping center. This would help to generate a sound investment return for CPN and its shareholders in the long-run and maintain CPN's leadership in the business.
- Help to alleviate the risk that CPN may not be able to collect sufficient land plots in the area close to Kanjana Pisek Road and Rattanathibet Road necessary for development and construction of the new shopping complex at an appropriate price.
- Help to mitigate the risk that CPN may not be able to secure sufficient land plots necessary for development and construction of the new shopping complex in both initial and expansion phases.

4.3 Sufficiency of Source of Fund to Make Leasehold Payment to Vantage

For the transaction that CPN will enter into a 30-year land lease agreement with Vantage to let land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah (39,396.1 sq.wah), all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, for the purpose of developing and constructing a shopping center, CPN has to make total leasehold payment for the amount of Baht 5,098.68 million for the entire lease period. Leasehold payment consists of two portions including:

- 1) Upfront fee for the amount of Baht 654.96 million
- 2) Rental payment to be made once a year for the total amount of Baht 4,443.72 million for the entire 30-year lease period

Apart from the aforementioned leasehold payment, CPN has to bear other costs/expenses related to entering into a long-term lease agreement (including leasehold registration fee, stamp duty fee and other expenses related to long-term land lease agreement) for the approximate amount of Baht 78 million.

In making payment for the upfront fee of Baht 654.96 million and other expenses for the approximate amount of Baht 78 million to be incurred when entering into a long-term lease agreement, CPN will use mainly its internal cash flow. CPN may also use some proceeds it obtained from sale of leasehold rights associated with the Offices at CentralWorld which used to be CPN's main operating asset to CPN Commercial Growth Leasehold Property Fund or CPNCG. In making payment for the upfront fee and other costs/expenses related to long-term land lease agreement, the Independent Financial Advisor deems that CPN has sufficient internal cash flow to do so. As of September 30, 2012, total cash & cash equivalents and short-term investments as showed on CPN's separate statement of financial position stood at Baht 3,602.28 million (consisting of cash & cash equivalents for the total amount of Baht 2,050.84 million and short-term investments for the total amount of Baht 1,551.44 million). Thus, it is not necessary for CPN to obtain bank loans or issue new corporate bonds to pay for the upfront fee of Baht 654.96 million and other expenses for the approximate amount of Baht 78 million.

For rental payment which will be made once a year for the total amount of Baht 4,443.72 million for the entire 30-year lease period, CPN will use cash flow from its future operation and/or proceeds from bank loans and/or corporate bond issuance and/or proceeds from offer for sale of investment units of property funds.

5. Opinion of the Independent Financial Advisor on the Fairness of Value and Condition of the Transaction

Based on the information related with this transaction given from CPN, the methods that the Independent Financial Advisor employed to determine the fairness of the 30-year rental fee between CPN and Vantage are as follows:

1. Comparing the present value of leasehold payments with the two appraised rent values

Calculate the present value of the leasehold payments specified in the lease agreement and compare it with the fair value of 30-year lease agreement appraised by two independent asset appraisers. The entire leasehold cash flows included in the calculation includes the upfront fee and 30-year annual rental fees. The discount rate used in this method is the weighted average cost of capital (WACC) of CPN.

2. Assessing the expected financial benefits to CPN after entering into the transaction

Compare the project's internal rate of return (IRR) with CPN's weighted average cost of capital (WACC), CPN's required rate of return (IRR) and average return from shopping mall investment in 2011 referred from the Thai Appraisal Foundation.

The Independent Financial Advisor provided the opinion on the fairness of value and conditions of this related transaction on the assumption that all of the information and important documents received from CPN are complete, correct and reliable. Moreover, it is analyzed and considered over the present situation and information. The Independent Financial Advisor cannot certify and guarantee the completeness and correctness of information and certification received. Thus, this independent financial advisor report does not certify or guarantee its correctness if there are changes that may materially affect the business operation and shareholders' decision.

For a reference, the Independent Financial Advisor has included all of the land valuations conducted by the Government and two independent asset appraisers in this independent financial advisor report.

5.1 Land value appraised by the Government

From the investigation of the land book which is used by the government officers to define land value as a base to collect taxes, right registration fees, property selling taxes at the Nonthaburi Land Department, Bangyai branch and Bangbuathong branch, it turns out that the appraised land values are as follow:

No.	Title Deed No.	Area (Square Wah)	Land Value Appraised by the Government	
			Baht / Square Wah	Total (Baht)
1	166	4,350	38,500	16,745,000
2	96162 (used to be 170)	1,375.4	N/A	-
3	96163 (used to be 173)	1,390.5	N/A	-
4	175	3,836.9	N/A	-

No.	Title Deed No.	Area (Square Wah)	Land Value Appraised by the Government	
			Baht / Square Wah	Total (Baht)
5	176	2,520	30,000	75,600,000
6	179	1,309.4	76,000	99,514,400
7	23755	5,673.4	24,500	138,998,300
8	24707	6,708.1	24,500	164,348,450
9	25961	2,676	N/A	-
10	88953	899.5	N/A	-
11	88954	899	N/A	-
12	88955	899	N/A	-
13	88957	590	N/A	-
14	88958	587	N/A	-
15	88959	587	N/A	-
16	88960	587	N/A	-
17	88961	587	N/A	-
18	44349	177	11,500	2,035,500
19	180	896	N/A	-
20	86218	448	N/A	-
21	86221	463	N/A	-
22	86506	307	N/A	-
23	86513	177	N/A	-
24	88952	496	N/A	-
25	88956	832	N/A	-
26	89426	95	N/A	-
27	89436	24.9	N/A	-

Source : Appraisal Report No. J21/55135 of 15 Business Advisory Limited, 6 September 2012

5.2 Land Value Appraised by the First Independent Appraiser

CPN had appointed 15 Business Advisory Limited ("15 Business Advisory" or "the first independent appraiser") who is an appraiser under the approval of the Securities and Exchange Commission, Thailand, to appraise the value of 30-year land lease agreement that CPN will enter into with its related party. The land has a gross area of 98-1-96.1 rais (39,396.1 sq. wah). The first independent appraiser had explored and appraised the land on 3 September 2012 by using the market approach to value the fair price of freehold interest. Then the income approach was used to appraise the 30-year market rent value by discounting all annual rental fees for all over 30 years. Each annual rental fee was calculated by referring to the proportion of rental fee over the freehold fair price of the land located nearby. As a consequence, the Independent Financial Advisor needs to refer to value of land on freehold interest before disclosing the appraisal report of 30-year land lease value appraised by 15 Business Advisory.

5.2.1 The value of Land on Freehold Interest Using the Market Approach

Using the market approach, 15 Business Advisory had selected 7 nearby land samples in the same area that currently has actual bidding or offering prices to be used and compared with the land that CPN aims to lease from Vantage. Among 7 samples, 4 closest ones were chosen to go through a comparison and adjustment process. Each sample was analyzed along with the target land on both internal and external land properties; for example, location, size, shape, facilities, transaction conditions etc. 15 Business Advisory has concluded the land value on freehold interest appraised from the market approach as follows:

Market Approach	Approximate Value (Baht)
Value/sq.wah	93,000
Asset Value (Gross area 98-1-96.1 rais or 39,396.1 sq. wah)	3,663,800,000

Source : Appraisal Report No. J21/55135 of 15 Business Advisory Limited, 6 September 2012

The Independent Financial Advisor agrees that using the market approach to appraise the freehold value of the land is reasonable. It is because the land plots that are referred to are situated in the same area with the appraised asset and all of the fair prices are referred from the actual bidding and offering price occurring in the market. Moreover, 15 Business Advisory also made some adjustments on the samples to make them more comparable to the appraised land.

5.2.2 The Value of 30-year Land Lease Using the Income Approach

15 Business Advisory appraised the value of 30-year land lease by computing all rental fees over 30-year period and discounting them back to define the present value of land lease. The rental fees are calculated from proportion of rental fee over the freehold value appraised by the first independent appraiser. 15 Business Advisory had collected 2 sets of data, one with a rental information of the areas nearby the land being appraised (9 samples) and another one contains rental information of the long-term rental contracts (10 – 30 years) that occur in various areas (7 samples). In both data sets, actual rental fee and offering rental fee are aggregated to be used to determine the percentage of land rental fee over the land freehold value. As the land lease agreement that CPN will enter into with Vantage has a 30-year term, 15 Business Advisory selected all of the samples from both data sets which has 30-year life disregarding their locations as follows:

No.	Location	Type	Area (Square Wah)	Lease Life (Yrs)	Proportion of rental fee over the freehold price (%)	Average rental fee per year (Rental + Commission)	Rental growth rate per year (%)
1	The area nearby Index Livingmall and BB Market on Kanjanaphisek Road	Rent in 2005	10,860.8	30	49.88%	3.15%	According to the lease contract
2	Index Livingmall on Kanjanaphisek Road	Rent in 2005	3,538.4	30	54.43%	3.33%	According to the lease contract
3	Kanjanaphisek Road near Boonrod Trading Company Limited	Rent offering in 2012	16,000	30	68.05%	3.24%	5% growth rate every 3 years
4	Tesco Lotus Rattanathibet	Rent in 2000	15,950.8	30	56.87%	3.05%	According to the lease contract
5	Tesco Lotus Navanakorn	Rent in 2007	12,405	30	61.19%	3.15%	According to the lease contract
6	Prasoet Manukit Road Nawamin City Avenue Project	Rent in 2008	7,112.3	30	59.05%	3.02%	According to the lease contract
Average						3.16%	

Source : Appraisal Report No. J21/55135 of 15 Business Advisory Limited, 6 September 2012

From all of the 6 cases (containing data from both data sets), the rental fees are ranging in the short range of 3.02% - 3.33% of the freehold value. There are several factors affecting the rental fee including size, location, market demand and supply. However, the average annual rental fee is 3.16% of the freehold land value. If all of the rental payment schemes are aggregated, the 30-year rent value is equal to 49% - 68% of the land freehold value in the market.

Given all these references, 15 Business Advisory agreed the rental fee of the land being appraised to be 3% of its freehold market value. This rental rate shall be increased by 3% every single year.

15 Business Advisory employed 7% discount rate derived from the risk free rate plus appropriate risk premium. On 3 September 2012, the 30-year government bond yield is approximately 4.02%. And the risk premium is set to be 3%.

Freehold land market value	3,663,800,000	Baht
Rental fee	3%	of freehold market value
Rental growth	3%	per Year
Rent period	30	years
Discount rate	7%	

30-year aggregated rental fee paid all at once on the contract day

Year	1	2	3	4	5	6	7	8
Rental Growth		0.03	0.03	0.03	0.03	0.03	0.03	0.03
Annual Rental Fee	109,914,000	113,211,420	116,607,763	120,105,995	123,709,175	127,420,451	131,243,064	135,180,356

Year	9	10	11	12	13	14	15	16
Rental Growth	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Annual Rental Fee	139,235,767	143,412,840	147,715,225	152,146,682	156,711,082	161,412,415	166,254,787	171,242,431

Year	17	18	19	20	21	22	23	24
Rental Growth	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Annual Rental Fee	176,379,704	181,671,095	187,121,227	192,734,864	198,516,910	204,472,418	210,606,590	216,924,788

Year	25	26	27	28	29	30
Rental Growth	0.03	0.03	0.03	0.03	0.03	0.03
Annual Rental Fee	223,432,531	230,135,507	237,039,573	244,150,760	251,475,283	259,019,541

Present Value	1,871,663,752	Baht
Approximate Value	1,871,700,000	Baht
Rent value is	51.09%	of the freehold market value

With all of the assumptions set by 15 Business Advisory, the first independent asset appraiser concluded that the value of 30-year leasehold right is 1,871,700,000 Baht and the rent value is 51.09% of the freehold market value which is close to those of the sample data.

The Independent Financial Advisor agreed that the market rent valuation method employed by 15 Business Advisory is reasonable since it referred to both of the actual information in the market (short-term and long-term lease) nearby the land plots CPN will let from Vantage and long-term lease examples in other areas. This method allows the closest market value of the land to be identified, given that the location, commercial usage and lease term have been considered. Moreover, the rental cash flows over 30 years are also discounted to gain a present value, which means that the time value of money has been taken into the consideration. Moreover, when the rental value is further examined by comparing the ratio of rent value over the freehold value, the result is close to the ratios of those market comparables used in the valuation.

5.3 Land Value Appraised by the Second Independent Appraiser

CPN had appointed Brooke Real Estate Limited (“Brooke Real Estate” or “the second independent appraiser”) who is an asset appraiser under the approval of the Securities and Exchange Commission, Thailand, to appraise the value of 30-year land lease agreement of the same land plots which are appraised by 15 Business Advisory. The second independent appraiser had explored and appraised the land on 6 November 2012 by using the market approach. The value of the 30-year lease agreement is derived from direct comparison of capital values of similar properties. This is conducted by comparing the subject property with other benchmark properties, which are near substitutes for one another and where transactions are fairly frequent. Such properties should be of similar size, quality and location and have been rent/offered in recent times. The conclusion of Brooke Real Estate’s valuation method is as follows:

1. Dividing the land plots into 3 parts for the purpose of valuation according to the picture below. The reason behind this is that division of the subject land plots will allow Brooke Real Estate to adjust the comparable data in many perspectives to make it more comparable to the subject land plots.



2. Collecting market comparables whose characteristics are close to land plots that CPN will let from Vantage. Those characteristics include size, general quality and location.
3. Selecting 5 samples with 30-year lease contract or have been offered a 30-year rental agreement.

No.	Location	Land Area (Rai)	Zoning	Location Rating	Quality Rating	Physical Rating	Asking Rent / Rent	Period (Year)
1	Kanjanaphisek Road	8	Commercial Zone	Similar	Similar	Similar	20,400,000 Baht / Rai or 51,000 Baht / Square Wah	30

No.	Location	Land Area (Rai)	Zoning	Location Rating	Quality Rating	Physical Rating	Asking Rent / Rent	Period (Year)
2	Rattana Thibet Road	5	Low Density Residential Zone	Worse	Similar	Similar	25,400,000 Baht / Rai or 63,500 Baht / Square Wah	30
3	Kanjanaphisek Road	4.5	Low Density Residential Zone	Worse	Similar	Similar	23,600,000 Baht / Rai or 59,000 Baht / Square Wah	30
4	Kanjanaphisek Road	10	Low Density Residential Zone	Worse	Worse	Worse	14,200,000 Baht / Rai or 35,500 Baht / Square Wah	30
5	Rattana Thibet Road	12	Low Density Residential Zone	Worse	Similar	Similar	20,000,000 Baht / Rai or 50,000 Baht / Square Wah (actual rent)	30

Source : Appraisal Report No. 2012/V/G/CPN/379 of Brooke Real Estate Limited, 6 November 2012

4. Evaluating each 5 market comparables and the land being valued by scoring them in the range of 1 point (Poor) – 5 points (Very Good) upon certain perspectives (each perspective has different weighting) listed below:
 - Location
 - Transportation
 - Facilities
 - Potential
 - Physical
 - Land Size
5. Calculating the Weighted Quality Score of each land according to the formula $\sum(A*B)$; whereby A stands for the perspective weighting and B stands for each market data score on each perspective.
6. Adjusting rental value/offering rent value according to the ratio of Weighted Quality Score of the land being appraised compared to Weighted Quality Score of each market comparables.
7. Calculating the rental value of the land plots CPN will let from Vantage from the adjusted rental value / offering rent value of all 5 market comparables.
8. Doing step 4-7 twice more to identify the 30-year rent value of all 3 parts of land.

From the process above, Brooke Real Estate concluded that the total value of 30-year lease contract of the land CPN is going to let from Vantage is as follows:

Part 1	24,000,000 Baht / Rai	9.34725 Rais	224,334,000 Baht
Part 2	18,000,000 Baht / Rai	39.477 Rais	710,586,000 Baht
Part 3	21,000,000 Baht / Rai	49.666 Rais	1,042,986,000 Baht
Total			1,978,000,000 Baht

Source : Appraisal Report No. 2012/V/G/CPN/379 of Brooke Real Estate Limited, 6 November 2012

After considering the method employed by Brooke Real Estate, the Independent Financial Advisor believes that the method is reasonable since it takes into account all of the related factors affecting the land rental value. Moreover, Brooke Real Estate has also adjusted the market comparable rental value as they seem applicable in each affecting factors. All of these further support the Independent Financial Advisor to agree that the 30-year rental value is referable.

Even though both independent asset appraisers employ different valuation procedures, the Independent Financial Advisor realized that both of them had truly referred to the market data. The difference is mainly from the data processing methods and adjustments, both of which depend on the appraiser consideration. Thus, both of the land value appraised by 15 Business Advisory and Brooke Real Estate is going to be used as benchmark in giving an independent opinion on this related transaction.

5.4 Opinion of the Independent Financial Advisor on the Fairness of Value and Conditions of the Related Transaction

Referring to the information given by CPN regarding the leasehold payment scheme and conditions of this 30-year land lease transaction, CPN has to pay an upfront fee for the amount of Baht 654,960,162.50 Baht on the first day of contract signing (the amount is equivalent to 35% of 1,871,314,750 Baht leasehold right value). The annual rental fee that CPN will pay to Vantage is 5,275,744 Baht during the first 3-year after signing contract and this shall increase to 87,929,060 Baht after the operation had began. The rental fee is expected to increase by 15% every 3 years.

The Independent Financial Advisor employs 2 methods described below to verify the reasonableness of the rental fee CPN agreed to pay to Vantage for this related transaction.

5.4.1 Discounting the leasehold payment scheme for all over 30-year period with the weighted average cost of capital of CPN to derive the present value of leasehold payment scheme. The value derived will be used to compare with those appraised by two independent asset appraisers.

One of the most important factors used to derive the present value of 30-year leasehold payment is CPN's weighted average cost of capital. This cost of capital is computed base on the following formula:

$$WACC = K_e \cdot (E/A) + K_d \cdot (D/A) \cdot (1-T)$$

K_e	=	Cost of Equity
K_d	=	Cost of Debt which is equal to 5% for all over the project life
T	=	Long-term corporate income tax rate which is equal to 20%
E/A	=	75%
D/A	=	25%

In order to identify the appropriate capital structure (E/A and D/A) to be used in the formula, we have considered the proportion of interest bearing debt over the total equities according to the consolidated financial statement of CPN as of 31 December 2011. The amount of total equities used in the calculation has been adjusted to reflect the fair value of investment property accounts. The rationale behind this adjustment is to make number better represent the reality of CPN's capital structure according to the market value of assets. Referring to the notes to CPN's consolidated financial statements as of 31 December 2011, it can be said that the interest bearing debt is 25% of total assets while the equities is 75% of total assets.

The cost of equity, a factor of weighted average cost of capital formula, can be identified by employing the Capital Asset Pricing Model (CAPM) as shown below.

$$K_e = R_f + \beta (R_m - R_f)$$

R_f	=	The risk-free rate can be referred from the 10-year government bond rate as of 19 September 2012, which is equal to 3.74% (Source: Thai Bond Market Association). The rationale we employed 10-year government bond to represent the risk-free rate is that it can reflect the long-term investment return with no default risk. Moreover, it is highly liquid when compared to the government bond with longer life.
β	=	Beta represents the correlated volatility of CPN stock price in relation to the volatility of the SET index as of 19 September 2012, which is equal to 0.891. (Source: Bloomberg)
R_m	=	The 30-year historical market return of the Stock Exchange of Thailand is 11.16%. The rationale behinds this is that 30 years period cover all market life cycle which can better represent the investors' expected return in the future. (Source: The Stock Exchange of Thailand)

According to the formula above, CPN's weighted average cost of capital is 8.76%. The rate will be used to discount all of the rental cash flows to be paid to Vantage by CPN for all over the 30-year lease contract.

Year Ended	Feb 2013	2013 (Yr 1)	2014 (Yr 2)	2015 (Yr 3)	2016 (Yr 4)	2017 (Yr 5)	2018 (Yr 6)	2019 (Yr 7)
Rental Fee	733,914,106**	5,275,744	5,275,744	5,275,744	87,929,060	87,929,060	87,929,060	101,118,419

Year Ended	2020 (Yr 8)	2021 (Yr 9)	2022 (Yr 10)	2023 (Yr 11)	2024 (Yr 12)	2025 (Yr 13)	2026 (Yr 14)	2027 (Yr 15)
Rental Fee	101,118,419	101,118,419	116,286,182	116,286,182	116,286,182	133,729,109	133,729,109	133,729,109

Year Ended	2028 (Yr 16)	2029 (Yr 17)	2030 (Yr 18)	2031 (Yr 19)	2032 (Yr 20)	2033 (Yr 21)	2034 (Yr 22)	2035 (Yr 23)
Rental Fee	153,788,476	153,788,476	153,788,476	176,856,747	176,856,747	176,856,747	203,385,259	203,385,259

Year Ended	2036 (Yr 24)	2037 (Yr 25)	2038 (Yr 26)	2039 (Yr 27)	2040 (Yr 28)	2041 (Yr 29)	2042 (Yr 30)
Rental Fee	203,385,259	233,893,048	233,893,048	233,893,048	268,977,005	268,977,005	268,977,005

**Including upfront fee for the amount of Baht 654,960,163 and other related expenses of Baht 78,953,943

Weighted Average Cost of Capital	8.76%
Present Value of Leasehold Payment	1,773,305,347 Baht

The 30-year leasehold value of the land plots obtained from the calculation as of the date of contract signing is 1,773,305,347 Baht which is lower than to the amount appraised by the first independent asset appraiser at 1,871,700,000 Baht by 5.26 % and is also lower than the amount provided by the second independent asset appraiser at 1,978,000,000 Baht by 10.35 %. With this, it can be concluded that the leasehold payment scheme including upfront fee and annual rental fee is reasonable since the present value of all leasehold payments discounted by CPN's weighted average cost of capital is lower than the rental market value by approximately 5.26% and 10.35% respectively of the values appraised by two independent asset appraisers. Besides, the Independent Financial Advisor deems that another verification method should be employed in order to support our opinion. As a consequence, the internal rate of return (IRR) of the shopping center project is measured and compared with CPN's weighted average cost of capital, CPN's required rate of return and average return from investment in shopping mall published by Thai Appraisal Foundation. The method is not only used to be a fair indicator, but it is also used to evaluate the project feasibility and value creation to CPN and its shareholders.

5.4.2 Assessment of the Suitability of Leasehold Payment Scheme by Comparing Project's Internal Rate of Return (IRR) with CPN's Weighted Average Cost of Capital (WACC) and CPN's Required Rate of Return.

In order to reach the opinion on the fairness of leasehold payment scheme, the Independent Financial Advisor employed the project valuation method, which is finding the internal rate of return of the project and then compare it with the following figures;

- CPN's weighted average cost of capital
- CPN's required rate of return
- Average return on shopping mall investment in 2011 referred from Thai Appraisal Foundation

Both upfront fee and annual rental fee to be paid are significant cost portions that will affect the overall project investment return. As a consequence, if the project's internal rate of return (IRR) is higher than CPN's weighted average cost of capital (WACC) and is in line with CPN's required rate of return and is also higher than an average investment return from shopping mall, it can be inferred that leasehold payment scheme that CPN must pay to Vantage is reasonable; thus, generating higher value to CPN by running this shopping complex project. However, it is assumed that all of the assumptions used in preparing financial projections of the project are reasonable.

Based on the information received from CPN, the Independent Financial Advisor came up with the project's internal rate of return (IRR) by assessing the project's free cash flow to be generated over the project life of 30 years. The internal rate of return (IRR) is the discount rate that equates total present value of cash outflow with total present value of cash inflow. In order to determine free cash flow of the project, the Independent Financial Advisor employed several key assumptions (these assumptions only cover the area that are developed and operated by CPN) given by CPN as follows;

- Capital structure of the Project
 - Debt : 50%
 - Equity : 50%
- Revenue
 - Net leasable area of 75,000 square meter
 - Occupancy rate in year 1 – year 3 equal to 89% - 92% and 95% from year 4 onward
 - Average retail rental rate is 1,400 Baht/Square Meter/Month
 - Rental growth rate is 10% - 15% every 3 years depending on the type of leased area
- Expense
 - Marketing expense and management fee is 18% of rental revenue before discount
 - Upfront fee to be paid on the contract signing day is 654,960,163 Baht
 - Rental fee during the first 3-year period after signing contract (Year 1-3) is 5,275,744 Baht per year

- Annual rental fee in Year 4-6 is 87,929,060 Baht per year which will grow at the rate of 15% every 3 years
- Interest rate is 5%¹
- Assets are depreciated over the straight-line basis for the period of 5-30 years depending on the asset type
- Construction and equipment expenditures equal to 4,977,000,000 Baht
- Renovation and maintenance expenditures which are expected to incur in year 10 and year 22 onwards are 3,536,000,000 Baht in total

The major project assumptions given by CPN has been verified by the Independent Financial Advisor to be fair after comparing them with those of comparable shopping malls' operating performances and other financial information of CPN.

Based on these assumptions, the Independent Financial Advisor has calculated the project's free cash flows over the 30-year project life. After the free cash flows have been estimated, the internal rate of return can be determined by finding a discount rate that can equate the present value of cash inflows with that of cash outflows. **With this method, the project's internal rate of return (IRR) is approximately 14.8%.**

If the 14.8% internal rate of return is compared with CPN's weighted average cost of capital, CPN's required rate of return and average return from shopping mall investment, the results can be concluded as shown below:

1. The project can generate a higher return than CPN's weighted average cost of capital of 8.76%. Thus, this project investment will create more value to CPN and its shareholders.
2. Internal rate of return (IRR) of the project falls in the range of CPN's required rate of return of 14% - 15%.
3. Internal rate of return (IRR) of the project is higher than the average return from shopping mall investment in Bangkok Metropolitan Area referred from a meeting held by Thai Appraisal Foundation in October 2011 of 8% - 12%.

As a consequence, the Independent Financial Advisor concludes that the leasehold payment scheme CPN has to pay to Vantage over the 30-year lease period is reasonable. Although cash flow stream that is used in the IRR calculation has included all leasehold payment which is a significant portion of the total cash outflows of the project in each year, the project's internal rate of return is still in an acceptable range as illustrated earlier. This means that the project will create value-added to CPN and its shareholders if it is operated. On the contrary, if the upfront fee and annual rental fee are too high, the internal rate of return may fall to the level that is less than CPN's weighted average cost of capital, CPN's required return and industry average return accordingly.

¹ CPN's weighted average interest rate for Q3/2012 is 4.43% per annum as it was disclosed in Management's Discussion and Analysis (MD&A).

5.5 The Conclusion of the Independent Financial Advisor toward the Reasonableness of Leasehold Payment Scheme

It is of the opinion of the Independent Financial Advisor that the leasehold payment scheme CPN has to pay to Vantage is reasonable after we verify its appropriateness by 2 different approaches.

The first approach is to compare the present value of leasehold payment with two appraised rent values as given by two different independent asset appraisers. It turns out that the present value of leasehold payment all along the contract life is lower than the market rent values as appraised by both the first independent asset appraiser and the second independent asset appraiser by approximately 5% and 10% consecutively.

The second approach is to assess the expected benefit to CPN from running the shopping complex by calculating the internal rate of return CPN will obtain from investing in this shopping center project. According to the projection, the expected return to CPN is approximately 14.8%. In order to evaluate the appropriateness of IRR level, it is compared with 3 benchmarks as follows:

1. CPN's weighted average cost of capital of 8.76%
2. The required return of CPN in the range of 14% -15%
3. The average return from shopping mall investment in Bangkok Metropolitan Area referred from a meeting held by Thai Appraisal Foundation at 8% - 12%.

Because the project IRR at 14.8% has already taken into account the leasehold payment scheme that CPN has to pay to Vantage, it can be concluded that the leasehold payment scheme specified in the 30-year land lease agreement to be entered into between CPN and Vantage is reasonable as the overall project return to CPN is good enough to exceed all of the 3 benchmarks.

For the leasehold payment condition, the fact that CPN will make rental payment on an annual basis is favorable since it is set to match with project revenues, thus minimizing the risk that CPN may need to incur excessive debt amount from one-time leasehold payment.

6. Opinion of the Independent Financial Advisor regarding Conditions and Provisions in the Draft of Long-Term Land Lease Agreement

6.1 Summary of the Draft of Long-Term Land Lease Agreement

Date of Entering into the Agreement	Within February 2013 after obtaining an approval from the Extraordinary General Meeting of Shareholders No.1/2013 to be held on 18 January 2013 to enter into the transaction
Parties to the Agreement :	<u>Lessee</u> Central Pattana Public Company Limited ("CPN") <u>Lessor</u> Vantage Ground Company Limited ("Vantage")
Assets to be Leased:	27 land plots with land title deeds no. 166, 96162, 96163, 175, 176, 179, 23755, 24707, 25961, 88953, 88954, 88955, 88957, 88958, 88959, 88960, 88961, 44349, 180, 86218, 86221, 86506, 86513, 88952, 88956, 89426 and 89346. Total approximate areas of which are 98 rais, 1 ngan and 96.1 sq.wah (39,396.1 sq.wah). They are located in Saothong Hin Sub District, Bangyai District, Nonthaburi.
Lease Term	30 years from the date of entering into such long-term lease agreement
Leasehold Payment	1) Upfront fee for the total amount of Baht 654,960,162.50 2) Rental fee to be paid once a year, with total amount to be paid of Baht 4,443,717,144 for the entire 30-year lease term (See details regarding annual rental fee to be paid by CPN to Vantage in the following section.)
Key Provisions in the Agreement	Delivery of Land Plots and Land Utilization - After the lease agreement is signed, Vantage agrees to deliver the leased land plots to CPN so that CPN and its officers could take any actions as necessary in developing and constructing the shopping center. - From the date Vantage delivers the leased land plots to CPN, CPN could take any actions as necessary in surveying, developing, utilizing and improving such leased land plots. - If it is necessary for CPN to contact government agencies regarding the leased land plots and/or construction and/or improvement of buildings in such land plots and/or business licenses/permits related to CPN's business operations in such land plots, Vantage will facilitate or provide

support as necessary to CPN or CPN's designated officers at CPN's own costs/expenses.

- CPN must arrange for construction insurance and third-party insurance at its own costs/expenses.
- When construction of the shopping center is complete, CPN must arrange for casualty insurance and fire insurance for all buildings and assets that are owned by CPN and are located in the leased land plots at its own costs/expenses.

Transferal of Leasehold Right and Sub-Leasing of the Leased Land Plots

- Over the entire lease term, CPN may let all or some buildings and/or areas in buildings and/or constructions located in the leased land plots to a single tenant or multiple tenants. However, leased terms for those buildings, areas in those buildings and constructions shall not exceed the term of the land lease agreement to be entered into between CPN and Vantage.
- Over the entire lease term, CPN may sublet the leased land plots to another party but it must obtain a prior written consent from Vantage.
- CPN is not allowed to transfer all or some parts of leasehold right to another party unless it obtains a prior written consent from Vantage.
- CPN may pledge leasehold right associated with the leased land plots as a collateral against the credit facilities to support its business on the leased land plots. However, the consent shall be abided by the terms and conditions under the land lease agreement.

Renewal of the Lease Term

- When the land lease agreement is nearly expired and CPN would like to extend the lease term, Vantage shall grant the right of first refusal to CPN. In this regard, CPN shall express its intention in writing to extend the lease term one year prior to the expiration of the lease agreement. CPN and Vantage shall negotiate on rental rate, lease term and other provisions in the lease agreement.
- In case CPN fails to express its intention in writing to extend the lease term within the specified period or CPN and Vantage fail to agree on

rental rate, lease term or other provisions in the lease agreement, Vantage shall deem that CPN would not like to extend the land lease agreement. Thus, Vantage is allowed to let the land plots to another party.

Land Expropriation

- In case the leased land plots are materially expropriated by government authorities and CPN and Vantage have reasonably considered all relevant facts and consequences and deemed that CPN can no longer operate the shopping complex on those land plots, it shall be deemed that the land lease agreement expires. In this regard, CPN shall leave such land plots within the period as specified by government authorities. Vantage shall then return the remaining amount of upfront payment to be calculated based on the proportion of remaining lease period to total lease period to CPN within 30 days from the date CPN has to leave the leased land plots in accordance with the order of government authorities.

Right to Terminate the Land Lease Agreement by the Lessor

- If CPN violates or fails to abide by any of the terms or provisions in the land lease agreement and despite a written warning served by Vantage CPN still fails to cure such default within 30 days from the date it receives such written warning from Vantage, Vantage may force CPN to comply with such terms or provisions or immediately terminate the land lease agreement by serving a written notice to CPN. In case Vantage exercises its rights to terminate the land lease agreement, it is entitled to ask for any compensation or damages from CPN or force CPN to comply with the terms or provisions in the land lease agreement.

Right to Terminate the Land Lease Agreement by the Lessee

- If Vantage violates or fails to abide by any of the terms or provisions in the land lease agreement and despite a written warning served by CPN Vantage still fails to cure such default within 30 days from the date it receives such written warning from CPN, CPN may force Vantage to comply with such terms or provisions or immediately terminate the land lease agreement by serving a written notice to Vantage. In case CPN exercises its rights to terminate the land lease agreement, it is entitled to

ask for any compensation or damages from Vantage or force Vantage to comply with the terms or provisions in the land lease agreement.

Right of the Parties when the Land Lease Agreement Expires

- Upon the expiration or termination of the land lease agreement, the lessee agrees to transfer the ownership of the buildings, constructions, fixtures and infrastructure, attached on the leased land plots to the lessor.

Details regarding Annual Rental Fee to be Paid by CPN to Vantage

Annual Rental Fee		Annual Rental Fee	
Year	(Baht)	Year	(Baht)
1	5,275,744	16	153,788,476
2	5,275,744	17	153,788,476
3	5,275,744	18	153,788,476
4	87,929,060	19	176,856,747
5	87,929,060	20	176,856,747
6	87,929,060	21	176,856,747
7	101,118,419	22	203,385,259
8	101,118,419	23	203,385,259
9	101,118,419	24	203,385,259
10	116,286,182	25	233,893,048
11	116,286,182	26	233,893,048
12	116,286,182	27	233,893,048
13	133,729,109	28	268,977,005
14	133,729,109	29	268,977,005
15	133,729,109	30	268,977,005

Source: Central Pattana Public Company Limited

6.2 Opinion of the Independent Financial Advisor regarding Appropriateness of the Terms and Provisions in the Draft of Land Lease Agreement

After examining key terms and provisions as specified in the draft of 30-year land lease agreement, it is of the opinion of the Independent Financial Advisor that:

1. Key terms and provisions as specified in such draft of 30-year land lease agreement are considered reasonable, fair and carried out in normal business practice. They do not yield unfair benefits to any particular party.
2. Provision which requires that leasehold payment to be made by CPN to Vantage shall consist of 2 portions namely upfront fee for the total amount of Baht 654.96 million and rental fee (with details

as showed above) would help to make leasehold payment more correspond to rental and services revenues to be earned in each year over the project life. Moreover, this also helps to relieve CPN's financial burden that may arise when it needs to make a substantial amount of leasehold payment in one time which may drastically raise its debt burden.

3. For the provision which specifies that upon the expiration or termination of the land lease agreement, CPN agrees to transfer the ownership of the buildings, constructions, fixtures and infrastructure, attached on the leased land plots to Vantage, and this may raise a concern that Vantage may terminate the land lease agreement prior to the expiration. The Independent Financial Advisor made an enquiry about this possibility. The Independent Financial Advisor was informed by CPN that Vantage may exercise its rights to terminate the land lease agreement prior to its expiration only when CPN fails to conform with or violates key terms and provisions as specified in the lease agreement (such as provisions regarding leasehold payment, utilization of land plots, sub-leasing of land plots, transferal of leasehold rights and etc). If CPN fails to abide by any key terms or provisions of the land lease agreement and it fails to cure such default/non-conformance within 30 days after obtaining a written warning from Vantage, in this regard Vantage may exercise its rights to terminate the land lease agreement.

7. Opinion of the Independent Financial Advisor regarding Resolution of the Shareholders

Taking into account all data/documents that the Independent Financial Advisor obtained from CPN and from outside reliable sources, it is of the opinion of the Independent Financial Advisor that the transaction into which CPN will enter a 30-year land lease agreement with Vantage which is its connected person so that CPN can obtain a leasehold right associated with land plots for the purpose of developing a shopping complex provides CPN with certain advantages as:

1. Entering into the 30-year land lease agreement with Vantage allows CPN to conform to its long-term business plan which aims to develop and construct a shopping complex in the easily accessible area with sound business potential. Developing a new shopping center on such land plots with total approximate areas of 98 rais, 1 ngan and 96.1 sq.wah or 39,396.1 sq.wah, all of which are located at the intersection between Kanjana Pisek Road and Rattanathibet Road, in the area of Bangyai Junction, Saothong Hin Sub District, Bangyai District, Nonthaburi, will help to increase CPN's rental & service revenues and provide it with a sound investment return over the long term, diversify its business risk and provide it with economies of scale in operation.
2. The leasehold payment scheme that CPN will pay to Vantage is appropriate. This is because the present value of all leasehold payments discounted by CPN's weighted average cost of capital is lower than the rental market value by approximately 5% and 10% respectively of the values appraised by two independent asset appraisers. Moreover, thorough assessment of the expected benefit to CPN from running the shopping complex by calculating the internal rate of return CPN will obtain from investing in this shopping center project taking into account the leasehold payment scheme as specified in the land lease agreement indicates that doing so will create value-added for CPN and its shareholders.
3. Key terms and provisions as specified in the draft of 30-year land lease agreement between CPN and Vantage are considered reasonable, fair and carried out in normal business practice. They do not yield unfair benefits to any particular party. Provision which requires that leasehold payment to be made by CPN to Vantage shall consist of 2 portions, namely upfront fee and annual rental fee, would help to make such leasehold payment more correspond to rental and services revenue to be earned in each year in the future from the shopping center. This also helps to mitigate the risk that CPN may need to make a substantial amount of leasehold payment in one time which may drastically raise CPN's debt burden.

Thus, shareholders should approve CPN to enter into the 30-year land lease agreement with Vantage which is its connected person.

Maybank Kim Eng Securities (Thailand) Public Company Limited, the Independent Financial Advisor, is to certify that it has used professional knowledge and skills to provide opinion regarding the transaction which CPN will enter into a 30-year land lease agreement with Vantage which is CPN's connected person, and has taken into account the best interest of CPN and its shareholders.

Yours truly,

.....	
Mr.Montree Sornpaisarn, CFA	Mr.Pusit Kaewmongkolsri
Executive Director	Executive Director
Maybank Kim Eng Securities (Thailand) Plc.	Maybank Kim Eng Securities (Thailand) Plc.

In performing the duty as an independent financial advisor, we assign Ms.Wantana Petlerkwong to be the supervisor of financial advisory operation.

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Ms.Wantana Petlerkwong

Supervisor of Financial Advisory Operation