

Attachment 2

Information memorandum  
for consideration in Agenda 2

To approve the entry into sub-lease agreement of assets in Lardprao project with Central International Development Company Limited, which is a connected transaction.

**A) Information Memorandum on Connected Transaction and Acquisition and Disposal of Assets**

**1. Date of Transaction and Involved Parties**

**1.1 Date of Transaction**

The Board of Directors' Meeting No.1/2009 of Central Pattana Public Company Limited held on February 20, 2009 approved the Company to propose the entry into sub-lease agreement of assets, on which CentralPlaza Lardprao Project is located, with Central International Development Company Limited in order to seek for an approval resolution from the Extraordinary Shareholders' Meeting No.1/2009 to be held on March 25, 2009.

**1.2 Involved Parties**

Sub-Lessee: Central Pattana Public Company Limited (“CPN”)

Sub-Lessor: Central International Development Company Limited (“CID”)

**2. Relationship between CPN and CID**

- CPN and CID have a common major shareholder, namely the Chirathivat Group, and some common directors who are from the Chirathivat Group as well. The Chirathivat Group holds a shareholding stake in both companies as follows:
  - 1) Directly and indirectly holding a 59.89 % stake in CPN
  - 2) Directly and indirectly holding a 100.00 % stake in CID
- CPN and CID have some common directors as follows:
  - 1) Mr.Vanchai Chirathivat
  - 2) Mr.Suthichai Chirathivat
  - 3) Mr.Suthikiati Chirathivat
  - 4) Mr.Suthichart Chirathivat
  - 5) Mr.Sudhisak Chirathivat
  - 6) Mr.Prin Chirathivat

**3. Characteristics of the Connected Transaction**

**3.1 Category of the Connected Transaction**

Upon obtaining approval resolution from the shareholders' meeting, CPN as the sub-lessee will enter into sub-lease agreement of assets on which CentralPlaza Lardprao Project is located (the “New Sub-Lease Agreement”) for 20 years, effective from December 19, 2008 to December 18, 2028, with CID as the sub-lessor. The transaction in which CPN will enter into the New Sub-Lease Agreement with CID is classified as a class-4 connected transaction regarding assets and services under the Stock Exchange of Thailand (“SET”) Notification Re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003 and the Amendment as per the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2551 Re: Connected Transaction Rules. The purpose of entering into the New Sub-Lease Agreement is to renew the reciprocal agreement that expired on December 18, 2008 (the “previous agreement”) and to continue the operation of CentralPlaza Lardprao Project, which is one of the flagship projects of CPN.

Additionally, the mentioned transaction is also categorized as Class 2 transactions under the Notification of the Capital Market Supervisory Board Tor.Jor. 20/2551 Re:Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004.

### 3.2 Transaction Size

The value of upfront payment and annual sub-lease payments for the contract period of 20 years amounts to Baht 16,178.32 million, with details as follows:

Baht Million			
Date of Payment	Upfront Payment	Annual Sub-Lease Payment	Total
Date of Signing the New Sub-Lease Agreement	551.41	86.85	638.26
December 2009	368.24	92.07	460.31
December 2010	390.34	97.59	487.93
December 2011	413.76	103.44	517.20
December 2012	438.59	109.65	548.24
December 2013	-	581.13	581.13
December 2014	-	616.00	616.00
December 2015	-	652.96	652.96
December 2016	-	692.14	692.14
December 2017	-	733.66	733.66
December 2018	-	777.68	777.68
December 2019	-	824.34	824.34
December 2020	-	873.81	873.81
December 2021	-	926.23	926.23
December 2022	-	981.81	981.81
December 2023	-	1,040.72	1,040.72
December 2024	-	1,103.16	1,103.16
December 2025	-	1,169.35	1,169.35
December 2026	-	1,239.51	1,239.51
December 2027	-	1,313.88	1,313.88
Total	2,162.34	14,015.98	16,178.32

- 1) Under the criteria for connected transaction, the total payment throughout the sub-lease term is equivalent to 113.01% of CPN's net tangible assets value (NTA)<sup>1</sup> as per the consolidated financial statements as of December 31, 2008 which is higher than 3% of NTA. Consequently, disclosure of such connected transaction and opinion from independent appraiser and financial advisor is needed. In addition, CPN is required to seek for an approval resolution from the shareholders' meeting with the vote of at least three-fourths of the total number of votes of the shareholders or their proxies (if any) attending the meeting and entitled to voting rights, excluding the connected shareholders who have conflict of interest. The total size of connected transactions in the last 6 months total up to 115.71% of NTA. (The information memorandum in the past 6 months please see in topic M)

<sup>1</sup> NTA as at December 31, 2008 is Baht 14,315.24 million.

- 2) Under the criteria for acquisition and disposal of assets, the total payment throughout the sub-lease term accounts for 36.95% of total assets<sup>2</sup> as per the consolidated financial statements as of December 31, 2008 based on value of consideration approach. Notice of the transaction is required to be sent to shareholders within 21 days of the notification to SET. However, as the size of the connected transaction in 1) requires an approval from the shareholders, CPN will propose to the shareholders meeting for the acquisition and disposal of assets at the same time. Please note that the total size of acquisition and disposal of assets for the last 6 months total up to 37.98% of total assets based on value of consideration approach, which is less than 50% of total assets. (The information memorandum in the past 6 months please see in topic M)

### **3.3 Assets in the CentralPlaza Lardprao Project that CPN will Sub-Lease from CID**

In accordance with the New Sub-Lease Agreement to be entered into between CPN and CID, the assets in the CentralPlaza Lardprao Project that CPN will sub-lease from CID consist of land and buildings, with details as follows:

#### **Assets in the CentralPlaza Lardprao Project that CPN will sub-lease from CID ("Sub-Leased Assets")**

<b>1) Land</b>			
Part of land on which the CentralPlaza Lardprao Project is located, with approximate area of 28 rais.			
<b>2) Buildings</b>			
Buildings and Other Constructions	Gross Leasable Area (SQ.M.)	Net Leasable Area (SQ.M.)	Occupancy Rate As of December 31, 2008 (%)
1) Shopping Complex	95,000	55,531*	97%
2) Office Building	23,000	17,719	97%
3) Car Park	90,000	-	-

\* Note: The total net leasable area of the Shopping Complex also includes the total net leasable area of cinemas totaling 7,500 SQ.M. and the total net leasable area of the convention hall totaling 9,000 SQ.M.

### **4. Criteria Used in Determining a Transaction's Total Value and Total Consideration**

Amount of sub-lease payment to be made by CPN to CID is determined based on the cost plus basis. The amount of the sub-lease payment will be determined based on the sum of the leasehold payment to be made by CID, the leasehold right registration fee equivalent to 1 % of the sum of the leasehold payment to be made by CID throughout the lease term, and a profit margin of approximately 5 % of such leasehold payment to be made by CID. Approximately 72% of the sum of the leasehold payment to be made by CID, such leasehold right registration fee, and the profit margin of approximately 5 % shall be allocated to CPN as the leasehold payment of the sub-leased assets. Such 72% figure is determined based on the proportion of the appraised value of the sub-leased assets to the total appraised value of the CentralPlaza Lardprao Project. (Detail of the profit margin and the proportion of consideration, please see in Attachment 3 the opinion of the independent financial advisor)

<sup>2</sup> Total assets as at December 31, 2008 is Baht 43,783.78 million.

**5. Source of Funds**

In entering into the New Sub-Lease Agreement, CPN will be obligated to make annual lease payment to CID on an installment basis throughout the sub-lease term. Source of funds for making annual lease payment to CID will be from CPN's cash flows from operation.

**6. Opinion of the Board of Directors and Audit Committee**

Upon the consideration of information of the transaction including the opinion from independent financial advisor, the Board of Directors and Audit Committee have an opinion that the nature of the transaction and the criteria used in determining a transaction's value, terms and conditions are reasonable and acceptable and will generate a good return for CPN. In addition, as CentralPlaza Lardprao Project is one of the flagship projects of CPN, the entry into the New Sub-Lease Agreement with CID will ensure the continuity of the income stream for CPN. As a results, the Board of Director approved the proposal of transaction in order to seek for an approval from shareholders. In the approval process, directors who have interests did not attend the meeting and had no right to vote in the meeting.

**B) Report of the Assets Appraisal by the Independent Appraiser**

**BROOKE**  
real estate



19th Floor, G-House,  
Sathorn Building,  
11 South Sathorn Road,  
Bangkok 10120 Thailand

Telephone: + 66 (0) 2652-6300  
Fax: + 66 (0) 2652-6399  
e-mail: info@brooke.co.th  
web: www.brooke.co.th

**PRIVATE & CONFIDENTIAL**

10<sup>th</sup> February, 2009.

The Directors  
Central Pattana Public Co., Ltd.  
13/F, Central Plaza Ladprao,  
1693 Phaholyothin Road,  
Bangkok 10900.

Dear Sirs,

**Valuation of**

**The Leasehold interest of Plaza and Office Space (20 Years),  
Central Plaza Ladprao Project  
Phaholyothin Road, Chatuchak Subdistrict,  
Chatuchak District, Bangkok.**

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In accordance with your instructions to value the above property, we have carried out an inspection made relevant enquires, analyzed market data and obtained such further information as we deem necessary for the purpose of providing you with our opinion of the Open Market Value of the property. This valuation is for Internal purpose.

Client : Central Pattana Public Co., Ltd  
Property Includes : The Leasehold interest of Plaza and Office Space  
(20 Years).

The summary of our findings contained in the attached report are as follows:-



1. Land

Total Land Area	:	Approximately 47.22 Rai
Appraised Land Area	:	Approximately 28 Rai
Title Deed No.	:	838, 872, 6633, 6634, 6635, 6714, 6715, 6716, 7334, 7336, 7337, 30778, 30780 and 30781
Registered owner	:	The State Railway of Thailand

Central International Development Co., Ltd leased the land from The State Railway of Thailand, for a period of 20 years, since 19<sup>th</sup> December, 2008.

2. Building

Building 1 (Plaza Building)

Type	:	Shopping Center Building
Total Construction Area	:	Approximately 95,000 Square meters
Net Lettable Area	:	Approximately 55,531 Square meters - Ground Floor 7,578 Square meters. - 1 <sup>st</sup> Floor 10,325 Square meters - 2 <sup>nd</sup> Floor 10,181 Square meters - 3 <sup>rd</sup> Floor 10,947 Square meters - 4 <sup>th</sup> Floor 4,500 Square meters - 5 <sup>th</sup> Floor 4,500 Square meters - 6 <sup>th</sup> Floor 7,500 Square meters
No. of storey	:	6 with Ground Floor
State & Condition	:	Good

Building 2 (Office Building)

Type	:	Office Building
Total Construction Area	:	Approximately 23,000 Square meters
Net Lettable Area	:	Approximately 17,719 Square meters
No. of storey	:	10
Appraised floor	:	5 <sup>th</sup> -14 <sup>th</sup> Floor
State & Condition	:	Good



Building 3 (Carpark Building)

Type	:	Carpark Building
Total Construction Area	:	Approximately 90,000 Square meters
No. of storey	:	8
State & Condition	:	Good

Central Pattana Public Co., Ltd subleased the Plaza and Office Space from Central International Development Co., Ltd, for a period of 20 years, since 19<sup>th</sup> December, 2008.

3. Accessibility : Public Road
  
4. Land use Restrictions : None
  
5. Zoning : Located in an area classified by the Department Town and Country Planning as "Medium Density Residential Zone".
  
6. Compulsory & Acquisition : The subject property is located outside any areas condemned for land expropriation.
  
7. Occupancy : Tenant Occupied
  
8. Valuation Approach : Discounted Cash Flow (DCF) Approach





9. Open Market Value : 9,185,000,000  
(Baht)
10. Date of Valuation : 15<sup>th</sup> January, 2009.

Remark: 1.The Lease agreement data contained in this report are provided by the management of Central Pattana Public Co., Ltd.  
2.We do not deduct the ground rent from The Open Market Value, because there is no detail of the rental schedule.

This valuation has been carried out in accordance with the Guidance Notes on the Valuation of Property Assets published by The Thai Valuers Association of Thailand, The Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. *This valuation is subject to the Caveats and Assumptions contained in the attached valuation report.*

We have made no investigation of and assume no responsibility for titles to or liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours Faithfully,  
BROOKE REAL ESTATE LIMITED.

A handwritten signature in black ink, appearing to be "Pitayakorn Phromyothi".

Pitayakorn Phromyothi  
Managing Director

A handwritten signature in black ink, appearing to be "Suchart Amornvirojkul".

Suchart Amornvirojkul  
Associate Director

2009/V/G/CPN/017

Survey by : Khun Chettha Chaikhun  
Khun Sakol Keerathithanaudom

**C) General Information and Business Overview**

**Location :**

30th – 33rd Floors, The Offices at Centralworld,  
999/9 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand

Telephone: + 66 (0) 2667 5555

Facsimile: + 66 (0) 2264 5593

**Corporate Website:** www.cpn.co.th

**Registration No:** 0107537002443

**Type of Business:** Develop retail property for rent comprising of large-scale shopping complexes and other related supportive businesses. In addition, the Company invests in Retail Growth Property Fund and acts as a property manager of the Fund.

**Registered Capital:** Baht 2,178,816,000

Issued and Paid-up Capital: Baht 2,178,816,000

Comprising of ordinary shares of 2,178,816,000

Par value of Baht 1 per share

**Business Overview:**

CPN was established on June 17, 1980, with the objective of developing large-format and integrated shopping centers. The Company has been listed on the Stock Exchange of Thailand (SET) since March 1, 1995. Its current issued and paid-up share capital is Baht 2,178,816,000, 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 provide retail space for rent and services. At present, CPN has 10 shopping complexes under its management. The Company also has office and residential buildings as its supporting business to optimize the use of land, diversify income sources, and draw in more customers to shopping complexes. CPN is, moreover, operating other related businesses, such as water and recreational parks, and food centers in some shopping complexes to facilitate shoppers. Services and facilities provided at each place mainly depend on its location and the needs of target customers.

**Business Category:**

CPN's business is divided into various business groups. Categorized by the source of income, there are five business groups as follows:

**1. Shopping Complexes**

The shopping complex business is CPN's main source of income, generating over 70% of the total revenues. Income from the business includes rental of retail spaces, utility and security services, and cleaning service at ten properties. Another source of income in this category is the management fee at two property projects under CPN Retail Growth Property Fund (CPNRF) as well as a share of profits from investment in CPNRF.

CPN's shopping complex development starts from finding strategic locations, conducting feasibility studies, controlling the design and the construction, administering sale, to 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. Currently, there are 12 shopping complexes under the management of CPN and its subsidiary as follows:

<b>The Company's Projects</b>	<b>Start of Operation</b>
CentralPlaza Lardprao	December 1982
CentralPlaza Ramindra	November 1993
CentralPlaza Bangna	December 1993
CentralPlaza Pinklao	March 1995
Central Center Pattaya	July 1995
CentralPlaza Chiangmai Airport	March 1996
CentralWorld	December 2002
CentralPlaza Rattanathibet	December 2003
CentralPlaza Chaengwattana	December 2008
CentralFestival Pattaya Beach	January 2009
<b>Projects leased out to CPNRF</b>	
CentralPlaza Ratchada-Rama III *	October 1997
CentralPlaza Rama II **	December 2002

\* 81 % of CPN's asset leased out to CPNRF since August 2005 until August 2035

\*\* 96 % of CPN's asset leased out to CPNRF since August 2005 until August 2035

## **2. Office Buildings**

The office building business involves the development of office buildings in shopping complex areas for rent. It was found that the demand for office buildings complements the shopping complex business, and adds value to the project. Moreover, it enhances the use of land and car park management. The decision to develop an office building mainly depends on its location, as well as the supply and demand for office space in the vicinity. Income from the business comprises rental of office space, rental of retail shops in office buildings, and utility service fee.

CPN's office building development starts from conducting feasibility studies, controlling the design and the construction, administering sale, to managing the office 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.

At present, CPN commands four office building projects, namely CentralPlaza Lardprao, CentralPlaza Pinklao, CentralPlaza Bangna, and CentralWorld (The Offices at CentralWorld Building). Tenants of office buildings in CentralPlaza Lardprao, CentralPlaza Pinklao, and CentralPlaza Bangna projects are mostly operators of businesses benefiting from shopping complex, such as learning centers, beauty parlors, and brokerage firms. The Offices at CentralWorld Building is different, as it is a grade A office building located in the heart of the central business district, most tenants are leading businesses, both Thai and foreign, who intend to settle their headquarters.

## **3. Residential Buildings**

At present, CPN manages two residential building projects. One is Lang Suan Colonade, a serviced apartment, and the other is Central City Residence Condominium, a 12-unit condominium situated on the premises of CentralPlaza Bangna.

#### **4. Water Parks and Recreational Parks**

Water parks and recreational parks are supporting businesses for shopping complexes, CPN's core business, adding variety to features and services of shopping complexes. Not only can they attract more customers to shopping complexes, they bring happiness to customers and people in surrounding communities. Current projects in this category are Leo Land Water Park on the 6th floor of CentralPlaza Bangna, and Central Park, a large-scale recreational park on the premises of CentralPlaza Rama II, opened to the public consisting of a health park, a children playground, an activity area, and renowned restaurants.

#### **5. Food Centers**

Food Centers are considered necessary complements to shopping complexes intended for attracting customers to the complexes. While food centers provide customers with economical, convenient, fast, and a wide variety of food, CPN can earn sizeable income from the sale of food and beverage in food centers.

**D) Names of executives and ten major shareholders as at the last closing date of the share register book**

**Names of executives**

**1. Board of Directors**

1. Mr.Vanchai	Chirathivat	Chairman	(Non-Executive Director)
2. Mr.Anek	Sithiprasasana	Vice Chairman	(Executive Director)
3. Mr.Paitoon	Taveebhol	Independent Director	(Non-Executive Director)
4. Mr.Chackchai	Panichapat	Independent Director	(Non-Executive Director)
5. Mrs.Sunandha	Tulayadhan	Independent Director	(Non-Executive Director)
6. Mr.Kanchit	Bunajinda	Director	(Non-Executive Director)
7. Mr.Suthichai	Chirathivat	Director	(Non-Executive Director)
8. Mr.Suthikiati	Chirathivat	Director	(Non-Executive Director)
9. Mr.Suthichart	Chirathivat	Director	(Non-Executive Director)
10. Mr.Sudhisak	Chirathivat	Director	(Non-Executive Director)
11. Mr.Sudhitham	Chirathivat	Director	(Non-Executive Director)
12. Mr.Kobchai	Chirathivat	Director	(Executive Director)
13. Mr.Prin	Chirathivat	Director	(Non-Executive Director)

**2. Management Committee**

1. Mr.Kobchai	Chirathivat	President & Chief Executive Director
2. Mr.Sudthidej	Chirathivat	Senior Executive Vice President, Business Development & Project Construction
3. Mr.Naris	Cheyklin	Senior Executive Vice President, Finance, Accounting and Property Management
4. Mr.Sudhipak	Chirathivat	Executive Vice President, Office of the President
5. Ms.Wallaya	Chirathivat	Executive Vice President, Business Development & Project Construction
6. Mr.Terachart	Numanit	Executive Vice President, Project Construction
7. Ph.D.Nattakit	Tangpoonsinthana	Executive Vice President, Marketing
8. Mrs.Panida	Sooksridakul	Senior Vice President, Property Management

**The ten major shareholders as at the last closing date of the share register book on November 19, 2008**

No.	Shareholders	Shares	Shareholding (%)
1	Central Holding Co., Ltd.*	588,171,980	27.00%
2	Thailand Equity Fund	106,670,600	4.90%
3	Thai NVDR Co., Ltd.	98,591,680	4.53%
4	HSBC (Singapore) Nominees Pte Ltd.	92,540,797	4.25%
5	Mrs.Arune Chan	89,159,270	4.09%
6	The Bank of New York (Nominees) Ltd.	76,597,510	3.52%
7	State Street Bank and Trust Company for London	64,346,900	2.95%
8	Mr.Suthikiati Chirathivat	41,730,200	1.92%
9	Mrs.Suchittra Mongkolkiti	33,652,400	1.54%
10	EFG Bank	32,801,350	1.51%

\* Chirathivat Group hold 100% of the total shares in Central Holding Co., Ltd.

**E) Names of shareholders who have conflict of interest as at the last closing date of the share register book on November 19, 2008**

No.	Shareholders	Shares	Shareholding (%)
1	Central Holding Co., Ltd.	588,171,980	27.00%
2	Wanchai Family Co., Ltd.	433,400	0.02%
3	Wanchai Family Group Co., Ltd.	22,900	0.00%
4	Mrs.Arune Chan	89,159,270	4.09%
5	Mr.Suthichai Chirathivat	41,794,000	1.92%
6	Mr.Suthikiati Chirathivat	41,730,200	1.92%
7	Mrs.Suchitra Mongkolkiti	33,652,400	1.54%
8	Mr.Tos Chirathivat	30,150,550	1.38%
9	Mr.Prin Chirathivat	30,150,550	1.38%
10	Mrs.Ratana Norpanlop	26,781,600	1.23%
11	Mr.Kobchai Chirathivat	26,668,500	1.22%
12	Mr.Sudhitham Chirathivat	25,729,900	1.18%
13	Mr.Suthilaksh Chirathivat	25,115,240	1.15%
14	Mr.suthiporn Chirathivat	24,566,400	1.13%
15	Mr.Suthichart Chirathivat	23,295,400	1.07%
16	Mr.Sudthidej Chirathivat	20,142,100	0.92%
17	Mr.Pichai Chirathivat	16,858,800	0.77%
18	Mr.Sudhisak Chirathivat	14,173,200	0.65%
19	Mrs.Lida Chirathivat	14,168,900	0.65%
20	Mr.Watt Chirathivat	13,556,700	0.62%
21	Mrs.Chiemchitt Chirathivat	13,365,400	0.61%
22	Mrs.Mookda Uahwatanasakul	13,118,200	0.60%
23	Mr.Suthisarn Chirathivat	12,887,800	0.59%
24	Mr.Suthiphand Chirathivat	12,814,800	0.59%
25	Mr.Sudhipak Chirathivat	12,794,800	0.59%
26	Mrs.Sirikate Chirakiti	10,528,600	0.48%
27	Mr.Isareit Chirathivat	9,202,200	0.42%
28	Mrs.Skonsri Maleenont	8,904,700	0.41%
29	Ms.Sukulaya Uahwatanasakul	8,792,400	0.40%
30	Mr.Narongrit Chirathivat	8,711,000	0.40%
31	Mrs.Sukanya Promphan	8,684,600	0.40%
32	Ms.Wallaya Chirathivat	8,664,300	0.40%
33	Ms.Achara Chirathivat	8,640,600	0.40%
34	Mrs.Narttaya Chirathivat	8,619,600	0.40%
35	Ms.Busaba Chirathivat	8,609,600	0.40%

No.	Shareholders	Shares	Shareholding (%)
36	Ms.Jariya Chirathivat	8,589,600	0.39%
37	Mrs.Piyaphan Chirathivat	8,529,600	0.39%
38	Mrs.Supatra Chirathivat	8,529,600	0.39%
39	Mr.Kriengsakdi Chirathivat	7,377,900	0.34%
40	Mrs.Nidsinee Chirathivat	6,702,800	0.31%
41	Ms.Suvimol Chirathivat	6,402,800	0.29%
42	Mr.Sakchai Chirathivat	5,292,900	0.24%
43	Mr.Chanavat Uahwatanasakul	4,386,200	0.20%
44	Ms.Nateanong Chirathivat	4,281,400	0.20%
45	Ms.Katherine Marie Chirathivat	2,129,900	0.10%
46	Mr.Ty Chirathivat	683,500	0.03%
47	Mrs.Vanida Chirathivat	644,000	0.03%
48	Mrs.Sookta Chirathivat	260,000	0.01%
49	Mrs.Oranee Chirathivat	200,000	0.01%
50	Ms.Vipa Chirathivat	104,400	0.00%
51	Mr.Chaichat Boonyarat	59,700	0.00%
52	Mr.Prasert Chirakiti	20,000	0.00%
53	Mr.Jirasak Chirathivat	6,000	0.00%
54	Mrs.Chintana Boonyarat	300	0.00%
	Total	1,304,861,190	59.89%

The Company will be disclose the names and number of shares of the shareholders who have not right to vote as at the closing date of the share register book for attend the Extraordinary General Meeting of shareholder No.1/2009 on March 25, 2009 via website [www.cpn.co.th](http://www.cpn.co.th) after the Thailand Securities Depository Company Limited send the name list of shareholders to the Company and the Company will be informed to all shareholders at the meeting.

**F) Liabilities as of December 31,2008**

Type of Liabilities	Amount (MB.)	Guarantee
1. Unsecured Bond <sup>(1),(2)</sup>		
1.1 Unsecured Bond CPN093A	1,000	- None -
1.2 Unsecured Bond CPN10DA	1,500	- None -
1.3 Unsecured Bond CPN096A, CPN096B	1,500	- None -
1.4 Unsecured Bond CPN126A	3,000	- None -
1.5 Unsecured Bond CPN119A	1,500	- None -
2. Property Fund <sup>(2)</sup>		
2.1 Thai Business Fund 2	617	Building, System Work and Leasehold rights of Central Plaza Pinklao
2.2 Thai Business Fund 4	2,265	Leasehold rights of Central World
2.3 Thai Business Fund 5	929	Land and Shoping Mall Building of Central Plaza Bangna
3. Loan from financial institutions <sup>(2)</sup>		
3.1 Project Finance-Changwattana	2,500	Land and Building of Central Plaza Changwattana
4. Promissory Note		
4.1 Promissory Note-Financial institutions <sup>(2)</sup>	500	- None -
4.2 Promissory Note-Other parties	184	- None -
5. Bill of Exchange <sup>(2)</sup>		
5.1 Bill of Exchange- Financial institutions	950	- None -
6. Loan from related parties		
6.1 Short-Term Loan	3	- None -
6.2 Long-Term Loan	162	- None -
<b>Total</b>	<b>16,610</b>	

Remarks: <sup>(1)</sup> The Annual General Meeting of the Shareholders No.1/2007, held on April 27, 2007 has approved the issuance of unsubordinated debentures (secured and/or unsecured) of the amount not exceeding Baht 8,000 million. Currently, the unsubordinated debentures balance is Baht 3,500 million.

<sup>(2)</sup> Total outstanding loans is Baht 16,261 million. (sum of items 1.+2.+3.+4.1+5.)



**G) Financial Estimation**

- None-

**H) Other Informations which may be Significantly Effect to the Making Decision of Investors**

- None-

**I) The litigation in Process**

- a. In 1996, a local company filed a case with the court against the Company for breach of rental agreement amounting to Baht 83.4 million. The Company filed a counter-claim with the court against that company for damages of Baht 2.5 million. In October 2001, the First Court gave its verdict in favour of the Company. However, in September 2004, the Appeal Court gave a verdict in favour of a counter party. At present, the case has been appealed in the Supreme Court.
- b. In 2003, individuals filed a case with the court against the Company for damages caused by the Company's construction project amounting to Baht 64.9 million. In August 2005, the First Court gave its verdict in favour of the Company. At present, the case has been appealed in the Appeal Court.

**J) The Significant Agreement in the Past 2 Years**

On March 19, 2008 CPN Pattaya Beach Company Limited, the subsidiary of CPN has signed the hotel management agreement with Hilton International Manage LLC, which is not connected party, to manage the hotel in the Central Festival Pattaya Beach Project. According to the develop plan, the Company expect to open the hotel by the year 2010.

**K) Connected Transaction in 2007 and 2008**

The Company and its subsidiaries conducted transactions with connected parties with potential conflicts of interest, as disclosed in item 4 of the notes to financial statements of 2008. Most of the connected transactions were engaged with businesses in which the Chirathivat Group holds majority shares, like the Company. For CPN, a majority share of 33% is held by the Chirathivat Group and 27% by Central Holding Co., Ltd., altogether accounting for 60%. Transactions and rationales in conducting such transactions are summarized as follows:

**1. Revenue from connected parties** comprises revenue from space rental and utility service fee in shopping complexes, revenue from land rental, and management fees, as well as revenue from other sources, including insurance premiums, property taxes, sales promotion expenses, warrant fees, commissions, and other fees for various services collected from connected parties. Total amount of revenue from connected parties in 2007 and 2008 was 1,455 MB and 1,499 MB respectively.

**Justification and Rationale for Connected Transactions**

CPN's core business is the provision of space for rent and services in shopping complexes, office buildings, residential condominiums, food centers, water parks, and recreational parks located on the premises of shopping complex projects. The company is also the provider of utility services in shopping complexes. Various businesses in the Central Group are inter-related and complementary of one another – department stores, supermarkets, retail shops, and various leading branded restaurants. Most of the revenue is earned from doing

business under normal business conditions and under general commercial conditions made with the Central Group, with high growth potential and secure financial status. In addition, businesses under popular brands, including department stores, supermarkets, retail shops and restaurants, can draw more customers to CPN's shopping complexes. This, as a consequence, produces higher returns to CPN and its shareholders. The Company's policy on the rates of rental and services collected from connected parties is as follows:

- Rates of rental, service fees, and utility fees from space rental in shopping complexes collected from businesses are based on market prices. Compared with other space for rent in the vicinity, or in the same class, CPN's rental rates and service fees are comparable. Rental rates are subject to locations, area sizes, forms, periods, and categories, and are in line with normal business practice.
- Other types of revenue come from the collection of insurance premiums, property taxes, sales promotion expenses, warrant fees, and other service fees from tenants in shopping complexes. CPN's policy is to standardize revenue collection from both connected parties and general customers, based on the actual cost, space rental category, and the usual business practice.
- Revenue from land lease occurs at some properties where CPN and other companies in the Central Group have a project on the same piece of land, taking into account the marketing advantage and the size of the project. In this case, one of the companies in the Group will act as the buyer or tenant of the whole piece of land from the landlord and will divide the land into various sizes as needed by other companies, and have those companies rent or sub-rent. The rental is the cost plus actual interests or market price which evaluated by the independent appraiser. Furthermore, the Company's assets were evaluated under the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and other related regulations and all transactions concerning revenue from land leases are verified by the auditor.
- Revenue from large space rental in shopping complexes is agreed at the stage of project design. Rental is derived from the costs of land and construction plus actual interests as well as operating expenses. Most transactions in this category were conducted before the listing of the Company on SET. The Company's assets were evaluated under SET regulations and all transactions concerning income from large land leases are verified by the auditor.

Details of Revenue Derived from Connected Parties

Connected Party	Transaction value (Baht million)		Detail
	Y2007	Y2008	
1.1 Central Retail Corporation Co., Ltd. (CRC) (Majority share held by the Chirathivat Group)	660	928	<ul style="list-style-type: none"><li>- CPN earns revenue from rental, service fees, utility fees, and other revenue from leasing retail areas in shopping complexes to various retail businesses under the CRC Group. All transactions in this category occur in the course of normal business.</li><li>- CPN earns revenue from land leasing to Big C Super Center Plc, a company in the CRC Group. This is the lease of part of the land in</li></ul>

Connected Party	Transaction value (Baht million)		Detail
			CPN's Khon Kaen Project. Rental rates are in line with the above-mentioned method. - CPN charges management fees from Central Department Store Co., Ltd. (the owner of Central Department Store, which is in the CRC Group.) This is in fact in return for the compensation paid to executives who run both companies. Such compensation is of the same rate as that collected by other companies in the same business.
1.2 Central Marketing Group Co., Ltd. (CMG) (Majority share held by the Chirathivat Group)	133	162	- CPN earns revenue from rental, service fees, utility fees, and other revenues from leasing sales areas in shopping complexes under normal business practice to various retail businesses in CMG.
1.3 The Central Plaza Hotel Plc Group of Companies (CHR) (Majority share held by the Chirathivat Group)	23	68	- CPN collects rental and service fees from CHR for the lease of the area where Bangkok Convention Center is located in the CentralPlaza Lardprao Project. This is a long-term lease of 17 years valid until December 18, 2008. - The Thai Business Fund 4 has made a sub-lease contract with CHR for land and part of the building in the premises of CentralWorld Project. Under the contract, which is valid for 29 years until 2032, CHR agreed to use the mentioned land and building for the development of a hotel, a parking lot, and a convention hall. The rental is divided into two parts, one of which is the rental that was paid in the year when the agreement was signed and the other is the annual rental.
1.4 Central Restaurant Co., Ltd., (CRG) (Majority share held by the Chirathivat Group)	101	173	CPN earns revenue from rental, service fees, utility fees, and other revenues from the lease of space in shopping complexes to businesses in CRG. All transactions in this category occur in the course of normal business.
1.5 Businesses in which related parties hold shares or serve as directors	165	168	CPN earns revenue from rental, service fees, utility fees, and other revenue from the lease of space in shopping complexes to other

Connected Party	Transaction value (Baht million)		Detail
			companies in which CPN directors share or hold a director position, such as Fuji Japanese Restaurant, Zen Japanese Restaurant, Body Shop, Thai Privilege Health Care Spa, Sakura Restaurant, Lee Coopers, and Ragazze. All transactions in this category occur in the course of normal business practice.

**Remark:**

- 1) Central Retail Corporation Co., Ltd. (CRC) consists of various retail businesses, which comprises Central Department Store, Robinson Department Store, Zen Department Store, Tops Supermarket, PowerBuy, B2S, SuperSports, Homework, Office Depot (franchise), Marks & Spencer (franchise), Watson (joint venture), Muji (franchise), and Bic C Super Center (joint venture).
- 2) Central Marketing Group Co., Ltd. (CMG) consists of import, manufacturing, distribution, and sale of consumer goods bearing both international and house brands. These retailers are:
  - 2.1) Clothing products and accessories, such as Guess, Calvin Klein, Lee, FCUK, G2000, U2, Benetton, Casualist
  - 2.2) Cosmetic products, such as CLARINS, YVESSAINTLAURENT, Elizabeth Arden, Laura Mercier, H2O+, PAYOT
  - 2.3) Watches, such as Guess, Casio, Marc Ecko, Nautica, Nike, Timberland
  - 2.4) Baggage, sports gear, and others
- 3) The Central Plaza Hotel Plc Group of Companies (CHR) operates hotels and resorts in Centara Group in Bangkok and various tourist destinations in Thailand.
- 4) Central Restaurant Co., Ltd., (CRG) engaged in assorted Western-style fast-food businesses, including Quick Service Restaurants; namely Mister Donut, KFC, Auntie Anne's, Baskin Robbins, Pizza Hut and Pepper Lunch .

**2. Expenses paid to connected parties** comprise expenses for space rental in shopping complexes, land rental, and management fees. In 2007 and 2008, CPN paid altogether 196 MB and 197 MB respectively to connected parties.

**Justification and Rationale for Connected Transactions**

- Rental of land from connected businesses occurs in projects where CPN and other companies in the Central Group have a joint development plan on the same piece of land, taking into account the marketing advantage and the suitable size of the project. In this case, one company will act as the buyer or tenant of the land from the landlord and will divide the land into different sizes as required for leasing or sub-leasing. The rental will be the cost plus actual interests or market price which evaluated by the independent appraiser. The Company's assets were evaluated under SEC, SET and other related regulations. In addition, each transaction concerning rental payment is verified by the auditor.
- Space rental in shopping complexes occurs in projects where CPN has a joint investment with a department store in the Central Group. The building will be divided into two parts, the shopping complex and the department store. In some cases, CPN will rent large space in a department store and develop it into a sales area, considering mainly the revenue from rental and service fees compared with the cost of space rental that CPN has to repay the department store. An agreement on the cost of large space rental is reached at the stage of project design under the same criteria as those used for large space

rental to connected businesses. Most such transactions occurred before the listing of the Company on SET. The Company's assets were evaluated under SET regulations. In addition, each transaction concerning rental payment of large areas is verified by the auditor.

- Hiring a connected business as management consultant. CPN's consideration to hire a management consultant is mainly based on its experience in the retail business and the understanding of the nature and strategies of the business. The management fees paid to management consultant, who is also the Company's connected business, are the actual expenses the service provider incurs in its services suitable for all businesses in the Central Group.
- The application for insurance with a connected business is considered a normal transaction in the normal business practice which have the market price and conditions or the best coverage offered from insurance agents by compare the price in the past 2 years. In case of only one insurance agent make a quotation, the Company shall consider by compare the price in the past year, it depend on the conditions and insurance market situation.

Expenses paid to connected parties

(2.1) CPN rents land from Central Department Store Co., Ltd., which Chirathivat Group is major shareholder, to launch shopping complexes in CentralPlaza Ramindra and CentralPlaza Pinklao projects.

(2.2) CPN sub-rents land from Central Inter Pattana Co., Ltd. (CID), which Chirathivat Group is major shareholder, to launch a shopping complex in CentralPlaza Ladprao Project (ownership of the land is held by the State Railway of Thailand, for which the contract is due to expire on December 18, 2008. CPN has entered into a memorandum of understanding ("MOU") to confirm and preserve the rights for the new sub-lease agreement with CID. In doing so, CID required CPN to make a payment of 300 million baht as a guarantee for the right to sub-lease land and/or building of CentralPlaza Lardprao on the date that CID entered into a lease agreement with SRT. Since the new sub-lease agreement between CPN and CID has not yet come to a conclusion, the guarantee payment was derived from initial negotiation between CPN and CID. Non-interested Directors and Audit Committee agree that such transaction and the Company has disclosed the details of transaction to SET on December 9, 2008.

(2.3) CPN sub-rents land from Central Pattaya Co., Ltd., which Chirathivat Group is major shareholder, to launch a shopping complex in Central Festival Center Pattaya Project (ownership of the land is held by an individual).

(2.4) CPN rents parts of the buildings belonging to Central Department Store Co., Ltd., which Chirathivat Group is major shareholder, in CentralPlaza Ladprao, CentralPlaza Pinklao, and CentralPlaza Ratchada-Rama III projects for development into retail areas in addition to the parts where CPN holds land ownership or land rental rights.

(2.5) CPN hired Central Department Store Co., Ltd. ("HCDS") which Chirathivat Group is major shareholder, to manage the business, provide management consultation, set up policies, and provide recommendations for running businesses. This hiring contract lasts from January 1, 2008, to December 31, 2009. Under this contract, CPN pays service fees to HCDS at 0.75% of the revenue from rental and service fees each month, which must be in the range of Baht 4,950,000 to Baht 7,420,000 each month. The ceiling and minimum are also subject to a 5% increase each year. The rate of fees was tabled for approval by the Audit Committee and the Board of Directors, in which directors who hold stakes in this transaction abstained from voting. CPN disclosed the details of the transactions to SET on November 7, 2007.

(2.6) CPN took out insurance for shopping complexes and office buildings against any accidents, disasters, and other detrimental incidents with CG Broker Co., Ltd., which Chirathivat Group is major shareholder.

(2.7) The Board of Directors held on November 5, 2008 has resolved to approve the entering into a land lease agreement with Robinson Nakarin Company Limited, which the Chirathivat Group is major shareholder, to develop a lifestyle shopping center. Total area of such land is 20 Rai 1 Ngarn 49 Square Wah, located on Srinakarin Road and Soi On Nuch 39 (Soi Anamai), Suan Luang (North Prakhong), Suan Luang (Prakhong), Bangkok. The total value of land lease agreement as at the market price which evaluated by the independent appraiser is 387 million baht, which will be paid in four installments with a present value of approximately 340 million baht (at 12% discount rate).

The Board of Directors considered that the location is suitable for developing the lifestyle project and the project will also add value to CPN in long term. Moreover, such development is in line with CPN's strategy which is to develop new formats of shopping mall in order to serve customer's need. However, the appropriate timing to develop the project still depends on economic and market situation. Non-interested Directors and Audit Committee agree that such transaction and the Company has disclosed the details of transaction to the Stock Exchange of Thailand ("SET") on November 5, 2008. As at December 31, 2008 the Company is in process of land lease agreement with Robinson Nakarin Company Limited

### **3. Loans between CPN and connected parties**

#### **Policies on loans between CPN and connected parties**

- CPN and subsidiaries (those with 99.99% shares held by CPN)  
CPN allows subsidiaries to borrow from CPN and vice versa if the subsidiaries have working capital surplus and CPN needs such money. In this case, current accounts are set up with CPN and promissory notes are prepared as evidence with the average interest rate of unsecured debt securities issued by the Company. Connected transaction approvers consist of the Vice President for Finance, the Senior Executive Vice President for Finance & Accounting, and the President & CEO, respectively.
- CPN and joint-venture partners (those with 50 to 99.99% shares held by CPN)  
CPN allows joint-venture partners to secure their own sources of fund. In urgent cases, however, they may borrow from shareholders in proportion to their shareholding in CPN. Approval is needed from the Senior Executive Vice President for Finance & Accounting, the President & CEO, and the Board of Directors, respectively. In this case, promissory notes are prepared as evidence. As regards interest rates, the applying rates are based on commercial banks' MLR.
- CPN and associated companies (those with less than 50% shares held by CPN) or connected parties  
CPN has no policy to let associated companies, with CPN holding less than 50% shares, or connected parties borrow from it. In fact, for the past five years, no such instance has happened. According to CPN's regulations, if a loan is extended to an associated company, approval is needed from the Board of Directors with promissory notes as evidence and with commercial banks' MLR applied.

Loans between CPN and connected parties

Baht Million

Description	31 December 2007	31 December 2008	Financial Statements of
3.1 Loan <sup>(1)</sup>			
1) Loans obtained from subsidiaries	3,927	3,976	CPN
2) Loans obtained from related parties	44	165	Consolidated
3.2 Loan <sup>(2)</sup>			
1) Loans granted to subsidiaries	5,753	8,215	CPN
2) Loans granted to related parties	12	-	Consolidated

Remarks: <sup>(1)</sup>These items without collaterals are payable on demand with the average interest rate of unsecured debt securities issued by the Company.

<sup>(2)</sup>These items without collaterals are payable on demand with the average interest rate of unsecured debt securities issued by the Company. (except a loan to Central Pattana Khon Kaen Co., Ltd., a subsidiary, which is secured by plots of land owned by the subsidiary)

As for the 162.7 MB loan granted to Siam Retail Development Co., Ltd. (in which CPN held 15% of the shares), the amount was in proportion to CPN's equity in that company and was intended for use in project development. But since the company was under debt restructuring called for by a rehabilitation plan, CPN is likely to get partial repayment of the loan – but at an uncertain date and for an uncertain sum. Therefore, CPN has set up a provision for the full amount. Today CPN has no policy of extending loans to any associated company.

**4. Guarantees for loans for connected parties****Justification and Rationale for Connected Transactions**

CPN's policy is to provide loan guarantees for its subsidiaries in proportion to its shareholding but has no policy of placing assets for such loan guarantees. However, CPN does provide guarantees as its parent company, and collects commissions from subsidiaries for such guarantees.

As of December 31, 2008, CPN had four categories of guarantee obligations to connected parties:

Baht Million

Description	31 December 2007	31 December 2008
4.1 Guarantees for subsidiaries' outstanding loans		
- Thai Business Fund 4	2,778	2,265
- Thai Business Fund 5	1,039	929
Total	3,817	3,194
4.2 Guarantees for bank overdraft for subsidiaries	-	69
4.3 Guarantees offered to subsidiaries' aval on promissory notes	172	147
4.4 Loan ceiling guarantees for subsidiaries' public utilities guarantees given to Thai commercial banks	134	168

**L) Consolidated Operation Year 2006 to 2008 and Management's Discussion and Analysis Results Year 2007 and 2008**

**Central Pattana Public Company Limited and its Subsidiaries**

**Balance sheets**

	<b>Audited</b>					
	2006		2007		2008	
	(in Baht)	%	(in Baht)	%	(in Baht)	%
<b>Current assets</b>						
Cash and cash equivalents	2,623,558,635	7.64	1,026,000,685	2.76	2,407,345,899	5.50
Current investments	1,066,772,764	3.11	2,957,083,995	7.95	1,269,355,534	2.90
Trade accounts receivable - Net	266,967,638	0.78	378,804,711	1.02	536,595,036	1.23
Other current assets	520,065,439	1.51	860,376,970	2.31	1,179,220,612	2.69
<b>Total current assets</b>	<b>4,477,364,476</b>	<b>13.04</b>	<b>5,222,266,361</b>	<b>14.04</b>	<b>5,392,517,081</b>	<b>12.32</b>
<b>Non-current assets</b>						
Investments in associates	2,246,663,687	6.54	2,306,473,984	6.20	2,354,751,757	5.38
Long-term loans to related parties	10,117,924	0.03	12,167,165	0.03	-	-
Other investments	1,000,000	-	1,000,000	0.00	1,895,194	-
Deferred tax assets	526,341,989	1.53	655,162,109	1.76	734,424,504	1.68
Property and equipment - Net	26,351,695,291	76.75	28,795,045,018	77.40	34,973,048,824	79.88
Other assets	723,293,496	2.11	212,526,565	0.57	327,142,155	0.75
<b>Total non-current assets</b>	<b>29,859,112,387</b>	<b>86.96</b>	<b>31,982,374,841</b>	<b>85.96</b>	<b>38,391,262,434</b>	<b>87.68</b>
<b>Total assets</b>	<b>34,336,476,863</b>	<b>100.0</b>	<b>37,204,641,202</b>	<b>100.0</b>	<b>43,783,779,515</b>	<b>100.0</b>



**Central Pattana Public Company Limited and its Subsidiaries****Balance sheets**

	<b>Audited</b>					
	2006		2007		2008	
	(in Baht)	%	(in Baht)	%	(in Baht)	%
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial institution	11,719,321	0.03	-	-	-	-
Trade accounts payable	3,710,065	0.01	54,711,489	0.15	53,325,273	0.12
Short-term loans from related parties	3,171,250	0.01	3,300,159	0.01	3,429,068	0.01
Current portion of long-term loans	2,236,576,226	6.51	1,233,591,261	3.32	3,320,419,636	7.58
Other short-term loans payable	-	-	-	-	1,450,000,000	3.31
Contractor payable	835,070,697	2.43	379,211,889	1.02	851,814,659	1.95
Income tax payable	346,745,000	1.01	252,448,562	0.68	316,571,142	0.72
Other current liabilities	1,405,952,757	4.09	2,611,788,665	7.02	2,355,265,883	5.38
<b>Total current liabilities</b>	<b>4,842,945,316</b>	<b>14.10</b>	<b>4,535,052,025</b>	<b>12.19</b>	<b>8,350,825,661</b>	<b>19.07</b>
<b>Non-current liabilities</b>						
Long-term loans from related parties	-	-	40,885,256	0.11	161,587,774	0.37
Other long-term loans payable	8,875,511,177	25.85	10,770,470,484	28.95	11,674,686,104	26.66
Deferred tax liabilities	796,079,582	2.32	759,512,233	2.04	715,324,822	1.63
Unearned rental and service income	4,983,811,529	14.51	4,893,018,074	13.15	4,817,191,627	11.00
Deposits received from customers	2,112,732,152	6.15	2,405,361,563	6.47	2,857,708,211	6.53
Guarantees for leasehold prepayments	151,212,010	0.44	161,049,067	0.43	33,132,999	0.08
<b>Total non-current liabilities</b>	<b>16,919,346,450</b>	<b>49.28</b>	<b>19,030,296,677</b>	<b>51.15</b>	<b>20,259,631,537</b>	<b>46.27</b>
<b>Total liabilities</b>	<b>21,762,291,766</b>	<b>63.38</b>	<b>23,565,348,702</b>	<b>63.34</b>	<b>28,610,457,198</b>	<b>65.34</b>

**Central Pattana Public Company Limited and its Subsidiaries****Balance sheets**

	<b>Audited</b>					
	2006		2007		2008	
	(in Baht)	%	(in Baht)	%	(in Baht)	%
<b>Shareholders' equity</b>						
Share capital						
Authorised share capital	2,178,816,000		2,178,816,000		2,178,816,000	
Issued and paid-up share capital	2,178,816,000	6.35	2,178,816,000	5.86	2,178,816,000	4.98
Share premium	2,007,565,850	5.85	2,007,565,850	5.40	2,007,565,850	4.59
Fair value changes	1,174,644	-	1,277,030	-	5,319,194	0.01
Negative goodwill	112,594,465	0.33	112,594,465	0.30	-	-
Retained earnings						
Appropriated for legal reserve	217,881,600	0.63	217,881,600	0.59	217,881,600	0.50
Unappropriated	7,509,391,324	21.87	8,502,680,424	22.85	10,089,338,299	23.04
Minority interest	546,761,214	1.59	618,477,131	1.66	674,401,374	1.54
<b>Total equity</b>	<b>12,574,185,097</b>	<b>36.62</b>	<b>13,639,292,500</b>	<b>36.66</b>	<b>15,173,322,317</b>	<b>34.66</b>
<b>Total liabilities and equity</b>	<b>34,336,476,863</b>	<b>100.0</b>	<b>37,204,641,202</b>	<b>100.0</b>	<b>43,783,779,515</b>	<b>100.0</b>

**Remarks:** \* Authorised share capital as at December 31,2008 consists of common shares 2,178,816,000 shares,  
1 Baht per share

**Central Pattana Public Company Limited****Statements of income and unappropriated retained earnings**

	<b>Audited</b>					
	2006		2007		2008	
	(in Baht)	%	(in Baht)	%	(in Baht)	%
<b>Revenues</b>						
Rental and service income	2,943,113,295	41.17	3,066,185,687	39.97	3,250,956,557	57.22
Interest income	173,141,989	2.42	177,464,236	2.31	354,437,373	6.24
Dividend income	3,584,338,481	50.14	3,949,311,444	51.48	1,566,937,497	27.58
Other income	447,426,551	6.26	479,177,025	6.25	509,116,466	8.96
<b>Total revenues</b>	<b>7,148,020,316</b>	<b>100.00</b>	<b>7,672,138,392</b>	<b>100.00</b>	<b>5,681,447,893</b>	<b>100.00</b>
<b>Costs and expenses</b>						
Cost of rental and service	1,221,280,607	17.09	1,262,616,216	16.46	1,389,852,919	24.46
Administrative expenses	712,168,421	9.96	910,542,098	11.87	1,063,546,935	18.72
Interest expense	548,820,297	7.68	427,585,110	5.57	498,770,685	8.78
Directors' remuneration	2,760,000	0.04	3,400,000	0.04	5,290,000	0.09
<b>Total costs and expenses</b>	<b>2,485,029,325</b>	<b>34.77</b>	<b>2,604,143,424</b>	<b>33.94</b>	<b>2,957,460,539</b>	<b>52.05</b>
<b>Profit from operation</b>	<b>4,662,990,991</b>	<b>65.23</b>	<b>5,067,994,968</b>	<b>66.06</b>	<b>2,723,987,354</b>	<b>47.95</b>
Share of profits from investments	-	-	-	-	-	-
Income tax expense	( 333,016,186)	(4.66)	( 343,214,187)	(4.47)	( 332,656,154)	-5.86
<b>Profit(loss) for the year</b>	<b>4,329,974,805</b>	<b>60.58</b>	<b>4,724,780,781</b>	<b>61.58</b>	<b>2,391,331,200</b>	<b>42.09</b>
Unappropriated retained earnings at beginning of the year	4,763,788,611		8,222,237,016		12,271,584,837	
Appropriated for legal reserve	-		-		-	
Dividends paid	( 871,526,400)		( 675,432,960)		( 718,894,836)	
<b>Unappropriated retained earnings at end of year</b>	<b>8,222,237,016</b>		<b>12,271,584,837</b>		<b>13,944,021,201</b>	
Earnings per share						
Net basic earnings per share	1.99		2.17		1.10	

**Financial Ratio****Central Pattana Public Company Limited and its Subsidiaries**

<b>As at 31 December</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>LIQUIDITY RATIO</b>			
Current Ratio	0.93	1.15	0.65
Quick Ratio	0.82	0.96	0.50
Cash Ratio	0.75	0.90	0.61
Account Receivable Turnover	36.30	26.31	20.34
Average Collection Period	10	14	18
<b>PROFITABILITY RATIO</b>			
Gross Profit Margin	43.59%	41.76% <sup>(1)</sup>	43.14%
Operating Profit Margin	29.36%	27.90% <sup>(1)</sup>	26.25%
Other Profit Margin	-	-	-
Cash-Profit Ratio	178.90%	230.39% <sup>(1)</sup>	157.96%
Net Profit Margin	21.75%	18.70% <sup>(1)</sup>	22.22%
Return on Equity	14.50%	12.53% <sup>(1)</sup>	15.89%
<b>EFFICIENCY RATIO</b>			
Return on Assets	4.98%	4.99%	5.40%
Return on Fixed Assets	11.86%	10.99%	11.02%
Total Assets Turnover	0.22	0.24	0.23
<b>FINANCIAL POLICY RATIO</b>			
Debt to Equity Ratio	1.73	1.73	1.89
Interest-Bearing Debt to Equity	0.88	0.88	1.09
Net Interest-Bearing Debt to Equity	0.59	0.59	0.75
Interest Coverage Ratio	5.67	7.23	7.23
Cash Basis Coverage Ratio (cash basis)	0.51	0.65	0.45
Dividend Payout Ratio	40%	40%	30%

Remarks: <sup>(1)</sup> In 2007, Gross Profit Margin, Operating Profit Margin, Cash-Profit Ratio, Net Profit Margin, and Return on Equity excluded non-recurring income of Baht 214.3 million

**Overall Performance:**

FY2007 consolidated net profit increased by 5.8% y-o-y to 1,783.4 MB with an increase in total revenue of 17.7% y-o-y to 7,895.3 MB. Excluding the non-recurring item, consolidated net profit declined by 6.9% y-o-y to 1,569.1 MB, in light of increased depreciation from enhancement projects and higher marketing and promotion expenses during the year of weak consumer confidence and the first year of full operation of CentralWorld. Total revenue without non-recurring item increased by 14.5% y-o-y to 7,681.0 MB with an increase in EBITDA of 2.0% y-o-y to 3,751.5 MB, mainly supported by incremental contribution of the CentralWorld.

On the FY2008 basis, results also showed an impressive improvement with consolidated total revenues of 8,598.6 MB, up 8.9% y-o-y and the net profit of 2,185.8 MB, up 22.6% y-o-y. Without the non-recurring income in FY2007 performance, consolidated total revenues and net profit in FY2008 would have increased 11.9% y-o-y and 39.3% y-o-y, respectively. The main contributors remained organic growths of its retail properties and the efficient cost control.

As at December 31, 2008 total leasable area stood at 778,496 sqm, which includes 627,843 sqm of retail space, 144,280 sqm of office space, and 6,373 sqm of residential space. The leasable area mentioned above excludes that of CentralPlaza Rama 2 and CentralPlaza Rama 3, totaling 133,268 sqm, as the two properties were transferred to CPN Retail Growth Property Fund (“CPNRF”) which CPN acts as the property manager.

**New Developments:**

Global liquidity crisis has impacted CPN in two folds. Firstly, fund raising through CPNRF has been delayed due to unfavorable market conditions; hence, CPN financial structure has been diverted from the plan. Secondly, CPN now takes a more defensive stance in terms of business expansion. On the development front, plans for four green-field projects namely CentralPlaza Chaengwattana, CentralFestival Pattaya Beach, CentralPlaza Chonburi, and CentralPlaza Khon Kaen remain intact funding through internal cash flow and long-term loans from banks, thanks to the company’s strong track record and its A+ credit rating.

Recently, CPN opened two new shopping centers; CentralPlaza Chaengwattana (suburb of Bangkok) in November 2008 and CentralFestival Pattaya Beach (Chonburi Province – East of Thailand) in January 2009. Construction of the other two centers; CentralPlaza Chonburi (Chonburi Province – East of Thailand) and CentralPlaza Khon Kaen (Khon Kaen Province – Northeast of Thailand) is progressing as per schedule and within budget while sale targets were achieved at both sites. These two projects should be commercial operated in May 2009 and December 2009, respectively.

**Total Revenue (Rental & Service Income and F & B Sales):**

For FY2007, consolidated income from rental & service and food & beverage stood at 7,895.3 MB, up 17.7% y-o-y. Excluding the non-recurring item, consolidated income from rental & service and food & beverage grew by 14.5% y-o-y to 7,681.0 MB. Rental & service income grew by 15.7% y-o-y to 7,303.0 MB, driven by (1) an increase in service income from the new CAM Charge rate applied to all properties since August 2006, (2) higher contribution from CentralWorld after re-launching in December 2006, (3) additional income from new anchor tenant at CentralPlaza Chiangmai Airport and (4) stronger performance of CentralPlaza Ramindra and CentralPlaza Rattathibet after completion of their asset enhancements in December 2006. Food & beverage sales declined by 4.7% y-o-y to 378.0 MB, due to cease of operation of

CentralWorld's food court and an absence of income from food court at CentralPlaza Ratchda-Rama 3 during renovation.

FY2008 results also showed a strong improvement with total revenues of 8,598.6 MB, up 8.9% y-o-y. Without the non-recurring income in the FY2007 performance, total revenue in FY2008 would have increased 11.9% y-o-y with 11.5% y-o-y growth in rental & service income. This improvement was due to four distinct sources; (1) Increased service income after adjustment of common area, air-conditioning, and maintenance ("CAM charge") rate in January 2008, (2) Higher contribution from CentralWorld upon cutting down special rental discount and escalating occupancy rate, (3) Rental growth achieved at all properties and (4) Additional income from the newly opened CentralPlaza Chaengwattana.

**Total Cost:**

For FY2007, total cost increased by 18.3% y-o-y to 4,473.4 MB. Cost of rental & service grew by 20.3% y-o-y to 4,185.2 MB, reflecting additional depreciation & amortization of CentralWorld's expansion phase and higher utility cost mainly at CentralWorld after re-launching in December 2006. Meanwhile cost of food & beverage registered 288.1 MB, declined by 5.1% y-o-y, which was in line with the decrease in food and beverage sales.

Similarly, for FY2008, total cost increased by 9.3% y-o-y to 4,889.6 MB. Cost of rental & service grew by 7.9% y-o-y to 4,516.4 MB, mainly due to higher depreciation and amortization of CentralWorld upon further completion of its enhancement project, additional depreciation of the newly opened CentralPlaza Chaengwattana, and higher lease payment at CentralPlaza Lardprao. The latter was an estimated amount based on the renewed lease payment structure which will be proposed for an approval at the extraordinary shareholders' meeting on March 25, 2009.

**Total Operating and Administration Expenses:**

For FY2007, total operating and administration expenses amounted to 1,514.5 MB, up 40.5% y-o-y from increase in marketing and promotion spending, mainly at CentralWorld, and higher personnel expenses. On the backdrop of sluggish economy and weak sentiment witnessed throughout 2007, CPN's marketing and promotion expenses grew by 80.3% y-o-y to 565.7 MB, representing 7.4% of total revenue without non-recurring item, compared to that of 4.7% in the previous year.

For FY2008, total operating and administration expenses amounted to 1,556.8 MB, up 2.8% y-o-y from compounding effects of declined marketing and promotion expenses and increased personnel expenses as a result of an increase in number of employees to support new projects. On the backdrop of stagnant economy and soft spending, CPN's marketing and promotion expenses were well managed through top-line driven basis. For FY2008, excluding the one-time expenses of the opening celebrations of CentralPlaza Chaengwattana, the marketing and promotion expenses amounted to 461.5 MB, decreased by 18.4% y-o-y and representing 5.4% of total revenues, compared to 7.4% of the previous year.

**Net Profit:**

For FY2007, consolidated net profit stood at 1,783.4 MB, up 5.8% y-o-y. Excluding the non-recurring item, consolidated net profit declined by 6.9% y-o-y to 1,569.1 MB, reflecting an increase in operating and administration expenses as mentioned previously.

For FY2008, consolidated net profit stood at 2,185.8 MB, up 22.6% y-o-y. Excluding the non-recurring item in FY2007, consolidated net profit would have grown 39.3% y-o-y, mainly from organic growth of the shopping mall business.

### **Financial Position as at December 31, 2007**

#### **Assets**

As at December 31, 2007, the consolidated assets were recorded at 37,204.6 MB, comprising of 5,222.3 MB of current assets (14.0% of total assets), 28,795.0 MB of net property and equipment (77.4% of total assets) and 3,187.3 of other non-current assets (8.6% of total assets). Compared to the end of FY2006, total assets increased by 2,868.1 MB, or 8.4%. This was primarily attributed to the construction in progress of CentralPlaza Chaengwattana and CentralFestival Pattaya Beach projects, from which Property and equipment increased by 2,443.4 MB, or 9.3% from FY2006.

As at December 31, 2008, CPN reported consolidated total assets of 43,783.8 MB, increased by 6,579.1 MB, or 17.7% from the end of FY2007. The key contributor is a 6,178-MB increase in Property & Equipment and Leasehold Rights (representing totaling 80.0% of total assets) The increase was from a land acquisition in Chiangmai Province (north of Thailand) and construction in progress of under-developing projects and the newly opened CentralPlaza Chaengwattana.

#### **Liabilities**

CPN recorded consolidated liabilities of 23,565.3 MB, of which 81.0% was non-current liabilities. At the end of FY2007, interest bearing debt amounted to 12,044.9 MB, representing 51.1% of total liabilities. Compared to the end of FY2006, total liabilities increased by 8.3%, mainly from (1) the 3,000-MB unsecured bonds issued in June 2007 for combined project CAPEX, and (2) bank aval on promissory notes for the land acquisition at Khon Kaen project.

Consolidated total liabilities stood at 28,610.5 MB, increased by 5,045.1 MB, or 21.4%, from the end of FY2007. During FY2008, CPN issued 1,450-MB short-term loan (revolving promissory notes and bills of exchange) and 1,500-MB unsecured bonds and drew 2,500 MB from its long-term credit line. Interest-bearing debts increased by 4,400.2 MB, or 36.5%, to 16,445.1 MB, representing 57.5% of total liabilities as at December 31, 2008

#### **Shareholders' Equity**

Shareholders' equity was registered at 13,639.3 MB, an increase of 1,065.1 MB or 8.5% from that of the end of FY2006. As of December 31, 2007 retained earnings stood at 8,720.6 MB, up 993.3 MB from FY2006 from (1) the FY2007 consolidated net earnings of 1,783.4 MB, (2) dividend payment of 675.4 MB and (3) premium payment over the net assets value of Nine Square, amounting to 114.7 MB (27.14% of Nine Square's accumulated deficit of 420 MB). The premium payment was a result of an increase of CPN's interest in Nine Square (from 60.0% to 87.1%) and has been recorded as a reduction in the consolidated unappropriated retained earnings with a corresponding increase in the minority interest. The transaction was done in accordance with the restructure of the lease agreement of the Rama 9 project, in which the management believes that it will benefit the CPN's legal position and the premium resulted from an allowance for impairment loss will be recovered from the performance of the Rama 9 project in the future.

Consolidated total Shareholders' equity was registered at 15,173.3 MB, an increase of 1,534.0 MB or 11.2% from the end of FY2007. As of December 31, 2008 retained earnings stood at 10,307.2 MB, up 1,586.7 MB from FY2007, primarily due to the following reasons; (1) The FY2008 consolidated net earnings of 2,185.8 MB, (2) Dividend payment of 718.9 MB (0.33 Baht/share) and (3) Net increase of 211.1 MB from realizing negative goodwill as gains to retained earnings as a result of a change in accounting policy

**Capital Structure:**

At the end of FY2007, net interest bearing debt to equity stood at 0.6 times, relatively flat compared to that at the end of FY2006. Interest coverage ratio improved from was 5.9 times in FY2006 to 7.3 times in FY2007, due to higher cash flows from operating activities.

As plan to raise fund through the property fund vehicle "CPNRF" has to be postponed due to unfavorable market sentiment, CPN's capital structure has been diverted from property fund to borrowings. During FY2008, new debts of totaling 5,450 MB were raised to support business expansion. These include 1,450-MB short-term loan (average interest rate of 3.80% p.a.), 1,500-MB unsecured bond (3-year term, bullet payment and fixed interest rate of 4.80% p.a.) and 2,500-MB long-term bank loan (7-year repayment term and floating interest rate of MLR-2.0% p.a.). This brought up the net interest-bearing debt to equity ratio to 0.8 time, compared to 0.6 time at the end of FY2007.

At the end of FY2008 interest-bearing debt comprised of 65% fixed and 35% floating interest rate. Interest expenses and financial charges for FY2008 amounted to 543.4 MB, decreased by 6.4% from the FY2007 year-end. Weighted average interest declined to 5.2% per annum, compared to 5.5% in the FY2007. In declining interest rate environment, CPN has a policy to maintain interest rate at the fixed-to-floating ratio of 60:40.



**M) Information Memorandum on Connected Transaction and Acquisition and Disposal of Assets in the Past 6 Months**

The Board of Directors's Meeting No.6/2008 held on November 5, 2008 has resolved to approve the entering into a land lease agreement with Robinson Nakarin Company Limited, a 99.86%-owned subsidiary of Robinson Department Store Public Company Limited ("ROBINS") which is considered as a connected transaction. In the approval process, the directors who are the connected persons did not vote. Details of the transaction are described as follows;

**Transaction Date:**

After both parties agrees on terms and conditions of the land lease agreement.

**Related Parties:**

Lessee	CPN
Lessor	Robinson Nakarin, a 99.86%-owned subsidiary of ROBINS
Relationship	The major shareholders and directors of both CPN and Robinson Nakarin are members of Chirathivat Family.

**The Nature of the Transaction:**

CPN leasing land from Robinson Nakarin for 30 years is considered as a connected transaction regarding assets and services under the Stock Exchange of Thailand's Notification Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 and additional amendment.

**Size of the Transaction:**

The total value of land lease agreement is Baht 387 million, which will be paid in four installments with a present value of approximately Baht 340 million (at 12% discount rate). The terms of payment are as follows:

- 1<sup>st</sup> installment: Baht 116 million payable on the lease agreement date
- 2<sup>nd</sup> installment: Baht 116 million payable within 1<sup>st</sup> year from the lease agreement date
- 3<sup>rd</sup> installment: Baht 116 million payable within 2<sup>nd</sup> year from the lease agreement date
- 4<sup>th</sup> installment: Baht 39 million payable within 3<sup>rd</sup> year from the lease agreement date

Under the regulations for connected transaction, the total payment throughout the land lease term accounts for 2.92% of CPN's net tangible assets value (NTA)<sup>3</sup> as per the reviewed consolidated financial statements as of June 30, 2008

Under the regulations for acquisition and disposal of assets, the total payment throughout the land lease term accounts for 1.03% of total assets<sup>4</sup> as per the reviewed consolidated financial statements as of June 30, 2008

**Details of the Asset Involved in the Transaction:**

The asset is an undeveloped land without surface adjustment. Total area of such land is 20 Rai 1 Ngarn 49 Square Wah, located on Srinakarin Road and Soi On Nuch 39 (Soi Anamai), Suan Luang (North Prakhanong), Suan Luang (Prakhanong), Bangkok.

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<sup>3</sup> NTA as at June 30, 2008 is Baht 13,260.40 million.

<sup>4</sup> Total assets as at June 30, 2008 is Baht 37,430.21 million.

**The Basis Used in Determining the Value of Transaction:**

Market values appraised by CPN's and ROBINS's independent asset appraisers are as follows;

Company	Independent Asset Appraiser	Market Value (freehold)	Present Value of 30- year Lease Price (leasehold)
CPN	UK Valuation and Agency Co.,Ltd.	92,000 Baht/Square Wah	Baht 339 million
ROBINS	15 Business Advisory Co.,Ltd.	93,000 Baht/Square Wah	Baht 362 million

**The Details of the Connected Persons:**

▪ Major Shareholder

The Chirathivat Family is the major shareholder of CPN and ROBINS with the following shareholding proportions;

- 1) Directly and indirectly holding 59.89% shares of CPN
- 2) Directly and indirectly holding 53.83% shares of ROBINS
- 3) Indirectly holding 53.75% shares of Robinson Nakarin

▪ Directors

Connected person	Position in CPN	Position in ROBINS	Position in Robinson Nakarin
1. Mr. Sudhisak Chirathivat	Director	Chairman	-
2. Mr. Sudhitham Chirathivat	Director	Vice Chairman	Director
3. Mr. Prin Chirathivat	Director	Director	-

**Source of Fund:**

CPN's internal cash flow.

**Necessity and Rationale of the Transaction:**

CPN will lease the land to develop a lifestyle shopping center with a 2-storey open air shopping center, which comprises of 56,000 square meter of total project area. The Board of Directors considered that the location is suitable for developing the lifestyle project and the project will also add value to CPN in long term. Moreover, such development is in line with CPN's strategy which is to develop new formats of shopping mall in order to serve customer's need. However, the appropriate timing to develop the project still depends on economic and market situation.

**Board of Directors and Audit Committee's Opinion:**

Non-interested Directors and Audit Committee agree that such transaction is appropriate as possibility of conflicts of interest in this transaction is unlikely because the Chirathivat Family directly and indirectly holds shares of CPN, ROBINS and Robinson Nakarin in almost equal proportions. Moreover, net present value of leasehold right remuneration that CPN will pay to Robinson Nakarin is in the range of the market rates assessed by the independent asset appraisers. Consequently, the Board of Directors has resolved to approve the entering into the land lease agreement with Robinson Nakarin.