

Thailand Economy Overview

Thailand economy recorded a healthy growth at 5.7% in 2012¹, increasing from 1.1% growth in 2011. The higher growth was mainly due to numerous factors:

- **Low base in 2011 from the flood impact in 4Q11**
- **Large expenditure for repairing after the flood**
- **Government's Policies:**
 - The policies of raising the daily minimum wages
 - The policy on reducing corporate income tax to 23% in 2012 and to 20% in 2013
 - Other stimulus government policies such as the rice-pledging policy, the policy on tax returns for first-time car buyers, the policies of raising the starting salary for new graduates holding bachelor's degrees, the government's water management program (expected investment cost of 3.5 billion baht).

These policies contributed to strong domestic demand.

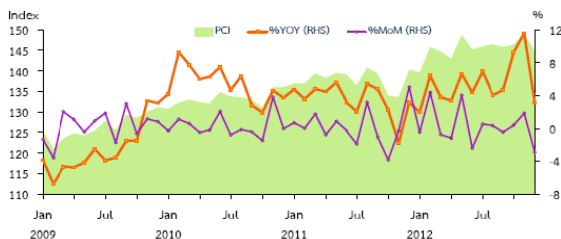
- **Flow of international tourists** to Thailand shows a significant rise over the past decade and the trend has continued through 2012 with 22.3 million arrivals.

Without political uncertainty and severe natural disaster, Thailand economy will continue blooming and the expansion is expected to remain broadly unchanged at 5 percent growth in 2013¹.



Private Consumption Index (PCI)
(Seasonally adjusted, 2000=100)

| | 2011 | 2012 | 2012 | | | | | | | |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|
| | | | H1 | H2 | Q3 | Q4 | Nov | Dec | | |
| PCI | 137.9 | 145.5 | 144.5 | 146.4 | 146.1 | 146.8 | 149.1 | 144.7 | | |
| %YoY | 3.5 | 5.5 | 4.4 | 6.5 | 5.2 | 7.9 | 11.6 | 3.1 | | |
| %MoM, %QoQ | - | - | - | - | 0.3 | 0.4 | 1.8 | -2.9 | | |

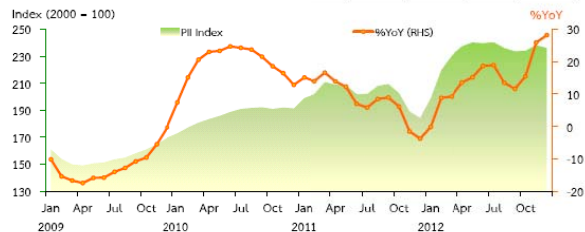


Source: Bank of Thailand

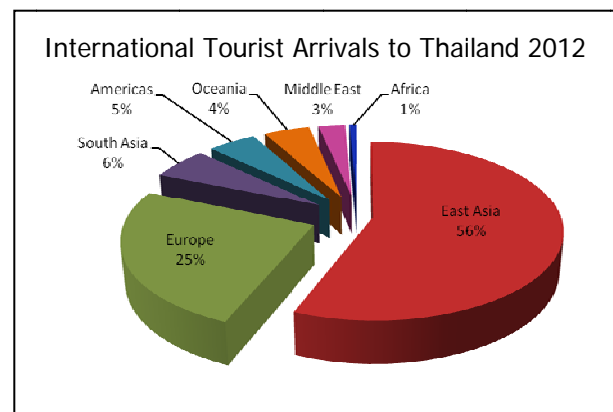
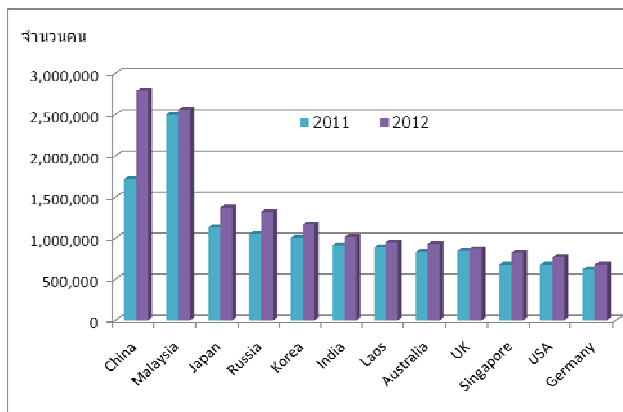


Private Investment Index (PII)
Seasonally adjusted, 3-month moving average

| | 2011 | 2012 ^a | 2012 | | | | | | | |
|------------|-------|-------------------|-------|-----------------|-------|-----------------|-------|------------------|--|--|
| | | | H1 | H2 ^b | Q3 | Q4 ^b | Nov | Dec ^b | | |
| PII | 201.6 | 234.9 | 235.0 | 234.9 | 233.6 | 236.2 | 238.1 | 236.2 | | |
| %YoY | 7.1 | 16.5 | 13.9 | 19.4 | 11.6 | 28.2 | 25.9 | 28.2 | | |
| %QoQ, %MoM | - | - | - | - | -2.5 | 1.1 | 1.7 | -0.8 | | |



Note: PII series are rebased according to MOC import prices index. Hence, data from 2000 onwards are disseminated.
P = Preliminary data



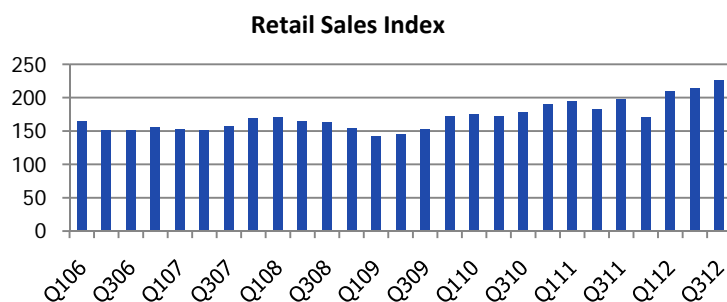
Source: Immigration Bureau

¹ The Office of the National Economic and Social Development Board

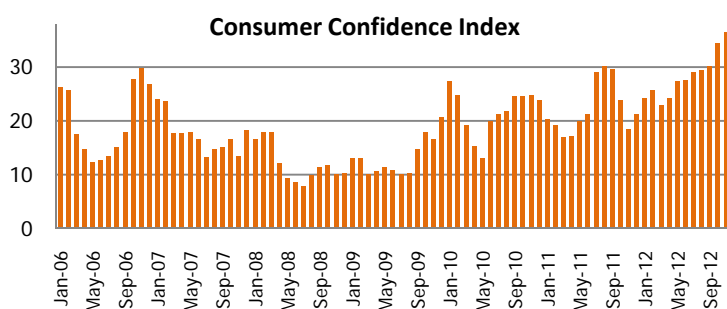
Thailand's Retail Market Overview

The retail sales index has been escalating since the 1Q12 after the flood disaster in the 4Q11 and consumer confidence index rocked a six-year high. The prosperous of retail market in 2012 was generally due to an increase in household income from a number of stimulated government policies, political stability, and a year without natural disaster.

Approximately 700,000 sqm. was added to retail supply in Bangkok and surrounding areas, the highest figure in the past six years, of which roughly 80% is in shopping mall segment, bringing the overall number to almost 6.5 million sqm. in 2012.



Source: Bank of Thailand



Source: Bureau of Trade and Economic Indices

Trend of Thailand's Retail Market:

- Areas along the mass transit line, suburban of Bangkok, and border provinces become strategic locations for retail developers to expand new shopping malls. While border areas can attract shoppers from neighboring countries into Thailand, suburban of Bangkok with intense residential scheme still has a plentiful supply of land suitable for developing large-scale shopping projects.
- Online shopping is still not as popular as it is in other countries because of the effectiveness of internet coverage and the concern of credit card fraud. Moreover, Thailand's tropical weather also contributes to slow acceptance of online shopping. People usually spend leisure time in shopping malls where they can "touch and feel" the product before making a purchasing decision.

Company's Performance Overview

The overall retail sentiment in 2012 was significantly superior to that of the preceding year, mainly stemmed from strong domestic demand.

In 4Q12, CPN accomplished its expansion plan with the launches of two new projects namely CentralPlaza Suratthani and CentralPlaza Lampang and achieved its financial targets. FY2012, CPN reported its consolidated net profit of 6,189 MB, increased by 201% y-o-y with total revenues of 19,463 MB, grown by 50% y-o-y.

Note that FY2011 and FY2012 financial results incorporated the following non-recurring items:

For FY2011:

- A 187-MB income from reversals of provisions for impairments of assets incorporated in the 4Q11-other income. (See notes to the financial statements for the year ended 31 December 2011, Item 28)

For FY2012:

- A 1,776-MB extra gains from the divestment of the Offices at CentralWorld to the CPNCG. A 1,602-MB gain was recorded in 3Q12 and a 174-MB gain was recorded in 4Q12. (See notes to the financial statements for the year ended 31 December 2012, Item 35)

CPN Commercial Growth Leasehold Property Fund, "CPNCG" was successfully set up on 14th September 2012. The fund has invested in a 20-year sub-leasehold right for the building and utility system of the Offices at CentralWorld. The units of CPNCG have been traded in the Stock Exchange of Thailand since 21st September 2012. Such investment was divided into 2 phases, detailed as follow;

CPNCG Overview

| Transaction Summary | |
|------------------------|---|
| Fund Name | CPN Commercial Growth Leasehold Property Fund ("CPNCG") |
| Fund Size | THB 4,394.4 million |
| No. of Units | 426,639,000 units |
| CPN's Units | 106,660,000 units (25% of total units) |
| Offering Price | THB 10.30 |
| Dividend Policy | At least 90% of net distributable income |

| Investment Asset : Phase I | |
|----------------------------|--|
| Land | 2-1-4 Rais |
| Office Building | GFA: 116,028 sqm NLA: 74,605 sqm All office building leasable area, <u>except</u> <ul style="list-style-type: none"> • Retail space in B1 – B3, G, 3 fl • 6 fl (partial), 7 fl, 25 fl, 44 fl (to be acquired in Phase 2) |
| M&E | electricity, water system, air conditioning, fire-alarm, telephone, elevator and escalator system |
| Car Parking Service | Right to use car parking space of 1,218 cars |
| Investment Timing | 14 September 2012 |
| Asset Price | THB 4,370.3 million (including offering expenses borne by CPN) |
| Source of Fund | THB 4,394.4 million equity raised from unitholders |

| Investment Asset : Phase II | |
|-----------------------------|---|
| Leasable Area | NLA: 5,961 sqm (6 fl (partial), 7 fl, 25 fl, and 44 fl) |
| Car Parking Service | Right to use car parking space of 53 cars |
| Investment Timing | By end of December 2012 |
| Asset Price | THB 366.0 million |
| Source of Fund | THB 370.0 million long-term loan (~ 8% of NAV) |

Unit: Million Baht

| CPNCG's Transaction Summary | 1st Phase (14 Sep 12) | 2nd Phase (21 Dec 12) | Total Value |
|------------------------------------|---|---|--------------------|
| Asset Price | 4,366 | 366 | 4,732 |
| Net Gains (Realized) | 1,602 | 174 | 1,776 |

Without the non-recurring items, FY2012 consolidated total revenue would have increased by 39% y-o-y and the net profit would have grown by 130% y-o-y even after exclusion of the performance of the Offices at CentralWorld from the transfer of its assets to CPNCG since Sep12

The y-o-y strong growth for the CPN's performance were primarily due to the following factors:

- The fully re-opened of all phases of CentralWorld, including Zen department store, in Jan12
- The re-launch of CentralPlaza Lardprao since Aug11 with full year operation in 2012 after major renovation
- The re-launch of CentralPlaza Udonthani in May12 after major refurbishment and expansion with an increase space of 22,000 sqm.
- An extra gains of 1,776 MB from divesting the Offices at CentralWorld to the CPNCG
- The increase in rental rates in every projects, especially at CentralWorld, CentralPlaza Udonthani, CentralPlaza Phitsanulok, as well as from the renewal of three-year contracts at projects launched in 2009 (CentralFestival Pattaya Beach, CentralPlaza Khonkaen, and CentralPlaza Chinburi)
- The decrease percentage of discount on rental rate in every projects
- The implementation of efficient & effective cost management program

Excluding CentralPlaza Udonthani, CentralPlaza Phitsanulok, CentralPlaza Grand Rama9, and the two newly opened malls in 2012, other retail properties achieved 14% y-o-y same-store growth on average in effective rental rate.

For 4Q12, CPN reported its consolidated total revenues of 4,772 MB with the net profit amounted to 1,109 MB. Without the non-recurring items, not to mention the absent of the performance of the Offices at CentralWorld transferred to CPNCG, total revenue still increased by 2% q-o-q from the opening of CentralPlaza Suratthani and CentralPlaza Lampang, while net profit would have decreased by 25% q-o-q from usual high SG&A expense in the fourth quarter.

As at 31 December 2012, CPN managed 20 shopping centers (10 projects in Bangkok and 10 in the provinces), 7 office towers, 2 residential properties (totaling 62 units). These include the properties which had been transferred to CPN Retail Growth Leasehold Property Fund ("CPNRF") and CPN Commercial Growth Leasehold Property Fund ("CPNCG"), of which CPN acts as the property manager. In addition, CPN owned 2 hotel properties (totaling 561 guest rooms), but outsourced their managements.

As at the end of FY2012, the occupancy rate for CPN's retail properties averaged 97%. Average occupancy rate of the retail portfolio was relatively unchanged from that of the preceding year, owing to the high occupancy rates of CentralWorld, CentralPlaza Udonthani, and the newly opened projects – CentralPlaza Grand Rama9 (launched in Dec11), CentralPlaza Suratthani (launched in Oct12), CentralPlaza Lampang (launched in Dec12). CentralPlaza Rama 3 and CentralPlaza Bangna revealed a temporary drop in occupancy rates from a phase-by-phase renovation and re-arrangement of their tenant mixes to add more modern brands to the projects including international fashion brands. The normal level of the occupancy rate is expected to return by the 1Q14.

As for CPN's office properties, take-up rate at the 2012 year-end averaged 96%.

Table 1: Operational Statistics

| Retail properties | Net leaseable area (Sqm.) | Occupancy rate (%) | | |
|------------------------|---------------------------|--------------------|------------|------------|
| | | 3Q12 | 4Q11 | 4Q12 |
| Lardprao | 48,140 | 100% | 100% | 100% |
| Ramindra | 17,156 | 100% | 98% | 100% |
| Pinklao | 57,538 | 100% | 98% | 99% |
| Pattaya Center | 15,226 | 97% | 97% | 96% |
| Ratchada-Rama3 | 55,245 | 94% | 100% | 94% |
| Chiangmai | 75,891 | 99% | 99% | 99% |
| Bangna | 58,112 | 91% | 97% | 89% |
| Rama2 | 94,882 | 100% | 100% | 100% |
| Rattathibet | 77,238 | 100% | 99% | 100% |
| CentralWorld | 187,054 | 98% | 99% | 96% |
| Chaengwattana | 64,857 | 95% | 95% | 93% |
| Pattaya Beach Festival | 57,161 | 96% | 98% | 96% |
| Udonthani | 68,806 | 99% | 90% | 99% |
| Chonburi | 40,386 | 96% | 97% | 96% |
| Khonkaen | 50,146 | 95% | 96% | 95% |
| Chiangrai | 21,459 | 98% | 98% | 99% |
| Phitsanulok | 24,974 | 100% | 100% | 99% |
| Grand Rama9 | 59,505 | 99% | 93% | 99% |
| Suratthani | 30,104 | n.a | n.a | 96% |
| Lampang | 21,612 | n.a | n.a | 99% |
| Total | 1,125,492 | 98% | 98% | 97% |

| Offices | Net leaseable area (Sqm.) | Occupancy rate (%) | | |
|---------------|---------------------------|--------------------|------------|------------|
| | | 3Q12 | 4Q11 | 4Q12 |
| Lardprao | 16,250 | 96% | 94% | 97% |
| Pinklao A | 22,426 | 97% | 95% | 98% |
| Pinklao B | 11,334 | 98% | 99% | 98% |
| Bangna | 10,007 | 94% | 92% | 98% |
| CentralWorld | 82,796 | 98% | 93% | 98% |
| Chaengwattana | 19,867 | 84% | 67% | 85% |
| Grand Rama9 | 13,163 | 95% | 48% | 95% |
| Total | 175,842 | 96% | 87% | 96% |

Financial Performance

At the end of FY2012, CPN managed 20 shopping centers, 7 office towers and 2 residential properties. In addition, CPN owned 2 hotel properties but outsourced their management.

Total Revenues

| Total Revenue | 4Q12 | %YoY Change | %QoQ Change | FY12 | %YoY Change |
|-------------------------------|-------|-------------|-------------|--------|-------------|
| Revenue from Rent & Services | 4,041 | 34% | 3% | 15,325 | 41% |
| Revenue from Food & Beverage | 211 | 20% | 24% | 725 | 15% |
| Revenue from Hotel Operations | 205 | 61% | 21% | 712 | 53% |

Revenues from Rent and Services

4Q12 revenues from rent and services registered 4,041 MB, increased by 3% q-o-q mainly from the launch of CentralPlaza Suratthani and CentralPlaza Lampang. A y-o-y comparison also showed a growth of 34% in the revenues, driven by the strong demand after the inundation during 4Q11, the full operation of new projects in 2011, the re-launch of CentralPlaza Udonthani in May12 after major renovation and expansion, and the strong rental increases at existing properties.

FY2012 revenues from rent and services increased by 41% y-o-y to 15,325 MB, primarily due to:

- Contributions from the projects launched in 2012.
- Continuous increases in rental rates and decreases percentage of discount on rental rate at most of existing properties as well as the renewal of three-year contracts at projects launched in 2009
- The fully re-opened of all phases of CentralWorld in Jan12
- The re-launch of CentralPlaza Lardprao since Aug11 with full year operation in 2012 after major renovation
- The re-launch of CentralPlaza Udonthani in May12 after major refurbishment and expansion with more than 50% increase in rental rate

Food and Beverage Sales

In 4Q12, the in-mall food court business recorded a 24% q-o-q and 20% y-o-y growth in sales,

mainly from the new food court at CentralPlaza Suratthani and CentralPlaza Lampang and from higher sales during the peak tourism season especially at the CentralFestival Pattaya Beach. Similarly for FY2012, the business posted a 15% y-o-y growth in sales. The increase was attributed to the new food courts at CentralPlaza Suratthani and CentralPlaza Lampang coupled with an impressive sales growth at the CentralPlaza Udonthani (after refurbishment), CentralFestival Pattaya Beach, and CentralPlaza Phitsanulok.

Revenues from Hotel Operations

Hotel operations are considered as CPN's non-core businesses. In 4Q12 revenues from hotel operations amounted to 205 MB, up by 21% q-o-q, from the peak tourism season. On a y-o-y basis, revenues from hotel operations grew 61% mainly from the full year operation of Centara Hotel & Convention Center, Udonthani after refurbishment and re-launch in Dec11 with the significant increase in room rate. Without contribution from Centara Hotel & Convention Center, Udonthani, revenues from hotel operations, grew by 28% y-o-y from the increased Rev/Par at Hilton Pattaya Hotel.

For FY2012, revenues from hotel operations grew by 53% y-o-y to 712 MB, from the strong performance of Hilton Pattaya Hotel and a full-year contribution of Centara Hotel & Convention Center, Udonthani.

Total Costs

CPN encountered growing challenges concerning costs especially the increase in 3 distinctive sources, which were minimum wages policies, minimum based salary policies, and utilities cost mostly from the increase in market F_t rate (F_t is shorten for Fuel Adjustment Charge). The market costs were raised approximately 20-40%. Total operating costs and expenses in 4Q12 and FY2012 posted at 3,536 MB and 12,175 MB, up only 24% y-o-y and 19% y-o-y respectively. This was mainly due to the effective cost management.

| Total Cost | 4Q12 | %YoY Change | %QoQ Change | FY12 | %YoY Change |
|--------------------------|-------------|--------------------|--------------------|-------------|--------------------|
| Cost of Rent & Services | 2,325 | 25% | 8% | 8,556 | 21% |
| Cost of Food & Beverage | 177 | 17% | 23% | 609 | 13% |
| Cost of Hotel Operations | 75 | 47% | 9% | 269 | 40% |

Costs of Rent and Services

Costs of rent and services constituted utilities, security & cleaning, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax.

CPN reported its 4Q12 total costs rental and services of 2,325 MB, increased by 8% q-o-q and 25% y-o-y, primarily due to costs of the new projects.

For FY2012, costs of rental and services increased by 21% y-o-y to 8,556 MB. The increase was mainly due to compounding effects of the following sources:

- Higher depreciations of CentralPlaza Udonthani after completion its renovation and expansion in 2Q12, as previously mentioned.
- A full-year depreciation of the newly projects in 2011.
- Cost of rental and services of the new projects launched in 2012.

Costs of Food and Beverage

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture.

In 4Q12, costs of food and beverage grew by 23% q-o-q and 17% y-o-y. These increases were in line with the increases of food and beverage sales. Likewise, FY2012 costs of food and beverage increased by 13% y-o-y, due to the growth in food and beverage sales, as previously mentioned.

Costs of Hotel Operations

In 4Q12 costs of hotel operations surged by 9% q-o-q and 47% y-o-y, reflecting mainly from the re-launching of Centara Hotel & Convention Center, Udonthani.

FY2012 costs of hotel operations amounted to 269 MB, up 40% y-o-y. The rise in costs reflected the growth in hotel revenues.

Total Operating and Administration Expenses

Total operating and administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation of office equipment and hotel properties.

| Total Operating & Admin Expense | 4Q12 | %YoY Change | %QoQ Change | FY12 | %YoY Change |
|---------------------------------|------|-------------|-------------|-------|-------------|
| Total Operating & Admin Expense | 959 | 23% | 62% | 2,741 | 14% |

Total operating and administration expenses in 4Q12 stood at 959 MB, increased by 62% q-o-q, led by

- Higher personnel expenses from the increased number of employees to support business expansion
- Marketing and promotion expenses during year-end celebrations
- The one-off expenses for the grand opening events of CentralPlaza Suratthani and CentralPlaza Lampung

FY2012 operating and administration expenses surged by 14% y-o-y, while marketing and promotional expenses showed a decrease of 2% y-o-y.

Excluding the expenses for the grand openings of the new projects, FY2012 marketing and promotional expenses would have been 2.3% of total revenues, compared to 3.5% of FY2011 and 4.8% of FY2010. These numbers reflected not only the economy of scale, but also the efficiency of marketing expense management through top-line driven.

Gross Profit Ratio & Operating Profit Ratio

The Gross Profit ratio for 4Q12 slightly dropped to 43.9% from 44.7% in 4Q11 due to a high-base of other income in 4Q11 from a 187-MB non-recurring item. The Operating Profit ratio this quarter was down to 23.7% from 25.8% last year because of high SG&A expense in this quarter as mentioned earlier. Excluding a 187-MB non-recurring item, the Gross Profit ratio and the Operating Profit ratio for 4Q12 would have increased 2.1% y-o-y and 3.2% y-o-y respectively.

For FY2012, as mentioned, total revenues for FY2012 grew 39% y-o-y while total operating costs and expenses increased only 19% y-o-y. This leads to better profitability ratios – the Gross Profit ratio for FY2012 was up to 46.7% from 39.9% in FY2011 and the Operating Profit ratio was up to 31.6% from 22% last year – that showed the improvement of revenues earned and the efficiency and effectiveness of cost management.

Net Profit

In 4Q12, CPN reported its consolidated net profit of 1,109 MB, decreased by 61% q-o-q, due to a large extra gain from divesting the Offices at CentralWorld to CPNCG in 3Q12. On a y-o-y basis, net profit grew 60%.

Excluding non-recurring items, 4Q12 net profit would have dropped 25% q-o-q, owing to the seasonal increases in SG&A as mentioned above. A y-o-y comparison showed a 76% surge in net profit, from the re-opening of CentralPlaza Udonthani and Centara Hotel & Convention Center, Udonthani after renovation, together with higher contribution from Hilton Pattaya Hotel in the peak tourism season, the strong rental increases at existing properties, the full operation of new projects opened in 4Q11 and CentralWorld, and a lower corporate effective tax rate.

FY2012 net profit amounted to 6,189 MB, up 201% y-o-y. Without the non-recurring items, FY2012 consolidated net profit would have grown by 130% y-o-y, mainly from the increased rental rates at most of existing projects and the efficient cost management.

Table 2: Consolidated Results Summary

| Consolidated earnings (MB) | 4Q11 | FY11 | 3Q12 | 4Q12 | FY12 | % YoY (4Q11 vs 4Q12) | % QoQ Change | % YoY (FY11 vs FY12) |
|---|--------------|---------------|--------------|--------------|---------------|-------------------------|-----------------|-------------------------|
| Revenues from rental and service | 3,023 | 10,853 | 3,915 | 4,041 | 15,325 | 34% | 3% | 41% |
| Hotel operations | 128 | 465 | 170 | 205 | 712 | 61% | 21% | 53% |
| Food & beverage sales | 177 | 632 | 170 | 211 | 725 | 20% | 24% | 15% |
| Other income | 410 | 1,002 | 239 | 141 | 926 | (66%) | (41%) | (8%) |
| Total revenues | 3,737 | 12,953 | 4,495 | 4,598 | 17,687 | 23% | 2% | 37% |
| Costs of rental and service | 1,862 | 7,050 | 2,157 | 2,325 | 8,556 | 25% | 8% | 21% |
| Hotel operations | 51 | 192 | 69 | 75 | 269 | 47% | 9% | 40% |
| Food & beverage sales | 152 | 541 | 144 | 177 | 609 | 16% | 23% | 12% |
| Total costs | 2,065 | 7,783 | 2,370 | 2,577 | 9,433 | 25% | 9% | 21% |
| Operating profit | 915 | 2,807 | 1,550 | 1,091 | 5,590 | 19% | (30%) | 99% |
| Net profit | 692 | 2,058 | 2,843 | 1,109 | 6,189 | 60% | (61%) | 201% |
| Net profit excluding non-recurring items | 692 | 1,916 | 1,242 | 935 | 4,413 | 35% | (25%) | 130% |
| EPS (Bt) excluding non-recurring items | 0.32 | 0.88 | 0.57 | 0.43 | 2.03 | 35% | (25%) | 130% |

New Developments

Under its 5-year plan (FY2011-FY2015), CPN aims to increase its revenues at a compound annual growth rate (CAGR) of 15% per annum. To achieve this goal, apart from increasing rental rates of existing projects through continuous asset enhancement and efficient property management, CPN targets to grow its portfolio by 10% a year through new developments. In light of Thailand's urbanization, CPN will expand its business more aggressively in Bangkok and the provinces. CPN will also study other formats to introduce modern shopping malls to the market as well as oversea markets to sustain growth in the long-term.

In 2012, CPN achieved its target with the launches of two new projects – CentralPlaza Suratthani (southern Thailand) on 11 October with 25,100 sqm. of net leasable area (excluding the area of Robinson Department Store) and CentralPlaza Lampang (northern Thailand) on 30 November with 16,100 sqm. of net leasable area (excluding the area of Robinson Department Store). Additionally, CPN also achieved one asset enhancement at CentralPlaza Udonthani with a 22,000-sqm. space increase.

For 2013, three new projects are under-construction – CentralPlaza Ubonratchathani (northeastern Thailand), CentralFestival Chiangmai (northern Thailand) and CentralFestival Hatyai (southern Thailand).

CPN recently announced a new project that will start a new legend for retail industry - CentralWestGate. The project, to be developed on a budget of approximately 6.5 billion baht (Construction cost and NPV of land cost), will be Asia's best prototype of a "Super Regional Mall". Located at the Bang Yai Intersection, the project will promote Thailand as a "Regional Shopping Hub" to welcome the commencement of the ASEAN Economic Community (AEC) in 2015. The Bang Yai Intersection is Bangkok's "West Gate", or the biggest gateway of western Bangkok. Thanks to a the government's "mega-projects", all routes will be connected, including the West Outer Ring Road and new mass rapid transit. The Bang Yai Intersection is where the 12-lane Kanchanapisek Road and 10-lane Ratanathibet Road meet. The roads serve more than 85 million cars each year. The area is also connected with the western route of the motorway that links Bang Yai, Ban Pong, and Kanchanaburi, which will be constructed to welcome the implementation of the AEC, as well as the Dawei Port on the Andaman Sea, the third-stage expressway that connects the West Outer Ring Road and Chonburi Motorway, and the MRT Purple Line (Bang Yai-Bang Sue). The transportation network will support soaring purchasing power and heavier traffic after the commencement of the AEC. A skywalk will be constructed to connect the project with the transportation system. It is expected that there will be over 13 million people within 1.5-hour's distance in eight provinces, i.e. Bangkok, Nonthaburi, PathumThani, Ayutthaya, NakhonPathom, Suphanburi, Kanchanaburi, andRatchaburi. When the construction of the Outer Ring Road is completed, the shopping center will attract people from 15 provinces. In addition, the area will become a new residential area. It is expected that there will be more than 150,000 residential units around the area within five years. The area has high potential and is suitable to be a "new city", which will have soaring growth. Bang Yai will become Thailand's new Central Business District (CBD) and a new residential area, which corresponds with the government's city expansion policy.

In addition, there are other 3 secured land plots under detailed studies.

Table 3: New developments

| Location | Project | Progress | Completion | Net Leaseable Area (sqm) |
|-------------------------|------------------------------|--------------------|---------------------|--------------------------|
| Provincial areas | CentralPlaza Ubonratchathani | Under construction | Second quarter 2013 | 25,600 |
| | CentralFestival Chiangmai | Under construction | Fourth quarter 2013 | 54,500 |
| | CentralFestival Hatyai | Under construction | Fourth quarter 2013 | 67,600 |
| | CentralWestGate | Under construction | Second quarter 2015 | 75,000 |

Capital Structure

Total CAPEX for FY2012 was approximately 9,502 MB, comprising 2,388-MB asset enhancement projects, 7,114-MB new developments and land acquisitions.

During FY2012, CPN raised new debts of approximately 8,300 MB, comprising 1,500-MB unsecured bonds and 6,800-MB long-term borrowings to repay unsecured bonds and loans totaling 7,480 MB. The remaining proceeds was used for business expansion.

As at the end of FY2012, interest-bearing debts stood at 25,565 MB, comprised 87% fixed and 13% floating interest rate with a weighted average interest rate of 4.38% per annum. As at the end of FY2012, net interest-bearing debt to equity ratio stood at 0.82 times, considerably decreased from 0.88 time in 3Q12 and 1.2 times in FY2011. This was primarily due to the loan repayment after the divestment activities.

Dividend

CPN's Board of Directors has proposed Baht 0.95 per share (2,070 MB) dividend to be paid for the FY2012 performance, comparing to 0.37 per share (806 MB) in 2011, pending the approval at the shareholders' meeting in April 2012. The dividend payment represents a 33.4% dividend payout ratio of the FY2012 net profit, retrieving from 40% of normal net profit and 17.2% of extra gains from sublease assets to CPNCG.

Table 4: Financial Position

| Financial position (MB) | Dec 2011 | Dec 2012 | % Change |
|--------------------------------------|---------------|---------------|------------|
| Current assets | | | |
| Cash and current investments | 945 | 4,207 | 345% |
| Other current assets | 2,348 | 2,119 | (10%) |
| Total current assets | 3,292 | 6,326 | 92% |
| Non-current assets | | | |
| Investment properties ⁽¹⁾ | 40,743 | 46,342 | 14% |
| Leasehold rights | 13,478 | 10,037 | (26%) |
| Property & equipment (PP&E) | 2,423 | 2,463 | 2% |
| Other non-current assets | 4,123 | 5,115 | 24% |
| Total Non-current assets | 60,767 | 63,957 | 5% |
| Total assets | 64,059 | 70,284 | 10% |
| Current liabilities | 15,355 | 14,492 | (6%) |
| Non-current liabilities | 28,255 | 29,892 | 6% |
| Total liabilities | 43,611 | 44,384 | 2% |
| Total equities | 20,448 | 25,900 | 27% |

(1) Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is 89,402 MB (79,883 MB in 2011), stated in the disclosure notes to the main financial statement no. 13 under "Investment Properties".