

CPNrf 3Q 2011 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

11 November 2011



SHARE INFO: As of 10 November 11

Unit Price (Bt)	12.00
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	19,635.9
NAV (Bt mln) ^{/1}	17,005.0
NAV per Unit (Bt) ^{/1}	10.3921
Premium/ (Discount) ^{/1}	15.5%

Note:
^{/1} NAV as of 30 September 2011

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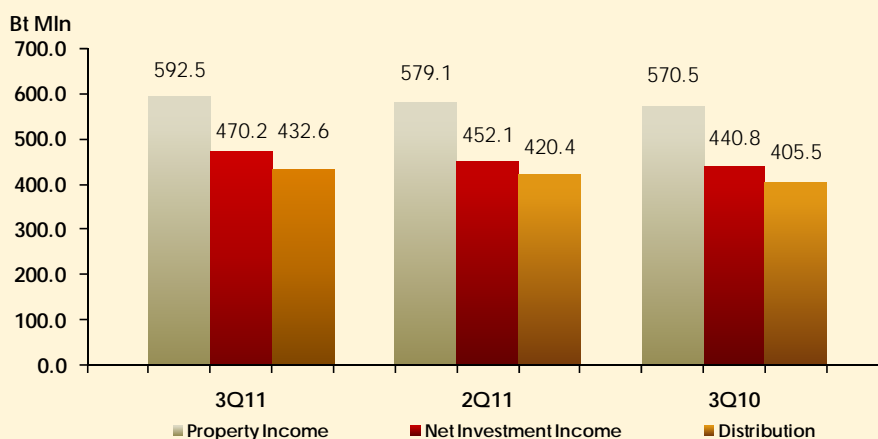
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Net investment income increased by 6.7% YoY. CPNRF reported net investment income for 3Q11 of Baht 470.2 million, an increase of 6.7% from the same quarter of last year, from an increase in rental and service income and a decrease in property expenses.

Total income increased by 4.5% YoY. Total income for 3Q11 was recorded at Baht 599.3 million, representing an increase of 4.5% from Baht 573.3 million in 3Q10. Meanwhile, total expense of Baht 129.1 million decreased by 2.6% from the same period of previous year.

NAV up by 3.9% from the IPO. Net Asset Value (NAV) as at 30 September 2011 was Baht 17,005.0 million or Baht 10.3921 per unit, representing an increase of 3.9% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 44.0%.

Distribution per unit increased by 6.7% YoY. CPNRF announced 3Q11 distribution of Baht 432.6 million or Baht 0.2644 per unit, representing an annualised yield of approximately 8.7% at the price of Baht 12.00 per unit as at 10 November 2011.



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Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 3Q11, 2Q11 and 3Q10.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

3Q11 total income of Baht 599.3 million increased from rental and service income.

Total Income

CPNRF reported total income for 3Q11 of Baht 599.3 million, representing an increase of 4.5% or Baht 26.0 million from the same quarter of 2010. This was mainly due to the increase in rental and service income of 5.1% or Baht 28.0 million. Interest income for this quarter increased by Baht 4.0 million from the same period of last year, resulting from higher interest rate that has been rising since last year. Meanwhile, other income decreased by Baht 4.4 million and amounted to Baht 15.5 million.

In comparison to the previous quarter, total income for this quarter increased by 2.4% or Baht 13.9 million from 2Q11, which resulted from the increase in rental and service income of Baht 15.0 million. Additionally, the occupancy rate of CPNRF portfolio increased by 0.2% from previous quarter, average rental growth rate for new/renewed leases that occurred since the beginning of 2011 is 6.7%. Moreover, interest income slightly increased by 7.7% or Baht 0.5 million, following the rising interest rate.

Total Expense

Total expense decreased to Baht 129.1 million, mainly from lower in property management fee by 14.0% or Baht 11.4 million.

Total expense for 3Q11 was Baht 129.1 million, which was 2.6% or Baht 3.4 million lower than the same quarter of last year. This resulted from a decrease in property expenses of 3.8% or Baht 4.6 million. Property management fee declined 14.0% or Baht 11.4 million due partly to leasing commission as the area of 3Q11 renewals and new leases less than that of the same quarter of last year. While a rise in repair and maintenance contributed to higher cost of rental and service of 29.5% or Baht 7.1 million.

Compared to the previous quarter, total expense for 3Q11 decreased by 3.2% or Baht 4.2 million. Major contributor was a decrease in property expenses by 4.0% or Baht 4.8 million due partly to a decrease in cost of rental and service by 8.8% or Baht 3.0 million as a result of lower repair and maintenance expense. Additionally, property management fee was 2.4% or Baht 1.7 million lower than the previous quarter.

Distribution per unit of Baht 0.2644 grew by 6.7% from that of 3Q10

Net Investment Income and Distribution

Net investment income for 3Q11 was reported at Baht 470.2 million, representing growth of Baht 29.4 million or 6.7% from the same period of 2010. The fund announced 3Q11 distribution of Baht 432.6 million or Baht 0.2644 per unit, equivalent to growth in distribution per unit of 6.7% from 3Q10. This results in an approximated annualised yield of 8.7% at the price of Baht 12.00 per unit as at 10 November 2011.

Compared to the previous quarter, net investment income slightly increased by Baht 18.1 million or 4.0% from an increase in total income.

The XD Date will be 25 November 2011, followed by Book Closure Date on 30 November 2011 and distribution payment will be made on 14 December 2011.

Profitability

Net property income margin improved by 1.5% from 3Q10, along with 2.1% higher net investment income margin

Net property income margin for 3Q11 slightly increased by 1.5% from the same period of last year and stood at 80.4%. This was due to an improvement of rental and service income by 5.1% or Baht 28.1 million and a reduction in property expenses by 3.8% or Baht 4.6 million. Meanwhile, net investment income margin increased by 1.6% to 78.5%, resulting from an improvement of property income by 3.9% or Baht 22.0 million, a decrease in property expenses, and a rise in interest income.

Compared to the previous quarter, net property income margin increased by 1.2% in 3Q11, mainly from an increase in rental and service income by 2.7% or Baht 15.0 million. Net investment income margin increased by 1.3% and stood at 78.5%.

Balance Sheet Movement

NAV increased to Baht 10.3921 per unit. Borrowing stood at Baht 475.0 million as Baht 5.0 million loan repayment has been made during this quarter

As of 30 September 2011, CPNRF reported total investment in properties of Baht 17,373.9 million. Net Asset Value ("NAV") was recorded at Baht 17,005.0 million or Baht 10.3921 per unit as at 30 September 2011, slightly up from Baht 10.2885 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 480.0 million to Baht 475.0 million.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	3Q11	2Q11	Change QoQ	3Q10	Change YoY
<i>Property income</i>	592.5	579.1	2.3%	570.5	3.9%
Rental and service income	577.0	562.0	2.7%	548.9	5.1%
Guarantee the net property income	0.0	0.0	n.a.	1.7	n.a.
Other income	15.5	17.1	(9.0%)	19.9	(22.1%)
Interest income	6.8	6.3	7.7%	2.8	144.3%
Total income	599.3	585.4	2.4%	573.3	4.5%
<i>Property expenses</i>	115.8	120.6	(4.0%)	120.4	(3.8%)
Cost of rental and service	31.3	34.3	(8.8%)	24.2	29.5%
Selling and administrative expenses	14.3	14.3	0.2%	14.5	(1.4%)
Property management fee	70.2	71.9	(2.4%)	81.6	(14.0%)
Other expenses	0.0	0.1	(88.8%)	0.1	(89.4%)
Interest expense	6.5	6.0	7.4%	5.2	24.5%
Other management fees and expenses	6.4	6.2	1.7%	6.5	(2.0%)
Amortisation of deferred expenses	0.4	0.4	1.3%	0.4	0.0%
Total expense	129.1	133.3	(3.2%)	132.5	(2.6%)
Net investment income	470.2	452.1	4.0%	440.8	6.7%
Net unrealised gain (loss) from changes in investment value	119.5	(15.1)	n.a.	(35.3)	n.a.
Net increase in net assets from operations	589.8	437.0	35.0%	405.5	45.4%
Income available for distribution	470.2	437.0	7.6%	405.5	16.0%
Distribution	432.6	420.4	2.9%	405.5	6.7%
Distribution per unit (in Baht)	0.2644	0.2569	2.9%	0.2478	6.7%
Net property income margin	80.4%	79.2%	1.2%	78.9%	1.5%
Net investment income margin	78.5%	77.2%	1.3%	76.9%	1.6%

Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 3Q11, 2Q11 and 3Q10

Balance Sheet

Unit: Baht Million	3Q10	4Q10	1Q11	2Q11	3Q11
<i>Investment at fair value</i>	17,413.7	17,753.6	17,882.3	17,856.3	17,963.9
Central Rama II	5,990.0	5,981.0	5,996.0	6,077.0	6,007.0
Central Rama III	5,288.0	5,290.0	5,359.0	5,371.7	5,454.7
Central Pinklao	5,865.7	5,937.6	5,877.3	5,782.6	5,912.2
<i>Total investment in properties</i>	<i>17,143.7</i>	<i>17,208.6</i>	<i>17,232.3</i>	<i>17,231.3</i>	<i>17,373.9</i>
Investment in securities	270.0	545.0	650.0	625.0	590.0
Cash on hand and at banks	601.6	368.9	226.5	277.5	320.9
Guarantee the net property income receivables	0.0	0.0	0.0	8.4	0.0
Other assets	167.8	167.9	207.9	241.4	270.5
Total assets	18,183.1	18,290.3	18,316.7	18,383.6	18,555.3
Deposits received from customers	689.8	701.5	724.7	737.0	735.6
Borrowing	490.0	490.0	485.0	480.0	475.0
Other liabilities	252.4	290.2	296.5	331.1	339.8
Total liabilities	1,432.2	1,481.7	1,506.2	1,548.1	1,550.3
Net Asset	16,750.9	16,808.6	16,810.5	16,835.6	17,005.0
Capital received from unitholders	15,764.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	987.0	1,044.6	1,046.5	1,071.6	1,241.0
NAV per unit (in Baht)	10.2369	10.2721	10.2733	10.2886	10.3921

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 3Q10, 1Q11, 2Q11, and 3Q11 and annual financial statements and audit report of Certified Public Accountant for 4Q10

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	31 Dec 10	31 Mar 11	30 Jun 11	30 Sep 11
Rama II	251,182	93,688	99.4%	99.3%	99.2%	99.5%
Rama III	169,740	40,407	96.3%	95.2%	95.8%	96.1%
Pinklao (Plaza)	135,018	24,221	95.2%	95.0%	94.7%	94.2%
Pinklao Tower A & B	50,653	33,760	97.3%	94.2%	96.0%	96.8%
CPNRF Portfolio	606,593	192,076	97.8%	97.0%	97.4%	97.6%

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 September 2011 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	91	5,986	6.4%	7.5%
Rama III	71	5,330	13.2%	7.8%
Pinklao (Plaza)	44	7,402	30.6%	8.4%
Pinklao Tower A & B	23	5,711	16.9%	2.7%
CPNRF Portfolio	229	24,430	12.7%	6.7%

Note:

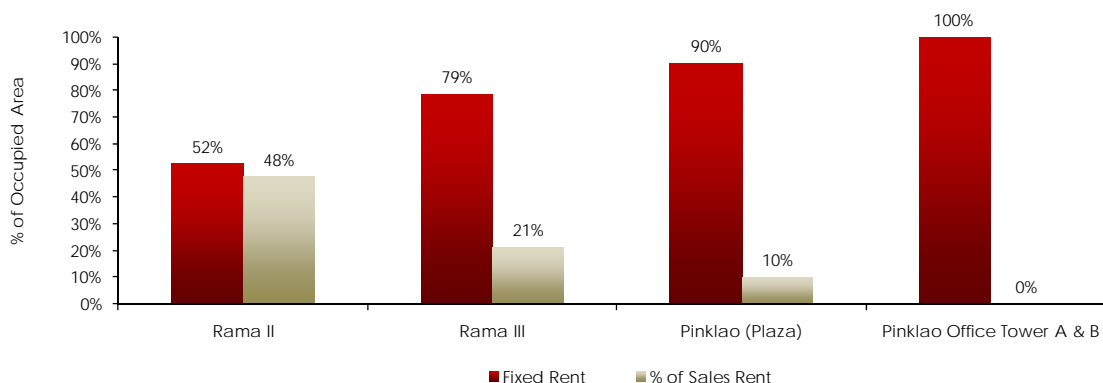
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 30 September 2011

/3 Exclude rental agreements with revenue sharing clause

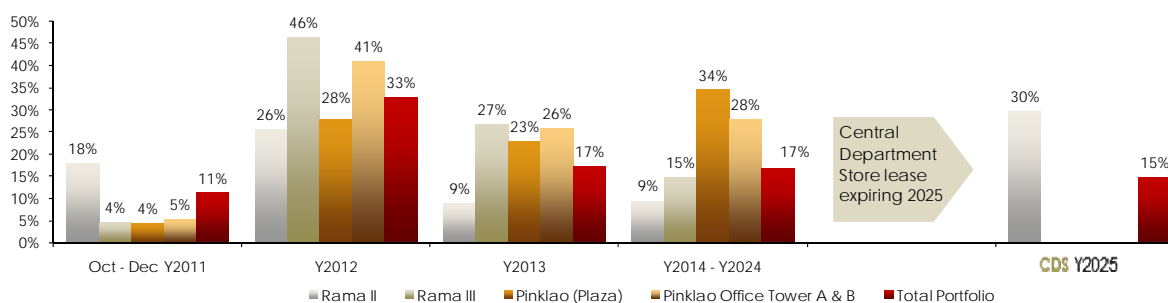
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 30 September 2011

2. Exclude rental agreements < 1 year

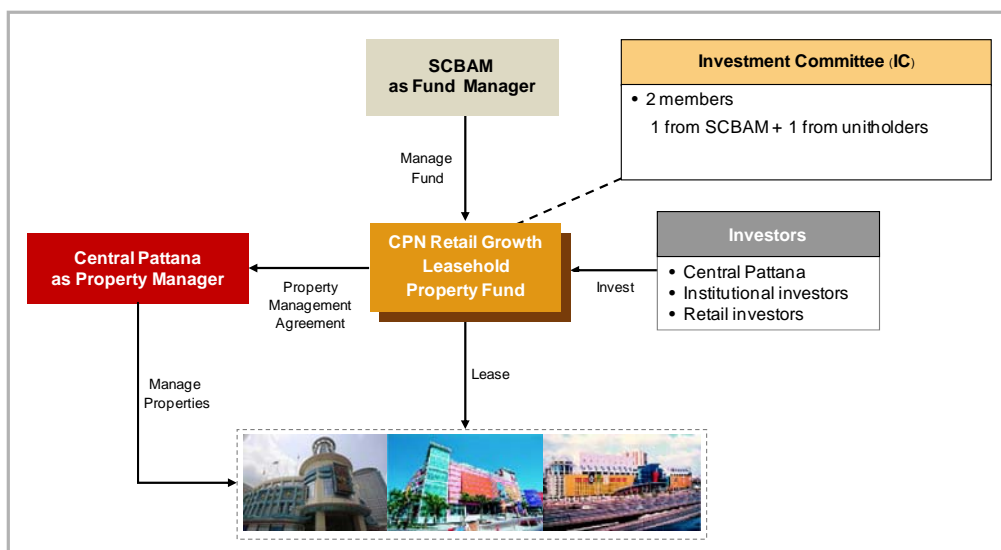
Source: CPN

ABOUT CPNRF

I. Fund Information

Name	CPN Retail Growth Leasehold Property Fund ("CPNRF")
Property Manager	Central Pattana Public Company Limited ("CPN")
Fund Manager	SCB Asset Management Company Limited
Trustee	Kasikorn Bank Public Company Limited
Registrar	Siam Commercial Bank Public Company Limited
Assets	CentralPlaza Rama II, CentralPlaza Ratchada-Rama III, CentralPlaza Pinklao
Type	Property Fund Type I (Indefinite Life)
Total Fund Size	Baht 15,764 million
Fund Registered Date	11 August 2005
Fund Investing Date	15 August 2005 for CentralPlaza Rama II 16 August 2005 for CentralPlaza Ratchada-Rama III 4 November 2009 for CentralPlaza Pinklao
Fund Listed Date	23 August 2005
Secondary Market	The Stock Exchange of Thailand ("SET")

II. Fund Structure



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