

CPNrf 4Q 2011 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

15 February 2012



SHARE INFO: As of 14 February 2012

Unit Price (Bt)	13.20
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	21,599.5
NAV (Bt mln) ^{/1}	17,018.9
NAV per Unit (Bt) ^{/1}	10.4006
Premium/ (Discount) ^{/1}	26.91%

Note:
^{/1} NAV as of 31 December 2011

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Request for additional information should be directed to:

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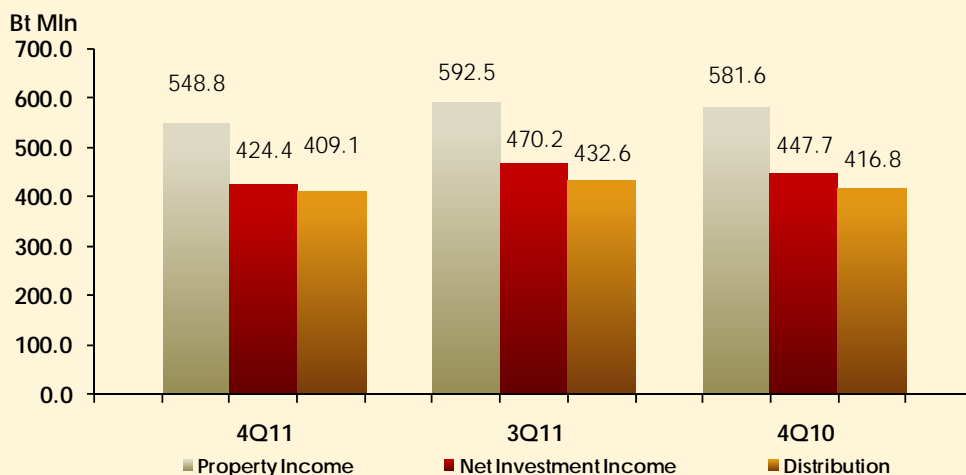
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Net investment income increased by 2.4% YoY. CPNRF reported net investment income for full year 2011 at Baht 1,789.6 million, an increase of 2.4% from previous year, resulting from an increase in rental and service income and a decline in property expenses. Net investment income for 4Q11 was recorded at Baht 424.4 million, representing a decrease of 5.2% YoY, mainly due to flood impacts at CentralPlaza Pinklao during the period.

Total income increased by 1.4% YoY. Total income for the full year 2011 was recorded at Baht 2,310.0 million, representing an increase of 1.4% from Baht 2,279.1 million in 2010. Meanwhile, total expense for the full year 2011 was recorded at Baht 520.4 million decreased by 2.1% from year 2010.

Distribution per unit increased by 3.2% YoY. CPNRF announced 4Q11 distribution of Baht 409.1 million or Baht 0.25 per unit, representing an annualised yield of approximately 7.5% at the price of Baht 13.20 per unit as at 14 February 2012.



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

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

Full year 2011 total income of Baht 2,310.0 million an increase of Baht 30.9 million or 1.4% from 2010.

Total Income

CPNRF reported total income for the full year 2011 was Baht 2,310.0 million, an increase of Baht 30.9 million or 1.4% from Baht 2,279.1 million in 2010. This was due to an increase of Baht 38.2 million or 1.8% in rental and service income. Total income for 4Q11 of Baht 558.1 million, representing a decrease of Baht 27.2 million or 4.6% from the same quarter of 2010. Due to flooding on Borommaratchachonnani Road, CentralPlaza Pinklao was closed during October 26, 2011 to November 12, 2011. To help ease flood impacts to tenants, rental fees during the closure period were waived for all tenants at CentralPlaza Pinklao, and Pinklao Office Tower A and B. As a result, rental and service income dropped by Baht 24.1 million or 4.3% from the same quarter of 2010. Meanwhile, interest income for this quarter increased by Baht 5.6 million from the same period of last year, resulting from an increase in investment in securities.

In comparison to the previous quarter, total income for this quarter decreased by Baht 41.2 million or 6.9% from 3Q11, which resulted from a decrease in rental and service income of Baht 43.4 million mainly due to the flood impacts at CentralPlaza Pinklao. Meanwhile, 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 7.5%. Moreover, interest income increased by Baht 2.5 million or 36.2%, following the increase of investment in securities.

Total Expense

Full year 2011 total expense decreased to Baht 520.4 million, mainly from a decrease in selling and administrative expenses of 21.0% or Baht 16.1 million.

Total expense for the full year 2011 was Baht 520.4 million, a drop of Baht 11.1 million or 2.1% from 2010. This resulted partly from a decline in selling and administrative expenses by 16.1 million or 21%, due to lower advertising and promotion expenses. In addition, property management fee dropped by Baht 15.9 million or 5.2% in 2010 following its decline in 3Q11. Total expenses for 4Q11 was Baht 133.7 million, which was Baht 3.8 million or 2.8% lower than 4Q10. This resulted from a decrease in property expenses of Baht 5.9 million or 4.7%, partly due to a decrease in selling and administrative expenses by Baht 7.7 million or 30.8% from 4Q10. Meanwhile, property management fee increased by Baht 1.3 million or 1.8% from Baht 74.3 million in the same quarter of last year.

Compared to the previous quarter, total expense for 4Q11 increased by Baht 4.7 million or 3.6%. Major contributor was an increase in property expenses of Baht 4.5 million or 3.9% due partly to an increase in property management fee of Baht 5.4 million or 7.7%, resulting from leasing commission as the area of 4Q11 renewals and new leases is greater than that of 3Q11. Meanwhile, cost of rental and service decreased by Baht 3.8 million or 12.2% as a result of lower repair and maintenance expense.

Net Investment Income and Distribution

Distribution per unit of Baht 1.0230 for the full year 2011 grew by 3.2% from the previous year

Net investment income for the full year 2011 totaled up to Baht 1,789.6 million, representing a growth of Baht 42.0 million or 2.4% from Baht 1,747.6 million in 2010. This translates to income available for distribution of Baht 1,789.6 million or 4.7% higher than previous year. For 4Q11, net investment income was reported at Baht 424.4 million, a decrease of Baht 23.3 million or 5.2% from the same period of 2010. The fund announced 4Q11 distribution of Baht 409.1 million or Baht 0.25 per unit, equivalent to a decline in distribution per unit of 1.8% from 4Q10. This results in an approximated annualised yield of 7.5% at the price of Baht 13.20 per unit as at 14 February 2012.

Compared to the previous quarter, net investment income decreased by Baht 45.8 million or 9.7% from a decrease in total income.

The XD Date will be 21 February 2012, followed by Book Closure Date on 24 February 2012 and distribution payment will be made on 13 March 2012.

Profitability

Net property income margin improved by 1.0% from previous year, along with 1.7% higher net investment income margin

Net property income margin for 2011 slightly increased by 1.0% from the previous year and stood at 79.5%. This was due to an improvement of property income by Baht 14.8 million or 0.7% and a reduction in property expenses by Baht 15.7 million or 3.2%. Meanwhile, net investment income margin increased by 1.7% to 78.4%, partly from an improvement of interest income by Baht 16.1 million or 155.8%, which resulting from an increase in investment in securities in 2011.

Net property income margin for 4Q11 declined from 80.4% in 3Q11 to 78.1%, while net investment income margin of 77.3% decreased by 2.6% from previous quarter. The increases in property expenses mainly resulted in a lower profit margin in this quarter compared to the previous quarter.

Balance Sheet Movement

NAV increased to Baht 10.4006 per unit. Borrowing stood at Baht 470.0 million as Baht 20.0 million loan repayment has been made during this year

As of 31 December 2011, CPNRF reported total investment in properties of Baht 17,461.0 million. Net Asset Value ("NAV") was recorded at Baht 17,018.9 million or Baht 10.4006 per unit as at 31 December 2011, slightly up from Baht 10.3921 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 475.0 million to Baht 470.0 million.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	FY2011	4Q11	FY2010	Change YoY	3Q11	Change QoQ	4Q10	Change YoY
<i>Property income</i>	2,283.5	548.8	2,268.7	0.7%	592.5	(7.4%)	581.6	(5.6%)
Rental and service income	2,219.6	533.6	2,181.4	1.8%	577.0	(7.5%)	557.7	(4.3%)
Guarantee the net property income	0.0	0.0	14.7	n.a.	0.0	n.a.	6.8	n.a.
Other income	63.8	15.2	72.6	(12.1%)	15.5	(1.9%)	17.2	(11.2%)
Interest income	26.5	9.3	10.4	155.8%	6.8	36.2%	3.7	153.9%
Total income	2,310.0	558.1	2,279.1	1.4%	599.3	(6.9%)	585.3	(4.6%)
<i>Property expenses</i>	468.8	120.3	484.5	(3.2%)	115.8	3.9%	126.3	(4.7%)
Cost of rental and service	117.1	27.5	100.1	17.0%	31.3	(12.2%)	27.0	1.6%
Selling and administrative expenses	60.8	17.2	77.0	(21.0%)	14.3	20.1%	24.9	(30.8%)
Property management fee	290.7	75.6	306.6	(5.2%)	70.2	7.7%	74.3	1.8%
Other expenses	0.2	0.0	0.8	(77.9%)	0.0	(62.5%)	0.0	(79.4%)
Interest expense	24.7	6.6	20.9	18.6%	6.5	1.3%	5.3	25.4%
Other management fees and expenses	25.2	6.4	24.5	2.9%	6.4	1.5%	5.7	13.6%
Amortisation of deferred expenses	1.5	0.4	1.5	0.0%	0.4	(0.1%)	0.4	0.0%
Total expense	520.4	133.7	531.4	(2.1%)	129.1	3.6%	137.6	(2.8%)
Net investment income	1,789.6	424.4	1,747.6	2.4%	470.2	(9.7%)	447.7	(5.2%)
Net unrealised gain (loss) from changes in investment value	102.4	22.2	(38.7)	(364.7%)	119.5	(81.4%)	15.4	43.9%
Net increase in net assets from operations	1,892.0	446.6	1,709.0	10.7%	589.8	(24.3%)	463.1	(3.6%)
Income available for distribution	1,789.6	424.4	1,709.0	4.7%	470.2	(9.7%)	447.7	(5.2%)
Distribution	1,674.0	409.1	1,621.6	3.2%	432.6	(5.4%)	416.8	(1.8%)
Distribution per unit (in Baht)	1.0230	0.2500	0.9910	3.2%	0.2644	(5.4%)	0.2547	(1.8%)
Net property income margin	79.5%	78.1%	78.6%	1.0%	80.4%	(2.9%)	78.3%	(0.3%)
Net investment income margin	78.4%	77.3%	77.0%	1.7%	79.4%	(2.6%)	77.0%	0.5%

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

Balance Sheet

Unit: Baht Million	4Q10	1Q11	2Q11	3Q11	4Q11
<i>Investment at fair value</i>	17,753.6	17,882.3	17,856.3	17,963.9	18,101.0
Central Rama II	5,981.0	5,996.0	6,077.0	6,007.0	6,198.0
Central Rama III	5,290.0	5,359.0	5,371.7	5,454.7	5,645.0
Central Pinklao	5,937.6	5,877.3	5,782.6	5,912.2	5,618.0
<i>Total investment in properties</i>	<i>17,208.6</i>	<i>17,232.3</i>	<i>17,231.3</i>	<i>17,373.9</i>	<i>17,461.0</i>
Investment in securities	545.0	650.0	625.0	590.0	640.0
Cash on hand and at banks	368.9	226.5	277.5	320.9	286.9
Other assets	167.9	207.9	249.8	270.5	213.8
Total assets	18,290.3	18,316.7	18,383.6	18,555.3	18,601.7
Deposits received from customers	701.5	724.7	737.0	735.6	748.8
Borrowing	490.0	485.0	480.0	475.0	470.0
Other liabilities	290.2	296.5	331.1	339.8	363.9
Total liabilities	1,481.7	1,506.2	1,548.1	1,550.3	1,582.8
Net Asset	16,808.6	16,810.5	16,835.6	17,005.0	17,018.9
Capital received from unitholders	15,764.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	1,044.6	1,046.5	1,071.6	1,241.0	1,255.0
NAV per unit (in Baht)	10.2721	10.2732	10.2886	10.3921	10.4006

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

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	31 Mar 11	30 Jun 11	30 Sep 11	31 Dec 11
Rama II	251,182	94,392	99.3%	99.2%	99.5%	98.9%
Rama III	169,740	39,739	95.2%	95.8%	96.1%	97.8%
Pinklao (Plaza)	135,018	24,393	95.0%	94.7%	94.2%	95.6%
Pinklao Tower A & B	50,653	33,760	94.2%	96.0%	96.8%	96.5%
CPNRF Portfolio	606,593	192,284	97.0%	97.4%	97.6%	97.8%

Source: CPN

II. Renewals and New Leases

	From 1 January to 31 December 2011 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	154	12,783	13.5%	8.0%
Rama III	80	6,093	15.3%	7.8%
Pinklao (Plaza)	52	8,547	35.0%	7.9%
Pinklao Tower A & B	30	10,004	29.6%	6.3%
CPNRF Portfolio	316	37,427	19.5%	7.5%

Note:

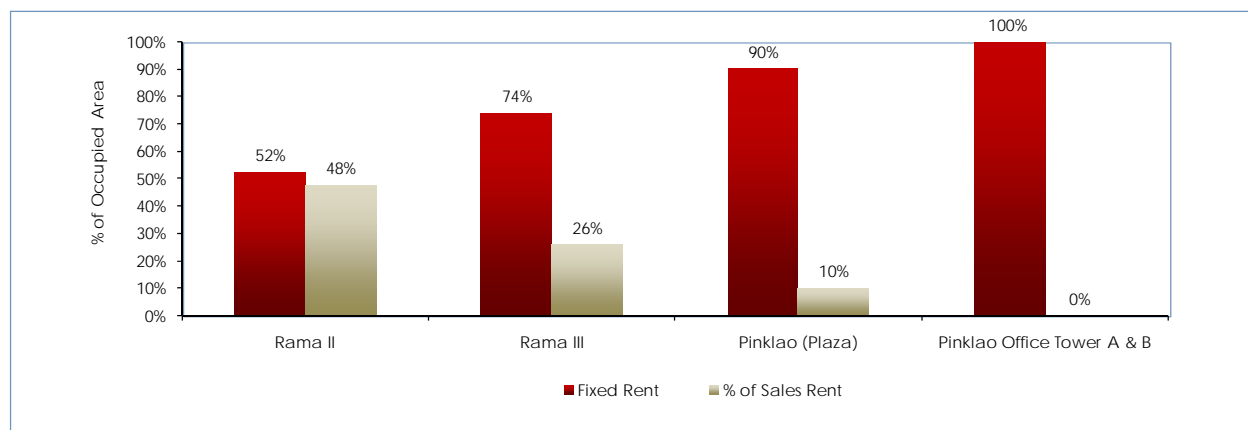
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 31 December 2011

/3 Exclude rental agreements with revenue sharing clause

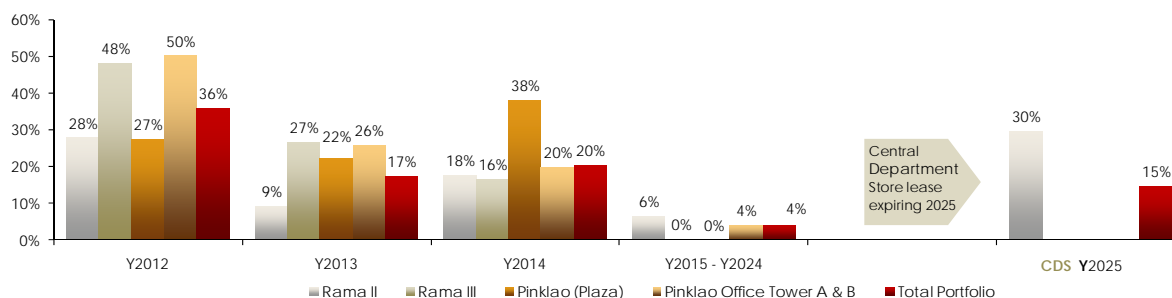
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 31 December 2011

2. Exclude rental agreements < 1 year

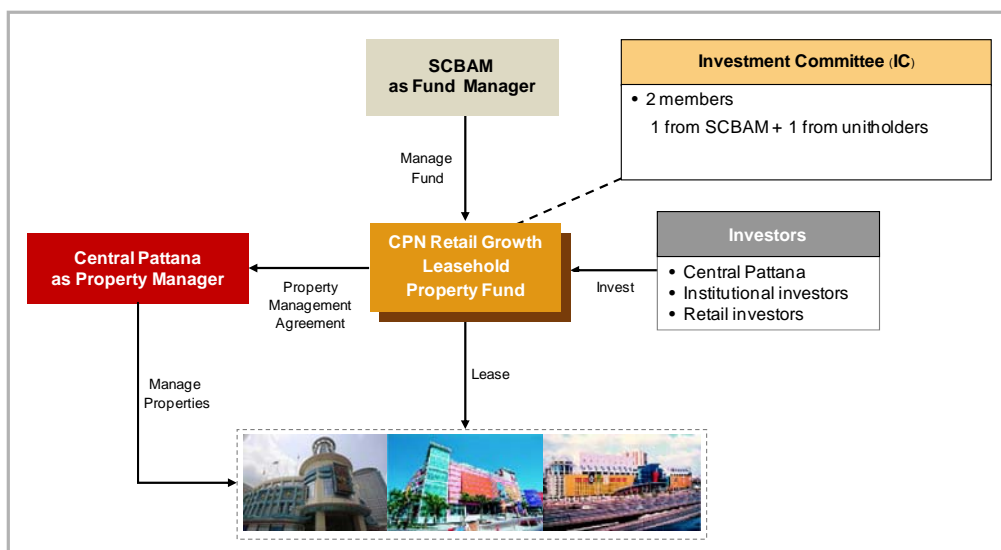
Source: CPN

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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