

CPNrf 1Q 2012 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

14 May 2012



SHARE INFO: As of 11 May 2012

Unit Price (Bt)	14.30
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	23,399.5
NAV (Bt mln) ^{/1}	17,134.5
NAV per Unit (Bt) ^{/1}	10.4713
Premium/ (Discount) ^{/1}	36.56%

Note:
^{/1} NAV as of 31 March 2012

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Request for additional information should be directed to:

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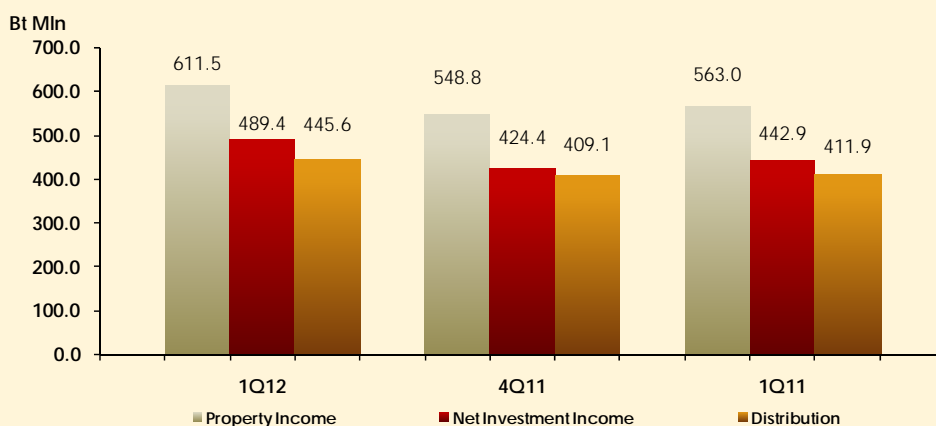
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Net investment income increased by 10.5% YoY. CPNRF reported net investment income for 1Q12 at Baht 489.4 million, an increase of 10.5% from the same quarter of last year, resulting mainly from an increase in rental and service income.

Total income increased by 9.1% YoY. Total income for 1Q12 was recorded at Baht 618.6 million, representing an increase of 9.1% from Baht 567.1 million in 1Q11. Meanwhile, total expense for 1Q12 was recorded at Baht 129.2 million, increased by 4.0% from the same quarter of last year.

Distribution per unit increased by 8.2% YoY. CPNRF announced 1Q12 distribution of Baht 445.6 million or Baht 0.2723 per unit, representing an annualised yield of approximately 7.7% at the price of Baht 14.30 per unit as at 11 May 2012.



Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q12 and 1Q11 and annual financial statements and audit report of Certified Public Accountant for 4Q11

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

1Q12 total income of Baht 618.6 million an increase of Baht 51.5 million or 9.1% from 1Q11.

Total Income

CPNRF reported total income for 1Q12 of Baht 618.6 million, an increase of Baht 51.5 million or 9.1% from the same quarter of 2011. This was mainly due to an increase of Baht 46.5 million or 8.5% in rental and service income. In addition, interest income for this quarter increased by Baht 3.1 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 increased by Baht 60.5 million or 10.8% from 4Q11, which resulted mainly from an increase in rental and service income of Baht 59.9 million. The occupancy rate of CPNRF portfolio increased by 0.4% from previous quarter and the average rental growth rate for new/renewed leases that occurred since the beginning of 2012 is 7.0% p.a.. Moreover, other income increased by Baht 2.7 million or 17.6%.

Total Expense

1Q12 total expense increased to Baht 129.2 million, mainly from an increase in cost of rental and service of 23.0% or Baht 5.5 million.

Total expense for 1Q12 was Baht 129.2 million, an increase of Baht 5.0 million or 4.0% from the same quarter of last year. This resulted from a growth in cost of rental and service by Baht 5.5 million or 23.0%. Meanwhile, selling and administrative expenses decreased by Baht 4.0 million or 26.7% from the same quarter of last year. In addition, property management fee increased by Baht 2.5 million or 3.5% in 1Q11.

Compared to the previous quarter, total expense for 1Q12 decreased by Baht 4.5 million or 3.4%. Major contributor was a decline in selling and administrative expenses of Baht 6.3 million or 36.5%, as a result of Advertising & Promotion expenses. Meanwhile, cost of rental and service increased by 2.2 million or 7.9%, mainly resulting from an increase in insurance premium.

Net Investment Income and Distribution

Distribution per unit of Baht 0.2723 for 1Q12 grew by 8.2% from the same quarter of previous year

Net investment income for 1Q12 totaled up to Baht 489.4 million, representing a growth of Baht 46.5 million or 10.5% from Baht 442.9 million in 1Q11. The fund announced 1Q12 distribution of Baht 489.8 million or Baht 0.2723 per unit, equivalent to an increase in distribution per unit of 8.2% from 1Q11. This results in an approximated annualised yield of 7.7% at the price of Baht 14.30 per unit as at 11 May 2012.

Compared to the previous quarter, net investment income increased by Baht 65.0 million or 15.3%, mainly resulting from a growth by Baht 60.5 million or 10.8% in total income which effect from an increase of 11.2% of rental and service income. Meanwhile, a dropped by Baht 4.5 million or 3.4% in total expenses, which resulting from a decline of selling and administrative expenses by Baht 6.3 million or 36.5%.

The XD Date will be 17 May 2012, followed by Book Closure Date on 22 May 2012 and distribution payment will be made on 31 May 2012.

Profitability

Net property income margin improved by 0.9% from 1Q11, along with 1.3% higher net investment income margin

Net property income margin for 1Q12 slightly increased by 0.9% from the same quarter of last year and stood at 81.0%. This was due to an improvement of property income by Baht 48.5 million or 8.6%, while property expenses increased by Baht 4.1 million or 3.7%. Net investment income margin increased by 1.3% to 80.0%. This mainly resulting from increased of rental and service income of Baht 46.5 million or 8.5%, the decline of Baht 4.0 million or 26.7% in selling and administrative expenses, while cost of rental and service grew by Baht 5.5 million or 23.0%.

Compared to the previous quarter, net property income margin increased from 78.1% in 4Q11 to 81.0%, mainly resulting from growth by Baht 59.9 million or 11.2% in rental and service income. Meanwhile, the decline by 3.5% in property expenses mainly resulted in a selling and administrative expenses. Net investment income margin of 80.0% increased by 2.7% from 77.3% in 4Q11.

Balance Sheet Movement

NAV increased to Baht 10.4713 per unit. Borrowing stood at Baht 465.0 million.

As of 31 March 2012, CPNRF reported total investment in properties of Baht 17,503.0 million. Net Asset Value ("NAV") was recorded at Baht 17,134.5 million or Baht 10.4713 per unit as at 31 March 2012, growth from Baht 10.4006 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 470.0 million to Baht 465.0 million.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	1Q12	4Q11	Change QoQ	1Q11	Change YoY
<i>Property income</i>	611.5	548.8	11.4%	563.0	8.6%
Rental and service income	593.5	533.6	11.2%	547.0	8.5%
Guarantee the net property income	0.0	0.0	0.0%	0.0	0.0%
Other income	17.9	15.2	17.6%	16.0	11.9%
Interest income	7.2	9.3	(22.8%)	4.1	75.2%
Total income	618.6	558.1	10.8%	567.1	9.1%
<i>Property expenses</i>	116.1	120.3	(3.5%)	112.0	3.7%
Cost of rental and service	29.6	27.5	7.9%	24.1	23.0%
Selling and administrative expenses	10.9	17.2	(36.5%)	14.9	(26.7%)
Property management fee	75.5	75.6	(0.1%)	73.0	3.5%
Other expenses	0.0	0.0	433.9%	0.0	50.0%
Interest expense	6.4	6.6	(3.1%)	5.6	13.7%
Other management fees and expenses	6.3	6.4	(2.2%)	6.2	1.8%
Amortisation of deferred expenses	0.4	0.4	(1.2%)	0.4	1.1%
Total expense	129.2	133.7	(3.4%)	124.2	4.0%
Net investment income	489.4	424.4	15.3%	442.9	10.5%
Net realised gain (loss) from changes in investment value	0.2	0.0	n.a.	0.0	n.a.
Net unrealised gain (loss) from changes in investment value	35.1	22.2	58.0%	(24.2)	(244.6%)
Net increase in net assets from operations	524.7	446.6	17.5%	418.7	25.3%
Income available for distribution	489.8	424.4	15.4%	418.7	17.0%
Distribution	445.6	409.1	8.9%	411.9	8.2%
Distribution per unit (in Baht)	0.2723	0.2500	8.9%	0.2517	8.2%
Net property income margin	81.0%	78.1%	2.9%	80.1%	0.9%
Net investment income margin	80.0%	77.3%	2.7%	78.7%	1.3%

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q12 and 1Q11 and annual financial statement and audit report of Certified Public Accountant for 4Q11

Balance Sheet

Unit: Baht Million	1Q11	2Q11	3Q11	4Q11	1Q12
<i>Investment at fair value</i>	17,882.3	17,856.3	17,963.9	18,101.0	18,319.8
Central Rama II	5,996.0	6,077.0	6,007.0	6,198.0	6,390.0
Central Rama III	5,359.0	5,371.7	5,454.7	5,645.0	5,575.0
Central Pinklao	5,877.3	5,782.6	5,912.2	5,618.0	5,538.0
<i>Total investment in properties</i>	<i>17,232.3</i>	<i>17,231.3</i>	<i>17,373.9</i>	<i>17,461.0</i>	<i>17,503.0</i>
Investment in securities	650.0	625.0	590.0	640.0	816.8
Cash on hand and at banks	226.5	277.5	320.9	286.9	133.2
Other assets	207.9	249.8	270.5	213.8	249.6
Total assets	18,316.7	18,383.6	18,555.3	18,601.7	18,702.7
Deposits received from customers	724.7	737.0	735.6	748.8	774.6
Borrowing	485.0	480.0	475.0	470.0	465.0
Other liabilities	296.5	331.1	339.8	363.9	328.6
Total liabilities	1,506.2	1,548.1	1,550.3	1,582.8	1,568.1
Net Asset	16,810.5	16,835.6	17,005.0	17,018.9	17,134.5
Capital received from unitholders	15,764.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	1,046.5	1,071.6	1,241.0	1,255.0	1,370.6
NAV per unit (in Baht)	10.2732	10.2886	10.3921	10.4006	10.4713

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q11, 2Q11, 3Q11 and 1Q12 and annual financial statements and audit report of Certified Public Accountant for 4Q11

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	30 Jun 11	30 Sep 11	31 Dec 11	31 Mar 12
Rama II	251,182	93,553	99.2%	99.5%	98.9%	98.8%
Rama III	169,740	39,407	95.8%	96.1%	97.8%	98.6%
Pinklao (Plaza)	135,018	24,429	94.7%	94.2%	95.6%	96.7%
Pinklao Tower A & B	50,653	33,378	96.0%	96.8%	96.5%	97.3%
CPNRF Portfolio	606,593	191,108	97.4%	97.6%	97.8%	98.2%

Source: CPN

II. Renewals and New Leases

	From 1 January to 31 March 2012 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	52	1,979	2.1%	8.7%
Rama III	14	1,874	4.6%	7.5%
Pinklao (Plaza)	6	593	2.4%	8.1%
Pinklao Tower A & B	9	1,718	5.1%	4.0%
CPNRF Portfolio	81	6,165	3.2%	7.0%

Note:

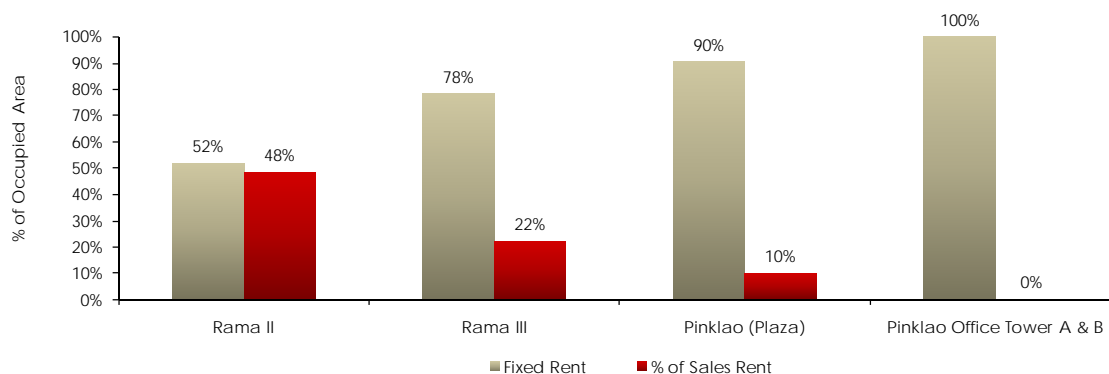
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 31 March 2012

/3 Exclude rental agreements with revenue sharing clause

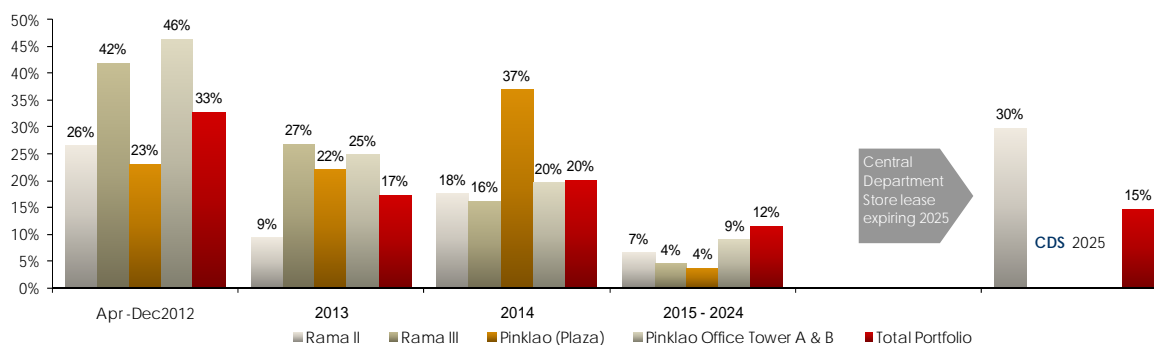
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

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

2. Exclude rental agreements < 1 year

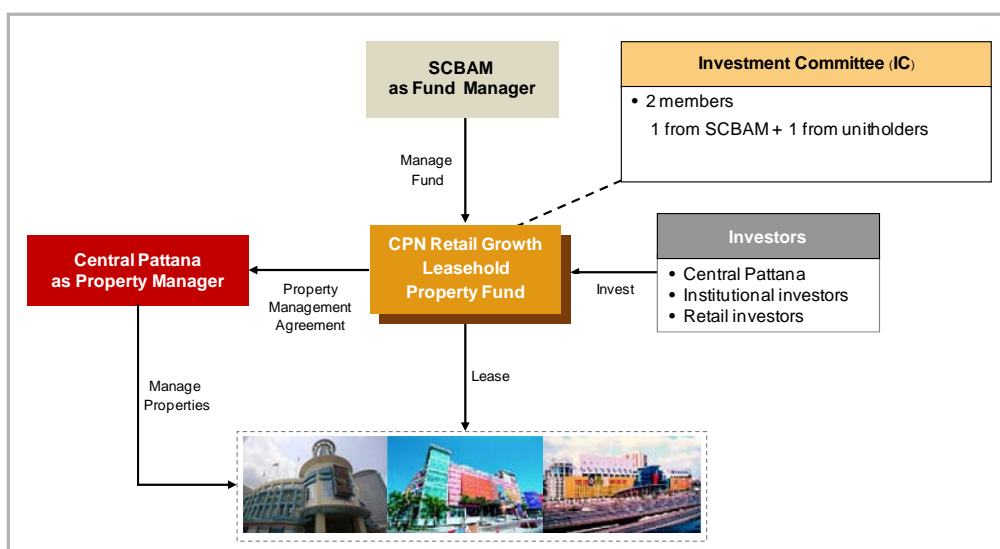
Source: CPN

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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