

# CPNrf 2Q 2012 Investor Newsletter

## CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

15 August 2012



### SHARE INFO: As of 14 August 2012

Unit Price (Bt)	15.70
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	25,690.3
NAV (Bt mln) <sup>/1</sup>	17,172.4
NAV per Unit (Bt) <sup>/1</sup>	10.4944
Premium/ (Discount) <sup>/1</sup>	49.60%

Note:  
<sup>/1</sup> NAV as of 30 June 2012

### CONTENTS

MD&A	2
Financial Summary	4
Operations Summary	5
Fund Information	6

Request for additional information should be directed to:

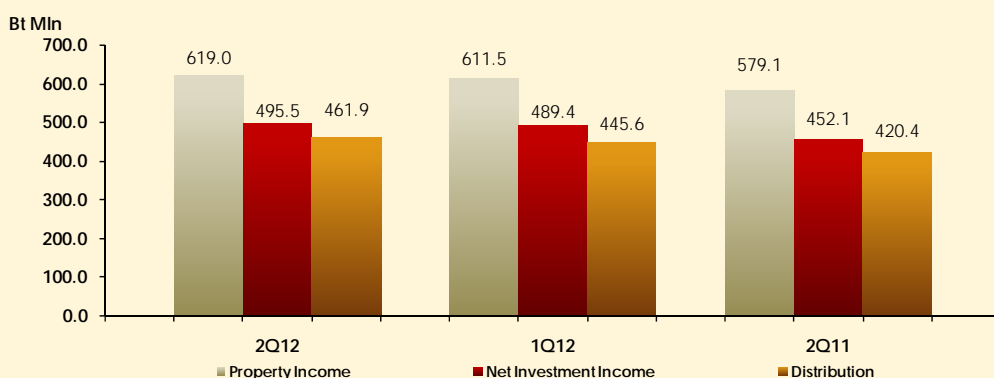
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**Net investment income increased by 9.6% YoY.** CPNRF reported net investment income for 2Q12 at Baht 495.5 million, an increase of 9.6% from the same quarter of the last year, resulting mainly from an increase in property income by Baht 39.9 million or 6.9%, while property expenses decreased by Baht 3.4 million or 2.9%.

**Total income increased by 6.9% YoY.** Total income for 2Q12 was recorded at Baht 625.6 million, representing an increase of 6.9% from Baht 585.4 million in 2Q11. In contrast, total expense for 2Q12 was recorded at Baht 130.2 million, decreased by 2.4% from the same quarter of last year.

**Distribution per unit increased by 9.9% YoY.** CPNRF announced 2Q12 distribution of Baht 461.9 million or Baht 0.2823 per unit, representing an annualised yield of approximately 7.2% at the price of Baht 15.70 per unit as at 14 August 2012.



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

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**MANAGEMENT DISCUSSION AND ANALYSIS****Statement of Income**

*2Q12 total income of Baht 625.6 million an increase of Baht 40.2 million or 6.9% from 2Q11.*

**Total Income**

CPNRF reported total income for 2Q12 of Baht 625.6 million, an increase of Baht 40.2 million or 6.9% from the same quarter of last year. This was mainly due to an increase of Baht 38.7 million or 6.9% in rental and service income. In addition, other income for this quarter increased by Baht 1.2 million from the same period of last year.

In comparison to the previous quarter, total income for this quarter increased by Baht 7.0 million or 1.1% from 1Q12, which resulted mainly from an increase in rental and service income of Baht 7.2 million. The occupancy rate of CPNRF portfolio decreased by 0.5% from previous quarter and the average rental growth rate for new/renewed leases that occurred since the beginning of 2012 is 5.7% p.a.. Meanwhile, interest income decreased by Baht 0.6 million or 7.8%.

**Total Expense**

*2Q12 total expenses decreased to Baht 130.2 million, mainly from the decrease in selling and administrative expenses by Baht 3.4 million or 23.8%.*

Total expense for 2Q12 was Baht 130.2 million, a decrease of Baht 3.1 million or 2.4% from the same quarter of last year. This resulted from a drop in selling and administrative expenses which decreased by Baht 3.4 million or 23.8% from the same quarter of last year. In addition, cost of rental and service decreased by Baht 0.9 million or 2.4%. Meanwhile, property management fee increased by Baht 0.9 million or 1.3% in 2Q12.

Compared to the previous quarter, total expense for 2Q12 increased by Baht 1.0 million or 0.8%. Major contributor was a growth in cost of rental and service of Baht 3.8 million or 12.8%, mainly resulting from an increased of repair and maintenance expense. Meanwhile, property management fee decreased by 2.7 million or 3.6%.

### Net Investment Income and Distribution

*Distribution per unit of Baht 0.2823 for 2Q12 grew by 9.9% from the same quarter of previous year*

Net investment income for 2Q12 totaled up to Baht 495.5 million, representing a growth of Baht 43.4 million or 9.6% from Baht 452.1 million in 2Q11. The fund announced the total 2Q12 distribution of Baht 461.9 million or Baht 0.2823 per unit, equivalent to an increase in distribution per unit of 9.9% from 2Q11. This resulted in an approximate annualised yield of 7.2% at the price of Baht 15.70 per unit as at 14 August 2012.

Compared to the previous quarter, net investment income increased by Baht 6.1 million or 1.2%, mainly resulting from a growth by Baht 7.0 million or 1.1% in total income which was affected by an increase of 1.2% in rental and service income. Meanwhile, an increase by Baht 1.0 million or 0.8% in total expenses, resulting from a rise of cost of rental and service by Baht 3.8 million or 12.8%, a decreased of Baht 2.7 million or 3.6% in property management fee.

The XD Date was at 10 August 2012, followed by Book Closure Date on 16 August 2012 and distribution payment will be made on 31 August 2012.

### Profitability

*Net property income margin improved by 1.9% from 2Q11, along with 1.9% higher net investment income margin*

Net property income margin for 2Q12 increased slightly by 1.9% from the same quarter of last year and stood at 81.1%. This was due to an improvement of property income by Baht 39.9 million or 6.9%, while property expenses decreased by Baht 3.4 million or 2.9%. Net investment income margin increased by 1.9% to 80.0%. This mainly resulting from increased of rental and service income of Baht 38.7 million or 6.9%, the decrease of Baht 3.4 million or 23.8% in selling and administrative expenses, additionally, cost of rental and service dropped by 2.4%.

Compared to the previous quarter, net property income margin increased from 81.0% in 1Q12 to 81.1%, mainly resulting from growth by Baht 7.2 million or 1.2% in rental and service income. Meanwhile, the increase by 0.9% in property expenses mainly resulted in growth of cost of rental service and a dropped of selling and administrative expenses, net investment income margin of 80.0%, an equal percentage to 1Q12.

### Balance Sheet Movement

*NAV increased to Baht 10.4944 per unit. Borrowing stood at Baht 460.0 million.*

As of 30 June 2012, CPNRF reported total investment in properties of Baht 17,505.0 million. Net Asset Value ("NAV") was recorded at Baht 17,172.4 million or Baht 10.4944 per unit as at 30 June 2012, growth from Baht 10.4713 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 465.0 million to Baht 460.0 million.

## FINANCIAL SUMMARY

## Income Statement

Unit: Baht Million	2Q12	1Q12	Change QoQ	2Q11	Change YoY
<i>Property income</i>	619.0	611.5	1.2%	579.1	6.9%
Rental and service income	600.7	593.5	1.2%	562.0	6.9%
Other income	18.3	17.9	2.1%	17.1	7.2%
Interest income	6.6	7.2	(7.8%)	6.3	4.3%
<b>Total income</b>	<b>625.6</b>	<b>618.6</b>	<b>1.1%</b>	<b>585.4</b>	<b>6.9%</b>
<i>Property expenses</i>	117.2	116.1	0.9%	120.6	(2.9%)
Cost of rental and service	33.4	29.6	12.8%	34.3	(2.4%)
Selling and administrative expenses	10.9	10.9	(0.3%)	14.3	(23.8%)
Property management fee	72.8	75.5	(3.6%)	71.9	1.3%
Other expenses	0.0	0.0	(83.3%)	0.1	(96.3%)
Interest expense	6.2	6.4	(2.4%)	6.0	3.0%
Other management fees and expenses	6.4	6.3	0.9%	6.2	1.9%
Amortisation of deferred expenses	0.4	0.4	0.3%	0.4	0.3%
<b>Total expense</b>	<b>130.2</b>	<b>129.2</b>	<b>0.8%</b>	<b>133.3</b>	<b>(2.4%)</b>
<b>Net investment income</b>	<b>495.5</b>	<b>489.4</b>	<b>1.2%</b>	<b>452.1</b>	<b>9.6%</b>
Net realised gain (loss) from changes in investment value	1.3	0.2	n.a.	0.0	n.a.
Net unrealised gain (loss) from changes in investment value	(13.3)	35.1	n.a.	(15.1)	n.a.
<b>Net increase in net assets from operations</b>	<b>483.4</b>	<b>524.7</b>	<b>(7.9%)</b>	<b>437.0</b>	<b>10.6%</b>
<b>Income available for distribution</b>	<b>495.9</b>	<b>489.8</b>	<b>1.2%</b>	<b>452.5</b>	<b>9.6%</b>
<b>Distribution</b>	<b>461.9</b>	<b>445.6</b>	<b>3.7%</b>	<b>420.4</b>	<b>9.9%</b>
<b>Distribution per unit (in Baht)</b>	<b>0.2823</b>	<b>0.2723</b>	<b>3.7%</b>	<b>0.2569</b>	<b>9.9%</b>
Net property income margin	81.1%	81.0%	0.1%	79.2%	1.9%
Net investment income margin	80.0%	80.0%	0.0%	78.1%	1.9%

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

## Balance Sheet

Unit: Baht Million	2Q11	3Q11	4Q11	1Q12	2Q12
<i>Investment at fair value</i>	17,856.3	17,963.9	18,101.0	18,319.8	18,351.9
Central Rama II	6,077.0	6,007.0	6,198.0	6,390.0	6,300.0
Central Rama III	5,371.7	5,454.7	5,645.0	5,575.0	5,651.0
Central Pinklao	5,782.6	5,912.2	5,618.0	5,538.0	5,554.0
<i>Total investment in properties</i>	<i>17,231.3</i>	<i>17,373.9</i>	<i>17,461.0</i>	<i>17,503.0</i>	<i>17,505.0</i>
Investment in securities	625.0	590.0	640.0	816.8	846.9
Cash on hand and at banks	277.5	320.9	286.9	133.2	136.2
Other assets	249.8	270.5	213.8	249.6	200.3
<b>Total assets</b>	<b>18,383.6</b>	<b>18,555.3</b>	<b>18,601.7</b>	<b>18,702.7</b>	<b>18,688.5</b>
Deposits received from customers	737.0	735.6	748.8	774.6	784.5
Borrowing	480.0	475.0	470.0	465.0	460.0
Other liabilities	331.1	339.8	363.9	328.6	271.5
<b>Total liabilities</b>	<b>1,548.1</b>	<b>1,550.3</b>	<b>1,582.8</b>	<b>1,568.1</b>	<b>1,516.1</b>
<b>Net Asset</b>	<b>16,835.6</b>	<b>17,005.0</b>	<b>17,018.9</b>	<b>17,134.5</b>	<b>17,172.4</b>
Capital received from unitholders	15763.958	15763.958	15763.9576	15763.958	15763.958
Retained earnings	1,071.6	1,241.0	1,255.0	1,370.6	1,408.5
<b>NAV per unit (in Baht)</b>	<b>10.2886</b>	<b>10.3921</b>	<b>10.4006</b>	<b>10.4713</b>	<b>10.4944</b>

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 2Q11, 3Q11, 1Q12 and 2Q12 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 Sep 11	31 Dec 11	31 Mar 12	30 Jun
Rama II	251,182	93,657	99.5%	98.9%	98.8%	98.1%
Rama III	169,740	39,587	96.1%	97.8%	98.6%	98.3%
Pinklao (Plaza)	135,018	24,560	94.2%	95.6%	96.7%	96.3%
Pinklao Tower A & B	50,653	33,760	96.8%	96.5%	97.3%	97.3%
<b>CPNRF Portfolio</b>	<b>606,593</b>	<b>191,564</b>	<b>97.6%</b>	<b>97.8%</b>	<b>98.2%</b>	<b>97.7%</b>

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 June 2012 <sup>/1</sup>			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) <sup>/3</sup>
	No. of Leases	Area (sqm)	% of Total <sup>/2</sup>	
Rama II	65	2,940	3.1%	7.1%
Rama III	48	3,515	8.9%	6.2%
Pinklao (Plaza)	29	2,840	11.6%	9.6%
Pinklao Tower A & B	15	3,523	10.4%	0.9%
<b>CPNRF Portfolio</b>	<b>157</b>	<b>12,817</b>	<b>6.7%</b>	<b>5.7%</b>

Note:

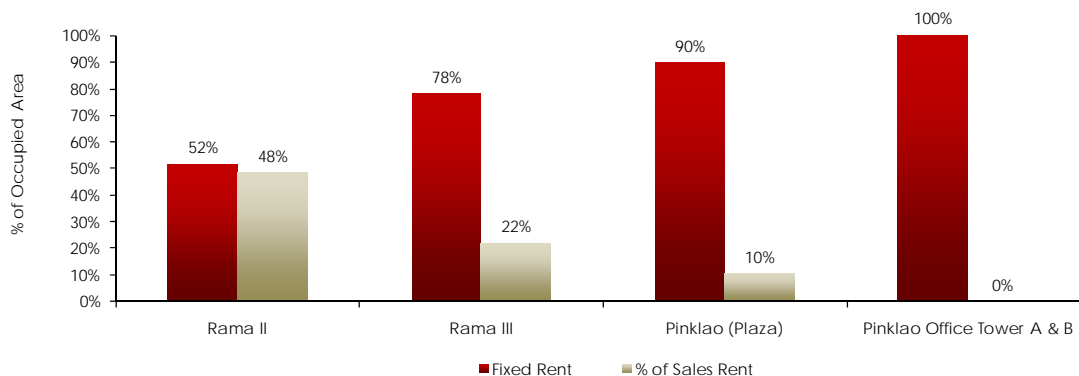
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 30 June 2012

/3 Exclude rental agreements with revenue sharing clause

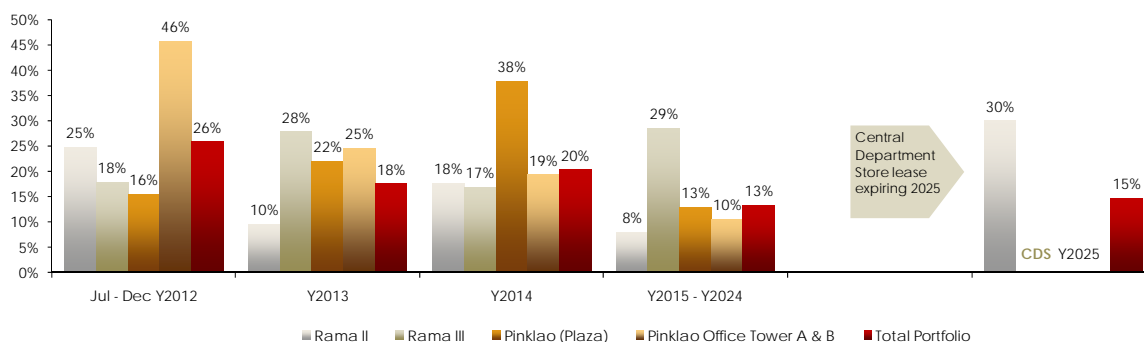
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 30 June 2012

2. Exclude rental agreements < 1 year

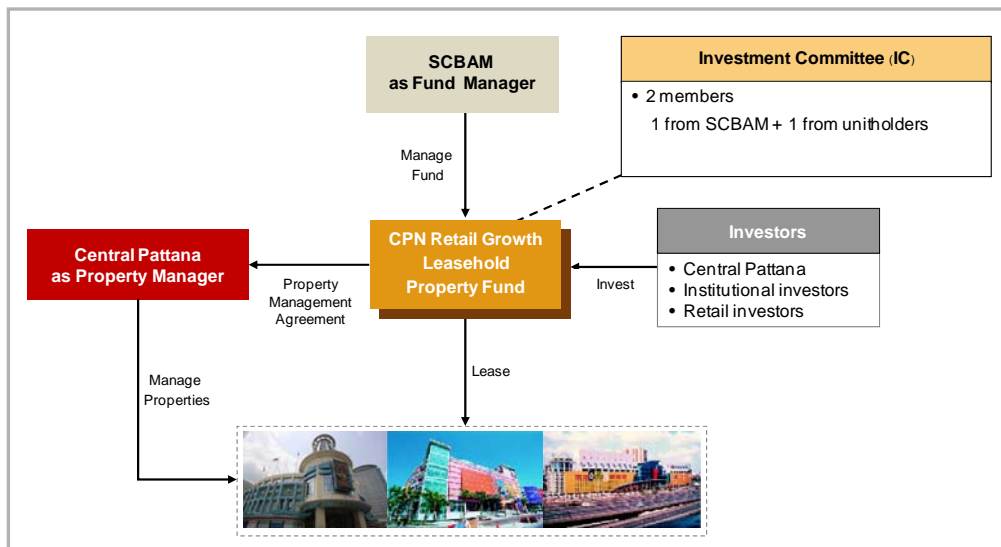
Source: CPN

ABOUT CPNRF

I. Fund Information

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

II. Fund Structure



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