

CPNrf 3Q 2012 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

13 November 2012



SHARE INFO: As of 13 November 2012

Unit Price (Bt)	17.10
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	27,981.9
NAV (Bt mln) ^{/1}	17,408.9
NAV per Unit (Bt) ^{/1}	10.6389
Premium/ (Discount) ^{/1}	60.73%

Note:
^{/1} NAV as of 30 September 2012

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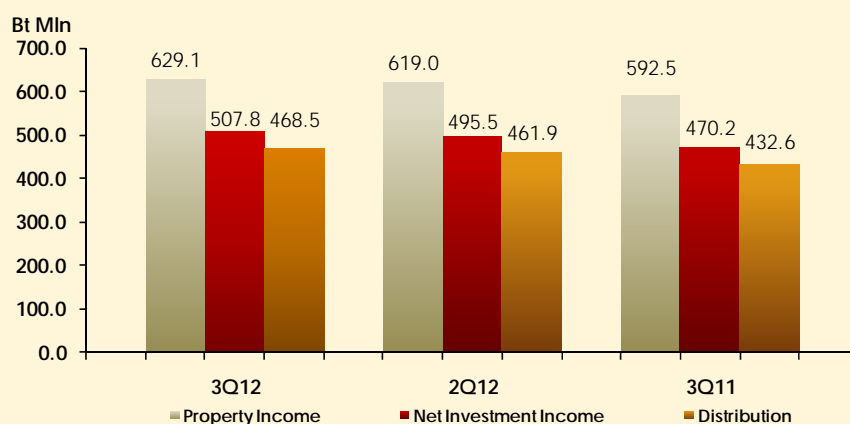
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Net investment income increased by 8.0% YoY. CPNRF reported net investment income for 3Q12 at Baht 507.8 million, an increase of 8.0% from the same quarter of the last year, resulting mainly from an increase in rental and service income and a decrease in selling and administrative expense.

Total income increased by 6.0% YoY. Total income for 3Q12 was recorded at Baht 629.1 million, representing an increase of 6.0% from Baht 592.5 million in 3Q11. In contrast, total expense for 3Q12 was recorded at Baht 127.3 million, a decrease of 1.4% from the same quarter of last year.

Distribution per unit increased by 8.3% YoY. CPNRF announced 3Q12 distribution of Baht 468.5 million or Baht 0.2863 per unit, representing an annualised yield of approximately 6.6% at the price of Baht 17.10 per unit as at 13 November 2012.



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

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

Total Income

3Q12 total income of Baht 635.1 million an increase of Baht 35.8 million or 6.0% from 3Q11, mainly from the increase in rental and service income.

CPNRF reported total income for 3Q12 of Baht 635.1 million, an increase of Baht 35.8 million or 6.0% from the same quarter of last year. This was mainly due to an increase of Baht 34.0 million or 5.9% in rental and service income. In addition, other income for this quarter increased by Baht 2.5 million from the same period of last year.

In comparison to the previous quarter, total income for this quarter increased by Baht 9.4 million or 1.5% from 2Q12, which resulted mainly from an increase in rental and service income of Baht 10.3 million or 1.7%. The occupancy rate of CPNRF portfolio increased by 0.5% from previous quarter and the average rental growth rate for new/renewed leases that occurred since the beginning of 2012 is 7.6% p.a.. Meanwhile, interest income decreased by Baht 0.6 million or 8.9%.

Total Expense

3Q12 total expenses decreased to Baht 127.3 million, mainly from the decrease in selling and administrative expenses by Baht 5.4 million or 37.5%.

Total expense for 3Q12 was Baht 127.3 million, a decrease of Baht 1.8 million or 1.4% from the same quarter of last year. This resulted from a drop in selling and administrative expenses which decreased by Baht 5.4 million or 37.5% from 3Q11, mainly resulting from a decrease in advertising and promotion expense. While, cost of rental and service increased by Baht 0.7 million or 2.2%. Property management fee increased by Baht 3.1 million or 4.4% in 3Q12.

Compared to the previous quarter, total expense for 3Q12 decreased by Baht 2.9 million or 2.2%. This resulted from a drop in selling and administrative expenses which decreased by Baht 1.9 million or 17.8%, mainly resulting from a decreased of advertising and promotion expense. In addition, cost of rental and service decreased by Baht 1.5 million or 4.4%. Meanwhile, property management fee increased by 0.4 million or 0.6%.

Net Investment Income and Distribution

Distribution per unit of Baht 0.2863 for 3Q12 grew by 8.3% from the same quarter of previous year

Net investment income for 3Q12 totaled up to Baht 507.8 million, representing a growth of Baht 37.6 million or 8.0% from Baht 470.2 million in 3Q11. The fund announced the total 3Q12 distribution of Baht 468.5 million or Baht 0.2863 per unit, equivalent to an increase in distribution per unit of 8.3% from 3Q11. This resulted in an approximate annualised yield of 6.6% at the price of Baht 17.10 per unit as at 13 November 2012.

Compared to the previous quarter, net investment income increased by Baht 12.4 million or 2.5%, mainly resulting from a growth by Baht 9.4 million or 1.5% in total income which was affected by an increase of 1.7% in rental and service income. Meanwhile, a drop of Baht 2.9 million or 2.2% in total expenses, resulting from a decrease in selling and administrative expenses by Baht 1.9 million or 17.8% and a decrease of Baht 1.5 million or 4.4% in cost of rental and service.

The XD Date was at 2 November 2012, followed by Book Closure Date on 7 November 2012 and distribution payment will be made on 16 November 2012.

Profitability

Net property income margin improved by 1.4% from 3Q11, along with 1.3% higher net investment income margin

Net property income margin for 3Q12 increased slightly by 1.4% from the same quarter of last year and stood at 81.8%. This was due to an improvement of property income by Baht 36.6 million or 6.2%, while property expenses decreased by Baht 1.8 million or 1.4%. Net investment income margin increased by 1.3% to 80.7%. This mainly resulting from the increase of rental and service income of Baht 34.0 million or 5.9%, and the decrease of Baht 5.4 million or 37.5 in selling and administrative expenses, while cost of rental and service slightly increased by 2.2%.

Compared to the previous quarter, net property income margin increased from 81.1% in 2Q12 to 81.8%, mainly resulting from growth by Baht 10.3 million or 1.7% in rental and service income. Meanwhile, the decrease of 2.6% in property expenses resulted from a drop in cost of rental service and a dropped of selling and administrative expenses, net investment income margin of 80.7%, an increase of 0.7% from previous quarter.

Statement of Financial Position Movement

NAV increased to Baht 10.6389 per unit. Borrowing stood at Baht 455.0 million.

As of 30 September 2012, CPNRF reported total investment in properties of Baht 17,720.0 million. Net Asset Value ("NAV") was recorded at Baht 17,408.9 million or Baht 10.6389 per unit as at 30 September 2012, a growth from Baht 10.4944 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 460.0 million to Baht 455.0 million.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	3Q12	2Q12	Change QoQ	3Q11	Change YoY
<i>Property income</i>	629.1	619.0	1.6%	592.5	6.2%
Rental and service income	611.0	600.7	1.7%	577.0	5.9%
Other income	18.1	18.3	(1.3%)	15.5	16.3%
Interest income	6.0	6.6	(8.9%)	6.8	(11.8%)
Total income	635.1	625.6	1.5%	599.3	6.0%
<i>Property expenses</i>	114.2	117.2	(2.6%)	115.8	(1.4%)
Cost of rental and service	32.0	33.4	(4.4%)	31.3	2.2%
Selling and administrative expenses	9.0	10.9	(17.8%)	14.3	(37.5%)
Property management fee	73.3	72.8	0.6%	70.2	4.4%
Other expenses	0.0	0.0	200.0%	0.0	0.0%
Interest expense	6.2	6.2	0.0%	6.5	(4.1%)
Other management fees and expenses	6.4	6.4	1.2%	6.4	1.3%
Amortisation of deferred expenses	0.4	0.4	0.8%	0.4	(0.3%)
Total expense	127.3	130.2	(2.2%)	129.1	(1.4%)
Net investment income	507.8	495.5	2.5%	470.2	8.0%
Net realised gain (loss) from changes in investment value	1.3	1.3	n.a.	0.0	n.a.
Net unrealised gain (loss) from changes in investment value	189.2	(13.3)	n.a.	119.5	n.a.
Net increase in net assets from operations	698.4	483.4	44.5%	589.8	18.4%
Income available for distribution	509.2	495.9	2.7%	589.8	(13.7%)
Distribution	468.5	461.9	1.4%	432.6	8.3%
Distribution per unit (in Baht)	0.2863	0.2823	1.4%	0.2644	8.3%
Net property income margin	81.8%	81.1%	0.7%	80.4%	1.4%
Net investment income margin	80.7%	80.0%	0.7%	79.4%	1.3%

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

Statement of Financial Position

Unit: Baht Million	3Q11	4Q11	1Q12	2Q12	3Q12
<i>Investment at fair value</i>	17,963.9	18,101.0	18,319.8	18,351.9	18,590.2
Central Rama II	6,007.0	6,198.0	6,390.0	6,300.0	6,321.0
Central Rama III	5,454.7	5,645.0	5,575.0	5,651.0	5,825.0
Central Pinklao	5,912.2	5,618.0	5,538.0	5,554.0	5,574.0
<i>Total investment in properties</i>	<i>17,373.9</i>	<i>17,461.0</i>	<i>17,503.0</i>	<i>17,505.0</i>	<i>17,720.0</i>
Investment in securities	590.0	640.0	816.8	846.9	870.2
Cash on hand and at banks	320.9	286.9	133.2	136.2	133.7
Other assets	270.5	213.8	249.6	200.3	206.8
Total assets	18,555.3	18,601.7	18,702.7	18,688.5	18,930.7
Deposits received from customers	735.6	748.8	774.6	784.5	788.3
Borrowing	475.0	470.0	465.0	460.0	455.0
Other liabilities	339.8	363.9	328.6	271.5	278.5
Total liabilities	1,550.3	1,582.8	1,568.1	1,516.1	1,521.8
Net Asset	17,005.0	17,018.9	17,134.5	17,172.4	17,408.9
Capital received from unitholders	15,764.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	1,241.0	1,255.0	1,370.6	1,408.5	1,644.9
NAV per unit (in Baht)	10.3921	10.4006	10.4713	10.4944	10.6389

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 3Q11, 1Q12, 2Q12 and 3Q12 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	31 Dec 11	31 Mar 12	30 Jun 12	30 Sep 12
Rama II	251,182	93,658	98.9%	98.8%	98.1%	98.7%
Rama III	169,740	39,587	97.8%	98.6%	98.3%	98.1%
Pinklao (Plaza)	135,018	24,592	95.6%	96.7%	96.3%	98.1%
Pinklao Tower A & B	50,653	33,760	96.5%	97.3%	97.3%	97.1%
CPNRF Portfolio	606,593	191,597	97.8%	98.2%	97.7%	98.2%

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 September 2012 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	74	4,084	4.4%	10.3%
Rama III	47	5,370	13.6%	6.5%
Pinklao (Plaza)	28	3,393	13.8%	11.3%
Pinklao Tower A & B	24	5,719	16.9%	4.4%
CPNRF Portfolio	173	18,566	9.7%	7.6%

Note:

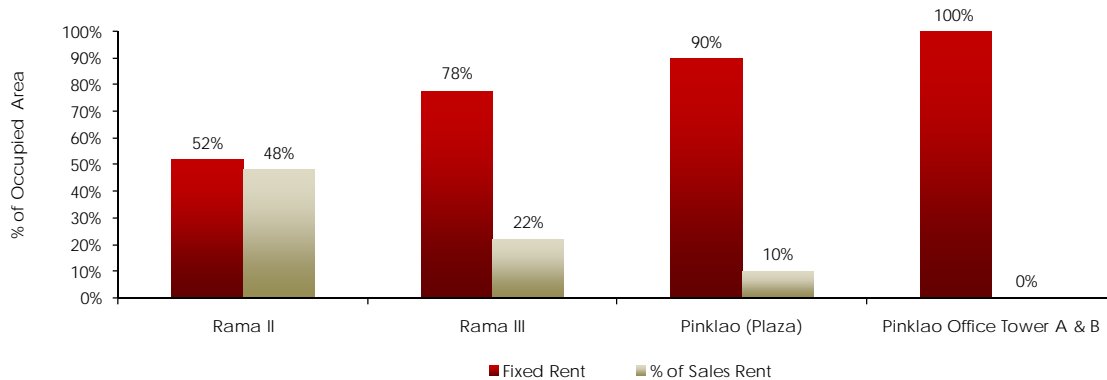
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 30 September 2012

/3 Exclude rental agreements with revenue sharing clause

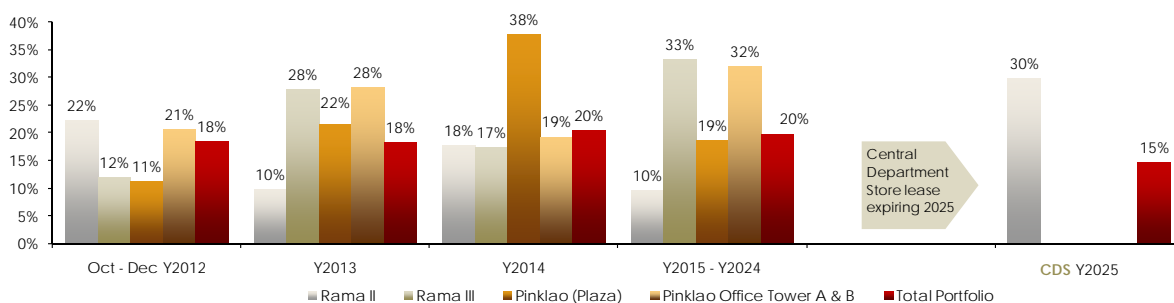
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

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

2. Exclude rental agreements < 1 year

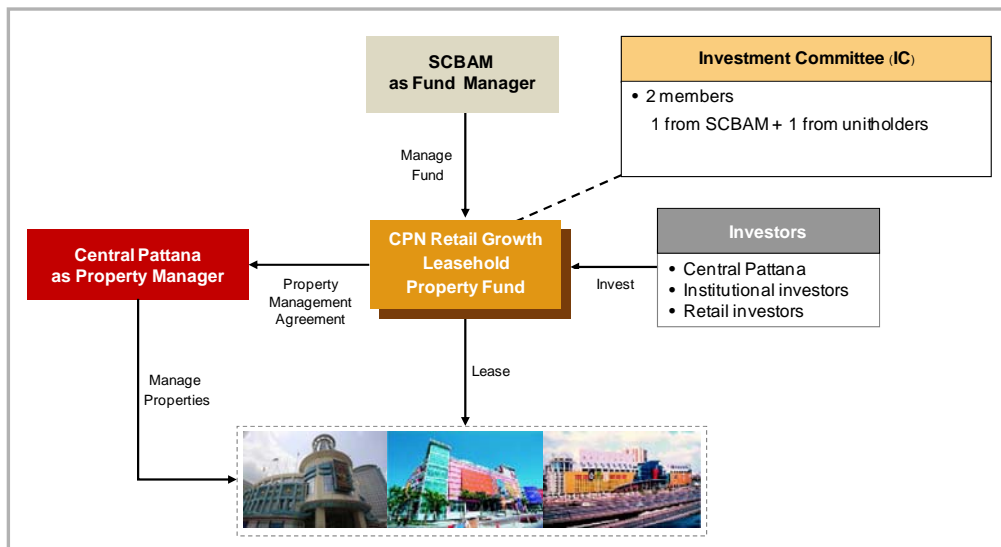
Source: CPN

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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