

# 1Q 2007

## Investor Newsletter

### CPN Retail Growth Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

14 May 2007

#### SHARE INFO: As of 11 May 07

Unit Price (Bt)	10.00
Shares Outstanding (mln)	1,091.5
Market Capital (Bt mln)	10,915.00
NAV (Bt mln)	11,113.54
NAV per Unit (Bt)	10.1819
Premium/(Discount)	(1.8 %)



Central Plaza Rama II



Central Plaza Ratchada-Rama III

**1Q07 net investment income increased by 9.4% QoQ.** CPNRF reported net investment income in 1Q07 of Baht 222.9 million, an increase of 9.4% QoQ, mainly due to a decrease in property expenses by 21.1%.

**Total income remained about the same level while total expense decreased 17.9% QoQ.** Total income for 1Q07 was recorded at Baht 309.1 million, which is in line with that of 4Q06 of Baht 308.8 million. Total expense decreased by 17.9% QoQ as a result of lower cost of rental and service and selling and administrative expenses.

**NAV up by 1.8% from the IPO.** Net asset value (NAV) as at 31 March 2007 was Baht 11,113.5 million or Baht 10.1819 per unit, an increase of 1.8% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 12.5% from the IPO.

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Source: CPN. Based on interim financial statements and review report of Certified Public Accountant for 1Q07 and 1Q06 and annual financial statements and audit report of Certified Public Accountant for 4Q06

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Total Income

CPNRF recorded 1Q07 total income of Baht 309.1 million, increased by Baht 21.0 million or 7.3% from Baht 288.1 million in 1Q06. This is primarily due to growth in rental rates and service income. Interest income increased 213.2% YoY due to higher interest income on bank deposits.

As compared to the previous quarter, total income remained about the same level as that in 4Q06 of Baht 308.8 million. This is due to an increase in rental and service income from shops but a decrease in promotion income. Other income and interest income did not significantly change from those in 4Q06. Occupancy rates in 1Q07 of both Central Plaza Rama II and Central Plaza Ratchada-Rama III were 99.0% and 95.1% which were at the same level as those in 4Q06.

#### Total Expense

Total expense in 1Q07 was Baht 86.2 million, slightly increased by Baht 2.8 million or 3.3% from Baht 83.4 million in the same period of last year. This is mainly attributed to an increase of cost of rental by 18.1% YoY as well as an increase of property management fee.

Compared to the previous quarter, total expense dropped 17.9% QoQ from Baht 105.0 million in 4Q06. This is mainly due to decrease of cost of rental and service by Baht 8.7 million or 45.6% and decrease of selling and administrative expenses by Baht 7.6 million or 32.1%. Cost of rental and service decreased mainly due to decreased repair and maintenance cost while selling and administration expenses decreased due to decreased advertising and promotion expenses as less marketing and promotion activities were launched in the 1Q07 compared to those in 4Q06.

#### Net Investment Income and Income Available for Distribution

In 1Q07, net investment income registered at Baht 222.9 million translating to income available for distribution of Baht 234.9 million, increased by 8.9% and 8.4% YoY, respectively.

Compared to the previous quarter, net investment income and income available for distribution grew by 9.4% and 8.7% QoQ, respectively, as a result of lower property expenses.

#### Balance Sheet Movement

As of 31 March 2007, CPNRF reported total investment in properties of Baht 10,772.2 million, same as that of the end of 2006 since the properties will be reappraised by independent valuer once a year by the end of every year. Net Asset Value ("NAV") was recorded at Baht 11,113.5 million or Baht 10.1819 per unit as at 31 March 2007, slightly increased by 0.1% QoQ due to an increase in retain earnings reserved for current and future asset enhancement and renovation and decrease in other liabilities.

#### Profitability

Net property income margin and net investment income margin increased from 76.7% and 71.8% respectively in 1Q06 to 77.0% and 74.3% respectively in 1Q07, representing increases of 0.3% and 3.5% YoY, respectively. These mainly resulted from an increase in rental and service income and interest income.

Compared to those in 4Q06, net property income margin and net investment income margin increased by 8.7% and 9.2% QoQ, respectively, as cost of rental and service and selling and administrative expenses decreased.

### **Asset Enhancements**

#### **Central Plaza Rama II**

At Central Plaza Rama II, rental space of approximately 4,100 sqm was planned to be added on the 4<sup>th</sup> floor of the parking building. This aims to increase rental space and traffic flow. The estimated project investment cost is about Baht 70 million and the projected IRR is approximately 15%.

#### **Central Plaza Ratchada-Rama III**

The relocation of food court to new area on 6<sup>th</sup> floor is in final design stage and is expected to be completed by this year. Estimated total capital expenditure for the project is Baht 30 million which is expected to generate IRR of about 15%.

## FINANCIAL SUMMARY

### Income Statement

Unit: Baht Million	1Q07	1Q06	Change YoY	4Q06	Change QoQ
<i>Property income</i>	299.9	285.2	5.1%	299.6	0.1%
Rental and service income	287.9	273.4	5.3%	286.3	0.5%
Other income	12.0	11.8	2.0%	13.2	(9.4%)
Interest income	9.2	2.9	213.2%	9.2	(0.5%)
<b>Total income</b>	<b>309.1</b>	<b>288.1</b>	<b>7.3%</b>	<b>308.8</b>	<b>0.1%</b>
<i>Property expenses</i>	69.0	66.3	4.1%	87.5	(21.1%)
Cost of rental and service	10.4	8.8	18.1%	19.1	(45.6%)
Selling and administrative expenses	16.2	17.8	(9.1%)	23.8	(32.1%)
Property management fee	40.9	36.3	12.5%	44.3	(7.8%)
Other expenses	1.6	3.4	(52.7%)	0.3	512.6%
Other management fees and expenses	5.2	5.1	0.9%	5.2	(1.4%)
Amortisation of deferred expenses	12.0	12.0	0.0%	12.2	(2.2%)
<b>Total expense</b>	<b>86.2</b>	<b>83.4</b>	<b>3.3%</b>	<b>105.0</b>	<b>(17.9%)</b>
<b>Net investment income</b>	<b>222.9</b>	<b>204.7</b>	<b>8.9%</b>	<b>203.8</b>	<b>9.4%</b>
Net unrealised gain (loss) from changes in investment value	(11.6)	(1.2)	n.a.	56.5	n.a.
<b>Net increase in net assets from operations</b>	<b>211.3</b>	<b>203.5</b>	<b>3.8%</b>	<b>260.4</b>	<b>(18.9%)</b>
<b>Income available for distribution</b>	<b>234.9</b>	<b>216.7</b>	<b>8.4%</b>	<b>216.1</b>	<b>8.7%</b>
<b>Distribution</b>	<b>n.a.</b>	<b>205.9</b>	<b>n.a.</b>	<b>205.2</b>	<b>n.a.</b>
<b>Distribution per unit (in Baht)</b>	<b>n.a.</b>	<b>0.1886</b>	<b>n.a.</b>	<b>0.1880</b>	<b>n.a.</b>
Net property income margin	77.0%	76.7%	0.3%	70.8%	8.7%
Net investment income margin	74.3%	71.8%	3.5%	68.0%	9.2%

Source: CPN. Based on interim financial statements and review report of Certified Public Accountant for 1Q07 and 1Q06 and annual financial statements and audit report of Certified Public Accountant for 4Q06

### Balance Sheet

Unit: Baht Million	1Q06	2Q06	3Q06	4Q06	1Q07
<i>Investment at fair value</i>	10,707.0	11,207.0	11,107.0	11,398.2	11,272.2
Central Rama II	5,958.0	5,958.0	5,958.0	6,038.9	6,038.9
Central Rama III	4,749.0	4,749.0	4,749.0	4,733.3	4,733.3
<i>Total investment in properties</i>	<i>10,707.0</i>	<i>10,707.0</i>	<i>10,707.0</i>	<i>10,772.2</i>	<i>10,772.2</i>
Investment in securities	0.0	500.0	400.0	626.0	500.0
Cash on hand and at banks	653.4	160.0	278.2	140.5	243.7
Other assets	172.4	170.6	166.9	143.1	168.5
<b>Total assets</b>	<b>11,532.8</b>	<b>11,537.7</b>	<b>11,552.1</b>	<b>11,681.8</b>	<b>11,684.5</b>
Deposits received from customers	406.8	406.5	411.8	421.3	422.7
Other liabilities	72.7	59.6	76.3	153.0	148.3
<b>Total liabilities</b>	<b>479.5</b>	<b>466.1</b>	<b>488.0</b>	<b>574.3</b>	<b>570.9</b>
<b>Net Asset</b>	<b>11,053.3</b>	<b>11,071.5</b>	<b>11,064.1</b>	<b>11,107.5</b>	<b>11,113.5</b>
Capital received from unitholders	10,915.0	10,915.0	10,915.0	10,915.0	10,915.0
Retained earnings	138.3	156.5	149.1	192.5	198.5
<b>NAV per unit (in Baht)</b>	<b>10.1267</b>	<b>10.1434</b>	<b>10.1366</b>	<b>10.1763</b>	<b>10.1819</b>

Source: CPN. Based on interim financial statements and review report of Certified Public Accountant for 1Q07 and 1Q06 and annual financial statements and audit report of Certified Public Accountant for 4Q06

**OPERATIONS SUMMARY**

**I. Leasable Area and Occupancy**

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	30 Jun 06	30 Sep 06	31 Dec 06	31 Mar 07
Rama II	251,182	93,593	99.4%	99.4%	99.0%	99.0%
Rama III	169,740	38,980	98.0%	95.6%	95.4%	95.1%
<b>CPNRF Portfolio</b>	<b>420,922</b>	<b>132,573</b>	<b>99.0%</b>	<b>98.3%</b>	<b>98.0%</b>	<b>97.9%</b>

Source: CPN

**II. Renewals and New Leases**

	From 1 January to 31 March 2007 <sup>1</sup>			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.)
	No. of Leases	Area (sqm)	% of Total <sup>2</sup>	
Rama II	13	1,571	1.7%	4.4%
Rama III	23	3,258	8.4%	11.0%
<b>CPNRF Portfolio</b>	<b>36</b>	<b>4,829</b>	<b>3.6%</b>	<b>8.9%</b>

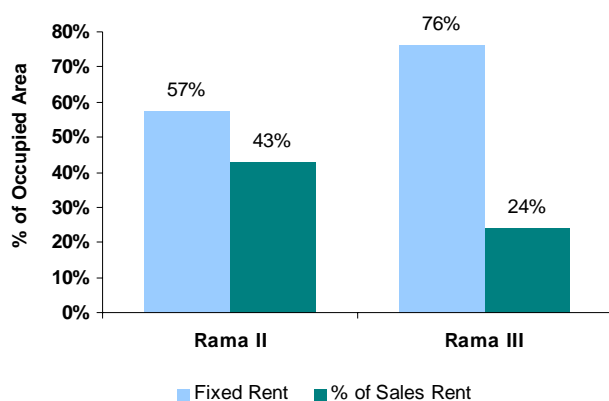
Note:

<sup>1</sup> Exclude rental agreements < 1 year and rental agreements with revenue sharing clause

<sup>2</sup> Percentage of leasable area as at 31 March 2007

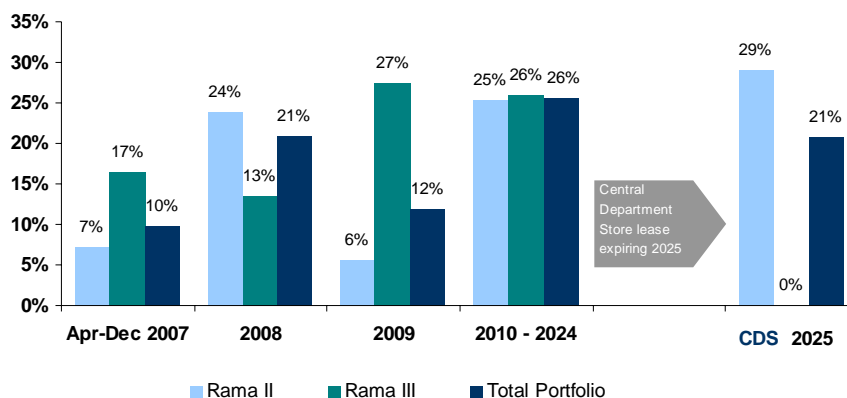
Source: CPN

**III. Rental Structure**



Source: CPN

**IV. Lease Expiry Profile**



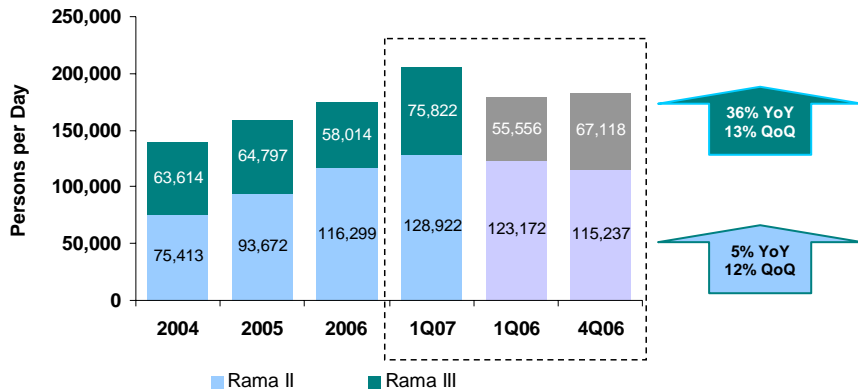
Note:

1. Percentage of total occupied area as at 31 March 2007

2. Exclude rental agreements < 1 year

Source: CPN

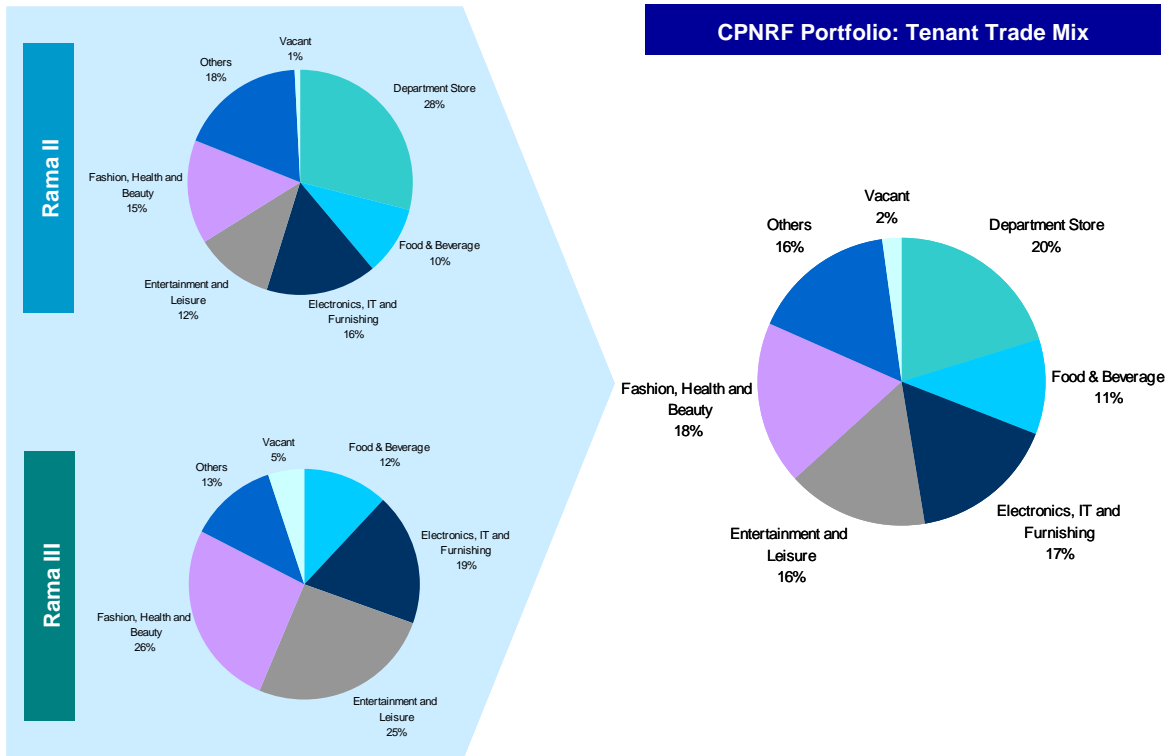
V. Traffic



- Rama III: Traffic increased mainly due to the completion of the overpasses on Rama III road in front of Central Plaza Ratchada-Rama III and continuous promotional activities.
- Rama II: Traffic increased mainly due to the completion of the pedestrian bridge linking BIGC to the Central Plaza Rama II.

Source: CPN estimate

VI. Tenants Trade Mix



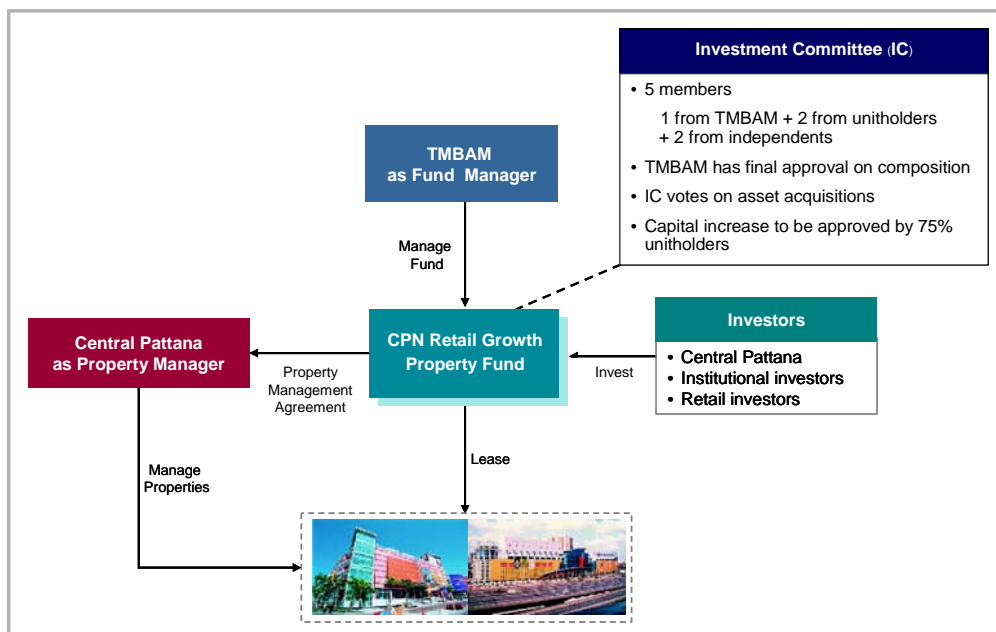
Note: Based on leasable area as at 31 March 2007  
Source: CPN

## ABOUT CPNRF

### I. Fund Information

<b>Name</b>	CPN Retail Growth Property Fund ("CPNRF")
<b>Property Manager</b>	Central Pattana Public Company Limited
<b>Fund Manager</b>	TMB Asset Management Company Limited
<b>Trustee</b>	Kasikorn Bank Public Company Limited
<b>Registrar</b>	TMB Asset Management Company Limited
<b>Assets</b>	Central Plaza Rama II, Central Plaza Ratchada-Rama III
<b>Type</b>	Property Fund Type I (Indefinite Life)
<b>Total Fund Size</b>	Baht 10,915 million
<b>Fund Registered Date</b>	11 August 2005
<b>Fund Investing Date</b>	15 August 2005 for Central Plaza Rama II 16 August 2005 for Central Plaza Ratchada-Rama III
<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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