

# 1Q 2009

## Investor Newsletter

### CPN Retail Growth Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

15 May 2009

#### SHARE INFO: As of 15 May 09

Unit Price (Bt)	7.95
Shares Outstanding (mln)	1,091.5
Market Capital (Bt mln)	8,677.43
NAV (Bt mln) <sup>/1</sup>	11,353.56
NAV per Unit (Bt) <sup>/1</sup>	10.4017
Premium/ (Discount) <sup>/1</sup>	(23.6%)

Note:  
<sup>/1</sup> NAV as of 31 March 2009

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Central Plaza Rama II



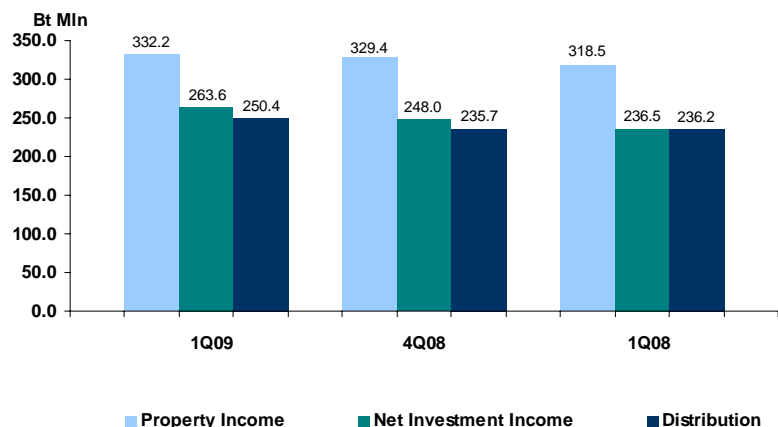
Central Plaza Ratchada-Rama III

**Net investment income increased by 11.4% YoY.** CPNRF recorded net investment income for 1Q09 of Baht 263.6 million, an increase of 11.4% from the same quarter of the previous year, mainly due to 3.3% increase in rental and service income while cost of rental and service declined by 22.6%.

**Total income increased by 3.4% YoY.** Total income for 1Q09 was reported at Baht 336.6 million, representing growth of 3.4% from Baht 325.5 million in 1Q08. Total expenses of Baht 73.1 million were reduced by 17.9% from the same period of last year.

**NAV up by 4.0% from the IPO.** Net asset value (NAV) as at 31 March 2009 was Baht 11,353.6 million or Baht 10.4017 per unit, representing an increase of 4.0% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 31.7%.

**Distribution increased by 6.0% YoY.** CPNRF announced 1Q09 distribution of Baht 250.4 million or Baht 0.2294 per unit, representing an annualised yield of approximately 11.7% at the price of Baht 7.95 per unit as at the 15<sup>th</sup> May 2009.



Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 1Q09 and 1Q08 and annual financial statements and audit report of Certified Public Accountant for 4Q08

## MANAGEMENT DISCUSSION AND ANALYSIS

### Total Income

CPNRF recorded total income for 1Q09 at Baht 336.6 million, an increase of Baht 11.1 million or 3.4% from Baht 325.5 million in the same period of 2008. The main contributing factor behind this was the Baht 10.1 million or 3.3% increase in rental and service income. Meanwhile, other income increased by Baht 3.6 million to Baht 13.7 million and interest income for this quarter was Baht 4.4 million, which was a little lower than in the same period of previous year.

Compared to the previous quarter, total income for 1Q09 was Baht 0.9 million lower than that of 4Q08, equivalent to 0.3% decline. The occupancy rate at CentralPlaza Rama II at the end of the quarter had a slight decline but remained high at 99.0%, while that of CentralPlaza Ratchada-Rama III had a small decrease and stood at 96.1%. As a result, the overall occupancy of the portfolio adjusted down slightly, and stood at 98.3% at the end of 1Q09.

### Total Expenses

Total expenses in 1Q09 amounted to Baht 73.1 million, Baht 15.9 million or 17.9% lower than Baht 89.0 million in the same quarter of 2008. This was mainly due to the absence of amortisation of deferred expenses, incurred at fund's establishment, which came to the end of its 3-year amortising period in August 2008. This contributed to reducing total expenses by Baht 12.1 million. Since the amortisation of deferred expenses was excluded from income available for distribution, as specified in the current fund scheme, distributions were not affected by such change. Meanwhile, cost of rental and service totalled Baht 11.2 million, Baht 3.3 million or 22.6% less than that of 1Q08, which was partially from reduction in decoration expenses. Meanwhile, selling and administrative expenses were reduced by Baht 0.6 million or 4.6%, and was at a similar level to that of 1Q08.

In comparison to the previous quarter, total expenses for 1Q09 decreased by Baht 16.4 million or 18.3%. The main factor behind such decline was the Baht 10.7 million or 19.7% reduction in property management fees, as that of 4Q08 included leasing commissions from a large proportion of lease renewals/ new leases obtained mainly at CentralPlaza Rama II, which were mostly expired in December 2008. Cost of rental and service and selling and administrative expenses decreased by Baht 2.4 million and Baht 2.8 million respectively, equivalent to decline of 17.9% and 17.7% respectively. The decrease in decoration expenses and advertising and promotion expense contributed to the decline of such expenses. Other fund expenses remained at the same level as that of the previous quarter.

### Net Investment Income and Distribution

In 1Q09 net investment income was recorded at Baht 263.6 million, growth of Baht 27.0 million or 11.4% from Baht 236.5 million in 1Q08. The fund announced 1Q09 distribution of Baht 250.4 million or Baht 0.2294 per unit, representing a growth of 6.0% from the same period of last year. This results in an approximate yield of 11.7% at the price of Baht 7.95 per unit as at 15<sup>th</sup> May 2009.

Compared to the previous quarter, Baht 15.5 million increase in net investment income was observed in the first quarter of 2009. Meanwhile, distribution increased by Baht 14.7 million or 6.3%.

The XD Date will be 26<sup>th</sup> May 2009, followed by Book Closure Date on 29<sup>th</sup> May 2009 and the distribution payment will be made on 15<sup>th</sup> June 2009.

**Balance Sheet Movement**

As of 31 March 2009, CPNRF reported total investment in properties of Baht 10,972.0 million, which is the same as at the end of 2008 since the properties will be reappraised by independent appraiser once per year at the end of the year. Net Asset Value (“NAV”) was recorded at Baht 11,353.6 million or Baht 10.4017 per unit as at 31 March 2009, slightly up by 0.2% from the end of the previous quarter.

**Profitability**

Net property income margin for 1Q09 increased by 2.7% from the same period of last year and stood at 79.6%. Although property income growth was not aggressive, the small decline in property expenses contributed to increasing net property income margin. Meanwhile, net investment income margin increased by 6.8% to 79.3%, partially from the absence of amortisation of deferred expenses.

Compared to the previous quarter, net property income margin increased by 6.9% from 74.4% in 4Q08, from the reduction of property expenses combined with slight growth in property income. Consequently, net investment income margin growth of 5.4% was observed despite the decline in total income.

**Asset Enhancement**

The enhancement of Take Home area on ground floor of CentralPlaza Ratchada-Rama III was completed in April 2009 and the area has been given a new design. This is expected to attract more visitors to nearby area as well as improving rental rate. Additionally, there are plans to adjust the merchandising mix for both properties in order to meet the visitors' demands as well as to reorganise the zoning. The project is currently under study by the property manager.

## FINANCIAL SUMMARY

## Income Statement

Unit: Baht Million	1Q09	4Q08	Change QoQ	1Q08	Change YoY
<i>Property income</i>	332.2	329.4	0.9%	318.5	4.3%
Rental and service income	318.5	321.9	(1.0%)	308.4	3.3%
Other income	13.7	7.5	82.0%	10.1	36.1%
Interest income	4.4	8.1	(45.9%)	7.0	(37.3%)
<b>Total income</b>	<b>336.6</b>	<b>337.5</b>	<b>(0.3%)</b>	<b>325.5</b>	<b>3.4%</b>
<i>Property expenses</i>	67.8	84.2	(19.4%)	71.7	(5.3%)
Cost of rental and service	11.2	13.6	(17.9%)	14.5	(22.6%)
Selling and administrative expenses	12.9	15.6	(17.7%)	13.5	(4.6%)
Property management fee	43.7	54.4	(19.7%)	43.6	0.1%
Other expenses	0.1	0.5	(75.7%)	0.1	19.3%
Other management fees and expenses	5.2	5.3	(0.9%)	5.2	0.9%
Amortisation of deferred expenses	0.0	0.0	n.a.	12.1	(100.0%)
<b>Total expense</b>	<b>73.1</b>	<b>89.5</b>	<b>(18.3%)</b>	<b>89.0</b>	<b>(17.9%)</b>
<b>Net investment income</b>	<b>263.6</b>	<b>248.0</b>	<b>6.3%</b>	<b>236.5</b>	<b>11.4%</b>
Net unrealised gain (loss) from changes in investment value	(6.5)	120.1	n.a.	(1.9)	n.a.
<b>Net increase in net assets from operations</b>	<b>257.1</b>	<b>368.1</b>	<b>(30.2%)</b>	<b>234.6</b>	<b>9.6%</b>
<b>Income available for distribution</b>	<b>263.6</b>	<b>248.0</b>	<b>6.3%</b>	<b>248.6</b>	<b>6.0%</b>
<b>Distribution</b>	<b>250.4</b>	<b>235.7</b>	<b>6.3%</b>	<b>236.2</b>	<b>6.0%</b>
<b>Distribution per unit (in Baht)</b>	<b>0.2294</b>	<b>0.2159</b>	<b>6.3%</b>	<b>0.2164</b>	<b>6.0%</b>
Net property income margin	79.6%	74.4%	6.9%	77.5%	2.7%
Net investment income margin	79.3%	75.3%	5.4%	74.3%	6.8%

Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 1Q09 and 1Q08 and annual financial statements and audit report of Certified Public Accountant for 4Q08

## Balance Sheet

Unit: Baht Million	1Q08	2Q08	3Q08	4Q08	1Q09
<i>Investment at fair value</i>	11,491.1	11,546.1	11,441.1	11,512.0	11,542.0
Central Rama II	5,939.0	5,939.0	5,939.0	5,931.0	5,931.0
Central Rama III	4,902.1	4,902.1	4,902.1	5,041.0	5,041.0
<i>Total investment in properties</i>	<i>10,841.1</i>	<i>10,841.1</i>	<i>10,841.1</i>	<i>10,972.0</i>	<i>10,972.0</i>
Investment in securities	650.0	705.0	600.0	540.0	570.0
Cash on hand and at banks	165.0	108.7	240.3	321.4	285.1
Other assets	119.8	115.9	122.6	102.4	104.0
<b>Total assets</b>	<b>11,775.8</b>	<b>11,770.7</b>	<b>11,803.9</b>	<b>11,935.8</b>	<b>11,931.2</b>
Deposits received from customers	434.6	438.5	444.5	437.0	441.3
Other liabilities	144.6	140.4	151.2	166.7	136.3
<b>Total liabilities</b>	<b>579.2</b>	<b>578.9</b>	<b>595.6</b>	<b>603.7</b>	<b>577.6</b>
<b>Net Asset</b>	<b>11,196.6</b>	<b>11,191.8</b>	<b>11,208.3</b>	<b>11,332.1</b>	<b>11,353.6</b>
Capital received from unitholders	10,915.0	10,915.0	10,915.0	10,915.0	10,915.0
Retained earnings	281.6	276.8	293.3	417.1	438.6
<b>NAV per unit (in Baht)</b>	<b>10.2580</b>	<b>10.2536</b>	<b>10.2687</b>	<b>10.3821</b>	<b>10.4017</b>

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q08, 2Q08, 3Q08 and 1Q09 and annual financial statements and audit report of Certified Public Accountant for 4Q08

**OPERATIONS SUMMARY**

**I. Leasable Area and Occupancy**

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	30 Jun 08	30 Sep 08	31 Dec 08	31 Mar 09
Rama II	251,182	93,301	98.8%	99.1%	99.1%	99.0%
Rama III	169,740	39,965	96.3%	95.6%	96.9%	96.1%
CPNRF Portfolio	420,922	133,266	98.1%	98.0%	98.5%	98.2%

Source: CPN

**II. Renewals and New Leases**

	From 1 January to 31 March 2009 <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	30	1,832	2.0%	5.3%
Rama III	18	2,451	6.1%	4.1%
CPNRF Portfolio	48	4,283	3.2%	4.6%

Note:

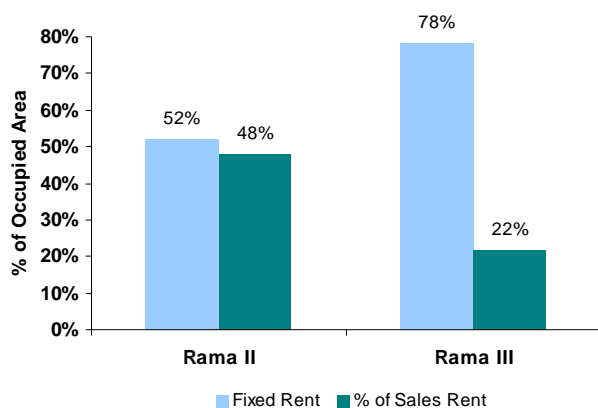
<sup>1</sup> Exclude rental agreements < 1 year

<sup>2</sup> Percentage of leasable area as at 31 March 2009

<sup>3</sup> Exclude rental agreements with revenue sharing clause

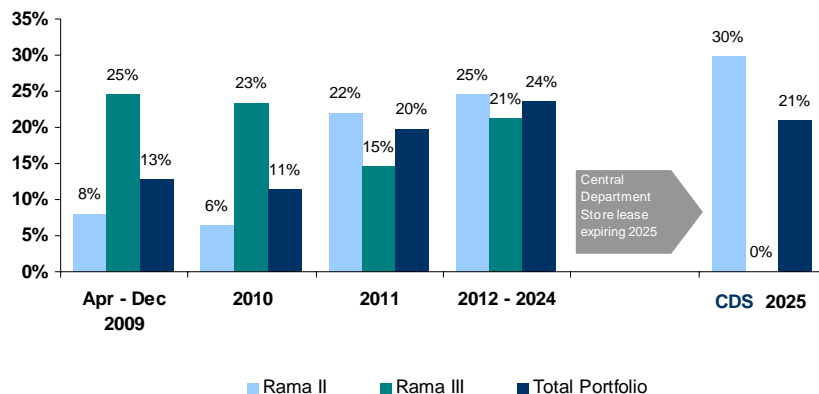
Source: CPN

**III. Rental Structure**



Source: CPN

**IV. Lease Expiry Profile**



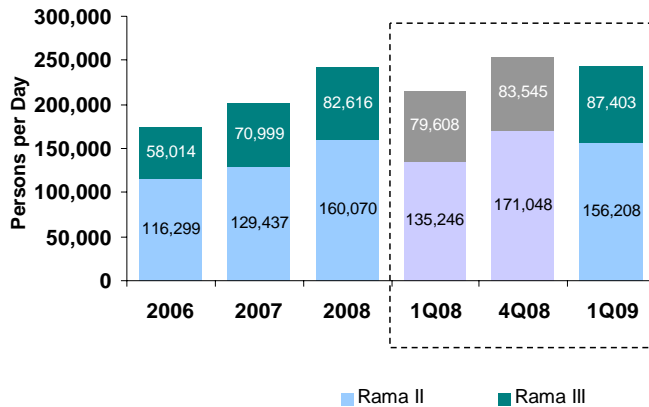
Note:

1. Percentage of total occupied area as at 31 March 2009

2. Exclude rental agreements < 1 year

Source: CPN

V. Traffic



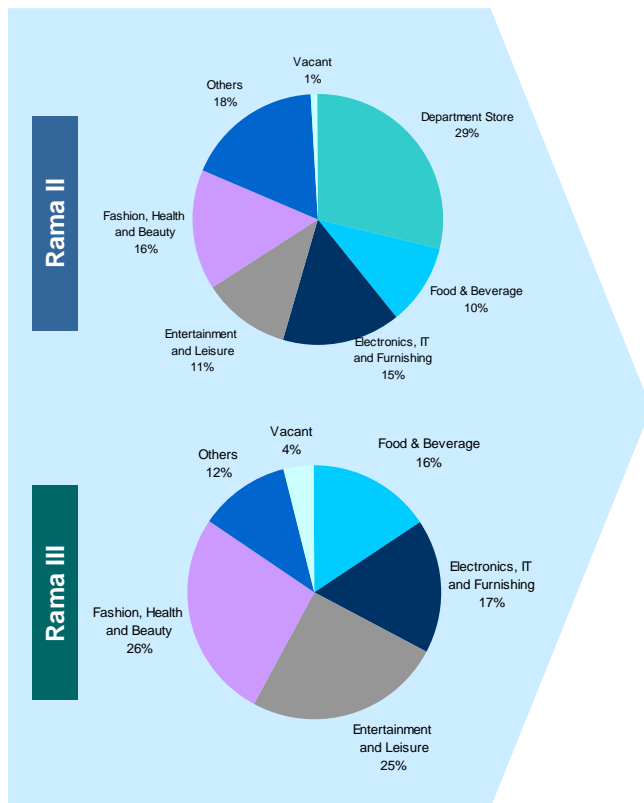
10% YoY  
5% QoQ

15% YoY  
-9% QoQ

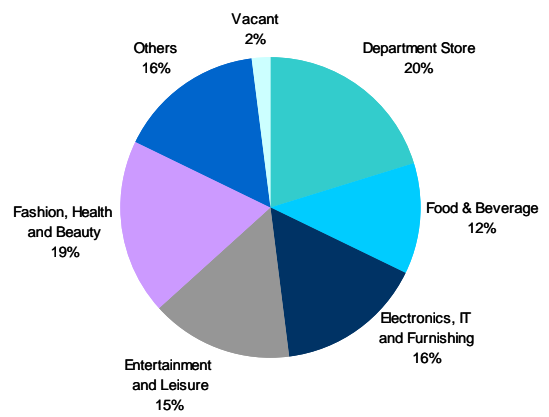
- Rama III: Traffic increased from continuous marketing events and activities, including strategic events held to meet customers' lifestyle.
- Rama II: The expanding surrounding community and frequent marketing activities increased traffic.

Source: CPN estimate

VI. Tenants Trade Mix



CPNRF Portfolio: Tenant Trade Mix



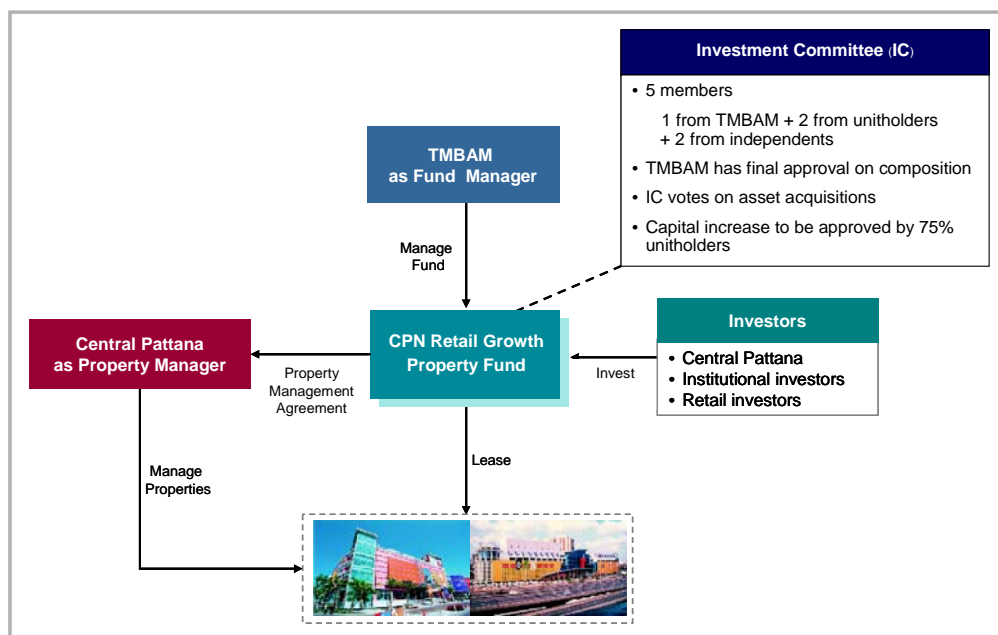
Note: Based on leasable area as at 31 March 2009  
Source: CPN

**ABOUT CPNRF**

**I. Fund Information**

<b>Name</b>	CPN Retail Growth Property Fund (“CPNRF”)
<b>Property Manager</b>	Central Pattana Public Company Limited (“CPN”)
<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>	CentralPlaza Rama II, CentralPlaza 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 CentralPlaza Rama II 16 August 2005 for CentralPlaza Ratchada-Rama III
<b>Fund Listed Date</b>	23 August 2005
<b>Secondary Market</b>	The Stock Exchange of Thailand (“SET”)

**II. Fund Structure**



Note: Current fund structure, as investment committee composition amendment is under approval process by SEC

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