



**PROPERTY
DEVELOPMENT
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1Q 2010 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

11 May 2010



SHARE INFO: As of 11 May 10

Unit Price (Bt)	10.50
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	17,181.43
NAV (Bt mln) ^{/1}	16,727.09
NAV per Unit (Bt) ^{/1}	10.2223
Premium/ (Discount) ^{/1}	1.7%

Note:
^{/1} NAV as of 31 March 2010

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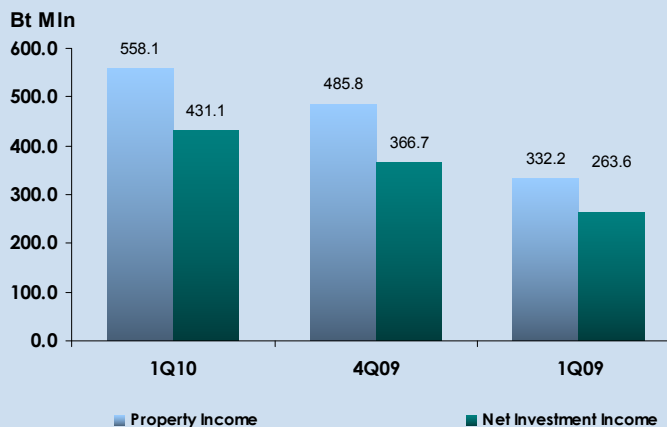
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Net investment income increased by 63.6% YoY. CPNRF reported net investment income for 1Q10 of Baht 431.1 million, an increase of 63.6% from the same quarter of last year, resulting from contribution by CentralPlaza Pinklao project due to the acquisition since last quarter.

Total income increased by 66.3% YoY. Total income for 1Q10 was recorded at Baht 559.7 million, representing an increase of 66.3% from Baht 336.6 million in 1Q09. Meanwhile, total expense of Baht 128.6 million increased by 76.0% from the same period of previous year.

NAV up by 2.2% from the IPO. Net Asset Value (NAV) as at 31 March 2010 was Baht 16,727.1 million or Baht 10.2223 per unit, representing an increase of 2.2% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 27.4%.

Distribution per unit increased by 6.8% YoY. CPNRF announced 1Q10 distribution of Baht 400.9 million or Baht 0.2450 per unit, representing an annualised yield of approximately 9.5% at the price of Baht 10.50 per unit as at 11 May 2010.



Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 1Q10 and 1Q09 and annual financial statements and audit report of Certified Public Accountant for 4Q09

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

1Q10 total income of Baht 559.7 million increased from the combination of recent acquisition of Pinklao project and existing properties' growth

Total Income

CPNRF reported total income for 1Q10 of Baht 559.7 million, representing an increase of Baht 223.1 million from the same quarter of 2009. This was due to the increase in rental and service income of Baht 221.4 million or 69.5%, mainly from the acquisition of CentralPlaza Pinklao project in the fourth quarter of 2009, and partially from organic growth of previously existing properties. Interest income for this quarter declined by Baht 2.8 million from reduction in investment in securities and cash saving as the fund used cash to repay loan to save future interest expense instead. Meanwhile, other income increased by Baht 4.5 million and amounted to Baht 18.2 million.

In comparison to the previous quarter, total income for this quarter was Baht 71.3 million or 14.6% higher than that of 4Q09, which was contributed by the Baht 69.3 million or 14.7% increase in rental and service income observed in this quarter. The main reason was that this quarter contained a full 3 months performance from CentralPlaza Pinklao while 4Q09 included only 2 months performance from its acquisition on 4 November 2009. Otherwise, lower level of investment in securities and cash held reduced interest income by Baht 1.1 million as cash was used to repay borrowing in this quarter.

Total Expense

Total expense increased to Baht 128.6 million from property expenses associated with operation of CentralPlaza Pinklao

Total expense for 1Q10 was Baht 128.6 million, which was Baht 55.5 million or 76.0% higher than the same quarter of last year. This resulted from property expenses such as cost of rental and service and selling and administrative expenses associated with the operation of CentralPlaza Pinklao, which the fund invested in November 2009. The addition of this property to CPNRF's portfolio also resulted in higher property management fee in this quarter compared to 1Q09. At the same time, interest expense for 1Q10 amounted to Baht 5.4 million from remaining borrowing.

Compared to the previous quarter total expense for 1Q10 increased by Baht 6.8 million or 5.6%. Higher property management fee contributed to this increase as CentralPlaza Pinklao operated for 3 months rather than 2 months in the previous quarter. In contrary, cost of rental and service declined by 5.8% from last quarter while selling and administrative expenses declined by 9.2% since there were various marketing events and activities near the end of year, which is normal business cycle. Interest expense for this quarter decreased by Baht 2.4 million or 30.8%, which was a benefit from the partial repayment of borrowing.

Net Investment Income and Distribution

Distribution per unit of Baht 0.2450 grew by 6.8% from that of 1Q09

Net investment income for 1Q10 was reported at Baht 431.1 million, representing growth of Baht 167.5 million or 63.6% from the same period of 2009. The fund announced 1Q10 distribution of Baht 400.9 million or Baht 0.2450 per unit, equivalent to growth in distribution per unit of 6.8% from 1Q09. This results in an approximated yield of 9.5 at the price of Baht 10.50 per unit as at 11 May 2010.

Compared to the previous quarter, net investment income increased by Baht 64.4 million or 17.6%. Meanwhile, distribution per unit of Baht 0.2450 is derived from a full 3 months performance, rather than for 2 months period in previous occasion.

The XD Date will be 19 May 2010, followed by Book Closure Date on 24 May 2010 and distribution payment will be made on 14 June 2010.

Profitability

Net property income margin improved by 1.4% which brings net investment income margin up to 77.2%

Net property income margin for 1Q10 slightly decreased by 0.5% from the same period of last year and stood at 79.1%. This was due to an increase in property expenses. Meanwhile, net investment income margin decreased by 2.1% to 77.2%, resulting from the occurrence of interest expense and amortisation of deferred expenses.

Compared to the previous quarter, net property income margin increased by 1.4% from 77.7% in 4Q09, mainly from the increase in property income. Net investment income margin increased by 1.7% and stood at 77.2%.

Balance Sheet Movement

NAV increased to 10.2223 Baht per unit. Borrowing stood at Baht 490.0 million as loan amount of Baht 510.0 million was repaid in 1Q10.

As of 31 March 2010, CPNRF reported total investment in properties of Baht 17,143.7 million, which is the same as at the end of 2009 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 16,727.1 million or Baht 10.2223 per unit as at 31 March 2010, slightly up from Baht 10.1262 at the end of the previous quarter.

Loan repayment of Baht 510.0 million was made in this quarter, reducing borrowing from Baht 1,000.0 million to Baht 490.0 million. This resulted in significant interest saving in this quarter and will do so for subsequent periods as well.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	1Q10	4Q09	Change QoQ	1Q09	Change YoY
Property income	558.1	485.8	14.9%	332.2	68.0%
Rental and service income	539.9	470.6	14.7%	318.5	69.5%
Other income	18.2	15.1	20.1%	13.7	32.6%
Interest income	1.6	2.7	(41.0%)	4.4	(64.2%)
Total income	559.7	488.4	14.6%	336.6	66.3%
Property expenses	116.8	108.2	7.9%	67.8	72.1%
Cost of rental and service	21.5	22.8	(5.8%)	11.2	92.0%
Selling and administrative expenses	18.3	20.2	(9.2%)	12.9	42.5%
Property management fee	76.5	65.2	17.4%	43.7	75.4%
Other expenses	0.4	0.0	n.a.	0.1	194.6%
Interest expense	5.4	7.8	(30.8%)	0.0	n.a.
Other management fees and expenses	6.1	5.6	9.2%	5.2	16.2%
Amortisation of deferred expenses	0.4	0.2	55.1%	0.0	n.a.
Total expense	128.6	121.8	5.6%	73.1	76.0%
Net investment income	431.1	366.7	17.6%	263.6	63.6%
Net unrealised gain (loss) from changes in investment value	(8.5)	321.0	n.a.	(6.5)	n.a.
Net increase in net assets from operations	422.6	687.6	(38.5%)	257.1	64.4%
Income available for distribution	431.5	366.9	17.6%	263.6	63.7%
Distribution	400.9	n.a.*	n.a.	250.4	60.1%
Distribution per unit (in Baht)	0.2450	n.a.*	n.a.	0.2294	6.8%
Net property income margin	79.1%	77.7%	1.4%	79.6%	(0.5%)
Net investment income margin	77.2%	75.5%	1.7%	79.3%	(2.1%)

Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 1Q10 and 1Q09 and annual financial statements and audit report of Certified Public Accountant for 4Q09

Note:

* The fund announced distribution for the period of 1 November – 31 December 2009 of Baht 0.1622 per unit

Balance Sheet

Unit: Baht Million	1Q09	2Q09	3Q09	4Q09	1Q10
Investment at fair value	11,542.0	11,502.0	11,172.0	17,643.7	17,303.7
Central Rama II	5,931.0	5,931.0	5,931.0	5,990.0	5,990.0
Central Rama III	5,041.0	5,041.0	5,041.0	5,288.0	5,288.0
Central Pinklao	0.0	0.0	0.0	5,865.7	5,865.7
Total investment in properties	10,972.0	10,972.0	10,972.0	17,143.7	17,143.7
Investment in securities	570.0	530.0	200.0	500.0	160.0
Cash on hand and at banks	285.1	329.8	692.3	674.5	666.7
Other assets	104.0	87.6	81.9	121.4	170.7
Total assets	11,931.2	11,919.4	11,946.1	18,439.6	18,141.1
Deposits received from customers	441.3	448.6	454.0	672.1	678.9
Borrowing	0.0	0.0	0.0	1,000.0	490.0
Other liabilities	136.3	116.7	126.3	197.7	245.1
Total liabilities	577.6	565.4	580.4	1,869.8	1,414.0
Net Asset	11,353.6	11,354.0	11,365.7	16,569.9	16,727.1
Capital received from unitholders	10,915.0	10,915.0	10,915.0	15,764.0	15,764.0
Retained earnings	438.6	439.0	450.7	805.9	963.1
NAV per unit (in Baht)	10.4017	10.4021	10.4129	10.1262	10.2223

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q09, 2Q09, 3Q09 and 1Q10 and annual financial statements and audit report of Certified Public Accountant for 4Q09

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	30 Jun 09	30 Sep 09	31 Dec 09	31 Mar 10
Rama II	251,182	93,521	99.2%	98.3%	98.4%	99.6%
Rama III	169,740	39,845	95.5%	94.6%	97.3%	95.5%
Pinklao (Plaza)	135,018	24,223	n/a	n/a	98.9%	95.7%
Pinklao Tower A & B	50,653	33,762	n/a	n/a	92.6%	95.3%
CPNRF Portfolio	606,593	191,351	98.1%	97.2%	97.2%	97.4%

Source: CPN

II. Renewals and New Leases

	From 1 January to 31 March 2010 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	21	1,278	1.4%	5.0%
Rama III	14	2,218	5.6%	4.7%
Pinklao (Plaza)	6	735	3.0%	6.2%
Pinklao Tower A & B	11	1,795	5.3%	4.5%
CPNRF Portfolio	52	6,026	3.1%	4.9%

Note:

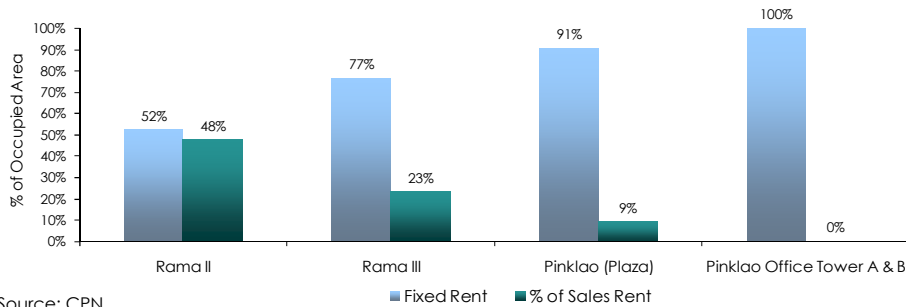
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 31 March 2010

/3 Exclude rental agreements with revenue sharing clause

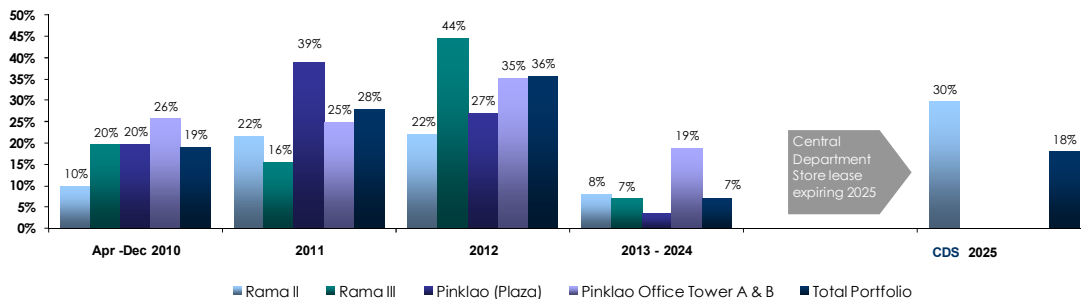
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 31 March 2010

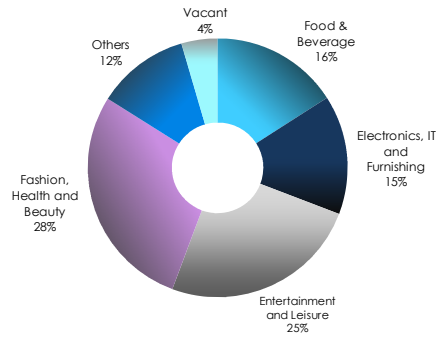
2. Exclude rental agreements < 1 year

Source: CPN

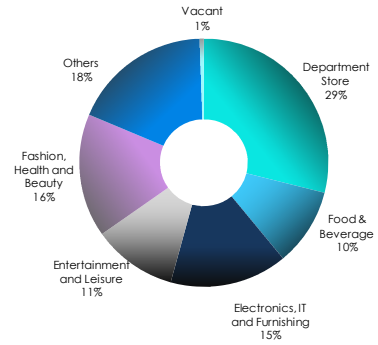
V. Tenants Trade Mix

Retail Properties

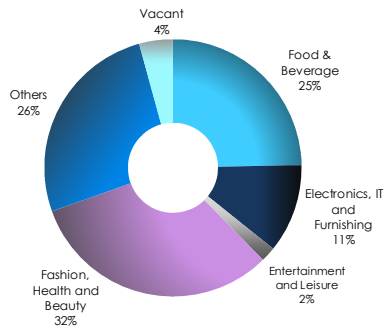
Rama III



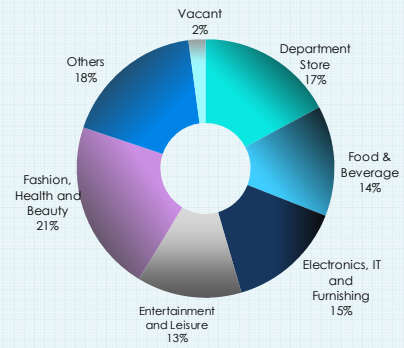
Rama II



Pinklao Plaza

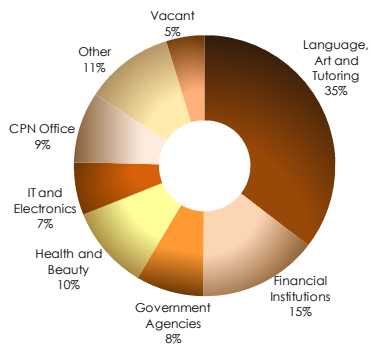


CPNRF Portfolio



Office Properties

Pinklao Tower A & B



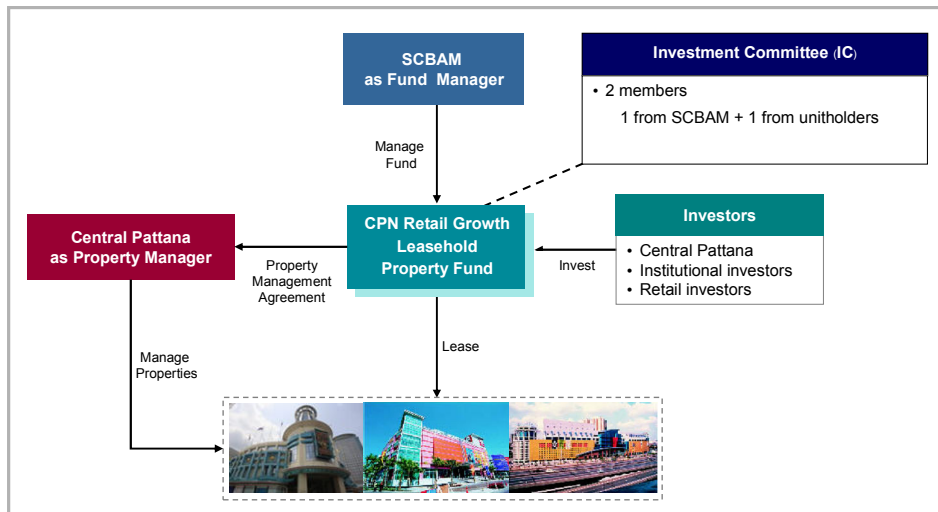
Note: Based on leasable area as at 31 March 2010
Source: CPN

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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