

1Q 2011 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

13 May 2011



SHARE INFO: As of 12 May 11

Unit Price (Bt)	12.80
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	20,945.0
NAV (Bt mln) ^{/1}	16,810.5
NAV per Unit (Bt) ^{/1}	10.2733
Premium/ (Discount) ^{/1}	24.6%

Note:
^{/1} NAV as of 31 March 2011

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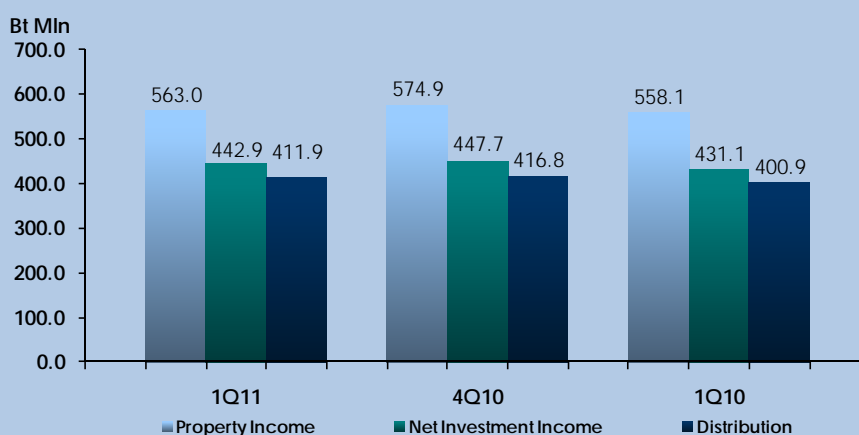
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Net investment income increased by 2.7% YoY. CPNRF reported net investment income for 1Q11 of Baht 442.9 million, an increase of 2.7% from the same quarter of last year, mainly from increase in rental and service income.

Total income increased by 1.3% YoY. Total income for 1Q11 was recorded at Baht 567.1 million, representing an increase of 1.3% from Baht 559.7 million in 1Q10. Meanwhile, total expense of Baht 124.2 million decreased by 3.4% from the same period of previous year.

NAV up by 2.7% from the IPO. Net Asset Value (NAV) as at 31 March 2011 was Baht 16,810.5 million or Baht 10.2733 per unit, representing an increase of 2.7% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 37.8%.

Distribution per unit increased by 2.7% YoY. CPNRF announced 1Q11 distribution of Baht 411.9 million or Baht 0.2517 per unit, representing an annualised yield of approximately 8.0% at the price of Baht 12.8 per unit as at 12 May 2011.



Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 1Q11 and 1Q10 and annual financial statements and audit report of Certified Public Accountant for 4Q10

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MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

1Q11 total income of Baht 567.1 million increased from rental and service income.

Total Income

CPNRF reported total income for 1Q11 of Baht 567.1 million, representing an increase of Baht 7.4 million or 1.3% from the same quarter of 2010. This was mainly due to the increase in rental and service income of Baht 7.1 million or 1.3%. Interest income for this quarter increased by Baht 2.5 million from the same period of last year, resulting from higher interest rate that has been rising since last year. Meanwhile, other income decreased by Baht 2.2 million and amounted to Baht 16.0 million.

In comparison to the previous quarter, total income for this quarter declined by Baht 11.4 million or 2.0% than that of 4Q10, which resulted from the decrease in rental and service income of Baht 10.7 million. Although the occupancy rate was not as high as previous quarter, rental growth rate for new/renewed leases in this quarter increased from an average of 4.9% to 6.6%. Otherwise, interest income slightly increased by Baht 0.4 million or 11.8%, following the rising interest rate.

Total Expense

Total expense decreased to Baht 124.2 million, mainly from lower selling and administrative expenses

Total expense for 1Q11 was Baht 124.2 million, which was Baht 4.4 million or 3.4% lower than the same quarter of last year. This resulted mainly from 4.0% decline in property expenses, such as selling and administrative expenses and property management fee. Interest expense and other expenses remained approximately at the same level as 1Q10.

Compared to the previous quarter total expense for 1Q11 significantly decreased by Baht 13.4 million or 9.7%. Cost of rental and service declined by 10.8% partially from the repairs and maintenance expense and decorative expenses in 4Q10. Meanwhile, selling and administrative expenses for this quarter was Baht 10.0 million lower than the previous quarter, since large amount of advertising and promotion expenses was required for end-of-year marketing events. Other expenses were in line with the previous quarter.

Net Investment Income and Distribution

Distribution per unit of Baht 0.2517 grew by 2.7% from that of 1Q10

Net investment income for 1Q10 was reported at Baht 442.9 million, representing growth of Baht 11.8 million or 2.7% from the same period of 2010. The fund announced 1Q11 distribution of Baht 411.9 million or Baht 0.2517 per unit, equivalent to growth in distribution per unit of 2.7% from 1Q10. This results in an approximated yield of 8.0% at the price of Baht 12.8 per unit as at 12 May 2011.

Compared to the previous quarter, net investment income slightly decreased by Baht 4.8 million or 1.1% from a decrease in total income.

The XD Date will be 26 May 2011, followed by Book Closure Date on 31 May 2011 and distribution payment will be made on 15 Jun 2011.

Profitability

Net property income margin improved by 2.1% from 4Q10, along with 2.0% higher net investment income margin

Net property income margin for 1Q11 slightly increased by 1.0% from the same period of last year and stood at 80.1%. This was due to a decrease in property expenses. Meanwhile, net investment income margin increased by 1.5% to 78.7%, resulting from the improvement of rental and service income and a decrease in property expenses.

Compared to the previous quarter, net property income margin increased by 1.8% in 1Q11, mainly from a decrease in total expenses. Net investment income margin increased by 1.7% and stood at 78.7%.

Balance Sheet Movement

NAV increased to Baht 10.2733 per unit. Borrowing stood at Baht 485.0 million as Baht 5.0 million loan repayment has been made during this quarter

As of 31 March 2011, CPNRF reported total investment in properties of Baht 17,232.3 million, representing an increment of Baht 23.7 million from Baht 17,208.6 million in the previous quarter. Net Asset Value ("NAV") was recorded at Baht 16,810.5 million or Baht 10.2733 per unit as at 31 March 2011, slightly up from Baht 10.2720 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 490.0 million to Baht 485.0 million.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	1Q11	4Q10	Change QoQ	1Q10	Change YoY
<i>Property income</i>	563.0	581.6	(3.2%)	558.1	0.9%
Rental and service income	547.0	557.7	(1.9%)	539.9	1.3%
Other income	16.0	23.9	(33.0%)	18.2	(12.0%)
Interest income	4.1	3.7	11.8%	1.6	160.7%
Total income	567.1	585.3	(3.1%)	559.7	1.3%
<i>Property expenses</i>	112.0	126.3	(11.3%)	116.8	(4.0%)
Cost of rental and service	24.1	27.0	(10.8%)	21.5	12.1%
Selling and administrative expenses	14.9	24.9	(40.1%)	18.3	(18.5%)
Property management fee	73.0	74.3	(1.8%)	76.5	(4.7%)
Other expenses	0.0	0.0	(26.8%)	0.4	(94.8%)
Interest expense	5.6	5.3	6.9%	5.4	4.5%
Other management fees and expenses	6.2	5.7	9.1%	6.1	1.6%
Amortisation of deferred expenses	0.4	0.4	(2.2%)	0.4	0.0%
Total expense	124.2	137.6	(9.7%)	128.6	(3.4%)
Net investment income	442.9	447.7	(1.1%)	431.1	2.7%
Net unrealised gain (loss) from changes in investment value	(24.2)	15.4	n.a.	(8.5)	n.a.
Net increase in net assets from operations	418.7	463.1	(9.6%)	422.6	(0.9%)
Income available for distribution	443.3	448.1	(1.1%)	431.5	2.7%
Distribution	411.9	416.8	(1.2%)	400.9	2.7%
Distribution per unit (in Baht)	0.2517	0.2547	(1.2%)	0.2450	2.7%
Net property income margin	80.1%	78.3%	1.8%	79.1%	1.0%
Net investment income margin	78.7%	77.0%	1.7%	77.2%	1.5%

Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 1Q11 and 1Q10 and annual financial statements and audit report of Certified Public Accountant for 4Q10

Balance Sheet

Unit: Baht Million	1Q10	2Q10	3Q10	4Q10	1Q11
<i>Investment at fair value</i>	17,303.7	17,403.7	17,413.7	17,753.6	17,882.3
Central Rama II	5,990.0	5,990.0	5,990.0	5,981.0	5,996.0
Central Rama III	5,288.0	5,288.0	5,288.0	5,290.0	5,359.0
Central Pinklao	5,865.7	5,865.7	5,865.7	5,937.6	5,877.3
<i>Total investment in properties</i>	<i>17,143.7</i>	<i>17,143.7</i>	<i>17,143.7</i>	<i>17,208.6</i>	<i>17,232.3</i>
Investment in securities	160.0	260.0	270.0	545.0	650.0
Cash on hand and at banks	666.7	562.3	601.6	368.9	226.5
Other assets	170.7	207.0	167.8	167.9	207.9
Total assets	18,141.1	18,173.0	18,183.1	18,290.3	18,316.7
Deposits received from customers	678.9	684.0	689.8	701.5	724.7
Borrowing	490.0	490.0	490.0	490.0	485.0
Other liabilities	245.1	255.1	252.4	290.2	296.5
Total liabilities	1,414.0	1,429.1	1,432.2	1,481.7	1,506.2
Net Asset	16,727.1	16,743.9	16,750.9	16,808.6	16,810.5
Capital received from unitholders	15,764.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	963.1	979.9	987.0	1,044.6	1,046.5
NAV per unit (in Baht)	10.2222	10.2325	10.2368	10.2720	10.2733

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q10, 2Q10, 3Q10 and 1Q11 and annual financial statements and audit report of Certified Public Accountant for 4Q10

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	30 Jun 10	30 Sep 10	31 Dec 10	31 Mar 11
Rama II	251,182	93,474	99.3%	99.3%	99.4%	99.3%
Rama III	169,740	40,076	93.7%	97.6%	96.3%	95.2%
Pinklao (Plaza)	135,018	23,855	95.9%	96.5%	95.2%	95.0%
Pinklao Tower A & B	50,653	33,761	96.4%	96.8%	97.3%	94.2%
CPNRF Portfolio	606,593	191,166	97.2%	97.4%	97.8%	97.0%

Source: CPN

II. Renewals and New Leases

	From 1 January to 31 March 2011 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	21	1,682	1.8%	7.1%
Rama III	14	1,480	3.7%	6.7%
Pinklao (Plaza)	6	791	3.3%	8.7%
Pinklao Tower A & B	3	463	1.4%	0.9%
CPNRF Portfolio	44	4,417	2.3%	6.6%

Note:

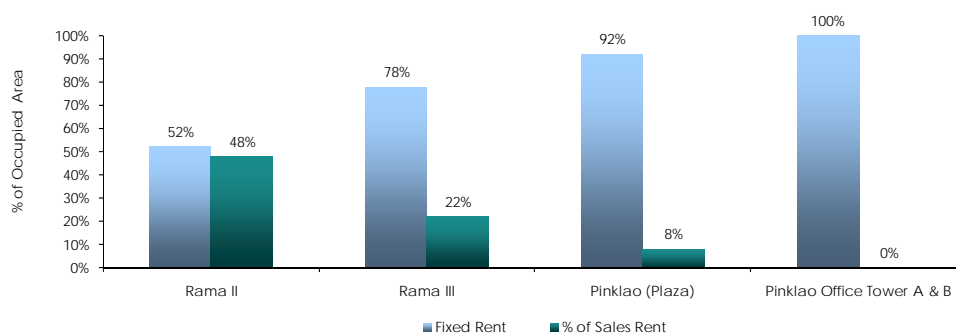
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 31 March 2011

/3 Exclude rental agreements with revenue sharing clause

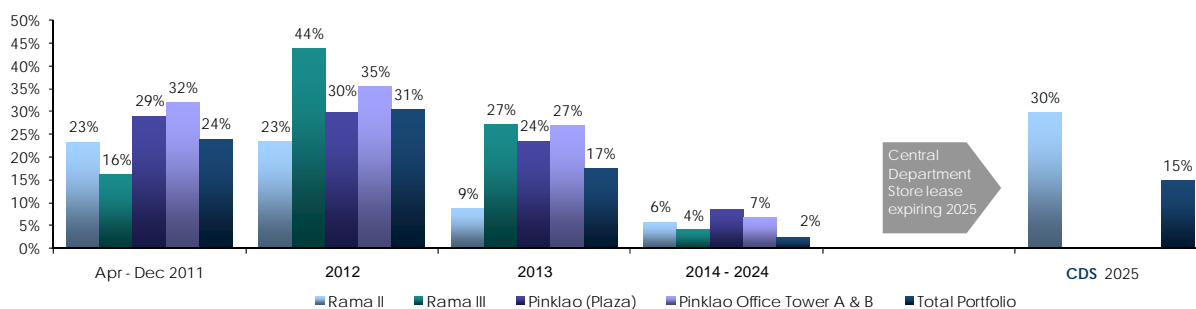
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 31 March 2011

2. Exclude rental agreements < 1 year

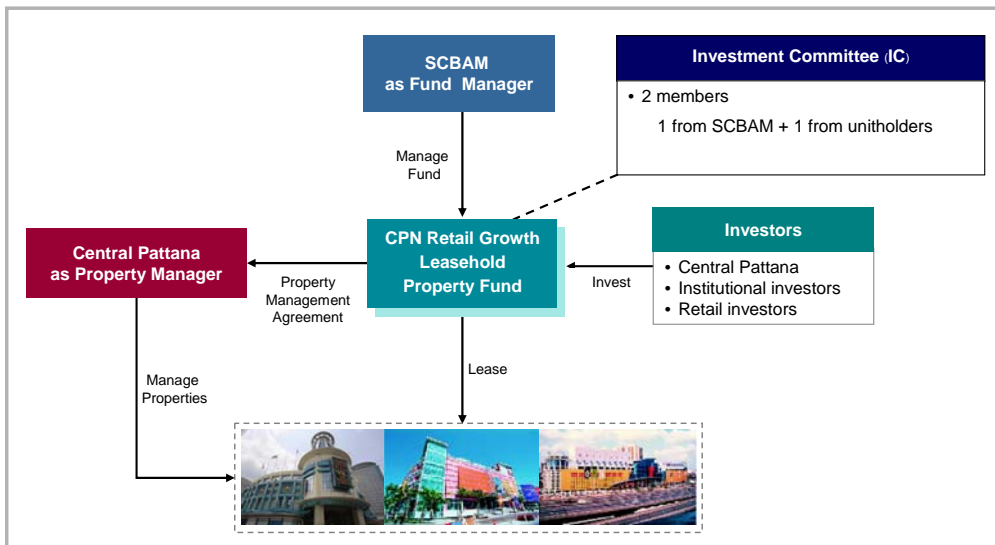
Source: CPN

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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