

# 2Q 2009

## Investor Newsletter

### CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

14 August 2009

#### SHARE INFO: As of 14 August 09

Unit Price (Bt)	9.05
Shares Outstanding (mln)	1,091.5
Market Capital (Bt mln)	9,878.08
NAV (Bt mln) <sup>/1</sup>	11,353.99
NAV per Unit (Bt) <sup>/1</sup>	10.4021
Premium/ (Discount) <sup>/1</sup>	(13.0%)

Note:  
<sup>/1</sup> NAV as of 30 June 2009

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CentralPlaza Rama II



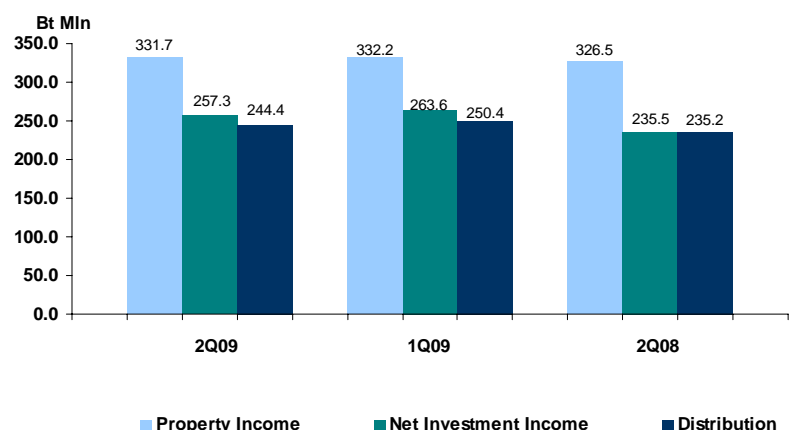
CentralPlaza Ratchada-Rama III

**Net investment income increased by 9.3% YoY.** CPNRF reported net investment income for 2Q09 of Baht 257.3 million, an increase of 9.3% from the same quarter of last year, resulting from 1.2% increase in rental and service income and 21.7% decrease in cost of rental and service.

**Total income increased by 0.6% YoY.** Total income for 2Q09 was recorded at Baht 335.3 million, representing a slight increase of 0.6% from Baht 333.3 million in 2Q08. Meanwhile, total expense of Baht 78.0 million declined by 20.3% from the same period of previous year.

**NAV up by 4.0% from the IPO.** Net Asset Value (NAV) as at 30 June 2009 was Baht 11,354.0 million or Baht 10.4021 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 34.0%.

**Distribution increased by 3.9% YoY.** CPNRF announced 2Q09 distribution of Baht 244.4 million or Baht 0.2239 per unit, representing an annualised yield of approximately 9.9% at the price of Baht 9.05 per unit as at 14 August 2009.



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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Total Income

CPNRF reported total income for 2Q09 at Baht 335.3 million, a slight increase of Baht 2.0 million or 0.6% from Baht 333.3 million in the same quarter of 2008. This resulted from the increase in rental and service income of Baht 3.7 million or 1.2%, while interest income declined by Baht 3.2 million from the decline in interest rate as well as the reduction in investment in securities. Other income for this quarter increased by Baht 1.4 million to Baht 11.8 million.

In comparison to the previous quarter, total income for this quarter was Baht 1.3 million or 0.4% lower than that of 1Q09. Rental and service income of Baht 319.8 million did not significantly change from Baht 318.5 million in the first quarter, as with the portfolio's occupancy rate which remained high at 98.1%. Other income and interest income declined by Baht 1.9 million and Baht 0.8 million respectively.

### Total Expenses

Total expenses for 2Q09 was Baht 78.0 million, which was Baht 19.9 million or 20.3% lower than Baht 97.9 million in the same quarter of 2008. This was largely owed 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. In addition, cost of rental and service for this quarter amounted to Baht 13.4 million, representing a decrease of Baht 3.8 million or 21.7% from Baht 17.2 million in 2Q08, which was partially from reduction in repairs and maintenance. Selling and administrative expenses for this quarter remained at similar level of 2Q08 and stood at Baht 18.6 million.

Compared to the previous quarter, total expenses for 2Q09 increased by Baht 4.9 million or 6.7%. This mainly resulted from Baht 5.7 million increase in selling and administrative expenses, which amounted to Baht 18.6 million from Baht 12.9 million in the first quarter. Increase in marketing expense was associated with the numerous events that occurred in the second quarter, including the summer events. At the same time, cost of rental and service experienced an increase of Baht 2.2 million from Baht 11.2 million in the previous quarter to Baht 13.4 million. Other fund expenses did not significantly change from the previous quarter.

### Net Investment Income and Distribution

Net investment income for 2Q09 was reported at Baht 257.3 million, representing a growth of Baht 21.8 million or 9.3% from Baht 235.5 million in the same quarter of 2008. The fund announced 2Q09 distribution of Baht 244.4 million or Baht 0.2239 per unit, representing a growth of 3.9% from the same period of the last year. This results in an approximated yield of 9.9% at the price of Baht 9.05 per unit as at 14 August 2009.

Compared to the previous quarter, net investment income declined by Baht 6.3 million or 2.4%. Consequently, 2.4% decrease in distribution was observed in this quarter.

The XD Date will be 24 August 2009, followed by Book Closure Date on 27 August 2009 and the distribution payment will be made on 11 September 2009.

### Balance Sheet Movement

As of 30 June 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 11,354.0 million or Baht 10.4021 per unit as at 30 June 2009, slightly up from 10.4017 at the end of the previous quarter.

**Profitability**

Net property income margin for 2Q09 increased by 3.6% from the same period of last year and stood at 78.1%. Although property income growth was not aggressive, the decline in property expenses assisted in increasing net property income margin. Meanwhile, net investment income margin increased by 7.6% to 77.6%, partially from the absence of amortisation of deferred expenses.

Compared to the previous quarter, net property income margin declined by 1.9% from 79.6% in 1Q09, from the increase in property expenses combined with slight decline in property income. Consequently, a decrease of 2.2% was observed for net investment income margin.

**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	2Q09	1Q09	Change QoQ	2Q08	Change YoY
<i>Property income</i>	331.7	332.2	(0.2%)	326.5	1.6%
Rental and service income	319.8	318.5	0.4%	316.1	1.2%
Other income	11.8	13.7	(13.8%)	10.4	13.3%
Interest income	3.6	4.4	(18.2%)	6.8	(47.3%)
<b>Total income</b>	<b>335.3</b>	<b>336.6</b>	<b>(0.4%)</b>	<b>333.3</b>	<b>0.6%</b>
<i>Property expenses</i>	72.7	67.8	7.2%	80.5	(9.7%)
Cost of rental and service	13.4	11.2	20.0%	17.2	(21.7%)
Selling and administrative expenses	18.6	12.9	44.9%	18.6	0.2%
Property management fee	40.5	43.7	(7.3%)	44.6	(9.4%)
Other expenses	0.2	0.1	40.8%	0.1	22.8%
Other management fees and expenses	5.3	5.2	0.6%	5.2	1.1%
Amortisation of deferred expenses	0.0	0.0	n.a.	12.1	(100.0%)
<b>Total expense</b>	<b>78.0</b>	<b>73.1</b>	<b>6.7%</b>	<b>97.9</b>	<b>(20.3%)</b>
<b>Net investment income</b>	<b>257.3</b>	<b>263.6</b>	<b>(2.4%)</b>	<b>235.5</b>	<b>9.3%</b>
Net unrealised gain (loss) from changes in investment value	(6.5)	(6.5)	n.a.	(4.0)	n.a.
<b>Net increase in net assets from operations</b>	<b>250.8</b>	<b>257.1</b>	<b>(2.4%)</b>	<b>231.4</b>	<b>8.4%</b>
<b>Income available for distribution</b>	<b>257.3</b>	<b>263.6</b>	<b>(2.4%)</b>	<b>247.6</b>	<b>3.9%</b>
<b>Distribution</b>	<b>244.4</b>	<b>250.4</b>	<b>(2.4%)</b>	<b>235.2</b>	<b>3.9%</b>
<b>Distribution per unit (in Baht)</b>	<b>0.2239</b>	<b>0.2294</b>	<b>(2.4%)</b>	<b>0.2155</b>	<b>3.9%</b>
Net property income margin	78.1%	79.6%	(1.9%)	75.3%	3.6%
Net investment income margin	77.6%	79.3%	(2.2%)	72.1%	7.6%

Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 2Q09 and 1Q09 and 2Q08

## Balance Sheet

Unit: Baht Million	2Q08	3Q08	4Q08	1Q09	2Q09
<i>Investment at fair value</i>	11,546.1	11,441.1	11,512.0	11,542.0	11,502.0
Central Rama II	5,939.0	5,939.0	5,931.0	5,931.0	5,931.0
Central Rama III	4,902.1	4,902.1	5,041.0	5,041.0	5,041.0
<i>Total investment in properties</i>	<i>10,841.1</i>	<i>10,841.1</i>	<i>10,972.0</i>	<i>10,972.0</i>	<i>10,972.0</i>
Investment in securities	705.0	600.0	540.0	570.0	530.0
Cash on hand and at banks	108.7	240.3	321.4	285.1	329.8
Other assets	115.9	122.6	102.4	104.0	87.6
<b>Total assets</b>	<b>11,770.7</b>	<b>11,803.9</b>	<b>11,935.8</b>	<b>11,931.2</b>	<b>11,919.4</b>
Deposits received from customers	438.5	444.5	437.0	441.3	448.6
Other liabilities	140.4	151.2	166.7	136.3	116.7
<b>Total liabilities</b>	<b>578.9</b>	<b>595.6</b>	<b>603.7</b>	<b>577.6</b>	<b>565.4</b>
<b>Net Asset</b>	<b>11,191.8</b>	<b>11,208.3</b>	<b>11,332.1</b>	<b>11,353.6</b>	<b>11,354.0</b>
Capital received from unitholders	10,915.0	10,915.0	10,915.0	10,915.0	10,915.0
Retained earnings	276.8	293.3	417.1	438.6	439.0
<b>NAV per unit (in Baht)</b>	<b>10.2536</b>	<b>10.2687</b>	<b>10.3821</b>	<b>10.4017</b>	<b>10.4021</b>

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 2Q08, 3Q08, 1Q09 and 2Q09 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 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
Rama II	251,182	93,338	99.1%	99.1%	99.0%	99.2%
Rama III	169,740	39,975	95.6%	96.9%	96.1%	95.5%
CPNRF Portfolio	420,922	133,313	98.0%	98.5%	98.2%	98.1%

Source: CPN

**II. Renewals and New Leases**

	From 1 January to 30 June 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	82	3,773	4.0%	5.1%
Rama III	45	5,350	13.4%	4.6%
CPNRF Portfolio	127	9,213	6.8%	4.8%

Note:

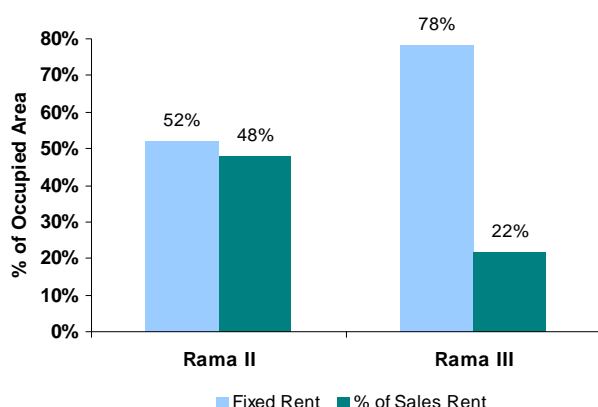
<sup>1</sup> Exclude rental agreements < 1 year

<sup>2</sup> Percentage of leasable area as at 30 June 2009

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

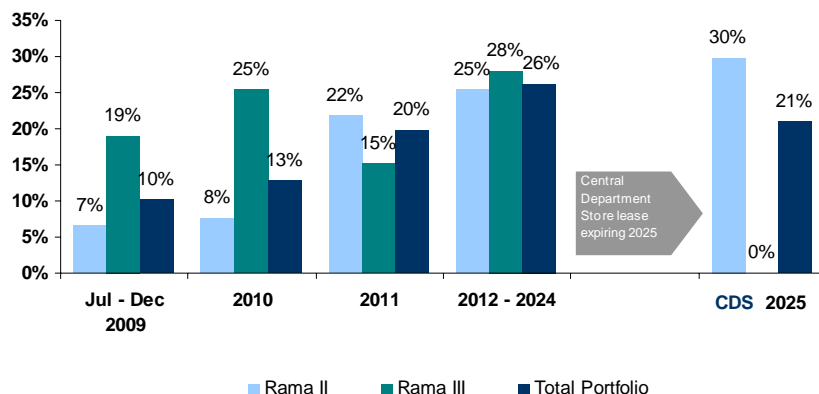
Source: CPN

**III. Rental Structure**



Source: CPN

**IV. Lease Expiry Profile**



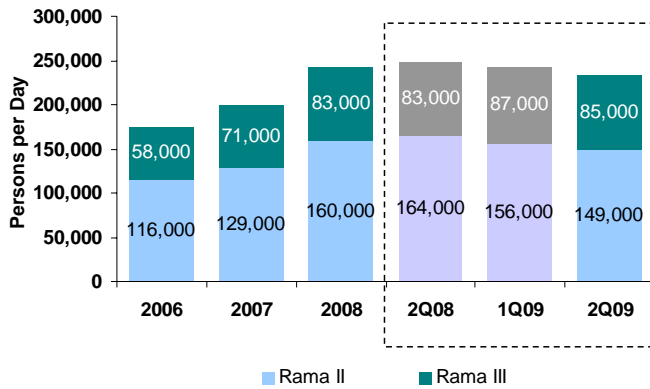
Note:

1. Percentage of total occupied area as at 30 June 2009

2. Exclude rental agreements < 1 year

Source: CPN

V. Traffic



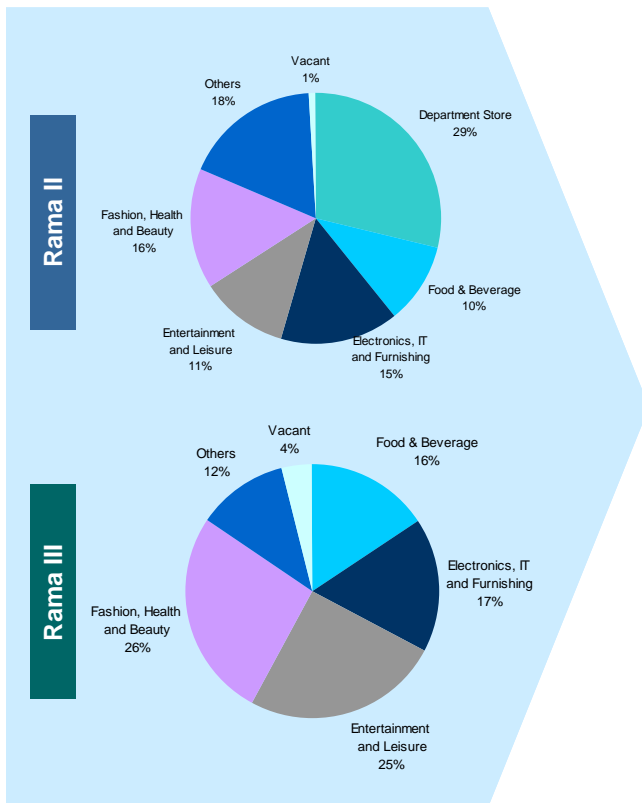
2% YoY  
-2% QoQ

-9% YoY  
-4% QoQ

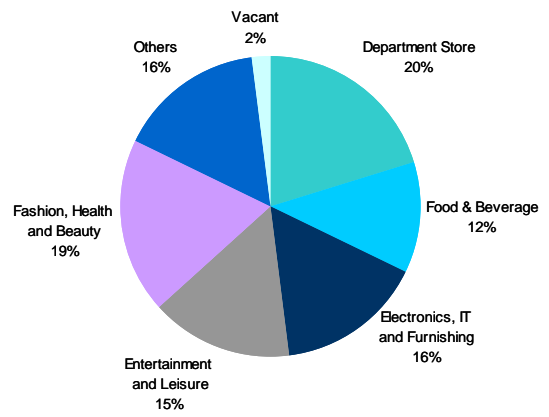
- Rama III: Traffic continued to grow from last year as the mall continues to focus on customers' lifestyle and needs.
- Rama II: The signature event, Seafood Festival, was moved to the first quarter instead of the second, causing traffic to be lower than the same quarter of last year and the previous quarter.

Source: CPN estimate

VI. Tenants Trade Mix



CPNRF Portfolio: Tenant Trade Mix



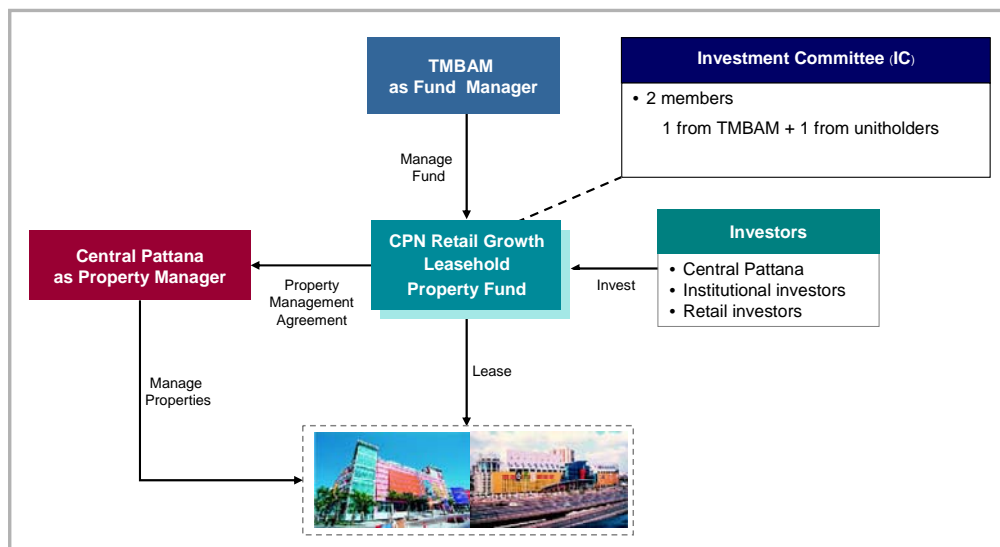
Note: Based on leasable area as at 30 June 2009  
Source: CPN

**ABOUT CPNRF**

**I. Fund Information**

<b>Name</b>	CPN Retail Growth Leasehold 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**



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