

2Q 2010 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

11 August 2010



SHARE INFO: As of 10 August 10

Unit Price (Bt)	10.70
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	17,508.41
NAV (Bt mln) ^{/1}	16,743.86
NAV per Unit (Bt) ^{/1}	10.2325
Premium/ (Discount) ^{/1}	4.6%

Note:
^{/1} NAV as of 30 June 2010

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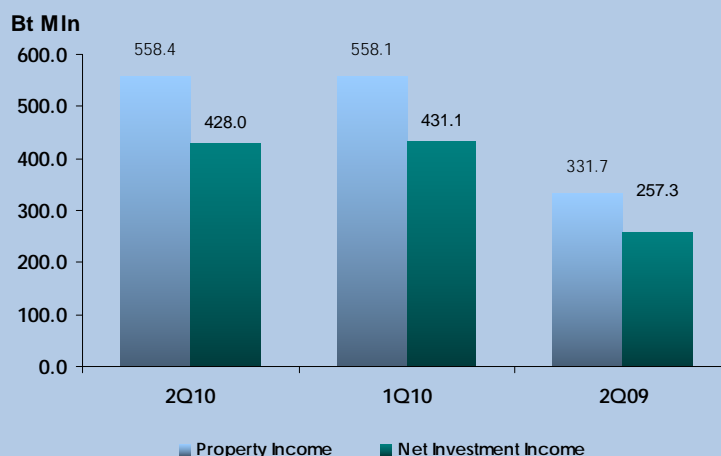
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Net investment income increased by 66.4% YoY. CPNRF reported net investment income for 2Q10 of Baht 428.0 million, an increase of 66.4% from the same quarter of last year, resulting mainly from contribution by CentralPlaza Pinklao project due to the acquisition since 4Q09.

Total income increased by 67.3% YoY. Total income for 2Q10 was recorded at Baht 560.7 million, representing an increase of 67.3% from Baht 335.3 million in 2Q09. Meanwhile, total expense of Baht 132.7 million increased by 70.2% from the same period of previous year.

NAV up by 2.3% from the IPO. Net Asset Value (NAV) as at 30 June 2010 was Baht 16,743.9 million or Baht 10.2325 per unit, representing an increase of 2.3% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 29.9%.

Distribution per unit increased by 8.8% YoY. CPNRF announced 2Q10 distribution of Baht 398.4 million or Baht 0.2435 per unit, representing an annualised yield of approximately 9.1% at the price of Baht 10.70 per unit as at 10 August 2010.



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

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

2Q10 total income of Baht 560.7 million increased from the combination of recent acquisition of Pinklao project and existing properties' growth

Total Income

CPNRF reported total income for 2Q10 of Baht 560.7 million, representing an increase of Baht 225.4 million or 67.3% from the same quarter of 2009. This was due to the increase in income from the acquisition of CentralPlaza Pinklao project in the fourth quarter of 2009, and from organic growth of previously existing properties. A part of total income in this quarter was contributed from the guarantee of net property income of CentralPlaza Pinklao project made by CPN, which added Baht 6.3 million to total income. The net property income guarantee of Baht 629.0 million in 2010 or Baht 157.3 million per quarter for the shopping mall part of CentralPlaza Pinklao project was committed by CPN upon the acquisition of CentralPlaza Pinklao project in order to ensure a stable and continual cash flow to the fund during the time of refurbishment and renovation of CentralPlaza Pinklao.

In comparison to the previous quarter, total income for this quarter was Baht 1.0 million or 0.2% higher than that of 1Q10. With the injection of guarantee payment by CPN as mentioned earlier, total income in this quarter stood at the same level as that of 1Q10. Interest income for this quarter rose by 50.0% from Baht 1.6 million to Baht 2.4 million mainly from an increase in interest rate as well as higher level in investment in securities.

Total Expense

Total expense increased to Baht 132.7 million from property expenses associated with operation of CentralPlaza Pinklao

Total expense for 2Q10 was Baht 132.7 million, which was Baht 54.8 million or 70.2% 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 2Q09. At the same time, interest expense for 2Q10 amounted to Baht 5.0 million from remaining borrowing.

Compare to the previous quarter, total expense for 2Q10 increased by Baht 4.1 million or 3.2%. Higher cost of rental and service contributed to this increase by 27.6% from last quarter, partially from an increase in repair and maintenance expenses and decorative expenses. Moreover, selling and administrative expenses also rose by 4.7% mainly from advertising and promotion expenses. In contrary, property management fee decreased from 1Q10 by Baht 2.3 million or 3.1% due to a slight decline in rental income during this quarter.

Net Investment Income and Distribution

Distribution per unit of Baht 0.2435 grew by 8.8% from that of 2Q09

Net investment income for 2Q10 was reported at Baht 428.0 million, representing growth of Baht 170.7 million or 66.4% from the same period of 2009. The fund announced 2Q10 distribution of Baht 398.4 million or Baht 0.2435 per unit, equivalent to growth in distribution per unit of 8.8% from 2Q09. This results in an approximated yield of 9.1% at the price of Baht 10.70 per unit as at 10 August 2010.

Compared to the previous quarter, net investment income slightly decreased by Baht 3.1 million or 0.7% from a small increase in total expenses.

The XD Date will be 26 August 2010, followed by Book Closure Date on 31 August 2010 and distribution payment will be made on 13 September 2010.

Profitability

Net property income margin improved by 0.2% from 2Q09, however, net investment income margin slightly decreased by 1.0%

Net property income margin for 2Q10 slightly increased by 0.2% from the same period of last year and stood at 78.3%, mainly due to an increase in property income. Meanwhile, net investment income margin decreased by 1.0% to 76.6%, resulting from an occurrence of interest expense and amortisation of deferred expenses.

Compare to the previous quarter, net property income margin reduced by 0.8% from 79.1% in 1Q10, mainly from an increase in property expenses. Net investment income margin decreased by 0.6% and stood at 76.6%.

Balance Sheet Movement

NAV increased to Baht 10.2325 per unit. Borrowing stood at Baht 490.0 million as no loan repayment has been made during this quarter

As of 30 June 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 16,743.9 million or Baht 10.2325 per unit as at 30 June 2010, slightly up from Baht 10.2223 at the end of the previous quarter. No further loan repayment has been made this quarter, retaining net borrowing of Baht 490.0 million from the previous quarter.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	2Q10	1Q10	Change QoQ	2Q09	Change YoY
<i>Property income</i>	558.4	558.1	0.0%	331.7	68.4%
Rental and service income	534.8	539.9	(1.0%)	319.8	67.2%
Guarantee the net property income	6.3	0.0	n.a.	0.0	n.a.
Other income	17.3	18.2	(4.9%)	11.8	46.3%
Interest income	2.4	1.6	50.0%	3.6	(34.3%)
Total income	560.7	559.7	0.2%	335.3	67.3%
<i>Property expenses</i>	121.1	116.8	3.7%	72.7	66.5%
Cost of rental and service	27.4	21.5	27.6%	13.4	104.1%
Selling and administrative expenses	19.2	18.3	4.7%	18.6	3.0%
Property management fee	74.2	76.5	(3.1%)	40.5	83.4%
Other expenses	0.2	0.4	(37.3%)	0.2	31.1%
Interest expense	5.0	5.4	(6.5%)	0.0	n.a.
Other management fees and expenses	6.3	6.1	2.8%	5.3	18.8%
Amortisation of deferred expenses	0.4	0.4	1.1%	0.0	n.a.
Total expense	132.7	128.6	3.2%	78.0	70.2%
Net investment income	428.0	431.1	(0.7%)	257.3	66.4%
Net unrealised gain (loss) from changes in investment value	(10.3)	(8.5)	n.a.	(6.5)	n.a.
Net increase in net assets from operations	417.7	422.6	(1.2%)	250.8	66.5%
Income available for distribution *	417.7	422.6	(1.2%)	250.8	66.5%
Distribution	398.4	400.9	(0.6%)	244.4	63.0%
Distribution per unit (in Baht)	0.2435	0.2450	(0.6%)	0.2239	8.8%
Net property income margin	78.3%	79.1%	(0.8%)	78.1%	0.2%
Net investment income margin	76.6%	77.2%	(0.6%)	77.6%	(1.0%)

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

Note:

* According to the SEC Circular Resolution 1/2553, the "Income available for distribution" will include non-cash expense, starting 2Q10.

Balance Sheet

Unit: Baht Million	2Q09	3Q09	4Q09	1Q10	2Q10
<i>Investment at fair value</i>	11,502.0	11,172.0	17,643.7	17,303.7	17,403.7
Central Rama II	5,931.0	5,931.0	5,990.0	5,990.0	5,990.0
Central Rama III	5,041.0	5,041.0	5,288.0	5,288.0	5,288.0
Central Pinklao	0.0	0.0	5,865.7	5,865.7	5,865.7
<i>Total investment in properties</i>	<i>10,972.0</i>	<i>10,972.0</i>	<i>17,143.7</i>	<i>17,143.7</i>	<i>17,143.7</i>
Investment in securities	530.0	200.0	500.0	160.0	260.0
Cash on hand and at banks	329.8	692.3	674.5	666.7	562.3
Guarantee the net property income receivables	0.0	0.0	0.0	0.0	6.3
Other assets	87.6	81.9	121.4	170.7	200.7
Total assets	11,919.4	11,946.1	18,439.6	18,141.1	18,173.0
Deposits received from customers	448.6	454.0	672.1	678.9	684.0
Borrowing	0.0	0.0	1,000.0	490.0	490.0
Other liabilities	116.7	126.3	197.7	245.1	255.1
Total liabilities	565.4	580.4	1,869.8	1,414.0	1,429.1
Net Asset	11,354.0	11,365.7	16,569.9	16,727.1	16,743.9
Capital received from unitholders	10,915.0	10,915.0	15,764.0	15,764.0	15,764.0
Retained earnings	439.0	450.7	805.9	963.1	979.9
NAV per unit (in Baht)	10.4021	10.4129	10.1262	10.2223	10.2325

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 2Q09, 3Q09, 1Q10 and 2Q10 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 Sep 09	31 Dec 09	31 Mar 10	30 Jun 10
Rama II	251,182	93,423	98.3%	98.4%	99.6%	99.3%
Rama III	169,740	39,919	94.6%	97.3%	95.5%	93.8%
Pinklao (Plaza)	135,018	23,973	n/a	98.9%	95.7%	95.9%
Pinklao Tower A & B	50,653	33,762	n/a	92.6%	95.3%	96.4%
CPNRF Portfolio	606,593	191,077	97.2%	97.2%	97.4%	97.2%

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 June 2010 ^{/1}			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ^{/3}
	No. of Leases	Area (sqm)	% of Total ^{/2}	
Rama II	68	3,250	3.5%	6.0%
Rama III	41	3,908	9.8%	4.9%
Pinklao (Plaza)	16	1,986	8.3%	5.8%
Pinklao Tower A & B	21	3,046	9.0%	5.1%
CPNRF Portfolio	146	12,190	6.4%	5.4%

Note:

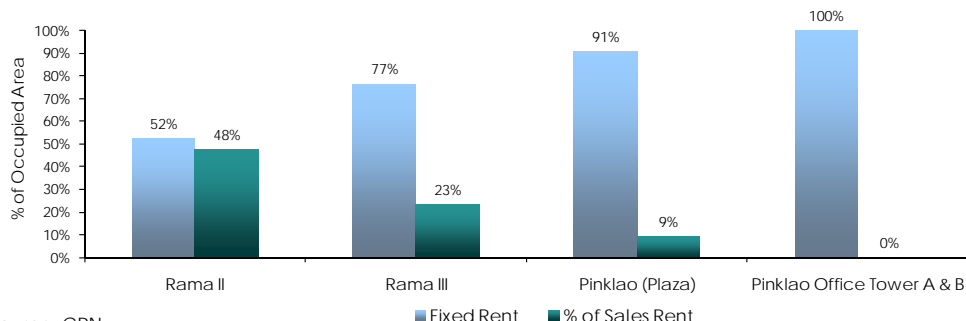
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 30 June 2010

/3 Exclude rental agreements with revenue sharing clause

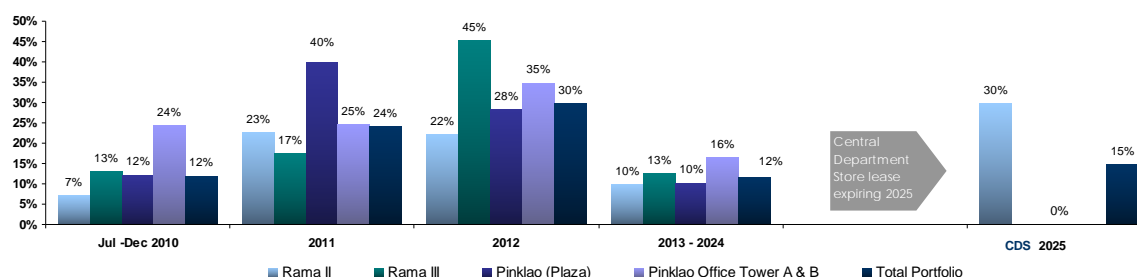
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 30 June 2010

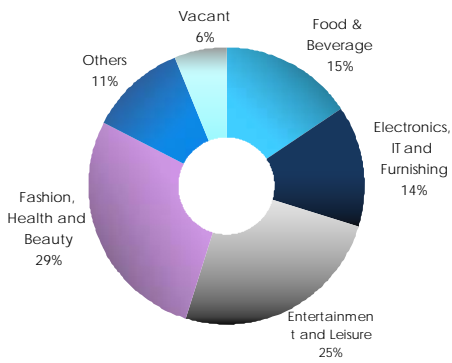
2. Exclude rental agreements < 1 year

Source: CPN

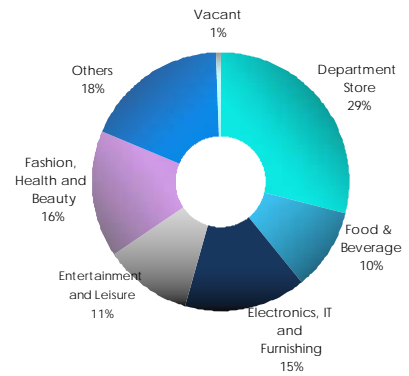
V. Tenants Trade Mix

Retail Properties

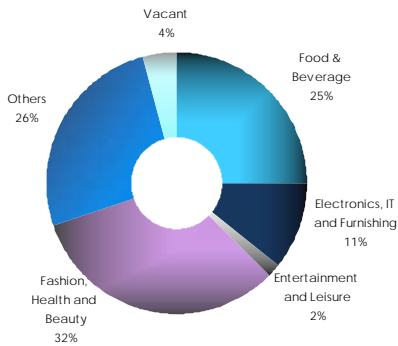
Rama III



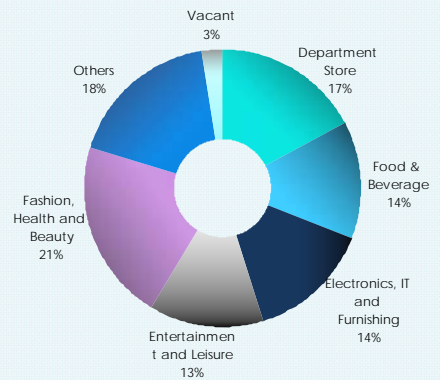
Rama II



Pinklao Plaza

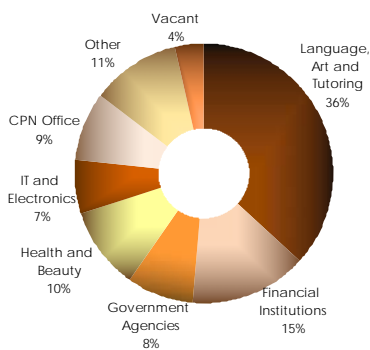


CPNRF Portfolio



Office Properties

Pinklao Tower A & B



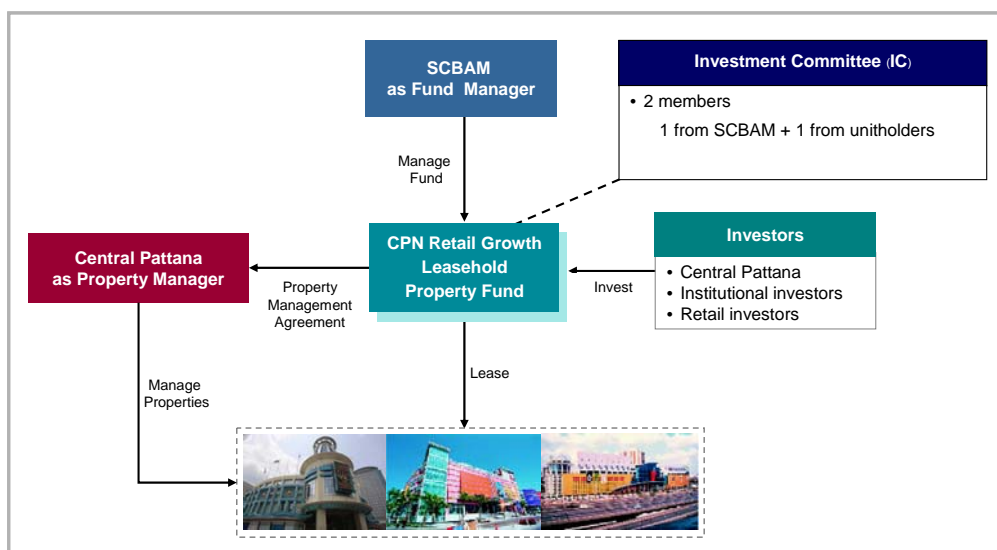
Note: Based on leasable area as at 30 June 2010
Source: CPN

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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