

CPNrf 2Q 2011 Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

11 August 2011



SHARE INFO: As of 11 August 11

Unit Price (Bt)	13.50
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	22,090.4
NAV (Bt mln) ^{/1}	16,835.6
NAV per Unit (Bt) ^{/1}	10.2885
Premium/ (Discount) ^{/1}	31.2%

Note:
^{/1} NAV as of 30 June 2011

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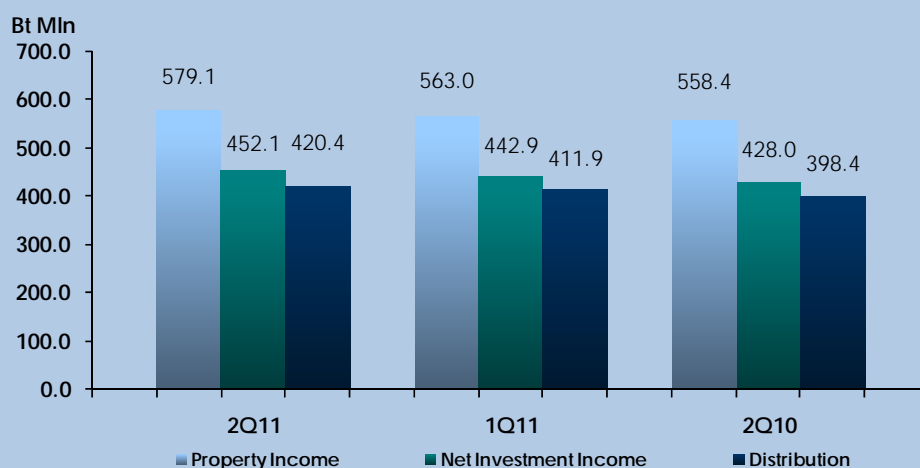
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Net investment income increased by 5.6% YoY. CPNRF reported net investment income for 2Q11 of Baht 452.1 million, an increase of 5.6% from the same quarter of last year, mainly from an increase in rental and service income.

Total income increased by 4.4% YoY. Total income for 2Q11 was recorded at Baht 585.4 million, representing an increase of 4.4% from Baht 560.7 million in 2Q10. Meanwhile, total expense of Baht 133.3 million increased by 0.4% from the same period of previous year.

NAV up by 2.9% from the IPO. Net Asset Value (NAV) as at 30 June 2011 was Baht 16,835.6 million or Baht 10.2885 per unit, representing an increase of 2.9% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 40.4%.

Distribution per unit increased by 5.5% YoY. CPNRF announced 2Q11 distribution of Baht 420.4 million or Baht 0.2569 per unit, representing an annualised yield of approximately 7.6% at the price of Baht 13.50 per unit as at 11 August 2011.



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

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Income

2Q11 total income of Baht 585.4 million increased from rental and service income.

Total Income

CPNRF reported total income for 2Q11 of Baht 585.4 million, representing an increase of 4.4% or Baht 24.7 million from the same quarter of 2010. This was mainly due to the increase in rental and service income of 5.1% or Baht 27.2 million. Interest income for this quarter increased by Baht 3.9 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 0.2 million and amounted to Baht 17.1 million.

In comparison to the previous quarter, total income for this quarter increased by 3.2% or Baht 18.3 million from 1Q11, which resulted from the increase in rental and service income of Baht 15.0 million. Additionally, the occupancy rate of CPNRF portfolio increased by 0.4% from previous quarter, rental growth rate for new/renewed leases that occurred since the beginning of 2011 is 5.7%. Moreover, interest income slightly increased by 54.9% or Baht 2.2 million, following the rising interest rate.

Total Expense

Total expense increased to Baht 133.3 million, mainly from higher in cost of rental and service by 24.9% or Baht 6.9 million.

Total expense for 2Q11 was Baht 133.3 million, which was Baht 0.6 million or 0.4% higher than the same quarter of last year. Property expenses decreased by 0.4% or Baht 0.5 million from 2Q10, which resulted from decline in selling and administrative expenses of 25.4% or Baht 4.9 Million. Additionally, property management fee decreased by 3.1% or Baht 2.3 million. Meanwhile, cost of rental and service increased by 24.9% or Baht 6.9 million. Moreover, an increase in interest expense of 1.0 million contributed to the increase in total expense.

Compared to the previous quarter, total expense for 2Q11 increased by Baht 9.1 million or 7.3%. Property expenses increased by 7.7% or Baht 8.6 million, which resulted from an increase in cost of rental and service by 42.2% partially from the repairs and maintenance expense in 2Q11. Meanwhile, selling and administrative expenses for this quarter was Baht 0.6 million lower than the previous quarter. The major contributor to lower selling and administrative expenses was lower advertising and promotion expenses.

Net Investment Income and Distribution

Distribution per unit of Baht 0.2569 grew by 5.5% from that of 2Q10

Net investment income for 2Q11 was reported at Baht 452.1 million, representing growth of Baht 24.1 million or 5.6% from the same period of 2010. The fund announced 2Q11 distribution of Baht 420.4 million or Baht 0.2569 per unit, equivalent to growth in distribution per unit of 5.5% from 2Q10. This results in an approximated yield of 7.6% at the price of Baht 13.50 per unit as at 11 August 2011.

Compared to the previous quarter, net investment income slightly increased by Baht 9.2 million or 2.1% from an increase in total income.

The XD Date will be 26 August 2011, followed by Book Closure Date on 31 August 2011 and distribution payment will be made on 13 September 2011.

Profitability

Net property income margin improved by 0.9% from 2Q10, along with 1.5% higher net investment income margin

Net property income margin for 2Q11 slightly increased by 0.9% from the same period of last year and stood at 79.2%. This was due to an improvement of rental and service income by 5.1% or Baht 27.2 million. Meanwhile, net investment income margin increased by 1.5% to 78.1%, resulting from the improvement of property income by 3.7% or Baht 20.7 million and decreased in property expenses by 0.4% or Baht 0.5 million.

Compared to the previous quarter, net property income margin decreased by 0.9% in 2Q11, mainly from an increase in cost of rental and service by 42.2% or Baht 10.2 million. Net investment income margin decreased by 0.6% and stood at 78.1%.

Balance Sheet Movement

NAV increased to Baht 10.2885 per unit. Borrowing stood at Baht 480.0 million as Baht 5.0 million loan repayment has been made during this quarter

As of 30 June 2011, CPNRF reported total investment in properties of Baht 17,231.3 million. Net Asset Value ("NAV") was recorded at Baht 16,835.6 million or Baht 10.2885 per unit as at 30 June 2011, slightly up from Baht 10.2733 at the end of the previous quarter.

Loan repayment of Baht 5.0 million was made in this quarter, reducing borrowing from Baht 485.0 million to Baht 480.0 million.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	2Q11	1Q11	Change QoQ	2Q10	Change YoY
<i>Property income</i>	579.1	563.0	2.8%	558.4	3.7%
Rental and service income	562.0	547.0	2.7%	534.8	5.1%
Guarantee the net property income	0.0	0.0	n.a.	6.3	n.a.
Other income	17.1	16.0	6.5%	17.3	(1.5%)
Interest income	6.3	4.1	54.9%	2.4	169.1%
Total income	585.4	567.1	3.2%	560.7	4.4%
<i>Property expenses</i>	120.6	112.0	7.7%	121.1	(0.4%)
Cost of rental and service	34.3	24.1	42.2%	27.4	24.9%
Selling and administrative expenses	14.3	14.9	(4.1%)	19.2	(25.4%)
Property management fee	71.9	73.0	(1.5%)	74.2	(3.1%)
Other expenses	0.1	0.0	570.0%	0.2	(44.2%)
Interest expense	6.0	5.6	7.7%	5.0	20.4%
Other management fees and expenses	6.2	6.2	0.9%	6.3	(0.3%)
Amortisation of deferred expenses	0.4	0.4	1.1%	0.4	0.0%
Total expense	133.3	124.2	7.3%	132.7	0.4%
Net investment income	452.1	442.9	2.1%	428.0	5.6%
Net unrealised gain (loss) from changes in investment value	(15.1)	(24.2)	n.a.	(10.3)	n.a.
Net increase in net assets from operations	437.0	418.7	4.4%	417.7	4.6%
Income available for distribution	437.0	418.7	4.4%	417.7	4.6%
Distribution	420.4	411.9	2.1%	398.4	5.5%
Distribution per unit (in Baht)	0.2569	0.2517	2.1%	0.2435	5.5%
Net property income margin	79.2%	80.1%	(0.9%)	78.3%	0.9%
Net investment income margin	78.1%	78.7%	(0.6%)	76.6%	1.5%

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

Balance Sheet

Unit: Baht Million	2Q10	3Q10	4Q10	1Q11	2Q11
<i>Investment at fair value</i>	17,403.7	17,413.7	17,753.6	17,882.3	17,856.3
Central Rama II	5,990.0	5,990.0	5,981.0	5,996.0	6,077.0
Central Rama III	5,288.0	5,288.0	5,290.0	5,359.0	5,371.7
Central Pinklao	5,865.7	5,865.7	5,937.6	5,877.3	5,782.6
<i>Total investment in properties</i>	<i>17,143.7</i>	<i>17,143.7</i>	<i>17,208.6</i>	<i>17,232.3</i>	<i>17,231.3</i>
Investment in securities	260.0	270.0	545.0	650.0	625.0
Cash on hand and at banks	562.3	601.6	368.9	226.5	277.5
Guarantee the net property income receivables	0.0	0.0	0.0	0.0	8.4
Other assets	207.0	167.8	167.9	207.9	241.4
Total assets	18,173.0	18,183.1	18,290.3	18,316.7	18,383.6
Deposits received from customers	684.0	689.8	701.5	724.7	737.0
Borrowing	490.0	490.0	490.0	485.0	480.0
Other liabilities	255.1	252.4	290.2	296.5	331.1
Total liabilities	1,429.1	1,432.2	1,481.7	1,506.2	1,548.1
Net Asset	16,743.9	16,750.9	16,808.6	16,810.5	16,835.6
Capital received from unitholders	15,764.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	979.9	987.0	1,044.6	1,046.5	1,071.6
NAV per unit (in Baht)	10.2326	10.2369	10.2721	10.2733	10.2885

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 2Q10, 3Q10, 1Q11, and 2Q11 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 Sep 10	31 Dec 10	31 Mar 11	30 Jun 11
Rama II	251,182	93,489	99.3%	99.4%	99.3%	99.2%
Rama III	169,740	40,071	97.6%	96.3%	95.2%	95.8%
Pinklao (Plaza)	135,018	24,007	96.5%	95.2%	95.0%	94.7%
Pinklao Tower A & B	50,653	33,760	96.8%	97.3%	94.2%	96.0%
CPNRF Portfolio	606,593	191,327	98.1%	97.8%	97.0%	97.4%

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 June 2011 / ¹			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) / ³
	No. of Leases	Area (sqm)	% of Total / ²	
Rama II	65	2,940	3.1%	7.1%
Rama III	48	3,515	8.8%	6.2%
Pinklao (Plaza)	29	2,840	11.8%	9.6%
Pinklao Tower A & B	15	3,523	10.4%	0.9%
CPNRF Portfolio	157	12,817	6.7%	5.7%

Note:

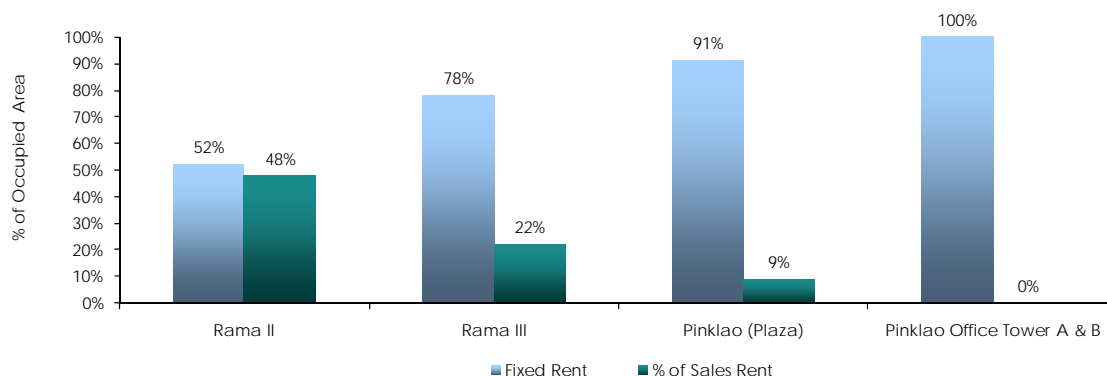
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 30 June 2011

/3 Exclude rental agreements with revenue sharing clause

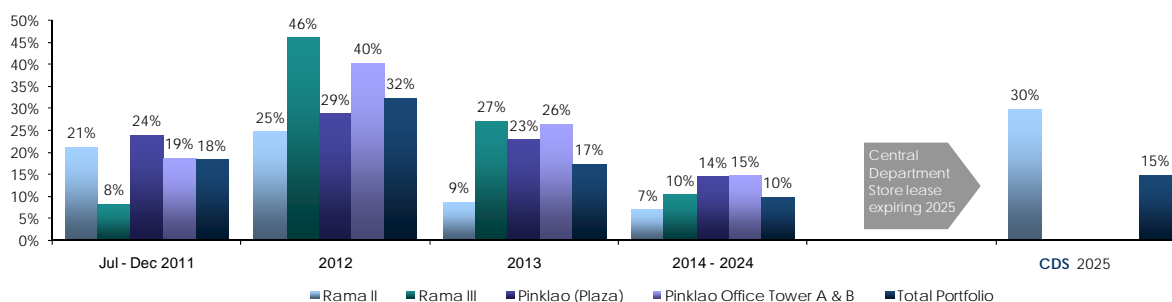
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

1. Percentage of total occupied area as at 30 June 2011

2. Exclude rental agreements < 1 year

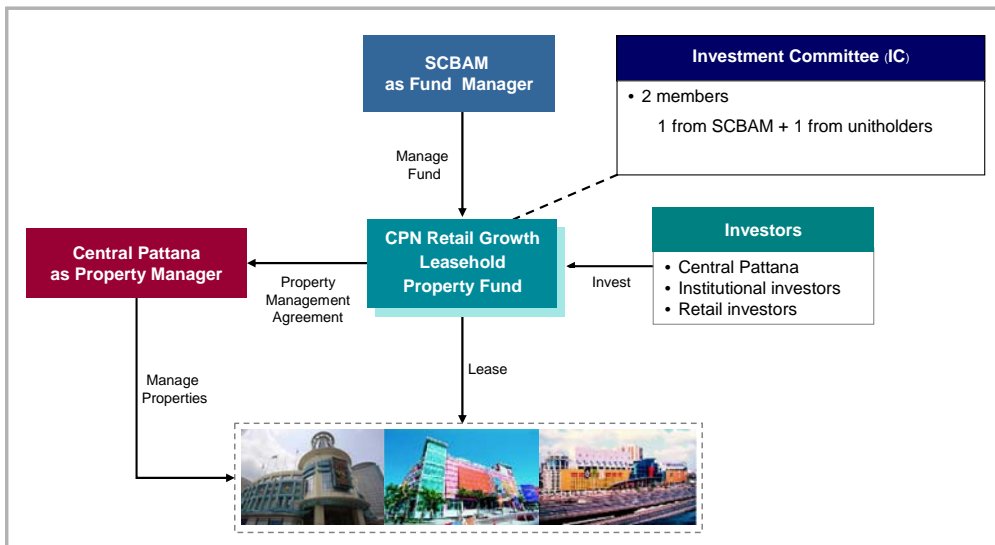
Source: CPN

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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