

3Q 2008

Investor Newsletter

CPN Retail Growth Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

13 November 2008

SHARE INFO: As of 12 November 08

Unit Price (Bt)	7.20
Shares Outstanding (mln)	1,091.5
Market Capital (Bt mln)	7,858.80
NAV (Bt mln) ^{/1}	11,208.31
NAV per Unit (Bt) ^{/1}	10.2687
Premium/ (Discount) ^{/1}	(29.9%)

Note:
^{/1} NAV as of 30 September 2008

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Request for additional information should be directed to:

Jotika Savanananda
Fund Manager
jotika@tmbam.com
(66) 2636-1800

Choenporn Subhadhira
Investor Relations - Property Manager
suchoenporn@cpn.co.th
(66) 2667-5555

CPNRF Investor Relations
ir@cpnrf.com
www.cpnrf.com



CentralPlaza Rama II

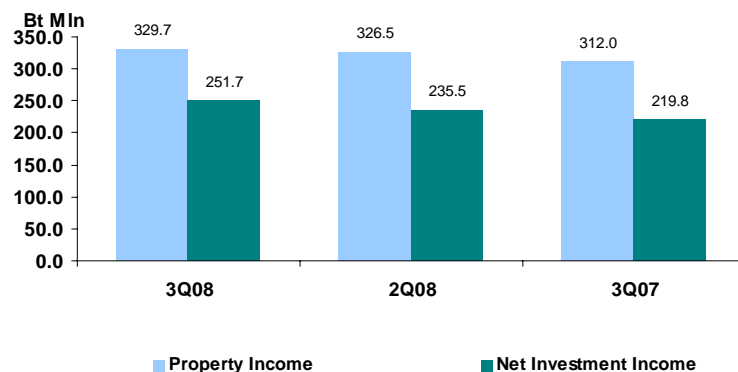


CentralPlaza Ratchada-Rama III

Net investment income increased by 14.5% YoY. CPNRF reported net investment income for 3Q08 of Baht 251.7 million, an increase of 14.5% from the same quarter of the previous year, mainly resulting from a 7.4% increase in rental and service income while selling and administrative expenses declined by 28.0%.

Total income increased by 6.3% YoY. Total income for 3Q08 was recorded at Baht 337.0 million, a 6.3% growth from Baht 317.1 million in 3Q07. Total expenses of Baht 85.4 million declined by 12.3% from the same period of 2007.

NAV up by 2.7% from the IPO. Net asset value (NAV) as at 30 September 2008 was Baht 11,208.31 million or Baht 10.2687 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 26.0%.



Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 3Q08, 2Q08 and 3Q07

MANAGEMENT DISCUSSION AND ANALYSIS

Total Income

CPNRF reported total income for 3Q08 at Baht 337.0 million, an increase of Baht 19.9 million or 6.3% from Baht 317.1 million in the same quarter of 2007. This was supported by Baht 21.9 million increase in rental and service income, representing a growth of 7.4% from 3Q07. On the other hand other income amounted to Baht 11.7 million, a decrease of Baht 4.1 million from 3Q07, while interest income for this quarter was Baht 7.3 million, which was Baht 2.2 million more than that of last year.

In comparison with the previous quarter, total income for 3Q08 was Baht 3.7 million higher than that of 2Q08, representing 1.1% growth. In lights of the recent state of economy, being on the down side like the global economy, rental and service income remained in line with the previous quarter. The occupancy rate at CentralPlaza Rama II slightly improved from the previous quarter and stood at 99.1%, while that of CentralPlaza Ratchada–Rama III had a slight decline to 95.6%. This is normal for the business since there are small lags between tenants moving in and out of the shops, resulting a small vacancy. The overall occupancy of the portfolio adjusted down slightly and stood at 98.0% at the end of the third quarter.

Total Expenses

Total expenses for 3Q08 was Baht 85.4 million, Baht 12.0 million or 12.3% lower than Baht 97.3 million in 3Q07. Cost of rental and service of Baht 14.8 million for this quarter was 9.5% lower than that of 3Q07 and selling and administrative expenses experienced a 28.0% decline. Significant reduction in advertising and promotion expenses was the main factor behind the decline in selling and administrative expenses. We believe the marketing events, with contribution from the property manager and tenants, to be effective as the number of visitor traffic continued to grow from last year. Other fund expenses remained in line with the same period of last year.

Compared to the previous quarter, total expenses decreased by Baht 12.5 million or 12.8% QoQ from Baht 97.9 million in 2Q08. This was largely due to Baht 2.4 million or 14.0% reduction in cost of rental and service, while selling and administrative expenses decreased by Baht 3.2 million or 17.0%. Repairs and maintenance expenses were reduced from the previous quarter, when there were several improvements at CentralPlaza Ratchada-Rama III. With the state of economy and political uncertainties, efficient cost management through top-line driven were applied to marketing expenses, for which the activities remained effective in enhancing revenue and retaining visitor traffic at both properties. Additionally, the amortisation of deferred expenses, incurred at the fund's establishment, came to the end of its 3-year amortising period in August this year. Thus, amortisation of deferred expenses was reduced to Baht 5.5 million in this quarter, which contributed to a Baht 6.7 million reduction in total expenses in this quarter. However, the amortisation of deferred expenses has been excluded from income available for distribution as specified in the current fund scheme. Therefore, the distribution will not be affected by changes in this expense.

Net Investment Income and Income Available for Distribution

Net investment income for 3Q08 amounted to Baht 251.7 million, an increase of Baht 31.9 million or 14.5% from Baht 219.8 million in the same period of the previous year. This translates to income available for distribution of Baht 257.1 million, which is 10.8% higher than that of 3Q07.

In comparison to the previous quarter, an increase in net investment income of Baht 16.2 million or 6.9% was observed in this quarter. This resulted in an increase of Baht 9.6 million or 3.9% in income available for distribution from Baht 247.6 million in 2Q08. This was mainly due to the decrease in expenses, while income remained stable.

Balance Sheet Movement

As of 30 September 2008, CPNRF reported total investment in properties of Baht 10,841.1 million, which is the same as at the end of 2007 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 11,208.3 million or Baht 10.2687 per unit as at 30 September 2008, which is close to that at the end of the previous quarter. This quarter saw the final amortisation of deferred expenses, as the 3-year amortising period of the fund establishment expenses came to the end in August this year, therefore there was no deferred expenses in the fund's balance sheet in this quarter.

Profitability

Compared to 3Q07, net property income margin increased by 4.0% to 77.4%. This was associated with higher net investment income margin, which stood at 76.3%. While a steady increase in property income was observed, reduced property expenses helped increasing the profit margins.

Net property income margin for 3Q08 increased by 2.7% QoQ, while net investment income margin of 76.3% was up by 5.8% QoQ. The cut in property expenses as well as amortisation of deferred expenses improved the profit margin in this quarter.

Asset Enhancement

The plans to reconfigure E-Life Zone and XY Arena Zone, near the new Food Park on the 6th floor, at CentralPlaza Ratchada-Rama III are under construction and is expected to be finished by the end of this year. This will modernise the design and should improve the average rent.

At CentralPlaza Rama II the plans to add new kiosk space on the 3rd floor and improve directional signs in the mall are progressing to the construction phase. These should improve the leasable area utilisation and enhance the visibility of tenants and provide convenience for traffic circulation. These plans are expected to be completed this year.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	3Q08	2Q08	Change QoQ	3Q07	Change YoY
<i>Property income</i>	329.7	326.5	1.0%	312.0	5.7%
Rental and service income	318.0	316.1	0.6%	296.2	7.4%
Other income	11.7	10.4	11.7%	15.8	(26.1%)
Interest income	7.3	6.8	7.6%	5.1	42.8%
Total income	337.0	333.3	1.1%	317.1	6.3%
<i>Property expenses</i>	74.7	80.5	(7.3%)	79.9	(6.5%)
Cost of rental and service	14.8	17.2	(14.0%)	16.3	(9.5%)
Selling and administrative expenses	15.4	18.6	(17.0%)	21.4	(28.0%)
Property management fee	43.5	44.6	(2.6%)	42.1	3.3%
Other expenses	1.0	0.1	558.4%	0.0	19520.0%
Other management fees and expenses	5.2	5.2	0.5%	5.2	0.6%
Amortisation of deferred expenses	5.5	12.1	(54.9%)	12.2	(55.4%)
Total expense	85.4	97.9	(12.8%)	97.3	(12.3%)
Net investment income	251.7	235.5	6.9%	219.8	14.5%
Net unrealised gain (loss) from changes in investment value	0.0	(4.0)	n.a.	(7.5)	n.a.
Net increase in net assets from operations	251.7	231.4	8.7%	212.2	18.6%
Income available for distribution	257.1	247.6	3.9%	232.0	10.8%
Distribution	n.a.	235.2	n.a.	220.4	n.a.
Distribution per unit (in Baht)	n.a.	0.2155	n.a.	0.2019	n.a.
Net property income margin	77.4%	75.3%	2.7%	74.4%	4.0%
Net investment income margin	76.3%	72.1%	5.8%	70.4%	8.3%

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 3Q08, 2Q08 and 3Q07

Balance Sheet

Unit: Baht Million	3Q07	4Q07	1Q08	2Q08	3Q08
<i>Investment at fair value</i>	11,321.6	11,511.1	11,491.1	11,546.1	11,441.1
Central Rama II	6,038.9	5,939.0	5,939.0	5,939.0	5,939.0
Central Rama III	4,733.3	4,902.1	4,902.1	4,902.1	4,902.1
<i>Total investment in properties</i>	<i>10,772.2</i>	<i>10,841.1</i>	<i>10,841.1</i>	<i>10,841.1</i>	<i>10,841.1</i>
Investment in securities	549.4	670.0	650.0	705.0	600.0
Cash on hand and at banks	175.1	136.5	165.0	108.7	240.3
Other assets	148.1	102.2	119.8	115.9	122.6
Total assets	11,644.8	11,749.9	11,775.8	11,770.7	11,803.9
Deposits received from customers	423.7	430.6	434.6	438.5	444.5
Other liabilities	135.1	132.0	144.6	140.4	151.2
Total liabilities	558.8	562.6	579.2	578.9	595.6
Net Asset	11,086.0	11,187.3	11,196.6	11,191.8	11,208.3
Capital received from unitholders	10,915.0	10,915.0	10,915.0	10,915.0	10,915.0
Retained earnings	171.0	272.3	281.6	276.8	293.3
NAV per unit (in Baht)	10.1567	10.2494	10.2580	10.2536	10.2687

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 3Q07, 1Q08, 2Q08 and 3Q08, and annual financial statements and audit report of Certified Public Accountant for 4Q07

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	31 Dec 07	31 Mar 08	30 Jun 08	30 Sep 08
Rama II	251,182	93,331	99.0%	99.6%	98.8%	99.1%
Rama III	169,740	40,045	91.6%	94.1%	96.3%	95.6%
CPNRF Portfolio	420,922	133,376	96.8%	98.0%	98.1%	98.0%

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 September 2008 ¹			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ³
	No. of Leases	Area (sqm)	% of Total ²	
Rama II	99	4,808	5.2%	5.4%
Rama III	34	3,801	9.5%	6.3%
CPNRF Portfolio	133	8,610	6.5%	5.8%

Note:

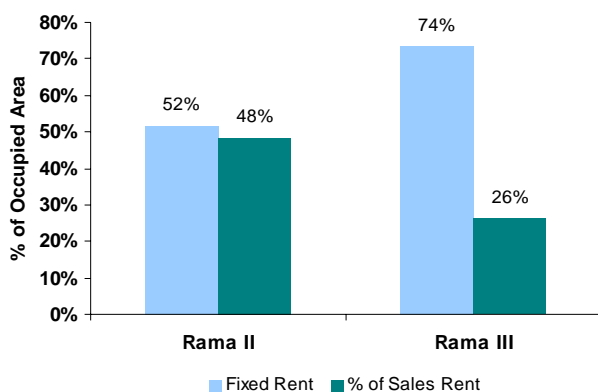
¹ Exclude rental agreements < 1 year

² Percentage of leasable area as at 30 September 2008

³ Exclude rental agreements with revenue sharing clause

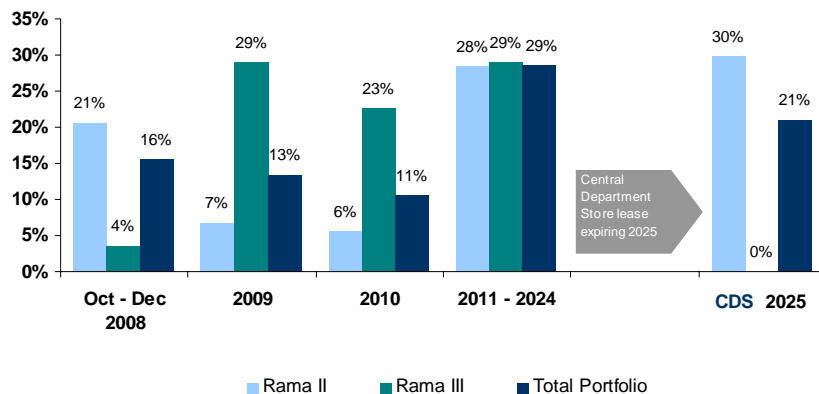
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



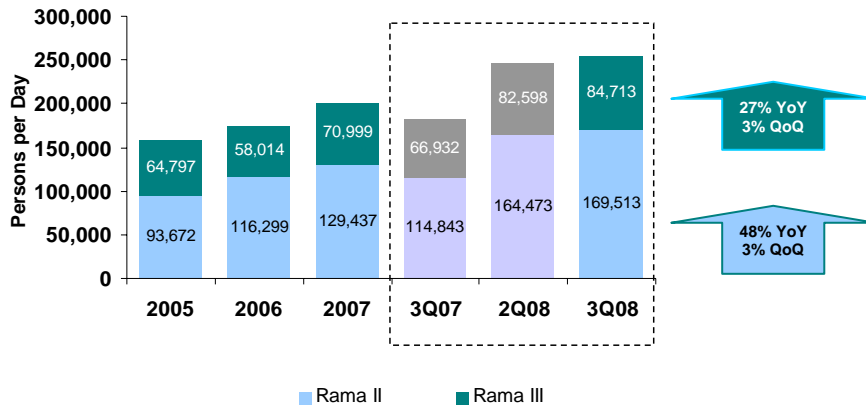
Note:

1. Percentage of total occupied area as at 30 September 2008

2. Exclude rental agreements < 1 year

Source: CPN

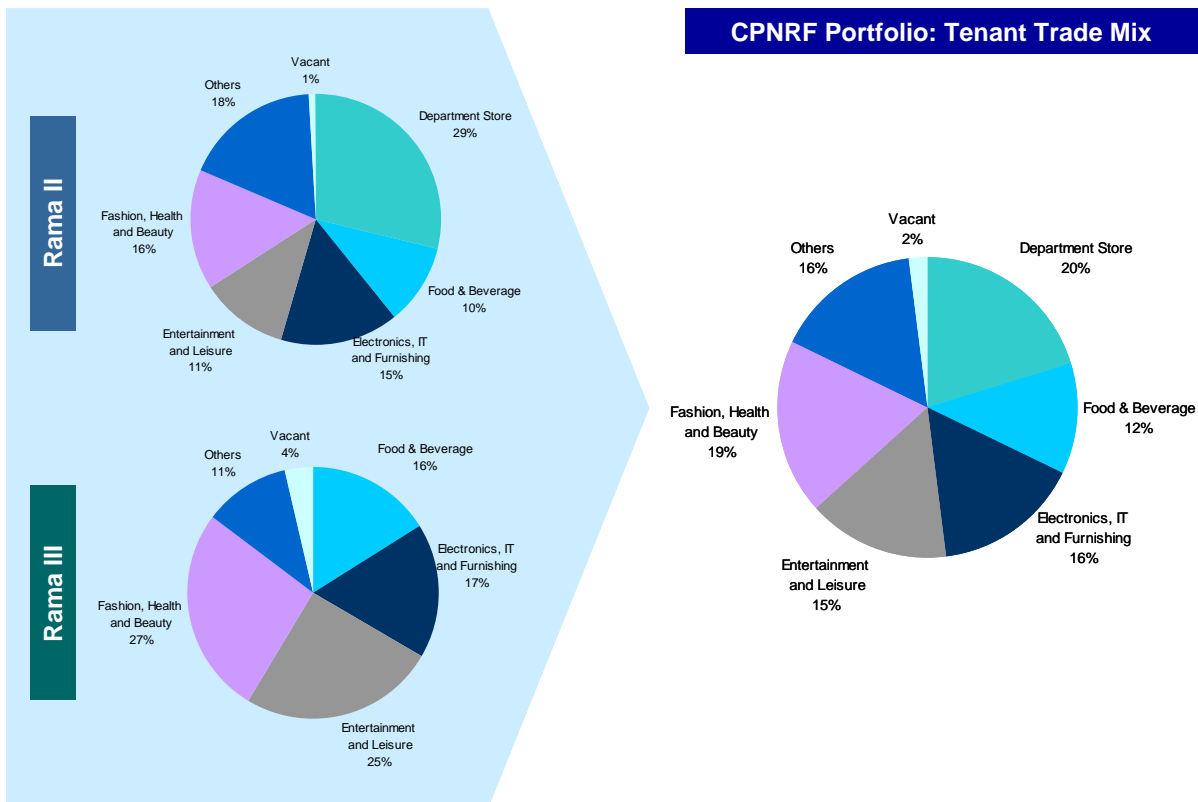
V. Traffic



- Rama III: YoY traffic increased from more frequent marketing events and activities. Strategic events were held to meet customers' lifestyle, increasing QoQ traffic.
- Rama II: The expanding surrounding community and more marketing activities increased traffic YoY, in addition to low base in 3Q07. Various tenants' sales promotions and activities increased QoQ traffic.

Source: CPN estimate

VI. Tenants Trade Mix



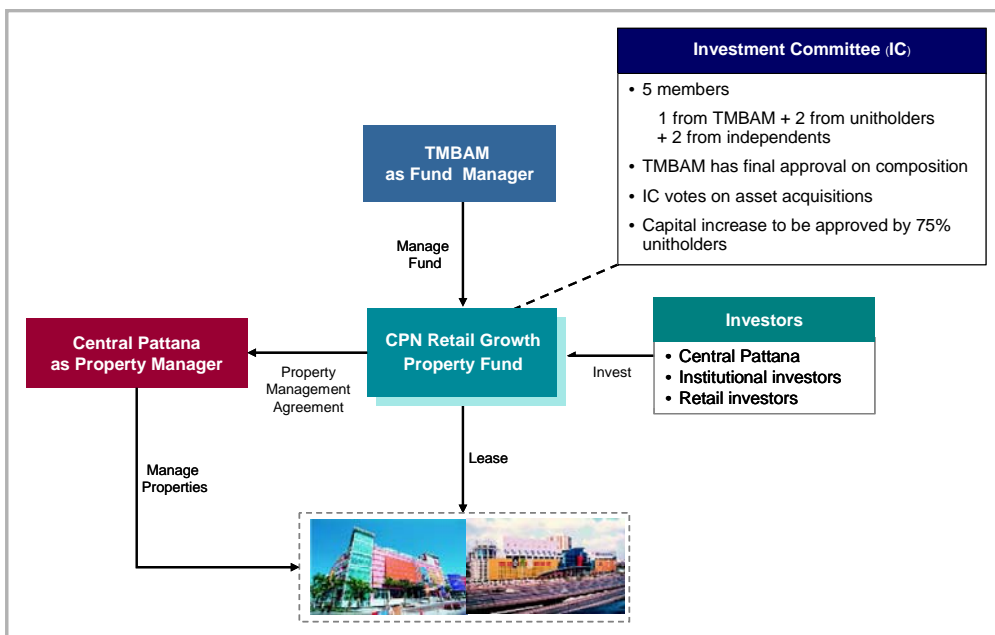
Note: Based on leasable area as at 30 September 2008
Source: CPN

ABOUT CPNRF

I. Fund Information

Name	CPN Retail Growth Property Fund (“CPNRF”)
Property Manager	Central Pattana Public Company Limited (“CPN”)
Fund Manager	TMB Asset Management Company Limited
Trustee	Kasikorn Bank Public Company Limited
Registrar	TMB Asset Management Company Limited
Assets	CentralPlaza Rama II, CentralPlaza Rama III
Type	Property Fund Type I (Indefinite Life)
Total Fund Size	Baht 10,915 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
Fund Listed Date	23 August 2005
Secondary Market	The Stock Exchange of Thailand (“SET”)

II. Fund Structure



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