



**PROPERTY  
DEVELOPMENT  
& INVESTMENT**  
A Member of Central Group

# 3Q 2010 Investor Newsletter

## CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

10 November 2010



### SHARE INFO: As of 9 November 10

Unit Price (Bt)	11.60
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	18,981.1
NAV (Bt mln) <sup>/1</sup>	16,750.9
NAV per Unit (Bt) <sup>/1</sup>	10.2369
Premium/ (Discount) <sup>/1</sup>	13.3%

Note:  
<sup>/1</sup> NAV as of 30 September 2010

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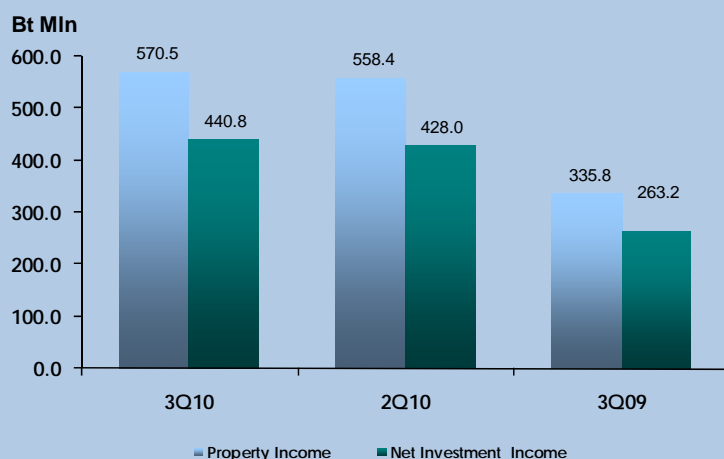
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**Net investment income increased by 67.5% YoY.** CPNRF reported net investment income for 3Q10 of Baht 440.8 million, an increase of 67.5% from the same quarter of last year, mainly resulting from contribution of CentralPlaza Pinklao project due to the acquisition since 4Q09.

**Total income increased by 69.7% YoY.** Total income for 3Q10 was recorded at Baht 573.3 million, representing an increase of 69.7% from Baht 337.7 million in 3Q09. Meanwhile, total expense of Baht 132.5 million increased by 77.7% from the same period of the previous year.

**NAV up by 2.4% from the IPO.** Net Asset Value (NAV) as at 30 September 2010 was Baht 16,750.9 million or Baht 10.2369 per unit, representing an increase of 2.4% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 32.4%.

**Distribution per unit increased by 1.8% QoQ.** CPNRF announced 3Q10 distribution of Baht 405.5 million or Baht 0.2478 per unit, representing an annualized yield of approximately 8.5% at the price of Baht 11.60 per unit as at 9 November 2010. Note that distribution per unit for 3Q10 cannot be compared in YoY basis since 3Q09 distribution covered 4-month period from July to October 2009.



Request for additional information should be directed to:

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Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 3Q10, 2Q10 and 3Q09

## MANAGEMENT DISCUSSION AND ANALYSIS

### Statement of Income

*3Q10 total income of Baht 573.3 million increased from the combination of recent acquisition of Pinklao project and existing properties' growth*

#### Total Income

CPNRF reported total income for 3Q10 of Baht 573.3 million, representing an increase of Baht 235.6 million or 69.7% from the same quarter of 2009. This was due to an increase in income from the acquisition of CentralPlaza Pinklao project in the fourth quarter of 2009, and from organic growth of 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 1.7 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 12.6 million or 2.2% higher than that of 2Q10. An increase was a result of higher rental and service income of Baht 14.2 million or 2.7%, in line with higher occupancy rate, especially for CentralPlaza Rama III, where occupancy rate increased from 93.8% to 97.6% over this quarter. An increase in other income and interest income of 15.1% and 18.6%, respectively, also contributed to higher total income for this quarter.

#### Total Expense

*Total expense increased to Baht 132.5 million from property expenses associated with operation of CentralPlaza Pinklao*

Total expense for 3Q10 was Baht 132.5 million, which was Baht 57.9 million or 77.7% 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 and professional fee in this quarter compared to 3Q09. At the same time, interest expense for 3Q10 amounted to Baht 5.2 million from remaining borrowing.

Compared to the previous quarter, total expense for 3Q10 decreased by Baht 0.2 million or 0.2%. Lower selling and administrative expenses of 24.2% than previous quarter, as a result of lower advertising and promotion expenses, was the major contributor to lower expense.

In addition, cost of rental and service also declined by 12.0% with 41.3% decrease in other expenses. Nevertheless, property management fee slightly rose by Baht 7.4 million or 9.9%, in line with the increase in rental and service income.

#### Net Investment Income and Distribution

*Distribution per unit of Baht 0.2478 grew by 1.8% from that of 2Q10*

Net investment income for 3Q10 was reported at Baht 440.8 million, representing growth of Baht 177.6 million or 67.5% from the same period of 2009. The fund announced 3Q10 distribution of Baht 405.5 million or Baht 0.2478 per unit, equivalent to growth in distribution per unit of 1.8% from 2Q10. This results in an approximated yield of 8.5% at the price of Baht 11.60 per unit as at 9 November 2010.

Compared to the previous quarter, net investment income rose by Baht 12.8 million or 3.0% from an increase in total income as well as lower total expense.

The XD Date will be 25 November 2010, followed by Book Closure Date on 30 November 2010 and distribution payment will be made on 14 December 2010.

#### Profitability

*Net property income margin improved by 0.6% from 2Q10, along with 0.7% higher net investment income margin*

Net property income margin for 3Q10 slightly decreased by 0.4% from the same period of last year and stood at 78.9%, mainly due to higher property expenses. Moreover, net investment income margin declined by 1.1% to 77.3%, resulting from an occurrence of interest expense and amortisation of deferred expenses.

Nevertheless, by comparing to the previous quarter, net property income margin rose by 0.6% from 78.3% in 2Q10, positively resulted by both higher property income and lower property expenses. Net investment income margin also improved by 0.7% and stood at 77.3%.

#### Balance Sheet Movement

*NAV increased to Baht 10.2369 per unit. Borrowing stood at Baht 490.0 million as no loan repayment has been made during this quarter*

As of 30 September 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 16,750.9 million or Baht 10.2369 per unit as at 30 September 2010, slightly up from Baht 10.2325 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	3Q10	2Q10	Change QoQ	3Q09	Change YoY
<i>Property income</i>	570.5	558.4	2.2%	335.8	69.9%
Rental and service income	548.9	534.8	2.7%	324.6	69.1%
Guarantee the net property income	1.7	6.3	n.a.	0.0	n.a.
Other income	19.9	17.3	15.1%	11.2	78.4%
Interest income	2.8	2.4	18.6%	2.0	42.6%
<b>Total income</b>	<b>573.3</b>	<b>560.7</b>	<b>2.2%</b>	<b>337.7</b>	<b>69.7%</b>
<i>Property expenses</i>	120.4	121.1	(0.5%)	69.5	73.2%
Cost of rental and service	24.2	27.4	(12.0%)	14.4	68.3%
Selling and administrative expenses	14.5	19.2	(24.2%)	12.9	12.9%
Property management fee	81.6	74.2	9.9%	41.9	94.6%
Other expenses	0.1	0.2	(41.3%)	0.4	(59.9%)
Interest expense	5.2	5.0	3.9%	0.0	n.a.
Other management fees and expenses	6.5	6.3	3.5%	5.0	28.7%
Amortisation of deferred expenses	0.4	0.4	1.3%	0.0	n.a.
<b>Total expense</b>	<b>132.5</b>	<b>132.7</b>	<b>(0.2%)</b>	<b>74.6</b>	<b>77.7%</b>
<b>Net investment income</b>	<b>440.8</b>	<b>428.0</b>	<b>3.0%</b>	<b>263.2</b>	<b>67.5%</b>
Net unrealised gain (loss) from changes in investment value	(35.3)	(10.3)	n.a.	(7.0)	n.a.
<b>Net increase in net assets from operations</b>	<b>405.5</b>	<b>417.7</b>	<b>(2.9%)</b>	<b>256.1</b>	<b>58.3%</b>
<b>Income available for distribution *</b>	<b>405.5</b>	<b>417.7</b>	<b>(2.9%)</b>	<b>256.1</b>	<b>58.3%</b>
<b>Distribution</b>	<b>405.5</b>	<b>398.4</b>	<b>1.8%</b>	<b>332.5</b>	<b>22.0%</b>
<b>Distribution per unit (in Baht)</b>	<b>0.2478</b>	<b>0.2435</b>	<b>1.8%</b>	<b>0.3046</b>	<b>-18.6%</b>
Net property income margin	78.9%	78.3%	0.6%	79.3%	(0.4%)
Net investment income margin	77.3%	76.6%	0.7%	78.4%	(1.1%)

Source: CPNRF. Based on interim financial statements and review report of Certified Public Accountant for 3Q10, 2Q10 and 3Q09  
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	3Q09	4Q09	1Q10	2Q10	3Q10
<i>Investment at fair value</i>	11,172.0	17,643.7	17,303.7	17,403.7	17,413.7
Central Rama II	5,931.0	5,990.0	5,990.0	5,990.0	5,990.0
Central Rama III	5,041.0	5,288.0	5,288.0	5,288.0	5,288.0
Central Pinklao	0.0	5,865.7	5,865.7	5,865.7	5,865.7
<i>Total investment in properties</i>	<i>10,972.0</i>	<i>17,143.7</i>	<i>17,143.7</i>	<i>17,143.7</i>	<i>17,143.7</i>
Investment in securities	200.0	500.0	160.0	260.0	270.0
Cash on hand and at banks	692.3	674.5	666.7	562.3	601.6
Guarantee the net property income receivables	0.0	0.0	0.0	6.3	8.0
Other assets	81.9	121.4	170.7	200.7	159.8
<b>Total assets</b>	<b>11,946.1</b>	<b>18,439.6</b>	<b>18,141.1</b>	<b>18,173.0</b>	<b>18,183.1</b>
Deposits received from customers	454.0	672.1	678.9	684.0	689.8
Borrowing	0.0	1,000.0	490.0	490.0	490.0
Other liabilities	126.3	197.7	245.1	255.1	252.4
<b>Total liabilities</b>	<b>580.4</b>	<b>1,869.8</b>	<b>1,414.0</b>	<b>1,429.1</b>	<b>1,432.2</b>
<b>Net Asset</b>	<b>11,365.7</b>	<b>16,569.9</b>	<b>16,727.1</b>	<b>16,743.9</b>	<b>16,750.9</b>
Capital received from unitholders	10,915.0	15,764.0	15,764.0	15,764.0	15,764.0
Retained earnings	450.7	805.9	963.1	979.9	987.0
<b>NAV per unit (in Baht)</b>	<b>10.4129</b>	<b>10.1262</b>	<b>10.2223</b>	<b>10.2325</b>	<b>10.2369</b>

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 3Q09, 1Q10, 2Q10 and 3Q10 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	31 Dec 09	31 Mar 10	30 Jun 10	30 Sep 10
Rama II	251,182	93,544	98.4%	99.6%	99.3%	99.3%
Rama III	169,740	39,513	97.3%	95.5%	93.8%	97.6%
Pinklao (Plaza)	135,018	23,997	98.9%	95.7%	95.9%	96.5%
Pinklao Tower A & B	50,653	33,761	92.6%	95.3%	96.4%	96.8%
<b>CPNRF Portfolio</b>	<b>606,593</b>	<b>190,815</b>	<b>97.2%</b>	<b>97.4%</b>	<b>97.2%</b>	<b>98.1%</b>

Source: CPN

II. Renewals and New Leases

	From 1 January to 30 September 2010 <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	116	6,624	7.1%	6.7%
Rama III	78	7,895	20.0%	5.4%
Pinklao (Plaza)	39	4,802	20.0%	5.8%
Pinklao Tower A & B	39	5,864	17.4%	4.8%
<b>CPNRF Portfolio</b>	<b>272</b>	<b>25,185</b>	<b>13.2%</b>	<b>5.7%</b>

Note:

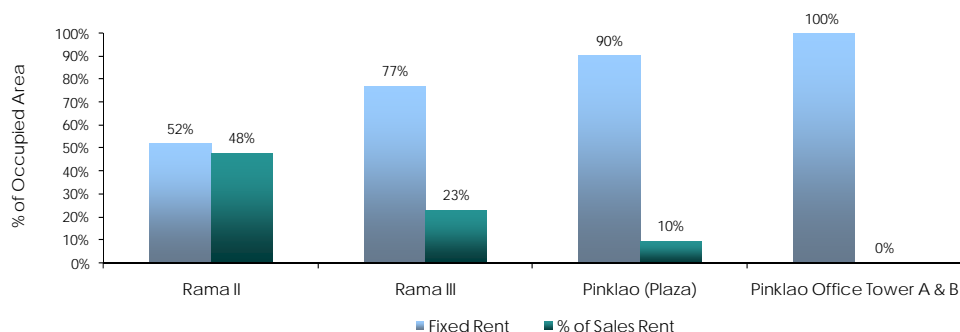
/1 Exclude rental agreements < 1 year

/2 Percentage of leasable area as at 30 September 2010

/3 Exclude rental agreements with revenue sharing clause

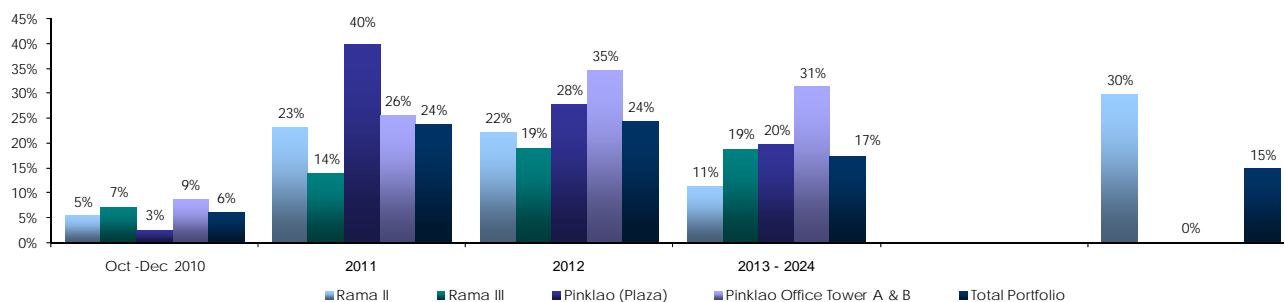
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



Note:

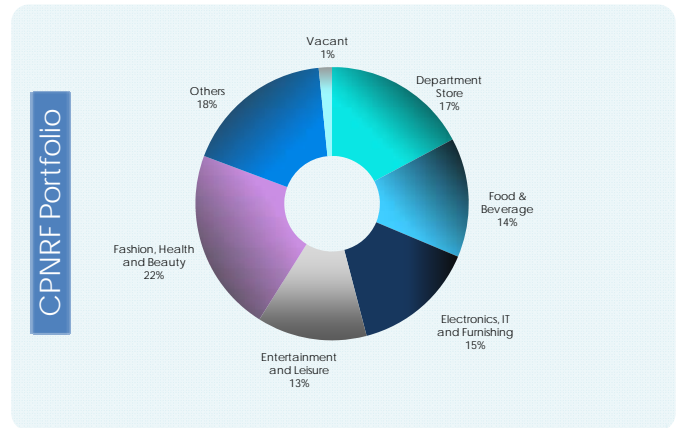
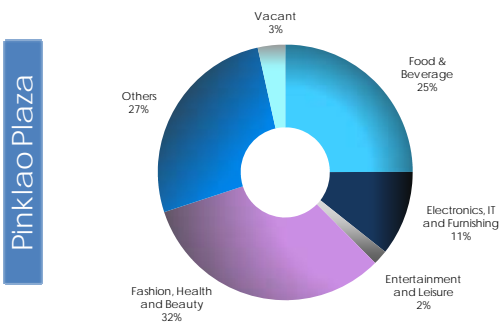
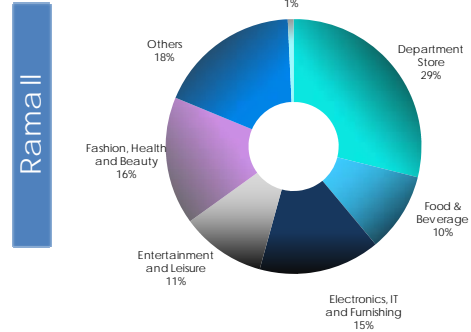
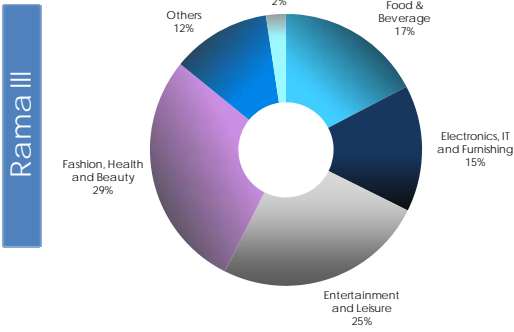
1. Percentage of total occupied area as at 30 September 2010

2. Exclude rental agreements < 1 year

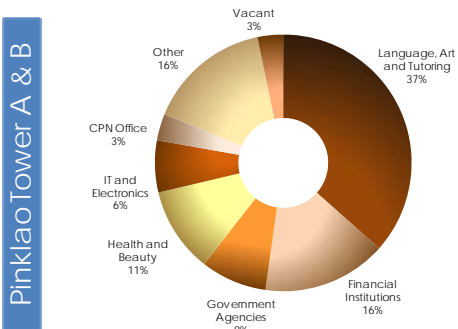
Source: CPN

V. Tenants Trade Mix

Retail Properties



Office Properties



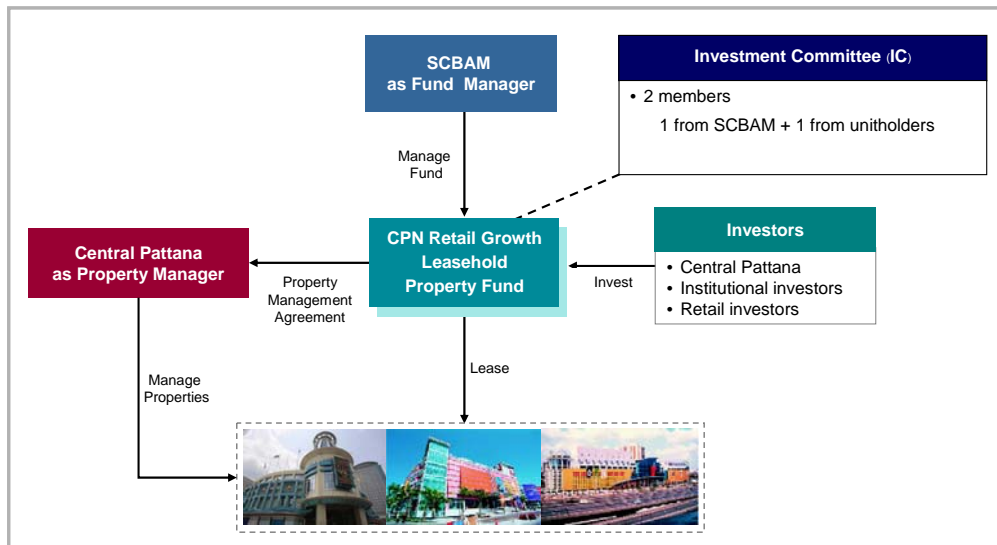
Note: Based on leasable area as at 30 September 2010  
 Source: CPN

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>	SCB Asset Management Company Limited
<b>Trustee</b>	Kasikorn Bank Public Company Limited
<b>Registrar</b>	Siam Commercial Bank Public Company Limited
<b>Assets</b>	CentralPlaza Rama II, CentralPlaza Ratchada-Rama III, CentralPlaza Pinklao
<b>Type</b>	Property Fund Type I (Indefinite Life)
<b>Total Fund Size</b>	Baht 15,764 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 4 November 2009 for CentralPlaza Pinklao
<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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