



**PROPERTY
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4Q 2009

Investor Newsletter

CPN Retail Growth Leasehold Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

25 February 2010

SHARE INFO: As of 24 February 10

Unit Price (Bt)	9.80
Shares Outstanding (mln)	1,636.3
Market Capital (Bt mln)	16,036.00
NAV (Bt mln) ^{/1}	16,569.86
NAV per Unit (Bt) ^{/1}	10.1262
Premium/ (Discount) ^{/1}	(3.2%)

Note:
^{/1} NAV as of 31 December 2009

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Net investment income increased by 18.4% YoY. CPNRF recorded net investment income for the full year 2009 of Baht 1,150.7 million, an increase of 18.4% from the previous year, mainly from 13.4% increase in rental and service income following the acquisition of parts of CentralPlaza Pinklao project on 4 November 2009. Net investment income for 4Q09 was recorded at Baht 366.7 million, representing 39.3% growth QoQ.

Total income increased by 12.4% YoY. Total income for the full year 2009 was reported at Baht 1,498.1 million, representing an increase of 12.4% from Baht 1,333.3 million in 2008. Meanwhile, total expense of Baht 347.4 million declined by 4.0% from the same period of last year.

NAV up by 1.3% from the IPO. Net Asset Value (NAV) as at 31 December 2009 was Baht 16,569.9 million or Baht 10.1262 per unit, representing an increase of 1.3% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 24.3%. Recent valuation was completed for CentralPlaza Rama II, CentralPlaza Ratchada-Rama III and CentralPlaza Pinklao, for which the values were Baht 5,990.0 million, Baht 5,288.0 million and Baht 5,865.7 million respectively.

Distribution for 2-month period of Baht 0.1622 per unit. CPNRF announced the distribution for the period of 1 November – 31 December 2009 of Baht 265.4 million or Baht 0.1622 per unit, representing annualised yield of approximately 9.9% at the price of Baht 9.80 per unit as at 24 February 2010.



Source: CPNRF. Based on annual financial statements and audit report of Certified Public Accountant for 4Q09 and 4Q08 and interim financial statements and review reports of Certified Public Accountant for 3Q09

MANAGEMENT DISCUSSION AND ANALYSIS

Total Income

CPNRF's total income for the full year 2009 was Baht 1,498.1 million, an increase of Baht 164.8 million or 12.4% from Baht 1,333.3 million in 2008. This was due to the Baht 169.2 million increase in rental and service income, with the acquisition of parts of CentralPlaza Pinklao project as the main contributing factor, as well as from organic growth of CentralPlaza Rama II and CentralPlaza Ratchada-Rama III. The contribution partially came from the increase in rental rate, of approximately 4.9%, at CentralPlaza Ratchada-Rama III, for which 31.4% of the lettable area obtained either a lease renewal or a new lease in October 2009. At the same time, CentralPlaza Rama II also achieved similar growth in rental rate for its lease renewals and new leases. As for interest income, Baht 16.6 million or 56.9% decrease was observed in 2009 due to the decline in the interest rate since the end of 2008. On the other hand, other income increased by 30.6% to Baht 15.4 million.

In 4Q09 CPNRF's total income amounted to Baht 488.4 million, representing 44.6% increase from Baht 337.7 million in the previous quarter. The main factors behind this increase were the injection of parts of CentralPlaza Pinklao project into the fund in November 2009, as well as the growth in rental and service income from previously existing properties, which increased the rental and service income by Baht 146.0 million in total. Meanwhile, interest income stood at Baht 2.7 million in this quarter and was Baht 0.7 million higher than the previous quarter. Other income increased by Baht 3.9 million from the previous quarter.

Total Expenses

Total expenses for the full year 2009 amounted to Baht 347.4 million, Baht 14.3 million or 4.0% lower than Baht 361.7 million in the previous year. The main reason behind this was the ending of amortisation of deferred expenses that was incurred at fund's establishment, which came to the end of its 3-year amortising period in August 2008. However, this had no effect on distributions as the amortisation of deferred expenses was excluded from income available for distribution, as specified in the current fund scheme. Despite the addition of parts of CentralPlaza Pinklao project, cost of rental and service and selling and administrative expenses increase by only 2.9% and 2.2 %, standing at Baht 61.8 million and Baht 64.5 million respectively. This was partially due to the decrease in repairs and maintenance expenses for CentralPlaza Rama II and CentralPlaza Ratchada-Rama III during 2009, as well as the efficient cost management.

Total expenses for 4Q09 was recorded at Baht 121.8 million, representing an increase of Baht 47.2 million or 63.3% from the previous quarter. The main factors behind such increment were from the increases in cost of rental and service, selling and administrative expenses and property management fee, all of which resulted from the acquisition of parts of CentralPlaza Pinklao project as well as from existing properties. Additionally, interest expense of Baht 7.8 million were observed in this quarter, following the utilisation of leverage in the investment of CentralPlaza Pinklao project in November 2009. Cost of rental and service and selling and administrative expenses of Baht 22.8 million and Baht 20.2 million, respectively, increased by 59.0% and 56.5%, respectively, from the previous quarter. Meanwhile, other fund management fees and expenses was Baht 0.6 million or 10.8% higher than that of the previous quarter.

Net Investment Income and Distribution

Net investment income for the full year 2009 totalled up to Baht 1,150.7 million, representing a growth of Baht 179.0 million or 18.4% from Baht 971.7 million in 2008. This translates to income available for distribution of Baht 1,150.9 million, which was 14.9% higher than that of previous year.

Compared to the previous quarter, net investment income was Baht 366.7 million in 4Q09, increasing by Baht 103.5 million or 39.3%. This resulted in an increase of Baht 39.4% in income available for distribution from Baht 263.2 million in 3Q09. In addition to improvement in property income and

reduction in associated expenses of the existing properties, net investment income growth mainly resulted from the injection of CentralPlaza Pinklao project into the fund in November 2009.

Distribution per unit (DPU) for the full year 2009 increased by 5.6% from 0.8716 baht per unit in the previous year to 0.9201 baht per unit. The fund announced distribution for the 2-month period of 1 November – 31 December 2009, which was Baht 0.1622 per unit. The XD Date will be on 2 March 2010, followed by Book Closure Date on 5 March 2010 and the distribution payment will be made on 15 March 2010.

Balance Sheet Movement

As of 31 December 2009, CPNRF reported total investment in properties of Baht 17,143.7 million, representing an increment of Baht 6,171.7 million from the acquisition of parts of CentralPlaza Pinklao project and annual valuation of previously existing properties. Therefore, total investment at year-end consists of Baht 5,990.0 million for CentralPlaza Rama II, Baht 5,288.0 million for CentralPlaza Ratchada-Rama III and Baht 5,865.7 million for CentralPlaza Pinklao. The valuations were carried out by independent appraisers, which were 15 Business Advisory Limited and Thai Property Appraisal Lynn Phillips Limited, using income approach method. Net Asset Value (“NAV”) was recorded at Baht 16,569.9 million or Baht 10.1262 per unit as at 31 December 2009, slightly decreasing from Baht 10.4129 at the end of the previous quarter. This was due to an increase in loan amount of Baht 1,000.0 million to invest in parts of CentralPlaza Pinklao project. However, increase of leverage benefited the fund in that it reduced cost of fund in acquiring new properties.

Expenses incurred from the capital increase in November were capitalised as deferred expenses, of which Baht 4.4 million remains as at the end of this quarter and will be periodically amortised. Borrowing was added under liabilities for the first time in this quarter, resulting from the gearing of Baht 1,000.0 million, which was combined with the capital increase for the acquisition of parts of CentralPlaza Pinklao project.

Profitability

Net property income margin improved to 78.6% in 2009, increasing by 3.2% from 76.1% in the previous year. This was associated with higher net investment income margin, which significantly increased from 74.5% in 2008 to 77.5% in 2009. A steady increase in property income coupled with efficient cost management, which assisted in controlling property expenses, resulted in increase in the profit margin. Additionally, reduction in amortisation of deferred expenses also contributed to improvement of the overall profit margin in 2009.

Net property income margin for 4Q09 declined from 79.3% in 3Q09 to 77.7%, while net investment income margin of 75.5% decreased by 3.7% from last quarter. The increase in property expenses and interest expense, combined with the amortisation of deferred expenses resulted in a lower profit margin in this quarter compared to the previous quarter.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	FY2009	4Q09	FY2008	Change YoY	3Q09	Change QoQ	4Q08	Change YoY
<i>Property income</i>	1,485.5	485.8	1,304.1	13.9%	335.8	44.7%	329.4	47.5%
Rental and service income	1,433.6	470.6	1,264.4	13.4%	324.6	45.0%	321.9	46.2%
Other income	51.9	15.1	39.7	30.6%	11.2	35.6%	7.5	100.9%
Interest income	12.6	2.7	29.2	(56.9%)	2.0	35.8%	8.1	(67.2%)
Total income	1,498.1	488.4	1,333.3	12.4%	337.7	44.6%	337.5	44.7%
<i>Property expenses</i>	318.2	108.2	311.1	2.3%	69.5	55.6%	84.2	28.5%
Cost of rental and service	61.8	22.8	60.1	2.9%	14.4	59.0%	13.6	67.3%
Selling and administrative expenses	64.5	20.2	63.1	2.2%	12.9	56.5%	15.6	29.0%
Property management fee	191.2	65.2	186.1	2.7%	41.9	55.4%	54.4	19.8%
Other expenses	0.7	0.0	1.8	(62.4%)	0.4	(99.8%)	0.5	(99.8%)
Interest expense	7.8	7.8	0.0	n.a.	0.0	n.a.	0.0	n.a.
Other management fees and expenses	21.1	5.6	20.9	0.9%	5.0	10.8%	5.3	5.5%
Amortisation of deferred expenses	0.2	0.2	29.7	(99.2%)	0.0	n.a.	0.0	n.a.
Total expense	347.4	121.8	361.7	(4.0%)	74.6	63.3%	89.5	36.1%
Net investment income	1,150.7	366.7	971.7	18.4%	263.2	39.3%	248.0	47.8%
Net unrealised gain (loss) from changes in investment value	301.0	321.0	114.2	n.a.	(7.0)	n.a.	120.1	n.a.
Net increase in net assets from operations	1,451.7	687.6	1,085.8	33.7%	256.1	168.5%	368.1	86.8%
Income available for distribution	1,150.9	366.9	1,001.3	14.9%	263.2	39.4%	248.0	47.9%
Distribution	1,092.7	n.a.*	951.4	14.9%	n.a.**	n.a.	235.7	n.a.
Distribution per unit (in Baht)	0.9201	n.a.*	0.8716	5.6%	n.a.**	n.a.	0.2159	n.a.
Net property income margin	78.6%	77.7%	76.1%	3.2%	79.3%	(2.0%)	74.4%	4.4%
Net investment income margin	77.5%	75.5%	74.5%	4.0%	78.4%	(3.7%)	75.3%	0.3%

Source: CPNRF. Based on annual financial statements and audit report of Certified Public Accountant for 4Q09 and 4Q08 and interim financial statements and review reports of Certified Public Accountant for 3Q09

Note:

* The fund announced distribution for the period of 1 November – 31 December 2009 of Baht 0.1622 per unit

** The fund announced distribution for the period of 1 July – 31 October 2009 of Baht 0.3046 per unit

Balance Sheet

Unit: Baht Million	4Q08	1Q09	2Q09	3Q09	4Q09
<i>Investment at fair value</i>	11,512.0	11,542.0	11,502.0	11,172.0	17,643.7
Central Rama II	5,931.0	5,931.0	5,931.0	5,931.0	5,990.0
Central Rama III	5,041.0	5,041.0	5,041.0	5,041.0	5,288.0
Central Pinklao	0.0	0.0	0.0	0.0	5,865.7
<i>Total investment in properties</i>	<i>10,972.0</i>	<i>10,972.0</i>	<i>10,972.0</i>	<i>10,972.0</i>	<i>17,143.7</i>
Investment in securities	540.0	570.0	530.0	200.0	500.0
Cash on hand and at banks	321.4	285.1	329.8	692.3	674.5
Other assets	102.4	104.0	87.6	81.9	121.4
Total assets	11,935.8	11,931.2	11,919.4	11,946.1	18,439.6
Deposits received from customers	437.0	441.3	448.6	454.0	672.1
Borrowing	0.0	0.0	0.0	0.0	1,000.0
Other liabilities	166.7	136.3	116.7	126.3	197.7
Total liabilities	603.7	577.6	565.4	580.4	1,869.8
Net Asset	11,332.1	11,353.6	11,354.0	11,365.7	16,569.9
Capital received from unitholders	10,915.0	10,915.0	10,915.0	10,915.0	15,764.0
Retained earnings	417.1	438.6	439.0	450.7	805.9
NAV per unit (in Baht)	10.3821	10.4017	10.4021	10.4129	10.1262

Source: CPNRF. Based on interim financial statements and review reports of Certified Public Accountant for 1Q09, 2Q09 and 3Q09 and annual financial statements and audit report of Certified Public Accountant for 4Q08 and 4Q09

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	31 Mar 09	30 Jun 09	30 Sep 09	31 Dec 09
Rama II	251,182	93,419	99.0%	99.2%	98.3%	98.4%
Rama III	169,740	39,845	96.1%	95.5%	94.6%	97.3%
Pinklao (Plaza)	135,018	24,046	n/a	n/a	n/a	98.9%
Pinklao Office Tower A & B	50,653	33,762	n/a	n/a	n/a	92.6%
CPNRF Portfolio	606,593	191,072	98.2%	98.1%	97.2%	97.2%

Source: CPN

II. Renewals and New Leases

	From 1 January to 31 December 2009 ¹			
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.) ³
	No. of Leases	Area (sqm)	% of Total ²	
Rama II	182	10,563	11.3%	5.0%
Rama III	97	12,497	31.4%	4.9%
Pinklao (Plaza)	20	3,136	13.0%	5.6%
Pinklao Office Tower A & B	22	7,153	21.2%	2.7%
CPNRF Portfolio	321	33,349	17.5%	4.5%

Note:

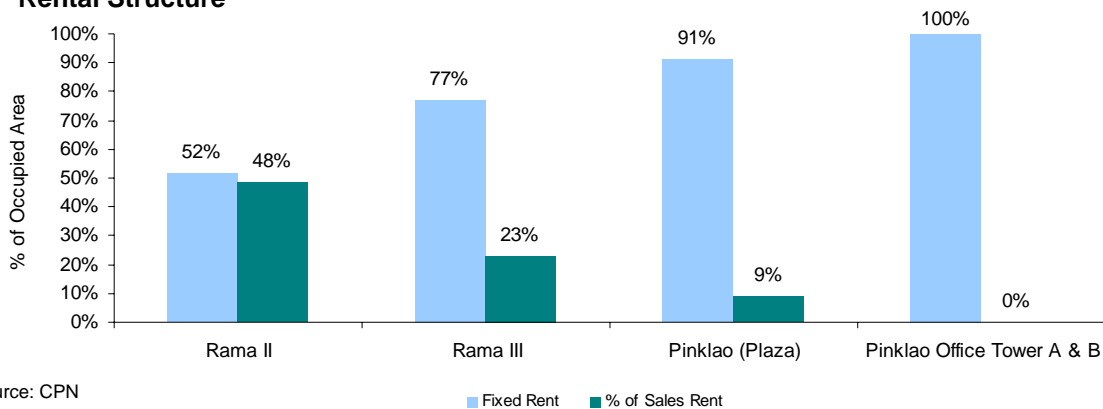
¹ Exclude rental agreements < 1 year

² Percentage of leasable area as at 31 December 2009

³ Exclude rental agreements with revenue sharing clause

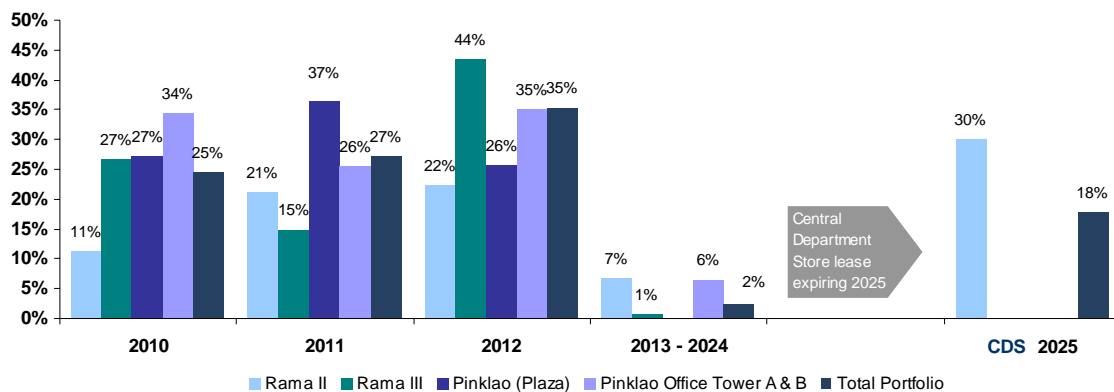
Source: CPN

III. Rental Structure



Source: CPN

IV. Lease Expiry Profile



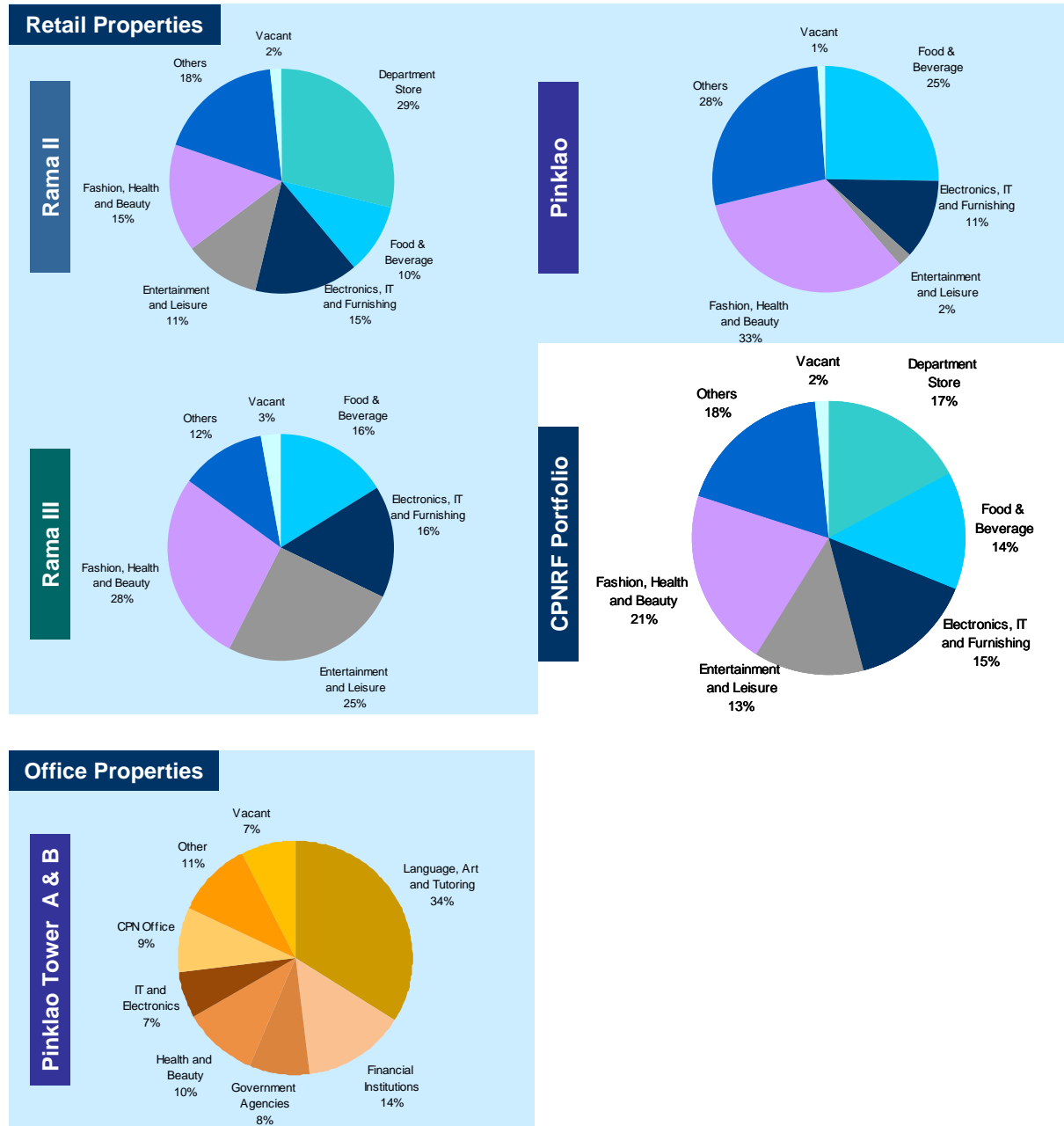
Note:

1. Percentage of total occupied area as at 31 December 2009

2. Exclude rental agreements < 1 year

Source: CPN

V. Tenants Trade Mix



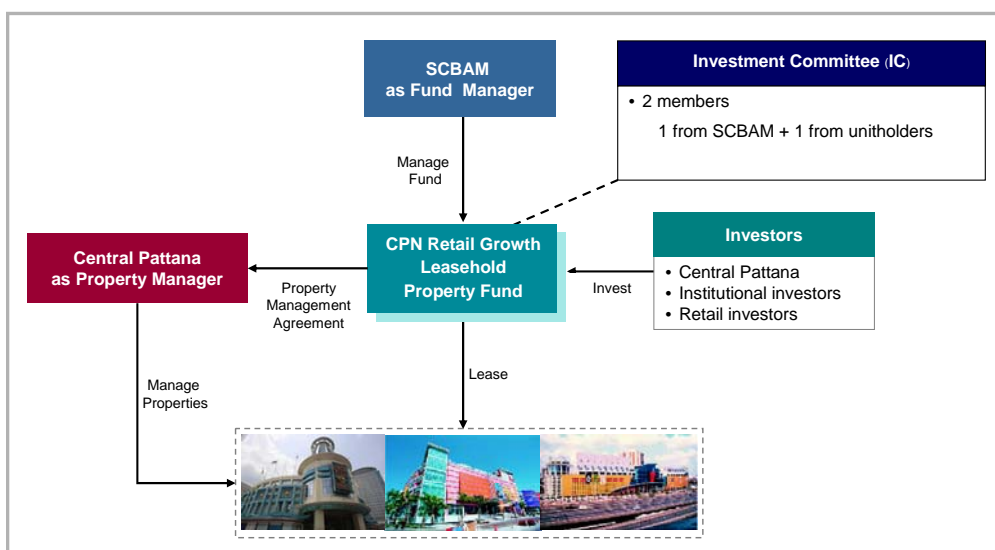
Note: Based on leasable area as at 31 December 2009
 Source: CPN

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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