

4Q 2006

Investor Newsletter

CPN Retail Growth Property Fund

Prepared by Central Pattana Public Company Limited, CPNRF Property Manager

26 February 2007

SHARE INFO: As of 26 February 07

Unit Price (Bt)	9.65
Shares Outstanding (mln)	1,091.5
Market Capital (Bt mln)	10,532.98
NAV (Bt mln)	11,107.50
NAV per Unit (Bt)	10.1763
Premium/(Discount)	(5.2%)
Dividend Yield ¹	8.1%

Note: ¹ Dividend yield based on distribution in 2006 of Bt 0.7812 and unit price of Bt 9.65 as at 26 February 2007

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Request for additional information should be directed to:

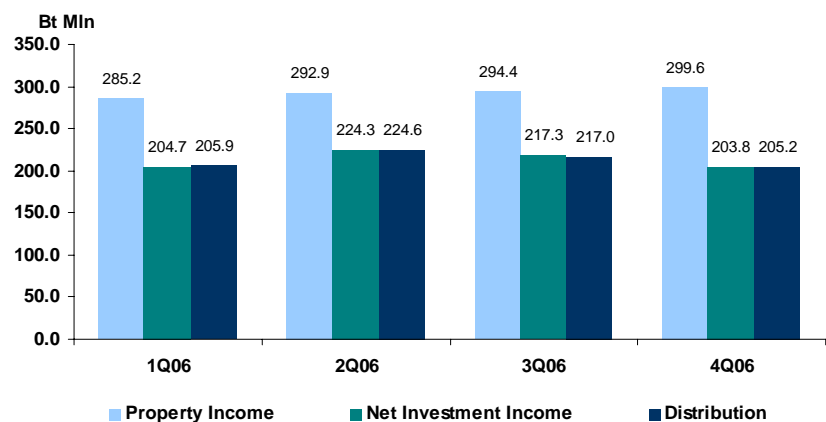
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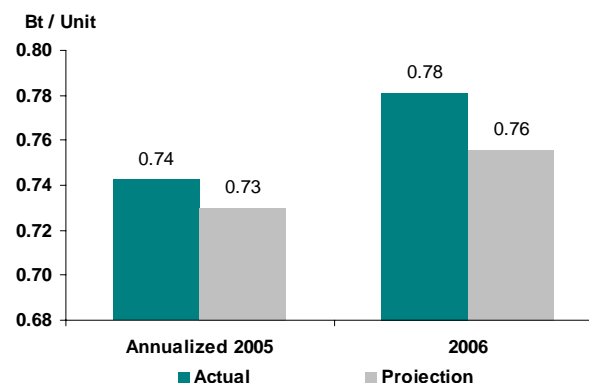
CPNRF achieved higher DPU for full year 2006 than that of the projection by 3.4%. CPNRF reported full year 2006 distribution of Baht 852.7 million or Baht 0.7812 per unit, outperformed that of the projection shown in the IPO prospectus by 3.4%. DPU for year 2006 increased by 5.2% over annualized DPU for 2005. 4Q06 distribution was Baht 205.2 million or Baht 0.1880 per unit, a decrease of Baht 11.8 million or 5.4% QoQ, mainly due to an increase in property expenses by 29.0% QoQ.

Total income increased 2.0% QoQ. Total income for 4Q06 was recorded at Baht 308.8 million. Rental and service income and interest income increased by 2.0% and 11.7% QoQ respectively, while other income declined by 3.2% QoQ.

NAV up by 1.8% from the IPO. Net asset value (NAV) as at 31 December 2006 was Baht 11,107.5 million or Baht 10.1763 per unit, an increase of 1.8% over that at the IPO. With adjustment of distribution paid to unitholders since the IPO, NAV would have increased by 10.6% from the IPO.



Annualized Distribution per Unit



Note: Annualized actual DPU for 2005 is calculated from the actual distribution per unit for the period 11 August 2005 to 31 December 2005 of Bt 0.2908 and annualized projected DPU for 2005 is calculated from the projected distribution per unit for the period 1 August 2005 to 31 December 2005 of Bt 0.30.

MANAGEMENT DISCUSSION AND ANALYSIS

Total Income

CPNRF's total income in 4Q06 was Baht 308.8 million, registering an increase of Baht 6.2 million or 2.0%, from Baht 302.6 million in 3Q06. This mainly resulted from an increase of rental and service income by 1.8%. Occupancy rates of both Central Plaza Rama II and Central Plaza Ratchada-Rama III in 4Q06 were 99.0% and 95.4% respectively which remained about the same level as those of 3Q06. Interest income increased by 11.7% due to higher interest income on bank deposits were generated while other income dropped by 3.2% QoQ.

In line with the projection shown in the IPO prospectus, the total income for the full year 2006 was Baht 1,201.1 million, slightly lower than that of the projection of Baht 1,202.1 million by only Baht 1.0 million or 0.1%.

Total Expense

Total expense in 4Q06 was Baht 105.0, increased from that in 3Q06 by Baht 19.7 million or 23.1%. The largest increase came from an increase of selling and administrative expenses of Baht 7.9 million or 49.9% from Baht 15.9 million in 3Q06 to Baht 23.8 million in 4Q06, due primarily to higher advertising and promotion expenses for Christmas and New Year season at Central Plaza Rama II which is normal for shopping mall business. The increase in total expenses was also due to an increase of cost of rental and service by 29.9% QoQ to Baht 19.1 million contributed from higher repair and maintenance costs at Central Plaza Ratchada-Rama III. The higher repair and maintenance costs in 4Q06 resulted from delay of the spending from the previous quarters. However, total expense in the whole year was well controlled under the budget to achieve net profit as projected. Property management fee also increased by Baht 7.1 million or equivalent to 19.1% QoQ, mainly caused by an increase in leasing commission.

For the full year 2006, the total expense was equal to Baht 350.9 million, Baht 31.2 million or 8.2% lower than that of the projection.

Distribution

As a result of higher total expense in 4Q06 for promotional activities and repair and maintenance, the distribution in 4Q06 declined by Baht 11.8 million or 5.4% QoQ, from Baht 217.0 million in 3Q06 to Baht 205.2 million in 4Q06. The distribution per unit (DPU) for 4Q06 will be paid at Baht 0.1880 or at 95% payout.

However, the distribution for full year was Baht 852.7 million, outperformed the IPO projection of Baht 824.8 million by Baht 27.9 million or equivalent to 3.4%. The actual 2006 DPU was Baht 0.7812, higher than that of the projection of Baht 0.7556 and increased by 5.2% over annualized DPU for 2005.

Balance Sheet Movement

CPNRF reported the investment in properties as at 31 December 2006 of Baht 10,772.2 million, slightly increased by Baht 65.2 million or 0.6% from that in 4Q05 and 3Q06. The contributing factors were an increase in the appraised value conducted by independent valuer of Central Plaza Rama II by Baht 80.9 million and a decline in the appraised value of Central Plaza Ratchada-Rama III by Baht 15.7 million. Net Asset Value ("NAV") was recorded at Baht 11,107.5 million or Baht 10.1763 per unit as at 31 December 2006. It increased by 0.4% QoQ due to retained earnings reserved for current and future asset enhancement and renovation during 2006.

Profitability

Net property income margin and net investment income margin declined from 77.0% and 73.8% respectively in 3Q06 to 70.8% and 68.0% respectively in 4Q06, mainly due to increases in cost of rental and service, selling and administrative expenses, and property management fee.

Asset Enhancements

Central Plaza Rama II

At Central Plaza Rama II, the 4th floor of parking is being converted to rental space of approximately 2,700 sqm and mezzanine of approximately 1,400 sqm is being constructed for new anchor. New plate floor for additional parking (80 cars) will also be created. The project aims to increase rental space in total of approximately 4,100 sqm and potentially increase traffic flow. The estimated project investment cost is about Baht 70 million and the projected IRR is approximately 15%.

At present, the approvals from landlord and relevant government agencies were attained and the construction is in process. The enhancement works are expected to be fully completed by the 3rd quarter of 2007.

Central Plaza Ratchada-Rama III

The minor renovation at Central Plaza Ratchada-Rama III comprising of the relocation of escalator and the relocation of food court area is progressing on plan. The relocation of escalator connecting the 6th to 7th floors was completed last year. The new food court which will be located to new area on 6th floor is in final design stage and is expected to be completed by the 2nd quarter of 2007. Estimated total capital expenditure for the project is Baht 30 million which is expected to generate IRR of about 15%.

FINANCIAL SUMMARY

Income Statement

Unit: Baht Million	4Q06	3Q06	Change QoQ	Full Year 2006	Projection 2006 ^{†1}	Variance
<i>Property income</i>	299.6	294.4	1.8%	1,172.1	1,191.5	(1.6%)
Rental and service income	286.3	280.7	2.0%	1,120.4		
Other income	13.2	13.7	(3.2%)	51.6		
Interest income	9.2	8.3	11.7%	29.0	10.6	173.6%
Total income	308.8	302.6	2.0%	1,201.1	1,202.1	(0.1%)
<i>Property expenses</i>	87.5	67.8	29.0%	281.2	311.1	(9.6%)
Cost of rental and service	19.1	14.7	29.9%	59.0		
Selling and administrative expenses	23.8	15.9	49.9%	68.9		
Property management fee	44.3	37.2	19.1%	152.9		
Other expenses	0.3	0.0	799.3%	0.4		
Other management fees and expenses	5.2	5.3	(0.0%)	21.1	22.8	(7.3%)
Amortisation of deferred expenses	12.2	12.2	(0.0%)	48.6	48.2	0.8%
Total expense	105.0	85.3	23.1%	350.9	382.1	(8.2%)
Net investment income	203.8	217.3	(6.2%)	850.1	820.0	3.7%
Net unrealised gain (loss) from changes in investment value	56.5	(0.1)	n.a.	55.0	0.0	n.a.
Net increase in net assets from operations	260.4	217.2	19.9%	905.2	820.0	10.4%
Income available for distribution	216.1	229.5	(5.9%)	898.7	868.2	3.5%
Distribution	205.2	217.0	(5.4%)	852.7	824.8	3.4%
Distribution per unit (in Baht)	0.1880	0.1988	(5.4%)	0.7812	0.7556	3.4%
Net property income margin	70.8%	77.0%	(8.0%)	76.0%	73.9%	2.9%
Net investment income margin	68.0%	73.8%	(7.8%)	72.5%	68.8%	5.4%
Distribution income margin	68.5%	73.7%	(7.1%)	72.8%	69.2%	5.1%

Note: ^{†1} Based on the projection stated in the IPO prospectus dated 28 July 2005

Source: CPN. Based on interim financial statements and review report of Certified Public Accountant for 3Q06 and annual financial statements and audit report of Certified Public Accountant for 4Q06

Balance Sheet

Unit: Baht Million	1Q06	2Q06	3Q06	4Q06
<i>Investment at fair value</i>	10,707.0	11,207.0	11,107.0	11,398.2
Central Rama II	5,958.0	5,958.0	5,958.0	6,038.9
Central Rama III	4,749.0	4,749.0	4,749.0	4,733.3
<i>Total investment in properties</i>	<i>10,707.0</i>	<i>10,707.0</i>	<i>10,707.0</i>	<i>10,772.2</i>
Investment in securities	0.0	500.0	400.0	626.0
Cash on hand and at banks	653.4	160.0	278.2	140.5
Other assets	172.4	170.6	166.9	143.1
Total assets	11,532.8	11,537.7	11,552.1	11,681.8
Deposits received from customers	406.8	406.5	411.8	421.3
Other liabilities	72.7	59.6	76.3	153.0
Total liabilities	479.5	466.1	488.0	574.3
Net Asset	11,053.3	11,071.5	11,064.1	11,107.5
Capital received from unitholders	10,915.0	10,915.0	10,915.0	10,915.0
Retained earnings	138.3	156.5	149.1	192.5
NAV per unit (in Baht)	10.1267	10.1434	10.1366	10.1763

Source: CPN. Based on interim financial statements and review report of Certified Public Accountant for 3Q06 and annual financial statements and audit report of Certified Public Accountant for 4Q06

OPERATIONS SUMMARY

I. Leasable Area and Occupancy

- Occupancy rates of both properties in 4Q06 were about at the same level as those of 3Q06

	Area (sqm)		Occupancy Rate			
	Gross Area	Leasable Area	31 Mar 06	30 Jun 06	30 Sep 06	31 Dec 06
Rama II	251,182	93,441	99.0%	99.4%	99.4%	99.0%
Rama III	169,740	38,806	98.0%	98.0%	95.6%	95.4%
CPNRF Portfolio	420,922	132,247	98.7%	99.0%	98.3%	98.0%

Source: CPN

II. Renewals and New Leases

	From 1 January to 31 December 2006 ¹				
	Renewals and New Leases			Increase / (Decrease) in Rental Rates (p.a.)	
	No. of Leases	Area (sqm)	% of Total ²	Actual	IPO Projection ³
Rama II	148	6,948	7.4%	9.2%	5.0%
Rama III	55	9,647	24.9%	8.4%	5.0%
CPNRF Portfolio	203	16,595	12.5%	8.7%	5.0%

Note:

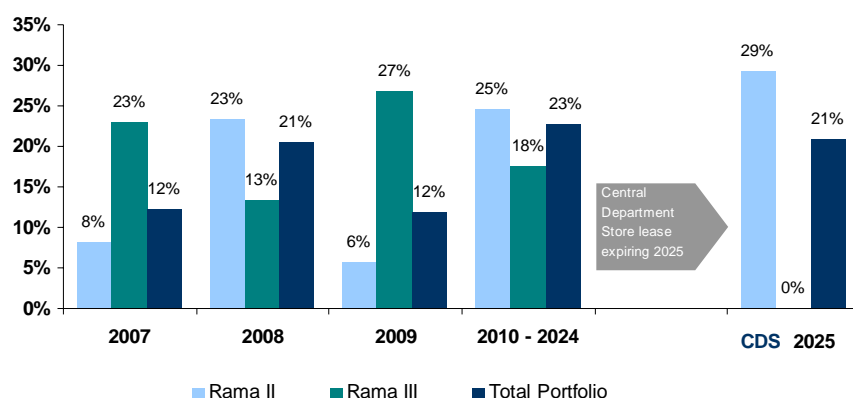
¹ Exclude rental agreements < 1 year and rental agreements with revenue sharing clause

² Percentage of leasable area as at 31 December 2006

³ Based on rental rate growth assumption stated in the IPO prospectus

Source: CPN

III. Lease Expiry Profile



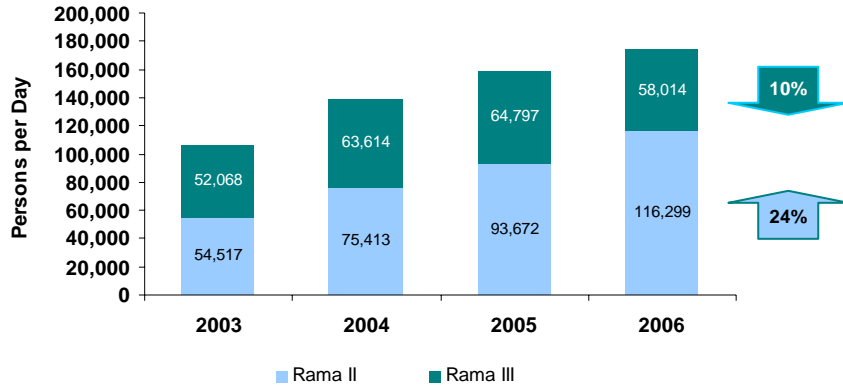
Note:

1. Percentage of total occupied area as at 31 December 2006

2. Exclude rental agreements < 1 year

Source: CPN

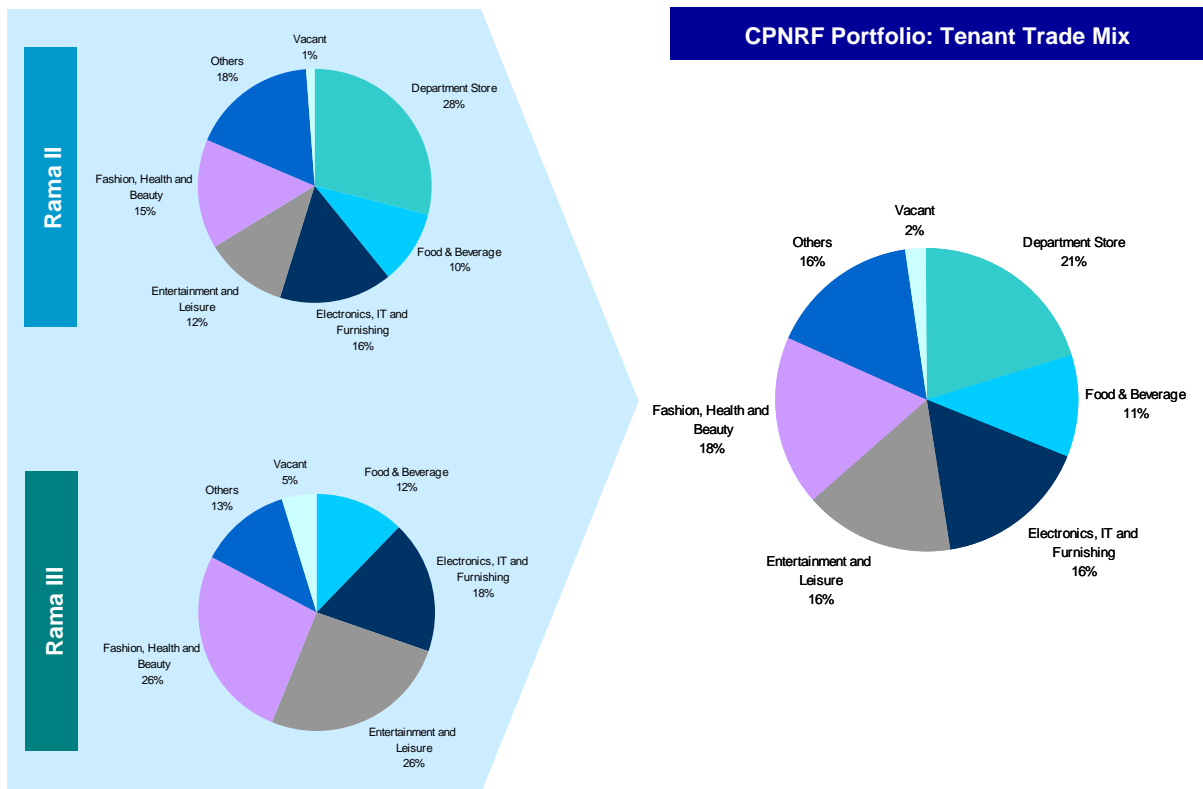
IV. Traffic



- Rama III: Traffic decreased in 2006 mainly due to construction of overpasses on Rama III road in front of Central Plaza Ratchada-Rama III and competition from newly opened shopping centers nearby.
- Rama II: Traffic increased in 2006 due to the completion of the pedestrian bridge linking BIGC to the Central Plaza Rama II and also due to increased promotional activities.

Source: CPN estimate

V. Tenants Trade Mix



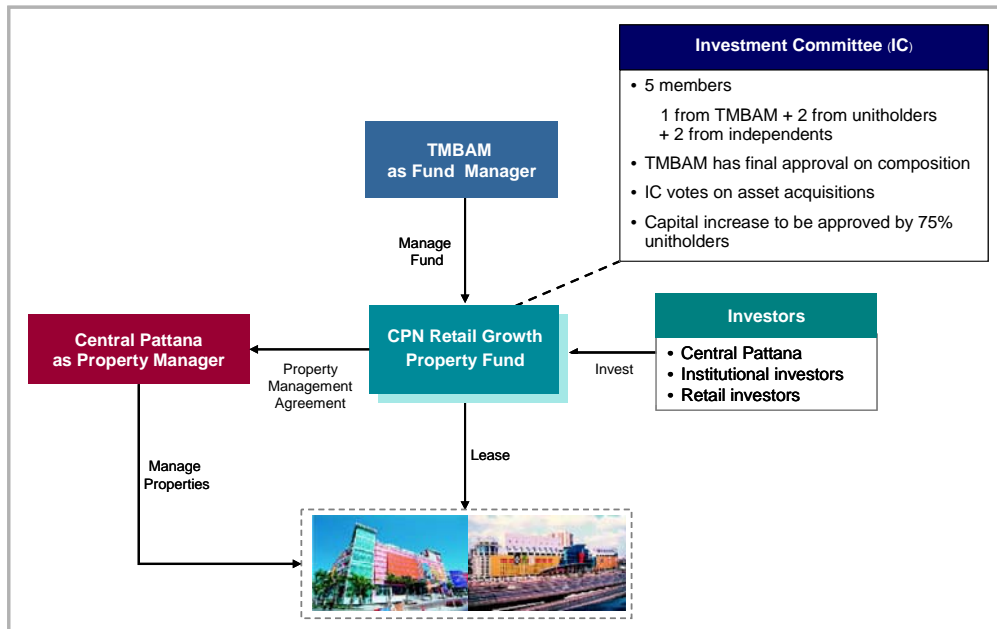
Note: Based on leasable area as at 31 December 2006
Source: CPN

ABOUT CPNRF

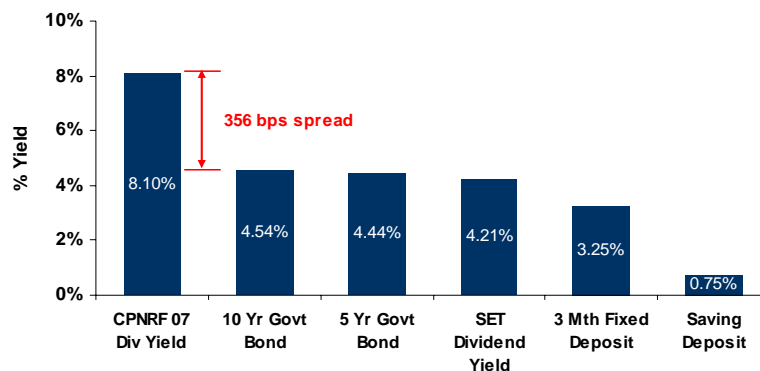
I. Fund Information

Name	CPN Retail Growth Property Fund ("CPNRF")
Property Manager	Central Pattana Public Company Limited
Fund Manager	TMB Asset Management Company Limited
Trustee	Kasikorn Bank Public Company Limited
Registrar	TMB Asset Management Company Limited
Assets	Central Plaza Rama II, Central Plaza Ratchada-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 Central Plaza Rama II 16 August 2005 for Central Plaza Ratchada-Rama III
Fund Listed Date	23 August 2005
Secondary Market	The Stock Exchange of Thailand ("SET")

II. Fund Structure



III. Yield Comparison



Source: Bloomberg as at 20 February 2007

Note: Dividend yield based on distribution in 2006 of Bt 0.7812 and unit price of Bt 9.65 as at 26 February 2007

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