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Session I: CPNRF Presentation 2Q08

Speaker: Mr. Phiphat Phisanuwongrak
(Senior Fund Manager of TMB Asset Management)

Greetings to all investors and analysts, I would like to start with the performance of CPNRF.

Slide 1

As Khun Naris mentioned previously, improved traffic flow in CentralPlaza Rama 2 and CentralPlaza Rama 3 resulted increased revenue and performance.

Slide 5

For the operating result in 2Q08, the fund will pay distribution of Baht 0.2155 per unit, a 2.5% increase from the same period last year but slightly declined from the previous quarter. With net investment income of Baht 235 million, the fund will distribute Baht 235.2 million for distribution, or Baht 0.2155 per unit. When compared with the market closing price of 14 August 2008 at Baht 9.70 per unit, annualized yield was approximately 8.9%. However, the yield might be around 9% as of yesterday's closing price.

Slide 6

In the second quarter of 2008, we reported property income of Baht 326 million and interest income of Baht 6.8 million. The interest income decline was attributed to declining deposit interest rate. However, the interest income should improve in the third quarter as the fund can invest available cash at higher return. The fund reported total income of Baht 333 million and property expenses of Baht 80 million. Other management fees and amortization expenses are similar to the previous quarter's figures. Total expenses were at Baht 98 million and net investment income was at Baht 235 million.

The amortization of deferred expenses should be over by the third quarter. Therefore, from the fourth quarter onward, the distribution will be derived solely from fund's operation.

Slide 7

There is no significant change in the balance sheet from the last quarter because the appraised value of property remained the same. The property will be re-appraised annually, so the changes in property value will be reflected in the balance sheet of the fourth quarter. There may be some adjustments to the deposits, as according to the number of tenants. Net asset was at Baht 11,192 million with NAV per unit of Baht 10.2536.

Slide 8

This page shows the yield spread between CPNRF and alternative investments. From the chart, it can be seen that CPNRF's yield is 406 bps over 10-year government bond yield.

Slide 9

This slide shows the historical distribution in the past. The actual yield for 2007 was over 8%, and the annualized yield from the distribution for the first half of 2008 is 8.9%. We expect this distribution trend to continue to improve. The announced XD date is on 26 August 2008, book closure date will be on 29 August 2008, and distribution payments will be on 15 September 2008.

This should conclude the main highlights for financial part. We shall move to operation part.

Speaker: Mr. Thanasombat Sanitwongse
(Vice President- Property Operation Area of CPN)

Slide 11

Occupancy rate for CentralPlaza Rama 3 in the second quarter of 2008 has improved from the previous quarter due to the opening of Food Park, which occupied 1,600 sqm on the sixth floor. As a result, the occupancy rate improved from 94.1% in the first quarter of 2008 to 96.3% in the second quarter of 2008. CPNRF's overall occupancy rate improved from 98.0% to 98.1%. There will be renovation in Junction X and IT zones in the fourth quarter, in which there will be a new design. We will not close any shop during the renovation, so the income will remain intact, and we will be able to raise rental rate after the works have been completed.

Slide 12

From the beginning of the year to the second quarter of 2008, there were 103 contract renewals and new leases combined, of which 79 are from CentralPlaza Rama 2, where the rental rate of renewed or newly leased area increased approximately by 5.5%. There were 24 contract renewals and new leases in CentralPlaza Rama 3, which brought rental rate of those areas up by 6.3%. The overall rental rate increase was 5.9%. After the contract expiration, we will adjust the merchandising mix to provide better zoning in every floor. The improved zoning will also allow us to raise rental rate as well.

Slide 13

In the second half of 2008, 24% and 6% of the contracts at CentralPlaza Rama 2 and CentralPlaza Rama 3, respectively, will expire. We will raise rental rate for the area with expired contract and adjust zoning for some shops.

Slide 14

The rental structure was similar to the first quarter. 58.2% of occupied area are under fixed rental structure and the remaining 41.8% under consignment. Most of the tenants pay fixed rent and only 4.6% pay consignment rent.

Slide 15

The trade mix has not change significantly. There is a good mix of merchandise at CentralPlaza Rama 2, and only 1% of leasable area is vacant. For CentralPlaza Rama 3, there is a small increase in food and beverage sector from the new Food Park, and there will be more from the tenant mix adjustment next year. With vacant space of 4% at CentralPlaza Rama 3, CPNRF has total vacancy rate of approximately 2%.

Slide 16

We have many anchor tenants with us, occupying 44.2% of total leasable area. There is no change in anchor tenants from the previous quarter, and none of their contracts are expiring anytime soon.

Slide 17

Traffic flow for CentralPlaza Rama 2 has improved from 135,000 visitors per day in the first quarter to 164,000 visitors per day in the second quarter. The similar trend was observed in CentralPlaza Rama 3, where the traffic flow improved from 75,000 to 82,000 over the same period. The improvement was driven by the opening of Food Park on the 6th floor and various marketing activities. Moreover, the "Crab Festival at Central Park" at CentralPlaza Rama 2 had drawn a lot of traffic into the mall.

Session II: Q & A Session for CPNRF

Q: Regarding CentralPlaza Pinklao renovation, who will be responsible for renovation expenses?

A: K.Naris: CPNRF will be responsible for the renovation expenses, but CPN will guarantee that the income will not be affected by the renovation.

Q: Regarding slide 14 of CPNRF presentation which says 75,710 sqm. is fixed rent, and remaining 54,416sqm is percentage of sales. Would you please explain what are the "percentage of sales" areas composed of because the fund's income seems relatively very stable?

A: K.Naris: McDonald's, some fashion products, and even Major Cineplex are charged base on percentage of sales. There two reasons to explain this stability: the sales may not vary too much from one period to the next, and we charge minimum guarantee on these customers to secure stable income in case the tenants cannot sell up to the agreed amount. Therefore, the significant increase in sales may increase the fund's income.

Q: For the 24% of contracts of CentralPlaza Rama 2 which are due for renewal, how much rental rate increase are you expecting?

A: K.Thanasombat: Most of the contracts at CentralPlaza Rama 2 are renewal by the existing tenants. We expect to raise rental rate by 5-6%.

Q: Is there any delay in CPNRF expansion plan?

A: K.Phipat: No, we plan to enlarge the fund in the fourth quarter of this year. We have already obtained unit holders' approval from the meeting on August 19th, 2008 to raise capital to invest in the two projects. The majority of the votes were in favor of the capital increase.

Q: Has CPN already determined the selling price?

A: K.Naris: No, the Company will consider the selling prices again when the time is near base on stock market condition.

Q: During your roadshow, how is the demand for CPNRF?

A: K.Naris: The response is a mixed bag. While some want to increase an additional amount which actually exceeds their holding proportion, a few do not want to increase their position at all. There was even a fund who wanted to take up all of the allotted units and increase their proportion. So there it is neither all-positive nor all-negative response from the investors. I think it will depend on the market condition then. Together with our good past performance, I believe many investors will take up their preempt allotment.

Q: How much of the new allotment will be allotted to existing unit holders and new investors via private placement?

A: K.Phipat: We are studying both market condition and demand before we can reach any conclusion. However, the unit holders' resolution stated that the existing unit holders will receive no less than 50% of the new allotments. We will notify the unit holders again when the XR date come close.

K.Naris: The roadshow I mentioned just now refer to the roadshow that I went to notify existing unit holders about the Unitholder Meeting on August 19th, 2008. So I did not get to meet any interested prospects. We might do the roadshow on the prospects again when the time come close.

Q: When was the last asset appraisal for CPNRF?

A: K.Phipat: At the end of last year. We will do the appraisal at the end of every year.

Q: Has CPNRF used any leverage for this new acquisition?



CPN Retail Growth Property Fund

A: K.Phipat: We have not used any leverage yet. However, we have already obtained approval to use leverage. Hence, if we want to take out a loan in the future, we can do so. We have not used any in the coming capital raising.

Q: How much leverage is CPNRF allowed?

A: K.Phipat: The regulations prescribed by the SEC are very broad. There are many criteria that we must discuss with the SEC and, particularly, the banks, mainly to see if they can accept our conditions. Some of the criteria are that the fund must only obtain clean loan with no collateral, our current 90% payout ratio policy, and other details that we still need to discuss with the relevant parties.

K.Naris: Leverage is a new issue for the REIT. I still think that once all the issues have been sought out, leverage should prove to be effective tool to improve yield for the unit holders. The fund could borrow up to 10% of NAV.

Thank you for your attention in our second quarter 2008 results analyst meeting. For more information on CPNRF, please visit CPNRF corporate website at www.cpnrf.com and please contact our Investor Relations Division directly for any enquiries. Have a great day.