

# CPN Retail Growth Property Fund

## Annual Report 2008



From January 1, 2008  
to December 31, 2008

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April 10, 2009

Dear Unitholders,

TMB Asset Management (TMBAM) would like to deliver CPN Retail Growth Property Fund Annual Report 2008 (during January 1, 2008 to December 31, 2008).

In 2008, Thai economy grew by 2.6%, which was lower than 4.9% growth rate in 2007. Thai economy was affected by the slowdown of the world economy and the closing down of Suvarnabhumi Airport during the period from 25 November 2008 to 5 December 2008 which affected export and revenues from tourism during year end which was the traveling season and affected import and domestic spending. Headline inflation in 2008 was at 5.5% as oil price increased significantly during the first half of the year but declined during the second half of the year<sup>1</sup>.

Retail business sector was affected negatively by the uncertainty of the economy and politics which reduced consumer confidence. Consequently various retail business operators arranged promotions in order to increase consumers' spending. At the end of the fourth quarter of 2008, Bangkok retail space occupancy rate was at 92.6%, total take up 4.67 million square meters which increased from 2007 by 4.0% and total supply at 5.04 million square meters which increased from 2007 by 6.2%. As part of retail space supply, shopping malls supply was 2.66 million square meters which increase from 2007 by 9.5%. Shopping mall areas contributed 52.7% of total retail space supply. The average rental rate remained relatively steady in 2008<sup>2</sup>.

CPN Retail Growth Fund's net asset value as of December 31, 2008 was 11,332,142,598 Baht, which was equal to 10.3821 Baht per unit. As for the performance of the Fund from January 1, 2008 to December 31, 2008, the Fund had revenue of 1,333,340,843 Baht while expenditure was 361,686,368 Baht. The fund made profit of 971,654,475 Baht in total.

Finally, TMBAM is grateful for all unitholders to trusts and invest in CPN Retail Growth Property Fund.

Fund Management Team  
TMB Asset Management Co., Ltd.

<sup>1</sup> Sources of economic information from Bank of Thailand

<sup>2</sup> Sources of retail market information from Market View Bangkok Retail 4Q08, CB Richard Ellis (Thailand) Co., Ltd. and from Central Pattana Public Company Limited 56-1 Report

## Analysis of TMB Asset Management Co., Ltd. on behalf of CPN Retail Growth Property Fund

Overall in 2008, Thailand's economy grew by 2.9%, which was lower than 4.9% in 2007 as a result of slow down in world economy and political instability. Volume and value of exported goods and services was also slow down. Interest rate remained relatively steady and declined in the second half of the year. Trade surplus was at 0.2 billion USD which was nearly balance due to the slow down of export as well<sup>1</sup>.

Year 2008 was a very challenging year for retail business industry to use marketing strategies to reach target customers. Business sectors and consumers were worried with changes in domestic politics which would affect economic policies in order to gain confidence of domestic and foreign investors. In addition, the world economy which affected by fluctuated oil price and financial crisis in the United States affected Thai export since it was an important trading partner. These events affected confidence of consumers and investors as a result of job vacancy and slow down of financial sectors in the world.

Retail business was one of businesses that was affected by such economy and politics which reduced consumer confidence. In addition, job vacancy problem during year end 2008 resulted in stronger competitions to put up marketing strategies to induce consumer spending. Retail business operators tried to create new marketing strategies such as promoting marketing events and activities to meet consumer's needs, maintaining the properties in modern state to retain customers as well as expand target groups, and improve relationship with tenants, customers and business partners through various activities and strategic events<sup>2</sup>.

due to the negative effect of Asian economic slow down. High oil price and high interest rate led to rise in interest rate and inflation, which affected household real income. Political and economic instability discouraged foreign and domestic investors' confidence. During the time of drop down in sales of retail businesses, the project developer applied different competitive strategies through advertisement and promotional events to recover the sales. Some renovated and

modernized their images to attract more customers. Some offered special discount and VAT refund to tourists, while others developed small-sized shopping complex, or community mall, to reach the target community and reduce risks from investing in big projects<sup>2</sup>.

The performance of the Fund from January 1, 2008 to December 31, 2008 was compatible with the Fund's initial revenue projection, which is shown in the Fund's prospectus. The Fund had revenue of 1,333,340,843 Baht, composed of 1,264,423,567 Baht from rental and services, and 68,917,276 Baht from other revenues. Expenditure was 361,686,368 Baht, composed of 309,292,375 Baht from property related fees, 22,721,354 Baht from fund management fee and others, and 29,672,639 Baht from amortization of deferred expenses. The fund made profit of 971,654,475 Baht in total.

As of December 31, 2008, the Fund had net asset value of 11,332,142,598 Baht, or 10.3821 Baht per unit. For the past year of 2008, the fund announced four dividend payments with the total of 951,351,400 Baht, or 0.8716 Baht per unit.

<sup>1</sup> Bank of Thailand

<sup>2</sup> Central Pattana Public Company Limited 56-1 Report

## Property details of CPN Retail Growth Fund

CPN Retail Growth Fund (CPNRF) has invested in Central Plaza Rama II Shopping Complex and Central Plaza Ratchada-Rama III Shopping Complex. The details on buildings, land leasehold rights, investment cost, valuation price and projected rental revenue of the Fund can be summarized as follows:

Details of Land Leasing/Subleasing and the Fund's Property	Central Plaza Rama II Shopping Complex	Central Plaza Ratchada-Rama III Shopping Complex
<u>Land Details</u>		
Total Area (Rai)	96-2-49.3	12-3-13.5
Total Fund's leasing/subleasing area (Rais)	53-2-38.4	12-2-44.6
The Fund's leasehold rights type	Long-term leasing contract: 20 years Expires on August 15, 2025	Long-term leasing contract: 30 years Expires on August 15, 2035 (The fund maintains the rights to renew the contract twice, for 30 years each.)
<u>Buildings and Area Details</u>		
Gross area under the Fund	<u>Area under long-term contract with CPNRF</u> : - Total Shopping Complex Area 152,369 sq.m. Leasing Area 93,307 sq.m. - Parking Area 98,813 sq.m.	<u>Area under long-term contract with CPNRF</u> : - Total Shopping Complex Area 79,554 sq.m. Leasing Area 39,961 sq.m. - Parking Area 90,186 sq.m.
Utilization of vacant area/leasing and occupancy rate	<u>Leased area under the long-term contract with CPNRF</u> : - Shopping Complex leased Long-term 555 sq.m. Short-term 91,923 sq.m. Total 92,478 sq.m. Counted as 99% of total leased area	<u>Leased area under the long-term contract with CPNRF</u> : - Shopping Complex leased Long-term - None - Short-term 35,725 sq.m. Total 35,725 sq.m. Counted as 97% of total leased area
The Fund's leasehold rights type	Long-term leasing contract: 20 years Expires on August 15, 2025	Long-term leasing contract: 30 years Expires on August 15, 2035 (The fund maintains the rights to renew the contract twice, for 30 years each.)
Valuation price by TPA* as of December 31, 2007	5,931 Million Baht	5,041 Million Baht
Obligations	-None-	Mortgage of Land and Construction with CPN Retail Growth Property Fund

Remarks : \* The valuation price as at December 31, 2008 by 15 Business Advisory Limited (15BIZ) was done by income approach.

\* On December 31, 2008, the remaining contract life of Central Plaza Rama II Shopping Complex is around 16.6 years and 26.6 years for Central Plaza Ratchada-Rama III Shopping Complex. (The Fund maintains rights to extend the contract of Central Plaza Ratchada-Rama III Shopping Complex twice with 30-year for each contract, total remaining contract life and rights to extend the contract of approximately 86.6 years.)

### Lease details during the period of January 1, 2008 to December 31, 2008

There was no additional lease of property during the period of January 1, 2008 until December 31, 2008

### Report on retail business industry in 2008 and the Fund's performance

#### Retail business industry overview in 2008

##### **General Overview**

Year 2008 was a very challenging year for retail business industry to use marketing strategies to reach target customers. Business sectors and consumers were worried with changes in domestic politics which would affect economic policies in order to gain confidence of domestic and foreign investors. In addition, the world economy which affect by fluctuated oil price and financial crisis in the United States affected Thai export since it was an important trading partner. These events affected confidence of consumers and investors as a result of job vacancy and slow down of financial sectors in the world.

Retail business was one of businesses that was affected by such economy and politics which reduced consumer confidence. In addition, job vacancy problem during year end 2008 resulted in stronger competitions to put up marketing strategies to induce consumer spending. Retail business operators tried to create new marketing strategies such as promoting marketing events and activities to meet consumer's needs, maintaining the properties in modern state to retain customers as well as expand target groups, and improve relationship with tenants, customers and business partners through various activities and strategic events.

##### **Competition of Shopping Complex**

Important actions in shopping complex business in 2008 were as following:

- Central Pattana Plc.  
The company opened Central Plaza Changwattana project which is a shopping mall 7 floors, 160,000 square meters (including Central Department Store) which is a modern shopping mall complex which is largest in northern Bangkok.
- The Mall Group  
Interior and exterior renovation of The Mall Ngamwongwan including renovation of its supermarket.

- Siam Future Development Plc.  
The company opened Lifestyle Center, Major Avenue Ratchayothin which had Villa Market as the anchor tenant, opened in July 2008.
- Chalalongkorn  
Project Chamchuri Square opened which comprised both retail and office spaces.

### Performance of CPN Retail Growth Fund

The performance of the Fund from January 1, 2008 to December 31, 2008 was compatible with the Fund's initial revenue projection, which is shown in the Fund's prospectus. The Fund had revenue of 1,333,340,843 Baht, composed of 1,264,423,567 Baht from rental and services, and 64,917,276 Baht from other revenues. Expenditure was 361,686,368 Baht, composed of 301,898,868 Baht from property related fees, 22,721,354 Baht from fund management fee and others, and 29,672,639 Baht from amortization of deferred expenses. The fund made profit of 971,654,475 Baht in total, which was 8.31% higher than in 2007.

The overall performance of the Fund in 2008 was better than 2007. From the growing retail business industry together with the well-located assets, and professional and experienced asset manager, the shopping complexes under the Fund operated well with high occupancy rate and higher number of customers, resulting in the Fund outperforming the projection.

From the Fund's performance for the period of January 1, 2008 to December 31, 2008, the fund had announced four dividend payments, cumulated to 0.8716 Baht per unit or 951,351,400 Baht in total which composed of 971,654,475 Baht from operation and 29,672,639 Baht from amortization of deferred expenses. The Fund's dividend payout ratio was 95% of net income in 2008.

## Details of Investments

CPN Retail Growth Property Fund

As at 31 December 2008

Type of investments	Areas leased by the Fund	Cost (in Baht)	Fair value (in Baht)	% of NAV
<b>Investments in property</b>				
Leasehold and subleasehold right on land and buildings and utilities systems under 2 projects				
<b>1. Central Plaza Rama II</b>				
<u>Location</u> 128 Moo 6, Rama II Road, Samaedam, Bangkokhuentien, Bangkok				
Subleasehold right on land	53 rai	605,000,000		
Leasehold right on building including parking and utilities system	251,183 sq.m.	5,411,415,607		
Related acquisition costs		77,421,082		
Leasehold improvements		3,144,931		
		<b>6,096,981,620</b>	<b>5,931,000,000</b>	<b>52.34</b>
<b>2. Central Plaza Ratchada - Rama 3</b>				
<u>Location</u> 79 Sathupradit Road, Chongnonsi, Yannawa, Bangkok				
Leasehold right on land	12 rai	831,000,000		
Leasehold right on building and parking	170,169 sq.m	3,274,857,199		
Owned utilities system		498,138,897		
Related acquisition costs		55,385,824		
Leasehold improvements		31,736,862		
		<b>4,691,118,782</b>	<b>5,041,000,000</b>	<b>44.48</b>
<b>Total investments in property</b>		<b>10,788,100,402</b>	<b>10,972,000,000</b>	<b>96.82</b>
<b>Investment in securities</b>				
	<b>Maturity</b>	<b>Face value</b>	<b>Face value*</b>	
		<b>(in Baht)</b>		
Bills of exchange				
TISCO Bank Public Company Limited.	January 2009	200,000,000	200,000,000	1.77
TISCO Bank Public Company Limited.	January 2009	200,000,000	200,000,000	1.77
Sumitomo Mitsui Banking Corporation	February 2009	100,000,000	100,000,000	0.88
Siam City Bank Public Company Limited	March 2009	40,000,000	40,000,000	0.35
<b>Total investment in securities</b>		<b>540,000,000</b>	<b>540,000,000</b>	<b>4.77</b>
<b>Total investments</b>		<b>11,328,100,402</b>	<b>11,512,000,000</b>	<b>101.59</b>

\* Not including accrued interest income

## Details of Investments

CPN Retail Growth Property Fund

As at 31 December 2008

	Areas leased by the Fund	Cost (in Baht)	Fair value (in Baht)	% of NAV
Cash on hand and at banks			321,419,913	2.84
Rental receivables			44,835,481	0.39
Accrued interest income			3,459,922	0.03
Deferred expenses			0	-
Other assets			54,079,717	0.48
<b>Total assets</b>			<b>11,935,795,033</b>	<b>105.33</b>
<b>Liabilities</b>				
Other accounts payable			6,882,541	0.06
Deposits received from customers			437,001,714	3.86
Accrued expenses			75,682,966	0.67
Unearned lease income			59,142,562	0.52
Other liabilities			24,942,652	0.22
<b>Total liabilities</b>			<b>603,652,435</b>	<b>5.33</b>
<b>Net asset Value</b>			<b>11,332,142,598</b>	<b>100.00</b>
<b>Total Units</b>			<b>1,091,500,000</b>	
Nav per unit			10.3821	

## Table: Fees and Expenses Collected from the Fund for 2008

### CPN Retail Growth property Fund

(January 1, 2008 to December 31, 2008)

Fees collected from the Fund	Amount	% of NAV <sup>1</sup>
	Unit : Thousand Baht	
Management fee	12,082.38	0.11
Trustee fee	3,624.71	0.03
Registrar fee	4,832.95	0.04
Advisory fee	0.00	0.00
Property management fee	186,102.34	1.65
Professional fee	408.27	0.00
Amortisation of deferred expenses	29,672.64	0.26
Cost of rental and service	60,061.43	0.53
Selling and administrative expenses	63,128.61	0.56
Other expenses	1,773.04	0.02
<b>Total Expenses</b>	<b>361,686.37</b>	<b>3.20</b>

Note 1. Daily average net asset value (NAV) calculated from January 1, 2008 to December 31, 2008 equals  
11,287,436,477.00 bahts

## Mutual Fund Supervisor Opinion

### Dear The Unitholders of the CPN Retail Growth Property Fund

We, The Kasikornbank Public Company Limited, as the Mutual Fund Supervisor of the CPN Retail Growth Property Fund by the TMB Asset Management Company Limited from January 1, 2008 until December 31, 2008 would like to inform you that the TMB Asset Management Company Limited has well performed and fully completed its duties pursuant to its project and Securities and Exchange Act B.E.2535



Mutual Fund Supervisor

January 22, 2009

## Audit report of Certified Public Accountant

To the Unitholders of CPN Retail Growth Property Fund

I have audited the accompanying balance sheets and the details of investments of CPN Retail Growth Property Fund as at 31 December 2008 and 2007, the statements of income, changes in net assets, and cash flows for the years then ended and significant financial information for the years ended 31 December 2008, 2007 and 2006. The Funds management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The significant financial information for the period 11 August 2005 (registered date) through 31 December 2005 of CPN Retail Growth Property Fund, which have been presented herein for comparative purposes, were audited by another auditor whose report dated 6 February 2006 expressed an unqualified opinion on those statements.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of CPN Retail Growth Property Fund as at 31 December 2008 and 2007, and the results of its operations, changes in net assets and cash flows for the years then ended and significant financial information for the years ended 31 December 2008, 2007 and 2006 in accordance with generally accepted accounting principles.



(Thirdthong Thepmongkorn)  
Certified Public Accountant  
Registration No. 3787

KPMG Phoomchai Audit Ltd.  
Bangkok  
17 February 2009

## Balance sheets

CPN Retail Growth Property Fund

As at 31 December 2008 and 2007

	Note	2008	2007
(in Baht)			
<b>Assets</b>			
Investments at fair value (at cost Baht 11,328 million in 2008 and Baht 11,441 million in 2007)	5	11,512,000,000	11,511,100,000
Cash on hand and at banks	6	321,419,913	136,509,878
Rental receivables		44,835,481	17,797,862
Accrued interest income		3,459,922	3,046,012
Deferred expenses	7	-	29,672,639
Other assets		54,079,717	51,732,563
<b>Total assets</b>		<b>11,935,795,033</b>	<b>11,749,858,954</b>
<b>Liabilities</b>			
Other accounts payable		6,882,541	1,630,606
Deposits received from customers		437,001,714	430,607,433
Accrued expenses	4	75,682,966	57,571,706
Unearned lease income		59,142,562	52,039,177
Other liabilities		24,942,652	20,715,107
<b>Total liabilities</b>		<b>603,652,435</b>	<b>562,564,029</b>
<b>Net assets</b>		<b>11,332,142,598</b>	<b>11,187,294,925</b>
<b>Net assets</b>			
Capital received from unitholders	8	10,915,000,000	10,915,000,000
Retained earnings	8	417,142,598	272,294,925
<b>Net assets (Baht 10.3821 per unit in 2008 and Baht 10.2494 per unit in 2007 based on 1,091,500,000 units outstanding)</b>		<b>11,332,142,598</b>	<b>11,187,294,925</b>

The accompanying notes are an integral part of these financial statements



## Details of Investments

### CPN Retail Growth Property Fund

As at 31 December 2008

Type of investments	Areas leased by the Fund	Cost  (in Baht)	Fair value	% of fair value
Investments in property (Note 5)				
Leasehold and subleasehold right on land and buildings and utilities systems under 2 projects				
1. Central Plaza Rama II				
<u>Location</u> 128 Moo 6, Rama II Road, Samaedam (Bangbon), Bangkhuntien, Bangkok				
Subleasehold right on land	53 rai	605,000,000		
Leasehold right on building including parking and utilities system	251,183 sq.m.	5,411,415,607		
Related acquisition costs		77,421,082		
Leasehold improvements		3,144,931		
		6,096,981,620	5,931,000,000	51.52
2. Central Plaza Ratchada - Rama 3				
<u>Location</u> 79 Sathupradit Road, Chongnonsi, Yannawa, Bangkok				
Leasehold right on land	12 rai	831,000,000		
Leasehold right on building and parking	170,169 sq.m	3,274,857,199		
Owned utilities system		498,138,897		
Related acquisition costs		55,385,824		
Leasehold improvements		31,736,862		
		4,691,118,782	5,041,000,000	43.79
<b>Total investments in property</b>		<b>10,788,100,402</b>	<b>10,972,000,000</b>	<b>95.31</b>
Investment in securities				
	Maturity	Face value	Fair value*	
		(in Baht)		
Bills of exchange				
TISCO Bank Public Company Limited	January 2009	200,000,000	200,000,000	
TISCO Bank Public Company Limited	January 2009	200,000,000	200,000,000	
Sumitomo Mitsui Banking Corporation	February 2009	100,000,000	100,000,000	
Siam City Bank Public Company Limited	March 2009	40,000,000	40,000,000	
<b>Total investment in securities</b>		<b>540,000,000</b>	<b>540,000,000</b>	<b>4.69</b>
<b>Total investments</b>		<b>11,328,100,402</b>	<b>11,512,000,000</b>	<b>100.00</b>

\* Not including accrued interest income

The accompanying notes are an integral part of these financial statements

## Details of Investments

### CPN Retail Growth Property Fund

As at 31 December 2007

Type of investments	Areas leased by the Fund	Cost  (in Baht)	Fair value	% of fair value
Investments in property (Note 5)				
Leasehold and subleasehold right on land and buildings and utilities systems under 2 projects				
1. Central Plaza Rama II				
<u>Location</u> 128 Moo 6, Rama II Road, Samaedam (Bangbon), Bangkhuntien, Bangkok				
Subleasehold right on land	53 rai	605,000,000		
Leasehold right on building including parking and utilities system	251,183 sq.m.	5,411,415,607		
Related acquisition costs		77,421,082		
Leasehold improvements		1,196,247		
		6,095,032,936	5,939,000,000	51.59
2. Central Plaza Ratchada - Rama 3				
<u>Location</u> 79 Sathupradit Road, Chongnonsi, Yannawa, Bangkok				
Leasehold right on land	12 rai	831,000,000		
Leasehold right on building and parking	170,169 sq.m	3,274,857,199		
Owned utilities system		498,138,897		
Related acquisition costs		55,385,824		
Leasehold improvements		16,960,894		
		4,676,342,814	4,902,100,000	42.59
<b>Total investments in property</b>		<b>10,771,375,750</b>	<b>10,841,100,000</b>	<b>94.18</b>
Investment in securities				
	Maturity	Face value	Fair value*	
		(in Baht)		
Bills of exchange				
TISCO Bank Public Company Limited.	January 2008	100,000,000	100,000,000	
Fixed deposit				
Mizuho Corporate Bank Ltd. Bangkok Branch	January 2008	300,000,000	300,000,000	
Sumitomo Mitsui Banking Corporation	January 2008	100,000,000	100,000,000	
United Overseas Bank (Thai) Public Company Limited	January 2008	100,000,000	100,000,000	
The Bank of Tokyo - Mitsubishi	January 2008	70,000,000	70,000,000	
<b>Total investment in securities</b>		<b>670,000,000</b>	<b>670,000,000</b>	<b>5.82</b>
<b>Total investments</b>		<b>11,441,375,750</b>	<b>11,511,100,000</b>	<b>100.00</b>

\* Not including accrued interest income

The accompanying notes are an integral part of these financial statements

## Statements of income

### CPN Retail Growth Property Fund

For the years ended 31 December 2008 and 2007

	Note	2008	2007
		(in Baht)	
<b>Investment income</b>			
Rental and service income		1,264,423,567	1,186,293,873
Interest income		29,204,109	29,501,657
Other income		39,713,167	55,038,968
<b>Total income</b>		<b>1,333,340,843</b>	<b>1,270,834,498</b>
<b>Expenses</b>			
Property management fee	4	186,102,336	166,359,472
Management fee	4	12,082,380	11,977,954
Trustee fee	4	3,624,714	3,593,386
Registrar fee	4	4,832,952	4,791,181
Professional fee		408,270	335,000
Amortisation of deferred expenses	7	29,672,639	48,567,323
Cost of rental and service		60,061,431	60,887,572
Selling and administrative expenses		63,128,608	74,651,824
Other expenses		1,773,038	2,557,567
<b>Total expenses</b>		<b>361,686,368</b>	<b>373,721,279</b>
<b>Net investment income</b>		<b>971,654,475</b>	<b>897,113,219</b>
<b>Net gain from investments</b>			
Net unrealised gain from changes in investment value		114,175,348	60,929,147
<b>Total net gain from investments</b>		<b>114,175,348</b>	<b>60,929,147</b>
<b>Net increase in net assets from operations</b>		<b>1,085,829,823</b>	<b>958,042,366</b>

The accompanying notes are an integral part of these financial statements

## Statements of changes in net assets

### CPN Retail Growth Property Fund

For the years ended 31 December 2008 and 2007

	Note	2008	2007
		(in Baht)	
<b>Increase in net assets from operations during the year</b>			
Net investment income		971,654,475	897,113,219
Net unrealised gain from changes in investment value		114,175,348	60,929,147
<b>Net increase in net assets from operations</b>		<b>1,085,829,823</b>	<b>958,042,366</b>
Distribution to unitholders	9	(940,982,150)	(878,220,900)
<b>Net increase in net assets during the year</b>		<b>144,847,673</b>	<b>79,821,466</b>
Net assets at the beginning of year		11,187,294,925	11,107,473,459
<b>Net assets at the end of year</b>		<b>11,332,142,598</b>	<b>11,187,294,925</b>

The accompanying notes are an integral part of these financial statements

## Statements of cash flows

### CPN Retail Growth Property Fund

For the years ended 31 December 2008 and 2007

	Note	2008	2007
(in Baht)			
<b>Cash flows from operating activities</b>			
Net increase in net assets from operations		1,085,829,823	958,042,366
<i>Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:</i>			
Purchases of investments		(3,610,000,000)	(3,068,475,545)
Proceed from sale of investments		3,740,000,000	3,026,000,000
Purchases of investments in property		(16,724,652)	(7,970,853)
Discount on bill of exchange		-	(1,524,455)
(Increase) decrease in rental receivables		(27,037,619)	1,492,741
Increase in accrued interest income		(413,910)	(1,636,699)
Decrease in deferred expenses		29,672,639	49,929,104
Increase in other assets		(2,347,154)	(8,939,205)
Increase (decrease) in other accounts payable		5,251,935	(4,211,614)
Increase in deposits received from customers		6,394,281	9,279,977
Increase (decrease) in accrued expenses		18,111,260	(19,106,290)
Increase (decrease) in unearned lease income		7,103,385	(955,137)
Increase in other liabilities		4,227,545	3,231,916
Net unrealised gain from change in investments value		(114,175,348)	(60,929,147)
<b>Net cash provided by operating activities</b>		<b>1,125,892,185</b>	<b>874,227,159</b>
<b>Cash flows from financing activities</b>			
Distribution to unitholders		(940,982,150)	(878,220,900)
<b>Net cash used in financing activities</b>		<b>(940,982,150)</b>	<b>(878,220,900)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>184,910,035</b>	<b>(3,993,741)</b>
Cash and cash equivalents at beginning of year		136,509,878	140,503,619
<b>Cash and cash equivalents at end of year</b>		<b>321,419,913</b>	<b>136,509,878</b>

The accompanying notes are an integral part of these financial statements

## Significant financial information

### CPN Retail Growth Property Fund

For the years ended 31 December 2008, 2007, 2006 and for the period 11 August 2005 (registered date) through 31 December 2005

	2008	2007	2006	For the period 11 August 2005 through 31 December 2005
(in Baht)				
<b>Information on operating results (per unit)</b>				
Net assets value at the beginning of year/period	10.2494	10.1763	10.2310	-
Add Capital from unitholders	-	-	-	10.0000
<b>Income from investing activities:</b>				
Net investment income	0.8902	0.8219	0.7789	0.2733
Net unrealised gain (loss) from change in investments value	0.1046	0.0558	0.0504	(0.0423)
Less Distribution to unitholders	(0.8621)	(0.8046)	(0.8840)	-
Net asset value at the end of year/period	10.3821	10.2494	10.1763	10.2310
<b>Ratio of net profit to average net assets during the year/period (%)</b>				
	<b>9.62%</b>	<b>8.57%</b>	<b>8.16%</b>	<b>2.27%</b>
<b>Significant financial ratios and additional significant information</b>				
Net assets at the end of year/period	11,329,142,598	11,187,294,925	11,107,473,459	11,167,204,424
Ratios of total expenses to average net assets during the year/period (%)	3.20%	3.34%	3.16%	1.24%
Ratios of investment income to average net assets during the year/period (%)	11.81%	11.37%	10.83%	3.94%
Ratios of weighted average investment purchases and sales during the year/period to average net assets during the year/period (%)*	0.15%	0.07%	0.09%	100.58%
Average net asset value during the year/period	11,287,436,477	11,180,844,874	11,092,652,398	11,088,379,676
<b>Information</b>				
* The value of investment purchases and sales during the year/period does not include cash at bank, promissory note and investments bought/sold under a resale/repurchase agreement, and is calculated by a weighted average basis.				

The accompanying notes are an integral part of these financial statements

## Notes to the financial statements

### CPN Retail Growth Property Fund

For the year ended 31 December 2008 and 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issued by the Fund's management on 17 February 2009.

#### 1 General information

The CPN Retail Growth Property Fund ("the Fund") was registered on 11 August 2005 with indefinite expiration date. The purpose of the Fund is to raise funds from unitholders to invest in property and equipment and leasehold rights with immovable properties as collaterals. As at 31 December 2008 and 2007, the Fund has invested in 2 specific projects, Central Plaza Rama II and Central Plaza Ratchada-Rama III.

As at 31 December 2008 and 2007, the major unitholder is Central Pattana Public Company Limited, holding 33.33% of total outstanding units.

TMB Asset Management Company Limited acts as the Management Company and KASIKORNBANK Public Company Limited has been appointed to be the Trustee. Central Pattana Public Company Limited (CPN) acts as the Property Manager.

#### 2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand. In addition, the financial statements have been prepared under the basis and format as required by the Thai Accounting Standard No. 42 "Accounting for Investment Companies".

The Fund has adopted the following new and revised Thai Accounting Standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008.

TAS 25 (revised 2007) Cash Flows Statements

TAS 29 (revised 2007) Leases

TAS 35 (revised 2007) Presentation of Financial Statements

TAS 39 (revised 2007) Accounting Policies, Changes in Accounting Estimates and Errors

TAS 41 (revised 2007) Interim Financial Reporting

The adoption of these revised TAS does not have any material impact on the financial statements.

The FAP has issued during 2008 a number of revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in note 13.

The financial statements are presented in Thai Baht, round in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except for the following assets which are stated at fair value: investment in properties and investment in securities.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgements and estimated assumptions are based on historical experience and various other factors including management's assessment of the potential impact on the Fund's operations and financial position of the global economic crisis. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

#### 3 Significant accounting policies

##### (a) Investments

Investments in properties are stated at fair value with no depreciation charge. The fair value is based on appraisal value by independent valuers approved by Securities and Exchange Commission. The Fund will conduct appraisal of properties every two years from the date of the appraisal for purchase or lease of the properties and will conduct a review of appraisal every year after the date of the latest appraisal. The Management Company will not appoint any Appraiser to appraise the property or leased property for more than 2 consecutive times.

Investment in debt securities, with maturity of more than 90 days, which can be freely traded on open market are stated at their fair value, using the latest price quoted on the Thai Bond Dealing Centre as of the date in which the investments are valued. In case the mentioned price is not available, such investments are stated at the price based on the yield rate as quoted by the financial institution (Market Maker).

In the case where the debt security matures within 90 days, the estimated market value is computed by using the effective yield of debt securities throughout the remaining period.

Investment in debt securities with maturity within 90 days are stated at their fair value, using the purchasing yield of those debt securities.

Unrealised gains or losses from investment valuation are recognised in the statement of income.

The cost of debt securities disposed during the year are determined on a weighted average basis.

- (b) **Cash and cash equivalents**  
Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits.
- (c) **Rental receivables**  
Rental receivables are stated at their invoice value less allowance for doubtful accounts.  
  
The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.
- (d) **Deferred expenses**  
Deferred expenses comprise the initial capital unit issuance costs, registration fees and other related expenses as incurred. Deferred expenses are amortised as expense over a period of 3 years on a straight-line basis.
- (e) **Other payable**  
Other payable are stated at cost.
- (f) **Revenue**  
Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Rental income*

Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease. Service income is recognised when services are rendered to customers. Unearned lease income is recognised in the statement of income on a straight-line basis over the term of the lease.

**Interest income**

Interest income is recognised in the statement of income as it accrues.

- (g) **Expenses**

**Operating leases**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

- (h) **Income taxes**

The Fund is exempted from Thailand corporate income taxes. No provision for corporate income tax has been made in the financial statements.

- (i) **Distribution to unitholders**

A decrease in retained earnings is recognised at the date a cash dividend is declared. In the case where dividend is paid by a unit dividend, a decrease in retained earnings is recognised equivalent to the net asset value applied to the number of unit dividend declared at the date the dividend is declared.

**4 Related party transactions and balances**

Related parties are those parties linked to the Fund as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	2008	2007
	(in thousand Baht)	
<b>Expenses</b>		
Property management fee	186,102	166,359
Management fee	12,082	11,978
Registrar fee	4,833	4,791
Trustee fee	3,625	3,593

Balances as at 31 December 2008 and 2007 with related parties were as follows:

	2008	2007
	(in thousand Baht)	
Accrued expenses		
Central Pattana Public Company Limited	25,740	14,458
TMB Asset Management Company Limited	1,439	1,425
KASIKORNBANK Public Company Limited	308	305
<b>Total</b>	<b>27,487</b>	<b>16,188</b>

Significant agreements with related parties

(a) Management fee

The Management Company is entitled to receive a monthly management fee from the Fund at a rate not exceeding 1.00% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee.

(b) Trustee fee

The Trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.05% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee. The foregoing does not include other expenses as actually incurred such as the expenses for the inspection of assets of the Fund.

(c) Fee of the Investment Unit Registrar

The expenses for the work of the Investment Unit Registrar shall be at a rate not exceeding 0.05% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee.

(d) Property Management fees

Fees and expenses of the Property Manager shall be payable to the Property Manager on a monthly basis according to the Property Management Agreement between the Fund and the Property Manager. The details are summarized as follows:

1. Fee for rental collection on behalf of the Fund at the rate not exceeding 3% of Net Rental and Service Income.

2. Leasing Commission for procuring tenants and management of all tenants of the Fund upon entering into new lease agreements with new tenants or renewal of lease agreements is calculated at the rate of 0.5 - 1.5 months of the rental fees depending on the type and period (terms) of lease agreements.
3. Property Management fee is calculated at the rate not exceeding 0.30% of Net Asset Value of the Fund calculated as at the last business day of each month.
4. Incentive fee for the Property Manager is calculated at the rate not exceeding 2.35% of Net Property Income. Net Property Income means net revenue from property after deducting property costs and expenses from procuring benefits from the properties.
5. The Property Manager shall receive a fee for each transaction of purchase and sale of property at the rate of 1.50% of the asset's acquisition value and 0.75% of asset's disposal value.

5 Investments in property

The Fund has invested in properties by purchasing and/or leasing and sub leasing land, buildings and utilities systems of Central Plaza Ratchada-Rama III (lease period is 30 years with option to renew for another 2 times, 30 years each) and Central Plaza Rama II (sublease period is 20 years) which are properties of subsidiaries of Central Pattana Public Company Limited.

6 Cash on hand and at banks

	2008	2007
	(in thousand Baht)	
Cash on hand	19	13
Cash at banks - current accounts	1,761	4,351
Cash at banks - saving accounts	319,640	132,146
<b>Total</b>	<b>321,420</b>	<b>136,510</b>

7 **Deferred expenses**

	(in thousand Baht)
<b>Cost</b>	
At 1 January 2007	147,197
Additions	58
Write-off	(1,420)
<b>At 31 December 2007 and 1 January 2008</b>	<b>145,835</b>
Additions	-
Write-off	-
<b>At 31 December 2008</b>	<b>145,835</b>
<b>Amortisation</b>	
At 1 January 2007	67,595
Amortisation charge for the year	48,567
<b>At 31 December 2007 and 1 January 2008</b>	<b>116,162</b>
Amortisation charge for the year	29,673
<b>At 31 December 2008</b>	<b>145,835</b>
Net book value	
At 31 December 2007	29,673
At 31 December 2008	-

8 **Unitholders' equity**

	Par	2008		2007	
	Value (in Baht)	Number	Baht	Number	Baht
		(in thousand unit/in thousand Baht)			
<b>Authorised</b>					
At 1 January		1,091,500	10,915,000	1,091,500	10,915,000
At 31 December	10	1,091,500	10,915,000	1,091,500	10,915,000
<b>Issued and fully paid</b>					
At 1 January		1,091,500	10,915,000	1,091,500	10,915,000
At 31 December	10	1,091,500	10,915,000	1,091,500	10,915,000

		2008	2007
	Note	(in thousand Baht)	
<b>Retained earnings</b>			
<b>At 1 January</b>		<b>272,295</b>	<b>192,474</b>
Add net increase in net assets from operations			
during the year		1,085,830	958,042
Less distribution to unitholders	9	(940,982)	(878,221)
<b>At 31 December</b>		<b>417,143</b>	<b>272,295</b>

9 **Distribution to unitholders**

The Management Company will consider to pay dividends to unitholders no more than 4 times per year, provided that:

If the Fund has net profits in each year, the Management Company shall pay not less than 90% of the net profits of the year as dividends to unitholders. If the Fund has accumulated profits, the Management Company may pay dividends to unitholders out of the accumulated profits. Such net profits and accumulated profits shall be as actually derived and shall not included the following:

- a) Unrealised gain or losses from the appraisal of properties, securities and/or assets of the Fund;
- b) The Fund's establishment and offering expenses (if any), which is booked as deferred expenses and amortised as expenses during the period expected to be benefited from such expenses.

In considering the payment of dividends, if the value of interim dividends per unit to be paid is lower than or equal to Baht 0.10, the Management Company reserves the right not to pay dividends at that time and to bring such dividends forward for payment together with the next dividend payment.

During 2008 and 2007, the Fund approved dividend to unitholders as follows:

At the Investment Committee meeting No. 1/2007 of the Fund held on 26 February 2007, the Committee approved the appropriation of dividends of Baht 0.1880 per unit, amounting to Baht 205.2 million, for the period from 1 October 2006 to 31 December 2006. The dividend was paid to unitholders in March 2007.

At the Investment Committee meeting No. 2/2007 of the Fund held on 22 May 2007, the Committee approved the appropriation of dividends of Baht 0.2044 per unit, amounting to Baht 223.1 million, for the period from 1 January 2007 to 31 March 2007. The dividend was paid to unitholders in June 2007.

At the Investment Committee meeting No. 3/2007 of the Fund held on 23 August 2007, the Committee approved the appropriation of dividends of Baht 0.2103 per unit, amounting to Baht 229.5 million, for the period from 1 April 2007 to 30 June 2007. The dividend was paid to unitholders in September 2007.

At the Investment Committee meeting No. 4/2007 of the Fund held on 16 November 2007, the Committee approved the appropriation of dividends of Baht 0.2019 per unit, amounting to Baht 220.4 million, for the period from 1 July 2007 to 30 September 2007. The dividend was paid to unitholders in December 2007.

At the Investment Committee meeting No. 1/2008 of the Fund held on 3 March 2008, the Committee approved the appropriation of dividends of Baht 0.2064 per unit, amounting to Baht 225.3 million, for the period from 1 October 2007 to 31 December 2007. The dividend was paid to unitholders in March 2008.

At the Investment Committee meeting No. 2/2008 of the Fund held on 20 May 2008, the Committee approved the appropriation of dividends of Baht 0.2164 per unit, amounting to Baht 236.2 million, for the period from 1 January 2008 to 31 March 2008. The dividend was paid to unitholders in June 2008.

At the Investment Committee meeting No. 6/2008 of the Fund held on 14 August 2008, the Committee approved the appropriation of dividends of Baht 0.2155 per unit, amounting to Baht 235.2 million, for the period from 1 April 2008 to 30 June 2008. The dividend was paid to unitholders in September 2008.

Under the Fund scheme, the Investment Committee retired by rotation on 27 September 2008. On 14 November 2008, in accordance with the Fund's prospectus, the Management Company declared of Baht 0.2238 per unit, amounting to Baht 244.3 million, for the period from 1 July 2008 to 30 September 2008. The dividend was paid to unitholders in December 2008.

#### 10 Increase in capital units and additional investments in property

The unitholders' meeting of the Fund No.1/2008 held on 19 August 2008, the Unitholders approved the Fund to invest in additional properties as follows;

- the land and buildings owned by Central Pattana Public Company Limited, being certain parts of shopping complex and 2 office buildings in the Central Plaza Pinklao Project, including parking spaces, the utilities systems in relation to the shopping complex and the office buildings, the surrounding street and the entrance and exit of the Central Plaza Pinklao Project, by leasing and subleasing properties for a period of approximately 16 years at a total price not exceeding Baht 6,446.8 million.

- the land and buildings owned by Central Pattana Chiangmai Company Limited, which is a subsidiary of Central Pattana Public Company Limited, being certain parts of shopping complex in the Central Plaza Chiangmai Airport Project, including indoor and outdoor parking spaces, the utilities systems in relation to the project, the surrounding street and the entrance and exit of the Central Plaza Chiangmai Airport Project, by leasing properties for a period of approximately 40 years at a total price not exceeding Baht 4,635.6 million.

The price that the Fund will invest will be determined from the proceeds of the capital increase of the Fund to be reviewed from the issue and offer for sale of the new investment units. The price of the new properties will not exceed 120 percent of the lowest price obtained from the appraisal report.

In such meeting, the Unitholders approved the Fund to increase in its capital units not exceeding Baht 11,420 million and making the totalling of new capital units not exceeding Baht 22,335 million. In the meeting the Unitholders assigned the Asset Management Company to continue next process.

#### 11 Financial instruments

##### Interest rate risk

Interest rate risk is the risks that future movements in market interest rates will affect the results of the mainly fixed. The financial assets that potentially subject the Fund to the interest rate risks are bills of exchange and promissory notes.

##### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Fund as and when they fall due.

The Fund has no concentrations of credit risk due to the Fund has a large number of tenants in various businesses. Additionally, the Fund has a policy to collect in advance the rental deposits from customers as a collateral in case of default. The Fund's management is of opinion that the Fund does not have credit risk other than that provided in the allowance for doubtful accounts as presented in the financial statements. The estimate for allowance for doubtful accounts encompasses consideration of past collection experiences, customers' deposits and other factors such as the local economic conditions.



### Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Fund takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument. The carrying amounts of the Fund's financial assets and liabilities as at 31 December 2008 and 2007 as presented in the financial statements approximate to their fair values.

### 12 Commitment

As at 31 December 2008 and 2007, the Fund has commitments for the future lease payments under an agreement for pond rental with Central Pattana Rama II, a subsidiary of Central Pattana Public Company Limited. This commitment is a part of a building lease agreement with Central Plaza Rama II for 20 years from 15 August 2005 to 15 August 2025 as follows

	2008	2007
	(in thousand Baht)	
Non-cancellable operating lease commitments		
Within one year	4,830	4,450
After one year but within five years	20,540	20,090
After five years	71,850	77,130
<b>Total</b>	<b>97,220</b>	<b>101,670</b>

### 13 Thai Accounting Standards (TAS) not yet adopted

The Fund has not adopted the following revised TAS that have been issued as of the balance sheet date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2009.

TAS 36 (revised 2007) Impairment of Assets

TAS 54 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

The adoption and initial application of these revised TAS is not expected to have any material impact on the Fund's financial statements.

### Connected Persons Report of 2008

From January 1,2008 to December 31,2008 (Affiliated transaction)

Fund Name	Connected Person
CPN Retail Growth Property Fund	-

Investors can verify connected persons transactions of the Fund either directly at TMB Asset Management, on company's website (<http://www.tmbam.com/v1/th/corporateGovernance.php>) or on the SEC's website (<http://www.sec.or.th/th/infocenter/stat/asset/mutual/connected/connected.shtml>).

### Soft Commission Report of CPN Retail Growth Property Fund

Company name	Received Benefits	Reasons
-	-	-