

CPN Retail Growth Property Fund

Annual Report 2007



From January 1, 2007
to December 31, 2007

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April 16, 2008

Dear Unitholders,

TMB Asset Management (TMBAM) would like to deliver CPN Retail Growth Property Fund Annual Report 2007 (during January 1, 2007 to December 31, 2007).

In 2007, Thai economy grew by 4.8%, which was lower than 5.1% growth rate in 2006. The major forces driving economic expansion were the acceleration of government spending and state-enterprise investment budgets, and exporting of goods and services. Domestic demand remained weak as a result of reduction in household spending and private investment.

Retail business sector was affected negatively by the slow down in Asian economy. Constant high oil prices and high interest rate led to increase in price of goods, affecting household real income. In addition, the instability of politics and domestic economy caused negative confidence of both investors and consumers, resulted in a sale drop of retail business in shopping complex. Therefore, many of retail businesses applied various competitive strategies and sales promotions in order to raise selling revenues.

CPN Retail Growth Fund's net asset value as of December 31, 2007 was 11,187,294,925 Baht, which was equal to 10.2494 Bath per unit. As for the performance of the Fund from January 1, 2007 to December 31, 2007, the Fund had revenue of 1,270,834,498 Baht while expenditure was 373,721,279 Baht. The fund made profit of 897,113,219 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.

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

Overall in 2007, Thailand's economy grew by 4.8%, which is lower than 5.1% in 2006 as a result of slow down in household spending and private investment, well expansion in volume and value of exported of goods and services, encouragement on government spending, and continuous state-enterprise investment support. In the first half of the year, lower domestic interest rate led to trade surplus of 11,972.9 million baht, resulting in current account surplus of 6.1% of GDP. Consequently, account surplus rose from year 2006 by 34% to 17,102.0 million baht, forcing baht to appreciate¹.

Year 2007 was a very challenging year for retail business industry 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 projects².

The performance of the Fund from January 1, 2007 to December 31, 2007 was compatible with the Fund's initial revenue projection, which is shown in the Fund's prospectus. The Fund had revenue of 1,270,834,498 Baht, composed of 1,186,293,873 Baht from rental and services, and 84,540,625 Baht from other revenues. Expenditure was 373,721,279

Baht, composed of 301,898,868 Baht from property related fees, 23,255,088 Baht from fund management fee and others, and 48,567,323 Baht from amortization of deferred expenses. The fund made profit of 897,113,219 Baht in total.

As of December 31, 2007, the Fund had net asset value of 11,187,294,925 Baht, or 10.2494 Baht per unit. For the past year of 2007, the fund announced four dividend payments with the total of 898,304,500 Baht, or 0.8230 Baht per unit.

¹ NESDB

² 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 93,155 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 39,214 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 91,671 sq.m. Total 92,226 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 35,909 sq.m. Total 35,909 sq.m. Counted as 92% 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	5,939 Million Baht	4,902 Million Baht
Obligations	-None-	Mortgage of Land and Construction with CPN Retail Growth Property Fund

Remarks : * The valuation price as at December 31, 2007 by Thai Appraisal Lynn Phillip Company Limited (TPA) was done by income approach.

* On December 31, 2007, the remaining contract life of Central Plaza Rama II Shopping Complex is around 17.5 years and 27.5 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.)

Lease details during the period of January 1, 2007 to December 31, 2007

There was no additional lease of property during the period of January 1, 2007 until December 31, 2007

Details of the selling or transfer of leasehold of the property during January 1, 2007 until December 31, 2007

There are no selling or transfer of the leasehold of the property during the period.

Report on retail business industry in 2007 and the Fund's performance

Retail business industry overview in 2007

General Overview

2007 was a very challenging year for retail business industry due to the negative effect of Asian economic slow down. High oil price and high interest rate led to rise in interest rate and in 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.

Competition of Shopping Complex

Important actions in shopping complex business in 2007 were as following:

- Central Pattana Plc.

The opening of 4 new shopping complexes at Changwattana, Pattaya, Chonburi, and Khonkaen to respond consumers' needs and introduce the projects to potential customers and public.

- **The Mall Group**
The application of marketing strategies to bond events and sales promotion of each branch of The Mall department stores, Emporium, and Paragon with mutual event and main sales promotion in order to receive a grand image. Besides, The Mall Group concentrated on customization to reach niche market by presenting products in separate categories and strengthening brands.
- **Siam Piwat**
Tenth year anniversary celebration of Discovery Center shopping complex included stores renovation, new stores introduction, logo changing, and the launch of retail business advisory service for hotel and residential businesses that want to add value through setting up retail businesses.
- **Siam Future Development Plc.**
The project of retail business area extension to 500,000 square meters by launching 3 - 5 shopping complexes per year in Bangkok and its boundaries within 2010. Esplanade, Ratchada had also launched CRM project, called "Gift Box Card."

Performance of CPN Retail Growth Fund

The performance of the Fund from January 1, 2007 to December 31, 2007 was compatible with the Fund's initial revenue projection, which is shown in the Fund's prospectus. The Fund had revenue of 1,270,834,498 Baht, composed of 1,186,293,873 Baht from rental and services, and 84,540,625 Baht from other revenues. Expenditure was 373,721,279 Baht, composed of 301,898,868 Baht from property related fees, 23,255,088 Baht from fund management fee and others, and 48,567,323 Baht from amortization of deferred expenses. The fund made profit of 897,113,219 Baht in total, which was 5.40% higher than in 2006.

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, 2007 to December 31, 2007, the fund had announced four dividend payments, cumulated to 0.8230 Baht per unit or 898,304,500 Baht in total which composed of 897,113,219 Baht from operation and 48,567,323 Baht from amortization of deferred expenses. The Fund's dividend payout ratio was 95% of net income in 2007.

Details of Investments

CPN Retail Growth Property Fund

As at 31 December 2007

Type of investments	Areas leased by the Fund	Cost	Fair value (in Baht)	% of NAV
Investments in property				
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, 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	53.09
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	43.82
Total investments in property		10,771,375,750	10,841,100,000	96.91
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	0.89
Fixed deposit				
Mizuho Corporate Bank Ltd.	-			
Bangkok Branch	January 2008	300,000,000	300,000,000	2.68
Sumitomo Mitsui Banking Corporation	January 2008	100,000,000	100,000,000	0.89
United Overseas Bank	-			
(Thai) Public Company Limited	January 2008	100,000,000	100,000,000	0.89
The Bank of Tokyo - Mitsubishi	January 2008	70,000,000	70,000,000	0.63
Total investment in securities		670,000,000	670,000,000	5.98
Total investments		11,441,375,750	11,511,100,000	102.89

* Not including accrued interest income

Details of Investments (Continued)

CPN Retail Growth Property Fund

As at 31 December 2007

	Areas leased by the Fund	Cost (in Baht)	Fair value	% of NAV
Cash on hand and at banks			136,509,878	1.22
Rental receivables			17,797,862	0.16
Accrued interest income			3,046,012	0.03
Deferred expenses			29,672,639	0.27
Other assets			51,732,563	0.46
Total assets			238,758,954	2.14
			11,749,858,954	105.03
Liabilities				
Other accounts payable			1,630,606	(0.01)
Deposits received from customers			430,607,433	(3.85)
Accrued expenses			57,571,706	(0.51)
Unearned lease income			52,039,177	(0.47)
Other liabilities			20,715,107	(0.19)
Total liabilities			562,564,029	(5.03)
Net asset Value			11,187,294,925	100.00
Total Units			1,091,500,000	
Nav per unit			10.2494	

Table: Fees and Expenses Collected from the Fund for 2007 CPN Retail Growth property Fund

(January 1, 2007 to December 31, 2007)


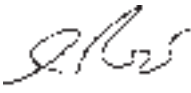
Fees collected from the Fund	Amount Unit: Thousand Baht	% of NAV ¹
Management fee	11,977.95	0.11
Trustee fee	3,593.39	0.03
Registrar fee	4,791.18	0.04
Advisory fee	0.00	0.00
Property management fee	166,359.47	1.49
Professional fee	335.00	0.00
Amortisation of deferred expenses	48,567.32	0.43
Cost of rental and service	60,887.57	0.54
Selling and administrative expenses	74,651.82	0.67
Other expenses	2,557.57	0.02
Total Expenses	373,721.28	3.33

Note 1. Daily average net asset value (NAV) calculated from January 1, 2007 to December 31, 2007 equals 11,180,844,874.39 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, 2007 until December 31, 2007 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 2, 2008

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 2007 and 2006, and the statements of income, changes in net assets, cash flows and significant financial information for the years then ended. The Fund's 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 2007 and 2006, and the results of its operations, changes in net assets, cash flows and significant financial information for the years then ended in accordance with generally accepted accounting principles.



(Thirdthong Thepmongkorn)
Certified Public Accountant
Registration No. 3787

KPMG Phoomchai Audit Ltd.
Bangkok
8 February 2008

Balance sheets

CPN Retail Growth Property Fund

As at 31 December 2007 and 2006

	Note	2007	2006
(in Baht)			
<i>Assets</i>			
Investments at fair value (at cost Baht 11,441 million in 2007 and Baht 11,389 million in 2006)	5	11,511,100,000	11,398,200,000
Cash on hand and at banks	6	136,509,878	140,503,619
Rental receivables		17,797,862	19,290,603
Accrued interest income		3,046,012	1,409,313
Deferred expenses	7	29,672,639	79,601,743
Other assets		51,732,563	42,793,358
Total assets		11,749,858,954	11,681,798,636
<i>Liabilities</i>			
Other accounts payable		1,630,606	5,842,220
Deposits received from customers		430,607,433	421,327,456
Accrued expenses	4	57,571,706	76,677,996
Unearned lease income		52,039,177	52,994,314
Other liabilities		20,715,107	17,483,191
Total liabilities		562,564,029	574,325,177
Net assets		11,187,294,925	11,107,473,459
<i>Net assets</i>			
Capital received from unitholders	8	10,915,000,000	10,915,000,000
Retained earnings	8	272,294,925	192,473,459
Net assets (Baht 10.2494 per unit in 2007 and Baht 10.1763 per unit in 2006 based on 1,091,500,000 units outstanding)		11,187,294,925	11,107,473,459

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	Fair value	fair value % of
(in Baht)				
<i>Investments in property (Note 5)</i>				
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, 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
Total investments in property		10,771,375,750	10,841,100,000	94.18
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	
Total investment in securities		670,000,000	670,000,000	5.82
Total investments		11,441,375,750	11,511,100,000	100.00

* Not including accrued interest income

Details of Investments

CPN Retail Growth Property Fund

As at 31 December 2006

Type of investments	Areas leased by the Fund	Cost	Fair value (in Baht)	fair value % of
<i>Investments in property (Note 5)</i>				
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, 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		562,847		
		6,094,399,536	6,038,900,000	52.98
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		9,623,441		
		4,669,005,361	4,733,300,000	41.53
Total investments in property		10,763,404,897	10,772,200,000	94.51
Investment in securities				
	Maturity	Face value	Fair value*	
(in Baht)				
Bills of exchange				
The Bank of Tokyo - Mitsubishi	January - March 2007	350,000,000	350,000,000	
United Overseas Bank				
(Thai) Public Company Limited	January 2007	100,000,000	100,000,000	
TISCO Bank Public Company Limited.	At call	76,000,000	76,000,000	
Fixed deposit				
Sumitomo Mitsui Banking Corporation	January 2007	100,000,000	100,000,000	
Total investment in securities		626,000,000	626,000,000	5.49
Total investments		11,389,404,897	11,398,200,000	100.00

* Not including accrued interest income

Statements of income

CPN Retail Growth Property Fund

For the years ended 31 December 2007 and 2006

	Note	2007	2006
(in Baht)			
<i>Investment income</i>			
Rental and service income		1,186,293,873	1,120,427,853
Interest income		29,501,657	28,999,619
Other income		55,038,968	51,640,183
Total income		1,270,834,498	1,201,067,655
<i>Expenses</i>			
Property management fee	4	166,359,472	152,924,428
Management fee	4	11,977,954	11,894,985
Trustee fee	4	3,593,386	3,568,495
Registrar fee	4	4,791,181	4,757,994
Professional fee		335,000	903,481
Amortisation of deferred expenses	7	48,567,323	48,567,323
Cost of rental and service		60,887,572	59,001,342
Selling and administrative expenses		74,651,824	68,919,474
Other expenses		2,557,567	388,810
Total expenses		373,721,279	350,926,332
Net investment income		897,113,219	850,141,323
<i>Net gain from investments</i>			
Net unrealised gain from changes in investment value		60,929,147	55,013,712
Total net gain from investments		60,929,147	55,013,712
Net increase in net assets from operations		958,042,366	905,155,035

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 2007 and 2006

	Note	2007	2006
		(in Baht)	
Increase in net assets from operations during the year			
Net investment income		897,113,219	850,141,323
Net unrealised gain from changes in investment value		60,929,147	55,013,712
Net increase in net assets from operations		958,042,366	905,155,035
Distribution to unitholders	9	(878,220,900)	(964,886,000)
Net increase (decrease) in net assets during the year		79,821,466	(59,730,965)
Net assets at the beginning of year		11,107,473,459	11,167,204,424
Net assets at the end of year		11,187,294,925	11,107,473,459

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 2007 and 2006

	Note	2007	2006
		(in Baht)	
<i>Cash flows from operating activities</i>			
Net increase in net assets from operations		958,042,366	905,155,035
<i>Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:</i>			
Purchases of investments		(51,970,853)	(276,186,288)
Decrease (increase) in rental receivables		1,492,741	(6,952,693)
Increase in accrued interest income		(1,636,699)	(1,253,630)
Decrease in deferred expenses		49,929,104	47,205,542
Increase in other assets		(8,939,205)	(5,165,630)
Decrease in other accounts payable		(4,211,614)	(15,481,005)
Increase in deposits received from customers		9,279,977	21,328,238
(Decrease) increase in accrued expenses		(19,106,290)	21,591,501
(Decrease) increase in unearned lease income		(955,137)	44,367,557
Increase in other liabilities		3,231,916	6,741,315
Net unrealised gain from investments		(60,929,147)	(55,013,712)
Net cash provided by operating activities		874,227,159	686,336,230
<i>Cash flows from financing activities</i>			
Distribution to unitholders		(878,220,900)	(964,886,000)
Net cash used in financing activities		(878,220,900)	(964,886,000)
Net decrease in cash and cash equivalents		(3,993,741)	(278,549,770)
Cash and cash equivalents at beginning of year		140,503,619	419,053,389
Cash and cash equivalents at end of year		136,509,878	140,503,619

The accompanying notes are an integral part of these financial statements

Significant financial information

CPN Retail Growth Property Fund

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

	2007	2006	2005
	(in Baht)		
<i>Information on operating results (per unit)</i>			
Net assets value at the beginning of year/period	10.1763	10.2310	-
Add Capital from unitholders	-	-	10.0000
<i>Income from investing activities:</i>			
Net investment income	0.8219	0.7789	0.2733
Net unrealised gain (loss) from investments	0.0558	0.0504	(0.0423)
Less Distribution to unitholders	(0.8046)	(0.8840)	-
Net asset value at the end of year/period	10.2494	10.1763	10.2310
Ratio of net profit to average net assets during the year/period (%)	8.57%	8.16%	2.27%
<i>Significant financial ratios and additional significant information</i>			
Net assets at the end of year/period	11,187,294,925	11,107,473,459	11,167,204,424
Ratios of total expenses to average net assets during the year/period (%)	3.34%	3.16%	1.24%
Ratios of investment income to average net assets during the year/period (%)	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 (%)*	0.07%	0.09%	100.58%
Average net asset value during the year/period	11,180,844,874	11,092,652,398	11,088,379,676

Information

- * 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 2007 and 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issued by the Fund's management on 8 February 2008.

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 2007 and 2006, the Fund has invested in 2 specific projects, Central Plaza Rama II and Central Plaza Ratchada-Rama III.

As at 31 December 2007 and 2006, the major unitholder is Central Pattana Public Company Limited, holding 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 FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 12.

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 and liabilities 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 estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets, and liabilities that are not readily apparent from other sources. Accordingly, 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 2007 and 2006 with related parties were as follows:

	2007	2006
	(in thousand Baht)	
<i>Expenses</i>		
Property management fee	166,359	152,924
Management fee	11,978	11,895
Registrar fee	4,791	4,758
Trustee fee	3,593	3,568

Balances as at 31 December 2007 and 2006 with related parties were as follows:

	2007	2006
	(in thousand Baht)	
<i>Accrued expenses</i>		
Central Pattana Public Company Limited	14,458	15,979
TMB Asset Management Company Limited	1,425	1,414
KASIKORNBANK Public Company Limited	305	303
Total	16,188	17,696

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

	2007	2006
	(in thousand Baht)	
Cash on hand	13	8
Cash at banks - current accounts	4,351	1,428
Cash at banks - saving accounts	132,146	139,068
Total	136,510	140,504

7 Deferred expenses

	(in thousand Baht)
<i>Cost</i>	
At 1 January 2006	145,835
Additions	1,362
At 31 December 2006 and 1 January 2007	147,197
Additions	58
Write-off	(1,420)
At 31 December 2007	145,835
<i>Amortisation</i>	
At 1 January 2006	19,028
Amortisation charge for the year	48,567
At 31 December 2006 and 1 January 2007	67,595
Amortisation charge for the year	48,567
At 31 December 2007	116,162
<i>Net book value</i>	
At 31 December 2006	79,602
At 31 December 2007	29,673

8 Unitholders' equity

	Par Value (in Baht)	2007		2006	
		Number (in thousand unit)	Baht (in thousand Baht)	Number (in thousand Baht)	Baht (in thousand Baht)
<i>Authorised</i>					
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
<i>Issued and fully paid</i>					
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
			Note	2007	2006
				(in thousand Baht)	
<i>Retained earnings</i>					
At 1 January				192,474	252,205
Add Net increase in net assets from operations during the year				958,042	905,155
Less Distribution to unitholders			9	(878,221)	(964,886)
At 31 December				272,295	192,474

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 2007 and 2006, the Fund approved dividend to unitholders as follows:

At the Investment Committee meeting No. 1/2006 of the Fund held on 31 January 2006, the committee approved the appropriation of dividends of Baht 0.2908 per unit, amounting to Baht 317.4 million. The dividend was paid to unitholders in February 2006.

At the Investment Committee meeting No. 2/2006 of the Fund held on 16 May 2006, the committee approved the appropriation of dividends of Baht 0.1886 per unit, amounting to Baht 205.9 million. The dividend was paid to unitholders in June 2006.

At the Investment Committee meeting No. 3/2006 of the Fund held on 10 August 2006, the committee approved the appropriation of dividends of Baht 0.2058 per unit, amounting to Baht 224.6 million. The dividend was paid to unitholders in September 2006.

At the Investment Committee meeting No. 5/2006 of the Fund held on 2 November 2006, the committee approved the appropriation of dividends of Baht 0.1988 per unit, amounting to Baht 217.0 million. The dividend was paid to unitholders in December 2006.

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. 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. The dividend was paid to unitholders in June 2007.

At the Investment Committee meeting No. 3/2007 of the Fund held on 10 September 2007, the committee approved the appropriation of dividends of Baht 0.2103 per unit, amounting to Baht 229.5 million. 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. The dividend was paid to unitholders in December 2007.

10 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 2007 and 2006 as presented in the financial statements approximate to their fair values.

11 Commitment

As at 31 December 2007 and 2006, 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

	2007	2006
	(in thousand Baht)	
<i>Non-cancellable operating lease commitments</i>		
Within one year	4,450	4,420
After one year but within five years	20,090	19,290
After five years	77,130	82,380
Total	101,670	106,090

12 Thai Accounting Standards (TAS) not yet adopted

The Fund has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial 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 and initial application of these TAS is not expected to have any material impact on the Fund's financial statements.

13 Reclassification of accounts

Certain accounts in the 2006 financial statements have been reclassified to conform to the presentation in the 2007 financial statements.

Connected Persons Report of 2007

From January 1,2007 to December 31,2007 (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/website/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
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