

## Thai Property

PS = main beneficiary of government's housing loan program - ALERT

- As the date for the elections draws near, we are seeing more populist policies initiated by the government. Today, the government stated it will consider providing two-year zero-rate home loans for people who purchase houses price below Bt3 million.
- Competition among commercial banks in lending home loans has been very intensive. However, commercial banks have always focused on the mid to upper market. There remains limited access for people with a monthly salary below Bt15,000. Therefore, this initiative by the government will directly benefit the low-income segment.
- Within our coverage LPN and PS are the low-end developers with average selling price of below Bt2 million. LH And QH also develop houses below Bt3 million but to a much lesser extent compared to LPN and PS.
- Between the two, in our view, PS will benefit more. Given this is a short-term policy (3-6 month), we believe LPN can only benefit from selling the existing stocks and backlog. We believe PS's decision to ramp up its SDH & TH production to capture additional demand might be related to this incentive.
- PS has outperformed SET by 6% YTD but has still massively (-22%) underperformed the market since the beginning of FY10 due to pressure from construction of condominium and construction delay for TH. We believe the subsidies by the government will be a good catalyst for the stock to perform again.

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### Property

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