

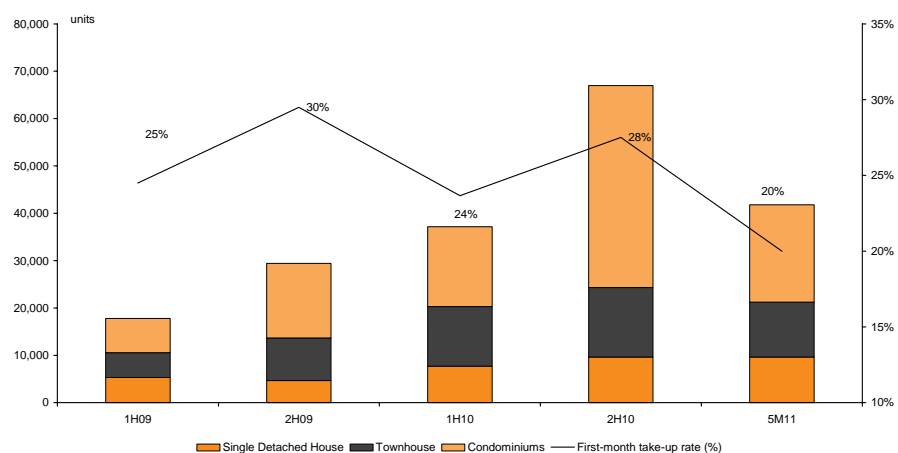
Real Estate

5M11 data: less condos, more SDHs

AREA released May 11 property data with 5M11 launches picking up 37% from last year but down 28% from July-Nov 2010. Property market is still driven mainly by large developers (nearly 70% mkt share). Condo launches ytd remained slow vs 2H10 and property prices were largely stable, in line with our view.

- 5M11 launches were 42,762 units (+32% yoy but down 29% from July-Nov 2010) worth B113.7bn (+37% yoy but down 28% from July-Nov 2010), according to data released from Agency for Real Estate Affairs (AREA).
- Seven largest developers (six under our coverage and Sansiri) maintained their high market share, with their 5M11 launches accounted for nearly 70% based on our estimates.
- Momentum of condo launches remained slow during 5M11 vs 2H10 (down over 50% in terms of both value and units), as large developers decelerating their ytd condo launches. The slowdown of condo launches during 1H11 is in line with our expectation, and we expect the momentum to pick up in 2H11 (+50% hoh) based on company's recent guidance.
- We also see higher mix of single-detached houses (SDH), 39% of total 5M11 launches value vs 27% for 2010, driven by aggressive 1H11 SDH launch schedules of two market leaders Prukha Real Estate and Land and Houses (+ 80% yoy).
- ASP of new launches during 5M11 was B2.66m/unit (flat yoy). Average first-month take-up rate for 5M11 was 20% (vs 26% for 2010), mainly due to a higher mix of SDH, in our view.
- At a current valuation (8x FY11F PE for the sector), we believe the Thai property sector remains undervalued for its ability to gain more market share at the expense of smaller players, positive earnings momentum (15% FY10-13F EPS CAGR), where we see limited downside, and attractive dividend yield (5.7% for FY11F).
- Our mid-cap top picks are Supalai (SPALI TB) and Asian Property (AP TB). Our long-term top pick remains Prukha Real Estate (PS TB).

5M11 launches (units) and an average of first-month take-up rate (%)



Source: Agency for Real Estate Affairs (AREA)

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Recommendation structure

Absolute performance, short term (trading) recommendation: A Trading Buy recommendation implies upside of 5% or more and a Trading Sell indicates downside of 5% or more. The trading recommendation time horizon is 0-60 days. For Australian coverage, a Trading Buy recommendation implies upside of 5% or more from the suggested entry price range, and a Trading Sell recommendation implies downside of 5% or more from the suggested entry price range. The trading recommendation time horizon is 0-60 days. Absolute performance, long term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price and, except as follows, only reflects capital appreciation. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%. For UK-based Investment Funds research, the recommendation structure is not based on upside/downside to the target price. Rather it is the subjective view of the analyst based on an assessment of the resources and track record of the fund management company. For research on Australian listed property trusts (LPT) or real estate investment trusts (REIT), the recommendation is based upon total return, ie, the estimated total return of capital gain, dividends and distributions received for any particular stock over the investment horizon.

Performance parameters and horizon: Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months.

Market or sector view: This view is the responsibility of the strategy team and a relative call on the performance of the market/sector relative to the region. Overweight/Underweight implies upside/downside of 10% or more and Neutral implies less than 10% upside/downside.

Target price: The target price is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value, the target price will differ from 'fair' value.

Distribution of recommendations

The tables below show the distribution of recommendations (both long term and trading). The first column displays the distribution of recommendations globally and the second column shows the distribution for the region. Numbers in brackets show the percentage for each category where there is an investment banking relationship. These numbers include recommendations produced by third parties with which RBS has joint ventures or strategic alliances.

Long term recommendations (as at 13 Jun 2011)

	Global total (IB%)	Asia Pacific total (IB%)
Buy	797 (11)	515 (3)
Hold	412 (6)	230 (3)
Sell	90 (2)	55 (0)
Total (IB%)	1299 (9)	800 (3)

Source: RBS

Trading recommendations (as at 13 Jun 2011)

	Global total (IB%)	Asia Pacific total (IB%)
Trading Buy	1 (0)	1 (0)
Trading Sell	1 (0)	1 (0)
Total (IB%)	2 (0)	2 (0)

Source: RBS

Valuation and risks to target price

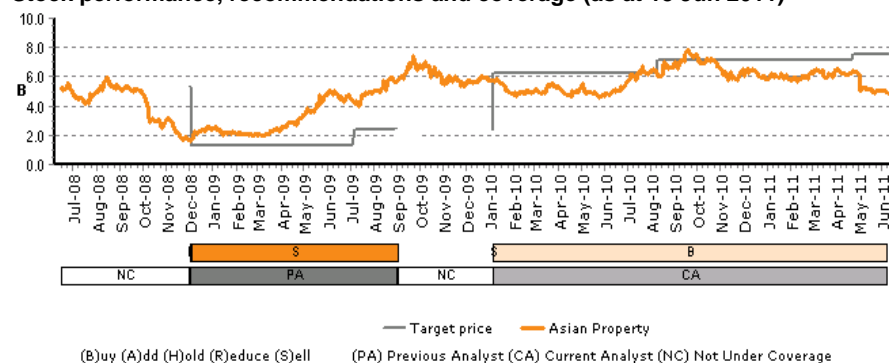
Asian Property (RIC: AP.BK, Rec: Buy, CP: B4.90, TP: B7.50): Risks to our PE-based target price include: 1) weak sales momentum of to-be-launched projects, especially single-detached houses; 2) an earlier-than-expected increase in interest rates; 3) greater-than-expected economic weakness; 4) increased political uncertainty; and 5) more stringent mortgage criteria by the commercial banks.

Pruksa Real Estate (RIC: PS.BK, Rec: Buy, CP: B17.30, TP: B28.00): Our target price is based on PE multiples. Downside risks to our target are: 1) a higher-than-expected increase in interest rates; and 2) a higher-than-expected rise in oil price which may hurt purchasing power. The opposite of these developments are upside risks to our target price. A key company-specific downside risk is any deterioration in the value of its brand names, following recent negative news flow related to some of its condo developments.

Supalai (RIC: SPAL.BK, Rec: Buy, CP: B10.30, TP: B16.00): We derive our target price by applying a target PE (based on the long-term average multiple of peers under our coverage) to our FY11F EPS. Risks to our target price are: 1) a higher-than-expected increase in interest rates; 2) weaker-than-expected sales momentum; 3) weaker-than-expected condominium transfers in 4Q10; 4) increase in political uncertainty; and 5) more stringent mortgage criteria required by the banks.

Asian Property coverage data (AP.BK, AP TB)

Stock performance, recommendations and coverage (as at 13 Jun 2011)



Trading recommendation history

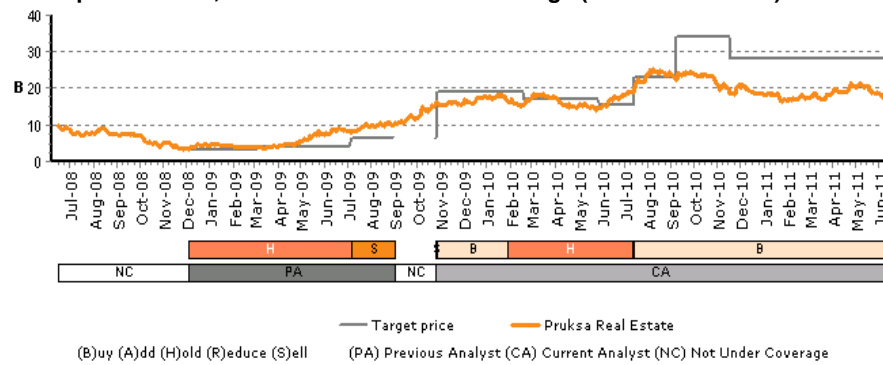
Date	Rec	Analyst
n/a	n/a	n/a

Source: RBS

Gift Srisomburanont started covering this stock on 5 Jan 10. Moved to new recommendation structure between 1 November 2005 and 31 January 2006. Source: RBS

Pruksa coverage data (PS.BK, PS TB)

Stock performance, recommendations and coverage (as at 13 Jun 2011)



Gift Srisomburananont started covering this stock on 27 Oct 09. Moved to new recommendation structure between 1 November 2005 and 31 January 2006. Source: RBS

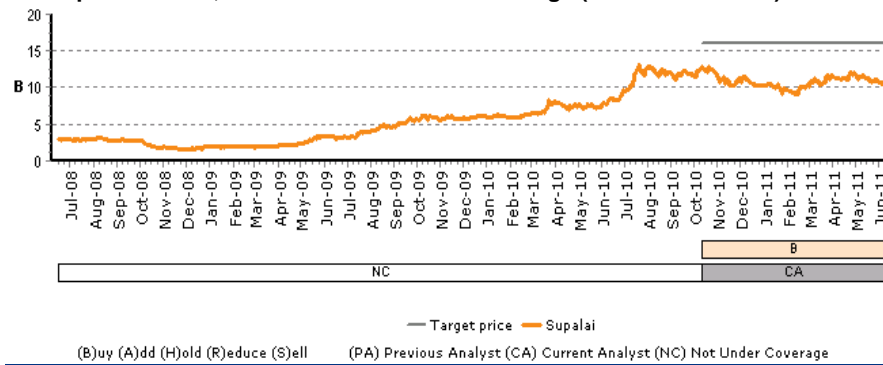
Trading recommendation history

Date	Rec	Analyst
n/a	n/a	n/a

Source: RBS

Supalai coverage data (SPAL.BK, SPALI TB)

Stock performance, recommendations and coverage (as at 13 Jun 2011)



Gift Srisomburananont started covering this stock on 8 Oct 10. Moved to new recommendation structure between 1 November 2005 and 31 January 2006. Source: RBS

Trading recommendation history

Date	Rec	Analyst
n/a	n/a	n/a

Source: RBS

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