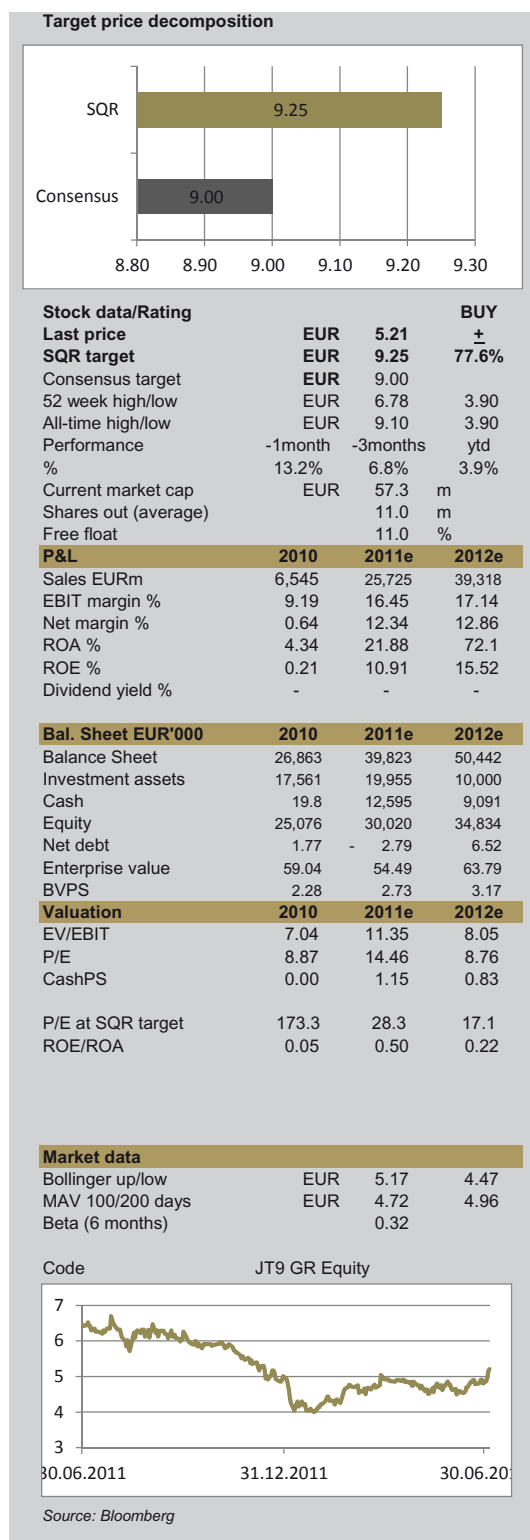




Euro Asia Premier Real Estate

Real Estate



BUY,

PT €9.25, upside 76%

Euroasia reported net income of €4.5m on the disposal of five projects in Weifang. Sees growth in Weifang and other regions in 2012

Fact: EuroAsia AG reported earlier this week its preliminary 2011 results. These show sales of RMB291m, slightly more than we expected (RMB 250m), as EA was successful in selling five of its projects in 2011. Gross profits were RMB 105m, hence EA achieved a profit margin of 35%. Net profits were RMB36m, in line with expectations and showing a healthy profit margin of 12.3%. For 2012, EA expects further growth in the Weifang region and also sees activities outside the established region.

Assessment Euroasia delivered solid results in a challenging market environment, which was characterized by declining prices for residential assets. EA, however, was mainly operating in non-residential assets or in the high end of the residential market, which apparently was not affected. Also, it successfully sold its older projects. Earlier, Partick Chan has been promoted to CEO of the company and ties between EA and NWI (Mr. Sun's activities) have been loosened, with the effect that both companies now operate at arm's length. The announcement to operate outside of the Weifang area also indicates more independence of EA from NWI and the Weifang area.

Conclusion: These were solid figures from EA. The stock trades at a historic 2011 P/E of 14.7x and less than 9x 2012e, while growing at least by 30%. The latest easing of the PBOC - two rate cuts in one month - suggest that developers benefit most. In this morning's trading, key Chinese developers gained most, rising by more than 3%. EA is solid, has no debt and ample funds to boost its business this year. Full set of figures are due this month.

Next triggers are the full release of 2011 results and further comments on a boost of Chinese construction development as a result of lower interest rates and further easing. EA's shares are up just 4% ytd, trailing the market and its peers. Bellwether China Vanke is up 35% this year.

Ralf Groenemeyer groenemeyer@silviaquandt.de, +49-69-95 92 90 93 106
 Please inform yourself of important disclosures and disclaimers in the appendix