

India: Real Estate Developers

Better macro backdrop in the price; Conviction Buy on Unitech

Industry context

We believe India's real estate sector fundamentals have improved over the past quarter from: (1) a pick-up in residential volume following lower property prices and better affordability, and (2) improving balance sheets following debt refinancing, equity issues and planned asset disposals. While there have been signs of recovery on the residential front, we retain some concerns on the office market given rising vacancy rates and potential oversupply through 2011.

Source of opportunity

We believe stocks in our coverage universe already reflect a pick-up in volume, and property price growth in FY10E. We believe this could be optimistic as we do not expect a significant recovery in residential prices until FY11E and believe the office market might lag residential as it did during the FY02/FY04 recovery phase. We therefore retain a cautious sector stance on valuation grounds as the sector's discount to current RNAV has narrowed and is now at a premium versus an average -15% since August 2007. We have removed the NR designation from Unitech shares. Unitech has been added to the Conviction Buy List with a TP of Rs88. We keep Sell on DLF, Parsvnath and Sobha. We roll forward our 12-m TPs and base them on FY11E RNAV; we raise our TPs by about 90% on average reflecting higher property price assumptions and narrowing of our TP discount to RNAV by 20% across the board to reflect better macro backdrop. We revised our FY09E-FY11E EPS by -90% to +80%; and introduce FY2012E for some.

Best Buy idea

We rate Unitech Buy with 12-m RNAV-based TP of Rs88. We believe Unitech's focus on affordable housing and lower ticket size residential units should lead to volume recovery, as seen with recent launches. We expect Unitech's gearing to move closer to 1x in FY10E from about 2x in FY09E following residential sales and equity issuance through QIPs recently and it also appears on track to unlock value from announced asset disposals. Catalysts: news flow on project launches and its telecom venture launching services in 2H09. Risks: any signs the recent volume recovery might not sustain.

Maintain Sell on DLF, Parsvnath and Sobha

We rate DLF Sell on valuation (new TP: Rs300). While the recent Delhi residential launch bodes well and mgmt appears focused on cash flow and debt reduction, we think the stock price already reflects a recovery in volumes/ property price appreciation. Keep Sobha / Parsvnath as Sell with new TPs of Rs140 / Rs70.

SUMMARY RATINGS: INDIA REAL ESTATE COVERAGE GROUP

Stock	Ticker	Rating	Current Price (Rs)	12-m TP (Rs)	Potential upside / (downside)
Unitech	UNTE.BO	Buy*	77	88	14%
Mahindra Lifespace	MALD.BO	Neutral	269	297	10%
Indiabulls	INRL.BO	Neutral	206	225	9%
HDIL	HDIL.BO	Neutral	294	284	-3%
Ansal Properties	ANSP.BO	Neutral	59	54	-9%
DLF	DLF.BO	Sell	352	300	-15%
Parsvnath	PARV.BO	Sell	89	70	-21%
Sobha	SOBH.BO	Sell	193	140	-28%

* Denotes stock is on Conviction list.

RNAV FORECASTS

Stock	FY2011E RNAV (Rs)	Curr. price (discount) /premium	TP (discount) /premium
Unitech	110	-30%	-20%
Mahindra Lifespace	494	-46%	-40%
Indiabulls	281	-27%	-20%
HDIL	355	-17%	-20%
Ansal Properties	89	-34%	-40%
DLF	333	6%	-10%
Parsvnath	117	-24%	-40%
Sobha	234	-17%	-40%

STOCK PRICE PERFORMANCE (%)

Stock/Index	-1M	-3M	-12M	YTD09
Unitech	71	175	-71	90
Mahindra Lifespace	52	173	-57	51
Indiabulls	39	121	-58	57
HDIL	91	290	-50	126
Ansal Properties	72	137	-61	81
DLF	45	128	-42	25
Parsvnath	73	150	-58	88
Sobha	89	147	-64	84
BSE Realty	53	138	-54	52
Sensex	23	56	-16	44

Source: Datastream, Goldman Sachs Research estimates.

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Overview: Better macro backdrop in the price

We believe the outlook for India's property stocks has improved on the back of lower property prices and a pick-up in sales volume. Additionally, the balance sheets of developers should also be better placed looking into FY2010E given debt restructuring, equity issues and potential asset sales. However, the BSE Realty Index has risen 138% over the past three months and our coverage universe is now trading at a premium to current RNAV vs. its 15% average discount since August 2007. In our view, most stock prices already reflect a pick up in volume and in some cases, property price appreciation. We therefore retain a cautious sector stance. We rate Unitech Buy with a 12-month FY2011E RNAV-based target price of Rs88, and add the stock to our Conviction List. We maintain Sell on DLF, Parsvnath and Sobha.

We roll forward our target prices, which are now at a discount to FY2011E RNAV, versus FY2010E previously. We narrow the discount to RNAV based on which our target prices are set by 20% across the board, lower our cost of capital assumptions and assume higher property price growth from FY2011E/12E onwards to reflect the better macro backdrop. As a result, we increase target prices by 53%-142% across our coverage. Our target price for DLF is set at a 10% discount to FY2011E RNAV versus 30% discount to FY2010E previously. The discount to RNAV we use for DLF is the narrowest in our coverage as we view DLF as an industry leader given its brand name, quality of execution and diversified geographic and asset class exposure. Target prices for Unitech, HDIL and Indiabulls Real Estate (IBREL) are set at a 20% discount to FY2011E RNAV (40% previously for HDIL and IBREL); target prices for Parsvnath, Sobha, Mahindra Lifespace and Ansal are pegged at a 40% discount to FY2011E RNAV versus 60% previously.

Exhibit 1: We rate Unitech as Buy (on Conviction list); DLF, Parsvnath and Sobha are rated Sell

Valuation summary for Indian real estate stocks under our coverage

Company Name	Ccy.	Rating	Market Cap (US\$ mn)	Current Price	Upside/		FY2010E RNAV		FY2011E RNAV		TP (disc./)prem. to RNAV		P/E (X)	
					12-m TP	(downside) potential	Per share	Prem/(disc.)	Per share	Prem/(disc.)	FY2010E	FY2011E	FY2010E	FY2011E
Unitech	Rs	Buy*	3,336	77	88	14%	103	-25%	110	-30%	-14%	-20%	21	14
Mahindra Lifespace	Rs	Neutral	232	269	297	10%	473	-43%	494	-46%	-37%	-40%	21	13
Indiabulls	Rs	Neutral	1,745	206	225	9%	277	-26%	281	-27%	-19%	-20%	61	27
HDIL	Rs	Neutral	1,711	294	284	-3%	316	-7%	355	-17%	-10%	-20%	69	12
Ansal Properties	Rs	Neutral	141	59	54	-9%	65	-10%	89	-34%	-18%	-40%	21	10
DLF	Rs	Sell	12,636	352	300	-15%	305	15%	333	6%	-2%	-10%	24	17
Parsvnath	Rs	Sell	347	89	70	-21%	109	-19%	117	-24%	-36%	-40%	13	11
Sobha Developers	Rs	Sell	298	193	140	-28%	243	-20%	234	-17%	-42%	-40%	12	11
Average								-17%		-24%			30	14

*Denotes stock is on Conviction list.

Key upside risks to our target prices include a faster than expected pick-up in property sales and property prices; Downside risks include a prolonged slowdown in property markets

Source: Datastream, Company data, Goldman Sachs Research estimates.

We revise EPS estimates for our coverage universe by -90% to +13% for FY2010E and by -53%/+48% for FY2011E

For FY09, we lower our EPS estimates by 7%-49% based on companies' reported performance at the nine-month stage, or in some cases, to reflect reported FY09 numbers. We increase our FY09 EPS estimate for Mahindra Lifespace by 80% to reflect reported FY09 results. For FY10E, we lower our estimates by 2%-90% to reflect the slowdown in construction activity in FY09 – earnings tend to be a lagging indicator given percentage of completion method accounting in India. However, in the case of DLF, we raise our FY10 EPS estimate by 13% as its recent performance has picked up on the residential front and we believe this could reflect in numbers over the next four quarters. For FY11E, we lower

our estimates by 29%-53% for Unitech, Indiabulls, HDIL and Sobha and increase estimates for Mahindra, Ansal and DLF by 16%-48% to reflect phasing of projects.

We also introduce FY2012 forecasts for companies under our coverage that have reported FY2009 results. Our RNAV forecasts are based on valuing development that we believe will be mostly or largely completed over the next five years e.g. FY2011E RNAV is calculated by valuing projects that we believe will be mostly or fully completed in FY12-FY16, and we value any remaining land bank at land cost.

Exhibit 2: Summary of RNAV/12-month target price/EPS revisions

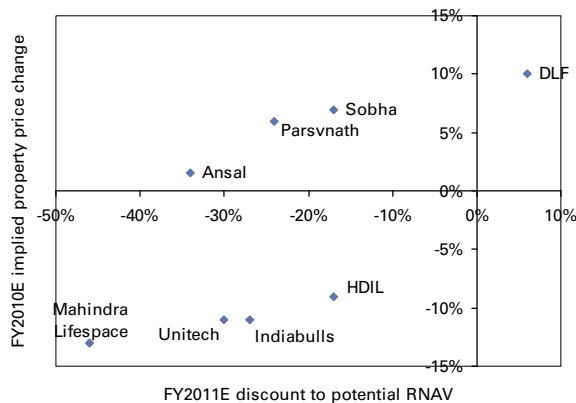
Stock	FY2010E RNAV (Rs)			12-month target price (Rs)			FY2009E/A EPS (Rs)			FY2010E EPS (Rs)			FY2011E EPS (Rs)			FY2012E EPS (Rs)
	Old	New	% ch	Old	New	% ch	Old	New	% ch	Old	New	% ch	Old	New	% ch	
Unitech	NM	103	NM	NA	88	NM	9.03	6.09	-33%	8.13	3.74	-54%	8.20	5.39	-34%	-
Mahindra Lifespace	486	473	-3%	194	297	53%	8.78	15.80	80%	13.41	13.10	-2%	15.14	19.98	32%	26.83
Indiabulls	223	277	24%	134	225	68%	1.98	1.01	-49%	12.08	3.35	-72%	16.51	7.74	-53%	-
HDIL	208	316	52%	125	284	127%	39.99	28.55	-29%	42.45	4.26	-90%	48.18	24.30	-50%	35.59
Ansal Properties	80	65	-19%	32	54	68%	6.63	3.51	-47%	6.32	2.84	-55%	5.28	6.14	16%	-
DLF	178	305	72%	124	300	142%	29.18	27.17	-7%	13.19	14.85	13%	14.23	21.05	48%	34.35
Parsvnath	91	109	20%	36	70	95%	7.71	5.99	-22%	8.31	6.97	-16%	8.41	8.43	0%	-
Sobha Developers	182	243	34%	73	140	92%	27.30	14.79	-46%	25.30	15.88	-37%	25.11	17.92	-29%	22.24

Note: Mahindra Lifespace, HDIL and DLF's FY2009 numbers are reported data.

Source: Company data, Goldman Sachs Research estimates.

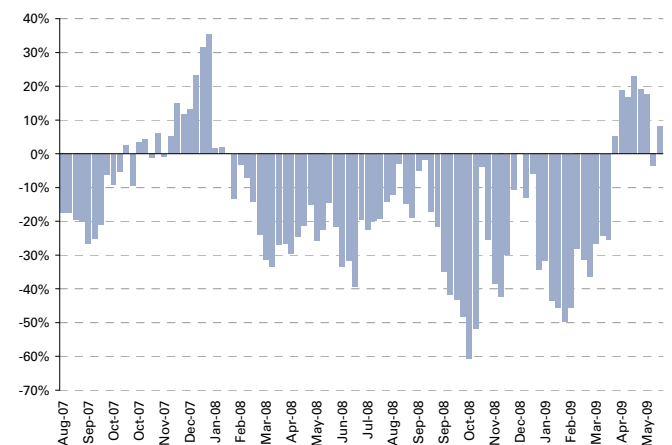
Some stocks pricing in property price appreciation. At current share prices, we believe stocks such as Sobha, DLF and Parsvnath are pricing in property price growth across all asset classes in FY2010E, over and above the 5%-10% pa price inflation we are assuming depending on the asset class from FY2011E onwards. In our view, this appears optimistic. For example, we believe the DLF stock price reflects a 10% increase in property prices and rentals in FY2010E. Conversely, we believe Unitech is pricing in an 11% fall in residential prices in FY2010E, which appears unlikely to materialize as the group has started launching homes at affordable ticket sizes. We also note that our coverage universe is currently trading above current RNAV, compared with an average discount of about 15% since August 2007. We have excluded Unitech from NAV (discount)/premium chart below for the period October 29, 2008 to date as the stock was Not Rated.

Exhibit 3: Some stocks are pricing in property price growth in 2010E, which may be optimistic
FY2010E property price % ch implied by current stock price



Source: Goldman Sachs Research estimates.

Exhibit 4: Current RNAV discount has narrowed
GS coverage (discount)/premium to current RNAV



Source: Datastream, Goldman Sachs Research estimates.

Expectations of property price growth in FY2010E might be ambitious. During the previous downturn in 1996, it took four years for the residential market to move from peak to trough and another five years on average for it to recover from the trough. We believe

the recovery cycle could be shorter this time as the economy appears structurally better placed with improving productivity, rising domestic credit, IT spending, better infrastructure and ongoing urbanization.

Exhibit 5: Trough to recovery took a while during the last upturn

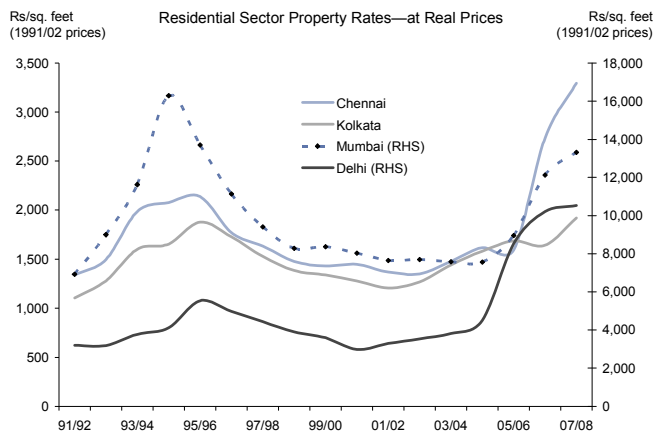
Real rate trends post the 1996 downturn for prime residential and commercial prices

Rs / sq. foot	Sharp fall from peak to trough		Number of years from peak to trough		Number of years from trough to recovery	
	% chg yoy		no. of years		no. of years	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
Mumbai	-49	-51	4	3	6	7
Delhi	-46	-46	5	2	4	7
Chennai	-31	-45	3	2	7	8
Bangalore	-52	-57	3	3	4	6
Kolkata	-26	-35	3	4	3	6
Pune	-32	-40	3	3	8	6
Average	-40	-46	4	3	5	7

Source: Knight Frank, CEIC, GS Global ECS Research.

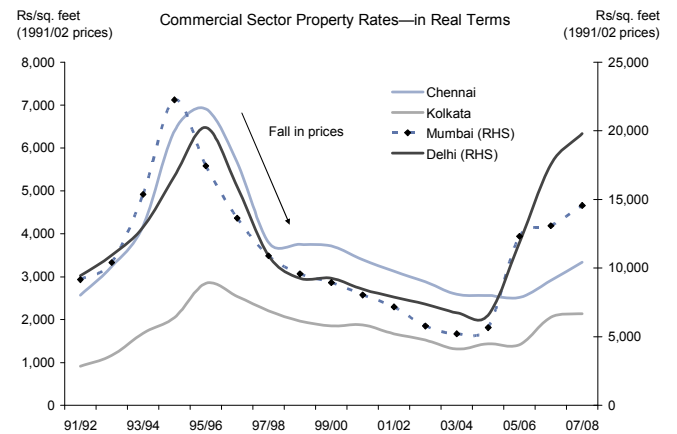
We also note that the recovery in commercial property prices lagged the recovery in the residential market during 2000-2006. This could recur during the current recovery phase as a number of residential projects launched recently appear affordable to us whereas office vacancy rates have risen and we believe office rents might not bottom out until the end of 2009.

Exhibit 6: Prime residential price trends



Source: Knight Frank, CEIC, GS Global ECS Research.

Exhibit 7: Prime commercial price trends

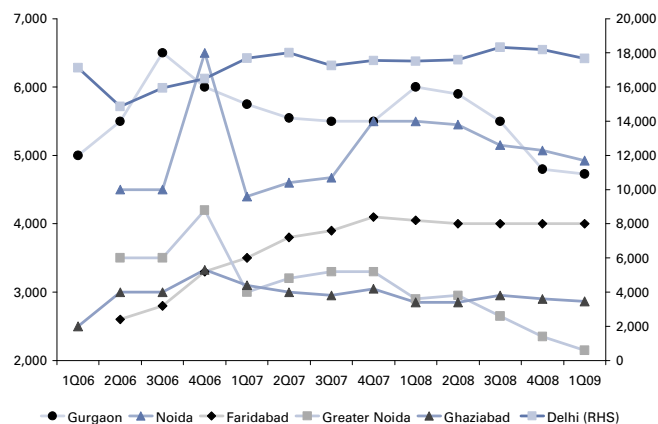


Source: Knight Frank, CEIC, GS Global ECS Research.

Residential prices and office rents have fallen. We note that average residential prices measured across pockets of Gurgaon are down 21% yoy since 1Q08 and in Greater Noida, average rates/sq ft are down 26%. While we recognize that trends may vary significantly across micro-markets and these may not be captured by looking at average rates, we note that average residential prices in Bangalore are down 21% from their peak in 2Q08, while Mumbai and Hyderabad are down 16% and 15%, respectively, from 2Q08.

Exhibit 8: Gurgaon/Greater Noida residential prices down 21%/26% since 1Q08

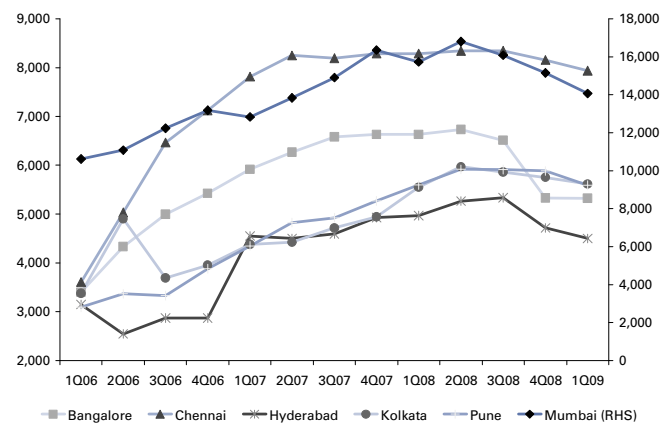
Average residential property prices (Rs/sq ft)



Source: Goldman Sachs Research estimates.

Exhibit 9: Bangalore -21%, Mumbai -16% and Hyderabad -15% from 2Q08 peak

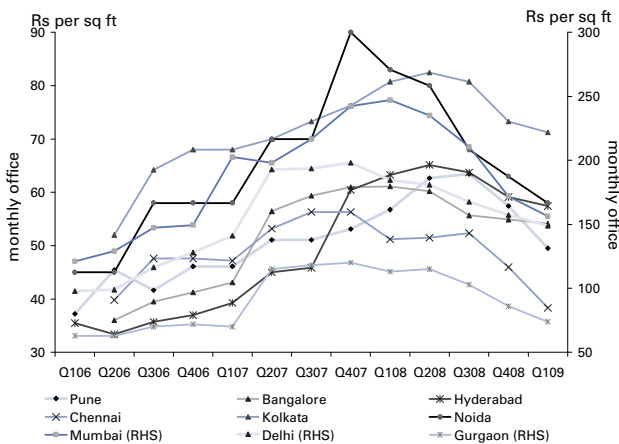
Average residential property prices (Rs/sq ft)



Source: Goldman Sachs Research estimates.

Prices in certain micro-markets have fallen significantly. For example, residential prices in the Goregaon to Borivali suburbs are down 50% in 1Q09 from their peak in 3Q08, prices in Greater Noida are down 35% from their peak in 4Q07; in the office market, rents in BKC and Lower Parel are down 40% and 47% from their peak, respectively, while rents in parts of Delhi-NCR are down 35%-40% from the peak.

Exhibit 10: Office rents falling (Rs/sq ft/month)



Source: Goldman Sachs Research estimates.

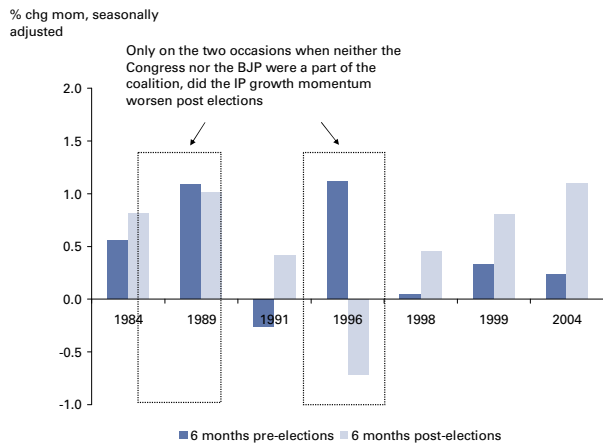
Exhibit 11: Average property price % change from peak

Residential (Rs/sq ft)	Office rentals (Rs/sq ft/month)
Mumbai	Mumbai
Bandra (W)	Lower Parel -47%
Central Mumbai	BKC -40%
Goregaon to Borivali	Nariman Point -25%
Thane	Delhi-NCR
Delhi-NCR	Gurgaon -38%
Gurgaon	Noida -36%
Greater Noida	Bangalore
Bangalore	Electronic City -29%
Indira Nagar	Whitefield -17%
Koramangla	Hyderabad
Hyderabad	Madhapur -21%
Gachibowli	Chennai
Kolkata	OMR -45%
New Town Rajarhat	Kolkata
	Salt Lake -33%

Source: Goldman Sachs Research estimates.

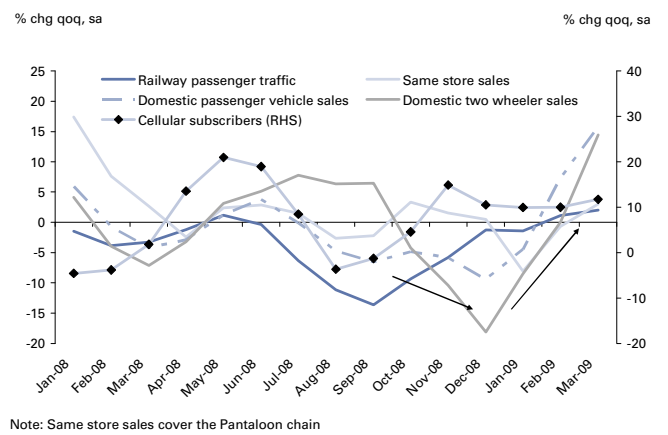
Macro backdrop looks better. Our GS Global ECS research team highlighted that the recent election results are almost a best case scenario for the markets (*Asia Economics Flash: India: Voter stimulus to markets, May 17, 2009*). In five out of the past seven elections, activity, as measured by the industrial production index, has picked up and our GS Global ECS research team believes that domestic demand should drive growth. Recent sales data on two-wheelers, telecom subscribers and retail have shown an uptick.

Exhibit 12: We expect activity tends to pick up after a stable government is formed
Industrial Production index



Source: CEIC, GS Global ECS Research.

Exhibit 13: Consumption demand indicating a pick-up
Consumption indicators

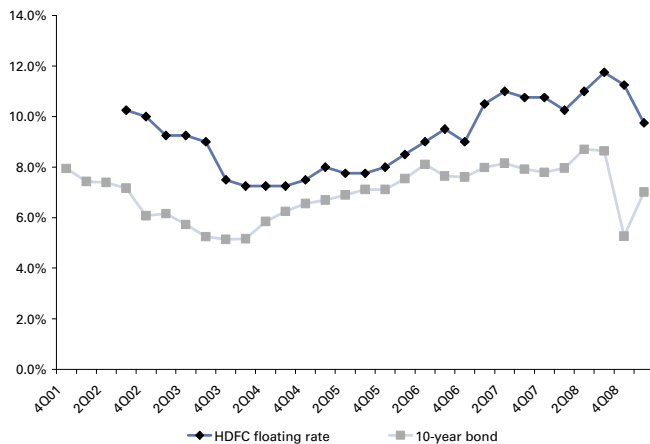


Note: Same store sales cover the Pantaloon chain

Source: CEIC, GS Global ECS Research.

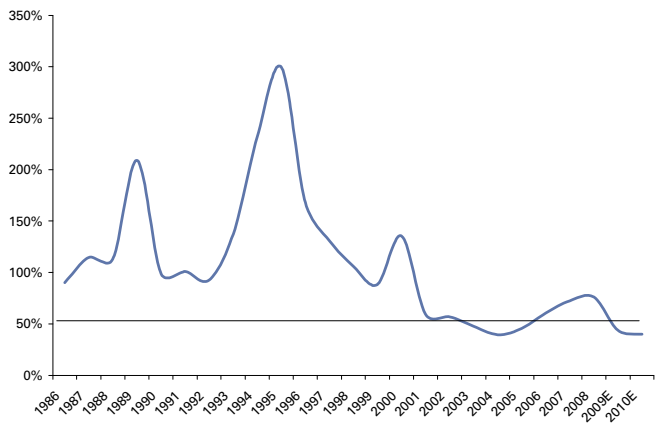
Residential affordability is improving. Home loan rates are trending down with HDFC's floating rate down from 11.75% in 3Q08 to less than 10% at present. If we factor in lower interest rates, 7%-10% pa wage growth and a 30% reduction in property prices, the affordability ratio (monthly mortgage/monthly disposable income) in Mumbai suburbs is about 45% now, which we believe should prompt prospective buyers to consider a home purchase, provided employment prospects appear secure.

Exhibit 14: Falling home loan rates



Source: Bloomberg.

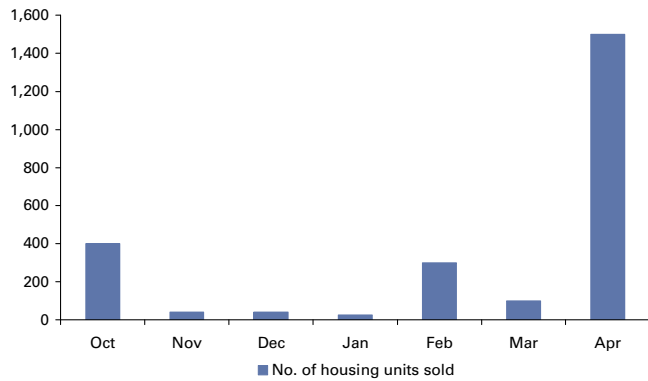
Exhibit 15: Affordability ratio for Mumbai suburbs



Source: Goldman Sachs Research estimates.

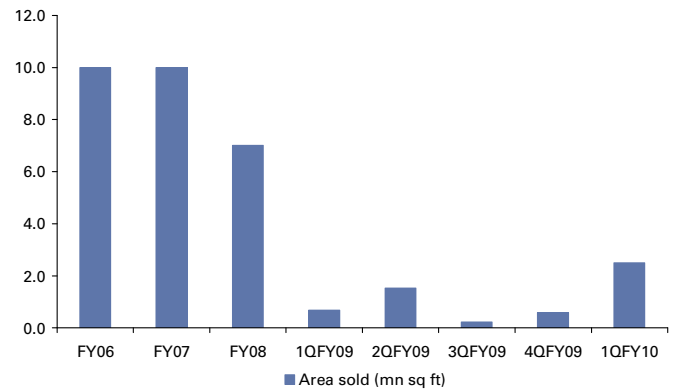
Some signs of recovery with large residential developers. DLF launched its Delhi residential project in April and sold about 1,400 units immediately, which was very encouraging. During November-January, DLF had sold only about 40 residential units a month but we estimate based on company data that the average has risen to about 600/month since February, largely reflecting the success of the Delhi launch. The Delhi project is located within 7km of the city centre and we believe the all-inclusive launch rate of about Rs7,000/sq ft was attractive. However, there are not many residential projects available in proper Delhi, which might have helped from a supply-demand standpoint and it remains to be seen whether DLF's success in Delhi can be replicated in other cities.

Exhibit 16: DLF home sales impressive in April



Source: Company data, Goldman Sachs Research estimates.

Exhibit 17: Unitech's area sold picked up in 1QFY10

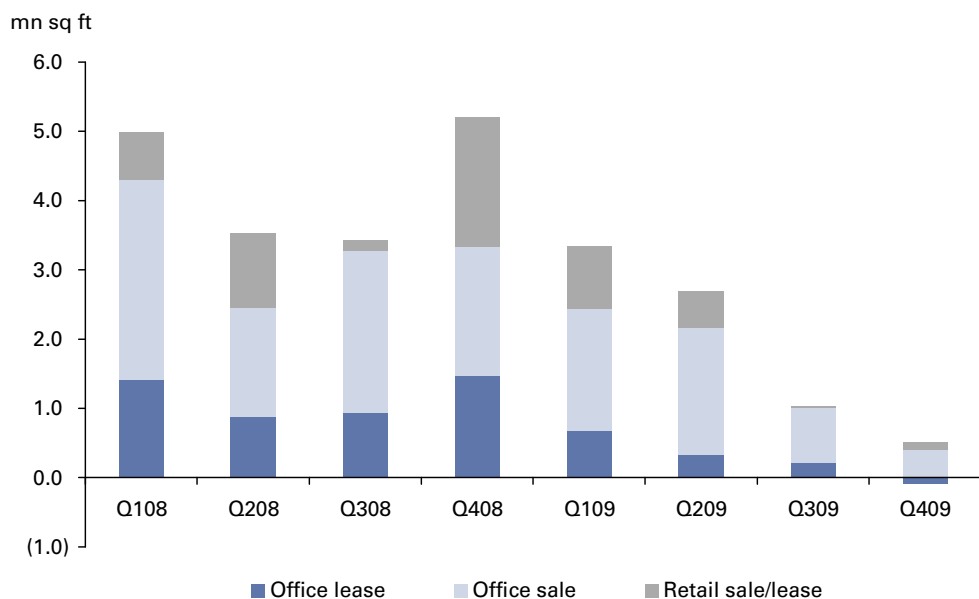


Source: Company data, Goldman Sachs Research estimates.

Unitech sold about 2 mn sq ft of residential property in 1QFY10 (includes projects launched from March onwards), which is encouraging in the context of FY2009 when the area sold was a modest 3 mn sq ft. Although we have just seen one quarter of positive sales momentum, Unitech's strategy of focusing on affordable housing seems to be working, in our view. Unitech has launched about 9 mn sq ft of projects since March across a number of cities including Delhi-NCR (Gurgaon and Noida), Mumbai, Kolkata, Mohali, Chennai and Lucknow.

Office market appears lacklustre relative to residential. DLF's office and retail sales booked/leased have been declining progressively. Even if we leave aside the office sale component that reflects percentage of completion method sales to DAL, lease volumes have been low over the past three quarters.

Exhibit 18: Office lease volume low over past three quarters
DLF's commercial sale/lease trends



Source: Company data, Goldman Sachs Research.

We believe the office market is yet to bottom out, based on the percentage quarter on quarter fall in rents (Exhibit 19). Vacancy rates also rose sharply in 2008 and are above 10%

in most major metros. DLF's sales trends also suggest that residential has seen a pick-up while office lease bookings are low.

Exhibit 19: Office market yet to bottom out

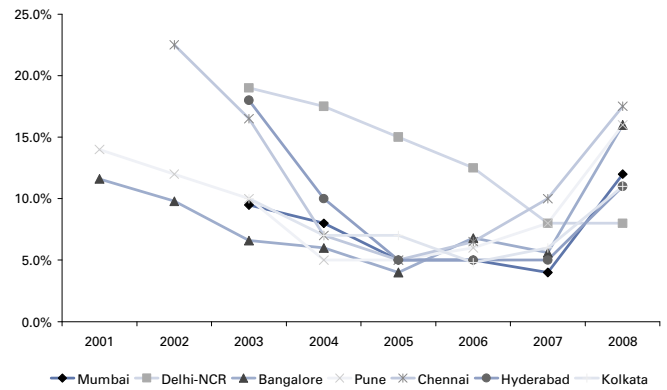
Office rent trends (sq ft/month) % ch q-o-q

% ch q-o-q	Q407	Q108	Q208	Q308	Q408	Q109
Mumbai	12%	2%	-5%	-10%	-18%	-9%
Pune	4%	7%	10%	1%	-9%	-14%
Bangalore	3%	0%	-1%	-8%	-1%	-1%
Hyderabad	32%	5%	3%	-2%	-7%	-3%
Chennai	0%	-9%	1%	2%	-12%	-17%
Kolkata	4%	6%	2%	-2%	-9%	-3%
Delhi	2%	-7%	-2%	-7%	-6%	-5%
Gurgaon	2%	-6%	2%	-10%	-17%	-14%
Noida	29%	-8%	-4%	-15%	-7%	-8%

Source: Goldman Sachs Research estimates.

Exhibit 20: Vacancy rates on the rise

Office vacancy rates

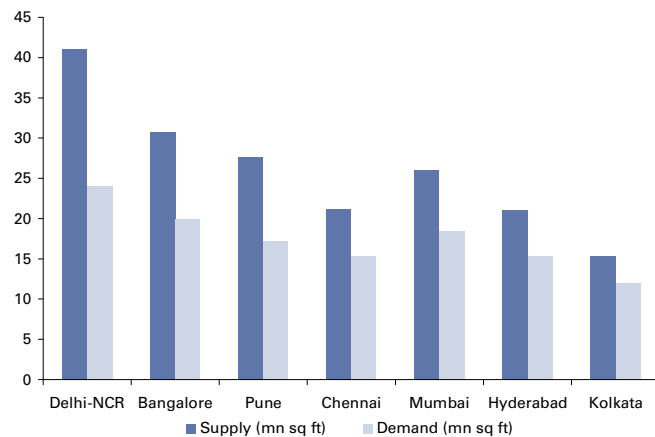


Source: Cushman & Wakefield, Goldman Sachs Research.

Data from Knight Frank indicates that office supply in the key metros is expected to outstrip demand in 2009-2011 by a factor of 1.5x. Of course, not all of the supply forecast may reach the market on time, as we saw in 2008. We also estimate based on company data that headcount growth for some key companies in the IT/ITES industry appears to have been slowing. We believe the IT/ITES industry accounts for some 60%-70% of office demand and a strengthening rupee will also not help IT company budgets for office rentals.

Exhibit 21: Projected office supply = 1.5x demand

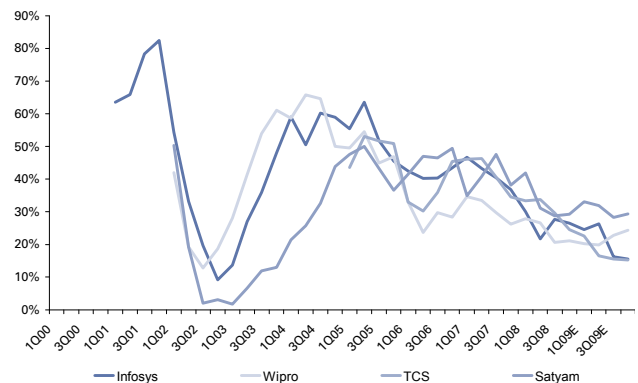
Supply vs. Demand 2009-2011



Source: Knight Frank, Goldman Sachs Research.

Exhibit 22: Slowing IT headcount growth (% yoy)

Headcount growth for major IT companies



Source: Company data, Goldman Sachs Research estimates.

Revising our property price growth assumptions upwards. In light of the improved macro backdrop, we now build in property price growth in the residential segment with a 10% increase in prices in FY2011E/12E, moderating to 5% pa growth in FY2016E. Although our assumptions vary by type of project, our previous RNAV forecasts assumed no residential price growth till FY2012E and then 5% pa growth over the next 2-3 years. We believe price growth is unlikely in FY2010E as developers are still launching projects and testing markets. In fact, we expect that projects may continue to be launched below prevailing market rates in FY2010. However, based on our affordability calculation for an

apartment with a ticket size of Rs3.5 mn, 10% pa growth in residential prices in FY2011 and beyond appears reasonable, assuming wage growth of 7%-10% pa.

Exhibit 23: Prices for middle-income houses could appreciate in the medium term
Affordability calculation

	2010E	2011E	2012E	2012E
Price (Rs/sq ft)	3,500	3,850	4,235	4,531
% yoy	0%	10%	10%	7%
Size of house (sq ft)	1,000	1,000	1,000	1,000
Cost of house (Rs mn)	3.50	3.85	4.24	4.53
Loan portion (Rs mn)	2.98	3.27	3.60	3.85
Interest rate	9.8%	9.5%	9.5%	9.5%
Monthly payment (Rs '000)	31.52	34.17	37.59	40.22
Annual income (Rs mn)	0.70	0.76	0.83	0.91
Income per capita yoy%	7.0%	9.0%	9.0%	9.0%
Affordability (loan/income)	54%	54%	54%	53%
Cost of house/income ratio	5.0	5.0	5.1	5.0

Source: Goldman Sachs Research estimates.

For the office market, we assume that price growth will lag residential given current high vacancy rates and potential oversupply. We expect rents in some markets to decline in FY2010E and project a return to growth of 10% in FY2012E.

Balance sheets should be better placed, looking into FY2010E. Many real estate developers have refinanced or are in the process of pushing back their debt payments following the government's initiatives to restructure debt. Additionally, companies like Unitech and Indiabulls Real Estate have already tapped the markets for equity through qualified institutional placements recently and we believe more companies could avail of this route. As a result, from a gearing perspective, the balance sheet of some developers should look in better health if we look at FY2010E. Companies like DLF and Unitech are also working towards reducing debt through asset disposals as they have indicated recently in corporate presentation materials, e.g. DLF's wind power business, Unitech's hotel assets.

Exhibit 24: Snapshot of gearing ratios

Rs bn	Debt		Net debt		Equity		Debt/equity		Net debt/equity	
	FY2009E	FY2010E	FY2009E	FY2010E	FY2009E	FY2010E	FY2009E	FY2010E	FY2009E	FY2010E
Unitech	90	82	83	76	46	69	2.0x	1.2x	1.8x	1.1x
DLF	164	124	152	89	248	273	0.7x	0.5x	0.6x	0.3x
HDIL	41	39	41	36	45	46	0.9x	0.9x	0.9x	0.8x
IBREL	10	10	(9)	(37)	55	76	0.2x	0.1x	-0.2x	-0.5x
Parsvnath	18	19	17	19	22	23	0.8x	0.8x	0.8x	0.8x
Sobha	18	18	18	17	11	12	1.6x	1.5x	1.6x	1.4x
Mahindra Lifespaces	3	3	2	2	9	10	0.3x	0.3x	0.2x	0.2x
Ansal	12	12	12	12	15	15	0.8x	0.8x	0.8x	0.8x

Source: Goldman Sachs Research estimates.

Unitech (UNTE.BO): Re-positioning + Refinancing = Re-rating

Source of opportunity

We rate Unitech Buy with a 12-month FY2011E RNAV-based target price of Rs88 and add it to our Conviction List.

(1) Unitech’s focus on launching affordable houses with a ticket size of Rs2mn-Rs5 mn/apartment is appropriate in current challenging markets, in our view, and the response to date has been encouraging with about 2.5 mn sq ft sold out of the 9 mn sq ft launched.

(2) We expect Unitech’s balance sheet to be in a much better position at the end of FY2010E with net gearing likely to fall to just over 1x, down from nearly 2x in FY2009E. Unitech managed to refinance over 20% of its debt of Rs109 bn as at December 2008 and also raised about Rs16 bn of equity through a qualified institutional placement recently.

(3) Management has also indicated in presentation materials that it is looking to raise cash through asset disposals that include its Saket office, hotels and some school plots. On this front, Unitech has already executed sale agreements for its Marriot Courtyard hotel in Gurgaon and the Saket office as widely documented in the press (e.g., Business Standard, May 26), which is encouraging. Through a combination of residential sale proceeds and asset disposals, we believe Unitech should be able to meet its debt obligations in FY2010E.

(4) Unitech is also working on a number of projects aggregating 308 acres in Mumbai through joint ventures mentioned in the company’s prospectus, which represents a good long-term opportunity, in our view.

Catalyst

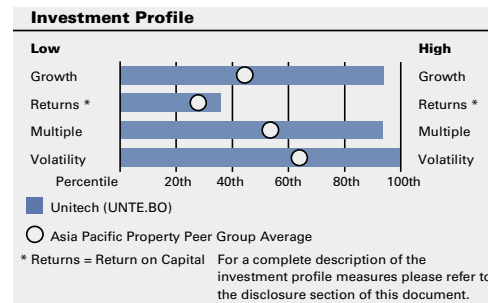
Management has announced plans to launch some 30 mn sq ft of projects, mostly residential, in FY2010 across 15 cities. We believe news flow of successful launches could be a positive catalyst over the next 12 months. That aside, further news flow on asset disposals and potential commencement of services by Unitech’s telecom venture (in 3Q2009, as mentioned in Unitech’s recent QIP prospectus) could also be a catalyst.

Valuation

Our target price is based on a 20% discount to FY2011E RNAV. We believe the current stock price reflects an 11% decline in FY2010E property prices, which we believe is unlikely given Unitech’s recent affordable housing launches. We believe our saleable area assumptions of about 11 mn sq ft pa in FY10E-FY14E are not aggressive taken in context of FY06-FY07 when Unitech sold about 10 mn sq ft pa and management’s planned launches of 30 mn sq ft in FY10E.

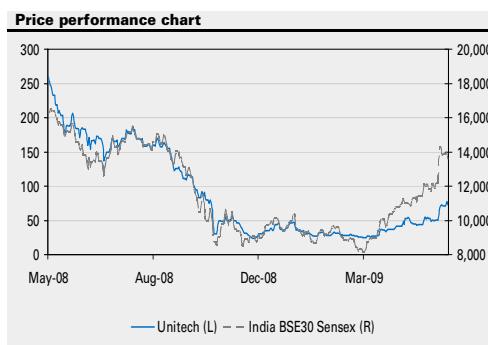
Key risks

Downside risks include any slowdown in residential sales momentum, delays with project launches or difficulty in raising cash through planned asset disposals.



Key data	Current
Price (Rs)	72.80
12 month price target (Rs)	88.00
Market cap (Rs mn / US\$ mn)	148,835.1 / 3,159.3
Foreign ownership (%)	7.4

	3/08	3/09E	3/10E	3/11E
EPS (Rs) New	10.23	6.09	3.74	5.39
EPS revision (%)	0.0	(32.6)	(54.0)	(34.3)
EPS growth (%)	27.2	(40.5)	(38.6)	44.3
EPS (dil) (Rs) New	10.23	6.09	3.74	5.39
P/E (X)	7.1	12.0	19.5	13.5
P/B (X)	3.3	2.6	2.1	1.9
EV/EBITDA (X)	25.8	12.9	17.6	12.9
Dividend yield (%)	0.3	--	--	--
ROE (%)	59.4	24.1	13.1	14.7



Share price performance (%)	3 month	6 month	12 month
Absolute	151.5	181.1	(72.0)
Rel. to India BSE30 Sensex	65.7	86.7	(66.3)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 5/26/2009 close.

Exhibit 25: Summary financials - Unitech

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	41,152.4	26,215.9	23,227.6	33,122.7	Cash & equivalents	14,082.7	6,071.2	5,198.2	1,603.5
Cost of goods sold	(15,919.0)	(8,992.9)	(9,262.2)	(14,386.6)	Accounts receivable	7,459.8	13,459.8	13,631.0	12,343.6
SG&A	(3,400.2)	(2,312.5)	(2,048.9)	(2,921.7)	Inventory	136,075.6	153,375.0	164,118.2	171,239.2
R&D	--	--	--	--	Other current assets	29,443.8	39,148.4	39,148.4	39,148.4
Other operating profit/(expense)	718.5	488.0	526.7	568.8	Total current assets	187,061.9	212,054.3	222,095.7	224,334.7
EBITDA	22,757.0	15,608.2	12,652.3	16,681.3	Net PP&E	31,441.5	31,811.8	32,067.3	32,431.7
Depreciation & amortization	(205.3)	(209.7)	(209.0)	(298.1)	Net intangibles	1,125.9	2,696.6	2,696.6	2,696.6
EBIT	22,551.7	15,398.5	12,443.2	16,383.2	Total investments	14,164.9	12,345.0	12,345.0	12,345.0
Interest income	475.3	403.1	225.4	136.0	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(2,804.1)	(3,302.8)	(3,062.8)	(2,502.8)	Total assets	233,794.3	258,907.8	269,204.6	271,808.0
Income/(loss) from uncons. subs.	68.6	7.7	0.0	0.0	Accounts payable	8,497.3	12,118.6	9,965.3	10,647.9
Others	454.9	50.6	0.0	0.0	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	20,746.4	12,557.0	9,605.7	14,016.4	Other current liabilities	83,414.5	92,008.8	88,959.4	92,807.2
Income tax	(4,004.3)	(2,628.0)	(2,017.2)	(2,943.4)	Total current liabilities	91,911.8	104,127.4	98,924.7	103,455.2
Minorities	(128.7)	(50.0)	(50.0)	(50.0)	Long-term debt	85,523.7	89,523.7	81,523.7	68,523.7
Net income pre-preferred dividends	16,613.4	9,879.1	7,538.5	11,022.9	Other long-term liabilities	19,196.0	18,076.3	18,076.3	18,076.3
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	104,719.7	107,600.0	99,600.0	86,600.0
Net income (pre-exceptionals)	16,613.4	9,879.1	7,538.5	11,022.9	Total liabilities	196,631.5	211,727.4	198,524.7	190,055.2
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	16,613.4	9,879.1	7,538.5	11,022.9	Total common equity	36,004.2	45,883.3	69,332.8	80,355.8
EPS (basic, pre-exception) (Rs)	10.23	6.09	3.74	5.39	Minority interest	1,158.5	1,297.1	1,347.1	1,397.1
EPS (basic, post-exception) (Rs)	10.23	6.09	3.74	5.39	Total liabilities & equity	233,794.3	258,907.8	269,204.6	271,808.0
EPS (diluted, post-exception) (Rs)	10.23	6.09	3.74	5.39	BVPS (Rs)	22.18	28.26	33.91	39.30
DPS (Rs)	0.25	0.00	0.00	0.00	RNAV (Rs mn)	313,605.7	174,714.8	210,190.7	225,309.7
Dividend payout ratio (%)	2.4	0.0	0.0	0.0	RNAVPS (Rs)	193.18	107.62	102.81	110.21
Free cash flow yield (%)	(7.0)	(12.5)	(7.6)	4.9					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	25.1	(36.3)	(11.4)	42.6	ROE (%)	59.4	24.1	13.1	14.7
EBITDA growth	22.2	(31.4)	(18.9)	31.8	ROA (%)	9.1	4.0	2.9	4.1
EBIT growth	21.5	(31.7)	(19.2)	31.7	ROACE (%)	23.5	10.2	7.1	8.8
Net income growth	27.2	(40.5)	(23.7)	46.2	Inventory days	2,557.3	5,874.0	6,255.8	4,254.1
EPS growth	27.2	(40.5)	(38.6)	44.3	Receivables days	39.5	145.6	212.9	143.1
Gross margin	61.3	65.7	60.1	56.6	Payable days	181.2	418.4	435.1	261.5
EBITDA margin	55.3	59.5	54.5	50.4	Net debt/equity (%)	192.2	176.9	108.0	81.9
EBIT margin	54.8	58.7	53.6	49.5	Interest cover - EBIT (X)	9.7	5.3	4.4	6.9
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	16,613.4	9,879.1	7,538.5	11,022.9	P/E basic (X)	7.1	12.0	19.5	13.5
D&A add-back	205.3	209.7	209.0	298.1	P/B (X)	3.3	2.6	2.1	1.9
Minorities interests add-back	11.1	128.7	50.0	50.0	EV/EBITDA (X)	25.8	12.9	17.6	12.9
Net (inc)/dec working capital	(29,955.7)	(24,502.4)	(16,117.1)	(1,303.2)	Dividend yield (%)	0.3	--	--	--
Other operating cash flow	97.6	(218.6)	(204.6)	(220.0)					
Cash flow from operations	(9,275.0)	(11,441.0)	(8,474.0)	9,897.8	Underlying valuation	3/08	3/09E	3/10E	3/11E
Capital expenditures	(24,810.3)	(1,000.0)	(464.6)	(662.5)	Underlying profit (Rs mn)	16,613.4	9,879.1	7,538.5	11,022.9
Acquisitions	(11,920.8)	(3,147.7)	0.0	0.0	Underlying EPS (Rs)	10.23	6.09	3.74	5.39
Divestitures	4,381.4	3,963.5	154.6	170.0	Underlying ROE (%)	59.4	24.1	13.1	14.7
Others	0.0	0.0	0.0	0.0	Underlying ROA (%)	9.1	4.0	2.9	4.1
Cash flow from investments	(32,349.7)	(184.2)	(310.0)	(492.4)	Underlying ROACE (%)	23.5	10.2	7.1	8.8
Dividends paid (common & pref)	(474.8)	(474.8)	0.0	0.0	Underlying P/E (X)	7.1	12.0	19.5	13.5
Inc/(dec) in debt	45,342.7	4,000.0	(8,000.0)	(13,000.0)	Underlying dividend payout (%)	2.4	0.0	0.0	0.0
Common stock issuance (repurchase)	84.3	0.0	15,911.0	0.0	Underlying EPS growth (%)	27.2	(40.5)	(38.6)	44.3
Other financing cash flows	528.0	88.6	0.0	0.0					
Cash flow from financing	45,480.1	3,613.8	7,911.0	(13,000.0)					
Total cash flow	3,855.4	(8,011.5)	(873.0)	(3,594.7)					

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Research estimates.

DLF (DLF.BO): Stock already pricing in recovery

Source of opportunity

We rate DLF Sell principally on valuation grounds, with a 12-month FY2011E RNAV-based target price of Rs300, implying 15% potential downside.

(1) DLF is an industry leader and has been driving its middle income housing business for well over a year. DLF has indicated that it is looking to a number of affordable housing projects in FY2010, which will include city centre projects.

(2) Management appears focused on cash flow and debt reduction and in this regard we believe the focus on sale vs. lease and affordable housing is appropriate. DLF has been working on refinancing its debt as discussed during its recent 4Q results presentation. We estimate that DAL related debtors should fall and improve DLF's cash flow by around Rs40 bn, following the recently announced stake sale (Reuters, May 13) by the promoters. In addition, DLF has announced that it is looking to raise Rs55 bn from the disposal of non-core assets.

(3) Office/retail assets are an area of concern for us at present as they account for around 45% of FY2011E RNAV; transaction volumes are low and rentals are falling. We believe this segment might start picking up only in FY2011.

Catalyst

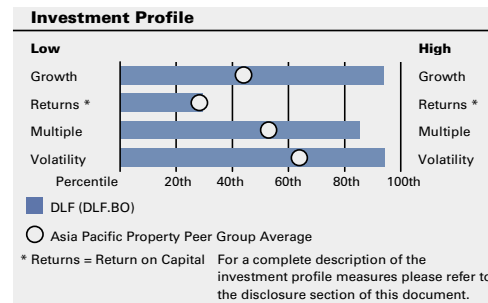
We expect DLF's earnings in FY2010E to fall 45% yoy, principally reflecting lower DAL sales and believe earnings momentum might be lacklustre near-term.

Valuation

Our revised target price of Rs300 from Rs124 reflects a number of factors including higher property price growth assumptions, rolling forward RNAV and narrowing the target price discount to RNAV to 10% from 30% to reflect improved industry fundamentals. Our forecasts also reflect volume recovery as we assume that DLF will sell/lease around 25 mn sq ft pa on average through FY2015, which is similar to the area it sold/leased during the peak of the market in FY2008. However, we believe the stock price currently reflects a 10% increase in property prices and rents across the board in FY2010E, in addition to the price growth we have built in from FY2011E onwards. We therefore maintain our Sell rating on valuation grounds.

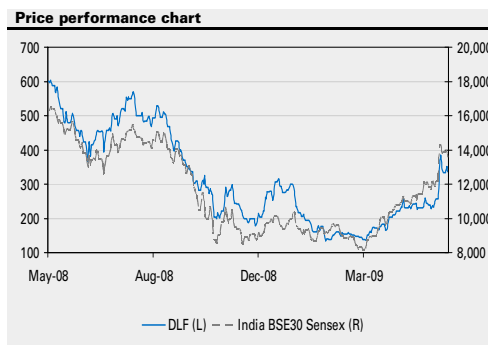
Key risks

A faster recovery in office markets than we anticipate or better-than-expected sales volume in residential.



Key data	Current
Price (Rs)	336.90
12 month price target (Rs)	300.00
Market cap (Rs mn / US\$ mn)	571,784.3 / 12,137.2
Foreign ownership (%)	6.6

	3/08	3/09E	3/10E	3/11E
EPS (Rs) New	46.90	27.17	14.85	21.05
EPS revision (%)	0.0	(6.9)	12.6	47.9
EPS growth (%)	267.8	(42.1)	(45.4)	41.8
EPS (dil) (Rs) New	46.90	27.17	14.85	21.05
P/E (X)	7.2	12.4	22.7	16.0
P/B (X)	3.1	2.5	2.2	1.9
EV/EBITDA (X)	14.8	13.0	21.0	14.7
Dividend yield (%)	1.2	--	--	--
ROE (%)	73.2	22.0	10.2	12.9



Share price performance (%)	3 month	6 month	12 month
Absolute	117.3	69.6	(44.0)
Rel. to India BSE30 Sensex	43.2	12.7	(32.6)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 5/26/2009 close.

Exhibit 26: Summary financials - DLF

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	144,375.0	100,440.0	55,253.7	74,021.1	Cash & equivalents	21,421.4	11,980.0	34,085.1	22,108.7
Cost of goods sold	(40,898.1)	(35,682.7)	(21,248.9)	(24,681.7)	Accounts receivable	76,106.1	96,570.0	65,088.2	64,721.9
SG&A	(7,226.7)	(12,231.9)	(5,288.7)	(7,825.3)	Inventory	94,544.0	113,370.0	127,796.8	142,721.0
R&D	--	--	--	--	Other current assets	73,929.3	98,880.0	98,880.0	98,880.0
Other operating profit/(expense)	154.6	900.0	300.0	300.0	Total current assets	266,000.8	320,800.0	325,850.0	328,431.6
EBITDA	97,305.3	55,780.6	31,462.0	44,586.5	Net PP&E	100,031.1	137,156.0	143,044.4	159,834.1
Depreciation & amortization	(900.6)	(2,355.2)	(2,446.0)	(2,772.4)	Net intangibles	20,930.7	22,118.0	22,118.0	22,118.0
EBIT	96,404.7	53,425.4	29,016.0	41,814.1	Total investments	9,102.0	14,170.0	14,170.0	14,170.0
Interest income	2,121.6	4,067.1	3,457.8	3,888.2	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(3,100.0)	(3,573.5)	(3,173.1)	(2,657.8)	Total assets	396,064.6	494,244.0	505,182.4	524,553.7
Income/(loss) from uncons. subs.	264.1	(302.1)	0.0	0.0	Accounts payable	17,046.4	4,526.5	5,146.9	6,692.3
Others	175.6	0.0	0.0	0.0	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	95,866.0	53,616.9	29,300.7	43,044.6	Other current liabilities	55,111.0	72,757.5	97,876.9	99,975.8
Income tax	(17,390.8)	(7,114.6)	(4,102.1)	(7,317.6)	Total current liabilities	72,157.4	77,284.0	103,023.8	106,668.1
Minorities	(354.8)	(210.8)	0.0	0.0	Long-term debt	122,770.8	163,580.0	123,580.0	103,580.0
Net income pre-preferred dividends	78,120.4	46,291.5	25,198.6	35,727.0	Other long-term liabilities	358.9	0.0	0.0	0.0
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	123,129.7	163,580.0	123,580.0	103,580.0
Net income (pre-exceptionals)	78,120.4	46,291.5	25,198.6	35,727.0	Total liabilities	195,287.1	240,864.0	226,603.8	210,248.1
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	9,495.8	13,940.4	13,940.4	13,940.4
Net income	78,120.4	46,291.5	25,198.6	35,727.0	Total common equity	187,387.0	234,259.6	259,458.2	295,185.2
EPS (basic, pre-exception) (Rs)	46.98	27.18	14.85	21.05	Minority interest	3,894.7	5,180.0	5,180.0	5,180.0
EPS (basic, post-exception) (Rs)	46.98	27.18	14.85	21.05	Total liabilities & equity	396,064.6	494,244.0	505,182.4	524,553.7
EPS (diluted, post-exception) (Rs)	46.90	27.17	14.85	21.05	BVPS (Rs)	109.92	137.41	152.87	173.93
DPS (Rs)	4.00	0.00	0.00	0.00	RNAV (Rs mn)	432,779.2	470,943.9	517,422.9	565,314.4
Dividend payout ratio (%)	8.5	0.0	0.0	0.0	RNAVPS (Rs)	253.85	276.41	304.87	333.09
Free cash flow yield (%)	(5.6)	(8.1)	10.9	1.6					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	448.0	(30.4)	(45.0)	34.0	ROE (%)	73.2	22.0	10.2	12.9
EBITDA growth	547.6	(42.7)	(43.6)	41.7	ROA (%)	27.1	10.4	5.0	6.9
EBIT growth	567.3	(44.6)	(45.7)	44.1	ROACE (%)	36.6	13.0	6.5	9.1
Net income growth	304.0	(40.7)	(45.6)	41.8	Inventory days	675.3	1,063.4	2,071.3	2,000.2
EPS growth	268.5	(42.2)	(45.4)	41.8	Receivables days	115.2	313.8	533.9	320.0
Gross margin	71.7	64.5	61.5	66.7	Payable days	88.0	110.3	83.1	87.5
EBITDA margin	67.4	55.5	56.9	60.2	Net debt/equity (%)	50.5	59.8	32.1	25.9
EBIT margin	66.8	53.2	52.5	56.5	Interest cover - EBIT (X)	98.5	NM	NM	NM
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	78,120.4	46,291.5	25,198.6	35,727.0	P/E basic (X)	7.2	12.4	22.7	16.0
D&A add-back	900.6	2,355.2	2,446.0	2,772.4	P/B (X)	3.1	2.5	2.2	1.9
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	14.8	13.0	21.0	14.7
Net (inc)/dec working capital	(50,654.4)	(51,285.0)	42,794.8	(10,913.6)	Dividend yield (%)	1.2	--	--	--
Other operating cash flow	(54,410.8)	1,179.1	0.0	0.0					
Cash flow from operations	(26,803.1)	(7,400.3)	70,439.4	27,585.7	Underlying valuation	3/08	3/09E	3/10E	3/11E
Capital expenditures	(47,831.4)	(39,450.0)	(8,334.4)	(19,562.1)	Underlying profit (Rs mn)	78,120.4	46,291.5	25,198.6	35,727.0
Acquisitions	(16,459.2)	(4,130.0)	0.0	0.0	Underlying EPS (Rs)	46.98	27.18	14.85	21.05
Divestitures	2,196.0	0.0	0.0	0.0					
Others	(990.8)	358.9	0.0	0.0	Underlying ROE (%)	73.2	22.0	10.2	12.9
Cash flow from investments	(63,085.4)	(43,221.1)	(8,334.4)	(19,562.1)	Underlying ROA (%)	27.1	10.4	5.0	6.9
Dividends paid (common & pref)	(7,978.9)	(4,010.0)	0.0	0.0	Underlying ROACE (%)	36.6	13.0	6.5	9.1
Inc(dec) in debt	23,177.0	45,198.0	(40,000.0)	(20,000.0)	Underlying P/E (X)	7.2	12.4	22.7	16.0
Common stock issuance (repurchase)	94,701.2	(8.0)	0.0	0.0	Underlying dividend payout (%)	8.5	0.0	0.0	0.0
Other financing cash flows	(2,743.7)	0.0	0.0	0.0	Underlying EPS growth (%)	--	(42.2)	(45.4)	41.8
Cash flow from financing	107,155.7	41,180.0	(40,000.0)	(20,000.0)					
Total cash flow	17,267.1	(9,441.4)	22,105.1	(11,976.3)					

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Research estimates.

Our saleable area forecasts do not appear conservative relative to recent trends. DLF sold and leased property of 27 mn sq ft in FY08. This reflects some 9 mn sq ft of percentage of completion booking to DAL. However, total area booked fell to 14 mn in FY09 reflecting the slowdown in property markets. Our forecasts assume that area sold should return to 27 mn sq ft by FY12E with DLF's focus on affordable housing.

Exhibit 27: GS area sold/leased assumptions for DLF

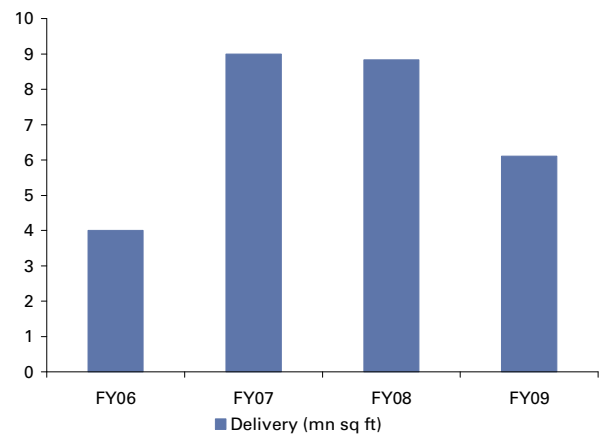
GS assumptions	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
Sales/lease						
Office sales	0	0	1	1	1	1
Retail sales	0	0	1	2	3	3
Middle income sales	10	13	18	19	20	19
Super Luxury sales	0	0	1	1	1	1
Luxury sales	0	0	2	3	4	5
Office lease	3	3	3	3	4	5
Retail lease	0	1	1	1	2	2
Total	14	18	27	30	33	34

Source: Goldman Sachs Research estimates.

Exhibit 28: DLF sales/lease booked trends

Sale/lease booked	FY08	FY09
Office lease	5	1
Office sale	9	5
Retail sale/lease	4	2
Homes	10	6
Total	27	14

Source: Company data, Goldman Sachs Research.

Exhibit 29: DLF delivery trends


Source: Company data, Goldman Sachs Research.

Closing prices in this report are dated as of May 25, 2009, unless otherwise indicated.

Exhibit 30: AEJ valuation snapshot

Ticker	Currency			Price on May-25	12-mo target price	Potential % Upside/ (downside)	Current NAV Cur FY	Current NAV		Forward NAV		Forward NAV		Underlying P/E (x)		
	Price	Rpt	Rating					NAV/shr	Prem/ (disc)	Fwd FY	NAV/shr	Prem/ (disc)	FY09E	FY10E	FY11E	
China Property Developers (off-shore)																
China Overseas Land	0688.HK	HKD	HKD	Neutral	14.40	18.27	26.9	31-Dec-09	16.42	(12.3)	31-Dec-10	18.27	(21.2)	19	15	12
Guangzhou R&F	2777.HK	HKD	CNY	Buy	14.90	22.41	50.4	31-Dec-09	22.59	(34.0)	31-Dec-10	24.90	(40.2)	15	12	10
Shimao	0813.HK	HKD	CNY	Buy *	11.58	16.00	38.2	31-Dec-09	15.85	(26.9)	31-Dec-10	17.78	(34.9)	14	10	9
China Resources Land	1109.HK	HKD	HKD	Sell	14.28	16.43	15.1	31-Dec-09	16.40	(12.9)	31-Dec-10	18.26	(21.8)	27	22	17
Country Garden	2007.HK	HKD	CNY	Neutral	3.68	3.95	7.2	31-Dec-09	3.95	(6.9)	31-Dec-10	4.38	(16.1)	25	20	17
Agile	3383.HK	HKD	CNY	Buy *	8.30	11.68	40.7	31-Dec-09	11.66	(28.8)	31-Dec-10	12.97	(36.0)	17	13	11
Sino-Ocean Land	0272.HK	HKD	CNY	Neutral	7.43	8.42	13.4	31-Dec-09	8.43	(11.8)	31-Dec-10	9.36	(20.6)	26	15	14
SOHO China	0410.HK	HKD	CNY	Neutral	4.86	6.05	24.5	31-Dec-09	6.09	(20.2)	31-Dec-10	6.72	(27.7)	12	9	12
Franshion	0817.HK	HKD	HKD	Sell	2.93	3.01	2.8	31-Dec-09	2.99	(2.0)	31-Dec-10	3.35	(12.4)	24	21	15
Shui On Land	0272.HK	HKD	CNY	Neutral	4.95	4.81	(2.8)	31-Dec-09	5.92	(16.3)	31-Dec-10	6.62	(25.2)	23	34	21
Shenzhen Inv.	0604.HK	HKD	HKD	Buy	3.16	4.73	49.8	31-Dec-09	4.72	(33.1)	31-Dec-10	5.26	(39.9)	14	12	12
KWG Prop.	1813.HK	HKD	CNY	Neutral	4.55	5.86	28.8	31-Dec-09	6.58	(30.8)	31-Dec-10	7.33	(37.9)	15	14	13
Yanlord Land	YNLG.SI	SGD	SGD	Buy	1.93	3.02	56.6	31-Dec-09	3.03	(36.3)	31-Dec-10	3.36	(42.5)	14	12	9
Greentown China	3900.HK	HKD	CNY	Neutral	8.08	9.44	16.8	31-Dec-09	10.55	(23.4)	31-Dec-10	11.80	(31.5)	8	8	7
Shanghai Forte	2337.HK	HKD	CNY	Neutral	2.62	2.69	2.7	31-Dec-09	3.05	(14.0)	31-Dec-10	3.36	(22.1)	27	22	18
Sector weighted average														18	15	12
China Property Developers (on-shore)																
China Vanke (A)	000002.SZ	CNY	CNY	Buy	9.96	12.53	25.8	31-Dec-09	11.51	(13.5)	31-Dec-10	12.53	(20.5)	23	18	13
China Vanke (B)	200002.SZ	HKD	CNY	Buy	9.34	14.57	56.0	31-Dec-09	13.39	(30.2)	31-Dec-10	14.57	(35.9)	19	15	10
Poly Real Estate Group	600048.SS	CNY	CNY	Neutral	21.69	25.02	15.4	31-Dec-09	22.54	(3.8)	31-Dec-10	25.02	(13.3)	24	18	16
China Mer. Prop (A)	000024.SZ	CNY	CNY	Neutral	28.53	31.70	11.1	31-Dec-09	31.75	(10.1)	31-Dec-10	35.23	(19.0)	27	21	20
Financial Street	000402.SZ	CNY	CNY	Neutral	10.50	12.76	21.5	31-Dec-09	12.78	(17.8)	31-Dec-10	14.18	(26.0)	27	21	17
Gemdale Corp	600383.SS	CNY	CNY	Buy	16.15	19.50	20.8	31-Dec-09	19.52	(17.3)	31-Dec-10	21.67	(25.5)	26	20	18
China World Trade Center	600007.SS	CNY	CNY	Sell	9.13	8.21	(10.1)	31-Dec-09	9.24	(1.2)	31-Dec-10	10.26	(11.0)	38	33	32
Sector weighted average														18	14	11
Hong Kong Property Developers																
Cheung Kong	0001.HK	HKD	HKD	Buy	88.80	100.00	12.6	31-Dec-09	109.00	(18.5)	31-Dec-10	117.95	(24.7)	14	10	7
Sun Hung Kai Prop	0016.HK	HKD	HKD	Neutral	90.90	83.20	(8.5)	30-Jun-09	99.24	(8.4)	30-Jun-10	97.85	(7.1)	19	19	18
Hang Lung Prop	0101.HK	HKD	HKD	Neutral	23.50	20.10	(14.5)	30-Jun-09	24.01	(2.1)	30-Jun-10	23.68	(0.7)	35	24	23
Henderson Land	0012.HK	HKD	HKD	Neutral	41.95	33.15	(21.0)	30-Jun-09	47.98	(12.6)	30-Jun-10	47.35	(11.4)	23	24	25
Sino Land	0083.HK	HKD	HKD	Buy	12.82	11.10	(13.4)	30-Jun-09	13.00	(1.4)	30-Jun-10	13.04	(1.7)	16	21	18
Kerry Prop	0683.HK	HKD	HKD	Buy	28.85	33.30	15.4	31-Dec-08	48.54	(40.6)	31-Dec-09	47.56	(39.3)	15	14	13
Hang Lung Group	0010.HK	HKD	HKD	Sell	32.10	23.10	(28.0)	30-Jun-09	32.84	(2.3)	30-Jun-10	33.00	(2.7)	28	18	17
New World Dev	0017.HK	HKD	HKD	Sell	13.80	8.70	(37.0)	30-Jun-09	14.90	(7.4)	30-Jun-10	14.52	(5.0)	18	19	20
Sector weighted average														18	16	13
Hong Kong Property Investors																
Swire Pacific	0019.HK	HKD	HKD	Sell	68.50	47.80	(30.2)	31-Dec-08	92.50	(25.9)	31-Dec-09	82.15	(16.6)	18	13	13
Wharf	0004.HK	HKD	HKD	Buy *	28.30	26.70	(5.7)	31-Dec-08	47.26	(40.1)	31-Dec-09	44.56	(36.5)	16	11	11
Hongkong Land	HKLD.SI	USD	USD	Buy	3.38	3.25	(3.8)	31-Dec-08	5.62	(39.8)	31-Dec-09	4.61	(26.7)	11	12	20
Link REIT	0823.HK	HKD	HKD	Neutral	15.46	16.85	9.0	31-Mar-09	24.30	(36.4)	31-Mar-10	25.80	(40.1)	19	18	17
Hysan	0014.HK	HKD	HKD	Neutral	16.74	16.90	1.0	31-Dec-08	30.40	(44.9)	31-Dec-09	24.14	(30.6)	17	19	21
Great Eagle	0041.HK	HKD	HKD	Buy	14.14	17.55	24.1	31-Dec-08	32.60	(56.6)	31-Dec-09	29.29	(51.7)	8	8	8
Champion REIT	2778.HK	HKD	HKD	Sell	2.51	1.70	(32.3)	31-Dec-08	4.21	(40.3)	31-Dec-09	3.14	(20.0)	16	17	22
Sector weighted average														15	13	14
Singapore Property Developers																
CapitaLand	CATL.SI	SGD	SGD	Buy *	3.51	3.90	11.1	31-Dec-09	4.04	(13.0)	31-Dec-10	4.33	(18.9)	37	32	19
City Developments	CTDM.SI	SGD	SGD	Buy	8.11	10.00	23.3	31-Dec-09	10.49	(22.7)	31-Dec-10	11.10	(26.9)	20	25	17
Keppel Land	KLAN.SI	SGD	SGD	Sell	2.00	1.52	(24.0)	31-Dec-09	1.87	7.1	31-Dec-10	2.17	(7.9)	16	32	24
UOL	UTOS.SI	SGD	SGD	Neutral	2.81	2.62	(6.8)	31-Dec-09	3.70	(24.0)	31-Dec-10	3.75	(25.1)	14	19	23
Allgreen Prop.	AGRN.SI	SGD	SGD	Neutral	0.92	0.82	(10.9)	31-Dec-09	1.07	(14.3)	31-Dec-10	1.18	(21.8)	18	18	20
Wing Tai	WTHS.SI	SGD	SGD	Neutral	1.36	1.22	(10.3)	30-Jun-09	1.58	(13.8)	30-Jun-10	1.74	(21.8)	12	14	11
Sector weighted average														27	28	19
Singapore REITs																
CapitaMall Trust	CMLT.SI	SGD	SGD	Neutral	1.30	1.39	6.9	31-Dec-09	1.34	(2.7)	31-Dec-10	1.30	0.1	15	17	17
CapitaCommercial Trust	CACT.SI	SGD	SGD	Neutral	1.11	1.17	5.4	31-Dec-09	1.54	(27.9)	31-Dec-10	1.35	(18.1)	10	12	13
Ascendas REIT	AEMN.SI	SGD	SGD	Neutral	1.33	1.45	9.0	31-Mar-09	1.43	(7.1)	31-Mar-10	1.37	(2.6)	9	11	11
Suntec REIT	SUNT.SI	SGD	SGD	Sell	0.91	0.72	(20.9)	31-Dec-09	1.17	(22.5)	31-Dec-10	1.11	(18.1)	11	13	15
CDL Hospitality Trust	CDLT.SI	SGD	SGD	Neutral	0.81	0.78	(3.1)	31-Dec-09	1.11	(27.5)	31-Dec-10	0.96	(15.8)	11	13	13
Mapletree Logistics Trust	MAPL.SI	SGD	SGD	Neutral	0.54	0.50	(7.4)	31-Dec-09	0.71	(23.8)	31-Dec-10	0.66	(18.4)	10	11	12
Sector weighted average														12	13	14

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Source: Datastream, Company data, Goldman Sachs Research estimates.

Reg AC

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