SANSIRI

Quarterly Newsletter

Issue No. 7/2005

Ticker Symbol : SIRI Reuters : SIRI.BK Bloomberg : SIRI TB Primary Exchange : The Stock Exchange of Thailand

Key Stock Data

2Q05	1 Apr 05	30 Jun 05	% change
SIRI Price (Baht / Share)	3.26	3.06	-6.1%
Property Sector Index	119.44	105.72	-11.5%
SET index	695.83	675.50	-2.9%
Avg Daily Turnover (Mil Baht)		6.87	
Avg Daily Turnover (Mil Shares)		2.20	

As of 2 Sep 05	
Issued shares (Mil Shares)	1,473
Estimated free float	40%
SIRI Price (Baht / Share)	2.54
Market Cap (Mil Baht / Mil US$)	3,743 /91

Contact Information
Investor Relations
Tel. (662) 201-3024
Fax. (662) 201-3904
email : IR@sansiri.com

Major Shareholders (%)	As of 8 April 05
1. Natural Park Public Company Limited	24.61%
2 Thai NVDR Co.,Ltd	7.17%
3 Chase Nominee Limited	5.59%
4. The Viriyah Insurance Co.,Ltd	5.56%
5. HSBC (Singapore) Nominees Pte Ltd	3.81%
6. Finansa Life Assurance	3.48%
7. Univenture Asset Management Co.,Ltd	2.27%

Company Information
Sirinpinyo Building 475
16th Fl , Sri Ayutthaya Rd.,
Rajathevi, Bangkok 10400
Tel. (662) 201-3905-6
Fax. (662) 201-3904
www.sansiri.com

2Q2005 Performance

Sansiri posted 457.64 million baht net profit for 2Q2005, a four-fold increase over the same period in 2Q2004 mainly driven by SIRI's expertise in creating values to its assets. To the 2Q2005 total revenues of 2,371 million baht, 1,654 million baht in property sales contributed 70%, 456 million baht from gain on sales of investments in related parties contributed 19%, 133 million baht from property rental revenues contributed 6%, 52 million baht from property management services contributed 2%, and 76 million baht from other revenues contributed 3%.

Total revenues in 2Q2005 increased 82% over the same period in 2004 with 53% growth in revenue from project sales and 36% rise in revenue from property for rent as more units of the high-quality single-detached housing project, Baan Sansiri Sukhumvit, were added to the recurring income portfolio. Revenue from hotel business decreased 26% due to the sale of Sofitel Silom Hotel in May 2005.

The key driver of the 82% increase in total revenues over the same period in 2004 is the gain from selling Sofitel Silom Hotel. The transaction was done via the sales of 100% shares of the subsidiary, Richee Holding Alliances Co., Ltd., to LaSalle Investment Management, one of the top-notch global property funds.

Sansiri ventured into Sofitel Silom Hotel by acquiring 100% shares of Richee Holding Alliance Co.,Ltd., in late 2002. Having been fully upgraded, the hotel was assigned to be managed by Accor Group, the leading European and one of the world's largest groups in hotels management and services. The hotel's performance steadily improved and recorded net operating income of 140 million baht in 2004, a 73% growth, with occupancy rate of over 90% and average daily room rate of 2,150 baht. Although the hotel represents solid recurring income for the company, the Board agreed that the offer presented a very lucrative return. The approximate 300-million baht gained from investment (excluding transaction costs and income tax) is yet another example how Sansiri leverages its renowned development expertise to create value in its assets.

Total assets and liabilities stood at 19.5 billion baht and 12.1 billion baht respectively, declining from 19.9 billion baht and 12.7 billion baht in 1Q2005 correspondingly, as a result of high turnover and the sale of investment. Consequently, shareholders' equity increased from 7.2 billion baht as of 1Q2005 to 7.4 billion baht as of 2Q2005. In addition, the net cash inflow of 1.2 billion baht from the sale of Sofitel Silom Hotel resulted in not only healthier financial ratio but also more flexible cash flow. Debt-to-equity ratio (excluding deferred leasehold revenue) and the interest bearing debt to shareholder's equity ratio (gearing ratio) significantly improved to 1.50 times and 1.23 times respectively while interest coverage ratio rose from 1.2 times as of 1Q2005 to 3.0 times as of 2Q2005.

Update

Sansiri and AIA tie up to provide long-term fixed rate housing loans

American International Assurance (Thailand) or AIA is in alliance with Sansiri to provide exclusively long-term fixed rate housing loans to customers. The financial package named "Siri Safety" is the financial innovation designed to help customers manage their costs and mitigate risk from upward trend of interest rate. Customers would enjoy the low fixed interest rates of 3.75% during the first two years and 5.75% until the loan maturity. This financial package will be available for Sansiri's customers upto the end of 2005.

TRIS Rating affirms the company rating of Sansiri at "BBB" with "Stable" outlook

TRIS Rating affirms the company rating of Sansiri at "BBB". The rating reflects the company's leading position and track record in the condominium market, increasing contribution from its low-rise residential sales, recurring income from its property management business and an improved financial position following the sale of the Sofitel Silom Hotel.

The "Stable" outlook reflects the expectation that, SIRI's plans for future residential developments will be moderate, in response to the changing economic situation. Tighter cost controls are expected to be implemented to cope with increasing operating and financing expenses and softer demand in the residential market. SIRI is expected to be able to complete construction of condominiums in line with its plan.

Note: An excerpt from Credit News by TRIS Rating (Announcement No.338) dated, August 4, 2005

Oversubscription of SIRIPF reflected the strong demand to invest in the first rate asset

In September 2005, the IPO of property fund named "Baan Sansiri Property Fund" (SIRIPF) set up by ING Funds (Thailand) Co.,Ltd., was oversubscribed, reflecting the strong demand to invest in the first rate asset, yielding attractive returns with an upside gain from price appreciation in the future. The 865-million baht property fund will purchase 25 units of Baan Sansiri Sukhumvit, named "The Crests", with the put option to be able to sell the houses back to Sansiri at the purchased price at the end of the fifth year. During the first five years, SIRIPF leases the 25 houses to Sansiri and gets 70-million baht as an annual rental fee in return.

SIRIPF is a financial innovation serving as an investment vehicle for all investment purposes; short-, medium- and long-term. Although SIRIPF is a closed-end with indefinite life property fund, the put option at the end of the fifth year is originated to provide exit for medium-term investors. Additionally, the fixed rental fee paid to SIRIPF would secure steady incomes and help enhance liquidity of the security trading. The transaction is viewed as a reciprocal agreement between Sansiri and SIRIPF. Sansiri will utilize the proceeds from selling the 25 houses for debt repayment and working capital.

The Crests is currently known to be Bangkok's first premium serviced single houses. The services rendering to tenants include "Standard Services" such as concierge services and monthly pest control service, together with "Premium Services" such as daily newspaper subscription, afternoon refreshment, and Sunday breakfast. "Extra Activities" such as weekly yoga and swimming classes, monthly cocktail party, and cooking or floral arrangement classes, are added to provide an unbeatable luxury to tenants. The Crests is 100% occupied with asking price per month ranging from 170,000 baht for a 394-square meter house to 280,000 baht for a 560-square meter house.

High presales in 3Q2005 confirms the successful penetration to SDH and townhouse markets

Banking on its hard-earned reputation of being the market leader in condominium market, Sansiri has been successfully making inroads to single-detached housing and townhouse markets. The success has largely been due to the visionary investment in brand building during the past two years as well as shrewd strategy to provide higher quality products to ensure customer satisfaction and build long-term relationship with customers. Consequently, Sansiri leads its peers and registers its name in the premier league as one of the highest capitalized developers in Thailand with the second highest sales in the industry.

Sansiri had planned its expansion aggressively but taking proactive measures to ensure sustainable growth. In 2003, Sansiri enlarged its condominium market share in medium-end segment through its subsidiary, Plus Property Partners, Co.,Ltd, ("Plus"). Subsequently, Sansiri penetrated the single-detached housing with brand building investment and product superiority. In 2005, Sansiri expands its customer base to incorporate more medium-end customers through the launches of the 4 medium-sized single-detached housing projects as well as penetrates the high-potential townhouse market through the newly launched projects by "Plus". Consequently, total project value leaped to over 46 billion baht as of August 2005, compared with 3.6 million baht as of March 2003.

The year-to-date total presales in 2005 stood at over 4.5 billion baht, an 11% growth over the same period in 2004, mainly driven by 74% increase from the sale of single-detached housing projects and a 16-fold growth of the sale of townhouse projects. Strong brand recognition and successful rollout of housing projects result in high presales backlog of 8.4 billion baht to be realized in 3Q2005 onwards.

Summary of Market Competition

The overall market condition for both property for sale and rent showed sign of saturation as evidenced by the slowdown of certain market segments, compared to the active growth in the past recent years, when strong growth was achieved. Compared to those active years, the residential market growth in 2005 could be relatively lower.

Single-detached and Townhouse Market

According the survey of the housing market in Bangkok and the vicinity, the number of unit supply totaled 30,486 units out of the total 547 housing projects. Number of single-detached housing projects was 423 with a total unit supply of 21,054 units, while the number of townhouse project amounted to 124 projects with 9,432 units.

Medium-priced single-detached houses control the largest cake in the market. In the first half of 2005, houses in the price range of 3-5 million baht controlled the majority share of 37 percent. The price range of 5-7 million baht came the second with a sale of 4,917 units, which accounted for 23 percent and rose by 7 percent.

It was found that townhouses in the price range of 1-3 million baht captured the highest market share of 53 percent. Those in the range of lower than a million baht accounted for about 31 percent of the market- a decline of 14 percent from the corresponding period of last year due to the increase in building materials which forced developers to raise prices.

Sale rate of both single-detached houses and townhouses totaled at 45 percent of the proposed amount, down by 4 percent from six months ago. Because of the less new projects, compared to the July-December 2004, sale of single-detached houses was down 6 percent to 8,098 units against the total unit supply of 21,045 from 423 single-detached house projects. The supply absorption rate was down to 3.2 units per month per project from 4.5 units six months ago.

Townhouse sale remained steady from six months ago. Those priced lower than a million baht enjoyed a sale of 2,157 units out of the proposed 2,901 units , which could be converted into a success rate of 74 percent and presented a growth of 20 percent from the past six months. Sale of townhouses priced between 1-3 million baht and 3-5 million baht dropped 13 percent to 2,558 units out of the total of 5,013 and 5 percent to 671 units out of 1,126 units respectively.

Those priced between 5-7 million baht achieve a sale growth of 8 percent to 129 out of the total proposed 189 units. Sale in this segment rose 8 percent. The 7-10-million-baht segment could manage to push their sale success rate to as high as 95 percent, selling out 177 out of the proposed 187 units. The half-on-half growth was 22 percent.

Residential sale had slowed down due to the less confidence among potential homebuyers as a result of the volatility of the economy, mainly triggered by the risen oil price. The trend of the residential market in the later half of the year is expected to be highly competitive as developers would have to rush to drain leftover supply out to pave way for new ones and reduce their interest burden. Developers may resort to pricing incentives, which are expected to be the most effective way to lure back homebuyers, which could be concerned property prices may further increase in line with the oil prices and they may have to make faster decision on buying.

Condominium Market

A survey on the progress of condominium projects' construction in Bangkok area carried out in the first half of 2005 showed that altogether 16 projects with a combined unit of 2,189 are already completed

From the total proposed supply of 63,601 units from the six surveyed zones, it was found that the total leftover units stood at about 10 percent of the total proposed supply - with the Rama III area having the highest unsold proportion of 20 percent however, topped the list in term of sale, exceeding that of the Sukhumvit area, due to the relatively lower prices and the convenience in term of transportation, compared condominium projects in other area with similar prices.

When considering the total sale of 7,212 units in all areas, it was found that the number still improved 5 percent from six months ago, especially in the price segment of between 1-3 million baht where sale was better than the higher price groups.

Condominium units in Phaholyothin area recorded the highest rate of increase of 9,244 baht per square meter to 55,177 baht per sq.m, followed by CBD area which increased from last year's 76,968 baht per sq.m to 82,264 baht per sq.m. However, selling price of condominium units in Sukhumvit area decreased because new condominium projects which recently launched into the market had offered lower price than the average price.

As the country's economy is experiencing negative factors such as higher global oil prices, the fluctuating in the market condition, interest rates hike, which resulted in higher construction cost; transport and construction material, therefore it was necessary for developers to raise their selling price of condominium units in order to be in line with the current situation. This was another main reason that made homebuyers to reconsider their plans on buying a condominium unit. Some buyers just wait and see whether it is a proper time to buy a condominium unit. However, it was expected that the demand for the condominium unit has not disappeared from the market. Condominium projects located on CDB area with an average selling price of 1-3 million baht per unit were expected to post an increase in sale volume, especially in Ratchadapisek and Rama 3 areas.

Apartment Market

The apartment market saw new supply from four new apartment projects with 186 units, pushing the total number of unit supply in the market to 10,595 units from 10,409 units.

The occupancy rates of apartment in Bangkok were up in the range of 1-3 percent with the highest rate of 97 percent in the Rama III zone. The Sukhumvit area enjoyed a promising rate of 96 percent, the Silom-Sathorn (92 percent).

Rental rates of the grade-A apartment rose by an average of 2 percent in all areas. The highest rate growth was seen in the Ploenchit-Chidlom area, in which rent rose 12 baht to 397 baht per sq.m to 385 baht, while the highest rate was commanded by the Sukhumvit area at 404 baht per sq.m. The Silom-Sathorn zone's rent was 347 baht per sq.m.

The apartment market in the later half of the year could see a growth of about 1-2 percent in line with the demand from expatriate group in Bangkok, especially in the Sukhumvit, Ploenchit-Chidlom and Silom-Sathorn due to the advantage in term of location in the inner city area. For the grade-B segment, apartments in the Paholayothin area could adjust rents up in the later half of the year as some are under a renovation process to stay competitive against rivals in other zones.

Serviced Apartment Market

The serviced apartment market in the first half of this year saw the launch of two new projects; Lake Point and South Nana, which were converted from apartments into serviced apartments. The repositioning of the two project pushed unit supply up to 11,889. It is expected that in the near future about 600-700 units are likely to enter the market, most of which would be units in condominium projects. About three-quarters of the units would be the inner city area.

Occupancy rates of grade-A serviced apartments in 1H-2005 averaged 83 percent a decrease by 4 percent from the second half last year, with occupancy rates of serviced apartments dropping highest in Sukhumvit area (a 11 percent drop from last year to 81 percent). The overall occupancy rates of grade-B serviced apartments in 1H-2005 averaged 66 percent, a sharp drop of 21 percent from last year.

Overall rents for grade A serviced apartments slightly increased by an average of 0.69 percent to 985 baht per square meter per month from last year, while rents for grade B serviced apartments sharply declined by an average of 20 percent from last year to 541 baht from 682 baht per square meter per month.

It was found that supply of serviced apartments still increase. Various projects were launched into the market but they were both for sale and rent. The overall occupancy rates and rents for serviced apartments in most area decreased, except for the serviced apartments projects in prime area and some grade A serviced apartments projects that were not affected by the fluctuation of the country's economy. It is projected that market trend of serviced apartments would face a slow down due largely to negative factors, both internal and external.

Office Market

Three new office buildings were launched in the first half of this year, or 19,100 square meters in office space. The launch of the three office buildings drove the total number of office space to 6.728 million square meters from 6.709 million at the end of last year. There are eight projects under construction at present, which would add about 190,000 sq.m into the market in the next couple of years.

The demand for office space is rising steadily, though the growth could be slower from the past 2-3 years, when growth had been dramatic. Vacancy rate of the office buildings in Bangkok was down to 11 percent in the first half of 2005 from about 13 percent six months ago. There were 751,767 square meters of vacant space, while the total space stood at 5.976 million square meters as of the end of June from 5.868 million at the end of last year. Occupancy rate of the grade-A office in the Silom and Sathorn area was the highest at 91 percent, compared to last year's 87 percent, while the Sukhumvit and Ploenchit-Chidlom had 89 percent and 82 percent respectively.

Average rent of Bangkok's office building rose slightly to 366.1 baht per square meter from 355.2 baht in the previous year, an increase of 3.06 percent. The highest rent was commanded by the Ploenchit-Chidlom zone at 549 baht per square meter, up 9 percent from 2004, while the Silom-Sathorn rent stood at 446 baht from 421 baht and the Sukhumvit area 361 baht, an increase of 1.6 percent. The CBD office buildings' rent rose 5 percent, but other areas' were unchanged - except the Thonburi area where rent was up 17 percent to 294 baht per square meter as demand for office space in the area clinched up 6 percent.

It is expected that the vacancy rate of Bangkok office could decline steadily, while new office buildings were speedily developed to serve with the expected rising demand in the future. The movement reflects a positive growth of the office market, despite the slower demand growth when compared to last year. The slower pace of growth may have come from the less confidence in the economy of consumers and investors, which could be only a short-term phenomenon. The situation could improve once the confidence is restored.

as of 31 July 05

Housing Projects

Projects	Style	Total Unit	Sale Value (THB Mil)	Launch Date	Construction Progress	Expected Completion
Nasiri Sathorn Wongwean	Italian	157	2,272	May 03	100%	Completed
Baan Sansiri Sukhumvit	Modern Comtemporary	96	3,488	Nov 04	100%	Completed
Saransiri Rangsit Klong 2	Tropical Contemporary	54	315	Feb 04	100%	Completed
Setthasiri Ramindra	Tropical Modern	143	987	Mar 04	88%	3Q05
Narasiri Pattanakarn Srinakarindra	Oriental Contemporary	177	3,883	Feb 04	85%	4Q05
Setthasiri Sanambin-nam	Thai Contemporary	299	2,791	Feb 04	77%	4Q06

Condominiums Projects

Projects	Type	Total Unit	Sale Value (THB Mil)	Launch Date	Construction Progress	Expected Completion
Baan Siriruedee	Low rise	68	485	May 03	100%	Completed
Baan Siriyenakat	Low rise	79	353	Sep 03	100%	Completed
Baan Ratchadamri	High rise	32	954	Jan 03	98%	3Q05
Baan Nanthasiri	Low rise	76	1,058	Aug 03	73%	4Q05
Baan Sirisukhumvit Soi 10	High rise	118	626	Nov 03	79%	4Q05
The Lanai Sathorn	Low rise	34	444	Aug 04	57%	4Q05
Baan Sanploen	Low rise	129	729	Mar 03	50%	1Q06
Baan Sirisilom	High rise	144	828	Dec 03	38%	2Q06
Baan Siri TwentyFour	High rise	150	1,084	Nov-03	31%	3Q06

as of 31 July 05

Townhouse Projects

Projects	Type	Total Unit	Sale Value (THB Mil)	Launch Date	Construction Progress	Expected Completion
Plus City Park (Kaset - Nawamindra)	European Colonial	97	380	Dec 04	67%	1Q06
Plus City Park (Ladprao 71)	European Colonial	76	259	Feb 05	48%	1Q06

Condominiums Projects

Projects	Type	Total Unit	Sale Value (THB Mil)	Launch Date	Construction Progress	Expected Completion
PLUS 67 (Sukhumvit 67)	Low rise	121	280	May 03	100%	Completed
49 PLUS	Low rise	77	273	Aug 03	97%	3Q05
The FortyNine Plus II	Low rise	63	276	May 04	80%	4Q05
Sathon Plus	Low rise	154	550	May-04	48%	2Q06
Sukhumvit Plus	High rise	383	874	Jun 03	45%	1Q06