

S A N S I R I

# Quarterly Newsletter

Issue No. 2/2004

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

## Key Stock Data

1Q2004	05 Jan 04	31 Mar 03	% change
SIRI Price (Baht / Share)	11.9	8.1	-31.9%
Property Sector Index	203.27	161.41	-20.6%
SET index	790.93	647.3	-18.2%
Avg Daily Turnover (Mil Baht)		42.40	
Avg Daily Turnover (Mil Shares)		3.95	

As of 26 May 04	
Issued shares (Mil Shares)	1,473
Estimated free float	40%
SIRI Price (Baht / Share)	5.65
Market Cap (Mil Baht / Mil US\$)	8,326 / 211

Major Shareholders (%)	As of 2 Apr 04
1. Natural Park Plc.	24.62%
2. Thai NVDR	6.23%
3. Unigold Enterprises Limited	5.66%
4. HSBC(Singapore)Nominees Pte Ltd.	4.85%
5. Capital Sign Investment Ltd.	4.53%
6. Morgan Stanley & Co International Ltd.	3.28%
7. PIC & CIE	2.21%

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## 1Q2004 PERFORMANCE

Sansiri Plc. posted 77.8 million baht net profit in 1Q2004, a 43% increase over the same period in Y2003 fundamentally due to 227% increase in revenues from projects for sales as well as 45% increase in revenues from hotel business. However, the re-imposition of special business tax and transfer fee in Y2004 not only stimulated the strong housing sales in 4Q2003, but also made the housing market in 1Q2004 grow at slower pace. Consequently, the revenues from projects for sales in 1Q2004 stood at 1,032.02 million baht, declining by 26% from that of 4Q2003.

The gross margin of projects for sales improved significantly from 30% in 1Q2003 to 36% in 4Q2003 due to better cost-management and economies of scale. Nonetheless, the gross margin in 1Q2004 was forced by the increasingly competitive market to move down to 33% as a result of providing higher quality features to ensure customer satisfaction and build long-term relationship with customers as well as enhance competitive advantage. SG&A expense slightly increased from 21% in 4Q2003 to 23% in 1Q2004 due to less realized revenues.

Total assets and liabilities as of 1Q2004 were 19.6 billion baht and 12.8 billion baht respectively, increasing from 14.2 billion baht and 10.2 billion baht in 4Q2003 correspondingly. Shareholders' equity slightly increased from 4.0 billion baht in 4Q2003 to 6.8 billion baht in 1Q2004 as a result of rights offering completion. Interest bearing debt to shareholders' equity ratio moved down from 1.8 times in 4Q2003 to 1.4 times.



## 2Q2004 PREVIEW

2Q2004 is expected to grow at slow pace as market sentiment remains negative. The real demand for housing still exists although the demand for investment in property has been removed after the stock market becomes highly volatile. In addition, more supply has led to lower take-up rate with longer decision-making process that prolong sales period. Nonetheless, low interest rate and increasing consumer confidence will continue driving the real demand for housing and support the steady growth of the property market.

In addition, more supply not only leads to lower take-up rate but also shifts bargaining power from developers to customers. Gross margin has been forced to move down as a result of providing higher quality products instead of cutting price while Sales General Administration expense (SG&A) has been raised to cope with the fierce competition, resulting in net profit contraction.



Casa del Mare  
Hua Hin

## NEW EIA REGULATION HAS NO IMPACT ON SANSIRI'S PROJECTS

In April 2004, Sansiri revealed that the new guidelines from the National Environment Board (NEB) have no impact on its projects as it had already taken the required steps to ensure compliance. According to the new guideline, condominium projects with more than 80 units and single-detached housing projects either with (i) more than 500 units, or (ii) a project area over 100-rai, will no longer be allowed to commence construction without an Environmental Impact Assessment (EIA) permit. Of the 6 single-detached housing projects and 10 condominium projects, only 4 condominium projects, namely Baan Sanploen, BaanSiriTwentyFour, Baan SiriSilom and Baan SiriSukhumvit Soi 10, are awaiting EIA approval. Sansiri submitted all required documents and expects to receive EIA approvals in May 2004. The construction will then commence on schedule, as planned. To assure customer satisfaction, Sansiri regularly informs customers of each project's construction progress through monthly reports to keep customers abreast of development progress..

## SANSIRI EXPECTS CONDOMINIUM MARKET REBOUND IN 3Q2004

In April 2004, Sansiri publicized its 1Q2004 condominium market research, stating a slowing in sales and take-up rates.

Stimulated by the strong excess demand since the end of the 1997 Crisis, the property market has recovered steadily with cumulative demand and cumulative supply as of YE2003 at 4,064 units and 4,748 units respectively. A total of 1,757 new units from the 14 newly launched condominium projects in 1Q2004 significantly increased the cumulative supply to 6,505 units while cumulative demand trailed at 4,631 units, resulting in the lower take-up rate (as a percentage of supply, not in absolute terms) in 1Q2004 at 71% compared to 85% as of YE2003.

The flourishing condominium market in 2003 attracted new developers to the mid-high and luxurious market segments, recognizing that this buyer group has higher purchasing power stimulated by the strong recovery of economy. The sales growth of the whole market fell approximately 20% from 4Q2003, while the monthly absorption rate per project dropped from 47 units in 4Q2003 to 21 units in 1Q2004. Factors affecting the slowing sales growth include a weakening consumer confidence due to recent volatility in the stock market, unrest in the south, and an imbalance between increasing condominium prices and consumer affordability. Based on price range of condominium units during 2003 - 1Q2004, there was a strong demand for units in the 2 to 6 million baht per unit price range as evidenced by a 73% take-up rate, while condominiums over 8 million baht per unit were not well-received as indicated by a more moderate 52% take-up rate.

The research states that the growth in demand for condominiums decreased from 20% in 4Q2003 to 14% in 1Q2004. This is partly caused by an increasing supply of units placed into the market, leading to an overall lower take-up rate, with the lowest take-up rate in the high-end segment of the market. However, a market oversupply could not be clearly concluded by the lower take-up rates, as the resumption by the government of full special business taxes and transfer fees undoubtedly impacted buyers' purchase decisions. The research implies that the growth of the condominium market in 2004 would be more stable, with longer sales periods estimated at 6 to 18 months for each project.

Based on the number of new condominium units sold in the Central Business District (CBD) and Sukhumvit trade areas during the past 15 months, Sansiri dominates the market controlling 29% of the CBD, 39% of the inner-Sukhumvit trade area (Sukhumvit Soi 1 - Soi 21) and 11% of the mid-Sukhumvit trade area (Sukhumvit Soi 22 - Soi 63). As the leading condominium developer, Sansiri's key to success is its extensive experience and expertise reflected by uniquely stylish homes featuring high quality products carefully selected to satisfy customers discerning tastes. Consequently, Sansiri's take-up rate of 93% is far higher than the market average 61%, where most unsold units belong to inexperienced developers recently entering the property business.

Sansiri estimates the annual supply of condominiums in the inner Bangkok trade area will be not less than 10,000 units/year, where the demand will be at least 5,500 - 7,000 units/year - of this total supply, approximately 6,000 - 7,500 units will be located in the CBD and Sukhumvit trade areas. In addition, the company forecasts a positive outlook for the condominium market in 2H2004 due to the steady growth of the overall economy, continuing low interest rates and consumption stimulating credit policies

## PLUS DEMONSTRATES ITS UNMATCHED PROPERTY MANAGEMENT BY INTRODUCING "PLUS CONCIERGE" SERVICE

In May 2004, Plus Property Partners Co., Ltd ("Plus"), a 95%-owned subsidiary of Sansiri, introduced "Plus Concierge" service to substantiate its superlative property management. To reach the goal of providing "Service Beyond Your Expectation," "Plus Concierge" offers a full range of services, including personal assistance services, housing services and entertainment services, to enhance the ultimate living style of its customers.

Plus Concierge's personal assistance services include services for bill payment, childcare and senior citizen care, personal shopping, laundry, pet care and food and flower deliveries. The housing services offer gardening, insect control, cleaning, household moving and home decoration together with property renting and lease consulting services. In addition, entertainment services provide not only recreational services, such as catering services and arrangements for theater and concert tickets, but also travel services, such as reservations for hotel accommodations, restaurants, flights and ground transportation.

In addition, Plus demonstrated again its continuing penetration in the property development business by successfully launching the highly amenitized FortyNine Plus condominium project, located on Sukhumvit Soi 49/2. The 63-unit project offers a wide variety of 1-bedroom and 2-bedroom units, ranging from 53 square meters (1-bedroom units) to 76 to 79 square meters (2-bedroom units). The construction will commence in 3Q2004 with expected completion in 3Q2005.



## Project Progress Update (as of April 30, 2004) Housing Projects



**Narasiri Sathorn Wongwaen** is a 2,352-million baht single-detached house project offering a total of 157 units. The Italian-style project was launched in May 2003 and, to date, 73 houses are sold. The expected construction completion is in 3Q2004 with the current construction progress at 86%.



**Baan Sansiri Sukhumvit 67** is a 3,304-million baht single-detached house project featuring 96 premium quality pre-built homes for sale in a fully amenitized, gated and masterplanned community in the mid-Sukhumvit location. The wholly pre-built concept was employed to match the lifestyles of those who need a high standard of living with no further construction after moving in. The current construction progress is 89%.



**Narasiri Pattanakarn-Srinakarindra** is a 3,688-million baht Oriental Contemporary style single-detached house project, featuring 177 units. The grand opening was held during February 28-29, 2004 with all the 20 units from the first phase sold out. To date, 24 houses are sold. The expected construction completion is in 4Q2004 with the current construction progress at 44%.



**Sretthasiri Sanambin-Nam** is a 2,797-million baht Contemporary style single-detached house project with 299 units. The project was unofficially launched in the mid-March and to date, 18 units of the 20 units from the first phase of pre-built houses are sold. The expected completion is in August 2005, with the current construction progress at 41%.



**Setthasiri Ramindra** is a 1,053-million baht single-detached house project with 143 units. The project was unofficially launched in the March and to date, 4 units of the 15 units from the first phase of pre-built houses are sold. The expected completion is in 3Q2004 with the current construction progress at 92%.



**Saransiri Rangsit Klong 2** is a 1,279-million baht single-detached house project featuring 240 units. The project was unofficially launched in March and to date, 18 units of the 20 units from the first phase of pre-built houses are sold. The expected completion is in 2Q2005 with the current construction progress at 20%.

## Project Progress Update Condominium Projects



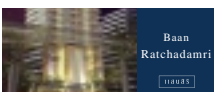
**Baan Sirisathorn** is a 529-million baht premium quality condominium project located on Yen-Akat Road. The project was sold out in October 2002 and construction was complete in September 2003, approximately one month ahead the schedule. All units are transferred to customers except for one unit.



**Baan Sirisathorn Suanplu** is a 342-million baht premium grade condominium project with 75 units located in the business district. The construction is complete as scheduled with expected transfer in May 2004 onwards.



**Baan Sirisukhumvit Soi 13** is a 314-million baht luxury condominium project with 73 units. The construction is complete as scheduled with expected transfer in June 2004 onwards.



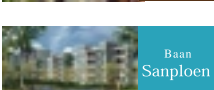
**Baan Ratchadamri** is a 947-million baht ultra-exclusive condominium project centrally located in the business district on Ratchadamri Road. The 32-unit project was launched in January 2003 and sold out in by YE2003, with the current construction progress of 45% and completion scheduled in January 2005.



**Baan Sirirudee** is another Sansiri pre-sale success story. The 68-unit condominium project worth approximately 485 million baht opened for booking in May 2003. Receiving a strong market response, the project was sold out within a few weeks after the soft launch. The construction started in July 2003 with completion scheduled in 4Q2004. The current construction progress is 65%.



**Baan Nunthasiri** is another example of Sansiri's strong reputation in the high-end condominium market. The 1,052-million baht project was sold well after the launch in August 2003, and to date, 64 units of total 76 units were sold. The completion is expected in 2Q2005 with the current construction progress at 23%.



**Baan Sanploen** is a modern-romantic style resort condominium in Hua Hin. The 729-million baht beachfront project was so enthusiastically received by the market that all 129 units sold out within 2 weeks of its launch in March 2003. The completion is expected in 3Q2005 with the current construction progress at 18%.

## Project Progress Update Commercial Building Project



**SUN Square Silom** is a high-quality commercial building project on Silom Road. The 30-year lease project was fully booked within 2 weeks after launch in November 2002. Total value from the 37 units is approximately 292 million baht. The construction is complete as scheduled.



## Project Progress Update

Plus Property Partners Co., Ltd.  
(as of April 30, 2004)

### Townhouse Projects

#### City Plus Sukhumvit Soi 50

City Plus Sukhumvit Soi 50 is a 140-million baht Contemporary-Euro style townhouse project located in prime location near a BTS commuter rail station. Although the project is the first townhouse project of Sansiri Group, it was sold out within weeks of its launch in March 2003, reflecting an established recognition of Sansiri Group not only as the preeminent condominium developer, but also as a successful developer in the townhouse market. The construction is 100% complete with all the units transferred to customers as scheduled.

#### City Plus Ekamai Soi 10

is an exclusive Neo-Euro style townhouse project with 11 units available. The 106-million baht project was launched in June 2003 with current construction progress at 75% and completion scheduled in July 2004.

### Condominium Projects

#### Plus 38

Plus 38 is a 256-million baht condominium project located on Sukhumvit Soi 38 featuring 112 units. The demand for highly individual place (HIP) condominium was so strong that all units were sold out within one week of its early March 2003 launch. The current construction progress is 60% with expected completion in 3Q2004.

#### Plus 67

Plus 67 is a 274-million baht HIP condominium project located on Sukhumvit Soi 67 featuring 121 units. Following the launch in late March 2003, the construction started in July 2003 and is now approximately 38% finished with completion scheduled in 4Q2004.

#### Sukhumvit Plus

Sukhumvit Plus is a 855-million baht condominium project with 383 units, featuring the largest swimming pool in the Sukhumvit area. Launched in June 2003, the project is receiving strong market response and is in the process of site preparation with expected completion in 1Q2006.

#### Garden court

Garden Court is a 435-million baht condominium project with 338 ready-to-move-in units located on Ratburana Road. The project is 100% complete with 263 units already transferred.

#### 49 Plus

49 Plus is a 272-million baht condominium project with 77 units located on Sukhumvit Soi 49. The project is in the process of site preparation with expected completion in 1Q2005. The project was sold out within 3 days of its launch, indicating not only the strong demand for high-quality accommodation in this prime location, but the strong recognition of PLUS Property Partners Co., Ltd., as one of the new leading property developers.

### Plus Property Partners Company

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