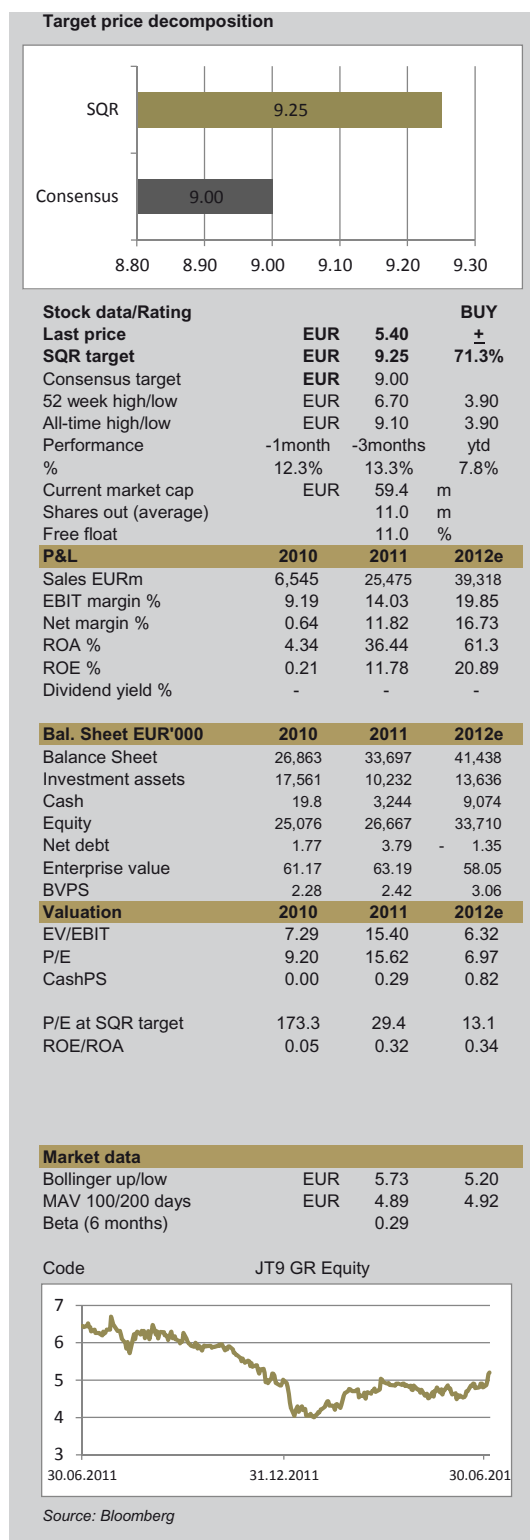




Euro Asia Premier Real Estate

Real Estate



BUY,

PT €9.25, upside 71%

EuroAsia published final 2011 results. The new, international accountant Mazars changed some of EA's account positions, making the company significantly more transparent

Fact: EuroAsia Ltd issued the 2011 annual report. Mazars testified the report and simplified the reporting structure. Mazars also clarified the relation between EuroAsia, SNI, NWI, Xinpu and Mr.Sun. Previous transactions between the companies were documented. Hence, EuroAsia's accounts now reflect a pure stand alone base. The main advantage is that the accounts now differentiate between land rights and properties.

Assessment Euroasia is a privately owned development company, which was born out of the activities of Mr.SUN in Weifang. The key underlying issue is the transparency on the value of land rights. According to DTZ, the value of these rights was RMB474m by the end of 2011 (EUR5.50/share), while the carrying value on the balance sheet was RMB112m. Two further bare land plots were valued at zero due to missing Land Use Rights. Once granted, the value would be RMB298m (i.e. additional EUR3.45/share). One issue is that SNI owed EuroAsia RMB222m by the end of the year. While this looks worrying, it should be noted that Mr.SUN is the major shareholder of both companies. In September, EuroAsia agreed with Mr.SUN to acquire land worth RMB550m, boosting its land bank.

Conclusion: Following the streamlining of the accounts, EuroAsia's book value is at least around EUR10/share, hence almost twice the current share price. In addition, EuroAsia achieved cash earnings of RMB35m (=EUR4.4m). This implies that the company trades at a P/E of 13.4x historic earnings, but just 6.1x current earnings. Transparency increased, suggesting that the 'fear' discount of the stock would vanish soon. EuroAsia is in process of boosting its business volumes: given the structure of the developments, the company should be unaffected by the perceived slowdown of general activities. Hence, we maintain the view that earnings could double in 2013 from 2012 levels. This - and the fact that our price target is covered alone by the NAV of the land bank - leaving additional profitability from developments aside - should lead to a good performance from here. So far this year, EuroAsia's shares rose 8%, significantly less than its larger Chinese peers, which are listed in Shanghai.

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Author of the present financial analysis: Ralf Groenemeyer, Head of Research

2.2. Sources of information and summary of the basis of valuation and the valuation methods applied during the preparation

2.2.1. Sources of information:

Essential sources of information for the preparation of this document are publications in interior and foreign media like information services (e.g., Reuters, VWD, Bloomberg, dpa-AFX, among others), business press (e.g., "Börsenzeitung" (financial paper), "Handelsblatt", "Frankfurter Allgemeine Zeitung", Financial Times, among others), specialized press, published statistics, rating agencies as well as publications of the analysed issuers.

All information refers to the date of the publication: [Date, time, refer to the date at the end of the disclaimer]

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Within the scope of the evaluation of enterprises the following valuation methods are applied: multiplier models (stock exchange value / profit, stock exchange value / cash flow, stock exchange value / book value, Enterprise Value (EV) / turnover, EV / EBIT, EV / EBITA, EV / EBITDA), Peer Group comparisons, historic valuation methods, discounting models (DCF, DDM, EVA, RIM), Break-up-Value- and Sum-of-the-Parts-approaches, substance-valuation methods or a combination of different methods. The valuation models are dependent on economic parameters like interest rates, currencies, resources and on economic assumptions. Moreover, market moods influence the valuations of enterprises. Also, the approaches are based on expectations that may change rapidly and without advance warning according to developments specific for the respective branch. Therefore, the valuation results and fair values derived from the models may also change accordingly. The results of the evaluation basically refer to a period of 12 months. Nevertheless, they are also subjected to market conditions and constitute merely a snapshot. They may be reached faster or slower or may be scaled up or down.

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NEUTRAL: The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to between -10% and $<+10\%$.

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3. In their trading portfolio the aforementioned Persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.
4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, in a market by placing purchase or selling orders (Market Making/ Designated Sponsoring).
6. The aforementioned persons and/or enterprises were involved within the preceding twelve months in lead managing a consortium for in the public offering of financial instruments, which or the issuer of which are subjected to the financial analysis.
7. The aforementioned persons and/or enterprises acted as an issuing bank or a selling agent within the scope of the listing on the stock exchange of the issuer, who or whose financial instruments are subjected to the financial analysis.
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in this period from such an agreement a benefit or a performance promise.

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10. The aforementioned persons and/or enterprises have concluded an agreement for the preparation of a financial analysis with the issuer, who or whose financial instruments are subjected to the financial analysis.

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Issuer of the analyzed finance instrument is Euro Asia Premier Real Estate

3.2. Date of the first publication and date and price at the time of financial instruments

Company	First Publication	Price EUR	Recommendation	Target Price EUR
Euro Asia Premier Real Estate	29-Apr-11	8,29	Buy	9,25

3.3. Overview of our most recent financial analyses of securities of the issuers within the past 12 months*

Company	Date of Issue	Price EUR	Recommendation	Target Price EUR
Euro Asia PRE	29-Apr-11	8,29	Buy	9,25
Euro Asia PRE	01-Dec-11	5,46	Buy	9,25
Euro Asia PRE	18-May-12	4,68	Buy	9,25
Euro Asia PRE	08-Jun-12	4,65	Buy	9,95
Euro Asia PRE	06-Jul-12	5,25	Buy	9,25
Euro Asia PRE	18-Jul-12	5,67	Buy	9,25
Euro Asia PRE	02-Aug-12	5,40	Buy	9,25

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								x				

3.4.2. Conflicts of interest with biw bank für Investments und Wertpapiere AG when transmitting the financial analysis

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		x		x	x			x				

3.5. Publication according to article 5 (4) no. 3 of the German Regulation concerning the analysis of financial instruments (Finanzanalyseverordnung):

Companies under coverage by Silvia Quandt Research GmbH	Total	of total	thereof recommendations for issuers to which investment banking services were provided during the preceding 12 months
Buy	91	57%	36
Neutral	51	32%	7
Avoid	17	11%	0

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