

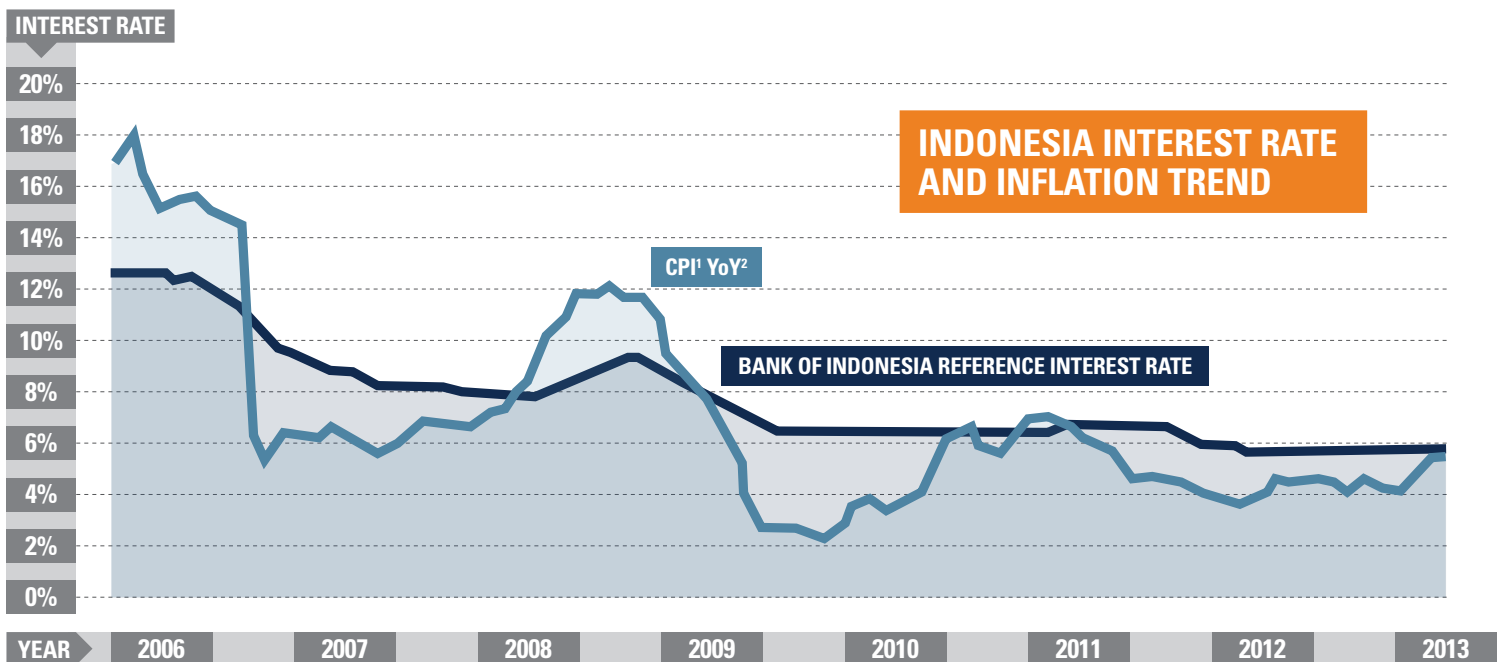
EMERGING MARKET REPORT: PROPERTY



Property may not be the first sector that comes to mind when thinking of the “Great Consumer.” However, it’s impossible to deny the significance of home ownership to the middle class, which symbolizes both security and success in both the developed and the emerging markets.

On the macro level, a favorable monetary policy, a high urbanization rate and stable income growth is driving property prosperity in emerging markets. On the household level, an increase in accumulated wealth and lower mortgage rates are making home ownership more affordable. Among the emerging market countries that are experiencing a low interest rate environment and rising income, Indonesia stands out as the market with the most potential for expedited growth.

Indonesia’s urbanization has progressed at a rapid pace, from 42% in 2000 to 51% in 2011, along with average incomes growing at 13% per annum over the past seven years. Monetary policy has turned favorable as well. Historically, Indonesia suffered from an environment of high interest rates due to high inflation and a volatile currency. However, over the past five years, Indonesia’s economy has significantly stabilized, backed by the commodity boom and rising manufacturing activity. Accordingly, inflation and interest rates have declined leading to lower mortgage rates.



Source: Bloomberg, as of March 2013

¹ Consumer Price Index (CPI): A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

² Year on Year (Year on Year): A method of evaluating two or more measured events to compare the results at one time period with those from another time period (or series of time periods), on an annualized basis.

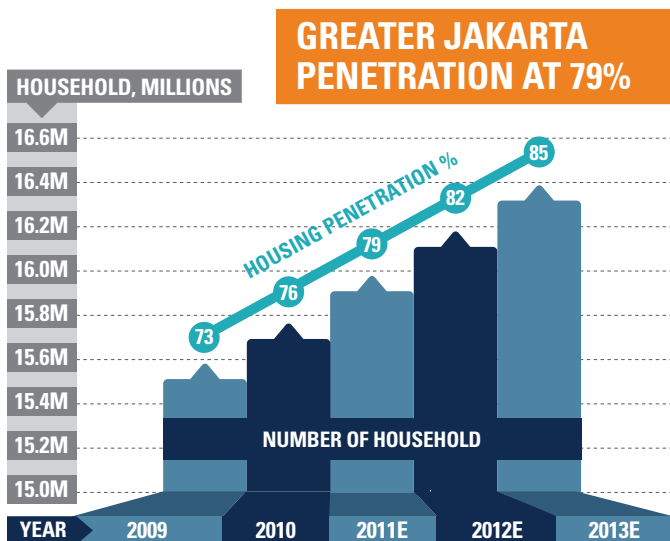
Housing affordability has improved dramatically. According to Deutsche Bank, it has grown by 23% per annum over the past seven years as a result of competitive mortgage plans. The average housing affordability is near 20%, below the banking threshold of 30% of monthly household income.

INDONESIAN BANK'S MORTGAGE RATE

BANK	RATE (%)	TERMS
BCA	9.00%	Fixed for 60 months
NISP	8.75 - 9.50%	Fixed for 2 years (8.75%), 3 years (9.25%), and 5 years (9.5%)
BRI	8.00%	Fixed for 2 years
BTN	8.00%	Fixed for 2 years
ANZ	8.00%	Fixed for 2 years
Bank Mandiri	7.50 - 9.50%	Fixed for 1-2 years (7.5%) and 3 years (9.5%)
Panin	7.90 - 8.90%	Fixed for 1 year (7.9%), 2 years (8.3%), and 3 years (8.9%)
Danamon	8.50%	Fixed for 1 year
CIMB Niaga	8.75 - 12.88%	Fixed for 1 year (8.75%), 2 years (10.25%), 5 years (11.88%) and 10 years (12.88%)
Bank Permata	8.00 - 8.50%	Fixed for 1 year (8%) and 2 years (8.5%)
BNI	8.25 - 11.00%	Fixed for 1 year (8.25%), 2 years (8.5%), 3 years (9.75%), and 5 years (11%)
Bukopin	10.90%	Fixed for 2 years
UOB	7.00 - 9.00%	Fixed for 1 year (7%), 2 years (8%) and 3 years (9%)
BII	Floating	BI rate + 3.5%

Source: Deutsche Bank, as of November 2012

Meanwhile, even though property development is concentrated in Greater Jakarta, Indonesia's capital and the nation's largest city, the area's housing market is currently under-penetrated. In 2011, it had a 79% penetration rate and a home ownership rate of 45%. Regional peers have close to 100% housing penetration and more than 60% home ownership. This presents a tremendous opportunity for even more growth in this fertile emerging market.



Source: PLN, BPS, Deutsche Bank, Mirae Asset Global Investments

HOUSE OWNERSHIP IN AP REGION

COUNTRY	HOME OWNERSHIP
China - Rural	95%
Singapore	87%
China - Urban	85%
Macau	73%
Philippines	70%
Australia	69%
New Zealand	67%
Korea	54%
Hong Kong	53%
Jakarta	45%

Source: PLN, BPS, Deutsche Bank, Mirae Asset Global Investments