



COVER STORY
THE LAND OF SMILES



HOTSPOT IN FOCUS
OF BEATLES, FOOTBALL AND PROPERTY



INVESTING 101
DEVELOPMENT INVESTING PART 1/3

COVER STORY

THE LAND OF SMILES

Across Asia, Thailand developers are targeting their marketing efforts in Hong Kong, Singapore, China, Japan, Taiwan and even the UK and Australia with the same pitch - a great lifestyle, ease of ownership, lower prices and a growing economy. With most of these countries having implemented rather punitive measures against speculative property investing, Bangkok would seem like a great alternative.

From a foreign investor perspective, Bangkok does present some rather attractive. The relatively low barrier of entry in terms of prices and regulations, an enviable lifestyle and a growing city that is implementing a significant amount of infrastructural developments including mega projects such as the new train lines, the recent approved high speed rail and of course the China-led Belt and Road Initiative (BRI). Such and more are luring international investors to this land of smiles by the busload.

So what is there not to like about the Thailand market? Does the recent price growth present a correction risk? Is there still an upside for investors? Is the market as oversupplied as many have touted it to be, and will the demand from foreign investors continue?

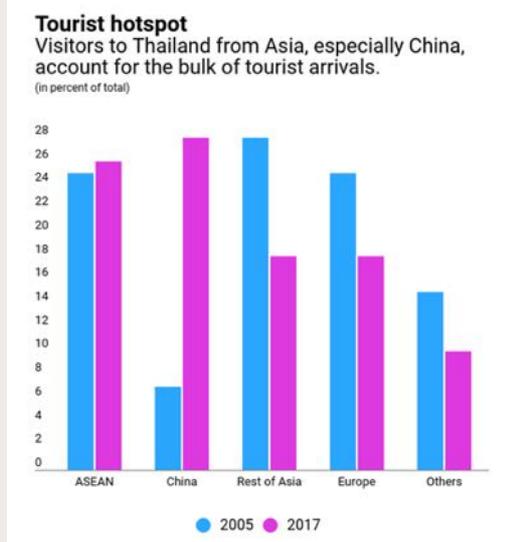
The Thailand Economy

In 2017 the Thai economy grew 3.9% - the fastest in 5 years. The expectations of various economic experts for 2018 is now well above 4%. While this is all

good news, it should be noted that neighbouring countries are doing well above this rate with Vietnam at 7.5%, the Philippines at 6.9% and Indonesia at 5.06%.

Thailand's tourism market, which saw a whopping 36 million visitors, is the biggest contributor to the increase in tourist revenue coming from the Chinese. Manufacturing and exports are also doing well as the government moves to encourage technological advancements together with massive infrastructural developments.

However, when compared with its neighbours, Thailand would seem a little late to the game. In the years of political instability where developments were stalled, many of its neighbours had pulled ahead in terms of economic diversity and advancement. With further complications from high debt and low domestic consumption, Thailand's potential remains challenged. In fact, the Philippines is expected to overtake Thailand as the second largest Asian economy by 2022.



The Housing Market

The combination of high domestic debt, a subdued domestic consumption, tourism and export-driven growth translates into a two-tiered housing market. One supported by local affordability, which should see improvements as the economy continues to grow, and another driven by the upper echelon of the society and foreign investors.



CEO'S NOTE

Time flies. We are done with half the year and while we have made huge progress as a group, there are ups and downs just like any other organisations. The important thing for me is always to make sure that we are moving forward and not backward.

July 2018 is an important financial month for us as we adjusted all our companies' financial year to start on 1 July and end on 30 June. This is to align ourselves with Australia as we see ourselves engaging more and more activities there.

In fact, regardless of what you may have heard in the market, we remain very positive about Australia and where it is heading for the long term. Hence we are making this lucky country a key part of our strategy whether in advising our clients with their portfolio or focusing our project development efforts. We will definitely continue to bring you investment opportunities across key cities where we will be seeing population and economic growth down-under.

The start of the new financial year is also a time where we need to re-rationalise our advisory business. Where do we want to focus our efforts and the category of clients for which our services would be most effective. Such will determine our direction for the rest of the year. I suspect that you will see a lot more activities in China and Hong Kong, particularly across Guangzhou and Shenzhen. If you have been keeping in touch with us via social media I am sure you will see that we have been working in those regions over the last few months.

RunningStream will continue to pursue our mission of delivering superior investment asset advisory to our clients across Asia. Reaching out to banks, financial advisory firms and collaboration with professional associations to bring our expertise to the market. And in this new FY, regardless of setbacks, we will aim to bring our vision to greater heights.



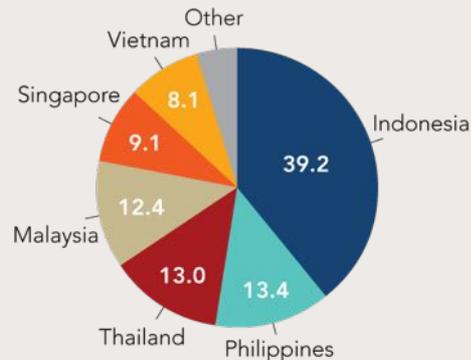
Yours truly,

Dan Toh (Founder/CEO)

COVER STORY

Given the property buying habits of the Chinese, it is no surprise that this growing tourism market inevitably translated into high volume of property purchases. Thai developers are naturally wooing them with much marketing efforts such as free trips.

Projected contribution to ASEAN's total GDP by country in 2022 (in percent)



Source: IMF

Earlier this year it was reported that despite the strong economic showing, over 45,000 units of apartments remained unsold in 2017, raising concerns among developers. Regardless, condominium projects are continuously being launched along with the new mass transit lines under planning or construction. Domestic uptake is understandably weak and as a result, most developers are selling outside of Thailand before launching the projects locally. Another 120,000 condominium units are expected to hit the market in 2018 alone, with more than half of them located in Bangkok. These are not only from local developers but also from international collaboration with partners from China, Japan, Hong Kong and Singapore - the same markets where foreign investors are located.

While the gross margins for most developers remain healthy, profits have

fallen, largely due to higher sales and administration costs stemming from their overseas activities. Correspondingly, prices of new condominium projects have risen to an average of THB133,000 psm (SGD5,500 psm). Those with new BTS stations are commanding more than THB250,000 psm (SGD10,300 psm). These price levels are now comparable with prices across major cities around the world such as Melbourne and Tokyo.

While prices of new launches continue to grow, the resale market is lagging behind by sometimes as much as 40%. A projects perhaps 3-4 years older (and sometimes even closer to a BTS stations) can resell at a much lower prices than new launches in the same vicinity This reflects a price level that has perhaps deviated from basic market support, and investors into the new units will need certain price growth to make up the difference before they are in the money.

Conclusion

We believe that in the short term, the military government will remain stable and poses little risk to the property market. The key to sustaining and furthering the growth of Thailand is to embrace economic diversity and advancement to stay competitive with its neighbours and avoid being left behind. From that perspective, it would seem that the current government has its job cut out for them.

The housing market, however, is clearly lacking in local support. While foreign investors might continue support higher prices, their fickle nature poses a worrying risk to the country which if not mitigated, might set the stage for a correction. The widening price gap between new launches and resale signals a red flag that investors should take note of while considering to bet their monies on this market.

~ Dan Toh

HOTSPOT CITY

OF BEATLES, FOOTBALL, AND PROPERTY

Better known to most for its football team, the city of Liverpool was a major and important city of UK in the 19th century with almost 40% of the world's trade passing through its docks. It was then a global destination and a cultural centre of Europe.

The manufacturing slump of the 70's and 80's rendered many of the docks obsolete. The same period saw the city decline in population from 1.2m in the 70's to just 880,000 in its urban areas today.

Centre for Cities ranks Manchester number one for city centre growth and jobs

England and Wales

Rank	City	Population growth in city centre (2002-2015)	Jobs growth in city centre (1998-2015)
1	Manchester	149%	84%
2	Leeds	151%	34%
3	Birmingham	162%	30%
4	Liverpool	181%	27%
5	Milton Keynes	110%	52%
6	Bristol	86%	41%
7	Newcastle	112%	29%
8	Cardiff	86%	19%
9	Brighton	38%	31%
10	Norwich	57%	16%
20	London	22%	71%
City centre average across England & Wales		47%	34%

HOTSPOT CITY

The government is however building the vision of a Northern Powerhouse - an initiative to link up the great towns, cities and counties of the north, pooling their strengths and tackling major productivity barriers to unleash the region's full economic potential. Over £3.4 billion is dedicated to the growth, £13 billion for transport and £70 million for transportation.

Liverpool house prices

Indices (rebased)



Source: Knight Frank Residential Research

FT

The rise of the north has seen the population and jobs growth of cities such as Manchester, Leeds, Birmingham and Liverpool far exceed that of London since the turn of the century. Granted that these cities start from a lower base, they have nevertheless

transformed into attractive locations today for people to live, work and play. They will be key to allow the UK to diversify its economy and grow beyond London. However, maintaining such momentum will require much from the government as the UK continues to struggle with geopolitical challenges.

With all these regeneration and development going on in Liverpool, one would naturally think that the property market would go on a recovery track. But is that happening?

According to the land registry, analysis of price data from Liverpool and the county of Merseyside shows that the average price of a home is £105,780, well below the average in England and Wales of £177,766. Savills' analysis of the different areas in the Merseyside confirms that a full-scale

house price recovery is still some way off. Liverpool city itself, where the price has seen a rise of 5.2% over the past 12 months still remains 23.3% lower on its 2007 level. Other



areas in Liverpool share a similar story.

While there is no doubt that Liverpool is indeed growing from strength to strength, challenges such as connectivity, population and the vast amount of abandoned houses etc are still a deterrence for Liverpool to truly take off. Weighing the potentials of the Liverpool market at this point in time, we are of the opinion that other cities such as Birmingham and Leeds may be able to provide equal if not, better performance a significantly lower risk.

~Shaun Jit Singh

ONE FROM THE TEAM



THOMAS TAI
CLIENT MANAGER
KUALA LUMPUR, MALAYSIA

Favorite quote

"The problem is to keep the monkey mind from running off into all kinds of thoughts."

- Lee Kwan Yew

Tell us a little about yourself.

I am someone who is always on the lookout for new things, learning new skills and gaining experiences. I also have a passion for motorsport, as I am frequently joining the track events at Sepang International circuit. I am by nature competitive and majored in Business Management at the University of Sunderland.

What was your position/role in your last job?

I was previously a relationship manager in the banking industry and was tasked to advise a portfolio of 500 clients on their investment options. One of my primary roles was to provide advice based on the financial planning approach to protect my clients' interests.

What is your proudest achievements to date?

My proudest achievement would be that I have started my own family and have a lovely daughter at the age of 25. I always believe the famous phrase from the Book of Rites: 修身, 齐家, 治国, 平天下, which translates to "To conquer and bring peace to the world one must start with the discipline of oneself, manage well the family, rule a country."

What got you to leave your last job to join RS?

For one simple reason, that the company and I share the same belief of having a client-centric and holistic approach during our meet ups with clients.

Describe your role in RS and what do you enjoy the most so far?

I joined RS as a Portfolio Analyst and one of my roles is to assist our clients in understanding what are their current viewpoints on the financial perspectives. I am now the client manager where I meet and engage potential clients and introduce them to our services to help maximise their real estate investments.

I enjoy being able to share my financial planning approach and provide holistic advice to clients rather than a product-based selling like a typical real estate agent.

What is something that you would like to tell everyone?

You have to believe in what you do before you can advise any clients.

CLIENT STORY

What do you do?

Karen: Loves cooking, different cultures and yoga with 1 Daughter aged 24.

Royston: Loves fishing, cars and nature. We share the same child (pewh!)

How do you find the service that RS offers?

Knowing RunningStream from their cafe made the transition from friends into professional advisors smooth. We were impressed by their dedication, patience in explaining the process (and waiting for information) and exceptional consideration in ensuring we did not make a hasty decision.

Further, the camaraderie between team members gave out a positive vibe that set us at ease.

How was your experience with RS?

Absolutely great! The fact that they made a trip to be present during our mortgage application, being ever ready to be of assistance, and even going into the meeting with us, thoroughly explaining to our relationship manager all the details, reinforced

our belief that we had chosen the right company to work with.

It is so personalised and efficient! They even come as a team to help with the final touches at the lawyer's office!

How did RS help you align your financial aspirations?

Growth potential was explained and a lot of homework was done on their part in providing financial prospects and time frames made it easy to see the potential of our investment. We were able to gauge affordability that suits our needs and meet our expectations.

What would you say to anyone considering making a purchase/service and would you recommend RS? If so, why?

We would highly recommend their services for all of the above. There is no obligation regardless how much you pick their brain. The willingness and care put into ensuring you are making the right decision are remarkable.



KAREN & ROYSTON

PARTNERS CORNER

What are the common issues that your clients face in terms of property management for a real estate?

Clients often come to us when their properties are achieving rents that are lower than the market average and we focus on optimising rental returns for them. Other common issues include poor communication and maintenance coordination. We have implemented a number of initiatives to address these common issues for investors.

Firstly, we streamline communication using technology like our Little Property Tracker app and also proactively manage maintenance requirements through our team of qualified trades professionals. This minimises delays and optimises the quality of repairs.

What are your experiences with overseas landlords?

The professional property management service at Little Real Estate is designed to ensure landlords are not required to physically attend their properties during the management phase. We view this as our role and ensure each landlord is provided with detailed reporting, including photos of the condition of each property.

As many of our landlords are located overseas, our service is tailored to streamline the

management process regardless of the location of the owner.

How have your clients benefited from your services?

Our goal is to create the best real estate experience for property investors and tenants by ensuring our clients receive unparalleled service from experienced professionals.

Our real estate industry experts help property investors build rewarding property portfolios and ensure tenants have a seamlessly positive experience renting through us. We pride ourselves on offering a holistic service to suit individual leasing and management needs to deliver a stress-free experience.

Our dedicated team of property managers offer a variety of valuable services, including renovation advice to improve rental returns, tailored management in line with individual property investment strategies and comprehensive market analyses.

~Leah Eaton



LEAH EATON

RELATIONSHIP EXECUTIVE,
STRATEGIC PARTNERSHIPS

BUILDING HOMES, GROWING COMMUNITIES

Huon Property Group is an Australian-based boutique development company, specialising in the design and development of conveniently located residential, commercial and retail projects.

Tell us more about the company.

Started in 2016, the company's ambition is simple, and that is to deliver stunning projects that people love to live, work and play in. This is exemplified through the meticulous work of our experienced team, and consultants engaged in each and every development.

Over the short span of two years, we have already commenced two projects (Ardan Ascot and Warringah Grove) and are aggressively looking to expand our portfolio further in Australia.

How is Huon different from its competitors?

Huon is focused on delivering high-quality products that cater to domestic demand and contributes to the community. From choosing the right site with the perfect amenity to exceeding design expectations through partnerships with award-winning

architects, this ambition is the fuel for everything we do.

This results in impressive projects, with immediate and convenient amenity, that not only adds to the aesthetic of the location but the community as a whole.

What is the next project in your pipeline?

Located within an exciting growth corridor between Brisbane's CBD, Logan and Greater Springfield, Arabella is our next upcoming project that is situated at the middle ring suburb of Oxley. Arabella is a 6.5ha project that is made up of 170 townhouse units and 31 land lots project. It will be bringing an unique community concept not only to Oxley but to Brisbane as a whole.

We are also in the midst of exploring inner city apartments designed for families and owner occupiers - something which we believe will be in demand in view of the fast growing population in Brisbane, and the general demographical difference in this city. That said, we are not exclusive to Queensland. The team is always on the lookout for opportunities in Melbourne and Sydney as well, but all in good time.



TEAM PHOTO
HUON PROPERTY GROUP



DEVELOPER'S PROJECTS



ARDAN ASCOT
ASCOT, BRISBANE

20 stylish modern apartments combining contemporary design and refined finishes that is conveniently located 8km to the CBD.



WARRINGAH GROVE
EVERTON PARK, BRISBANE

13 exclusive architecturally designed townhomes in the heart of Everton Park.



PROJECT ROI

TRAFALGAR LANE (WOOLLOONGABBA, QUEENSLAND)



1509 TRAFALGAR LANE
WOOLLOONGABBA, QUEENSLAND

Located in Woolloongabba, Trafalgar Lane is a 20-storey, 147 units project with over 2,000sqm of retail and commercial space.

The projected capital growth for Trafalgar Lane over the next 2 years is set to be around 1% per annum, in line with Woolloongabba's performance for units over the past few years. The rental yield, however, is expected to fair better with an expected 5%.

This positive outlook is mainly due to the number of projects and gentrification activities in the area. One such project is the Cross River Rail station. Aside from improving connectivity, the station will allow high-density commercial and residential development on land with a nationally significant sport and events precinct emerging around the station.

Furthermore, in recent years, there has been a restriction on approvals for the development of apartments in the CBD and inner city. The effects of the decrease in development approvals will become evident in the near future as the currently

available supply is quickly absorbed, resulting in a shortage of supply. This restriction along with the projected increase in population will prove to be the main drivers of increased demand resulting in an upward push of prices for these Trafalgar Lane apartments.

In July 2014:

Purchase Price	A\$430,500
Unit Type	1 bed 1 bath 1 carpark
Size	58 sqm internal

In July 2018:

Estimate Value	A\$400,000
Capital Growth	-A\$30,500
Annual Growth	-1.77% p.a.
Rental	A\$430 p/w
Annual Yield	5% p.a.
Total Return	-7.6% p.a.

RECOMMENDED PROJECTS



THE FOUNDRY
ST DIGBETH, BIRMINGHAM

140 luxury loft style, comprising of one and two bedroom residences just moments away from Birmingham's thriving City Centre.



ARDAN ASCOT
ASCOT, BRISBANE

20 stylish modern apartments combining contemporary design and refined finishes that is conveniently located 8km to the CBD.



FLORENCE
STONES CORNER, BRISBANE

Development of 107 apartments over 8 levels, Florence seamlessly combines exceptional apartment living with an enviable location.



ARABELLA
OXLEY, BRISBANE

With a mere 20 minutes drive to Brisbane CBD, and a wealth of amenities throughout the area, this mixture of townhouses and land lots for this development in Oxley is an unrivalled opportunity.



WATERFRONT III
GREENWICH, LONDON

Located on the River Thames (Greenwich), Waterfront at Royal Arsenal Riverside is part of a transport oriented regeneration plan.



NORTHWOOD
MCDOWALL, BRISBANE

34 townhomes bordering the green spaces of McDowall, designed to exist in harmony with nature and the established community.

DEVELOPMENT INVESTING PART 1/3

Most property investors would start their journey with basic residential assets in their home country. Moving on to commercial, industrial, land and even international assets after gaining experience. There are some, who eventually go from buying assets to building them. It can be a simple subdivision of one property into two. Or amalgamating multiple land plots for townhouse or apartment block. Or simply being a sleeping capital partner of a private fund structured for a development.

In recent days, the concept of shared economy has inspired many new possibilities. Developers are quick to jump onto the bandwagon, raising capital through crowd or collective funding structures. While that enables them to access the pockets of the common man on the street, the lack of clear regulatory control does mean the usual caveat emptor applies.

Property development is often perceived as a game for institutions with bigger war chests and appetite for risk. It demands a plethora of knowledge and experience that for most, would be a daunting undertaking. But when properly structured, such opportunities can yield attractive returns while remaining secure.

For those looking to participate in such projects, we are putting together a 3 part series that will provide you with a simple process to think through these opportunities.

The Connected Global Economy

Over the last 30 years economies have become more and more interconnected with advancing technologies. Such has a contagious effect, allowing the wows and woes of one economy to vastly and quickly impact another. In current context, global events such as trade wars, eurozone crisis and even the capital outflow restrictions in China has direct influence on economies, jobs, currency and housing markets.

It is important to understand that a negative economic situation does not necessarily imply a negative housing market. If the market is fundamentally strong, you might often find the housing market to be uncorrelated to the general economy. For example, when Australia experienced a economic slowdown during the resource market downturn, the weakening Australian dollar supported the recovery of the services and export sectors including education and tourism. Together with interest rate cuts they triggered a housing and construction boom with unsurprising strong demands from foreign investors and international migrants.

On the other hand, markets supported by a single industry such as automobile manufacturing or tourism, or a single

employment entity such as a major car manufactory plant, can be easily toppled when the tide turns against them. Housing demand quickly evaporates when these industries or companies fall. For example, the collapse of oil prices brought property price woes to many oil towns in South Dakota (US) and Calgary (Canada).

If you had read the "Investing 101 - The Theory Of Property Prices" in our June issue on RS|Insider, you would have learned that the impact of macro economy will be more keenly felt in markets exposed to higher price levels supported by investors and foreign buyers. Developers who built to these markets will certainly be exposed to more risks than those catering to domestic demand.



The Investment Structure

For smaller projects, investors may hold the land directly as sole shareholders in a project company while the developer provide the development expertise and services. Such structures are often found among small scale migration-purposed developments or land banking structures. While that secures the monies against the land, investors must be aware that they may end up holding

the land for a long time should developments fails to proceed as planned. Meticulous effort to ensure that the value of the land is properly assessed, all development costs are properly budgeted and the fees due to the developer is fair is critical.

With larger projects, often an equity (shares) or debt-driven corporate structure will be put in place to secure the investors against the land. These structures are inadvertently more complicated. While investors are often the shareholders, they are often at the mercy of the directors who have the day-to-day control of the company. It is therefore important that investors must either have director-oversight of the company or a caveat lodged on the title. Such will defend the investor against irresponsible directors. Investors who are not sure may find it helpful to seek an independent legal assessment/opinion of the structure by a trusted corporate lawyer.

Unfortunately investors often choose to blindly trust than seek professional opinions, often leading to unnecessary grief. I cannot understate the importance of understanding the structure that you choose to enter into. I am not against trust, but at least understand what you are trusting your monies for. In most delinquent cases the trusted person is a friend or relative. Sad to say, they too are seldom equipped to understand the structure, hence the blind leading the blind. In fact, I often would advise investors to be even more diligent when dealing with trusted parties. Simply because there are usually much more on the table than you might think.

UPCOMING EVENTS

DATE	EVENT	VENUE
14- 17 AUG 2018	International Malaysia Law Conference 2018	The Royale Chulan Kuala Lumpur
17 AUG 2018	Financial Alliance Johor Bahru	Johor Bahru

GUANGZHOU CITY PHOTOS

Our CEO was in Guangzhou, China in July to meet with some investors and to share his insights on the global property

industry. Here are some of the photos taken during his trip with the investors, as well as the city shots.



ARDAN ASCOT PROGRESS

Ardan Ascot, which is one of our recommended projects is well on its way for development. This 20 stylish modern apartments combining contemporary design and refined

finishes is conveniently located 8km to the CBD. Here are some photos of the construction progress at the site.



ABOUT RUNNING|STREAM

RUNNING|STREAM is all about taking a very sensible, methodological and research-based approach to building and managing portfolio of assets in cities where we find social, economic and political stability. We believe in providing our clients with timely, in-depth information and advisory services to help our clients make the most informed decisions, as well as provide an end to end investment experience.

RS|INSIDER is our monthly publication to help our clients stay informed about property markets around the world. It is an effort to inform, educate and share with our clients the latest in the market and keep them up to date about us as well. We welcome you to pass a copy of this to anyone who is interested. Feel free to contact us if you have any feedback.

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