

Solid growth in 2011E



บริษัทหลักทรัพย์ ภัทร จำกัด (มหาชน)
Phatra Securities Public Company Limited

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Slight PO cut, but we reiterate our Buy rating

We trim our 12-month price objective on PS to Bt28/share from Bt29/share to reflect our earnings revision. We reiterate our Buy on the stock as we continue to like PS on its diversified portfolio, strong position in the low- to mid-market segment and superior growth profile.

Earnings revision

We cut our estimates on PS by 5%-6% for 2011E-2012E. The revision is mainly to fine-tune our estimates after the release of 2010 actual results, with a slight increase in our assumptions on operating costs to sales. Our estimates are now 6% above the Bloomberg consensus for 2011E.

2011 a year of solid revenue growth with economies of scale

We believe 2011 should be a year of solid revenue growth supported by its sizable backlog on hand (which has already secured 54% of its 2011 revenue target) and better economies of scale. PS also achieved strong new presales of Bt5.5bn in 1Q-to-date, equivalent to 13% of its presales target this year and a rise of 25% YoY (low-rise segment: +67% YoY). In sum, we expect PS to deliver superior growth of 34% this year.

Attractive valuations with the most diversified portfolio

PS is now trading at undemanding valuations of 9x PE on 2011E. We also like PS on its high ROEs with the most diversified product portfolio compared with peers. This should enable PS to be dynamic to adjust their portfolio to meet the changing operating environment and buyers' demand.

Estimates (Dec)

(Bt)	2009A	2010A	2011E	2012E	2013E
Net Income (Adjusted - mn)	3,622	3,488	4,675	5,960	7,548
EPS	1.63	1.56	2.09	2.67	3.38
EPS Change (YoY)	52.2%	-4.0%	34.0%	27.5%	26.7%
Dividend / Share	0.550	0.500	0.670	0.854	1.08
Free Cash Flow / Share	1.79	(5.01)	(1.52)	(0.537)	0.671

Valuation (Dec)

	2009A	2010A	2011E	2012E	2013E
P/E	10.76x	11.21x	8.36x	6.56x	5.18x
Dividend Yield	3.14%	2.86%	3.83%	4.88%	6.18%
EV / EBITDA*	10.89x	11.45x	7.91x	6.16x	4.88x
Free Cash Flow Yield*	10.24%	-28.85%	-8.76%	-3.09%	3.86%

* For full definitions of *iQmethod*SM measures, see page 10.

Stock Data

Price	Bt17.50
Price Objective	Bt28.00
Date Established	22-Feb-2011
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	Bt14.00-Bt25.50
Mrkt Val / Shares Out (mn)	US\$1,256 / 2,191.4
Average Daily Volume	4,409,600
BofAML Ticker / Exchange	PKARF / SET
Bloomberg / Reuters	PS TB / PS.BK
ROE (2011E)	27.4%
Net Dbt to Eqly (Dec-2010A)	75.1%
Est. 5-Yr EPS / DPS Growth	17.3% / 17.1%
Free Float	26.0%

Key Changes

(Bt)	Previous	Current
Price Obj.	29.00	28.00
2011E EPS	2.22	2.09
2012E EPS	2.81	2.67
2013E EPS	NA	3.38
2011E EBITDA (m)	7,203.0	6,877.4
2012E EBITDA (m)	9,187.6	8,830.5
2013E EBITDA (m)	NA	11,146.2

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Refer to important disclosures on page 11 to 12. Analyst Certification on Page 9. Price Objective Basis/Risk on page 9. Link to Definitions on page 9. 11022837

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iQprofileSM Pruksa Real Est

Key Income Statement Data (Dec)	2009A	2010A	2011E	2012E	2013E
(Bt Millions)					
Sales	18,966	23,307	32,982	40,722	50,229
Gross Profit	7,217	8,746	12,065	14,837	18,173
Sell General & Admin Expense	(2,438)	(4,243)	(5,522)	(6,376)	(7,413)
Operating Profit	4,779	4,503	6,544	8,462	10,760
Net Interest & Other Income	20	33	(14)	(68)	(96)
Associates	NA	NA	NA	NA	NA
Pretax Income	4,799	4,536	6,530	8,394	10,663
Tax (expense) / Benefit	(1,177)	(1,048)	(1,851)	(2,422)	(3,092)
Net Income (Adjusted)	3,622	3,488	4,675	5,960	7,548
Average Fully Diluted Shares Outstanding	2,226	2,234	2,234	2,234	2,234

Key Cash Flow Statement Data

Net Income	3,622	3,488	4,675	5,960	7,548
Depreciation & Amortization	216	246	334	369	386
Change in Working Capital	100	(13,694)	(7,667)	(7,015)	(5,954)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	0	0	0	0	0
Cash Flow from Operations	3,937	(9,959)	(2,659)	(686)	1,980
Capital Expenditure	(9)	(1,106)	(700)	(500)	(500)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	(108)	(228)	(35)	(37)	(38)
Cash Flow from Investing	(117)	(1,334)	(735)	(537)	(538)
Shares Issue / (Repurchase)	15	0	0	0	0
Cost of Dividends Paid	(725)	(1,214)	(1,103)	(1,479)	(1,885)
Cash Flow from Financing	(2,199)	9,806	1,964	1,222	(1,442)
Free Cash Flow	3,928	(11,066)	(3,359)	(1,186)	1,480
Net Debt	(1,051)	11,481	15,978	18,679	19,122
Change in Net Debt	(3,111)	12,507	4,497	2,701	443

Key Balance Sheet Data

Property, Plant & Equipment	1,299	2,159	2,526	2,657	2,770
Other Non-Current Assets	468	695	730	767	806
Trade Receivables	60	120	170	210	259
Cash & Equivalents	3,151	1,630	200	200	200
Other Current Assets	13,893	29,606	38,364	46,741	54,368
Total Assets	18,871	34,211	41,990	50,574	58,403
Long-Term Debt	1,500	9,107	7,619	7,619	3,119
Other Non-Current Liabilities	41	50	50	50	50
Short-Term Debt	600	4,004	8,559	11,260	16,203
Other Current Liabilities	3,707	5,787	6,927	8,329	10,051
Total Liabilities	5,848	18,948	23,155	27,259	29,424
Total Equity	13,022	15,297	18,868	23,349	29,012
Total Equity & Liabilities	18,870	34,245	42,024	50,608	58,436

iQmethodSM - Bus Performance*

Return On Capital Employed	25.0%	15.9%	14.8%	15.6%	16.9%
Return On Equity	31.3%	24.6%	27.4%	28.2%	28.8%
Operating Margin	25.2%	19.3%	19.8%	20.8%	21.4%
EBITDA Margin	26.3%	20.4%	20.9%	21.7%	22.2%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	1.1x	-2.9x	-0.6x	-0.1x	0.3x
Asset Replacement Ratio	0x	4.5x	2.1x	1.4x	1.3x
Tax Rate (Reported)	24.5%	23.1%	28.3%	28.9%	29.0%
Net Debt-to-Equity Ratio	-8.1%	75.1%	84.7%	80.0%	65.9%
Interest Cover	NM	NM	44.9x	44.6x	43.6x

Key Metrics

* For full definitions of iQmethodSM measures, see page 10.

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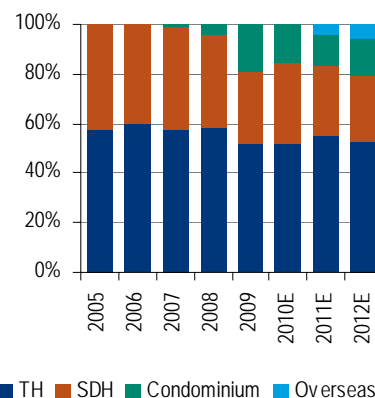
Company Description

Pruksa Real Estate (PS) is the market leader in the low-end segment with average housing price of Bt1mn/unit, the lowest among listed property developers. Some 80% of revenue is derived from projects with average housing price below Bt3mn/unit. PS is a mass-market developer, transferring about 5,800 housing units/year, the highest among property developers. This leads PS to be the dominant player in townhouses, commanding about 40% market share.

Investment Thesis

We like PS's strategy and business platform of adding new brands and product segments. This enables PS to have a more diversified product mix to tap a wider range of buyers and this is reflected in stronger presales and revenue momentum over the past few years. PS has a short business cycle between launch date and transfer. Together with its healthy net gearing ratio, PS is in a position to add projects/segments and grow its presales substantially.

Figure 1: PS - Revenue breakdown



Source: Company; Phatra Securities estimates

Stock Data

Price to Book Value 2.0x

Investment conclusion

PO cut; Maintain Buy

We trim our 12-month price objective on PS to Bt28/share from Bt29/share to reflect our earnings revision. We reiterate our Buy on PS as we continue to like PS on its diversified portfolio, strong position in the low- to mid-market segment and superior growth profile.

12-month price objective calculation

Our 12-month price objective of Bt29/share is based on average valuation of a) 2011E P/E of 11.50x, which is a 15% premium over the average trailing P/E since its listing in 2005 and 28% premium to mid-cap property peers due to its larger market capitalization and stronger growth profile; and b) 20pct discount to our DCF valuation. This is the valuation methodology we apply for property companies which have backlog on hand to secure future revenue.

Figure 2: PS - 12-month price objective calculation

	(Bt)
11.5x PER on 2011E (a)	24.1
20% discount on discounted cash flow (b)	32.2
Average of (a) and (b)	28.0

Source: Phatra Securities estimates

Earnings revision

We cut our estimates on PS by 5%-6% for 2011E-2012E. The revision is mainly to fine-tune our estimates after the release of 2010 actual results, with a slight increase in our assumptions on operating costs to sales. Our estimates are now 6% above the Bloomberg consensus for 2011E.

Figure 3: PS - Changes in basic assumptions

	2011E	2012E
Presales (Bt mn)		
Current	41,132	44,815
Previous	40,645	44,290
<i>% Change</i>	<i>1.20</i>	<i>1.19</i>
Revenue (Bt mn)		
Current	32,982	40,722
Previous	33,024	40,809
<i>% Change</i>	<i>(0.13)</i>	<i>(0.21)</i>
Gross margin (%)		
Current	36.58	36.44
Previous	36.79	36.66
Operating expenses as % of sales		
Current	16.74	15.66
Previous	15.93	15.02
Effective tax rate (%)		
Current	28.50	29.00
Previous	28.50	28.50
Net income (Bt mn)		
Current	4,675	5,960
Previous	4,951	6,276
<i>% Change</i>	<i>(5.58)</i>	<i>(5.03)</i>

Source: Phatra Securities estimates

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Look for solid growth in 2011E

We still expect PS to deliver solid earnings growth of 34% in 2011E and 28% in 2012E, which is superior to industry average of 19% in 2011E and 18% in 2012E. With backlog on hand from condominium and low-rise segment, which is delayed from this year, we estimate PS has secured about 54% of its 2011 revenue target.

2010 - year of solid presales; 2011 - year of solid revenue and...

2010 was a year of solid presales given that PS has a diversified product platform and launched 68 new projects. We expect 2011 will be a year of solid revenue. We expect PS to reap the benefit of its sizable backlog on hand, partly from the construction delay experienced last year. This should be supported by additional construction capacity from the new precast concrete factory and more skilled labor for its on-site construction from tunnel technology.

...economies of scale

The strong presales over the past few years as well as its plan to go overseas has resulted in increasing operating costs from its marketing spending and the hiring of more personnel to support the operations. With decelerating growth of presales and higher revenue target this year, we expect PS to show better economies of scale with lower operating costs to sales of 16.7% this year, declining from 18.2% last year.

Attractive valuations with the most diversified portfolio

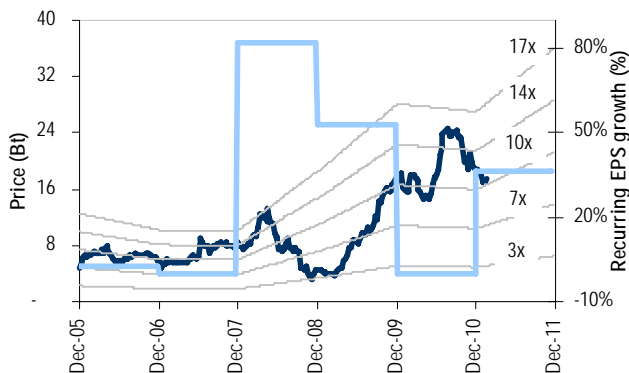
PS is now trading at undemanding valuations of 9x PE on 2011E. We also like PS on its high ROEs with the most diversified product portfolio compared with peers. This should enable PS to be dynamic to adjust their portfolio to meet a changing operating environment and buyers' demand.

Figure 4: Property Comp

	Price (Bt)	Core EPS (Bt)			Recurring EPS growth			Core PER (x)			Div yield (%)	PBV (x)	ROE (%)
		2009A	2010E	2011E	2009A	2010E	2011E	2009A	2010E	2011E	2010E	2011E	2011E
PS	18.10	1.63	1.56	2.09	52.2%	-4.0%	34.0%	11.13	11.59	8.65	2.76	1.21	27.4%
AP	5.95	0.81	0.85	0.96	48.5%	5.3%	11.9%	7.34	6.97	6.23	6.04	1.29	22.5%
LPN	9.10	0.94	1.05	1.23	14.9%	11.6%	17.7%	9.69	8.68	7.38	6.41	1.86	26.9%
LH	5.80	0.39	0.36	0.43	7.3%	-8.2%	19.9%	14.76	16.08	13.42	5.44	2.05	15.6%
QH	2.10	0.19	0.22	0.24	-1.3%	17.0%	7.1%	11.02	9.42	8.80	6.72	1.24	14.5%
SPALI	10.10	1.53	1.51	1.78	128.1%	-1.1%	17.3%	6.60	6.67	5.69	6.74	1.60	30.8%
Average					36.3%	-0.3%	20.8%	11.30	11.55	9.54	5.18	1.60	21.9%

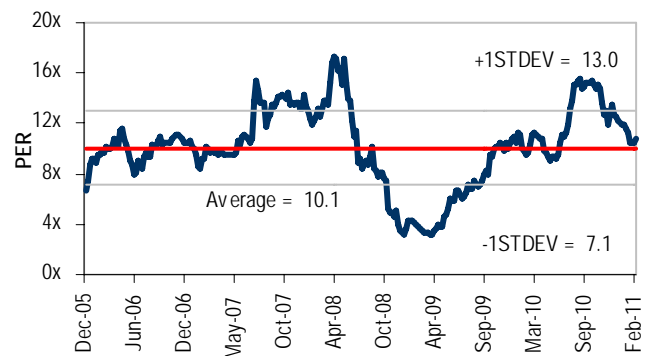
Source: Companies; Phatra Securities estimates

Figure 5: PS - PER Band



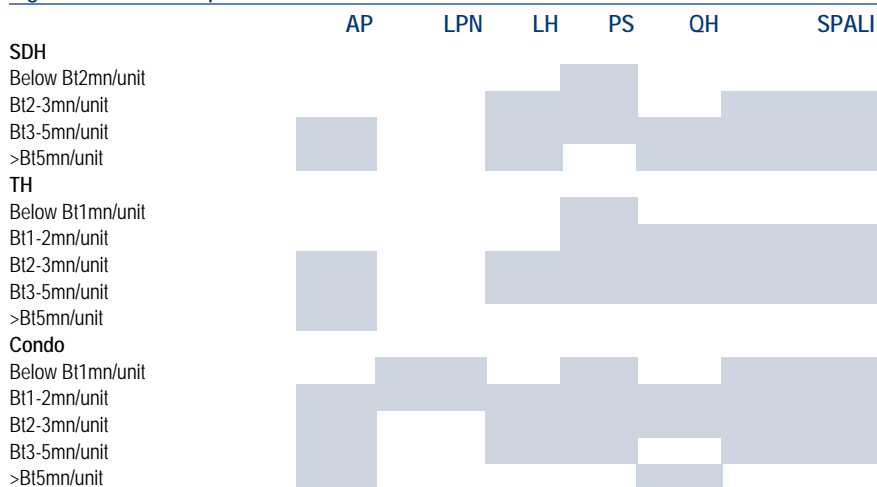
Source: SET; Phatra Securities estimates

Figure 6: PS - Trailing P/E



Source: SET; Phatra Securities estimates

Figure 7: Position Map



Source: Companies; Phatra Securities estimates

Results highlights

Solid 4Q10 but below expectation

PS posted solid 4Q10 net income of Bt1.1bn, down 36% YoY but up 195% QoQ. 2010 net income was Bt3.5bn, down 4% YoY. The results were considered solid but slightly below our expectation and market consensus due to higher-than-expected operating costs. PS also announced a dividend of Bt0.5/share, suggesting a dividend payout of 32%.

Figure 8: PS - 4Q10 earnings review

(Bt mn)	4Q10	4Q09	% YoY	3Q10	% QoQ	2010	2009	% YoY
Sales of real estate	6,974	7,734	(9.8)	3,761	85.4	23,307	18,966	22.9
Cost of real estate sales	4,274	4,567	(6.4)	2,330	83.4	14,561	11,749	23.9
Gross Profit	2,700	3,167	(14.7)	1,431	88.6	8,746	7,217	21.2
<i>Gross margin (%)</i>	<i>38.7</i>	<i>41.0</i>		<i>38.1</i>		<i>37.5</i>	<i>38.1</i>	
Operating expenses	1,344	998	34.7	973	38.2	4,243	2,438	74.0
<i>OPEX as % of sales</i>	<i>19.3</i>	<i>12.9</i>		<i>25.9</i>		<i>18.2</i>	<i>12.9</i>	
EBIT	1,356	2,169	(37.5)	459	195.7	4,503	4,779	(5.8)
<i>Operating margin (%)</i>	<i>19.4</i>	<i>28.0</i>		<i>12.2</i>		<i>19.3</i>	<i>25.2</i>	
Other income	29	13	132.2	26	11.2	100	67	48.1
Interest expenses	29	13	116.0	14	106.0	67	47	42.6
EBT	1,356	2,168	(37.5)	471	188.1	4,536	4,799	(5.5)
Income tax expenses	298	524	(43.3)	112	166.5	1,048	1,177	(11.0)
Net Income	1,059	1,644	(35.6)	359	194.8	3,488	3,622	(3.7)
EPS weighted average (Bt)	0.48	0.75	(35.7)	0.16	194.8	1.58	1.65	(4.0)

Source: Company; Phatra Securities estimates

Stronger revenue should be key with stable margin

The QoQ stronger earnings stemmed from higher revenue, which increased by 85% QoQ but were down 10% YoY, due mainly to lower condo revenue in 4Q10. Revenue from townhouses accounted for 56% of total revenue in 4Q10. Meanwhile, gross margin remained relatively stable at 38.7% in 4Q10 compared with 38.1% in 3Q10.

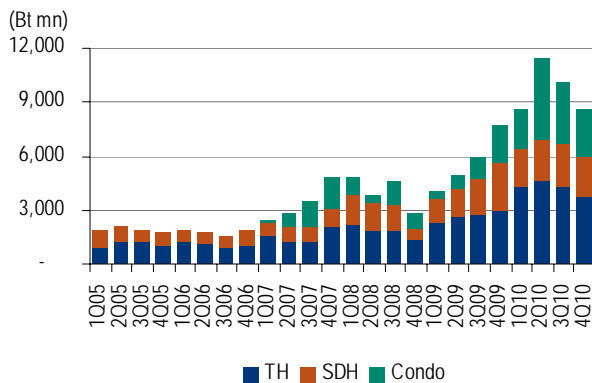
Strong increase in revenue alleviates concern on construction

The strong increase in townhouse revenue (+34% YoY and 79% QoQ) alleviated our concern on construction and capacity constraints in the townhouse segment seen in 2H10. Management mentioned that the operations are now back on track and revenue on townhouses in 1Q11 should be at least equal to 4Q10 at Bt4bn.

2010 presales up 70% YoY

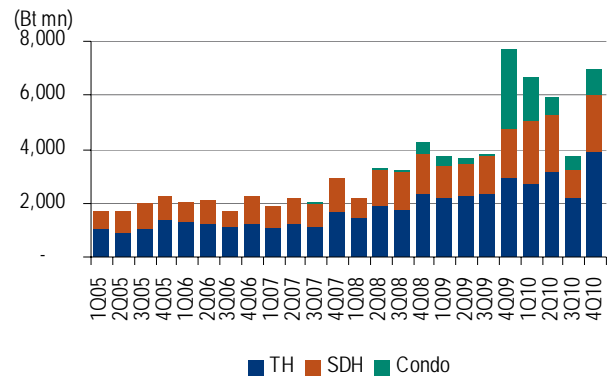
PS achieved softer presales of Bt8.6bn, down 15% QoQ but up 11% YoY. The QoQ weaker presales has been anticipated as PS has been aggressive on their launches since early last year. The decline was seen across the board for all product segments with condominium presales posting a 23% decline QoQ. In sum, PS achieved presales of Bt38.8bn for 2010 (up 70% YoY).

Figure 9: PS - Quarterly presales



Source: Company; Phatra Securities estimates

Figure 10: PS - Quarterly revenue



Source: Company; Phatra Securities estimates

High operating costs

PS experienced high operating costs in 4Q10, which increased 35% YoY and 38% QoQ. Operating costs to sales improved to 19.3% in 4Q10 from 25.9% in 3Q10 but the degree of improvement was slower than we anticipated. This was due to a) higher presales in 4Q10 than expected; b) the operating costs at the start-up for its overseas operations and c) higher personnel costs. PS expected the operating costs to sales to decline this year from economies of scale.

Operations update

Strong presales-to-date

PS achieved good presales of Bt5.5bn 1Q11-to-date. Most of the presales were derived from the low-rise segment. The presales increased from Bt4.4bn achieved for the same period last year of which Bt3.3bn was from the low-rise segment. This suggested approximately 67% YoY increase on low-rise presales, signaling continue strong demand in the market.

Overseas projects making some progress

Maldives - revenue to commence in 2011

PS launched the first phase of its condo project in the Maldives in 3Q10 and achieved presales of Bt595mn. The second phase will be launched in early 2011. Revenue should commence in 2Q11.

India - soft launches started

The company has soft-launched a single-detached housing project in Bangalore in 4Q10 and achieved presales of Bt129mn in 4Q10 and Bt255mn in mid- February, 2011. The project has value of Bt1.6bn and will be officially launched in 3Q11. PS also plans to launch its first project with value of Bt1.5bn in Mumbai in 2011.

Vietnam - launches expected this year

For Vietnam, the right of land has been transferred to the joint venture company in which PS holds an 85% stake. The first phase of condominiums with value of Bt500mn is expected to be launched this year.

Figure 11: Overseas projects summary

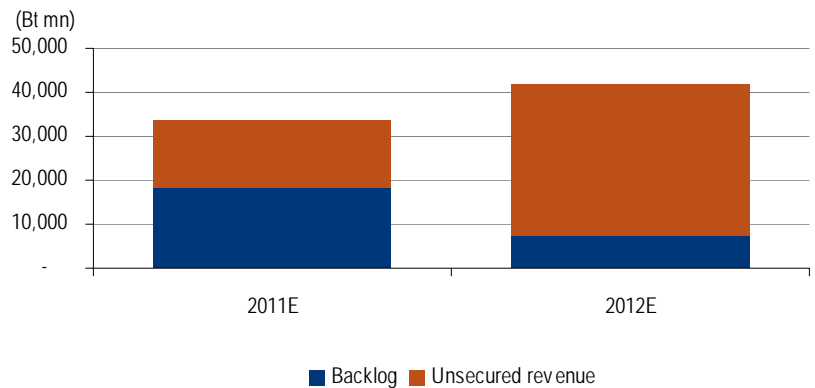
City	Country	%Holding	Type	Project value (Bt mn)	Launch Date
Bangalore	India	100	SDH + TH	1,600	4Q10
Mumbai	India	50	SDH + TH	n/a	n/a
Chennai	India	70	SDH + TH	n/a	n/a
Hai Phong	Vietnam	85	TH+ Condo	2,500	1Q11
Mhulhumale'	Maldives	80	Condo	4,500	3Q10

Source: Company

Backlog on hand

PS has backlog on hand worth Bt30.7bn at year-end 2010 of which Bt18.2bn should be recognized in 2011. This suggests that PS has secured 54% of this year's revenue target and 18% of our revenue target for 2012E.

Figure 12: PS - Revenue secured by backlog on hand



Source: Company; Phatra Securities estimates

Outlook

Mild growth in presales target

PS targets to grow presales by 8% in 2011E to Bt42bn. The growth should be supported by more contributions from international business of Bt4.5bn targeted for this year (vs. Bt700mn achieved last year). Presales from the domestic market is targeted to decline by 2% this year. This should be derived from 9% growth in the low-rise segment (single detached houses and townhouses) and this should be offset with an expected 23% decline in the condominium segment to Bt9.5bn in 2011.

Solid growth anticipated on revenue

Revenue is targeted to increase significantly by 37% to Bt32bn. This consists of Bt13bn from townhouses, Bt12.3bn from single-detached houses, Bt4.2bn from condominiums and Bt2.4bn from international business. Our revenue estimate is within 5% variance with the company's guidelines.

Look for better economies of scale

PS's presales has grown aggressively over the past few years. With the introduction of new segments and new brands, operating costs have risen over the past few years. However, management confirmed that we should see some economies of scale on operating costs this year. Our estimates expect operating costs to sales to decline to 16.7% this year from 18.2% last year.

78 new projects planned this year

After launching 72 new projects last year, PS plans to launch 78 projects this year. This includes 42 townhouse projects, 17 single detached house projects, 15 condominium projects and four projects overseas.

51 land plots secured for the launches

PS has already secured 51 new plots of land to be launched this year. This includes 28 land plots for townhouses, 17 plots for single-detached houses, five plots for condominiums and one plot for overseas projects. The company has already launched 15 projects so far this year and signaled positive response on presales with solid gross margin.

Price objective basis & risk

Pruksa Real Est (PKARF)

Our 12-month price objective of Bt28/share is based on average valuation of a) 2011E P/E of 11.5x, which is 15% premium over the average trailing P/E since its listing in 2005 and 28% premium from its mid cap peers due to stronger growth profile and bigger market capitalization and b) 20pct discount to our DCF valuation. Our DCF is based on the discount rate of 11% and terminal growth rate of 3%. This is the valuation methodology we apply to property companies which have backlog on hand to secure future revenue. Risks to achieving our price objective are lower presales from soft demand due to weaker-than-expected economic conditions and political uncertainties, higher-than-expected rejection rates from rising interest rates, higher-than-expected competition, and rising construction cost.

Link to Definitions

Financials

Click [here](#) for definitions of commonly used terms.

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	Capitaland	CLLDF	CAPL SP	Melinda Baxter
	CapitaMall Trust	CPAMF	CT SP	Xin Yan Low
	CapitaRetail China Trust	XPCAF	CRCT SP	Xin Yan Low
	CDL Hospitality Trust	CDHSF	CDREIT SP	Xin Yan Low
	Fraser and Neave Ltd	FNEVF	FNN SP	Melinda Baxter
	Frasers Centrepoint Trust	XRRFF	FCT SP	Xin Yan Low
	Land & Houses	LDHXF	LH TB	Jiraporn Linmaneechote, CFA
	Land & Houses -F	LDHOF	LH/F TB	Jiraporn Linmaneechote, CFA
	LPN Devp Pub Co	LDVPF	LPN TB	Jiraporn Linmaneechote, CFA
	Overseas Union Enterprise	OVUNF	OUE SP	Melinda Baxter
	Pruksa Real Est	PKARF	PS TB	Jiraporn Linmaneechote, CFA
	PT Intiland Development	PDHMF	DILD IJ	Melinda Baxter
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ASEAN - Property Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
	PT Summarecon Agung Tbk	PSAHF	SMRA IJ	Melinda Baxter
	Siam City	SAMUF	SCCC TB	Jiraporn Linmaneechote, CFA
	WingTai Asia	WTHEF	WINGT SP	Melinda Baxter
NEUTRAL				
	CapitaMalls Asia	CLPAF	CMA SP	Melinda Baxter
	Central Patt.-L	XDOJF	CPN TB	Paveena Chewananth
	Quality Houses	QHPSF	QH TB	Jiraporn Linmaneechote, CFA
UNDERPERFORM				
	Ascendas Real Estate	ACDSF	AREIT SP	Xin Yan Low
	CapitaCommercial Trust	CMIAF	CCT SP	Xin Yan Low
	City Dev -A	CDEVY	CDEVY US	Melinda Baxter
	City Develops	CDEVF	CIT SP	Melinda Baxter
	Global Logistics Properties	XGLGF	GLP SP	Melinda Baxter
	IGB Corporation	IGBBF	IGB MK	Melinda Baxter
	Keppel Land	KPPLF	KPLD SP	Melinda Baxter
	SP Setia Bhd	SPSJF	SPSB MK	Melinda Baxter
	Suntec REIT	SURVF	SUN SP	Xin Yan Low

iQmethodSM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill Amortization}$
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	$\text{Net Debt} = \text{Total Debt, Less Cash \& Equivalents}$	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales} + \text{Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

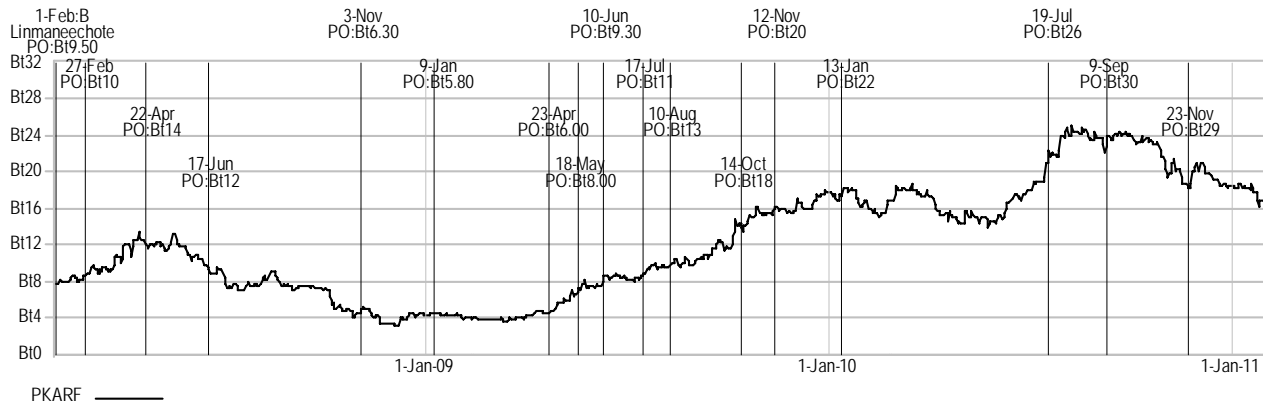
iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Merrill Lynch.

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Important Disclosures

PKARF Price Chart



B : Buy, N : Neutral, S : Sell, U : Underperform, PO : Price objective, NA : No longer valid, NR: No Rating

Prior to May 31, 2008, the investment opinion system included Buy, Neutral and Sell. As of May 31, 2008, the investment opinion system includes Buy, Neutral and Underperform. Dark Grey shading indicates that a security is restricted with the opinion suspended. Light grey shading indicates that a security is under review with the opinion withdrawn. The current investment opinion key is contained at the end of the report. Chart is current as of January 31, 2011 or such later date as indicated.

Investment Rating Distribution: Real Estate/Property Group (as of 01 Jan 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	65	52.85%	Buy	17	27.87%
Neutral	28	22.76%	Neutral	4	14.29%
Sell	30	24.39%	Sell	6	20.69%

Investment Rating Distribution: Global Group (as of 01 Jan 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	2011	53.86%	Buy	874	48.31%
Neutral	925	24.77%	Neutral	444	52.30%
Sell	798	21.37%	Sell	276	36.75%

* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months (Merrill Lynch Relationship Only). For purposes of this distribution, a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where Research Analyst(s) believe(s) it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent Phatra research report referencing the stock.

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Corporate Governance Report of Thai Listed Companies 2009

Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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Companies with Excellent CG Scoring by alphabetical order under Phatra’s Coverage

Advanced Info Service	Bank of Ayudhya	Banpu	Central Pattana	Electricity Generation
IRPC	Kasikornbank	Krung Thai Bank	PTT	PTT Aromatics and Refining
PTT Chemical	PTT Exploration and Production	Ratchaburi Electricity Generating	Siam Commercial Bank	The Siam Cement
Tisco Financial Group	TMB Bank	Thai Oil	Bangchak Petroleum	



Companies with Very Good CG Scoring by alphabetical order under Phatra’s Coverage

Amata Corporation	Asian Property Development	Airports of Thailand	Bangkok Bank	BEC World
Big C Supercenter	CP All	Charoen Pokphand Foods	Glow Energy	MCOT
Land and Houses	L.P.N. Development	Preuksa Real Estate	Robinson Department Store	Rojana Industrial Park
Quality Houses	Siam Makro	Supalai	Thai Stanly Electric	Thanachart Capital
True Corporation	Thai Airways International	Bumrungrad Hospital	Bangkok Dusit Medical Services	



Companies with Good CG Scoring by alphabetical order under Phatra’s Coverage

Major Cineplex Group	Siam City Cement	Total Access Comm.	Thai Union Frozen P.	Bangkok Chain Hospital
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N/A

Companies without survey result available by alphabetical order under Phatra’s Coverage

ESSO (Thailand)	Indorama Ventures	Thai Beverage	CPNRF	BTS Group Holdings
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