KEY STORY

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Cash call: Who's going to make the calls? Page 5

Some highly-geared and small-cap companies may seek funding. We highlight several cash-rich companies which are good long-term BUYs.

Singapore

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High-end value trap.

Real Estate Investment Trusts Page 9

Interest rates and bond yields to remain low for an extended period of time, thus enhancing yield spread provided by REITs.

Thailand

CP ALL (BUY/Bt12.20/Target: Bt15.00) Page 11

Earnings are expected to grow 20% yoy in 2009, supported by lucrative industry outlook, strong new store expansion & healthy same-store sales.

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Taking money off the table on rising policy risk.

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Feb 09: throughput numbers dragged down by weakening external demand.

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SINGAPORE

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Update

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Technical Analysis Page 13

Total Access Communication (DTAC TB): Heading towards Bt30.25.

Key Indices

Key Indices	Prev Close	1D %	1W %	1M %	YTD %
DJIA	7278.4	(1.7)	0.8	2.3	(17.1)
S&P 500	768.5	(2.0)	1.6	3.4	(14.9)
FTSE 100	3842.9	0.7	2.4	(0.2)	(13.3)
AS30	3405.0	(0.3)	3.3	3.1	(6.9)
CSI 300	2379.8	(0.1)	7.9	(1.3)	30.9
FSSTI	1596.9	0.8	1.2	(2.1)	(9.3)
HSI	12833.5	(2.3)	2.5	(2.6)	(10.8)
JCI	1360.9	1.4	2.5	3.7	0.4
KLCI	856.8	0.5	1.6	(3.5)	(2.3)
KOSPI	1170.9	0.8	4.0	6.5	4.1
Nikkei 225	7946.0	(0.3)	10.4	7.1	(10.3)
SET	429.6	0.4	1.1	(1.2)	(4.5)
TWSE	4961.6	(1.5)	1.3	10.8	8.1
BDI	1782	(0.7)	(16.0)	(14.5)	130.2
CPO (RM/mt)	2033	(1.5)	1.1	7.3	24.7
Nymex Crude (US$/bbl)	52	0.1	12.6	33.7	16.7

Source: Bloomberg

Top BUYs/SELLs

	Ticker	Current Price (lcy)	Target Price (lcy)	Pot. +/- (%)
Top BUYs				
China Life	2628 HK	24.40	30.50	25.0
China Mobile	941 HK	63.10	90.00	34.7
China Petroleum	386 HK	4.13	6.93	67.8
China Railway	390 HK	4.52	5.90	30.5
China Shenhua	1088 HK	16.96	23.00	35.6
Zijin Mining	2899 HK	5.88	5.60	(4.8)
Bumi Resources	BUMI IJ	750.00	1,010.00	34.7
DBS Group	DBS SP	7.75	10.55	36.1
Indofood Agri	IFAR SP	0.58	0.80	37.9
SingTel	ST SP	2.44	2.95	20.9
Advanced Info	ADVANC TB	82.50	101.73	23.3
Quality Houses	QH TB	0.82	1.28	56.1
Top SELLs				
Aluminum Corp	2600 HK	4.41	3.00	(32.0)
Harbin Power	1133 HK	4.70	3.50	(25.5)
Parkson Retail	3368 HK	7.69	5.15	(33.0)
S'pore Exchange	SGX SP	4.72	3.00	(36.4)
Amata Corp Pub	AMATA TB	3.18	2.52	(20.8)

Key Assumptions

GDP (% yoy)		2008	2009F	2010F
US*		1.1	(2.4)	1.8
Euro Zone*		0.7	(2.2)	0.7
Japan*		(0.6)	(5.9)	0.6
Singapore		1.2	(4.0)	4.0
Malaysia		4.6	(1.1)	3.2
Thailand		2.6	(1.6)	4.3
Indonesia		6.0	3.6	n.a.
Hong Kong		2.5	(4.0)	0.5
China		9.0	6.5	8.00
Brent Crude Oil	(US$/bbl)	100	55	65
Aluminium *	(US$/MT)	2,623	1,623	1,960
Copper *	(US$/MT)	6,884	3,661	4,448
Gold Price London *	(US$/ounce)	873	941	988
Iron Ore *	(USc/dmtu)	153	108	100
CPO	(US$/MT)	818	520	685
BDI		6,338	2,500	1,500

** Bloomberg*
Source: UOB, UOB Kay Hian

Corporate Events

	Venue	Beg	Close
Cosco Luncheon Presentation *(by invitation only)*	Singapore	27 Mar	27 Mar
SingTel Luncheon Presentation	Singapore	31 Mar	31 Mar

Coal

Taking money off the table on rising policy risk

Beijing may propose a 4% contract price hike to break the deadlock over price talks. Though coal miners are not worse off without a higher resource tax, profit-taking and rising policy risk may weigh on coal stocks after a recent rally.

CHINA

Coal

OVERWEIGHT

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Sector Event

Last week, the *Shanghai Securities Journal* reported that the State Council may propose a 4% contract price hike to break the deadlock between the independent power producers (IPPs) and coal miners. The proposed rise only allows miners to pass on the 4ppt increase in VAT, but it is far from the 15% hike they asked for.

Sector Impact

IPPs we spoke to admitted they had heard of the news but highlighted this was just a proposal - not an "order. Coal miners did not think the 4% rise would materialise, considering the high 20% contract/spot price gap (the gap is normally 5-10%) and pending a new resource tax regime.

To resolve the stalemate as early as possible to ensure a stable coal supply, Beijing may have to sweeten the offer by delaying the new resource tax regime to offset the impact of falling coal prices and slowing demand.

In this case, the net-net impact would be NEUTRAL to coal miners (our current assumption is a 5-8% increase in contract price, which takes into account a rumoured 5% resource tax on ASP).

Coal miners are not worse off in the event of a 4% rise - without a higher resource tax. If the resource tax does come through at some point on a 4% rise in contract prices, there will be a 4% earnings downgrade for China Shenhua and ChinaCoal.

Valuation/Recommendation

Lock in profit. We maintain OVERWEIGHT on the coal sector but believe coal stocks are vulnerable to profit taking as their share prices have gone up by 19-32% since early-Mar 09. The potential policy intervention will weigh on coal stocks in the near term. Lock in profit and wait for good entry levels after China Shenhua and ChinaCoal's results announcements due next Friday, 27 March.

Peer Comparison

		Share Price 20 Mar 09		Target Price	------ PE -----		----- PB ----		EV/tonne	ROE		ROA		Dividend Yield	
	Ticker	LC	Rec	(HK$)	2008F	2009F	2008F	2009F	US$	2008F	2009F	2008F	2009F	2008F	2009F
China Shenhua	1088 HK	16.98	BUY	23.00	11.2	9.9	2.2	1.9	7.6	21.4	19.2	10.7	9.5	3%	4%
China Coal Energy	1898 HK	5.83	BUY	8.00	8.7	9.6	1.2	1.1	3.7	13.7	10.7	8.9	6.8	3%	3%
Yanzhou Coal	1171 HK	5.37	HOLD	7.00	4.1	5.9	0.7	0.7	5.4	29.7	15.3	24.1	12.5	7%	4%
Hidili	1393 HK	2.29	HOLD	3.00	3.6	4.5	0.7	0.6	1.8	19.5	8.8	16.1	7.3	7%	6%

Source: UOB Kay Hian

COSCO Pacific

Feb 09: Throughput numbers dragged down by weakening external demand

COSCO Pacific handled 2.8m TEUs of container boxes in Feb 09, down 11% yoy. The throughput decline was mainly due to deteriorating external demand and China's weakening price competitiveness.

Corporate Events

COSCO Pacific (CP) posted an 11% yoy decline in throughput in Feb 09. Ytd, it handled 6.2m TEUs of container boxes (-7.8% yoy). The throughput decline was mainly due to deteriorating external demand, falling import figures and China's weakening price competitiveness vs its rivals.

Still, CP's throughput number is not that disappointing compared with China's top eight ports' throughput number (-16.7% yoy) and total China trade value (-24.8% yoy).

Pearl River Delta and Yangtze River Delta. In the Pearl River Delta, all terminals recorded declines in throughput numbers except for the new acquisition – Jinjiang Pacific Ports. As a result, overall throughput volume in the Pearl River Delta declined 17.3% yoy in Feb 09.

In the Yangtze River Delta, throughput growth from Ningbo Yuandong Terminals remained strong (+31.5% yoy) but Zhangjiagang Win Hanverky Terminals' throughput declined 28.2% yoy. Overall throughput growth in the Yangtze River Delta was down 11.4% yoy in Feb 09.

Bohai Rim and overseas. Throughput growth turned negative in the Bohai Rim (-4.1% yoy). Total throughput number was dragged down by Dailian Port Container Phase II (-26.7%) and Yingkou Container Terminal (-44.9%).

Overseas container throughput declined (-8.4% yoy) in Feb 09. It was mainly dragged down by COSCO-PSA Terminals (-55.2% yoy) as: a) Singapore's exports plunged 23.7% yoy in Feb 09, and b) a higher base - CP added one more berth in COSCO-PSA Terminals in Jan 08.

Outlook. In our view, the latest leading indicators (such as the Purchasing Manager Index, industrial production and worsening external demand) showed some early signs of an economic recovery. However, anecdotal evidence suggests that SME exporters have been losing orders drastically since the Chinese New Year. In fact, China's exporters are facing a very difficult time. There is a high possibility that China's export growth may decline by double-digit in 2009. Therefore, China's port sector will be adversely affected.

On import, inventory de-stocking may be completed by end-1Q09. Following that, China's domestic demand is likely to recover to a normal level. Also, the aggressive government stimulus packages may help to cushion the dwindling import figures. As such, CP is likely to benefit from the completion of inventory de-stocking and the stimulus packages.

Valuation/Recommendation

The share price of CP has surged 93% from its trough level. The stock is trading at 6.5x 2009 PE and 0.64x 2009 P/B, at a discount to its peers. Although CP is a high quality stock with diversified port locations, we maintain HOLD in light of the gloomy sector outlook.

CHINA

COSCO Pacific (1199 HK)

HOLD

Current Price: HK$6.56
Fair Price: HK$5.95

Sector	Transport
52-Wk Avg Daily Vol. ('000)	7,256
Market Cap (HK$m)	14,727
(US$m)	1,888
Major Shareholders (%)	
China COSCO	51
Book NTA per Share (HK$)	9.40
ROE (%)	16.6
Net Debt per Share (HK$)	1.84
Results Due	
Interim	August
Final	April

Price Chart

Source: Bloomberg

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Year to 31 Dec	Turnover (US$m)	EBITDA (US$m)	Net Profit (US$m)	EPS (US$)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (US$)	Yield (%)
2006	297	289	291	0.13	(14)	6.4	7.5	0.09	10.5
2007	299	296	428	0.19	45	4.4	8.1	0.09	11.2
2008F	317	269	302	0.13	(29)	6.2	9.5	0.07	7.9
2009F	314	246	290	0.13	(4)	6.5	11.7	0.06	7.6
2010F	319	245	306	0.14	5	6.2	12.5	0.07	8.0

Consensus: 2008 – US$290m
2009 – US$254m

Container Throughput (Feb 09)

Terminal ('000TEUs)	Feb 08	Feb 09	yoy % chg	Jan-Feb 08	Jan-Feb 09	yoy % chg
Pearl River Delta						
COSCO-HIT	120.8	86.9	(28.1)	268.6	192.6	(28.3)
Yantian Int'l Container Terminals	560.8	474.9	(15.3)	1,327.2	1,211.1	(8.7)
Quanzhou Pacific Container Terminal	56.8	48.6	(14.4)	130.4	109.4	(16.1)
Guangzhou SC Oceangate Terminal	130.4	93.3	(28.5)	291.4	218.8	(24.9)
Jinjiang Pacific Ports Development Co Ltd [a]	-	14.6	n.a.	-	30.1	n.a.
Subtotal	**868.8**	**718.3**	**(17.3)**	**2,017.6**	**1,762.0**	**(12.7)**
Yangtze River Delta						
Shanghai Container Terminals	246.5	213.2	(13.5)	566.5	433.3	(23.5)
Shanghai Pudong International Terminals	188.3	160.3	(14.9)	402.4	364.6	(9.4)
Zhangjiagang Win Hanverky Terminals	52.5	37.7	(28.2)	105.3	82.3	(21.8)
Yangzhou Yuanyang Int'l Ports	14.4	11.7	(18.8)	32.7	24.8	(24.2)
Nanjing Port	69.0	60.3	(12.6)	133.2	135.3	1.6
Ningbo Yuandong Terminals	52.1	68.5	31.5	112.3	158.5	41.1
Subtotal	**622.8**	**551.7**	**(11.4)**	**1,352.4**	**1,198.8**	**(11.4)**
Bohai Rim						
Qingdao Qianwan Terminal (II III)	668.0	686.3	2.7	1,394.4	1,432.1	2.7
Qingdao Cosport Int'l Terminals	89.0	90.0	1.1	173.6	185.1	6.6
Dalian Port Container Co., Ltd	175.4	172.0	(1.9)	404.1	424.2	5.0
Dalian Port Container Terminals	100.2	73.4	(26.7)	227.6	193.7	(14.9)
Yingkou Container Terminals	88.4	48.7	(44.9)	162.3	142.6	(12.1)
Tianjin Five Continents Int'l Terminals	120.2	120.1	(0.1)	292.3	259.1	(11.4)
Subtotal	**1,241.2**	**1,190.5**	**(4.1)**	**2,654.3**	**2,636.8**	**(0.7)**
Overseas						
COSCO-PSA Terminals	101.1	45.3	(55.2)	212.5	93.6	(56.0)
Antwerp Gateway	86.8	48.7	(43.9)	157.3	92.0	(41.5)
Suez Canal Container Terminal SAE	175.0	200.0	14.3	316.8	404.8	27.8
Subtotal	**362.9**	**294.0**	**(19.0)**	**686.6**	**590.4**	**(14.0)**
Total	**3,095.7**	**2,754.4**	**(11.0)**	**6,710.9**	**6,188.0**	**(7.8)**

Note: a) Jinjiang Pacific Ports Development Co., Ltd. commenced operation in Apr 08
Source: COSCO Pacific, UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2006	2007	2008F	2009F	2010F
Turnover	297.5	298.9	316.9	313.7	319.4
EBIT	201.1	212.3	172.6	150.4	149.6
Pre-tax Profit	343.7	450.8	322.0	307.7	322.5
Net Profit	291.1	427.8	302.2	290.0	305.5
EPS (US¢)	13.1	19.1	13.5	12.9	13.6
EPS (HK$)	1.03	1.49	1.05	1.01	1.06

Balance Sheet

Year to 31 Dec (US$m)	2006	2007	2008F	2009F	2010F
Current Assets	362	604	647	580	544
Total Assets	2,987	3,872	4,390	4,791	5,116
Current Liabilities	248	209	383	470	626
Long-Term Loans	566	951	1,192	1,362	1,372
Shareholders' Funds	2,173	2,712	2,815	2,959	3,118
Total Equity & Liabilities	2,987	3,872	4,390	4,791	5,116

Cash Flow

Year to 31 Dec (US$m)	2006	2007	2008F	2009F	2010F
Operating	210	231	463	255	242
Investing	403	(205)	(478)	(346)	(548)
Financing	(546)	136	62	255	174
Net Cash Inflow/(Outflow)	67	162	46	164	(132)
Begin Cash & Cash Equiv.	157	225	387	433	598
End'g Cash & Cash Equiv.	225	387	433	598	466

Strategy

Cash call: Who's going to make the calls?

Some companies have announced plans for rights issues. Most large-cap stocks are well-capitalised and unlikely to make cash calls in the near future. However, some highly-geared but small-cap stocks may seek funding. We highlight several robust, cash-rich companies good for long-term BUY.

Temasek-linked companies. Like other Temasek-linked companies, **Bank Danamon (BDMN IJ)** plans to raise Rp4t (US$350m) through a 67-for-102 rights issue at Rp1,200/share, a significant discount of more than 50% to its market price at the time of announcement last month. The rights issue to strengthen BDMN's capital should not be a problem as its controlling shareholder, Asia Financial Limited (67.9%), owned by Temasek Holding of Singapore, has pledged to subscribe its rights fully and has arranged standby purchasers. The subsidiary of BDMN, **Adira Dinamika Multi Finance (ADMF IJ),** has also announced plans to launch a Rp500b bond issue, presumably to refinance Rp570b worth of bonds maturing in Jun 09.

Rights issue plans. Shrimp farming company **Central Proteinaprima (CPRO IJ)** may have to cancel or delay its rights issue plan due to problems attaining shareholder quorum at its last extraordinary general meeting on 28 Nov 08. The company plans to raise Rp1.75t (US$147m) but the proceedings were suspended as they did not meet the regulatory requirement of 50% attendance of minority shareholders. Telecommunication company **Excelcomindo Pratama (EXCL IJ)** has also announced plans to carry out rights and bond issues in 1H09 to fund its capex of about US$700m.

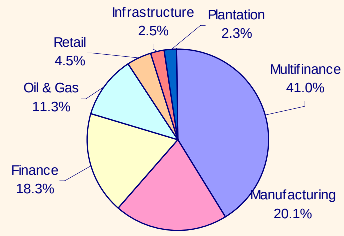
Rp13.3t corporate bonds maturing in 2009. To determine the companies likely to make cash calls in the stock market, we have also examined the domestic bond market, which is a major source of finance for Indonesian corporations. When bonds mature this year, companies will be required to seek alternative financing. We note that there is a total of Rp13.3t (US$1.2b) worth of Indonesian corporate bonds maturing in 2009, of which a major 76.2% or Rp10.1t will mature during the first seven months or by end-Jul 09. That is, total corporate bonds maturing this year are about 18.1% of total corporate bonds issued (Rp73.7t), and this is equivalent to about 1.3% of total equity market cap of IDX of Rp1,068t. Mutifinance and finance sectors are most reliant on the bond market as they account for a major 61.1% of total bonds maturing in 2009. The multifinance sector comprises mainly companies providing consumer finance to the automotive sector. We believe these companies are likely to seek re-financing in the bond market when their bonds mature as most companies are unlisted and have limited alternative sources of financing.

Potential cash call candidates. Highly geared companies likely to make cash calls are mostly the small- to mid-cap stocks. Those with excessively high gearing, such as **Indomobil (IMAS IJ)**, would probably need to restructure their debts and are unlikely to make cash calls in the short term. Other companies with unappealing financial statements or bleak industry outlook will be unable to raise funds under prevailing weak equity market conditions. Some of the relatively highly geared companies with relatively larger size market cap which we believe could still make cash calls are shipping companies **Berlian Laju Tanker (BLTA IJ)** and **Arpeni Pratama (APOL IJ), Central Proteinaprima (CPRO IJ),** pulp and paper companies **Indah Kiat (INKP IJ)** and **Tjiwi Kima (TKIM IJ)**.

INDONESIA

Strategy

Bond Issuers by Sector



Source: Jakarta Stock Exchange, UOB Kay Hian

Major Corporate Bonds Maturing 2009

Month	Company	Amount (Rpb)
Feb	Tunas Financindo	450
	BCA Finance	100
Mar	Summit Oto Finance	650
	Astra Sedaya Finance	305
	Perkebunan TPN	215
Apr	Federal Int. Finance	300
	Branta Mulia	275
May	Bank Tabungan Negara	750
	Federal Int. Finance	600
	Matahari Putra	450
Jun	Bank DKI	700
	Kalbe Farma	300
	Tunas Baru Lampung	300
	Adira Finance	570
	Sona Topas	152
	WOM Finance	635
Jul	Medco Energi	1,500
	Indofood Sukses	976
	Perkebunan TPN	90
Aug	BFI Finance	200
Sep	Summit Oto Finance	350
	Bank Ekspor	150
	Astra Sedaya Finance	128
Oct	HM Sampoerna	1,000
	Bank Jabar	690
Nov	Indorent	200
Dec	Humpuss Intermoda	172
	Berlina	117
	Astra Sedaya Finance	85

Source: Jakarta Stock Exchange, UOB Kay Hian

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Companies flushed with cash. Most of the large-cap companies in Indonesia are well-capitalised and are unlikely to make cash calls in the near future. Those companies in the enviable net cash position and unlikely to make cash calls are good long-term BUYs, such as **RALS IJ (BUY/Target: Rp1,000), SMGR IJ (BUY/Target: Rp4,300), ITMG IJ (BUY/Target: Rp12,900), ANTM IJ (HOLD/Fair: Rp1,200), KLBF IJ (BUY/Target: Rp1,160), AALI IJ (BUY/Target: Rp13,700)** and **UNVR IJ (NOT RATED)**.

Highly Geared and Potential Cash Call Companies

Ticker	Company	Share Price 20 Mar 09 (Rp)	Market Cap (US$m)	Net Debt/ Equity (%)
IMAS IJ	Indomobil Sukses Internasional	1,200	101	819
BLTA IJ	Berlian Laju Tanker	550	213	416
TKIM IJ	Pabrik Kertas Tjiwi Kimia	770	90	227
CPRO IJ	Central Proteinaprima	50	167	215
APOL IJ	Arpeni Pratama Ocean Line	169	43	158
INKP IJ	Indah Kiat Pulp & Paper	870	402	140

Source: UOB Kay Hian

Recommendations Of Cash-rich Companies

Company	Code	Rec	Market Cap. (Rpb)	Share Price 20 Mar 09 (Rp)	Target Price (Rp)	-- EPS (Rp) -- 2008F	2009F	---- PE (x) ---- 2008F	2009F	Net Debt (Cash) / Equity (%)
Ramayana Lestari Sentosa	RALS IJ	BUY	2,684.3	380	1,000	56	66	6.7	5.7	(63.2)
Semen Gresik	SMGR IJ	BUY	21,205.2	3,575	4,300	430	356	8.3	10.0	(44.5)
Indo Tambangraya Megah	ITMG IJ	BUY	11,186.3	9,900	12,900	2,453	2,732	4.0	3.6	(34.5)
Aneka Tambang	ANTM IJ	HOLD	10,683.1	1,120	1,200	138	129	8.1	8.7	(31.4)
Unilever Indonesia	UNVR IJ	NOT RATED	62,184.5	8,150	n.a.	325	366	25.1	22.3	(23.2)
Kalbe Farma	KLBF IJ	BUY	6,398.3	630	1,160	69	86	9.1	7.3	(19.9)
Astra Agro Lestari	AALI IJ	BUY	19,448.1	12,350	13,700	1,671	1,242	7.4	9.9	(16.8)

Source: UOB Kay Hian

Property – Residential

High-end value trap

The rising possibility of a prolonged economic slowdown further diminishes visibility in the high-end market, causing stocks to remain at depressed levels. Focus on large-cap stocks that are likely to outperform in the near term.

SINGAPORE

Property – Residential

OVERWEIGHT

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Sector Event

Building on the possibility of an 8% GDP contraction as highlighted by senior government officials, UOB Economic Treasury Research released details on the extent to which the economy would contract per quarter, should the 8% GDP contraction become a reality. However, they have maintained GDP forecast of a 4% contraction for 2009 until a clearer picture of the first quarter surfaces (figure to be released in April). The scenario dents the much hoped-for recovery in the second half of the year and points towards a prolonged slowdown persisting into the third quarter with a 9.4% GDP contraction and the decline becoming less severe in the last quarter of this year at 3% GDP contraction.

Comparison Of Different Forecasts

	2009F	1Q09F	2Q09F	3Q09F	4Q09F
Singapore Economy (UOB Forecast)	(4.0)	(8.2)	(7.9)	(4.1)	4.2
-8% Scenario for Singapore	(8.0)	(9.5)	(9.8)	(9.4)	(3.0)
MAS Survey of Professional Forecasters (median)	(4.9)	(8.5)	(6.9)	(4.6)	0.5
US Economy (UOB Forecast)	(2.4)	(5.2)	(1.5)	0.9	2.5
China (UOB Forecast)	6.5	6.0	6.1	6.9	7.3

Source: UOB Economic Treasury Research

Sector Impact

High-end value trap; Downgrade Wheelock Properties, Wing Tai and Ho Bee to HOLD. The demand-supply dynamics are most favourable in the mass market segment and least favourable in the high-end segment. Also, the lower transaction quantum commitment requirement in the mass market segment appeals to opportunistic buyers. As a result, the rising likelihood of a prolonged economic slowdown further diminishes the visibility of a recovery in the high-end segment to a much greater extent compared to the mass market segment. Even though high-end property stocks are trading at attractive discounts to their respective RNAVs, these stocks could continue to trade at deep discounts for a prolonged period. The lower liquidity adds to the concerns. Consequently, we downgrade the high-end stocks: Wheelock Properties (Fair/S$1.00), Wing Tai (Fair/S$0.75) and Ho Bee (Fair/S$0.35) from BUY to HOLD, applying steeper discounts to their respective RNAVs.

Downgrade SC Global and GuocoLand to SELL. We view SC Global and GuocoLand as having a moderate/high risk profile due to their high gearing levels compared to other developers. The risk for next year remains although SC Global is able to meet its interest servicing and refinancing requirements this year. While GuocoLand has a strong parent, the litigation involvement over the Beijing Dong Zhi Men site is expected to be a drag on its share price. Consequently, we downgrade SC Global (Fair/S$0.30) and GuocoLand (Fair/S$0.80) from HOLD to SELL, applying steeper discounts to their respective RNAVs.

Prefer exposure to quality, deep-value and diversified stocks. Property stocks are deep in value with implied physical property prices at 2004 levels while the strong take-up rates for recent project launches suggest base formation at the 2006 levels. More such launches could potentially act as a re-rating catalyst for the sector. We believe the best way to benefit from the anticipated revival in property stock prices is via exposure to quality, deep-value and diversified property stocks.

These companies have more room to manoeuvre as they ride out the near-term correction in the residential property segment. City Developments and CapitaLand are our top stock picks in the sector.

Valuation/Recommendation

Maintain OVERWEIGHT on property; Top stock picks: CapitaLand and City Developments

We remain OVERWEIGHT on the property sector as we believe the market has overdiscounted the negative prospects for the sector. Large-cap stocks CapitaLand and City Developments are likely to outperform in the near term. The pick-up in the interest for small-/mid-cap stocks is contingent upon a sustained rally in large-cap stocks. For investors with a mid-term view, Keppel Land and Allgreen are our preferred picks among the small-/mid-cap stocks.

Revisions To Recommendation, Target Price And RNAV Discount

Company	Curr (S$/shr)	Recommendation New	Recommendation Old	Target (S$/sh) New	% chg from old	RNAV (S$/shr) New	% chg from old	Disc to RNAV New	Disc to RNAV Old	Upside % chg	Remarks
Allgreen	0.39	BUY	BUY	0.50	0	0.85	0	40%	40%	30%	No Change
CapitaLand	2.03	BUY	BUY	2.80	0	2.79	0	0%	0%	38%	No Change
City Devt	5.03	BUY	BUY	6.40	0	7.13	0	10%	10%	27%	No Change
GuocoLand	1.00	SELL	HOLD	0.80	(16)	1.64	0	50%	40%	-20%	Downgrade to SELL
Ho Bee	0.32	HOLD	BUY	0.35	(15)	0.69	0	50%	40%	10%	Downgrade to HOLD
Keppel Land	1.28	BUY	BUY	1.60	0	2.48	0	35%	35%	25%	No Change
SC Global	0.35	SELL	HOLD	0.30	(12)	0.65	0	55%	50%	-14%	Downgrade to SELL
Wheelock	0.89	HOLD	BUY	1.00	(13)	1.67	0	40%	30%	13%	Downgrade to HOLD
Wing Tai	0.67	HOLD	BUY	0.75	(17)	1.49	0	50%	40%	11%	Downgrade to HOLD

Source: UOB Kay Hian

Stress Test Scenario

		Capita Land	City Developments	Keppel Land	Guoco Land	Wheelock	Wing Tai	Allgreen	Ho Bee	SC Global
Share Price (S$) as of 20 Mar 09		2.03	5.03	1.28	1.00	0.89	0.67	0.39	0.32	0.35
RNAV (S$)		2.79	7.13	2.48	1.64	1.67	1.49	0.85	0.69	0.65
Assumptions (%)	**Decline from End07 Level**									
Singapore residential	(70)	(4)	(10)	(5)	(8)	(14)	(15)	(11)	(17)	(18)
Singapore office	(70)	(2)	(7)	(6)	(1)	(2)	(2)	(2)	(1)	(1)
Singapore retail	(70)	(3)	(3)	(1)	-	(3)	(1)	(4)	(1)	-
China	(70)	(4)	-	(3)	(10)	-	(1)	(2)	-	(1)
Vietnam	(70)	(1)	-	(4)	(1)	-	-	(1)	-	-
Listed investments	(90)	(5)	(2)	(1)	(1)	(1)	(1)	-	-	(1)
Asset Writedown (Devt Pty)*		(2)	(2)	(3)	(4)	-	(6)	(6)	(9)	(9)
Asset Writedown (Invt Pty)*		(9)	(2)	(7)	(9)	(5)	(4)	(7)	(2)	(1)
Defaults#		(2)	(3)	(3)	(4)	(7)	(8)	(6)	(9)	(9)
Total		**(32)**	**(29)**	**(31)**	**(38)**	**(32)**	**(38)**	**(38)**	**(39)**	**(40)**
Stressed RNAV(S$)		1.91	5.09	1.70	1.03	1.13	0.93	0.53	0.42	0.39
Share Price Discount/Premium (%)		6.2	(1.2)	(24.8)	(3.0)	(22.0)	(28.0)	(26.7)	(24.5)	(11.0)
Potential dilution from alternatives		-	(10)	(20)	(20)	-	-	(20)	(20)	(20)
Stressed RNAV inc dilution(S$)		1.91	4.38	1.21	0.70	1.13	0.93	0.36	0.28	0.26
Share Price Discount/Premium (%)		6.2	14.8	6.2	42.7	(22.0)	(28.0)	8.1	12.4	33.0

** Assumes up to 50% decline in land values for landbank purchased in 2006-08 and 50% writedown in investment properties.*

 # Assumes a 50% default rate on residential projects sold in 2006-08 and resold at a 50% discount from original purchase price.

Source: UOB Kay Hian

Real Estate Investment Trusts

Lower bond yield, higher yield spread

The Fed's zero interest rate policy and plans to purchase mortgage-backed and treasury securities ensure interest rates and bond yields remain low for an extended period of time, thus enhancing yield spread provided by REITs.

Sector Event

Interest rates to remain low for an extended period. The US Federal Reserve (Fed) stated in its FOMC statement dated 18 Mar 09 that it intends to maintain a target range for the federal funds rate at 0-0.25%. The Fed expects the federal funds rate to remain exceptionally low for an extended period of time due to prevailing economic conditions. It also announced plans to purchase an additional US$750b of mortgage-backed securities, bringing total purchases to US$1.25t in 2009, and up to US$300b of longer-term treasury securities over the next six months.

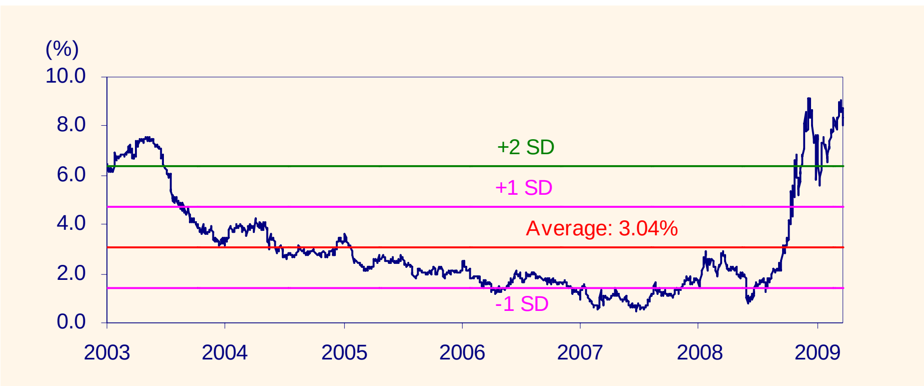
The Singapore Dollar has rallied from S$1.54 to S$1.51 against the US Dollar since the announcement. Yield for 10-year government bond has also corrected slightly from 2.2% to 2.0%.

REITs becoming more attractive. The Fed's zero interest rate policy and plans to purchase mortgage-backed and treasury securities ensure interest rates and bond yields remain low for an extended period of time, thus enhancing yield spread provided by REITs as an avenue for income-oriented funds to participate in the appreciation of the Singapore Dollar and capital values of commercial properties in Singapore.

Stock Impact

Yield spread between Singapore REITs and 10-year government bond has again returned to at elevated level of 8.1%. Yield spread is attractive at three standard deviations above the mean.

Yield Spread Between Singapore REITs And 10-Year Government Bond



Source: UOB Kay Hian

Sensitivity analysis. We conducted a sensitivity analysis based on various extreme scenarios for office, retail and industrial rents. Our sensitivity analysis indicates that Ascendas REIT (AREIT) and CapitaCommercial Trust (CCT) provide the most upside, followed by Suntec REIT (Suntec).

Valuation/Recommendation

OVERWEIGHT REITs. The Fed's zero interest rate policy and plans to purchase mortgage-backed and treasury securities will ensure bond yields would remain low for an extended period of time, ensuring that yield spread provided by Singapore REITs remains attractive. BUY Ascendas REIT (Target: S$1.60), CapitaCommercial Trust (Target: S$0.98) and Suntec REIT (Target: S$0.63) and SELL CapitaMall Trust (Fair: S$1.15).

SINGAPORE

Real Estate Investment Trusts

OVERWEIGHT

US$ vs S$ - Spot

Source: Bloomberg

10-year Singapore Government Bond Yield

Source: MAS

Analyst

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Peer Comparison – Singapore REITs

Name	Bloomberg Code	Rec	Price 20 Mar 09	Target Price	Market Cap (S$m)	------------- Yield ------------ Hist (%)	Curr (%)	Fwd (%)	Debt to Asset (%)	NAV ps	P/NAV (x)
Healthcare											
First REIT	FIRT SP	NR	0.43	n.a.	117.9	17.7	16.5	n.a.	15.0	0.93	0.5
PLife REIT	PREIT SP	BUY	0.78	1.25	470.1	8.8	9.7	10.1	23.6	1.34	0.6
Hospitality											
AscottREIT	ART SP	BUY	0.41	1.06	251.6	21.4	18.4	20.0	37.0	1.47	0.3
CDL Htrust	CDREIT SP	BUY	0.45	1.29	373.7	23.6	19.1	19.2	18.3	1.42	0.3
INDUSTRIAL											
Ascendasreit	AREIT SP	BUY	1.21	1.60	2,037.0	11.7	12.7	11.0	35.8	1.67	0.7
AscendasIndT	AIT SP	NR	0.51	n.a.	407.5	15.8	13.5	13.1	5.9	0.94	0.5
Cambridge	CREIT SP	BUY	0.24	0.62	191.1	25.1	17.5	18.1	37.7	0.74	0.3
MacCookIReit	MIREIT SP	NR	0.225	n.a.	58.9	35.1	41.3	40.0	39.6	1.27	0.2
MapletreeLog	MLT SP	NR	0.355	n.a.	688.5	20.4	14.6	14.6	38.1	0.89	0.4
Office											
CapitaComm	CCT SP	BUY	0.72	0.98	1,008.3	15.3	16.0	12.0	37.3	2.97	0.2
FrasersComm	FCOT SP	NR	0.135	n.a.	99.4	47.0	30.4	28.1	53.8	1.01	0.1
Indiabulls	IPIT SP	NR	0.20	n.a.	471.3	2.00	25.6	49.1	6.1	1.13	0.2
K-REIT	KREIT SP	BUY	0.53	1.18	348.5	16.8	17.3	16.6	27.6	2.28	0.2
SuntecReit	SUN SP	BUY	0.525	0.63	828.9	20.3	20.9	14.8	34.3	2.20	0.2
Retail											
CapitaMall Trust	CT SP	SELL	1.12	1.15	3,552.2	10.4	9.7	7.2	29.7	1.65	0.7
CapitaRChina	CRCT SP	NR	0.65	n.a.	402.4	11.6	12.3	12.8	31.3	1.25	0.5
Fortune Reit (HK$)	FRT SP	NR	2.35	n.a.	1,928.9	15.8	15.6	13.6	26.4	7.53	0.3
FrasersCT	FCT SP	BUY	0.58	1.15	361.3	12.6	12.8	13.9	28.5	1.23	0.5
LippoMapleT	LMRT SP	NR	0.18	n.a.	192.6	27.8	36.1	31.7	11.8	0.71	0.3
Starhill Gbl	SGREIT SP	BUY	0.43	0.81	413.1	17.1	15.1	13.7	30.8	1.44	0.3
Residential											
Saizen	SZREIT SP	NR	0.115	n.a.	52.0	63.1	35.1	35.8	45.9	65.04	0.1
Average:						20.9	19.5	19.8	29.3	n.a.	0.4
(Excludes FrasersComm, MacCookIReit, Indiabulls, LippoMapleT and Saizen)					16.5	15.1	13.2	28.6	n.a.	0.4	

Source: Bloomberg, UOB Kay Hian

CP ALL

Well positioned amid the downturn

CP ALL, 44%-owned by the CP Group, operates 7-Eleven stores in Thailand. With 4,778 stores in 2008, the Group is the largest player in the convenience store segment, capturing over 50% of the market share in Thailand.

Initiate with BUY. We initiate coverage on CP ALL, the operator of 7-Eleven stores in Thailand with a BUY rating. Our target price of Bt15 is based on average historical PE of 17x. Investing in CP ALL provides a good exposure to a company which enjoys dominant market position in the industry where growth prospects remain lucrative.

Loss-making operation now off the book. Now that the loss-ridden China business is divested, CP ALL's earnings outlook will become more promising as its operations will purely reflect the strong 7-Eleven convenience store operations in Thailand where it enjoys a dominant market position.

To recap, CP ALL had invested in the superstore business in China through a 29.7% indirect holding in Shanghai Lotus Supermarket (SLS). Due to high competition, the China operation had never been a profitable business. SLS made combined losses of over Bt10.5b in 2005-08, almost wiping off the profits made by 7-Eleven in Thailand. The China operation was spun off in Nov 08.

Operating Performance By Segment

(Btm)	2005	2006	2007	2008
Operating Profit				
7-Eleven	2,316	2,863	3,133	4,707
China Operations	(1,190)	(3,320)	(3,241)	(1,112)*
Net Profit				
7-Eleven	1,771	2,216	2,505	3,740
China Operations	(1,347)	3,664	(3,880)	(1,614)*

** for Jan-Oct 08 period*
Source: CP ALL

Lucrative industry outlook supports strong earnings prospects. The Group is expected to report a strong 20% yoy earnings growth in 2009. Operating in the segment where the market is still far from being saturated, CP ALL's earnings prospects are very promising. This will be well-supported by steady store expansion. With plans to open 400-450 new stores a year, its network is expected to reach 7,000 by 2014. With expected strong same-store sales (SSS) growth of 4% p.a., we expect CAGR net profit of over 13% for CP ALL for the next three years.

Comparison Of Convenience Store Penetration

Country	Population per store
Japan	2,500
Taiwan	4,000
Thailand	7,000

Source: CP ALL

THAILAND

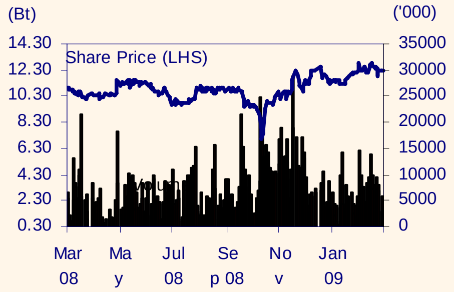
CP ALL (CPALL TB)

INITIATE WITH BUY

Current Price: Bt12.20
Target Price: Bt15.00

Sector	Retail
52-Wk Avg Daily Vol. ('000)	6,928.1
Market Cap (Btb)	54.8
(US$m)	1,544.1
Major Shareholders (%)	
CP Group	43.7
Book NTA per Share (Bt)	3.7
ROE (%)	25.5
Net Cash Per Share (Bt)	2.8
Results Due	
1Q: May	2Q: Aug
3Q: Nov	Final: Feb

Price Chart



Source: Bloomberg

Analyst

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Year to 31 Dec	Turnover (Btm)	EBITDA (Btm)	Net Profit (Btm)	EPS (Bt)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (Bt)	Yield (%)
2007	110,625	2,868	1,461	0.33	9.7	37.1	17.6	0.35	2.9
2008	124,083	6,833	3,301	0.73	123.7	16.6	6.2	0.60	4.9
2009F	106,807	7,934	3,954	0.88	19.8	13.9	5.5	0.66	5.4
2010F	121,071	8,505	4,366	0.97	10.4	12.6	4.9	0.73	6.0
2011F	136,304	9,162	4,787	1.07	9.6	11.5	4.3	0.80	6.6

Consensus Net Profit – FY09: Bt3,985m
-- FY10: Bt4,587m

Dominant market share provides strong competitive edge. CP ALL is clearly a market leader for the convenience store segment in Thailand, capturing nearly 50% of the market share through its massive network of nearly 5,000 stores nationwide. This effectively provides the Group with a strong competitive edge over others in terms of operational efficiency gained through economies of scale and better bargaining power with suppliers in terms of better pricing or product exclusivity.

Strong defensive quality during the downturn. As a convenience store operator, the Group has defensive earnings quality during the economic downturn. This is more so because its business model is geared towards convenience food sales. Unlike other types of retail chain operators, over 70% of CP ALL's convenience business came from food sales. In addition, average sales are much smaller at around Bt57 per ticket.

Comparison Of Convenience Store Chains

	---- PE (x) ----		EV/EBITDA (x)		--- ROE (%) ---		Dividend Yield (%)	
Company	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**
CP ALL PCL	16.90	14.10	6.30	5.70	25.50	22.80	4.80	5.30
Lawson	15.24	14.48	4.04	3.89	12.73	12.86	4.27	4.14
President chain store	18.71	18.26	11.29	10.28	23.11	23.29	4.20	4.43
Seven & I Holdings	17.10	14.92	4.67	4.59	5.47	6.99	2.77	2.85
Family Mart	14.83	14.70	2.93	2.81	9.68	10.20	2.32	2.44
Avg.	16.56	15.29	5.85	5.46	15.30	15.23	3.67	3.83

Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2007	2008	2009F	2010F	2011F
Turnover	110,625	124,083	106,807	121,071	136,304
EBIT	102	4,024	5,144	5,680	6,227
Pre-tax Profit	(533)	3,494	5,135	5,670	6,217
Net Profit	1,461	3,301	3,954	4,366	4,787
EPS (Bt)	0.33	0.73	0.88	0.97	1.07

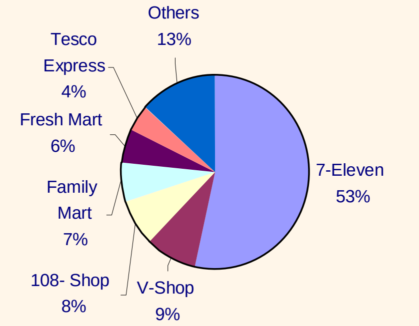
Balance Sheet

Year to 31 Dec (Btm)	2007	2008	2009F	2010F	2011F
Current Assets	23,219	20,907	18,479	21,682	25,275
Total Assets	45,220	40,158	38,446	42,539	46,925
Current Liabilities	37,753	21,676	19,212	21,751	24,462
Long-Term Liabilities	772	0	0	0	0
Shareholder Funds	9,164	16,739	17,997	19,397	20,910
Total Equity & Liabilities	45,220	40,158	38,446	42,539	46,925

Cash Flow

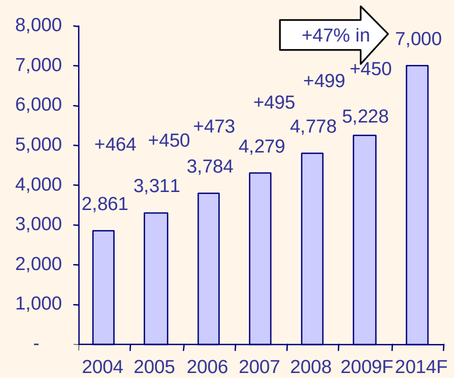
Year to 31 Dec (Btm)	2007	2008	2009F	2010F	2011F
Operating	6,027	9,435	5,031	8,731	9,367
Investing	(3,859)	(5,873)	(3,804)	(3,643)	(3,652)
Financing	(16)	(3,833)	(2,655)	(2,955)	(3,265)
Net Cash In/(Out) Flow	2,152	(271)	(1,428)	2,133	2,450
Begin Cash & Cash Equiv.	10,688	12,840	12,569	11,141	13,274
End'g Cash & Cash Equiv.	12,840	12,569	11,141	13,274	15,724

Market Share



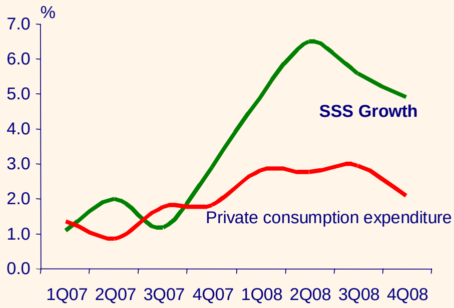
Source: CP ALL

Store Expansion



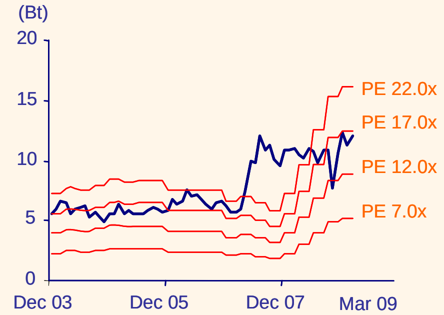
Source: CP ALL

Impressive SSS Growth



Source: CP ALL

Historical PE Band



Source: Bloomberg

Technical Analysis

DTAC: Bt27

THAILAND

Technical Analysis

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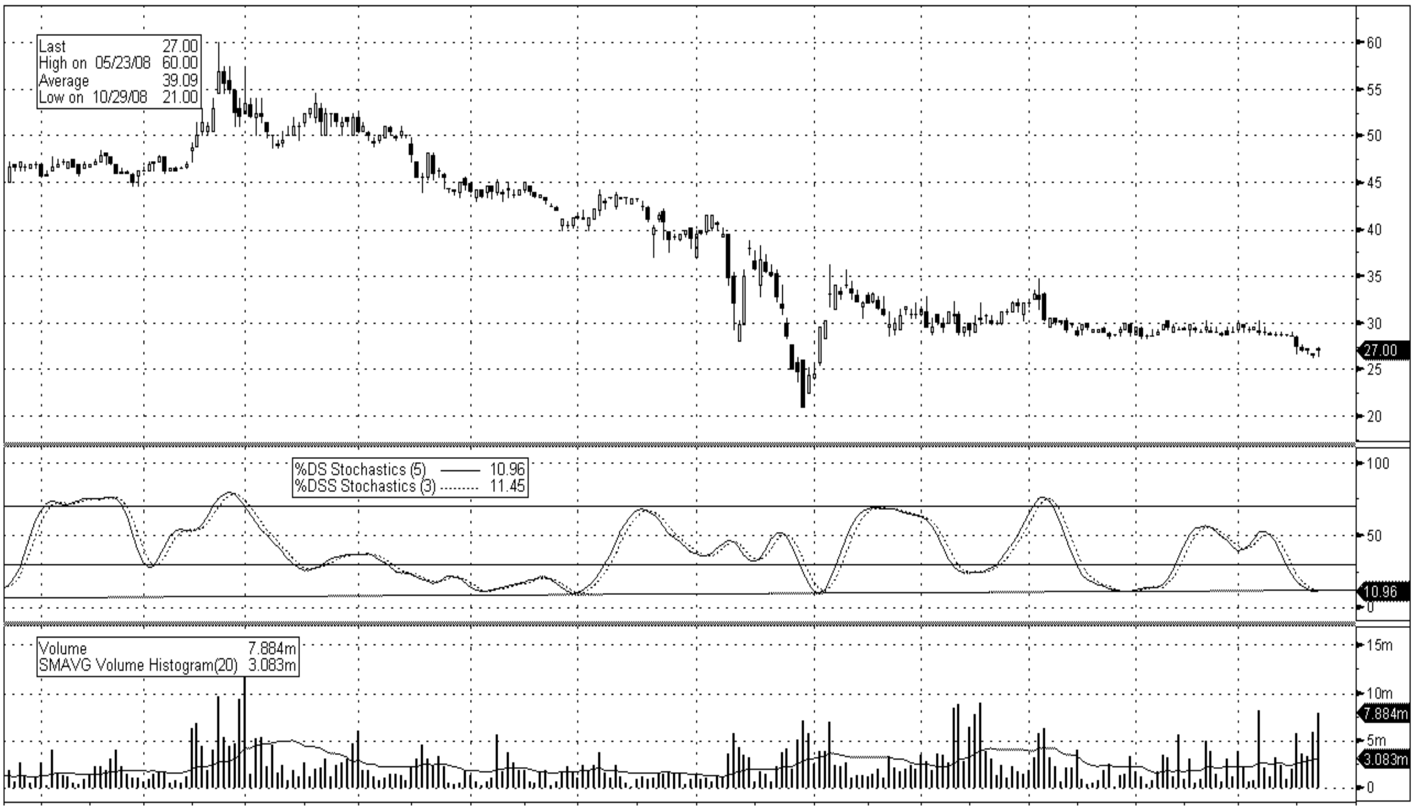
Total Access Communication (DTAC) has been trading at a narrow range of Bt30.25-28.25 since 10 February on relatively low turnover.

DTAC's share price dropped below the trading range last Monday to continue its decline. However, we think the decline is likely to have ended given the strong rebound last Friday on a hefty volume of 7.88m shares, more than doubled the 20-day moving average of 3.1m shares.

In fact, the Slow Stochastics of DTAC is now at the oversold level of 10.96%, which historically preceded sizeable rallies. The following 1- and 2-year charts show such phenomena at the 10.96% level.

Based on the above technicals, an imminent sign of a significant rebound is quite telling. Expect a meaningful rebound back to Bt30.25 to be underway.

One-year Chart Of DTAC Showing The Slow Stochastics



Source: Bloomberg

Two-year Chart Of DTAC Showing The Slow Stochastics

Source: Bloomberg

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