

**RELATIVE VALUATION OF AP (THAILAND)  
PUBLIC COMPANY LIMITED**



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**RELATIVE VALUATION OF AP (THAILAND) PUBLIC COMPANY LIMITED**

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M.M. (CORPORATE FINANCE)

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PROF. ROY KOUWENBERG, Ph.D., CFA, EAKAPAT MANITKAJORNKIT, Ph.D.**ABSTRACT**

Asian Property or AP Public Company Limited was established in the year 1991 focusing in the real estate industry where it covers the revenues from selling detached homes & condominiums. The Company is being directed by Mr. Anuphong Assavabhokin as the CEO and the major shareholder of the Company. AP Thailand operates their business under the mission “EMPOWERING LIVING” which has a goal to be a property developer offering products or services that fulfill customers, together with associated parties to have a joyful life of their own choices. To lead the organization to be number 1 in the nation’s real estate industry, The company has the specific strategies and transform itself to be an unconstrained leader with great flexibility along with building a corporate culture that prefers innovation DNA and cultivates design thinking, emphasizing digital-oriented operations and digital marketing.

This Thematic Paper will focus on the valuation of Asian Property through the Relative Valuation Method. The Companies that we will be comparing with would be SUPALAI, ORIGIN PROPERTY, SENA DEVELOPMENT & LAND & HOUSES. The objective of comparing it with the Competitors is to predict the Target Price of Asian Property by doing the Trailing 12M by Price Earnings Ratio, Price to Book Value, and EV to EBITDA, while also doing the Forward 12M. The Target Price according to Relative Valuation will be at 16.00 for 2024 Forecast and 16.59 for 2025 Forecast. Thus, I would like to recommend the “BUY” stocks. Currently, the price is valued at 10.70 as of December 12, 2023

**KEY WORDS: AP/REAL ESTATE/VALUATION/TRAILING/FORWARDING**

41 pages

## CONTENTS

|  | <b>Page</b> |
|--|-------------|
| <b>ACKNOWLEDGEMENTS</b>                                      | <b>ii</b>   |
| <b>ABSTRACT</b>  | <b>iii</b>  |
| <b>LIST OF TABLES</b>  | <b>vi</b>   |
| <b>LIST OF FIGURES</b>                                       | <b>vii</b>  |
| <b>LIST OF ABBREVIATIONS</b>                                 | <b>ix</b>   |
| <b>CHAPTER I BUSINESS DESCRIPTION</b>                        | <b>1</b>    |
| 1.1 Introduction   | 1           |
| 1.2 Business Overview  | 2           |
| 1.2.1 AP Brand Portfolio                                     | 2           |
| 1.2.2 Revenue Structure                                      | 4           |
| 1.2.3 Company Organization                                   | 7           |
| 1.3 Competition Strategies                                   | 9           |
| 1.4 Corporate Governance & Sustainability                    | 11          |
| 1.4.1 Development to Accommodate the Environmental Changes   | 11          |
| 1.4.2 Corporate Social Responsibility                        | 11          |
| 1.4.3 Corporate governance policy                            | 12          |
| <b>CHAPTER II REAL ESTATE INDUSTRY</b>                       | <b>15</b>   |
| 2.1 Macroeconomic Outlook                                    | 15          |
| 2.1.1 The Global and Thailand GDP                            | 15          |
| 2.1.2 Thailand's inflation, unemployment, and household debt | 18          |
| 2.2 Trend of Thailand's Real Estate Industry                 | 20          |
| 2.3 Competition Analysis                                     | 23          |
| <b>CHAPTER III VALUATION</b>                                 | <b>26</b>   |
| 3.1 Trailing   | 26          |
| 3.2 Integrate Benchmark Corporations.                        | 29          |
| 3.3 Target Price of Asian Property                           | 30          |
| 3.4 Forwarding   | 31          |

**CONTENTS (cont.)**

|  | <b>Page</b> |
|--|-------------|
| <b>CHAPTER IV INVESTMENT RISKS AND DOWNSIDE POSSIBILITIES</b>                    | <b>34</b>   |
| 4.1 The Risk of Increasing in Construction Material Prices                       | 34          |
| 4.2 The Risk of purchasing land for property development                         | 34          |
| 4.3 The Risk from High Interest Rate Cycle and Tightening<br>Liquidity Condition | 35          |
| 4.4 The Risk from Compliance with the Rules, Regulations, and<br>Requirements    | 35          |
| 4.5 The Risk from Cyberattack  | 36          |
| 4.6 The Risk from Climate Change   | 36          |
| <b>CHAPTER V CONCLUSION</b>  | <b>37</b>   |
| <b>REFERENCES</b>  | <b>39</b>   |
| <b>BIOGRAPHY</b>   | <b>41</b>   |

## LIST OF TABLES

| <b>Table</b> |  | <b>Page</b> |
|--------------|--|-------------|
| 1.1          | Types of Products Classified by Price    | 3           |
| 2.1          | IMF's World Economic Outlook Projections | 16          |
| 2.2          | Developing Economies Projection          | 18          |
| 3.1          | Integrate Benchmark Corporations.        | 29          |
| 3.2          | Target Price of Asian Property           | 30          |



## LIST OF FIGURES

| <b>Figure</b>   | <b>Page</b> |
|---|-------------|
| 1.1 AP Product Ports  | 3           |
| 1.2 Revenue Structure   | 5           |
| 1.3 Revenue Breakdown 2022  | 5           |
| 1.4 Revenue Breakdown 2021  | 6           |
| 1.5 Real Estate Activities  | 6           |
| 1.6 AP's company structure  | 7           |
| 1.7 Board of Directors  | 8           |
| 1.8 Major Shareholders  | 8           |
| 1.9 AP's company structure  | 9           |
| 1.10 AP's CG Credential   | 13          |
| 1.11 AP's CG Score  | 14          |
| 1.12 AP's CG Assessment by Sector   | 14          |
| 2.1 Inflation Projection (Percent; dashes = estimated in Apr. 2023,<br>line = estimated in Oct. 2023) | 17          |
| 2.2 Thailand's Economic Structure   | 19          |
| 2.3 Thailand Inflation Forecast   | 19          |
| 2.4 Thai Household Debt/GDP Ratio   | 20          |
| 2.5 Supply Forecast of Housing in Bangkok Metropolitan Region   | 22          |
| 2.6 Supply Forecast of Housing in Upcountry   | 22          |
| 2.7 Newly Completed Condominiums in Bangkok, 1995-2027F   | 23          |
| 2.8 Logo Land & House   | 24          |
| 2.9 Logo SENA   | 24          |
| 2.10 Logo SUPALAI   | 25          |
| 2.11 Logo ORIGIN  | 25          |
| 3.1 Trailing PE   | 26          |
| 3.2 Trailing PB   | 27          |



**LIST OF FIGURES (cont.)**

| <b>Figure</b>          | <b>Page</b> |
|------------------------|-------------|
| 3.3 Trailing EV/EBITDA | 28          |
| 3.4 Forward PE         | 31          |
| 3.5 Forward PB         | 32          |
| 3.6 Forward EV/EBITDA  | 32          |



## LIST OF ABBREVIATIONS

|         |  |
|---------|--|
| AP      | AP (Thailand) Public Company Limited             |
| SENA    | Sena Development Public Company Limited          |
| ORI     | Origin Property Public Company Limited           |
| SUPALAI | Supalai Public Company Limited                   |
| LH      | Land & House Public Company Limited              |
| PE      | Price Earnings                                   |
| PB      | Price to Book Value                              |
| EV      | Enterprise Value                                 |
| EBITDA  | Earnings before Interest, Taxes and Depreciation |
| EV      | Enterprise Value                                 |

## **CHAPTER I**

### **BUSINESS DESCRIPTION**

Firstly, we will be providing a brief overview background and Introduction to Asian Property (1.1), Business overview (1.2) where the topics that will be covered is the Portfolio of AP, different Product Types by their prices, Revenue Structures, Real Estate Activities, etc. We will also be discussing about the Competitive Strategies (1.3) the topics covered would be the Board of Directors, Company Structures, and the Governance Policies of Asian Property.

#### **1.1 Introduction**

AP (Thailand) Public Company Limited, a real estate developer mainly operating in Thailand, develops properties and offers services covering townhouses, detached and single houses, as well as condominiums. These properties are primarily located in Bangkok and its vicinity. The company also focuses on development in urban areas across the country to meet the widespread demand. This is achieved by leveraging the company's strengths in residential design, quality materials, and the enduring good reputation of AP.

The company was established in 1991 by Mr. Anuphong Assavabhokin and Mr. Pichet Vipavasuphakorn, who are major shareholders and have led the organization till today. AP went public and was listed on the Stock Exchange of Thailand (SET) in 2000, acquiring Prefabricated Floor PCM Public Company Limited. In 2004, AP divested all shares of PCM Construction Material Company Limited to focus the business exclusively on property development. The company's primary source of income is derived from real estate sales, representing over 90 percent of total revenue. Real estate sales comprise two main components: low-rise projects, accounting for approximately 85 percent, and high-rise projects, making up less than 10 percent based on the average of the last five years. Additionally, the remaining portion of total revenue comes from services.

## **1.2 Business Overview**

### **1.2.1 AP Brand Portfolio**

AP Thailand Public Company Limited is a famous real estate company with a diverse range of residential products, including townhomes, single detached houses, and condominiums, available in both Bangkok and upcountry areas. AP categorizes its customer segments into six groups, ranging from mass level to Super Luxury. The company offers a variety of projects to diverse the needs and preferences of its customers in terms of functionality, styles, and locations.

The selection of accommodation is strategically aligned with the marketing strategy, taking into consideration of the customer's preferences, economic cycles, and investable locations. For instance, townhomes and single detached houses are positioned on the outskirts and surrounding areas of Bangkok, while condominiums are strategically located with convenient access to metro lines or modern transport systems. This ensures easy and quick commutes from home to the workplace, especially in business districts, as well as proximity to lifestyle amenities such as department stores, restaurants, and hospitals (AP Spa Annual Report, 2022). The company provides a wide array of products across various genres and widespread locations throughout the country, in order to diverse the needs of its target customers.

This is a key factor contributing to AP's position as one of the leading property developers in Thailand, with a strong reputation and an established brand. Product portfolios are detailed in Figure 1.1 and Table 1.1.

|                       | SUPER LUXURY CLASS (A+) | LUXURY CLASS (A) | HIGH CLASS (B-)           | UPPER CLASS (B) | MAIN CLASS (C+)     | ECONOMY CLASS (C) | PRICE RANGE                   |
|-----------------------|-------------------------|------------------|---------------------------|-----------------|---------------------|-------------------|-------------------------------|
|                       | MIDTOWN                 |                  |                           | SUBURBAN        |                     |                   |                               |
| Single detached house | BAAN KLANG KRUNG        | THE PALAZZO      | SOUL                      | THE CITY        | CENTRO <sup>®</sup> | MODEN             | 3-50++ MB                     |
| Condominium           |                         | THE ADDRESS      | RHYTHM                    | Life            | aspire              |                   | Avg. 58,000-250,000 Baht/Sq.m |
| Townhome              |                         | CLASSE           |                           | บ้านกลางเมือง   | Pleno               | Pleno Town        | 1.69-25 MB                    |
| Twin house            |                         |                  | บ้านกลางเมือง THE EDITION | Grande PLENO    |                     |                   | 6-12 MB                       |
| Upcountry             |                         |                  |                           |                 | อภิศวณ              |                   | 1.99-6++ MB                   |

**Figure 1.1 AP Product Ports**

Source: AP Annual Report (2022)

**Table 1.1 Types of Products Classified by Price**

| Brand            | Type        | Price Range               |
|------------------|-------------|---------------------------|
| Baan Klang Krung | Townhouse   | Baht 10 Million           |
| Baan Klang Muang | Townhouse   | Baht 4-7 Million          |
| Pleno            | Townhouse   | Baht 1.8-2.4 Million      |
| BIZTOWN          | Home Office | Baht 6 Million            |
| The Palazzo      | SDH         | Baht 12-35 Million        |
| Soul             | SDH         | Baht 12-30 Million        |
| Centro           | SDH         | Baht 5-8 Million          |
| The City         | SDH         | Baht 8-15 Million         |
| Galerie          | Condominium | Baht 25-100 Million       |
| The Address      | Condominium | 120,000 Baht/sq.m.        |
| Rhythm           | Condominium | 90,000-120,000 Baht/sq.m. |
| Life             | Condominium | 90,000 Baht/sq.m.         |
| Aspire           | Condominium | 48,000-82,000Baht/sq.m.   |
| Coo              | Condominium | Baht 1.2-1.5 million      |

Source: AP Annual Report (2022)

The figure and table above illustrate the types of products and customer segments which are categorized by affordability of the Customers. AP offers a diverse range of single houses under six different brands, ranging from BAAN KLANG KRUNG (super luxury class A+) to CENTRO (main class with a starting price of 5 million baht). These houses are strategically located in midtown areas. The brand MODEN, an economy-class option (C), is located in suburban areas with an initial price of 3 million baht according to (Table 1.1) The condominium portfolio of the four brands is: ADDRESS, RHYTHM, LIFE, and Aspire.

These are mainly located in urban areas and business districts, emphasizing convenient living, with prices ranging from 58,000 to 250,000 baht per square meter. Townhome brands span from the luxury class (A), such as CLASSE, to PLENO, which is in the main class (C+). Prices for these townhomes range from 1.69 to 25 million baht. Additionally, AP has launched two brands in the Townhouse category: BAN KLANG MUANG and Grande PLENO. These are located in midtown areas with starting prices ranging from 6 to 12 million baht.

The brand APIWAN focuses on meeting housing demand in upcountry areas and for affordable groups, with prices ranging from 1.99 million to more than 6 million baht (AP Annual Report, 2023).

### **1.2.2 Revenue Structure**

The company's revenue structure reveals that the primary source of revenue comes from the sale of real estate, accounting for 93.9% of the total revenue (including both low-rise and high-rise). This marks a significant increase from 75.3% in 2021, as reported in the (AP annual report, 2023). On the other hand, income from high-rise sales has experienced a notable decline. In 2021, the value was 1,641 million Baht, down from 4,914 million Baht in 2010.

The proportion of high-rise sales to the total income has seen a sharp decrease from 15.4% to 4.8% in 2022. In contrast, other revenue streams, such as services, have demonstrated stability in proportion to the total revenue over the last three years, as shown in Figure 1.2. Ultimately, the company's total revenue has consistently grown, reflecting the overall expansion of real estate activities. This is shown in Figure

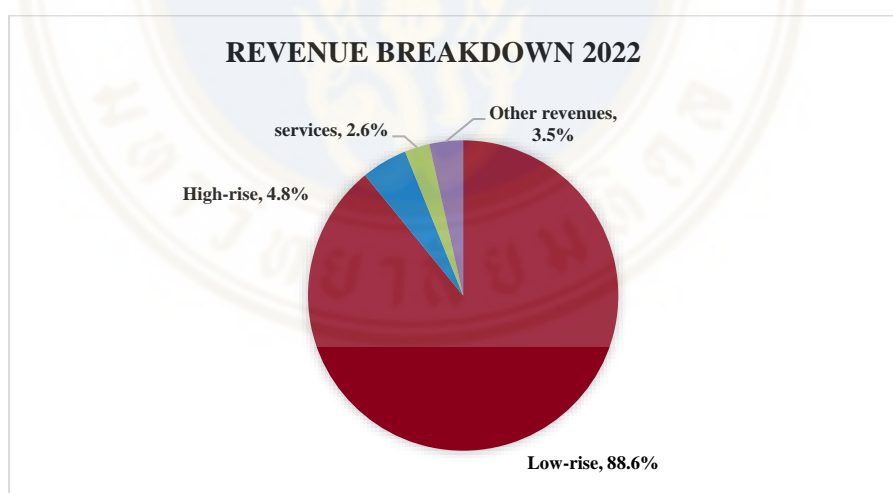
1.5, showing an increase in total revenue from 29,888 million Baht to 39,939 million Baht respectively.

|   | For the year ended |         |              |         |              |         |
|---|--------------------|---------|--------------|---------|--------------|---------|
|   | 2022               |         | 2021         |         | 2020         |         |
|   | Million Baht       | Percent | Million Baht | Percent | Million Baht | Percent |
| Income from low - rise projects                               | 35,604             | 89.1    | 29,238       | 88.6    | 24,035       | 75.3    |
| Income from high - rise projects                              | 1,918              | 4.8     | 1,641        | 5.0     | 4,914        | 15.4    |
| Total Income from sale of real estate                         | 37,522             | 93.9    | 30,879       | 93.6    | 28,949       | 90.7    |
| Income from services  | 1,017              | 2.6     | 915          | 2.8     | 939          | 2.9     |
| Total income from sale of real estate and associated services | 38,539             | 96.5    | 31,794       | 96.4    | 29,888       | 93.7    |
| Other income*   | 1,400              | 3.5     | 1,186        | 3.6     | 2,018        | 6.4     |
| Total revenue   | 39,939             | 100.0   | 32,980       | 100.0   | 31,906       | 100.0   |

\*Other revenue included profit share from investment in the associates as per investment equity method.

**Figure 1.2 Revenue Structure**

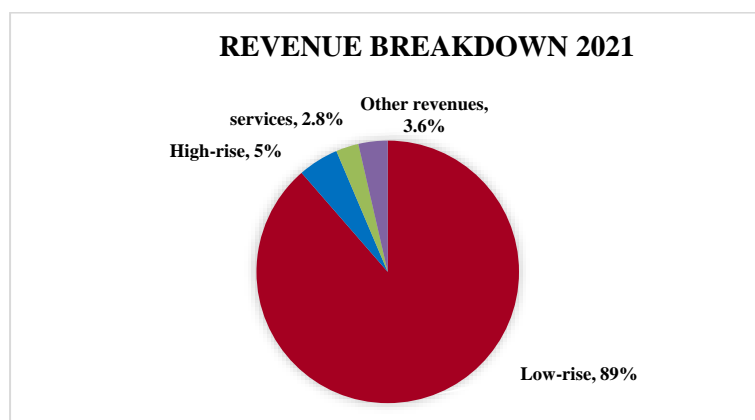
Source: AP Annual Report (2022)



**Figure 1.3 Revenue Breakdown 2022**

Source: AP Annual Report (2022)





**Figure 1.4** Revenue Breakdown 2021

Source: AP Annual Report (2022)

When comparing the revenue breakdown between 2021 and 2022 (refer to Figures 1.3 and 1.4), there is minimal difference. The revenue from real estate sales remains relatively stable, ranging between 93% to 95% of the total revenue. The revenue can be further divided into two primary categories: low-rise projects and high-rise projects, as outlined in the (AP annual report, 2023). Low-rise projects, in particular, contribute significantly to the company's income, accounting for 87 to 89% of the total revenue. On the other hand, revenue from high-rise projects, commonly referred to as condominiums, constitutes approximately 5% of the total income. In addition to real estate sales, revenue from services and other consolidated components collectively represents around 6% of the company's total revenue."



**Figure 1.5** Real Estate Activities

Source: NESDC (2023)



### 1.2.3 Company Organization

The company's long-term goals and objectives are guided by its vision and mission, which been committed over the past few years. Additionally, AP conducts regular assessments of its annual vision, mission, and strategies, examining both outcomes and processes to reinforce the corporate objectives that AP collectively adheres to. The Management of AP is led by Mr. Anuphong Assavabhokhin, serving as the Vice Chairman and Chief Executive Officer, as reported by (SET, 2023). Mr. Pichet Vipavasuphakorn fulfills the role of Managing Director. Mr. Anuphong is also the largest individual shareholder of the company, followed by Mr. Charnchai Krairitthichai, as illustrated in Figure 1.8.

| AP (Thailand) Public Company Limited            |   |  | as of 31 <sup>st</sup> December 2022 |
|---|---|--|--------------------------------------|
| Property development business                   | Other business  | Joint venture with Mitsubishi Estate group                 |                                      |
| Asian Property Co., Ltd. 99.97%                 | Bangkok Citismart Co., Ltd. (Property brokerage) 99.99%             | 51.00% of total shares held by AP                          |                                      |
| Asian property (Krungthep) Co., Ltd. 99.99%     | Smart Service and Management Co., Ltd. (Property management) 99.99% | Premium Residence Co., Ltd.                                |                                      |
| AP (Phetchaburi) Co., Ltd. 99.99%               | SEAsia Leadavation Center Co., Ltd. (Training) 99.05%               | 99.99% of total shares held by Premium Residence Co., Ltd. |                                      |
| Thai Big Belly Co., Ltd. 99.99%                 |   | AP (Ratchayothin) Co., Ltd.                                |                                      |
| Asian Property (2018) Co., Ltd. 99.99%          |   | AP ME 2 Co., Ltd.  |                                      |
| The Value Property Development Co., Ltd. 99.99% |   | AP ME 3 Co., Ltd.  |                                      |
| → Asian Property (2017) Co., Ltd. 99.99%        |   | AP ME 4 Co., Ltd.  |                                      |
| → Aventura Co., Ltd. 99.99%                     |   | AP ME 6 Co., Ltd.  |                                      |
|   | → SQE Construction Co., Ltd. (Construction) 99.99%                  | AP ME 8 Co., Ltd.  |                                      |
| Thonglor Residence Co., Ltd. 99.99%             |   | AP ME 10 Co., Ltd.   |                                      |
| → Signature Advisory Partners Co., Ltd. 99.99%  |   | AP ME 12 Co., Ltd.   |                                      |
| → RC1 Co., Ltd. 99.99%                          |   | AP ME 14 Co., Ltd.   |                                      |
| → RC2 Co., Ltd. 99.99%                          |   | AP ME 15 Co., Ltd.   |                                      |
| → RC3 Co., Ltd. 99.99%                          |   | AP ME 16 Co., Ltd.   |                                      |
| → RC4 Co., Ltd. 99.99%                          |   | AP ME 17 Co., Ltd.   |                                      |
| → RC5 Co., Ltd. 99.99%                          |   | AP ME 18 Co., Ltd.   |                                      |
| → RC6 Co., Ltd. 99.99%                          |   | AP ME 20 Co., Ltd.   |                                      |
| → Clay More Innovation Lab Co., Ltd. 99.99%     |   |  |                                      |
| → Carbon2 Co., Ltd. 99.99%                      |   |  |                                      |
| AP ME 11 Co., Ltd. 99.99%                       |   |  |                                      |
| AP ME 19 Co., Ltd. 99.99%                       |   |  |                                      |
| Homerun PropTech Co., Ltd. 99.99%               | → Shares held by subsidiary   |  |                                      |

**Figure 1.6 AP's company structure**

Source: AP Annual Report (2022)

| Information                 |  | Board of Directors / Management | Opportunity day & Company snapshot |
|-----------------------------|--|---------------------------------|------------------------------------|
| Name                        | Position                               |                                 |                                    |
| Mr. NARIS CHAIYASOOT        | CHAIRMAN OF THE BOARD                  |                                 |                                    |
| Mr. ANUPHONG ASSAVABHOKHIN  | CHIEF EXECUTIVE OFFICER, VICE CHAIRMAN |                                 |                                    |
| Miss KITTIYA PONGPUJANEEGUL | DIRECTOR                               |                                 |                                    |
| Mr. VISANU SUCHATLUMPONG    | DIRECTOR                               |                                 |                                    |
| Mr. PICHET VIPAVASUPHAKORN  | DIRECTOR                               |                                 |                                    |
| Mr. SIRIPONG SOMBUTSIRI     | DIRECTOR                               |                                 |                                    |
| Mr. WASON NARUENATPAISAN    | DIRECTOR                               |                                 |                                    |
| MR. PORNWUT SARASIN         | INDEPENDENT DIRECTOR                   |                                 |                                    |
| Mr. NONTACHIT TULAYANONDA   | INDEPENDENT DIRECTOR, AUDIT COMMITTEE  |                                 |                                    |
| Mr. KOSOL SURIYAPORN        | INDEPENDENT DIRECTOR, AUDIT COMMITTEE  |                                 |                                    |
| Mr. SOMYOD SUTEERAPORNCHAI  | INDEPENDENT DIRECTOR, AUDIT COMMITTEE  |                                 |                                    |
| Mr. YOKPORN TANTISAWETRAT   | INDEPENDENT DIRECTOR                   |                                 |                                    |
| Mr. PHANPORN DABBARANSI     | CHAIRMAN OF THE AUDIT COMMITTEE        |                                 |                                    |

**Figure 1.7 Board of Directors**

Source: SET (2023)

#### Top 10 Shareholders

| Rank | Shareholders  | # Shares (Shares) | % Shares |
|------|---|-------------------|----------|
| 1    | MR. ANUPHONG ASSAVABHOKHIN  | 670,047,561       | 21.30    |
| 2    | บริษัท Thai NVDR Company Limited  | 531,413,835       | 16.89    |
| 3    | NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDU UCITS CLIENTS 10 PCT ACCOUNT | 133,960,574       | 4.26     |
| 4    | STATE STREET EUROPE LIMITED   | 96,411,260        | 3.06     |
| 5    | SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED  | 80,974,051        | 2.57     |
| 6    | นาย ชารุณชัย ไกรฤทธิชัย   | 62,000,060        | 1.97     |
| 7    | นาย JAROONSAK BUNTOONGGINDA   | 59,884,000        | 1.90     |
| 8    | นาย พิเศษ ฐิติวาทกร   | 59,109,666        | 1.88     |
| 9    | BNY MELLON NOMINEES LIMITED   | 57,156,488        | 1.82     |
| 10   | THE BANK OF NEW YORK MELLON   | 51,666,601        | 1.64     |

**Figure 1.8 Major Shareholders**

Source: SET (2023)

The company's organizational structure is centered around the Board of Directors, responsible for conveying the organization's values, mission, and vision to AP's stakeholders. Additionally, the board plays a crucial role in overseeing the implementation of management policies and procedures on behalf of the shareholders. Figure 1.9 illustrates the organizational structure, highlighting the positions within the board and management levels. Mr. Anuphong Assavabhokin serves as the Chief Executive Officer, leading the

business, with Mr. Pichet Vipavasuphakorn as his assistant in the role of Managing Director.

The company has various committees with distinct responsibilities and roles, operating independently of management's interests. These committees, including the Corporate Governance and Risk Management Committee, Audit Committee, and Internal Audit, among others, are tasked with monitoring and reviewing the execution of management responsibilities (AP website, 2023).



**Figure 1.9** AP's company structure

Source: AP website (2023)

### 1.3 Competition Strategies

AP Thailand operates under the mission 'EMPOWERING LIVING.' The mission is rooted in the goal of becoming a premier property developer, providing products and services that not only satisfying the customers but also enabling them, along with associated parties, to lead joyful lives of their own choices, as outlined in the (AP Annual Report, 2023). The Company has implemented three main strategies which are the core playbook to be the leading organization in the nation's real estate industry.

- To establish itself as an unconstrained leader with exceptional agility and flexibility, particularly in challenging environments, is one of AP Thailand's primary strategies, as outlined in the (AP Annual Report, 2023). The company is undergoing a transformation to become a decision-making leader in the new world, emphasizing independence and responsibility to customers, suppliers, and all stakeholders. The focus is mainly on being 'customer-centric' rather than solely following the corporate's requirements. This approach enables AP to rapidly identify and address the evolving perspectives and needs of customers in the face of the swiftly changing global landscape. The decentralization of decision-making is seen as more advantageous than concentrating power within a few groups in the organization.

- Another key strategy outlined in the (AP Annual Report, 2023) is the establishment of a corporate culture that embraces an innovation DNA and cultivates design thinking. The goal is to empower employees to innovate and deliver products or services that contribute to the well-being of individuals and communities. The emphasis is on equality, where everyone is encouraged to participate and contribute to the adoption of innovation, regardless of their position, role, or responsibility within the company. AP believes that encouraging this culture will inspire employees to generate new ideas, actively seek opportunities, and enhance both individual and organizational strengths and competencies.

- Embracing a digital-first approach is an important strategy outlined in the (AP Annual Report, 2023), to focus on 'Everything Digital.' The company is actively pushing all of its businesses towards digital-oriented operations, strategically positioning itself to thrive in dynamic environments. The organization is grounded in the belief that this digital transformation facilitates swift responses to customer needs and fosters innovation, utilizing the solid and fast data, enabling the company to quickly identify and address the unmet needs of homebuyers. The primary focus is on delivering 'the experience of living' through power and convenient products and services, with an unwavering commitment to buyers as the top priority.

- In terms of marketing and sales, AP emphasizes the strong demand of online and digital media. Recognizing the importance of these platforms, the company views them as crucial vehicles for pursuing growth. The accessibility and reach provided by online and digital media enable the company to engage with the new generation of

customers anytime, anywhere, all within a cost-effective budget. Additionally, these platforms offers diverse channels and features, including motion and voice, enhancing the company's ability to connect with its audience.

## **1.4 Corporate Governance & Sustainability**

AP guides its business with a focus on sustainability, social responsibility, and the optimal benefit of all stakeholders through the continuous improvement of quality products and services. With a commitment to enhancing the well-being of customers, AP aims to address and fulfill customer needs and satisfaction, particularly in the face of uncertain situations and challenges. The company believes that integrating Environmental, Social, and Governance (ESG) considerations into business operations and services will allow stakeholders to deeply appreciate the company's genuine intentions. This, in turn, is expected to be reflected in the delivery of valued products, services, and executions, as highlighted in the (AP Annual Report, 2023).

### **1.4.1 Development to Accommodate the Environmental Changes**

Realizing the essentials of environmental issues, the company has a mission to create the policy and operational guidance for complying with the legal and regulations in the business context even going beyond the standard and setting the goals related to the environment as follows:

- Dealing with climate change, a company set a goal to reduce releasing Greenhouse gases by 20% by the end of 2023 from its base of 2021.
- Coping with air pollution especially reducing PM 2.5 of construction in many projects
  - Efficient resource and waste management
  - Construction materials and product development (AP annual report, 2023)

### **1.4.2 Corporate Social Responsibility**

The company deeply acknowledges the impacts of social activities, encompassing associations, communities, and social development. It expresses its commitment through corporate values that prioritize human resources, aligned with a



mission to contribute in creating a better society and environment. AP has consistently generated value and developed new innovations crucial for economic, social, and environmental advancement. The business strategically defines its social initiatives, categorized into three key attributes: improving society, developing the environment, and sharing skills and wisdom as outlined in the (AP Annual Report, 2023). These aspects play a crucial role in every business activity, serving as important parts for management and stakeholders. They contribute to steering AP towards the achievement of its valuable mission, surpassing societal expectations.

### **1.4.3 Corporate governance policy**

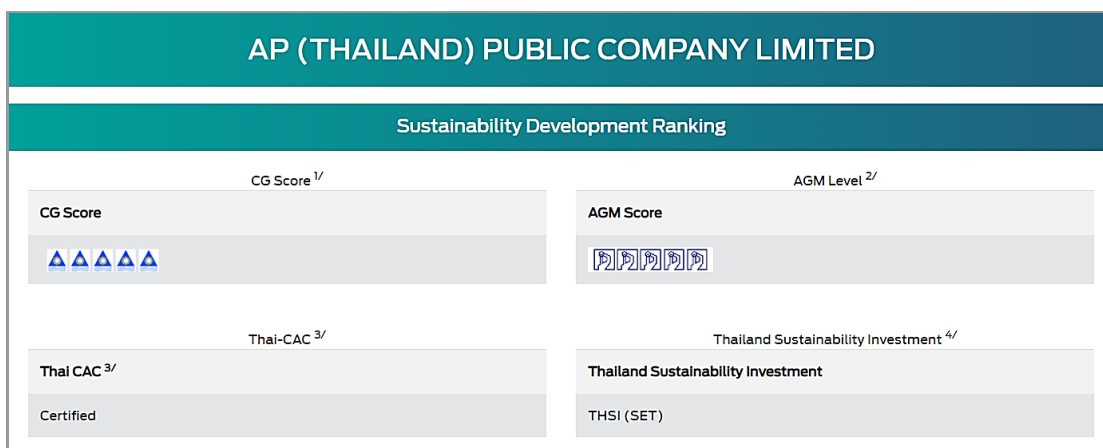
AP maintains a dedicated Corporate Governance and Risk Management Committee responsible for monitoring and reviewing the execution of the Good Corporate Governance guidelines outlined in 2017. This committee actively engages with the business's operations on a quarterly basis, with the Board of Directors conducting an annual review based on the priority of each agenda. The company demonstrates a strong commitment to corporate governance policies, emphasizing zero tolerance for corruption or bribery. Guidance and information related to corporate governance are regularly disseminated through the company's devices and email communications to all employees, as detailed in the (AP Annual Report, 2023). Furthermore, the company's approach to corporate governance aligns with practicality and productivity, in accordance with the expectations set by the Stock Exchange of Thailand for listed companies. This reflects AP's proactive efforts to recognize and adopt corporate governance practices.



**Figure 1.10 AP’s CG Credential**

Source: AP website (2023)

AP (Thailand) has achieved the highest Corporate Governance (CG) score, as well as the highest Annual General Meeting (AGM) score, as shown on the Securities and Exchange Commission's (SEC) website (refer to Figure 1.11). The company operates its business with a commitment to integrity, transparency, and strict compliance with laws and regulations. This includes a focus on the interests of all stakeholders, guided by the principles of good corporate governance. AP not only adheres to fundamental standards but also embraces ethical operations, considering them as the steadfast foundation for sustainable growth, as mentioned on the (AP website, 2023).



**Figure 1.11 AP's CG Score**

Source: SEC (2023)

| ข้อมูล Sustainability Development ตามหมวดอุตสาหกรรม (จำนวนรายการที่พบ 59 รายการ) |   |                        |                         |                        |                    |                |
|--|---|------------------------|-------------------------|------------------------|--------------------|----------------|
| ชื่อย่อ  | ชื่อบริษัท                                  | CG Score <sup>1/</sup> | AGM Level <sup>2/</sup> | Thai CAC <sup>3/</sup> | THSI <sup>4/</sup> | หมวดอุตสาหกรรม |
| A  | บริษัท อารีธา พรอพเพอร์ตี้ จำกัด (มหาชน)    | 3                      | 3                       | n/a                    | n/a                | SET - PROP     |
| AKS  | บริษัท เอเชียส คออร์ปอเรชั่น จำกัด (มหาชน)  | 3                      | 4                       | n/a                    | n/a                | SET - PROP     |
| AMATA  | บริษัท อมตะ คอร์ปอเรชั่น จำกัด (มหาชน)      | 5                      | 5                       | ได้รับการรับรอง        | THSI (SET)         | SET - PROP     |
| AMATAV   | บริษัท อมตะ วิจัย จำกัด (มหาชน)             | 5                      | 5                       | ได้รับการรับรอง        | THSI (SET)         | SET - PROP     |
| ANAN   | บริษัท อนันดา ดีเวลลอปเม้นท์ จำกัด (มหาชน)  | 5                      | 5                       | n/a                    | n/a                | SET - PROP     |
| AP   | บริษัท เอพี (ไทยแลนด์) จำกัด (มหาชน)        | 5                      | 5                       | ได้รับการรับรอง        | THSI (SET)         | SET - PROP     |
| APEX   | บริษัท เอพีทรี ดีเวลลอปเม้นท์ จำกัด (มหาชน) | -                      | -                       | n/a                    | n/a                | SET - PROP     |
| ASW  | บริษัท แอสเสทไวกส์ จำกัด (มหาชน)            | 5                      | 4                       | ประกาศเจตนารมณ์        | THSI (SET)         | SET - PROP     |
| AWC  | บริษัท แอสเสท เวิร์ด คอร์ป จำกัด (มหาชน)    | 5                      | 5                       | ได้รับการรับรอง        | THSI (SET)         | SET - PROP     |
| BLAND  | บริษัท บวงกอกแลนด์ จำกัด (มหาชน)            | 3                      | 3                       | n/a                    | n/a                | SET - PROP     |
| BRI  | บริษัท บริหารนิย จำกัด (มหาชน)              | 4                      | 4                       | ประกาศเจตนารมณ์        | n/a                | SET - PROP     |

**Figure 1.12 AP's CG Assessment by Sector**

Source: SEC (2023)



## **CHAPTER II**

### **REAL ESTATE INDUSTRY**

In this Chapter, we will be discussing about the Macroeconomic Outlook of Asian Property where we will be focusing on the Global & Thailand's GDP (2.1), IMF's World Economic Outlook Projections from the year 2022 to 2024 (Table 2.1) as well as the Inflation Projection (Figure 2.1). We will also be focusing on Thailand's Inflation, Unemployment Rates, and household debts. We will also be seeing the Trend of Thailand's Real Estate Industry (2.2) in order to know how the Real Estate Industry is moving while also focusing at the Competition Analysis (2.3)

## **2.1 Macroeconomic Outlook**

### **2.1.1 The Global and Thailand GDP**

The International Monetary Fund (IMF, 2023) projects a deceleration in the growth of the world economy, slowing from around 3.50 to 4.0 percent in 2022 to an estimated 3.0 percent in 2023 and 2.9 percent in the following year. This falls below the historical average of the past 10 years at 3.8 percent. Developed country economies are expected to grow by approximately 1.5 percent this year and 1.4 percent next year. Notably, the US economy, although remaining more resilient than expected, has experienced initial weakness since the second half of this year due to the impact of the Federal Reserve's tightening monetary policy, including high interest rates and a reduction in the money supply.

The growth of developed economies is primarily affected by challenges faced by large Eurozone economies such as Germany and France. These challenges include energy insecurity arising from the Ukraine war, leading to high inflation across the region, demographic changes, and high financial costs for corporations. (IMF, 2023) also predicts a surge in the growth of developing economies by 4.0 percent in the next

couple of years. However, concerns persist regarding China's real estate situation, potential deflation, and high levels of public and private debt in some emerging countries.

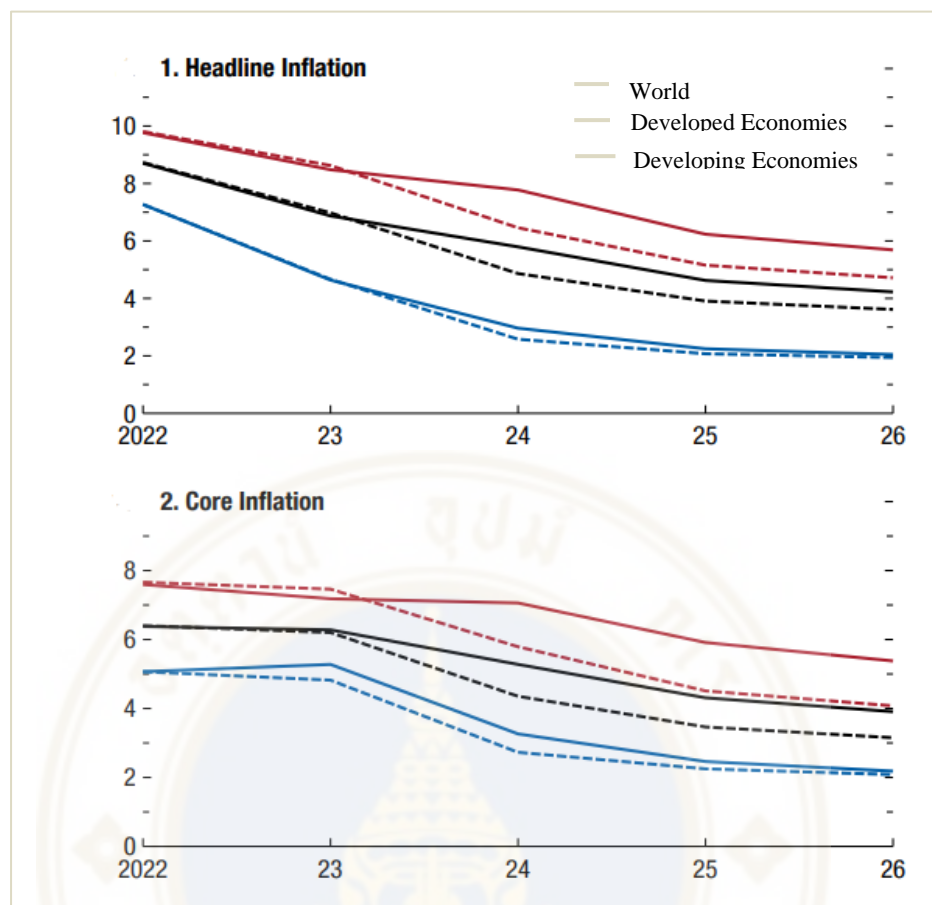
Geopolitical tensions add further risks, impacting both companies and consumers, making it challenging to predict the extent and effects. This contributes to a complex environment with sticky world inflation but prompts corporations to de-risk in their supply chains. Nevertheless, the world economy has a supportive cushion from the recovery in services, particularly in the tourism industry, and advancements in technology and innovation. These factors enable companies to pursue new opportunities and protect profit margins, especially amid the peak policy interest rates of major central banks, which are expected to lower in the future.

Global inflation is projected by the (IMF, 2023) to continue slowing, decreasing from 8.7 percent last year to around 6.9 percent this year and 5 percent in the following years. This forecast is based on the assumption that energy prices will not return to the peak levels seen in 2022 and that supply chain disruptions and pent-up demand after the pandemic will be subdued.

**Table 2.1 IMF's World Economic Outlook Projections**

| (Real GDP growth, annual percent change) | 2022       | 2023       | 2024       |
|--|------------|------------|------------|
| <b>World Output</b>                      | <b>3.5</b> | <b>3.0</b> | <b>2.9</b> |
| Advanced Economies                       | 2.6        | 1.5        | 1.4        |
| United States                            | 2.1        | 2.1        | 1.5        |
| Euro Area                                | 3.3        | 0.7        | 1.2        |
| Germany                                  | 1.8        | -0.5       | 0.9        |
| United Kingdom                           | 4.1        | 0.5        | 0.6        |
| Japan                                    | 1.0        | 2.0        | 1.0        |
| <b>Emerging and Developing Asia</b>      | <b>4.5</b> | <b>5.2</b> | <b>4.8</b> |
| China                                    | 3.0        | 5.0        | 4.2        |
| India                                    | 7.2        | 6.3        | 6.3        |
| Indonesia                                | 5.3        | 5.0        | 5.0        |
| Malaysia                                 | 8.7        | 4.0        | 4.3        |
| <b>Thailand</b>                          | <b>2.6</b> | <b>2.7</b> | <b>3.2</b> |
| Vietnam                                  | 8.0        | 4.7        | 5.8        |

Source: IMF (2023)



**Figure 2.1 Inflation Projection (Percent; dashes = estimated in Apr. 2023, line = estimated in Oct. 2023)**

Source: IMF (2023)

In 2023, Thailand's output is estimated to experience a surge of approximately 2.5 to 3.0 percent, according to the Office of the National Economic and Social Development Council (NESDC, 2023). The International Monetary Fund (IMF, 2023) indicates a growth rate of about 2.7 percent for this year and 3.2 percent in 2024 as we can see from (Table 2.1). This projection is based on the assumption that Thailand's exports will gradually improve amid easing global demand, geopolitical tensions, and intense competition for global market share. The new government is expected to face challenges in seeking funding for stimulus measures aimed at boosting the country's economic growth, including a digital wallet program. However, Thailand is notably benefiting from the recovery of tourism and resilient private consumption. Thailand's real estate sector is recognized as one of the most vital contributors to the country's economy,

constituting approximately 13% of Thailand's Economic Structure classified by industry exhibited in Figure 2.2

**Table 2.2 Developing Economies Projection**

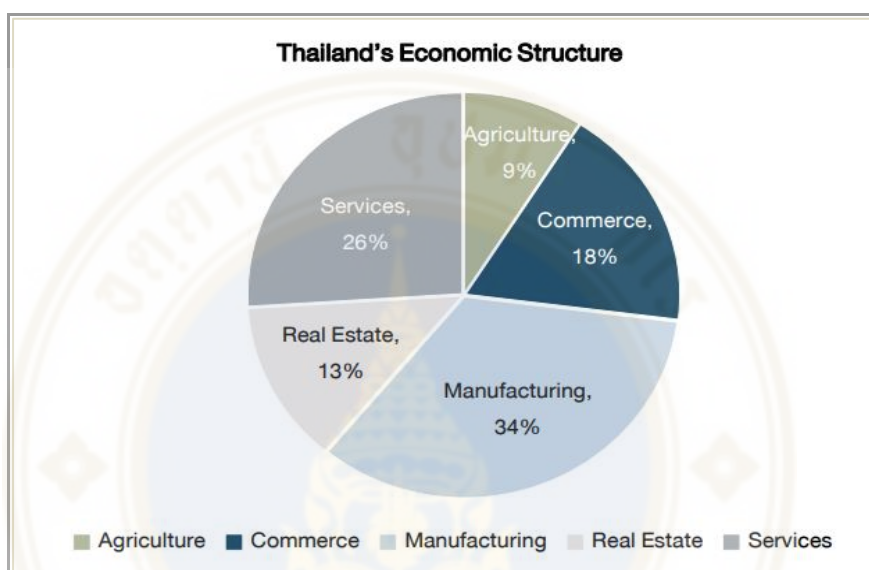
|                                     | Real GDP   |             |            | Consumer Prices |             |            | Unemployment |             |      |
|-------------------------------------|------------|-------------|------------|-----------------|-------------|------------|--------------|-------------|------|
|                                     |            | Projections |            |                 | Projections |            |              | Projections |      |
| (Annual percent change)             | 2022       | 2023        | 2024       | 2022            | 2023        | 2024       | 2022         | 2023        | 2024 |
| <b>Emerging and Developing Asia</b> | <b>4.5</b> | <b>5.2</b>  | <b>4.8</b> | <b>3.8</b>      | <b>2.6</b>  | <b>2.7</b> | -            | -           | -    |
| China                               | 3.0        | 5.0         | 4.2        | 1.9             | 0.7         | 1.7        | 5.5          | 5.3         | 5.2  |
| India                               | 7.2        | 6.3         | 6.3        | 4.7             | 5.5         | 4.6        | -            | -           | -    |
| Indonesia                           | 5.3        | 5.0         | 5.0        | 4.2             | 3.6         | 2.5        | 5.9          | 5.3         | 5.2  |
| Thailand                            | 2.6        | 2.7         | 3.2        | 6.1             | 1.5         | 1.6        | 1.3          | 1.2         | 1.1  |
| Vietnam                             | 8.0        | 4.7         | 5.8        | 3.2             | 3.4         | 3.4        | 2.3          | 2.1         | 2.1  |

### 2.1.2 Thailand's inflation, unemployment, and household debt

The Bank of Thailand (BOT, 2023) forecasts a moderate increase in the country's headline inflation for this year, projecting a rise of about 1.6% from the previous year. The expectation is for inflation to further increase in the range of 1.6 to 1.8 percent next year. This projection is based on the decline in prices of food, energy, and electricity due to a global decrease in demand for energy and commodities. However, there is a possibility that inflation could re-accelerate or remain stubbornly high as private consumption increases with the reopening of the country to tourists, the effects of government stimulus programs supporting the domestic economy, and challenges arising from climate change affecting agricultural outputs. In summary, BOT holds an optimistic view of Thai headline inflation for the upcoming phases, anticipating it to be within BOT's target range of 1 to 3 percent as we can see from (Table 2.2) This expectation is attributed to the balancing effect of promoting and demoting factors.

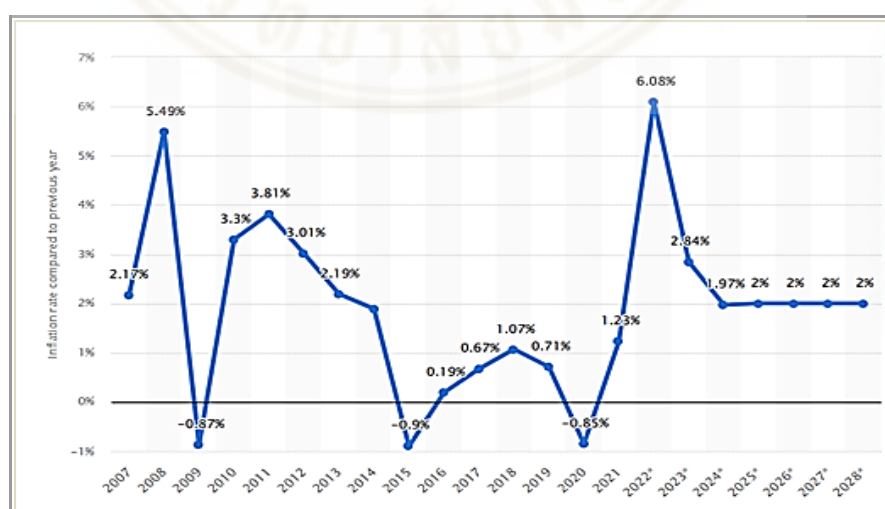
NESDC (2023) reports positive developments in the Thai labor market since the first half of 2022, with the country's employment rate increasing by 2.4 percent from the previous year. This growth is supported by a healthy rebound in international travelers following the lifting of Covid-19 restrictions and stimulus packages from the state. NESDC also predicts a decline in Thailand's unemployment rate in the coming quarters, reaching 0.9 percent by early next year and remaining stable in 2024. This

positive outlook supports Thai consumers and the country's consumption, which the government prioritizes as the key engine for driving economic growth in the next phases. However, challenges persist, with potential limitations on household spending and concerns about vulnerable financial health. The household debt level in Thailand, relative to GDP, stands at 90 percent, with no sign of decline (Figure 2.2). Addressing this issue remains a priority for the new government and the Bank of Thailand.



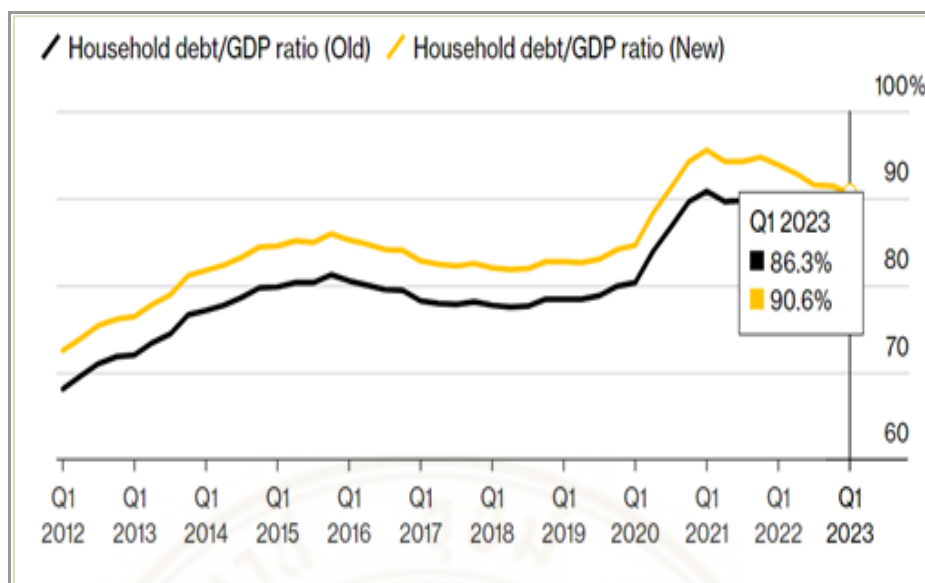
**Figure 2.2 Thailand's Economic Structure**

Source: Bank of Thailand (2023)



**Figure 2.3 Thailand Inflation Forecast**

Source: Statista (2023)



**Figure 2.4 Thai Household Debt/GDP Ratio**

Source: Bloomberg (2023)

## 2.2 Trend of Thailand's Real Estate Industry

Thailand's real estate market showed signs of a rebound in the second half of 2022. However, despite this positive trend, the global economic backdrop has been challenging for the industry. The costs of energy and construction materials have escalated due to the struggle for energy supply prompted by the Ukraine war and prolonged over-demand post-pandemic, supported by private consumption. Excess household savings, accumulated through global government stimulus measures, have exceeded pre-pandemic levels, contributing to elevated demand. While the domestic economy remains feeble, private consumption has been hampered by rising inflation, reducing consumer spending power. International buyers have played a significant role in driving growth in Thailand's real estate market, particularly following China's relaxation of pandemic restrictions and Thailand's reopening to travelers.

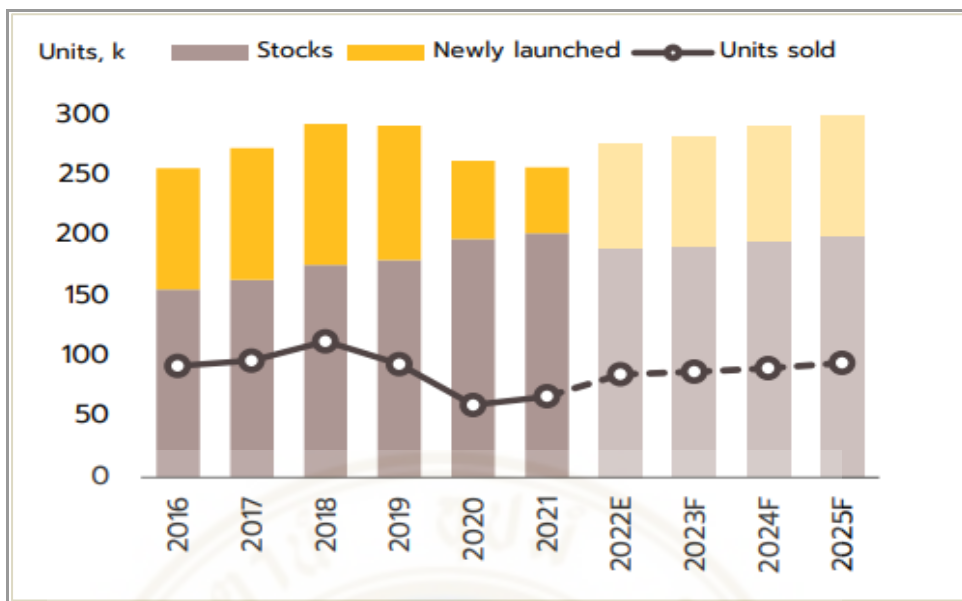
The Real Estate Information Center of the Government Housing Bank (REIC, 2023) reported a substantial increase in condominiums purchased by non-Thai buyers, with transactions jumping by 79.2% in the first quarter of 2023 compared to the previous year. CBRE (2023) noted that the majority of customers in the first half of the year were Thai (89%), with the remaining mainly from various Asian countries. The



agency anticipates a further increase in foreign buyers, reaching around 18% of total units sold in the coming year. Several factors contribute to the industry's growth, including rising urbanization, infrastructural improvements, and extended public transportation such as new metro lines. The aging society also plays a role, with retirees seeking prospective homes. Government measures to boost affordable housing further stimulate demand. The industry's growth is theoretically tied to the country's positive economic outlook for the next year.

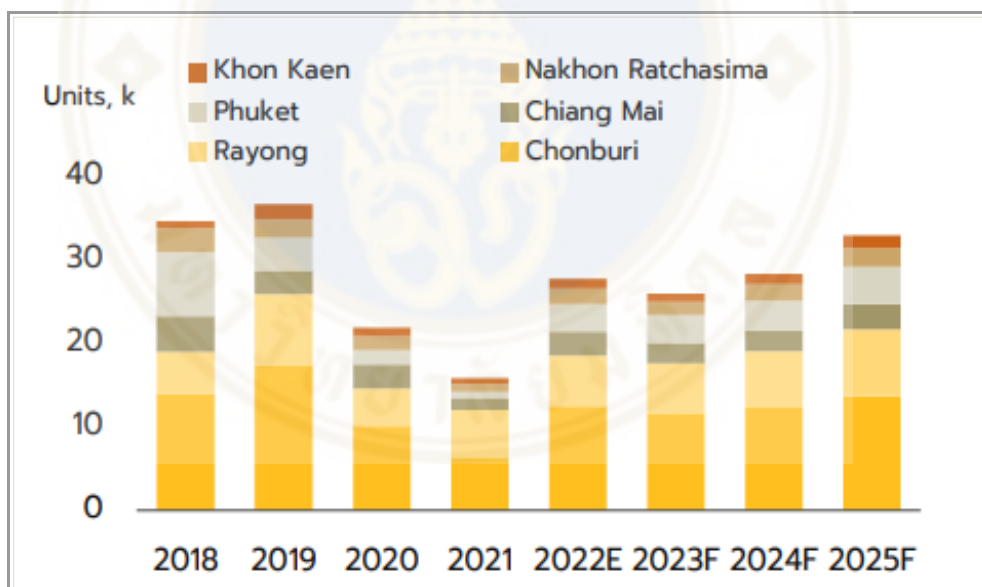
Krungsri Research (2022) estimates a surge in sales of residential housing in the Bangkok metropolitan zone and expects new housing units released into the market to increase over the next two years. Developers may focus on low-rise products in response to real demand, particularly in areas near educational institutions, office districts, industrial zones, and central parts of the Bangkok Metropolitan Region (BMR) alongside metro lines. Demand for low-rise housing remains strong, driven by customers seeking long-term residences with needed spaces or functionalities for remote work. Condominiums remain optimistic, with (CBRE, 2023) estimating a significant increase in new launches in midtown and suburban areas next year.

In upcountry regions, especially the main six provinces, (Krungsri Research, 2022) projects continued expansion in the low-rise market, responding to demand from both domestic and foreign buyers. The areas serve as regional hubs for tourist attractions, industrial zones (especially the Eastern Economic Corridor or EEC), and strategic public investments by the government. Despite these positive trends, Thailand property market faces challenges in the coming years, including higher mortgage rates following the Bank of Thailand's interest rate hikes, tighter financial conditions leading banks to be more cautious about approving housing loans, high household debt levels, and the overall higher cost of living. Additionally, competition from neighboring countries, such as Vietnam and Indonesia, presents a challenge in attracting foreign buyers.



**Figure 2.5 Supply Forecast of Housing in Bangkok Metropolitan Region**

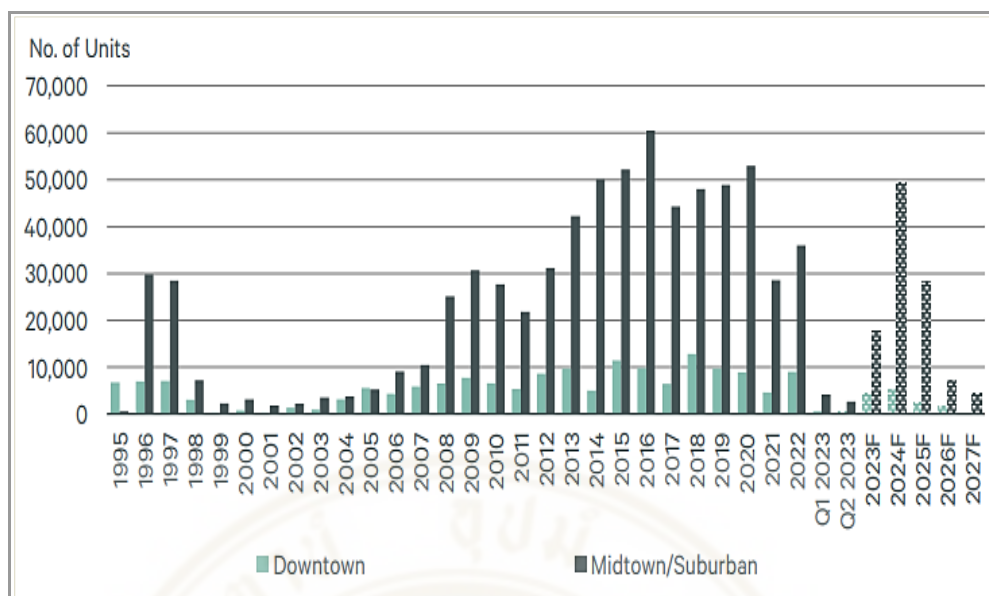
Source: Krungsri Research (2022)



**Figure 2.6 Supply Forecast of Housing in Upcountry**

Source: Krungsri Research (2022)





**Figure 2.7 Newly Completed Condominiums in Bangkok, 1995-2027F**

Source: CBRE Research (2023)

## 2.3 Competition Analysis

There are a lot of competitions in the Real Estate Industry for AP like:

- LH
- SENA
- SUPALAI
- ORI

LH or also known as Land & House Public Company, Limited was founded in the year 1973 as a property development business. Land & House was formed to be a Company Limited on August 30, 1983. Their main businesses include selling detached houses, townhomes and condominiums in Bangkok as well as other major cities like Chiangmai, Chiangrai, Phuket, etc. Land & House also does rental & service businesses in Thailand & other countries. In Thailand, they have a hotel under the name “Grande Centre Point” where in the retail business they have Terminal 21 shopping center, while in the US, Land & House also has apartments & hotels. (Land & House, 2023)



**Figure 2.8 Logo Land & House**

In the 2nd Quarter of 2023, Land & Houses had a total cash of 5.78 million baht and a Net Profit of around 9.43 million baht.

SENA or Sena Development was founded in the year 1993 under the name “Krungthep Keha Group” and later changed its name to Sena Development. Sena Development focuses on residential & commercial properties like giving out for sales, rentals, property management, and related services. The properties that they sell are condominiums, houses & townhomes while also focusing on the business segments of property development like golf course services, and apartment for services. Sena development also focuses on single-family houses, semi-detached as well. (Sena Development, 2023)



**Figure 2.9 Logo SENA**

In the 2nd Quarter of 2023, SENA Development has a total cash of 1.106 million baht and a Net Profit of around 213.30 million baht.

SPALI or Supalai Public Company Limited was founded on June 26, 1989. In 1992, the Company had transformed into a public company, and they were listed on the Stock Exchange of Thailand on November 17, 1993. Supalai began its operations with real estate development in housing & commercial buildings. During the beginning phase of Supalai’s business was dealing with the construction of single detached houses as well as townhomes where they were in the form of closed communities. Over time the company grew to expand its real estate to condominiums, offices, hotels, and resorts.

Currently, the Company is mainly focusing on building low & high-rise housing projects both in Bangkok and other provinces (Supalai (About Us), 2023).

The logo for Supalai, featuring the word "SUPALAI" in a bold, serif, gold-colored font.

**Figure 2.10 Logo SUPALAI**

In the 2nd Quarter of 2023, Supalai has a total cash of 3,566.01 million baht and a net profit of 2,781.14 million baht.

ORI or Origin Property Public Company Limited was founded on December 16, 2009, as a real estate development business company in Thailand. They focus mainly on developing residential condominiums & houses along the Mass Transit Railway System both in Bangkok & Eastern Economic Corridor Zone or also known as the EEC. ORI has over 60 companies as subsidiaries. The Company focuses on developing real estate projects with modern designs as well as making the best unit plan designs and excellent after-sales services. ORI has another company called “Primo Service Solution Company Limited where they focus on Condominium tenant management services as well as condominium juristic person management services (Property, 2023)

The logo for Origin, featuring a stylized 'O' icon composed of two overlapping shapes (one orange, one grey) followed by the word "ORIGIN" in a bold, sans-serif, grey font.

**Figure 2.11 Logo ORIGIN**

In the 2nd Quarter of 2023, Origin has a total cash of 3,866.90 million baht and a net profit of 1,670.92 million baht.

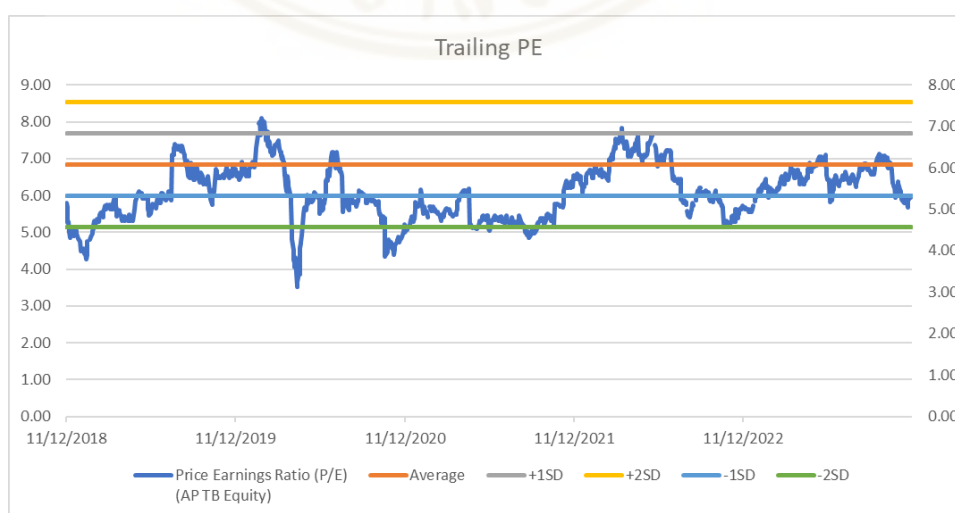
## CHAPTER III

### VALUATION

This chapter dives into the Relative Valuation of Asian Property, providing an insightful analysis of trends from November 2018 to November 2023. Key metrics, such as Price to Earnings (P/E), Price to Book Value (P/B), and Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA), are visually presented in Figures 3.1, 3.2, and 3.3, respectively. Table 3.1 offers a comprehensive comparison of Asian Properties with their competitors, presenting their trailing metrics and providing insights into the Peer Average and Peer Median within the Real Estate Industries.

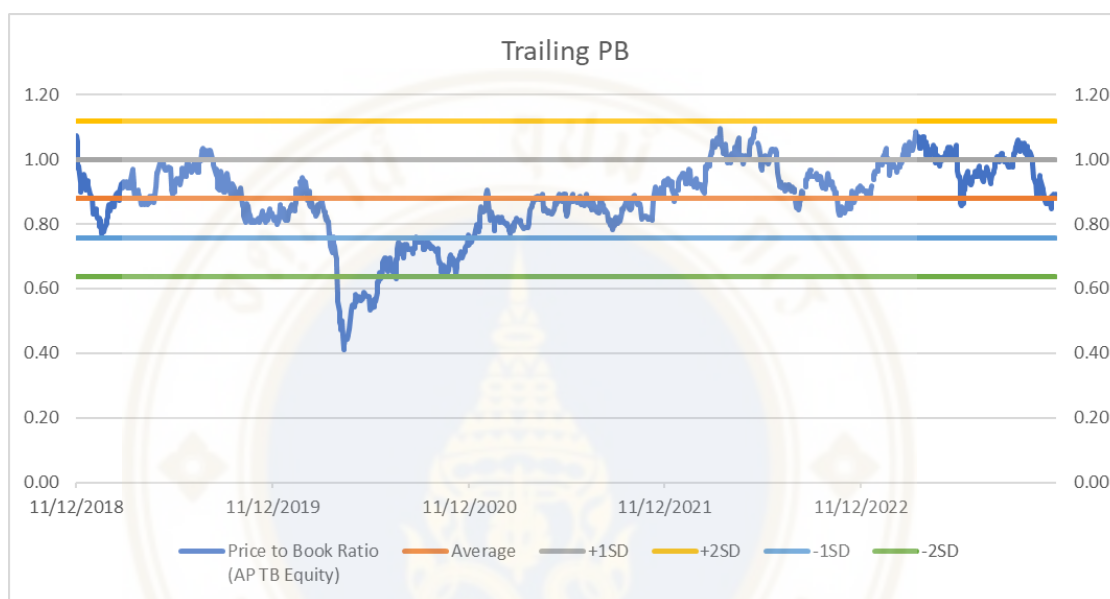
Moving forward, Table 3.2 dives into the calculation of the Average Share Price of Asian Property, incorporating forecasts for the 4th Quarter of 2023 and extending to 2024 and 2025. The derived prices, notably 16.00 baht for 2024 and 16.59 baht for 2025, by providing valuable benchmarks. Figures 3.4, 3.5, and 3.6 will be focusing on the Forwarding of Asian Property.

### 3.1 Trailing



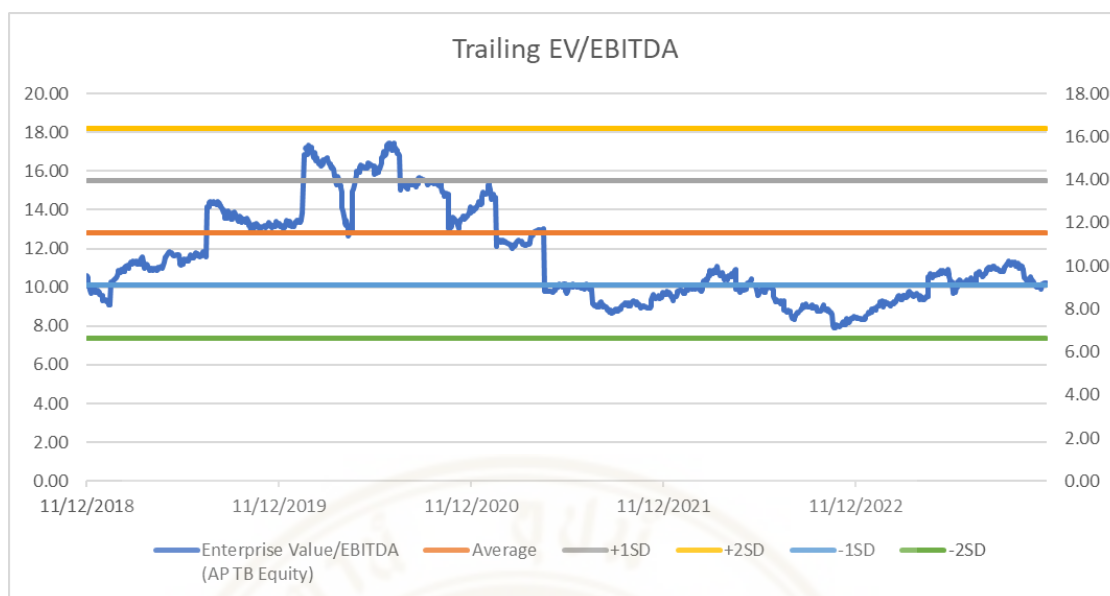
**Figure 3.1 Trailing PE**

Figure 3.1 shows the Trailing P/E of Asian Property based on the previous 5 years data. The trailing PE ratio is calculated by dividing the current stock price by the Earnings per Share (EPS) where the Current P/E of AP is valued at 6.00 and we have divided it by different Standard Deviations. The Current P/E Ratio of 6 is lower than Average which is valued at 6.07, it is higher than the -1SD which is valued at 5.32. Thus, in conclusion we can say that the Trailing AP is undervalued.



**Figure 3.2 Trailing PB**

After calculating the Trailing P/E, next is the calculation of the Trailing P/BV. As we can see from Figure 3.2, Trailing P/BV can be calculated dividing the market price of company's share by the book value per share of the Company, where we can see from Illustration xxx that the current Price to Book Value is valued at 0.89, which is slightly higher than the 5 Years Average of Asian Property which is 0.88. Even though it is higher than the Average of Asian Property but after comparing with the 1 Standard Deviation, it is lower than 1SD as 1SD is valued at 1.00. We can conclude that the firm is overvalued.



**Figure 3.3 Trailing EV/EBITDA**

Lastly, we will be discussing the Trailing EV/EBITDA of Asian Property, the formula for calculating the EV/EBITDA is dividing the Enterprise Value by the Earnings Before Interest, Taxes, Depreciation & Amortization. As we can see from Figure 3.3, the Current Value of EV/EBITDA is valued at 10.20. The 5 Year Average of Asian Property is valued at 11.52 which is higher than the Current Value that is 10.20. Thus, we will be comparing it with the -1 Standard Deviation where the -1 Standard Deviation is valued at 9.08. We can conclude that the firm is undervalued.



### 3.2 Integrate Benchmark Corporations.

**Table 3.1 Integrate Benchmark Corporations.**

| Identifier | Company Name                   | Country  | Market Capital | Closing Price |        | Trailing P/E       |        | Forward P/E       |       |
|------------|--------------------------------|----------|----------------|---------------|--------|--------------------|--------|-------------------|-------|
|            |                                |          |                | 10-Nov-23     | Nov-23 | Nov-23             | Nov-23 |                   |       |
| AP         | Asian Property                 | Thailand | 35,234,070,000 | 11.20         |        | 6.00               |        | 5.50              |       |
| SENA       | Sena Development               | Thailand | 3,576,840,000  | 2.48          |        | 7.51               |        | 7.67              |       |
| SUPALAI    | Supalai Public Company Limited | Thailand | 35,154,970,000 | 18.00         |        | 4.56               |        | 5.78              |       |
| LH         | Land & Houses                  | Thailand | 90,220,330,000 | 7.55          |        | 15.08              |        | 13.43             |       |
| ORI        | Origin Property                | Thailand | 21,718,980,000 | 8.85          |        | 6.11               |        | 7.22              |       |
|            |                                |          |                |               |        | Peer Average       |        | 7.85              | 7.92  |
|            |                                |          |                |               |        | Peer Median        |        | 6.11              | 7.22  |
|            |                                |          |                |               |        | Peer High          |        | 15.08             | 13.43 |
|            |                                |          |                |               |        | Peer Low           |        | 4.56              | 5.78  |
| Identifier | Company Name                   | Country  | Market Capital | Closing Price |        | Trailing P/BV      |        | Forward P/BV      |       |
|            |                                |          |                | 10-Nov-23     | Nov-23 | Nov-23             | Nov-23 |                   |       |
| AP         | Asian Property                 | Thailand | 35,234,070,000 | 11.20         |        | 0.89               |        | 0.83              |       |
| SENA       | Sena Development               | Thailand | 3,576,840,000  | 2.48          |        | 0.45               |        | 0.72              |       |
| SUPALAI    | Supalai Public Company Limited | Thailand | 35,154,970,000 | 18.00         |        | 0.73               |        | 0.70              |       |
| LH         | Land & Houses                  | Thailand | 90,220,330,000 | 7.55          |        | 1.82               |        | 1.76              |       |
| ORI        | Origin Property                | Thailand | 21,718,980,000 | 8.85          |        | 1.18               |        | 1.04              |       |
|            |                                |          |                |               |        | Peer Average       |        | 1.01              | 1.01  |
|            |                                |          |                |               |        | Peer Median        |        | 0.89              | 0.83  |
|            |                                |          |                |               |        | Peer High          |        | 1.82              | 1.76  |
|            |                                |          |                |               |        | Peer Low           |        | 0.45              | 0.70  |
| Identifier | Company Name                   | Country  | Market Capital | Closing Price |        | Trailing EV/EBITDA |        | Forward EV/EBITDA |       |
|            |                                |          |                | 10-Nov-23     | Nov-23 | Nov-23             | Nov-23 |                   |       |
| AP         | Asian Property                 | Thailand | 35,234,070,000 | 11.20         |        | 9.87               |        | 9.43              |       |
| SENA       | Sena Development               | Thailand | 3,576,840,000  | 2.48          |        | 18.67              |        | 14.52             |       |
| SUPALAI    | Supalai Public Company Limited | Thailand | 35,154,970,000 | 18.00         |        | 6.51               |        | 8.11              |       |
| LH         | Land & Houses                  | Thailand | 90,220,330,000 | 7.55          |        | 14.52              |        | 24.43             |       |
| ORI        | Origin Property                | Thailand | 21,718,980,000 | 8.85          |        | 9.74               |        | 10.59             |       |
|            |                                |          |                |               |        | Peer Average       |        | 11.86             | 13.42 |
|            |                                |          |                |               |        | Peer Median        |        | 9.87              | 10.59 |
|            |                                |          |                |               |        | Peer High          |        | 18.67             | 24.43 |
|            |                                |          |                |               |        | Peer Low           |        | 6.51              | 8.11  |

Source: Bloomberg (2023)

For Table 3.1, we have compared Asian Property with their Competitors like Sena Development, Supalai Public Company, Land & House, Origin Property where the Trailing P/E on Average was 7.85, Land & Houses has the highest P/E which is 15.08 meaning that the price is quite overvalued when comparing to their competitors and the lowest is Supalai Public which is 4.56 meaning that the price is undervalued and it can increase in the future. Thus, for Asian Property the price is almost near the average which is valued at 6.00 which is quite balanced and can rise as high as Land & Houses. Next, is the Trailing Price to Book Value of each company, the Peer Median of PB is valued at 0.89 while the Average is 1.01. The highest PB is 1.82 which is Land & House

while the lowest is 0.45 for Sena Development meaning that the shares are undervalued. For Asian Property it is valued at 0.89 meaning that it is trading in an average zone among their competitors. Lastly, is about the Trailing EV/EBITDA. Sena Development has the highest return at 18.67 and Supalai has the lowest return among the competitors meaning that it is undervalued by the Market. Asian Property is valued at 9.87 where the Average is 11.86 meaning that they are performing quite stable compared to their competitors.

After calculating the Trailing, we have also calculated the Forwarding of each Peers where for Forward P/E, Land and House has the highest P/E valued at 13.43, meaning that Land & House is likely to experience a significant amount of growth in the Industry while Supalai has the lowest Forward P/E among their peers which is valued at 5.78 meaning that there is less growth within the Industry. Next, is the Forward PB where Land & House has the highest PB value at 1.76 meaning that the stock price is trading at a premium compared to the book value of the Company while Supalai has the lowest number among the peers value at 0.70. Lastly, will be regarding the Forward EV/EBITDA, Land & Houses has the highest EV/EBITDA valued at 24.43 meaning that the company is overvalued while Supalai has the lowest among its peers valued at 8.11.

### 3.3 Target Price of Asian Property

**Table 3.2 Target Price of Asian Property**

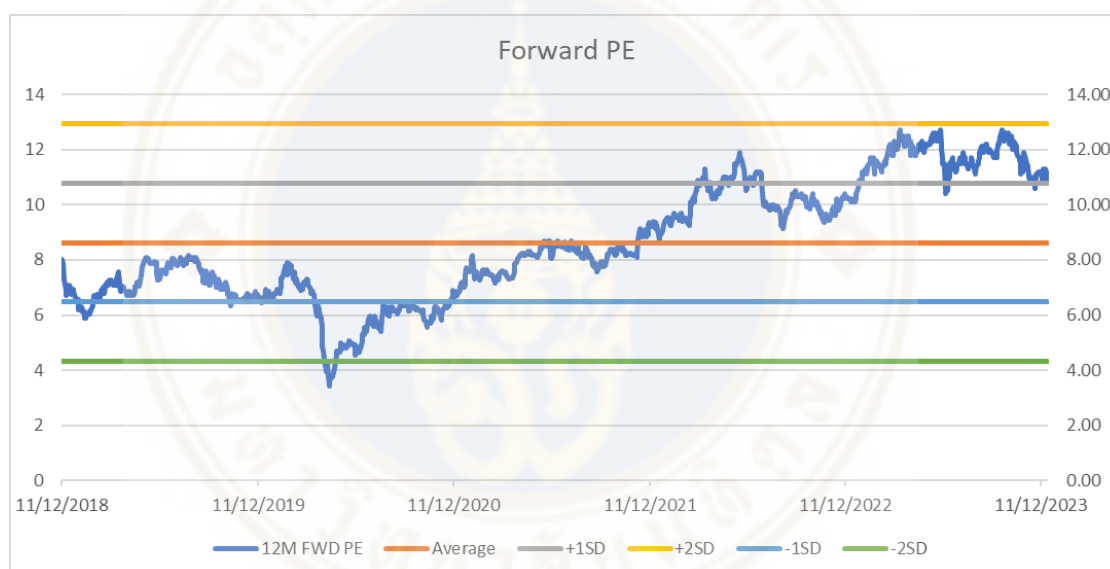
|                     | 2023E        | 2024F        | 2025F        |              |
|---------------------|--------------|--------------|--------------|--------------|
| EPS                 | 1.50         | 2.03         | 2.06         |              |
| Book Value          | 12.53        | 14.31        | 15.69        |              |
| EBITDA              | 6,140        | 7,286        | 7,397        |              |
| Shares Outstanding  | 3,146        | 3,146        | 3,146        | Million Baht |
| Relative Evaluation |              |              |              |              |
| Trailing P/E        | 9.17         | 12.40        | 12.59        |              |
| Trailing P/BV       | 11.15        | 12.74        | 13.96        |              |
| Trailing EV/EBITDA  | 19.26        | 22.86        | 23.21        |              |
| <b>Average</b>      | <b>13.19</b> | <b>16.00</b> | <b>16.59</b> |              |

\*Data from Bloomberg



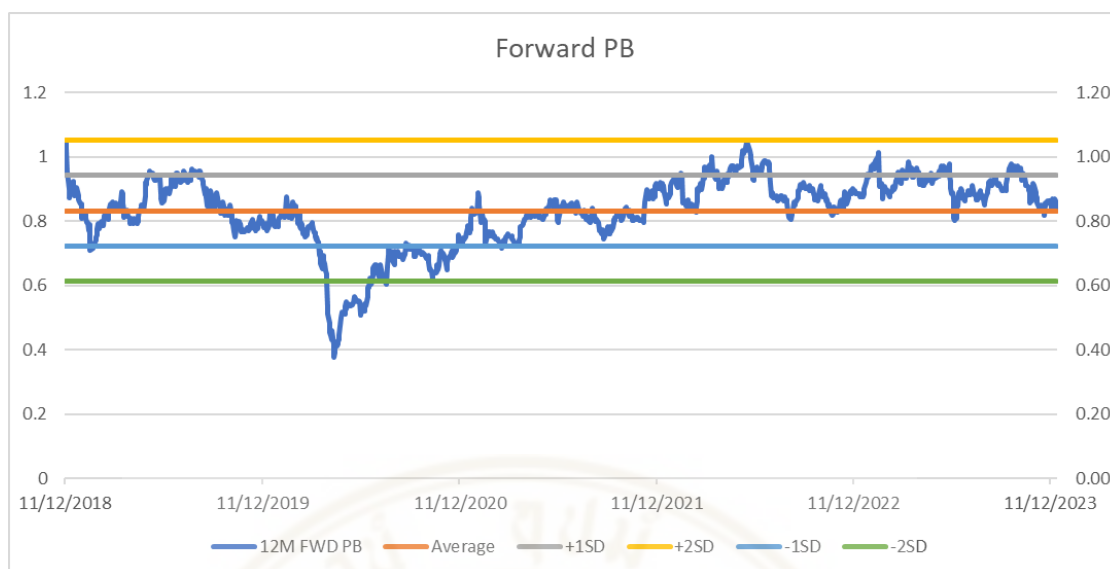
As we can see from Table 3.2 above, we have got the Data from Bloomberg where they have estimated the EPS of Asian Property in the year 2024 to be 2.03 while 2025 it will be 2.06. The Book Value of 2023E will be 12.53 where in the following year will be 14.31 and 15.69 accordingly. We have also estimated the Trailing P/E of AP to be 12.40 in the year 2024 while for 2025 will be 12.59 accordingly. Thus, the Average Price of 2023E will be valued at 13.19, in the year 2024F it will be valued at 16.00 and in the following year will be valued at 16.59

### 3.4 Forwarding



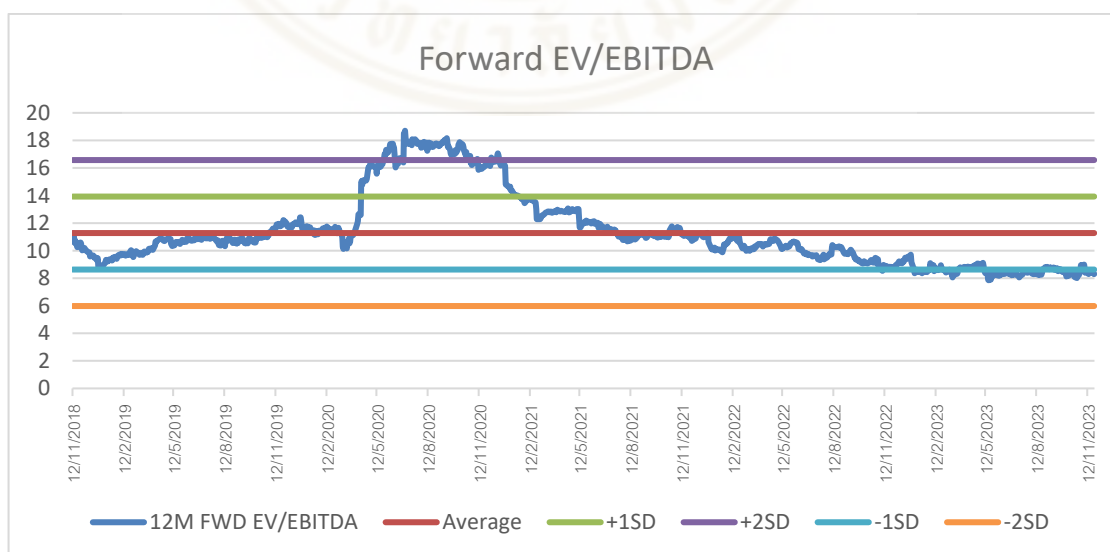
**Figure 3.4 Forward PE**

As we can see from Figure 3.4 the 12 Month Forward for Asian Property has been increasing over the past 4 years but still below the Average line which is 8.62 where earlier the Stock Price of AP has been declining in the year 2019 due to the Covid Pandemic but in the early 2020s when the Government started easing the restrictions and lockdown has been eased, the stock price started increasing due to Foreigners started coming in and helping the Economy. Currently, the price is valued at 1SD which is 10.9, thus we can conclude that it is overvalued.



**Figure 3.5 Forward PB**

Next, we will be talking about Forward PB, the formula for calculating the PB would be the market share price divided by the book value per share. As we can see from Figure 3.5 Forward PB of Asian Property has been declining from middle of 2019 till end of 2019, after that it has been increasing significantly over the Average Line from 2020 due to the easing of the Government's lockdown from Covid Pandemic where currently the price of Asian Property's PB is 0.84 which is exactly on the Average Line. We can conclude that it is somehow balanced and not overvalued or undervalued.



**Figure 3.6 Forward EV/EBITDA**

Lastly, we will be discussing about the Forward EV/EBITDA of Asian Property, the formula for calculating the EV/EBITDA is dividing EV by EBITDA. As we can see from Figure 3.6 Forward EV/EBITDA has been high during the Covid eras has the EV/EBITDA, due to the fact that the country was in lockdown and the prices of the Real Estate has gone up significantly causing many people not to buy and causing the stocks to be overvalued, but after the restrictions has been eased the stock price started declining and causing the stocks to be undervalued till the current price. Currently, the price is valued at 8.3 which is near the -1SD valued at 8.63.



## **CHAPTER IV**

### **INVESTMENT RISKS AND DOWNSIDE POSSIBILITIES**

In this Chapter, we will be discussing about the Different Investment Risks & Downside Possibilities of Asian Property (AP). We will be discussing about The Risk of Increasing in Construction in Material Prices, Risk of Purchasing Land for Property Development, Risk from High Interest Rate Cycle & Tightening Liquidity Condition, Risk from Compliance with the Rules, Regulations, & Requirements, Risk from Cyberattack, Risk from Climate Change.

#### **4.1 The Risk of Increasing in Construction Material Prices**

With the real estate developer, the construction materials are considered vital cost in adding value and developing the company's products that are affected by rising of energy and commodity prices, for example, coal, steel, and aluminum, after the world facing the supply disruption situation and geopolitical tension which cause the company have to cope with experiences a shortage of raw material and seeking the prospect partners to mitigate the risk. However, AP always thinks about it to prepare management plans such as fixing prices of main raw materials which are volatile in price and acquiring for alternative materials throughout improving the workflow to reduce cost and compensate the rising cost of construction.

#### **4.2 The Risk of purchasing land for property development**

Nowadays, the intense competition for land in the urban and potential areas with a convenient commute to work is quite difficult to acquire and is intensely competitive. The company realizes this concern and has established a risk management assessment by leveraging digital tools via opening trading platforms on a company website which is another channel to seek the land agent and landowner preferring an

offer directly to a company. This is a great move for AP to create opportunities and remain competitive in the business landscape.

### **4.3 The Risk from High Interest Rate Cycle and Tightening Liquidity Condition**

The Fluctuations in interest rates are the crucial factor affecting the cost of financing. The rising of interest rates can increase borrowing costs and pressure a company for the profitability of the projects that developers who hold fixed-income real estate assets, rising interest rates may lead to a decrease in the market value of these assets. Furthermore, accessing capital difficulty in obtaining financing, or delays in funding can hinder project progress and may lead to financial strain making it a challenge such as meeting debt obligations and shortage of funds in ongoing operations. Nevertheless, AP establishes contingency plans for unexpected events having financial reserves, assessing the financial health of the project and contingency funds can help cover unforeseen costs and delays as closely monitor the sufficiency of fund ongoing operations.

### **4.4 The Risk from Compliance with the Rules, Regulations, and Requirements**

The release of new rules, laws, and regulations has influenced the company to adjust the business to comply with laws such as the Land Allocation Act and Condominium Act. The company is always considered strict in conducting business according to compliance with the relevant laws and regulations. The issuance of Personal Data Protection Act B.E. 2562 which is effective in June 2022 would be an important point impacting business that makes a company wary of utilizing and leveraging data as an asset for individuals such as the personal data of customers and suppliers as well. This is another risk of violating under the law and making an impact on brand image and reputation if a company ignores the issue.

#### **4.5 The Risk from Cyberattack**

As the company becomes increasingly digitized and relies on technology for various aspects of operations, the potential impact of cyber threats has grown. Because real estate developers handle sensitive information such as customer data, financial records, and project details. A data breach can result in unauthorized access to this information, leading to identity theft, financial fraud, and reputational damage. Cyberattacks can disrupt normal business operations which can lead to project delays and financial losses. With the reorganization of these potential harms, the company implements the IT technology security system along with developing and regularly updating an incident response plan to effectively manage and contain the impact of a cyberattack.

#### **4.6 The Risk from Climate Change**

Climate change poses various risks to real estate developers, impacting both current projects and the long-term viability of properties. While governments are increasingly implementing regulations to address climate change. This can include building codes, zoning changes, and environmental impact assessments that may affect the feasibility and design of real estate projects. These issues directly force a company to realize the potential impacts on business operations. Thus, AP determines and prepares an emergency action plan to deal with the several natural disasters that's why Smart Service and Management Co., Ltd. (SMART), the AP subsidiary to be founded helping and supporting AP to conduct business for long-term sustainability.



## **CHAPTER V**

### **CONCLUSION**

Established in 1991, AP (Thailand) Public Company Limited a prominent player in the property development sector. With a primary focus on real estate, the company has positioned itself as a leader in the industry, led by Mr. Anuphong Assavabhokin. AP's core revenue stream predominantly stems from the sale of real estate, particularly low-rise projects, constituting over 85 percent of its total income. Guided by a vision to empower individuals to lead joyful lives of their choosing, AP is committed to being a premier property developer in Thailand. The company has strategically aligned itself to achieve this vision through specific initiatives. These include transforming into an unconstrained leader, emphasizing flexibility, and cultivating a corporate culture rooted in creativity.

The Thai real estate market exhibited signs of recovery in the latter half of 2022. Despite this positive momentum, the industry faced challenges on the global stage, marked by escalating costs of energy and construction materials. The domestic economy, while still fragile, witnessed subdued private consumption due to rising inflation, impacting consumer spending. However, international buyers played a crucial role in boosting Thailand's real estate market, indicating potential growth in the coming years. The industry anticipates overcoming challenges through various catalysts, including increased urbanization, infrastructural enhancements, and the expansion of public transportation, such as new metro lines.

Thailand's proactive response to its aging population aligns with the real estate sector's growth trajectory. As retirees seek suitable homes, the market is poised for increased demand. Government initiatives, particularly those promoting affordability, are expected to further stimulate the property market, attracting a diverse range of purchasers. In conclusion, AP (Thailand) Public Company Limited remains at the forefront of the nation's real estate industry, navigating challenges with strategic vision

and a commitment to providing homes that align with the evolving needs and aspirations of its customers.

With the Relative Valuation that has been forecasted above, using the Trailing & Forwarding of Asian Property, comparing the Integrated Benchmark Corporations of Asian Property among its Competitors and finding the Peer Average & Median of the P/E, PBV, and EV/EBITDA & lastly calculating the Target Price of Asian Property. I have calculated and got the Target Price of 2024 Forecast at 16.00 baht. Currently, the price is valued at 10.70, the reason we have predicted the Target Price to increase is because as stated earlier Asian Property has many new projects coming up and with the country opening after the Covid-19 Pandemic a lot of foreign investments have poured into the country, with the vision & mission of Asian Property the stock will definitely increase.

Thus, I will be using the Trailing Multiples for AP, as mentioned earlier the stock price is currently valued at 10.70 and keeping in mind that there are many new projects of AP that's coming up and with the country opening after the Covid-19 Pandemic, I would recommend to "BUY" the stock as the current price is quite low compared to the Forecasted Target Price at 16 baht.

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