



# Asset World Corp

Asset World Corp  
Public Company Limited

# AWC

Bloomberg AWC.TB  
Reuters AWC.BK

## Expansive property holdings - and opportunity

**AWC focuses on two major businesses (hotels and office/retail buildings) through which it can capitalize on Thailand's tourism boom and economic growth (rising local spending). We see AWC's upcoming expansions that will double hotel rooms and retail net leasable area as a strong earnings impetus and expect a 64% CAGR earnings growth in 2018-22. We initiate AWC as a BUY with an end-2020 TP at Bt7.2/share by using SOTP valuation consisting of Bt6.6/share for its core businesses and Bt0.6/share for value of expansion opportunities.**

**Hotel portfolio more than doubling.** We view flagship *Bangkok Marriott Marquis Queen's Park* as a near-term driver since its room rate is still running at a discount compared to peers. The planned acquisition of Asset Group 3 after the IPO and its expansions in the pipeline will expand AWC's hotel portfolio to 8,506 rooms from 3,432 operating rooms when fully up and running in 2024; by our estimate, this should grow hospitality business EBITDA at a 20% CAGR in 2018-22. The large hotel portfolio will, in our view, allow AWC to capture the secular trend of Thai tourism driven by infrastructure development (airport expansion) and a growing economy and business activities via the country's EEC mega project.

**New projects to add NLA.** The steady flow of renovations and repositioning of commercial properties will underwrite our forecast for EBITDA growth of 15% CAGR in 2018-2022 on the growing trend for lifestyle shopping malls. Opening new retail malls and expansion of existing properties will extend retail net leasable area (NLA) to 415,481 sqm when including all future projects. With high operational leverage (high fixed cost, low variable cost), we believe office buildings will provide sustainable EBITDA growth via rising occupancy rate and rent hikes. As AWC's rents are below peers, we believe it will be able to keep retention rate high.

**Solid earnings prospects.** The low net profit in 2016 and in 2017 arose out of accounting treatment after AWC acquired properties from TCC Group-sponsored property funds. We forecast AWC's net profit at Bt1.3bn in 2019, jumping from 2018, mainly due to lower interest expense by assuming debt payment. We expect earnings to continue to move up to Bt3.4bn in 2022 or 64% CAGR in 2018-22, driven by stronger operations at both businesses. In 2022, we expect EBITDA contribution at 53% hospitality and 47% commercial, indicating a balanced and diversified earnings structure.

**Initiate as a BUY with TP at Bt7.2/share.** We initiate AWC as a BUY with an end-2020 TP at Bt7.2/share by using SOTP valuation consisting of Bt6.6/share for core businesses and Bt0.6/share for value of expansion opportunities under the TCC GOR agreement. Key risks are delay of projects in the pipeline and hiccups in the Thai tourism industry and in the Thai economy.

### Forecasts and valuation

Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	10,477	11,534	11,507	14,947	17,530
EBITDA	(Btmn)	4,422	4,690	5,226	6,811	7,992
Core profit	(Btmn)	55	470	1,275	2,271	2,870
Reported profit	(Btmn)	55	470	1,275	2,271	2,870
Core EPS	(Bt)	0.01	0.02	0.04	0.07	0.09
DPS	(Bt)	0.00	0.00	0.00	0.03	0.04
P/E, core	(x)	966.7	304.1	149.4	83.8	66.3
EPS growth, core	(%)	(85.2)	217.9	103.6	78.2	26.4
P/BV, core	(x)	6.8	5.7	2.6	2.5	2.5
ROE	(%)	0.1	2.8	2.6	3.0	3.8
Dividend yield	(%)	0.0	0.0	0.0	0.5	0.6
FCF yield	(x)	(228.5)	29.9	0.0	(17.1)	(1.5)
EV/EBIT	(x)	52.2	55.4	59.6	53.7	46.4
EBIT growth, core	(%)	9.5	11.8	(7.3)	29.1	17.8
EV/CE	(x)	2.3	5.2	4.9	3.1	2.9
ROCE	(%)	3.6	5.4	6.1	4.4	4.8
EV/EBITDA	(x)	39.0	43.6	39.1	34.9	30.3
EBITDA growth	(%)	7.2	6.1	11.4	30.3	17.3

Source: SCBS Investment Research

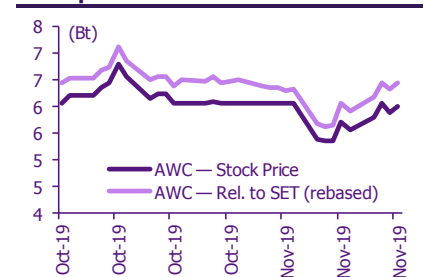
## BUY

### Stock data

Last close (Nov 22) (Bt)	5.95
12-m target price (Bt)	7.20
Upside (Downside) to TP (%)	21.01
Mkt cap (Btmn)	190.40
Mkt cap (US\$mn)	6,309

Risk rating	M
Mkt cap (%) SET	1.13
Sector % SET	6.76
Shares issued (mn)	32,000
Par value (Bt)	1.00
12-m high / low (Bt)	6.8 / 5.2
Avg. daily 6m (US\$mn)	51.93
Foreign limit / actual (%)	49 / 46
Free float (%)	25.8
Dividend policy (%)	≥ 40

### Price performance



Source: SET, SCBS Investment Research

### Share performance

(%)	1M	3M	12M
Absolute	(1.7)	n.a.	n.a.
Relative to SET	(0.2)	n.a.	n.a.

Source: SET, SCBS Investment Research

### Expected total return (ETR)

Target price	(Bt)	7.20
12-month dividend	(Bt)	0.00
Capital gain	(%)	21.01
Dividend yield	(%)	0.00
Total return	(%)	21.01

Source: SET, SCBS Investment Research

### Analyst

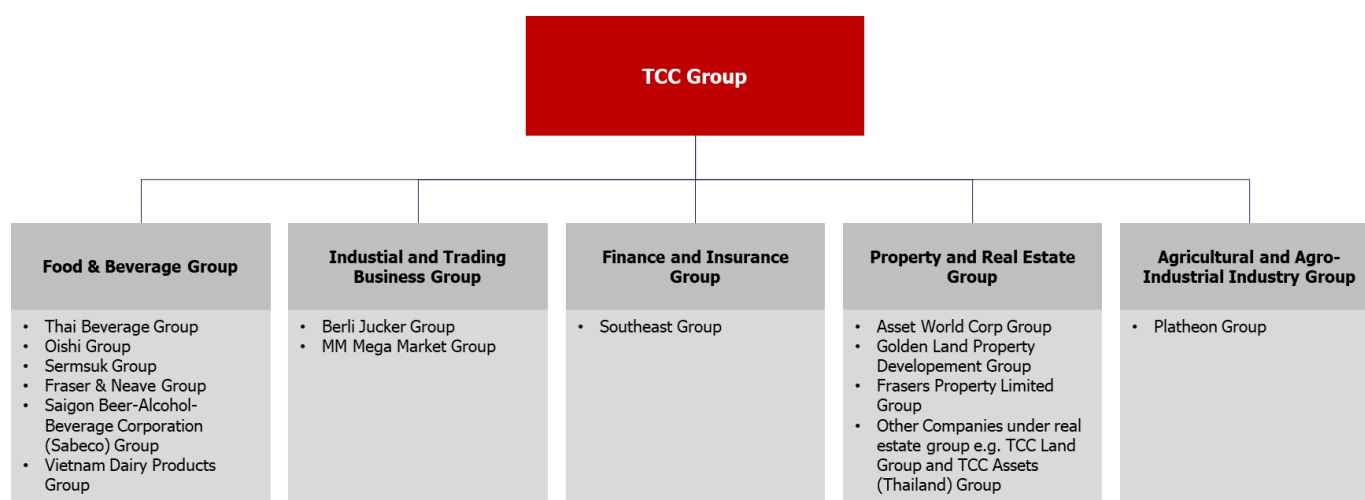
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## AWC is the lifestyle investment arm for TCC Group

Asset World Corp PCL (AWC) is the lifestyle property investment arm for TCC Group, one of the largest conglomerates in Southeast Asia. TCC Group is engaged in food and beverage, industrial and trading, finance and insurance, property and real estate and agro-industrial industries in Thailand and internationally. After the acquisition of properties from three TCC Group-sponsored property funds (see Appendix I) in 2017, AWC became a holding company with three companies operating businesses related to lifestyle: hospitality (hotel) and commercial (retail and office). Its properties are distinctive and well-known. They include *Bangkok Marriott Marquis Queen's Park* (currently one of only 10 Marriott Marquis hotels in the world and the only one in Asia), *Asiatique The Riverfront* (the first uniquely-themed riverfront shopping and tourist destination in Bangkok) and *Empire Tower* (the largest office building in Bangkok based on NLA).

**Figure 1: TCC group structure**



Source: Company filing

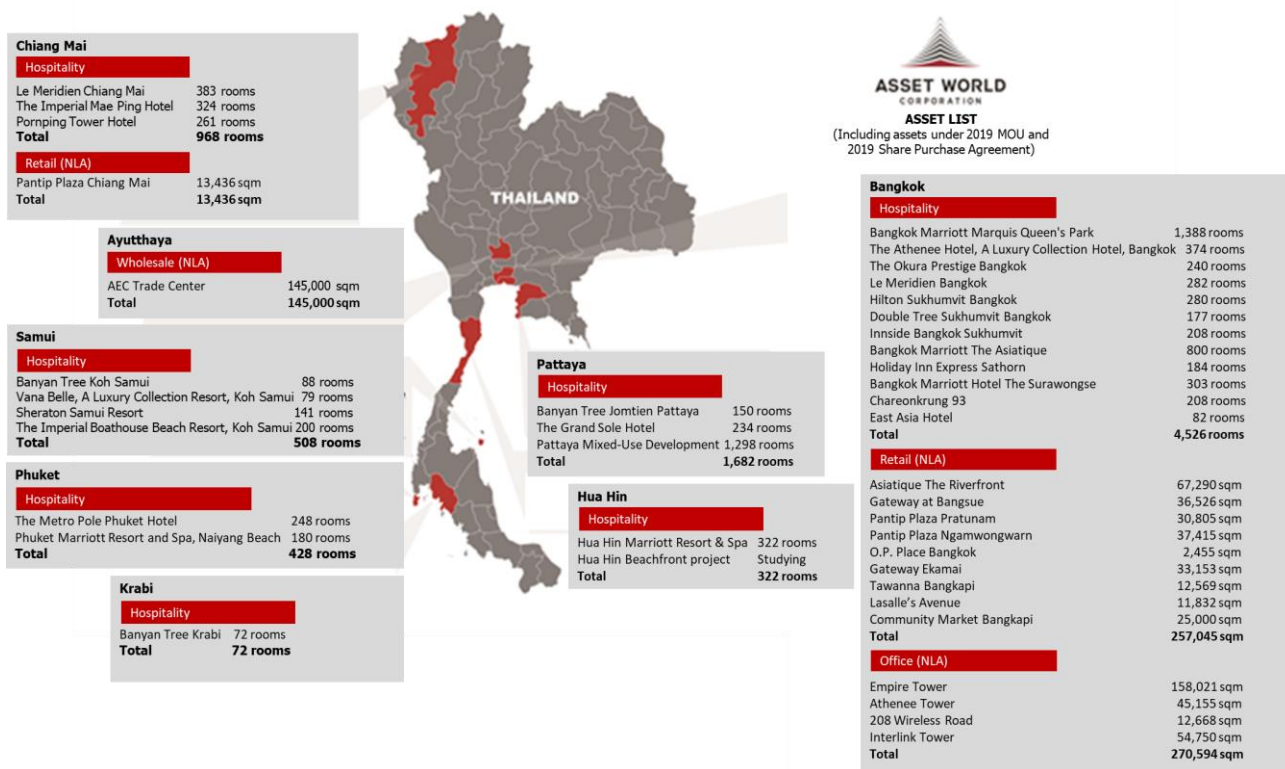
### Capitalizing on Thailand's tourism boom and economic growth

AWC focuses on two major businesses (hotels and office/retail buildings) through which it can capitalize on Thailand's tourism boom and economic growth (rising local spending). As of September 30, 2019, it operates 10 hotels with 3,432 rooms, eight retail projects and four office buildings with total NLA at 436,222 sqm. AWC's portfolio (including projects in the pipeline) are chiefly freehold, meaning land value will increase over time, at 89% for hotels (in terms of number of rooms) and 81% for commercial property (in terms of NLA).

### Diversification helps reduce cyclicity

AWC's businesses are well diversified not only into various product types (hospitality, lifestyle retail & wholesale and office) that serve low- to high-end local demand and tourists, but also in terms of location, scattered over Bangkok and major cities in the country including Chiang Mai, Ayutthaya, Pattaya, Hua Hin, Koh Samui, Krabi and Phuket. In 9M19, hospitality earnings before interest, taxes, depreciation, and amortization (EBITDA) accounted for 45% of the total with the remaining 55% from commercial. The variety of income sources, in our view, helps reduce the cyclicity of consolidated earnings.

**Figure 2: Well diversified businesses and locations**



Source: Company filing

**Potential for exponential growth**

AWC has several projects in the pipeline – both hospitality and commercial – that we expect to grow earnings, as will the acquisition of properties under Asset Group 3 (consisting of 12 properties; four operating and eight properties being renovated and new projects). It also has MOUs to acquire *Gateway Ekamai* and a plot of land for *Asiatique The Riverfront Extension*. The strong sponsorship by TCC Group gives AWC benefit from TCC's network and ecosystem, leading to cost savings and erecting high barriers to entry. It also has first rights to take part in any future TCC Group developments in hospitality, retail and offices in Thailand under the TCC GOR agreement (see Appendix II). This gives AWC access to prime land and properties held by TCC Group, which we believe will pave the road to exponential growth. The details of the TCC GOR agreement are presented in Appendix II.

**Dividend payout ratio policy of 40%**

AWC's dividend payout ratio policy is no less than 40% of its consolidated net profit, consisting of dividends received from subsidiaries and revenue from ordinary business after deducting corporate income tax and any reserve funds as required by law and determined by AWC. However, payment will not exceed its separate retained earnings. Its subsidiaries will pay dividends as determined by their individual boards and shareholders.

## Hospitality business: Riding on secular Thai tourism

**Largest hotel owner in Thailand (midscale and above).** AWC's portfolio is made up of 10 operating hotels with 3,432 rooms and five properties with 1,528 rooms under development (two with 448 rooms being renovated and three new projects with 1,080 rooms). After the IPO, it plans to acquire Asset Group 3, which has four operating hotels with 989 rooms and eight more properties with 2,557 rooms – three (819 rooms) being renovated and five new (1,738 rooms). Acquiring Asset Group 3 and the development of projects in the pipeline (based on information in the company filing) will more than double AWC's hotel portfolio to 8,506 rooms when all projects in the pipeline are up and running, scheduled for 2024. Of these rooms, 89% are freehold properties.

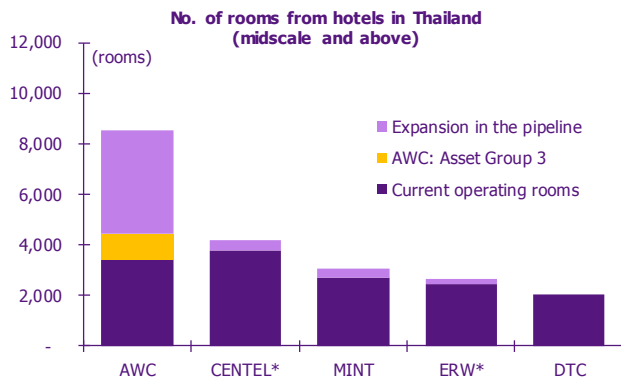
Among the SET listed hoteliers (CENTEL, ERW, DTC and MINT), MINT is the largest in terms of total rooms (excluding managed hotels) at over 55k rooms, but ~95% are overseas (chiefly belonging to subsidiary NH Hotel Group). For Thailand, we collect future expansion plans of each listed hotelier and compare them against AWC's hotel development pipeline and find that completion of its plans will position AWC as the largest hotel owner in terms of rooms in midscale and above segments.

**Figure 3: AWC's hospitality business**

Current portfolio 4,960 rooms	Operating hotels (3,432 rooms)	Properties being renovated (448 rooms)
	Bangkok Marriott Marquis Queen's Park (1,388 rooms) The Okura Prestige Bangkok (240 rooms) The Athenee Hotel, A Luxury Collection Hotel, Bangkok (374 rooms) Hilton Sukhumvit Bangkok (280 rooms) Double Tree Sukhumvit Bangkok (177 rooms) Le Meridien Bangkok (282 rooms) Banyan Tree Koh Samui (88 rooms) Vana Belle, A Luxury Collection Resort, Koh Samui (79 rooms) Le Meridien Chiang Mai (383 rooms) Sheraton Samui Resort (141 rooms)	The Imperial Boathouse Beach Resort, Koh Samui (200 rooms) The Metro Pole Phuket Hotel (248 rooms)
Asset Group 3 3,546 rooms	Operating hotels (989 rooms)	Properties being renovated (819 rooms)
	Holiday Inn Express Sathorn (184 rooms) Bangkok Marriott Hotel The Surawongse (303 rooms) Phuket Marriott Resort and Spa, Naiyang Beach (180 rooms) Hua Hin Marriott Resort & Spa (322 rooms)	Pornping Tower Hotel (261 rooms) The Imperial Mae Ping Hotel (324 rooms) The Grand Sole Hotel (234 rooms)
		New projects (1,738 rooms)
		Chareonkrung 93 (208 rooms) Banyan Tree Jomtien Pattaya (150 rooms) East Asia Hotel (82 rooms) Pattaya Mixed-Use Development (1,298 rooms) Hua Hin Beachfront project (studying)

Source: Company filing and SCBS Investment Research

**Figure 4: Among listed hoteliers, AWC will become the largest hotel owner (midscale and above)**



Source: Company filing, company data and SCBS Investment Research  
 \*Excluding Economy (COSI for CENTEL and ibis for ERW) and budget segment (HOP INN for ERW)  
 As of 3Q19

**Figure 5: Hotel segment of listed hoteliers**

Segment	ADR range	AWC	CENTEL	DTC	ERW	MINT
Luxury	Above Bt5,000	✓			✓	✓
Upper upscale/Upscale	Bt3,000-5,000	✓	✓	✓	✓	✓
Midscale	Bt2,000-3,000	✓	✓	✓	✓	
Economy and budget	Below Bt2,000		✓		✓	

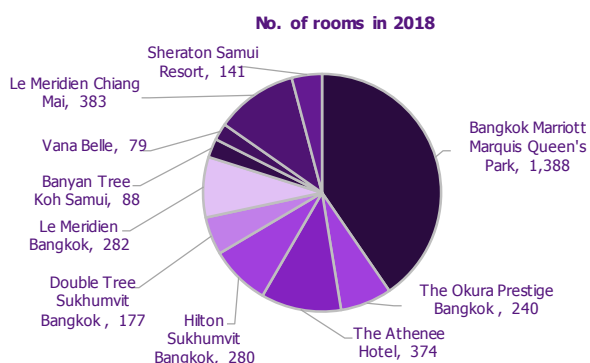
Source: SCBS Investment Research

**Figure 6: AWC’s current portfolio of 10 operating hotels**

	Segment		Location	No. of rooms	Meeting space (sqm)	Ownership
Bangkok Marriott Marquis Queen's Park	MICE	Upper Upscale	Bangkok	1,388	4,740	Freehold
The Okura Prestige Bangkok	MICE	Luxury	Bangkok	240	686	Leasehold Sep 5, 2041 (~22 yrs)
The Athenee Hotel, A Luxury Collection Hotel, Bangkok	MICE	Luxury	Bangkok	374	5,661	Leasehold Oct 31, 2049 (~ 30yrs)
Hilton Sukhumvit Bangkok	BKK City Hotel	Upper Upscale	Bangkok	280	826	Freehold
Double Tree Sukhumvit Bangkok	BKK City Hotel	Upscale	Bangkok	177	407	Freehold
Le Meridien Bangkok	BKK City Hotel	Upper Upscale	Bangkok	282	469	Freehold
Banyan Tree Koh Samui	Resort	Luxury	Koh Samui	88	268	Freehold
Vana Belle, A Luxury Collection Resort, Koh Samui	Resort	Luxury	Koh Samui	79	0	Freehold
Le Meridien Chiang Mai	Non-BKK Hotel	Upper Upscale	Chiang Mai	383	1,742	Freehold
Sheraton Samui Resort	Non-BKK Hotel	Upper Upscale	Koh Samui	141	103	Freehold

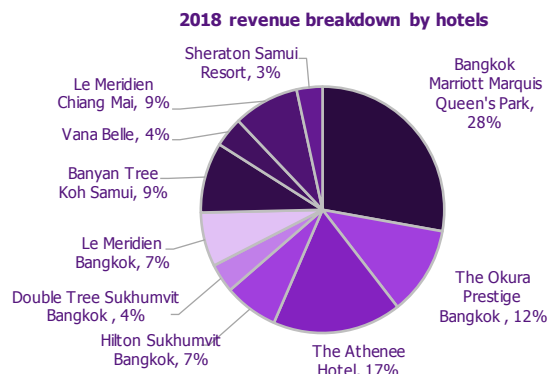
Source: Company filing and SCBS Investment Research

**Figure 7: 10 operating hotels: Room breakdown**



Source: Company filing and SCBS Investment Research

**Figure 8: 10 operating hotels: Revenue breakdown**



Source: Company filing and SCBS Investment Research

**Current portfolio: 10 operating hotels**

**1. Bangkok Marriott Marquis Queen's Park.** This is AWC's flagship, contributing the most of its 10 operating hotels in 2018 at 40% of total rooms and 28% of total revenue. *Bangkok Marriott Marquis Queen's Park*, previously known as *Imperial Queen's Park*, was relaunched in December 2016 and is one of Bangkok's largest hotels for MICE (meetings, incentives, conferences and exhibitions), with 1,388 rooms and 4,740 sqm of meeting space. The hotel is one of only 10 Marriott Marquis hotels in the world and the only one in Asia. The Marquis label is reserved for Marriott hotels sited in prime city center locations, have more than 1,000 rooms and the largest conference and banqueting facilities. It is located on Sukhumvit Soi 22 near major shopping malls EmQuartier and Emporium and major BTS skytrain stations (Asok and Phrom Phong).



**2. The Okura Prestige Bangkok.** This is a contemporary luxury hotel designed in a mixture of Japanese and Thai cultural styles with 240 rooms and 686 sqm of meeting space. It is strategically located within the Park Venture Ecoplex Building on the corner of Wireless and Ploenchit roads in Bangkok's leading commercial district. The hotel has direct access via a covered walkway to Ploenchit BTS skytrain station.

**Figure 9: Bangkok Marriott Marquis Queen's Park**



Source: Company filing and SCBS Investment Research

**Figure 10: The Okura Prestige Bangkok**

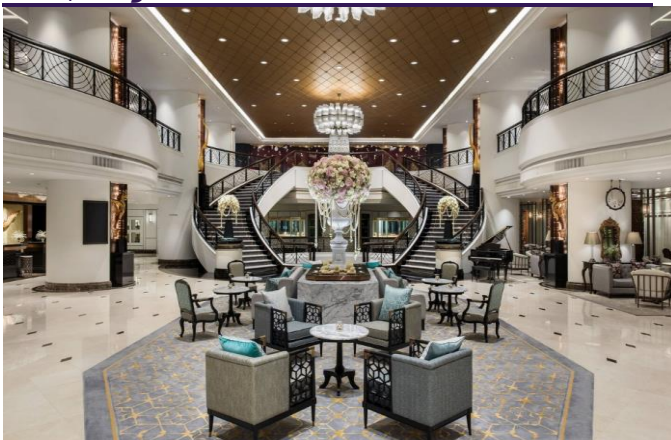


Source: Company filing and SCBS Investment Research

**3. The Athenee Hotel, a Luxury Collection Hotel, Bangkok.** Of its 10 operating hotels, this hotel is the second largest in terms of revenue contribution at 17% of total 2018 revenue. This luxury hotel is a well-known landmark on Wireless Road and is on the site of Kandhavas, the royal palace of HRH Princess Valaya Alongkorn, a daughter of King Rama V. The hotel was previously known as *Plaza Athenee Bangkok*, a *Royal Meridien Hotel* and underwent renovations from August 2013 through December 2015. Then in October 2017, the hotel was rebranded as *The Athenee Hotel, a Luxury Collection Hotel, Bangkok*. The hotel features 374 rooms and is one of the largest conference centers in Bangkok with meeting space of 5,661 sqm. The hotel was the venue for the 34<sup>th</sup> ASEAN Summit held June 20-23, 2019.

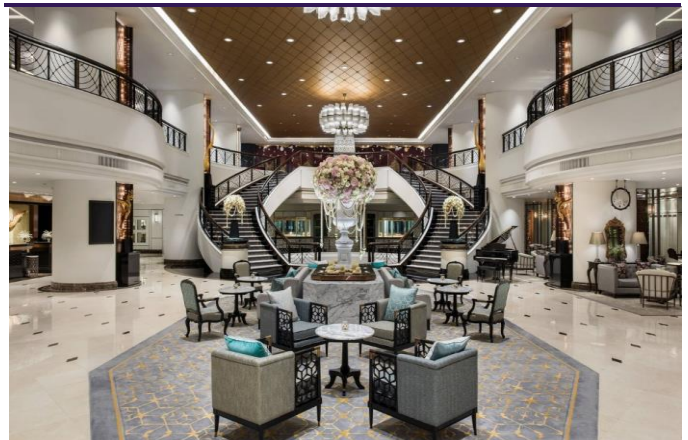
**4. Hilton Sukhumvit Bangkok.** The hotel is located on Sukhumvit Soi 24 near shopping malls EmQuartier and Emporium. It is connected to *Double Tree Sukhumvit Bangkok* to provide two-tier service opportunities at one location. The hotel has 280 rooms and targets the upper upscale segment, higher than *Double Tree Sukhumvit Bangkok*, which focuses on the upscale segment.

**Figure 11: The Athenee Hotel, A Luxury Collection Hotel, Bangkok**



Source: Company filing and SCBS Investment Research

**Figure 12: Hilton Sukhumvit Bangkok**



Source: Company filing and SCBS Investment Research

**5. Double Tree Sukhumvit Bangkok.** This hotel has 177 rooms and serves as a dual-branded hotel with *Hilton Sukhumvit Bangkok*, creating synergies and a unique selling opportunity. It targets the upscale segment, a step below the upper upscale segment targeted by *Hilton Sukhumvit Bangkok*.

**6. Le Meridien Bangkok.** This 282-room hotel is positioned as an upper upscale hotel. It is located on Surawong Road within walking distance of Patpong night market, Saladaeng BTS



skytrain station and Silom MRT station and is close to the Sathorn and Silom areas. AWC plans to renovate rooms and common areas in 2019-22 but will keep the hotel open during the renovations.

**Figure 13: Double Tree Sukhumvit Bangkok**



Source: Company filing and SCBS Investment Research

**Figure 14: Le Meridien Bangkok**



Source: Company filing and SCBS Investment Research

**7. Banyan Tree Koh Samui.** This is a luxury resort with 88 villas on a private beach along Lamai Bay and is a popular wedding venue.

**8. Vana Belle, A Luxury Collection Resort, Koh Samui.** This is a beachfront luxury resort with 72 rooms and 7 villas located on Chaweng Noi Beach. It is close to Samui International Airport and tourist destinations such as the Big Buddha Temple and Hin Ta Hin Yai Rocks.

**Figure 15: Banyan Tree Koh Samui**



Source: Company filing and SCBS Investment Research

**Figure 16: Vana Belle, A Luxury Collection Resort, Koh Samui**



Source: Company filing and SCBS Investment Research

**9. Le Meridien Chiang Mai.** This upper upscale hotel is in the center of Chiang Mai and near the historical old city. The hotel is a key MICE venue in Chiang Mai with 383 rooms and 1,742 sqm of meeting space. AWC plans to start renovating the hotel in 2019 but will undertake this in phases in order to allow the hotel to operate normally. Renovations will be completed in 2022 and the hotel will then be relaunched under the Marriott brand.

**10. Sheraton Samui Resort.** This 141-room resort is on Chaweng Noi Beach close to *Vana Belle, A Luxury Collection Resort, Koh Samui*. *Sheraton Samui Resort* is positioned for the upper upscale segment with a lower room rate than *Vana Belle, A Luxury Collection Resort, Koh Samui* (luxury segment).

**Figure 17: Le Meridian Chiang Mai**



Source: Company filing and SCBS Investment Research

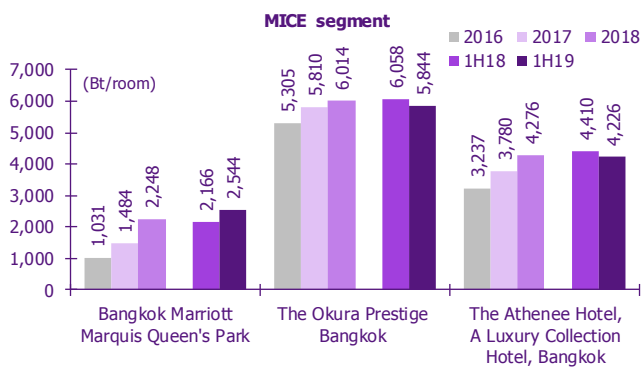
**Figure 18: Sheraton Samui Resort**



Source: Company filing and SCBS Investment Research

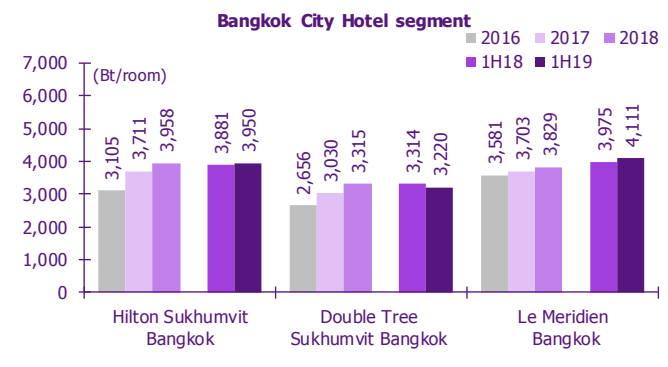
**Proven operations.** Over 2017-18, AWC's 10 operating hotels did well, with growing revenue per available room (RevPar). *Bangkok Marriott Marquis Queen's Park* – a key property - delivered the strongest RevPar growth of 44% YoY in 2017 and 51% YoY in 2018 as it was ramped up subsequent to being reopened under a new hotel brand in December 2016. *The Athenee Hotel, A Luxury Collection Hotel, Bangkok* exhibited strong RevPar growth at 17% YoY in 2017 and 13% YoY in 2018, boosted by renovated facilities and hotel rebranding. Three hotels in Samui were an exception, with RevPar falling in 2018, dragged down by a clouded picture for Thai tourism, particularly in the southern part of Thailand, after a boat accident in Phuket in July as well as the intense competition rampant in Samui. In 2018, *Banyan Tree Koh Samui* reported a RevPar drop of 7% YoY, *Vana Belle, A Luxury Collection Resort, Koh Samui* saw a 16% YoY drop and *Sheraton Samui Resort* reported an 11% YoY drop. According to recent official data in 1H19, *Bangkok Marriott Marquis Queen's Park* continued its strong RevPar growth at 17% YoY while other hotels reported a slow RevPar due to slowed Thai tourism in 1H19 off 1Q18's high base and a drop in tourists from China after the July 2018 boat accident in Phuket.

**Figure 19: MICE segment: RevPar trend**



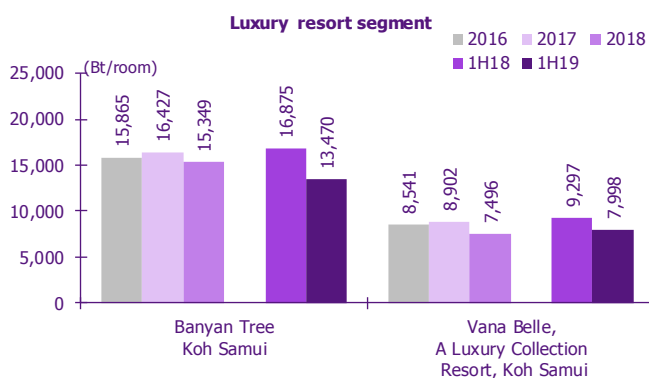
Source: Company filing and SCBS Investment Research

**Figure 20: Bangkok City Hotel: RevPar trend**



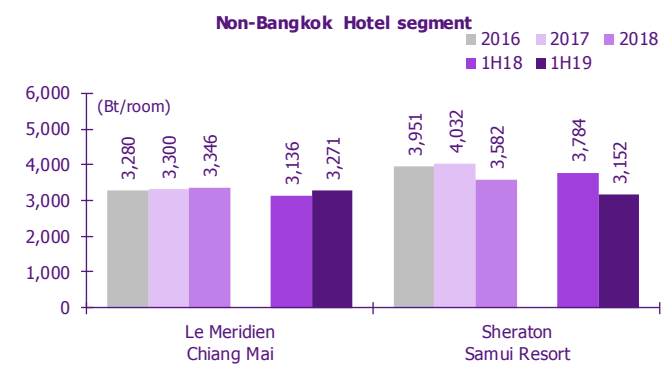
Source: Company filing and SCBS Investment Research

**Figure 21: Luxury resort: RevPar trend**



Source: Company filing and SCBS Investment Research

**Figure 22: Non-Bangkok Hotel: RevPar trend**



Source: Company filing and SCBS Investment Research

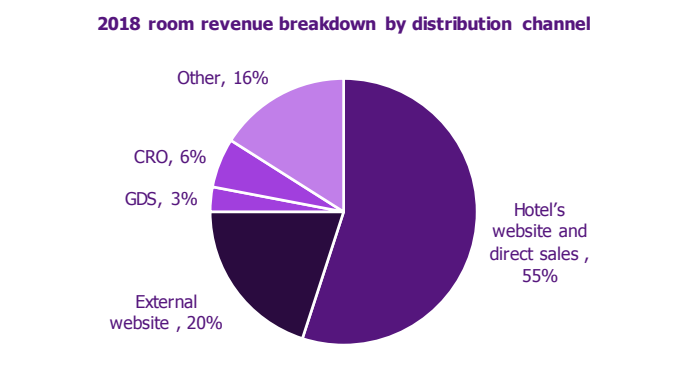
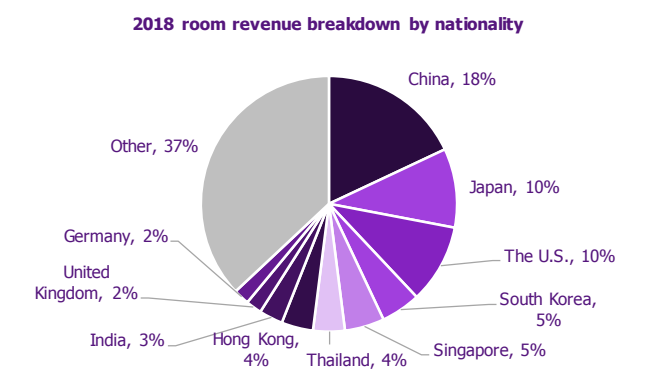


**Diversified guest mix.** AWC's hospitality business attracts a variety of guest nationalities and type. By nationality, AWC's hotel guests are widely diverse, with the top ten markets accounting for 63% of total room revenue in 2018 and no single market bringing in more than 30% of total room revenue. In 2018, guests from China accounted for 18% of total room revenue in 2018, followed by Japan (10%), the US (10%), South Korea (5%) and Singapore (5%). For guest type, AWC's hospitality operations are primarily retail (30% of total room revenue in 2018), led by "free independent travelers" (FIT) who do their own bookings via hotel websites, followed by the MICE segment (19%). Next is wholesaler (16%), where guests come via an intermediary such as a travel agent that buys hotel rooms in bulk and then sells to clients and finally the corporate segment (13%), consisting of business travelers that book rooms at a preferential corporate rate.

By distribution channels, AWC's rooms are mostly sold through the hotel's website and direct sales at 55% of total room revenue in 2018. The company is working to enlarge this distribution channel, which is highly profitable since direct bookings do not require the hotel or resort to pay commission fees to a third-party distributor. A channel check reveals that AWC has a greater proportion of bookings from its hotel websites and direct sales than peers at ~30-50%. External websites, such as online travel agents, accounted for 20% of total room revenue in 2018, followed by Central Reservation Office (CRO) which is a system in which a reservation center receives reservation requests by phone and handles them immediately (6%) and Global Distribution System (GDS) which is a reservation tool that passes hotel inventory and rates to travel agents around the world who then make the bookings (3%).

**Figure 23: Room revenue breakdown by nationality**

**Figure 24: Room revenue breakdown by distribution channel**



Source: Company filing and SCBS Investment Research

Source: Company filing and SCBS Investment Research

**AWC's hotels located in key tourist destinations.** AWC's hotels (both its current portfolio and those held by Asset Group 3) are in Thailand's key tourist destinations: Bangkok, Samui (in Surat Thani province), Chiang Mai, Phuket, Krabi, Pattaya (in Chonburi province) and Hua Hin (in Prachuap Kirikhan province). According to the Ministry of Tourism and Sports, in 2018, these seven locations welcomed 128mn visitors, accounting for 43% of total visitors in Thailand, consisting of 57mn international visitors (75% of total international visitors) and 71mn Thai visitors (32% of total Thai visitors). While there is no breakdown available for visitors to Samui, Pattaya, Hua Hin, according to JLL independent market research, visitors to those destinations account for 40-45% of visitors to Surat Thani province, 90-95% of visitors to Chonburi province and 85-90% of visitors to Prachuap Kirikhan province.

**Figure 25: AWC's hotels located in key tourist destinations**

<p><b>Bangkok</b></p> <p>Operating rooms: 3,228 rooms Additional rooms: 1,298 rooms</p>	<p>Bangkok is the capital of Thailand and its cultural, political, commercial, educational and diplomatic center. As a gateway to the rest of the country, Bangkok is served by two international airports, Suvarnabhumi and Don Mueang (for low-cost carriers). According to the MasterCard Gold Destination Cities Index 2018, Bangkok remained the most visited city in the world for the third consecutive year surpassing Paris and London.</p>	<p>Bangkok Marriott Marquis Queen's Park (1,388 rooms) The Okura Prestige Bangkok (240 rooms) The Athenee Hotel, A Luxury Collection Hotel, Bangkok (374 rooms) Hilton Sukhumvit Bangkok (280 rooms) Double Tree Sukhumvit Bangkok (177 rooms) Le Meridien Bangkok (282 rooms) Holiday Inn Express Sathorn* (184 rooms) Bangkok Marriott Hotel The Surawongse* (303 rooms) Inside Bangkok Sukhumvit** (208 rooms) Bangkok Marriott The Asiatique** (800 rooms) Chareonkrung 93*** (208 rooms) East Asia Hotel*** (82 rooms)</p>
<p><b>Samui</b></p> <p>Operating rooms: 308 rooms Additional rooms: 200 rooms</p>	<p>Samui, located in Surat Thani province, is one of the most popular island destinations in Asia renowned for its beaches such as Chaweng Beach and Lamai Beach, filled with luxury resorts.</p>	<p>Banyan Tree Koh Samui (88 rooms) Vana Belle, A Luxury Collection Resort, Koh Samui (79 rooms) Sheraton Samui Resort (141 rooms) The Imperial Boathouse Beach Resort, Koh Samui** (200 rooms)</p>
<p><b>Chiang Mai</b></p> <p>Operating rooms: 383 rooms Additional rooms: 585 rooms</p>	<p>Chiang Mai is the largest and most culturally-focused city in northern region of Thailand with a multitude of historical and religious sites such as Wat Phra That Doi Suthep, Wat Phra Singh and Wat Phra That Doi Kham.</p>	<p>Le Meridien Chiang Mai (383 rooms) Pornping Tower Hotel*** (261 rooms) The Imperial Mae Ping Hotel*** (324 rooms)</p>
<p><b>Phuket</b></p> <p>Operating rooms: 180 rooms Additional rooms: 248 rooms</p>	<p>Phuket is Thailand's largest island, located in the Andaman Sea on the western coast of the southern region and a well-established tourist resort destination for both domestic and international tourists.</p>	<p>Phuket Marriott Resort and Spa, Naiyang Beach* (180 rooms) The Metro Pole Phuket Hotel** (248 rooms)</p>
<p><b>Krabi</b></p> <p>Operating rooms: - rooms Additional rooms: 72 rooms</p>	<p>Krabi is a coastal province on the Andaman Sea in the southern region of Thailand with popular islands such as Koh Phi Phi, Koh Lanta, and Kong Hong accessible via speedboat off the Krabi coast and famous beaches such as Railay Beach and Ao Nang Beach.</p>	<p>Banyan Tree Krabi** (72 rooms)</p>
<p><b>Pattaya</b></p> <p>Operating rooms: - rooms Additional rooms: 1,682 rooms</p>	<p>Pattaya, located in Chonburi province, is one of Thailand's most popular tourist destinations known for its nightlife, various beach activities and world-famous cabaret shows. Notable sights are Pattaya Beach and Jomtien Beach.</p>	<p>The Grand Sole Hotel*** (234 rooms) Banyan Tree Jomtien Pattaya*** (150 rooms) Pattaya Mixed-Use Development*** (1,298 rooms)</p>
<p><b>Hua Hin</b></p> <p>Operating rooms: 322 rooms Additional rooms: studying</p>	<p>Hua Hin, located in Prachuab Kirikhan province, is a well-established domestic destination and popular international destination with a rich history and tourist attractions such as Klai Kangwon Palace, Hauy Mongkhol Temple, Hua Hin Beach and Hua Hin Night Market.</p>	<p>Hua Hin Marriott Resort &amp; Spa* (322 rooms) Hua Hin Beachfront project*** (studying)</p>

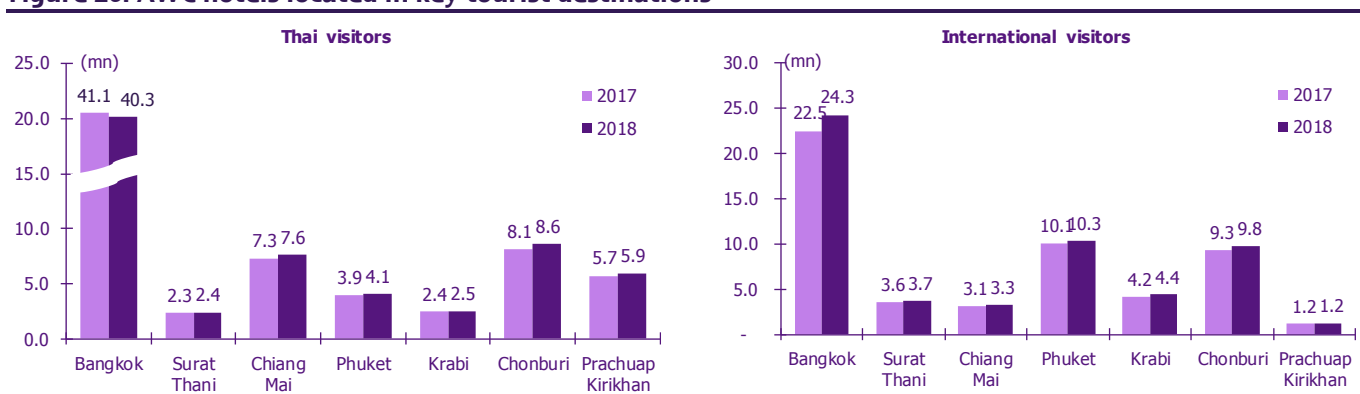
Source: Company filing and SCBS Investment Research

\*Asset Group 3: Operating hotels

\*\*Current portfolio: Hotels being renovated and new hotels

\*\*\*Asset Group 3: Hotels being renovated and new hotels

**Figure 26: AWC hotels located in key tourist destinations**



Source: Ministry of Tourism and Sport and SCBS Investment Research

Source: Ministry of Tourism and Sport and SCBS Investment Research

### Thai tourism industry outlook

Hotels and Restaurants is an important contributing sector for Thailand's GDP growth, bringing in 5.6% of the country's GDP in 2018, according to the National Economic and Social Development Council. The tourism industry has shown steady growth overall and is becoming visibly stronger. In 2018, international tourist arrivals stood at 38.3mn, an almost three-fold increase from 14.6mn in 2008, an average CAGR of 10%. This confirms the strength and resiliency of Thailand's tourism industry, as that period contained several incidents that created turmoil (e.g. global financial crisis in 2007-09 and Thailand's political unrest in 2008-10 and 2014), yet the industry recovered rapidly each time to achieve a more solid growth than average. Within ASEAN, in 2018 Thailand led the list in terms of number of international tourist arrivals at 38.3mn, followed by Malaysia (25.8mn) and Singapore (18.5mn). However, smaller markets experienced stronger growth; 2013-18 CAGR was 15% for Vietnam, 12% for Indonesia and 10% for Philippines.

**Figure 27: Thai tourism uptrend**



Source: Ministry of Tourism and Sport and SCBS Investment Research

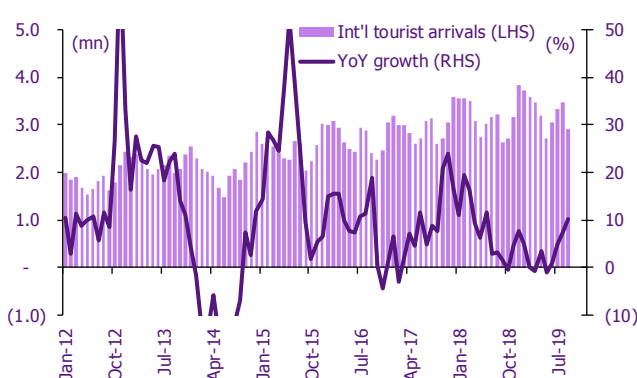
**Figure 28: Tourism industry in ASEAN countries**



Source: SCBS Investment Research

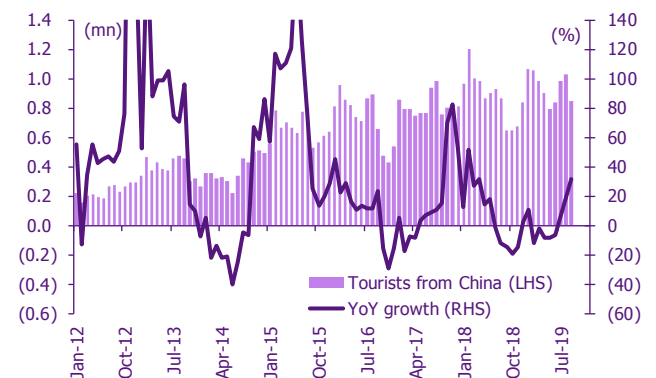
1H19 was a quiet period for Thai tourism with slow growth of international tourist arrivals at 1.3% YoY to 19.7mn. Behind this is the weak China market, the key market for Thailand at 29% of international tourist arrivals, from which tourists dropped by 5% YoY in 1H19. The China market has been in a downslide since the July 2018 boat accident in Phuket. However, the momentum was stronger in 3Q19 with 7% YoY growth in international tourist arrivals, driven by 17% growth in the China market off the low base in 2H18, the government's extension of the waiver of visa-on-arrival (VOA) fees to April 2020 from October 2019 and the windfall from a switch in travel destinations away from Hong Kong due to the protests. Thailand's Ministry of Tourism and Sports forecasts 4% growth in international tourist arrivals in 2019 (40mn), suggesting accelerating growth for 4Q19 at 8% YoY.

**Figure 29: Better Thai tourism in 3Q19**



Source: Ministry of Tourism and Sport and SCBS Investment Research

**Figure 30: Recovery of China market**



Source: Ministry of Tourism and Sport and SCBS Investment Research



Thai tourism is facing challenges in the near-term: not only are there concerns about the impact of the trade war on the economy, but the strong baht may deter travel. YTD, the Thai baht has appreciated against the yuan by 8%, the US\$ by 6% and the euro by 10%, making it more expensive to visit Thailand. In view of tourism's importance to the Thai economy, TAT is working to attract more visitors from short-haul markets (~70% of international tourist arrivals) such as ASEAN, China and India, by coordinating with shopping malls and airline operators to offer special promotions for tourists from those countries. In 2020, TAT targets international tourist arrivals at 42mn or 4% growth.

Although the short-term climate is moderate, in our view Thai tourism has a bright outlook over the long run. According to the report *Travel & Tourism Economic Impact 2018 Thailand* published by the World Travel & Tourism Council (WTTC), international tourists arrivals into Thailand is forecast to grow to 64.5mn by 2028 or 5.4% CAGR over 2018-28, outpacing global tourism growth at 3.3% CAGR in 2010-30, according to *UNWTO Tourism Towards 2030* issued by the World Tourism Organization. We believe the growth in Thai tourism will be supported by the country's infrastructure development that includes opening U-Tapao as a full-service international airport, Airports of Thailand PCL (AOT)'s planned expansion to boost airport capacity and the high-speed rail project connecting three key airports – Suvarnabhumi, Don Mueang and U-Tapao – in order to further improve connectivity and support business activities at Thailand's mega project, the Eastern Economic Corridor (EEC).

**Figure 31: Airport expansion plan**

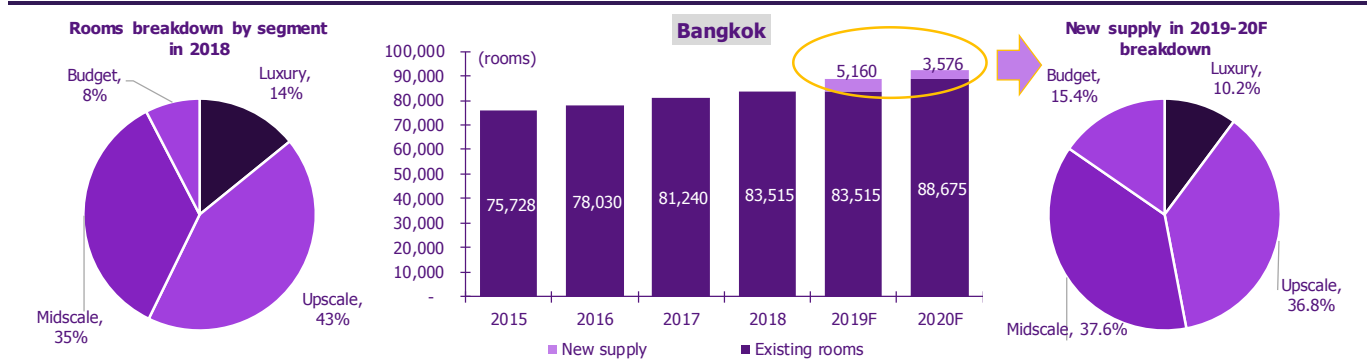
Airport	Project	Expected completed year	Capacity (pax/year)
Suvarnabhumi	Phase 2: Midfield Satellite Building 1	2020	60
	Phase 3: Passenger Terminal 2 and Runway 3	2024	90
Phuket	Expansion of international passenger terminal	2022	25
Chiang Mai	Passenger terminal 2	2022	16.5
Krabi	Passenger terminal 3	2022	8
Don Mueang	Passenger terminal 3	2024	40
U-Tapao	Passenger terminal 3, Runway 2 and commercial building	2024	12
Hat Yai	Passenger terminal 2 and taxi runway	2024	8.5

Source: SCB EIC and SCBS Investment Research

**Supply check**

**Bangkok.** According to JLL market research, in 2018, international brands and international-grade hotels in Bangkok operated 83,515 rooms with the majority in the upscale segment (43% of total rooms) followed by midscale (35%), luxury (14%) and budget (8%). JLL expects new room supply at 8,736 rooms in 2019-20 or 5% growth p.a., concentrated in the upscale (38% of new supply) and midscale (37%) segments.

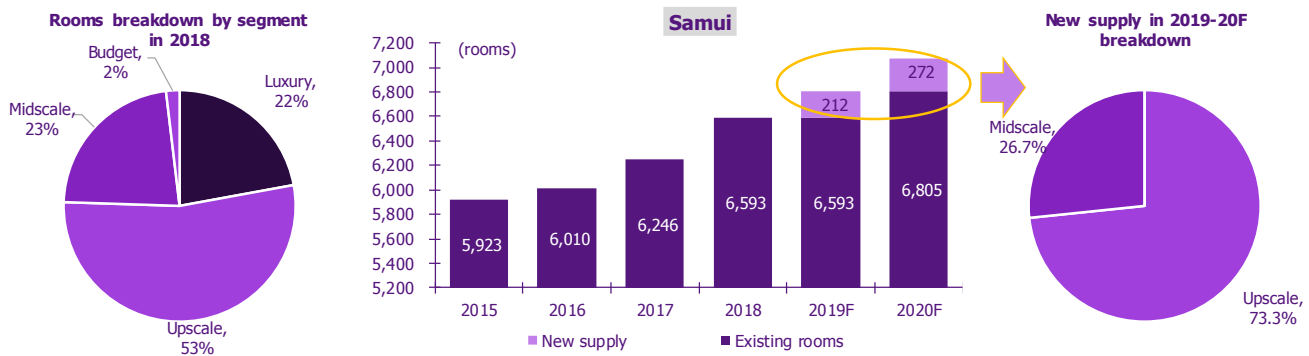
**Figure 32: Supply in Bangkok**



Source: JLL and SCBS Investment Research

**Samui.** In 2018, Samui contained 6,593 rooms operated by internationally branded and international-grade hotels according to JLL market research. By segment, the upscale segment takes the largest share at 53% of total rooms followed by midscale (23%) and luxury (22%). The budget segment is small in Samui at only 2% of total rooms. JLL expects new supply in Samui of 484 rooms in 2019-20 or 4% growth p.a., chiefly in the upscale segment, at 73% of the new supply.

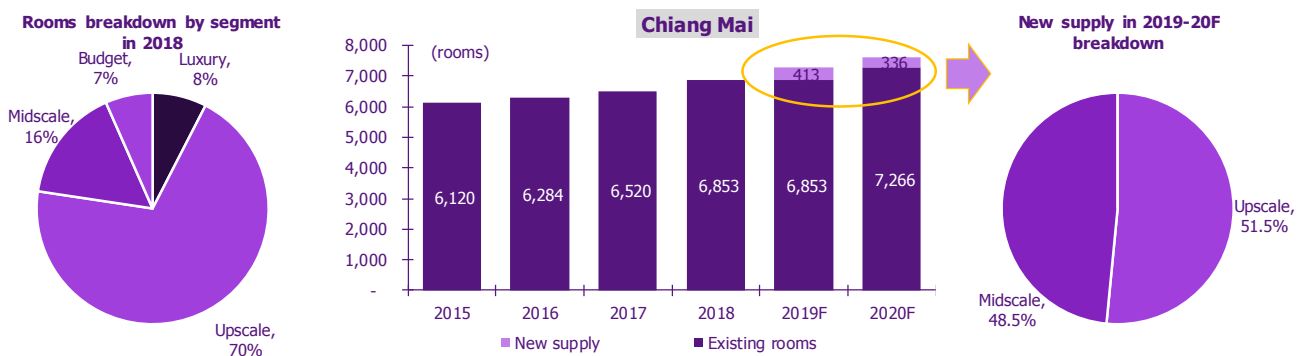
**Figure 33: Supply in Samui**



Source: JLL and SCBS Investment Research

**Chiang Mai.** According to JLL market research, Chiang Mai had 6,853 hotel rooms operated by internationally branded and international-grade hotels in 2018. By segment, the upscale segment is the majority at 70% of total rooms followed by midscale (16%), luxury (8%) and budget (7%). JLL expects 749 new rooms to enter the Chiang Mai market over 2019-20 or 5% growth p.a., with 52% of this in the upscale segment and 48% in the midscale segment.

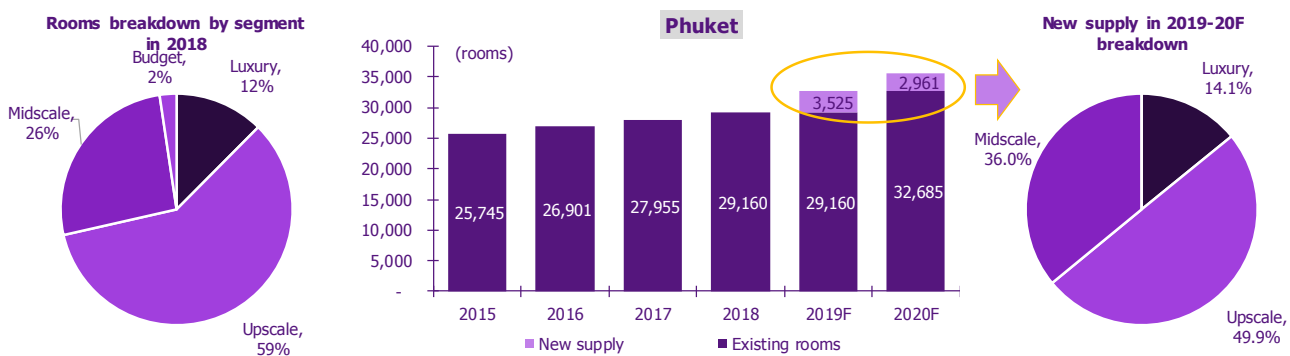
**Figure 34: Supply in Chiang Mai**



Source: JLL and SCBS Investment Research

**Phuket.** According to JLL market research, Phuket has 29,160 hotel rooms operated by internationally branded and international-grade hotels in 2018. The majority is in the upscale segment (59% of total rooms) followed by midscale (26%), luxury (12%) and budget segment (2%). JLL expects new supply in Phuket of 6,486 rooms in 2019-20, or 11% growth p.a., with fully half in the upscale segment, followed by midscale at 36% and luxury at 14%.

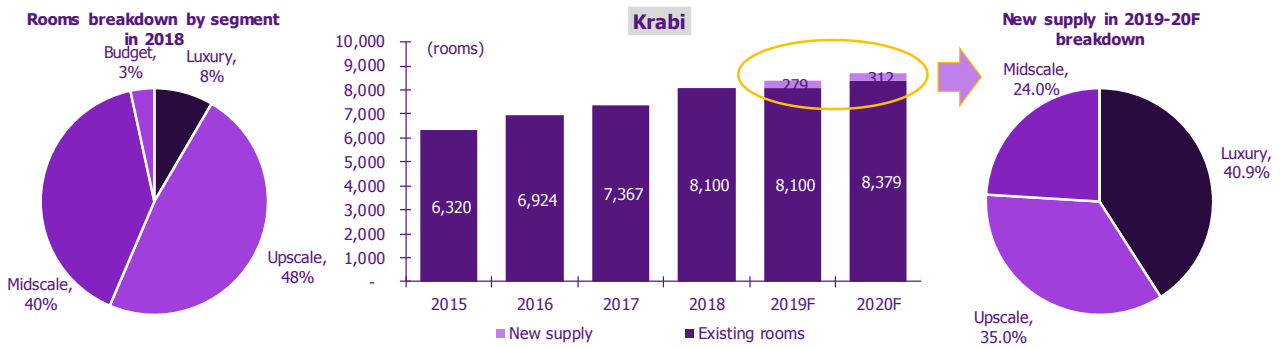
**Figure 35: Supply in Phuket**



Source: JLL and SCBS Investment Research

**Krabi.** In 2018, Krabi had 8,100 rooms operated by internationally branded or internationally branded and international-grade hotels, according to JLL market research. By segment, the upscale segment takes the largest share at 48% of total rooms followed by midscale (40%) and luxury (8%). The budget segment has a small share at only 3% of total rooms. JLL expects new supply in Krabi of 591 rooms in 2019-20 or 4% growth p.a., with most in the luxury segment at 41%, followed by upscale at 35%.

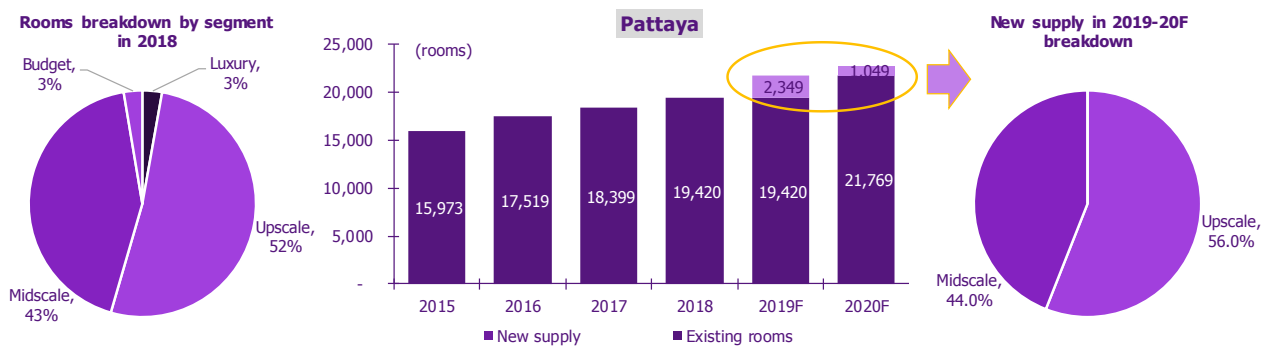
**Figure 36: Supply in Krabi**



Source: JLL and SCBS Investment Research

**Pattaya** According to JLL market research, in 2018, there were 19,420 hotel rooms in Pattaya operated by internationally branded and international-grade hotels. The majority is situated in the upscale segment (52% of total rooms) followed by midscale (43%). Luxury and budget segments have only a small share at 3% each. JLL forecasts new supply of 3,398 rooms in 2019-20 in Pattaya or 8% growth p.a., with the majority in the upscale segment at 56%, followed by the midscale segment at 44%.

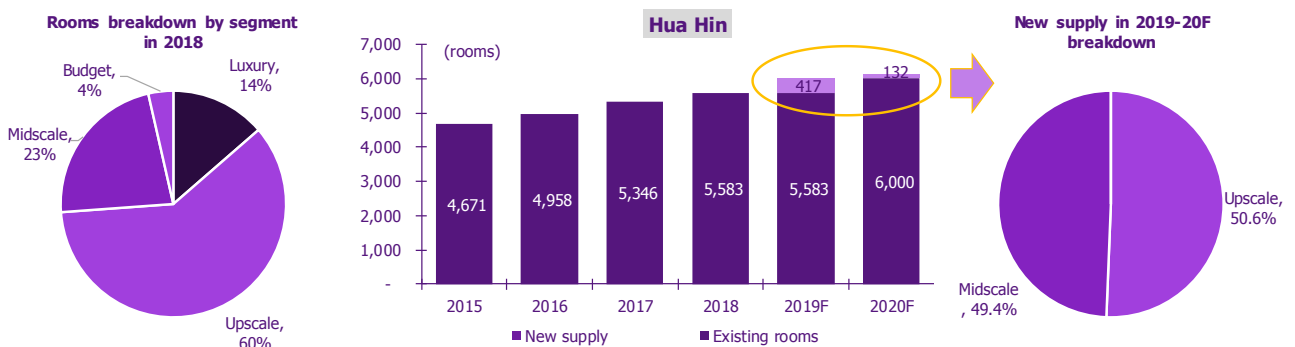
**Figure 37: Supply in Pattaya**



Source: JLL and SCBS Investment Research

**Hua Hin.** According to JLL market research, in 2018, there were 5,583 hotel rooms in Hua Hin operated by internationally branded and international-grade hotels. By segment, the upscale segment is the largest at 60% of total rooms, followed by midscale (23%) and luxury (14%). The budget segment accounts for 4% of total rooms. JLL expects 549 new rooms in Hua Hin in 2019-20 or 5% growth p.a., with 51% in the upscale and 49% in the midscale segment.

**Figure 38: Supply in Hua Hin**



Source: JLL and SCBS Investment Research



## Commercial business: Capturing Thailand's economic growth

### Lifestyle retail & wholesale and office space

AWC's commercial business involves two major arenas: retail & wholesale space and office space after it acquired six retail properties (*Asiatique The Riverfront, Pantip Plaza Pratunam, Pantip Plaza Ngamwongwarn, Tawanna Bangkapi, O.P. Place Bangkok* and *Pantip Plaza Chiang Mai*) from Thai Retail Investment Freehold and Leasehold Property Fund (TRIF) and four office buildings (*Empire Tower, Athenee Tower, 208 Wireless Road, Interlink Tower*) from Thai Commercial Investment Freehold and Leasehold Property Fund (TCIF) in May 2017.

AWC operates 12 assets in prime locations of Bangkok, Ayutthaya and Chiang Mai with NLA of 436,222 sqm; this will expand to 15 assets with NLA of 646,075 sqm (including new projects and extension of existing projects) by 2022, of which 80% is freehold and 20% leasehold if all plans come to fruition.

**Figure 39: Commercial portfolio**

Projects	Ownership	NLA (Sqm)	EBITDA (Btmn)	Occupancy (%)	Avg. rent (Bt/Sqm/Mth)	WALE (Yrs)	Retention (%)
<b>Operating retail projects</b>							
Pantip Plaza Ngamwongwarn	Freehold	37,415	134	72	952	1.0	88
Gateway at Bangsue	Freehold	36,526	12	69	500	2.4	n.a.
Pantip Plaza Pratunam	Freehold	30,805	55	64	986	1.4	97
Asiatique The Riverfront	Freehold	26,590	163	93	1,414	1.4	85
Pantip Plaza Chiang Mai	Freehold	13,436	3	57	391	0.8	28
Tawanna Bangkapi	Freehold	12,569	88	73	2,033	0.6	94
Lasalle's Avenue	Leasehold	5,832	9	82	529	2.1	n.a.
O.P. Place Bangkok	Freehold	2,455	(2)	47	1,027	0.7	100
<b>Total operating retail</b>		<b>165,628</b>	<b>462</b>	<b>72</b>	<b>989</b>		
<b>Operating office projects</b>							
Empire Tower	Freehold	158,021	528	83	746	1.8	86
Athenee Tower	Leasehold	45,155	192	95	936	1.6	91
208 Wireless Road	Freehold	12,668	50	91	880	2.5	77
Interlink Tower	Freehold	54,750	97	78	405	1.7	97
<b>Total operating office</b>		<b>270,594</b>	<b>867</b>	<b>84</b>	<b>725</b>		
<b>Total operating projects</b>		<b>436,222</b>	<b>1,329</b>				
<b>Future retail extension</b>							
Asiatique Pier and Boat	Freehold	700		n.a.	n.a.	n.a.	n.a.
Asiatique The Riverfront Extension	Leasehold	40,000		n.a.	n.a.	n.a.	n.a.
Lasalle's Avenue Extension	Leasehold	6,000		n.a.	n.a.	n.a.	n.a.
<b>Total future retail extension</b>		<b>46,700</b>					
<b>Future retail projects</b>							
Gateway Ekamai	Leasehold	33,153	84	85	706	3.2	73
Community Market Bangkapi	Freehold	25,000		n.a.	n.a.	n.a.	n.a.
<b>Total future retail</b>		<b>58,153</b>					
<b>Future wholesale project</b>							
AEC Trade Center	Freehold	145,000		n.a.	n.a.	n.a.	n.a.
<b>Total future wholesale</b>		<b>145,000</b>					
<b>Total future projects</b>		<b>249,853</b>					
<b>Total portfolio</b>		<b>686,075</b>					
<b>Total freehold (81%)</b>		<b>555,935</b>					
- Freehold retails (27%)		185,496					
- Freehold offices (33%)		225,439					
- Freehold wholesales (21%)		145,000					
<b>Total leasehold (19%)</b>		<b>130,140</b>					
- Leasehold retails (12%)		84,985					
- Leasehold offices (7%)		45,155					

Source: Company filing and SCBS Investment Research (As of June 30, 2019)

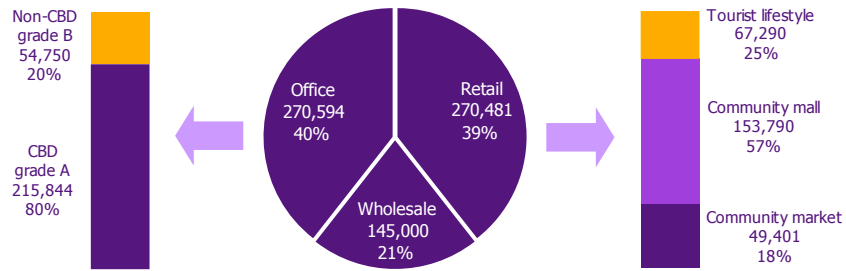
Notes:

1) WALE = Weighted average lease expiry

2) Investment as an operator/leaseholder of Gateway Ekamai and Asiatique The Riverfront Extension in accordance with the 2019 MOUs.

3) EBITDA includes allocated cost of property management fee.

**Figure 40: Commercial portfolio breakdown by NLA**



Source: Company filing and SCBS Investment Research

**I. Retail and wholesale business**

**Lifestyle shopping malls**

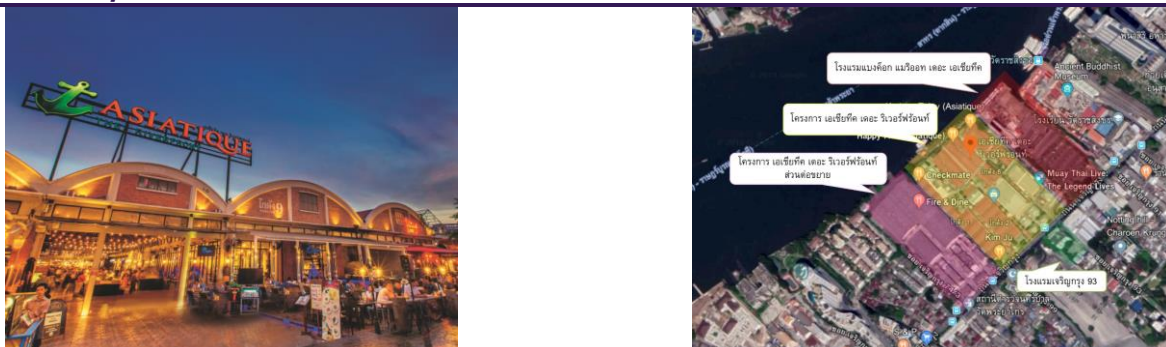
AWC currently operates eight lifestyle shopping malls with total NLA of 165,628 sqm; this will more than double to 415,481 sqm by 2025 (based on company filing) when including all future projects (*Gateway Ekamai*, *Community Market Bangkapi* and *AEC Trade Center*) and the expansion of existing projects (*Asiatique The Riverfront Pier and Boat* in 4Q19, *Lasalle's Avenue Extension* in 1Q20, *Asiatique The Riverfront Extension* of 20,000 sqm in each of 2023 and 2025). Its retail and wholesale properties are located in prime areas in Bangkok CBD and suburbs as well as Ayutthaya and Chiang Mai, with easy access to public transportation. It has four retail platforms aimed at local residents (monthly income of Bt18,000-Bt160,000) and international tourists.

- **Tourist lifestyle destination.** *Asiatique The Riverfront* is its flagship and the first uniquely-themed riverfront shopping and travel destination in Bangkok. It is a well-recognized venue for hosting major events (New Year countdown, Loi Krathong festival and water festival) and world-class shows (Joe Louis traditional Thai puppet troupe, Muay Thai Live, Calypso shows and Juliet Love Garden). Its target customers are local residents and international tourists. Opening in 4Q19, *Asiatique The Riverfront Pier and Boat* is a new landmark pier on the Chao Phraya River where tourist boats and dinner cruises can dock. Its attraction is a model of the Royal Ceremonial barge.

*Asiatique The Riverfront* currently averages 50,000 visitors on weekends. It has an opportunity to see a rise in traffic once *Charoenkrung 93 Hotel*, sited across from the mall, opens in 2022, followed by the openings of *Asiatique The Riverfront phase 2* in 2023 and *Bangkok Marriot The Asiatique Hotel*, adjacent to the mall, in 2024. It has the ability to serve a greater variety of visitors, especially by opening in the morning to handle breakfast and/or lunch visitors; now it does not open until 4 p.m., closing at midnight. This is one example of cross-sector synergy that will create value for AWC's properties.

According to JLL, projects competing with *Asiatique The Riverfront* are *LHONG 1919*, *River City*, *ICONSIAM* and *Terminal 21*.

**Figure 41: Asiatique The Riverfront**



Source: Company filing

- **Community shopping mall.** *Gateway* malls are contemporary urban malls offering compact “one-stop” shopping comprised of supermarkets/hypermarkets, cinemas and fitness centers. Located close to public transportation, they serve the daily needs of local middle-income residents in a radius of 3-5 kilometers. It currently operates *Gateway at Bangsue* with average 50,000 visitors on weekends and is property manager for *Gateway Ekamai*. *Gateway at Bangsue* will link to the MRT Blue Line’s Bangpo Station by 2020.

Pantip Plaza is a specialty indoor mall focused on offering everything related to IT. There are three of these IT-focused malls: *Pantip Plaza Pratunam*, *Pantip Plaza Ngamwongwan* and *Pantip Plaza Chiang Mai*, which is the biggest IT center in Chiang Mai. *Pantip Plaza Pratunam* and *Pantip Plaza Chiang Mai* are being renovated to include some of the facilities already available at the Ngamwongwan site to make them a more complete lifestyle platform, including more F&B outlets that will attract both locals and tourists. *Pantip Plaza Pratunam* will link to the future MRT Orange Line’s Pratunam Station.

*Pantip Plaza Ngamwongwan* differs from the other two in some ways, with a greater variety of non-IT items, such as clothing, with an entire floor devoted to amulets and Buddha images and a top-level floor set up similar to a “night market”.

*O.P. Place Bangkok* is a specialized enclosed mall offering antiques and one-of-a-kind products. The top floor of the mall is now being renovated to make it into the largest one-stop shopping mall for weddings, including a ballroom, pre-wedding photo studios and shops for other related products/services. According to JLL, competitive projects are *River City* and *LHONG 1919*.

**Figure 42: Gateway at Bangsue**



- Only shopping mall located in Bangsue district, Bangkok, a high-potential area with office and residential buildings and schools
- Features an indoor amusement park, theater, supermarket, fitness center, etc.
- Attracts an average of 50,000 customers on the weekends
- It will be directly linked to Bangpo MRT station, which is now under construction and is scheduled to be opened by 2020.
- It also offers office space for rent.
- According to JLL, competitive projects are *Esplanade Ngamwongwan* and *CentralPlaza Ladprao*.

Source: Company filing, JLL

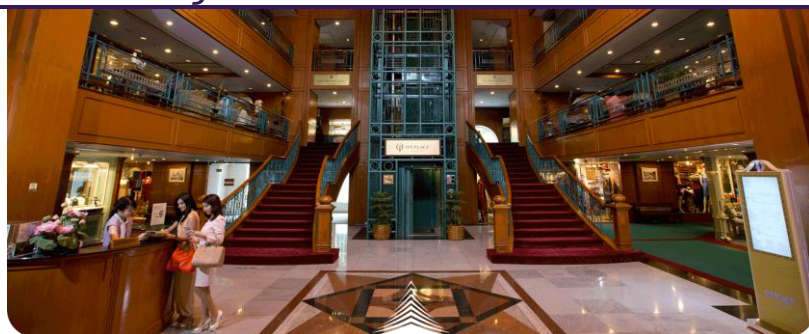
**Figure 43: Pantip Plaza Pratunam, Ngamwongwan and Chiang Mai**



- Offers complete range of IT and technology products
- Recent / current renovation to maximize rental space, increase variety of tenants and products
- Located in densely populated districts, close proximity to transportation links
- According to JLL, the competitive project for *Pantip Plaza Pratunam* is *Fortune Town*; competition for *Pantip Ngamwongwan* is *The Mall Ngamwongwan*, *IT Zeer Rangsit* and *IT Square*; for *Pantip Plaza Chiang Mai* is *Icon IT Chiang Mai*, *Computer Plaza*, *CM Computer Chiang Mai*, *CentralPlaza Chiang Mai Airport* and *CentralFestival Chiang Mai*.

Source: Company filing, JLL

**Figure 44: O.P. Place Bangkok**



Source: <https://www.assetworldcorp-th.com>



- **Community market.** *Tawanna*, *Lasalle's* and *Community Market* are community markets made up of low-rise complexes with indoor malls, outdoor shopping areas and event markets. These serve low- to mid-income local families in the area 3-5 kilometers around them. It currently operates *Tawanna Bangkok* and *Lasalle's Avenue* and is developing *Bangkok Community Market* which will open in 1Q20. Its expansion of *Lasalle's Avenue* will open in 4Q19.

**Figure 45: Tawanna Bangkok**



- Largest community market in Bangkok and first to be open all day
- It has more than 1,200 retailers offering the convenience of affordable food, street fashion, local martial arts / Muay Thai competitions and other entertainment for locals and tourists
- According to JLL, competitive projects are *Happyland Center* and *NMark Plaza*.

**Bangkok Community Market**



- ~25,000sqm NLA on freehold land
- Located near the Bangkok intersection, which is a densely populated area with residences and educational centers
- New, soon-to-be F&B-centric community mall that will become a focal point for the local communities
- JLL data shows the competitive project is *The Mall Bangkok*.

**Lasalle's Avenue**



- Open air suburban family-friendly community retail outlet, with close proximity to Bangna BTS station, Bearing BTS skytrain station, and Samrong BTS skytrain station
- Opened in July 2018, it had reached 82% occupancy rate as of June 2019
- Plans to add NLA of ~6,000 sqm to increase tenant / product mix which will open in 4Q19
- According to JLL, competitive projects are *Summer Hill* and *Park Feel Good Mall*.

Source: Company filing, [www.assetworldcorp-th.com](http://www.assetworldcorp-th.com)

- **Wholesale properties.** *AEC Trade Center* and *AEC Trade Center Online* are complementary online channels that enable traditional offline retailers to establish an online presence and global reach. AWC signed an MOU with Alibaba in 2018, one of the world's leading e-commerce players, to further extend its online reach and facilitate business matching. This will connect Chinese, African and other buyers to Thai sellers.

*AEC Trade Center*, located in Bang Pa-in Ayutthaya, is Thailand's first and largest fully integrated wholesale and B2B center and is a logistics provider for ASEAN countries. It is transforming the retail landscape in Thailand via its integrated one-stop B2B wholesale platform. It will provide consulting services for SMEs, an e-commerce platform and exhibition hall/business center for trade exhibitions.

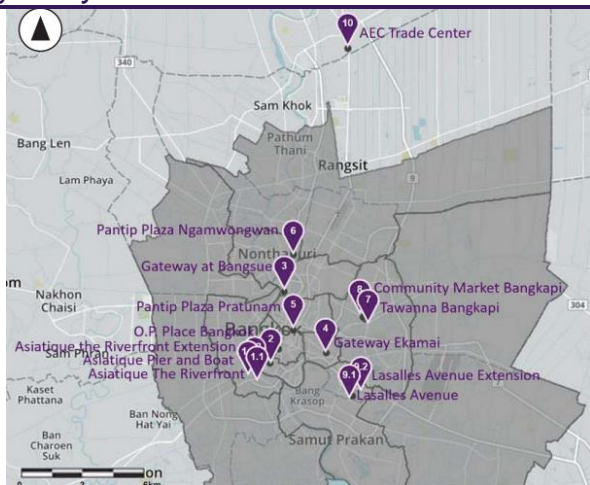
According to JLL, competitive projects are *New Sam Peng (Sam Peng 2)*, *Talaad Thai* and *Bo Bae Tower 1, 2*.

**Figure 46: AEC Trade Center**



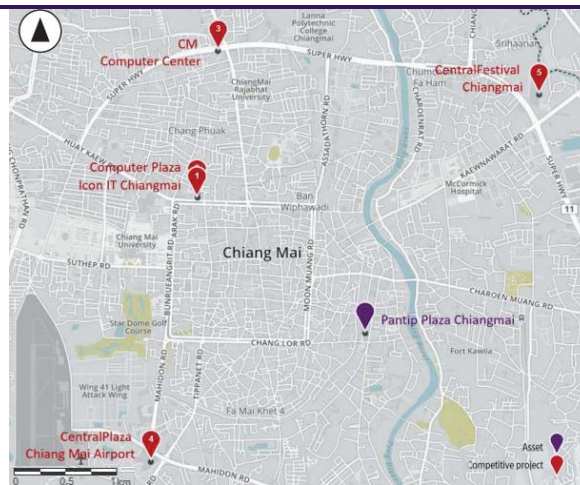
Source: Company filing

Figure 47: AWC's commercial assets in Bangkok and Ayutthaya



Source: Company filing, JLL

Figure 48: AWC's commercial assets in Chiang Mai



Source: Company filing, JLL

Figure 49: Historical performance for retail

	(Unit)	2016	2017	2018	1H18	1H19
<b>NLA</b>						
Asiatique The Riverfront	(Sq.m)	22,484	23,449	26,590	26,590	26,590
Pantip Plaza Pratunam	(Sq.m)	31,545	31,009	30,356	30,127	30,805
Pantip Plaza Ngamwongwan	(Sq.m)	46,458	39,185	35,633	35,597	37,415
Pantip Plaza Chiang Mai	(Sq.m)	13,436	13,436	13,436	13,436	13,436
O.P. Place Bangkok	(Sq.m)	2,455	2,455	2,455	2,455	2,455
Tawanna Bangkok	(Sq.m)	10,963	12,587	12,276	12,276	12,569
Gateway at Bangsue	(Sq.m)	n.a.	n.a.	37,067	n.a.	36,526
Lasalle's Avenue	(Sq.m)			5,283	n.a.	5,832
<b>Total</b>	<b>(Sq.m)</b>	<b>127,341</b>	<b>122,121</b>	<b>163,096</b>	<b>120,481</b>	<b>165,628</b>
<b>Occupancy rate</b>						
Asiatique The Riverfront	(%)	96	95	97	97	93
Pantip Plaza Pratunam	(%)	55	63	63	64	64
Pantip Plaza Ngamwongwan	(%)	69	73	75	77	72
Pantip Plaza Chiang Mai	(%)	39	53	64	64	57
O.P. Place Bangkok	(%)	55	47	43	44	47
Tawanna Bangkok	(%)	82	82	79	79	73
Gateway at Bangsue	(%)	80	80	80	n.a.	69
Lasalle's Avenue	(%)	80	80	80	n.a.	82
<b>Average</b>	<b>(%)</b>	<b>68</b>	<b>73</b>	<b>75</b>	<b>76</b>	<b>72</b>
<b>Average rental rate</b>						
Asiatique The Riverfront	(Bt/Sqm/Mth)	1,267	1,293	1,364	1,341	1,414
Pantip Plaza Pratunam	(Bt/Sqm/Mth)	1,549	1,256	1,110	1,203	986
Pantip Plaza Ngamwongwan	(Bt/Sqm/Mth)	651	831	959	943	952
Pantip Plaza Chiang Mai	(Bt/Sqm/Mth)	415	371	348	353	391
O.P. Place Bangkok	(Bt/Sqm/Mth)	1,340	1,260	1,089	1,172	1,027
Tawanna Bangkok	(Bt/Sqm/Mth)	2,444	2,267	2,120	2,154	2,033
Gateway at Bangsue	(Bt/Sqm/Mth)	n.a.	n.a.	563	n.a.	500
Lasalle's Avenue	(Bt/Sqm/Mth)	n.a.	n.a.	491	n.a.	529
<b>Average</b>	<b>(Bt/Sqm/Mth)</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>Revenue</b>						
Asiatique The Riverfront	(Btmn)	466	496	536	267	272
Pantip Plaza Pratunam	(Btmn)	444	357	319	173	148
Pantip Plaza Ngamwongwan	(Btmn)	426	445	456	229	230
Pantip Plaza Chiang Mai	(Btmn)	42	44	51	25	25
O.P. Place Bangkok	(Btmn)	25	19	15	8	9
Tawanna Bangkok	(Btmn)	289	314	287	145	135
Gateway at Bangsue	(Btmn)	-	-	17	n.a.	102
Lasalle's Avenue	(Btmn)	-	-	18	n.a.	24
<b>Total</b>	<b>(Btmn)</b>	<b>1,692</b>	<b>1,675</b>	<b>1,699</b>	<b>847</b>	<b>945</b>
<b>EBITDA</b>						
Asiatique The Riverfront	(Btmn)	315	294	296	163	163
Pantip Plaza Pratunam	(Btmn)	297	184	133	96	55
Pantip Plaza Ngamwongwan	(Btmn)	278	266	265	129	134
Pantip Plaza Chiang Mai	(Btmn)	8	2	11	5	3
O.P. Place Bangkok	(Btmn)	7	1	(3)	-	(2)
Tawanna Bangkok	(Btmn)	227	223	203	102	88
Gateway at Bangsue	(Btmn)	-	(8)	(66)	n.a.	12
Lasalle's Avenue	(Btmn)	-	-	(0)	-	9
<b>Total</b>	<b>(Btmn)</b>	<b>1,132</b>	<b>962</b>	<b>839</b>	<b>495</b>	<b>462</b>
<b>EBITDA margin</b>						
Asiatique The Riverfront	(%)	67.6	59.3	55.2	61.0	59.9
Pantip Plaza Pratunam	(%)	66.9	51.5	41.7	55.5	37.2
Pantip Plaza Ngamwongwan	(%)	65.3	59.8	58.1	56.3	58.3
Pantip Plaza Chiang Mai	(%)	19.0	4.5	21.6	20.0	12.0
O.P. Place Bangkok	(%)	28.0	5.3	(20.0)	n.a.	(22.2)
Tawanna Bangkok	(%)	78.5	71.0	70.7	70.3	65.2
Gateway at Bangsue	(%)	n.a.	n.a.	n.a.	n.a.	11.8
Lasalle's Avenue	(%)	n.a.	n.a.	n.a.	n.a.	37.5
<b>Average EBITDA margin</b>	<b>(%)</b>	<b>66.9</b>	<b>57.4</b>	<b>49.4</b>	<b>58.4</b>	<b>48.9</b>

Source: Company filing

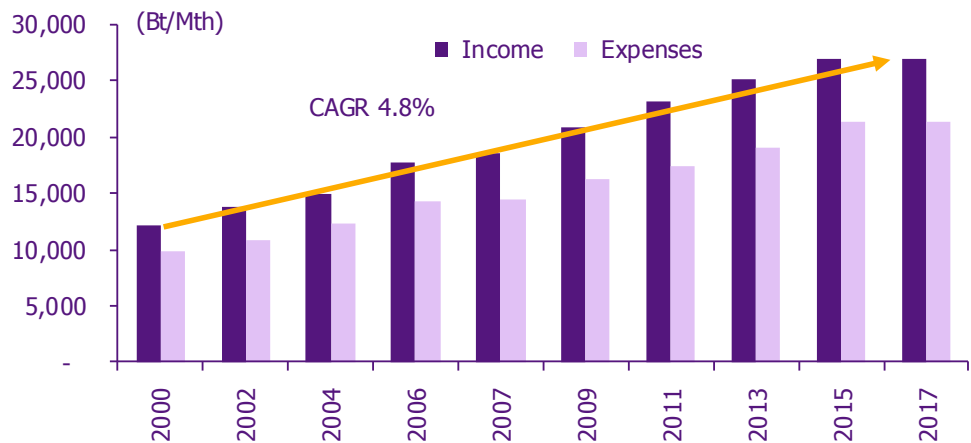
Note: EBITDA includes allocated cost of property management fee.

**Retail and wholesale industry**

**Riding Thailand's economic growth...**

Serving those in the immediate area, AWC's retail properties are tied closely to the growth of local income/spending. According to the National Statistical Office of Thailand (NSO), income for Thais grew at 4.8% p.a. during 2000-2017, outpacing average GDP growth of 3.6% p.a. in the same period, largely due to the dominance of mid- to high-income earners. AWC captures the cream of the market with the higher purchasing power possessed by Bangkokians whose income and spending are 69% and 46% higher than the country's average in 2017.

**Figure 50: Rising income/spending level**

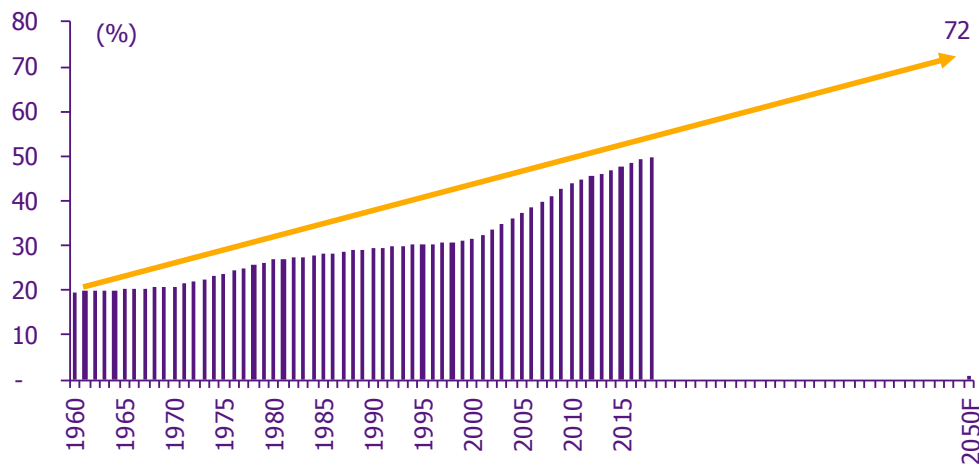


Source: National Statistical Office of Thailand, JLL

**... and the rising trend for lifestyle community malls**

Rising income tends to expand urbanization and fuel changes in consumer lifestyle, which backs growing demand for lifestyle community malls. This is particularly true for Thailand, where urbanization rate and income level are both rising off a low base. According to World Bank data, Thailand's urbanization rate jumped to 50% in 2018 from 20% in 1967, faster than had been expected, and is expected to reach 72% by 2050. Thailand's tourism boom (see *Thai tourism industry* for details) also fuel demand for the tourist lifestyle shopping malls. These support the promising future for AWC's retail properties.

**Figure 51: Rising urbanization**

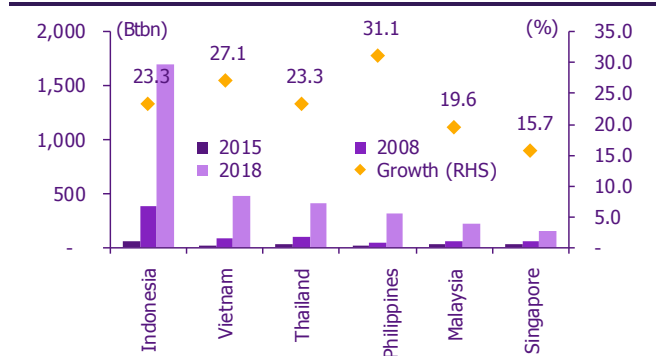


Source: CEIC, World Bank

**Rapidly growing e-commerce**

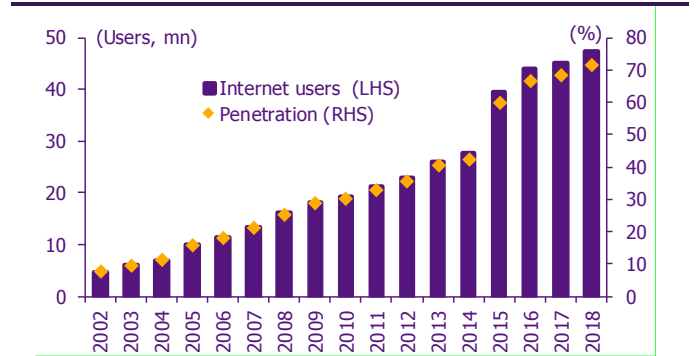
*AEC Trade Center*, a wholesale e-commerce center, will capitalize on the rapid growth of e-commerce. According to JLL research, Thailand's e-commerce market size will grow at strong pace of 23.3% p.a. to Bt416bn over 2018-2025, one of the most rapid growths in ASEAN. Supporting this is the fast expansion of internet users of 15% p.a. over the past 16 years and a jump in penetration rate to 71% in 2018 from only 8% in 2002. *AEC Trade Center*, the first and only wholesale e-commerce center in ASEAN, is capturing this secular trend.

**Figure 52: E-commerce market growing rapidly over 2018-2025**



Source: JLL, Temasek, World Bank

**Figure 53: Fast-growing internet users in Thailand**



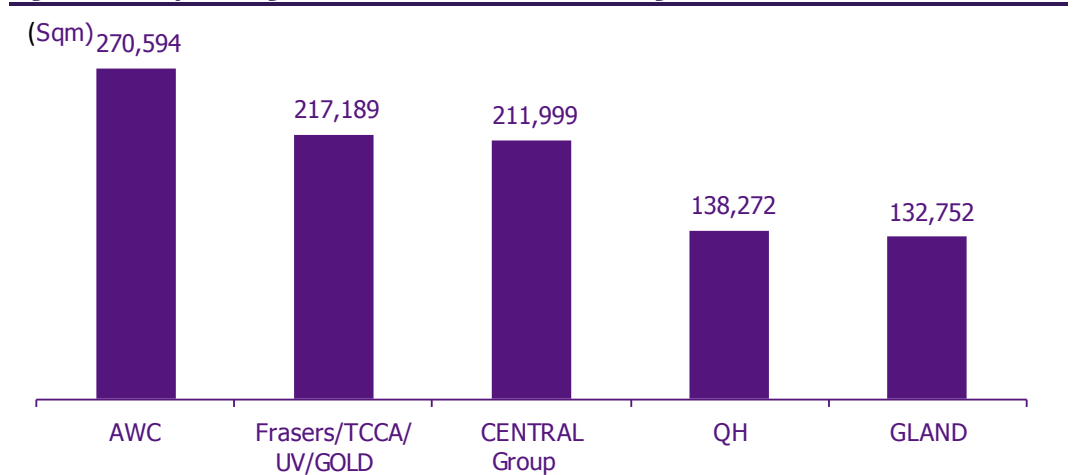
Source: Thailand's National Electronics and Computer Technology Center (NECTEC), Department of Provincial Administration (DOPA), Office of The National Broadcasting and Telecommunications Commission (NBTC)

**II. Office space**

**AWC is the largest office space owner in Bangkok**

AWC operates three prime grade-A mixed-use lifestyle office and retail centers (*Empire Tower*, *Athenee Tower* and *208 Wireless Road*) and one grade-B office building (*Interlink Tower* located on Bangna-Trad Road), with total NLA of 270,594 sqm, giving it the largest market share at 3.1% in Bangkok as of December 2018.

**Figure 54: Top 10 largest office asset owners in Bangkok as of 4Q18**



Source: JLL  
As of December 2018  
Note: Including assets currently leased to Property Fund for Public Offering (PFPOs)/Real Estate Investment Trust (REITs)



**Figure 55: Office portfolio**

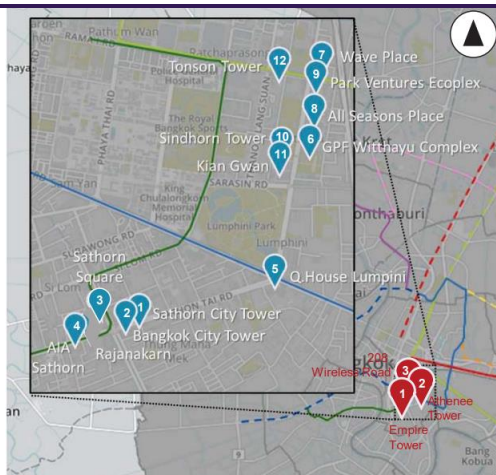
				
	<b>Empire Tower</b>	<b>Athenee Tower</b>	<b>208 Wireless Road</b>	<b>Interlink Tower</b>
<b>NLA (Sqm)</b>	158,021	45,155	12,668	54,750
<b>Location</b>	<ul style="list-style-type: none"> <li>Class A mixed-use office building located in Sathorn</li> <li>Flagship "lifestyle" office complex</li> <li>Largest office building in Thailand based on NLA, with three office towers and 58 floors</li> <li>Underwent major renovation in 2013</li> </ul>	<ul style="list-style-type: none"> <li>Class A+, exclusive high-security office building located in Pathumwan district</li> <li>One office tower with 36 floors</li> <li>Completed in 2008</li> </ul>	<ul style="list-style-type: none"> <li>Class A- mixed-use office building located in Pathumwan district</li> <li>Attractive architectural design and unique location amidst green parks</li> <li>Underwent major renovation in 2016</li> </ul>	<ul style="list-style-type: none"> <li>Class B located in Bangna area</li> <li>Three office buildings, with 40 floors, 11 floors and six floors each</li> <li>Formerly the Nation Publishing Building, completed redevelopment in 2014</li> <li>Undergoing planned rebranding and repositioning initiative from Feb-18</li> </ul>
<b>Office tenants</b>	<ul style="list-style-type: none"> <li>Multinational corporations</li> <li>Serviced offices</li> <li>Technology firms</li> <li>Start-up companies</li> </ul>	<ul style="list-style-type: none"> <li>Embassies</li> <li>Foreign government agencies</li> <li>Foreign financial institutions</li> <li>Multinational corporations</li> </ul>	<ul style="list-style-type: none"> <li>Businesses within creative industries</li> <li>Embassies</li> <li>Law firms</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturers</li> <li>Japanese and Chinese businesses</li> <li>Industrial trading and automotive companies</li> <li>Local F&amp;B franchises</li> </ul>
<b>Retail tenants</b>	<ul style="list-style-type: none"> <li>Supermarkets</li> <li>Restaurants and cafes</li> <li>Convenience stores</li> </ul>	<ul style="list-style-type: none"> <li>Restaurants</li> <li>Cafes</li> </ul>	<ul style="list-style-type: none"> <li>Fitness center</li> <li>Restaurants</li> <li>Cafes</li> </ul>	
<b>Selected tenants</b>	KPMG, Samsung, Virgin Active	United States embassy, Deutsche Bank	NNK, The Coffee Club, Pendulum, GeTeCe Group	TCC Group, Kronos, Nation Group
<b>Connectivity</b>	Sky-bridge to Chong Nonsi BTS Skytrain station	Close proximity to Ploenchit BTS Skytrain station	Close proximity to Ploenchit BTS Skytrain station	Access to the eastern economic corridor and industrial estates in eastern Thailand
<b>Competitors</b>	<ul style="list-style-type: none"> <li>Sathorn City Tower</li> <li>Bangkok City Tower</li> <li>Sathorn Square</li> <li>AIA Sathorn</li> <li>Q House Lumpini</li> </ul>	<ul style="list-style-type: none"> <li>GPF Witthayu Complex</li> <li>Wave Place</li> <li>All Seasons Place</li> <li>Park Ventures Ecoplex</li> <li>Q House Lumpini</li> </ul>	<ul style="list-style-type: none"> <li>Sindhorn Tower 1, 2, 3</li> <li>Kian Gwan 1, 2, 3</li> <li>Tonson Tower</li> </ul>	<ul style="list-style-type: none"> <li>Ample Tower</li> <li>Central City Tower</li> <li>Bhiraj Tower at BITEC</li> <li>AIA Bangna</li> </ul>

Source: Company filing, <https://www.assetworldcorp-th.com>, <https://www.atheneetower.com>, JLL

**All locations prime**

AWC's four office assets are in prime areas of Bangkok, which we believe is behind their success. *Empire Tower* (the largest office building in Bangkok according to JLL, located on Sathorn Road), *Athenee Tower* and *208 Wireless Road* (both on Wireless Road) are in central Bangkok with easy access to mass transit and public transportation. *Interlink Tower* is located on Bangna-Trad Road, which is a gateway to the Eastern Economic Corridor (EEC) and offers easy access to Suvarnabhumi International Airport.

**Figure 56: Office locations**



Source: Company filing, JLL

**Figure 57: Historical performance for office**

	(Unit)	2016	2017	2018	1H18	1H19
<b>NLA</b>						
Empire Tower	(Sqm)	158,021	158,021	158,021	158,021	158,021
Athenee Tower	(Sqm)	45,155	45,155	45,155	45,155	45,155
208 Wireless	(Sqm)	12,668	12,668	12,668	12,668	12,668
Interlink Tower	(Sqm)	54,750	54,750	54,750	54,750	54,750
<b>Total NLA</b>	<b>(Sqm)</b>	<b>269,238</b>	<b>270,594</b>	<b>270,594</b>	<b>270,594</b>	<b>270,594</b>
<b>Occupancy rate</b>						
Empire Tower	(%)	82	79	83	81	83
Athenee Tower	(%)	86	89	90	89	95
208 Wireless	(%)	68	84	94	93	91
Interlink Tower	(%)	86	83	80	80	78
<b>Average occupancy rate</b>	<b>(%)</b>	<b>83</b>	<b>82</b>	<b>84</b>	<b>83</b>	<b>84</b>
<b>Average rental rate</b>						
Empire Tower	(Bt/Sqm/Mth)	645	669	696	687	746
Athenee Tower	(Bt/Sqm/Mth)	832	868	892	887	936
208 Wireless	(Bt/Sqm/Mth)	750	763	807	795	880
Interlink Tower	(Bt/Sqm/Mth)	335	355	387	383	405
<b>Average rental rate</b>	<b>(Bt/Sqm/Mth)</b>	<b>617</b>	<b>645</b>	<b>678</b>	<b>669</b>	<b>725</b>
<b>Revenue</b>						
Empire Tower	(Btmn)	1,272	1,275	1,362	659	734
Athenee Tower	(Btmn)	465	481	512	253	277
208 Wireless	(Btmn)	90	112	131	65	68
Interlink Tower	(Btmn)	282	284	296	146	151
<b>Total revenue</b>	<b>(Btmn)</b>	<b>2,109</b>	<b>2,152</b>	<b>2,301</b>	<b>1,123</b>	<b>1,230</b>
<b>EBITDA</b>						
Empire Tower	(Btmn)	915	929	963	467	528
Athenee Tower	(Btmn)	337	367	350	176	192
208 Wireless	(Btmn)	62	81	95	46	50
Interlink Tower	(Btmn)	190	191	193	95	97
<b>Total EBITDA</b>	<b>(Btmn)</b>	<b>1,504</b>	<b>1,568</b>	<b>1,601</b>	<b>784</b>	<b>867</b>
<b>EBITDA margin</b>						
Empire Tower	(%)	71.9	72.9	70.7	70.9	71.9
Athenee Tower	(%)	72.5	76.3	68.4	69.6	69.3
208 Wireless	(%)	68.9	72.3	72.5	70.8	73.5
Interlink Tower	(%)	67.4	67.3	65.2	65.1	64.2
<b>Average EBITDA margin</b>	<b>(%)</b>	<b>71.3</b>	<b>72.9</b>	<b>69.6</b>	<b>69.8</b>	<b>70.5</b>

Source: Company filing

Note: EBITDA includes allocated cost of property management fee.

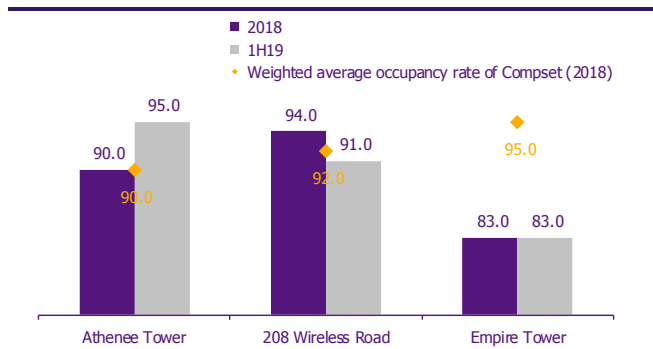
### Increased occupancy and rental rate

The recent completion of major renovation and repositioning of its CBD offices (*Empire Tower* in 2013 and *208 Wireless Road* in 2016) has improved average occupancy rate to 84% in 2Q19 from 83% in 2016 and raised average rental rate by 18% to Bt725/sqm/mth. According to JLL, in 1H19, average rent for AWC's competitors was 30% above the average for *Empire Tower* (Bt746/sqm/mth) and 19% above the average for *Athenee Tower* (Bt936/sqm/mth), implying room for an increase.

Interlink Tower's occupancy rate declined from 86% in 2016 to 78% in 1H19 as the building has been undergoing major renovation of amenities and exterior landscape to accommodate changing tenant preferences, but average rent was able to increase 21% to Bt405/sqm/mth. Occupancy and rental rates will go up further after the renovations are completed in 3Q19-1Q20, with rebranding and change in retail tenant mix and the inclusion of established local F&B franchises.

AWC recently introduced a new concept of fully-furnished offices and this was received well. This move will improve both occupancy rate and rental rate (including rent for fixtures).

**Figure 58: AWC's occupancy rate versus competitors**

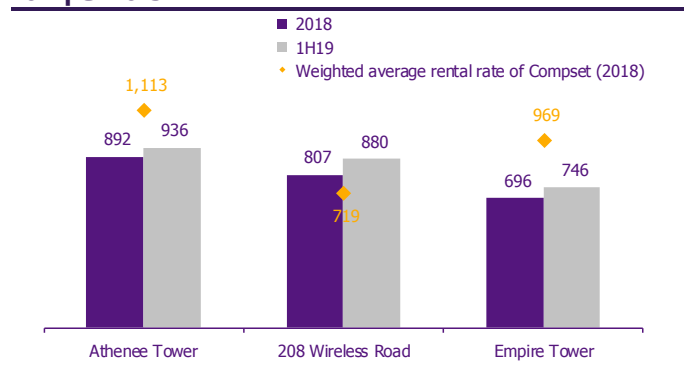


Source: Company filing and JLL

Note:

- 1) Based on weighted average of compset by NLA
- 2) Compset for Empire Tower: Sathorn City Tower, Bangkok City Tower, Sathorn Square, AIA Sathorn and Q House Lumpini
- 3) Compset for Athenee Tower: Q House Lumpini, GPF Witthaya Complex, Wave Place, All Seasons Place and Park Ventures Ecoplex
- 4) Compset for 208 Wireless Road: Sinthorn Tower, Kian Gwan Buildings and Tonson Tower

**Figure 59: AWC's average rental rate versus competitors**



Source: Company filing and JLL

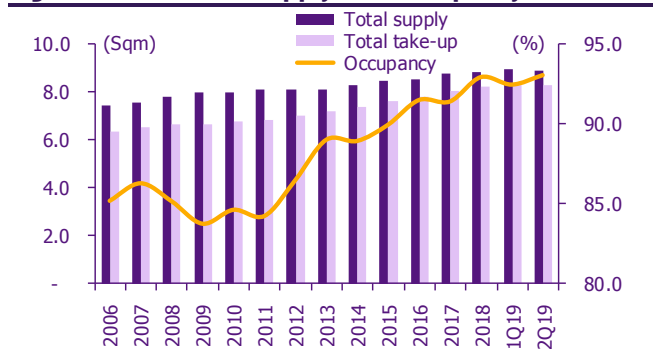
Note: Compset is the same as Figure 61.

**Office industry**

**Positive demand/supply dynamics over the past decade**

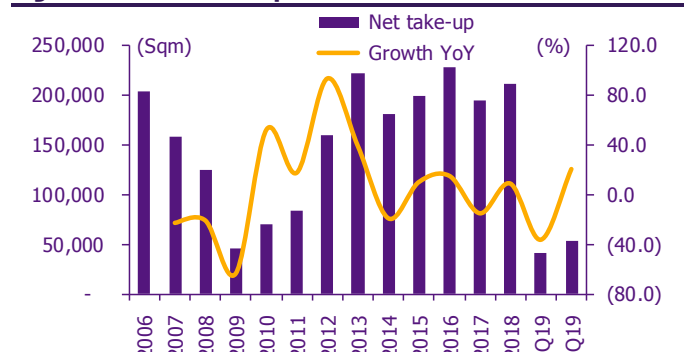
According to CBRE, over 2008-2018 office demand rose 1.59mn sqm, overwhelming the new supply increase of 1.23mn sqm (average annual take-up rate is 156,000 sqm versus 119,000 sqm for new supply). This raised occupancy rate to a very high 92.5% in 2018, the highest since 2006, and allowing a rent hike of 3.1% p.a. for offices in CBD grade A and 4.5% p.a. for offices in non-CBD grade B in the period. Demand for grade A office space was propelled by growing demand for high-quality office space, IT and technology companies and co-working spaces.

**Figure 60: Demand, supply and occupancy rate**



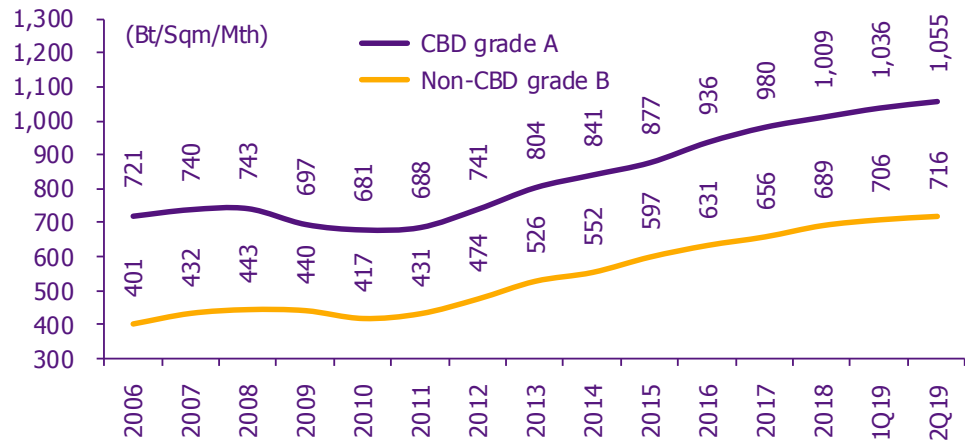
Source: CBRE

**Figure 61: Net take-up rate**



Source: CBRE

**Figure 62: Average rental rates are heading north**



Source: CBRE

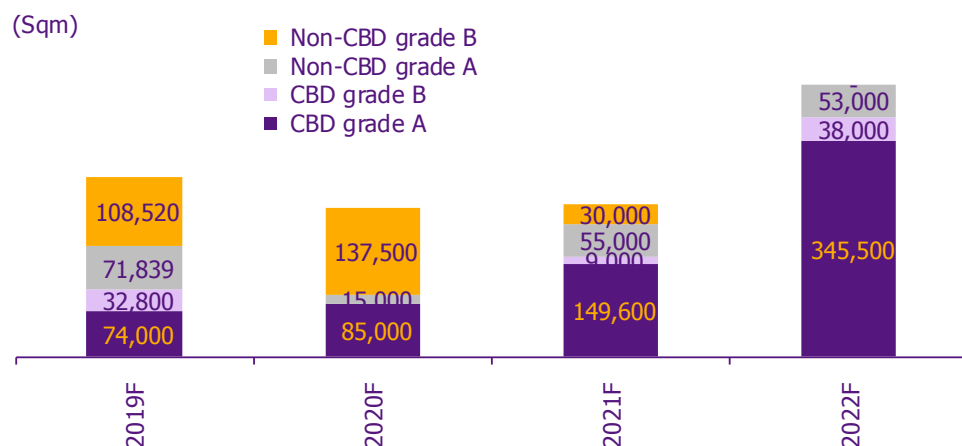
**Growing new supply**

According to CBRE, 40 office buildings in Bangkok are scheduled to reach completion over 2019-2022, adding 1.2mn sqm (14% of the total stock) to the market or an average of 318,000 sqm p.a. New supply includes: *03 One Bangkok, 02 One Bangkok, The PARQ phase 1, One City Centre, Mitrtown Office Tower, UOB Headquarters, Thai Zhong Tower* and *Rasa Two*. The rapid growth in new supply may step up competition, which may then lead to a decline in occupancy rate and lower ability to raise rents.

AWC's assets may be least impacted. Of the 654,100 sqm new supply for CBD grade A office, only 74,000 sqm will be completed this year and 85,000 sqm next year. Assuming an annual take-up rate of 66,000 sqm (the average over 2016-2018), we believe occupancy rate for the market will stay at a high 93-94% in 2019-2020, but then drop to 88% in 2021 and 77% in 2022 when 149,600 sqm in office space reaches completion in 2021 and 345,500 sqm in 2022.

In our view, the new supply of non-CBD grade B office of 276,020 sqm will be completely absorbed within the next four years, assuming an annual take-up rate of 72,000 sqm (the average for 2016-2018). We expect occupancy rate will be sustainable at 93-94% through 2022. Of the new supply, only two buildings – *Thai Zhong Tower* (46,000 sqm) on Bangna-Trad km 2 and *Summer Lasalle* (10,000 sqm) on Sukhumvit 105, are opening in 4Q19 – are near *Interlink Tower*.

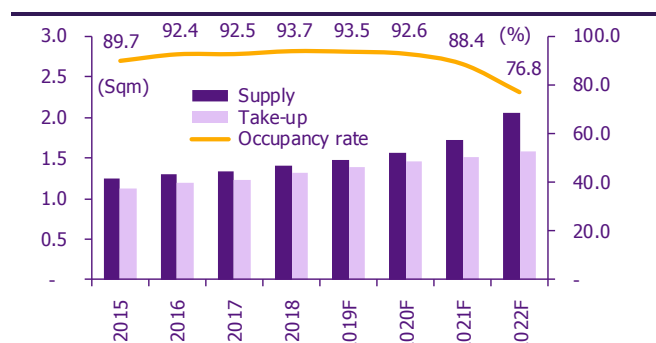
**Figure 63: New office supply in Bangkok during 2019-2022**



Source: CBRE

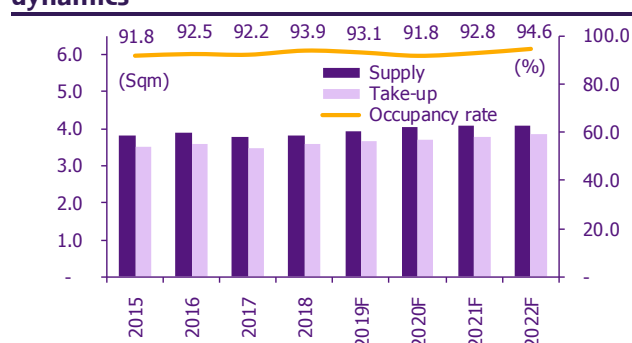


Figure 64: CBD grade A: demand/supply dynamics



Source: CBRE (2015-18) and SCBS Investment Research (2019F-22F)

Figure 65: Non-CBD grade B: demand/supply dynamics



Source: CBRE (2015-18) and SCBS Investment Research (2019F-22F)

Figure 66: Office projects to be completed in 2019-2022

Projects	Location	NLA in CBD		NLA in Non-CBD		Total	Completion
		Grade A	Grade B	Grade A	Grade B		
The Digital Park	Sukhumvit 101/1			27,000			1Q19
MS Silom Tower	Rama III			44,839			1Q19
Ladprao Hills	Ladprao intersection				6,720		1Q19
ThaiBev Quarter	Rama IV		22,000				2Q19
Mitrtown Office Tower	Samyan intersection	48,000					3Q19
Thai Zhong Tower	Bangna Trad K.M. 2				46,000		4Q19
Toyota Mahanakorn	Vibhavadi-Rangsit				16,000		4Q19
Silom Center	Silom		10,800				4Q19
Spring Tower	Phayathai	26,000					4Q19
Sittipol Head Office	Rama III				5,300		4Q19
CP Tower North Park	North Park				25,500		4Q19
Summer LaSalle Campus A	Sukhumvit 105				9,000		4Q19
<b>Total completion in 2019</b>		<b>74,000</b>	<b>32,800</b>	<b>71,839</b>	<b>108,520</b>	<b>287,159</b>	
The Parq Phase 1	Rama IV	60,000					1Q20
Sansiri Head Office	Sukhumvit 77				20,000		1Q20
TRR Office Building	Narathiwat 28				20,000		1Q20
Tipco Tower 2	Rama VI			15,000			1Q20
Thonburi Panich	Charansanitwong 66/1				22,000		1Q20
Summer Point	Prakanong				5,500		2Q20
Major Tower Ramkhamhaeng	Ramkhamhaeng				25,000		2Q20
Vanissa Building	Chidlom	25,000					3Q20
Lumpini Tower Vibhavadi-Chatuchak							
Tower A and B	Vibhavadi 3				25,000		4Q20
Bangkok Life Assurance HO	Krungthep-Nonthaburi				20,000		4Q20
<b>Total completion in 2020</b>		<b>85,000</b>	<b>-</b>	<b>15,000</b>	<b>137,500</b>	<b>237,500</b>	
WHA Tower	Bangna Trad K.M. 7			25,000			1Q21
Asavaintra Office Building	Sukhumvit 23		9,000				2Q21
Sixty Six Tower	Sukhumvit 66			30,000			2Q21
Rasa Two	Petchaburi	45,000					2Q21
Siam Scape (Block H)	Siam	13,000					2Q21
M Tower II Rattanathibet	Rattanathibet				30,000		3Q21
UOB Headquarter (Redevelopment)	Sukhumvit 26	47,600					4Q21
The Unicorn	Phayathai	21,000					4Q21
Kronos Office Tower	North Sathorn	23,000					4Q21
<b>Total completion in 2021</b>		<b>149,600</b>	<b>9,000</b>	<b>55,000</b>	<b>30,000</b>	<b>243,600</b>	
140 Wire less	Wireless	24,500					1Q22
O-NES Tower	Sukhumvit 6	43,000					1Q22
EmSphere	Sukhumvit 22	20,000					2Q22
Oasis Tower	Vibhavadi-Rangsit			53,000			3Q22
Platinum Tower	Ratchaprasong		38,000				4Q22
One City Centre	Ploenchit	57,000					4Q22
02 One Bangkok	Rama IV	99,750					4Q22
03 One Bangkok	Rama IV	101,250					4Q22
<b>Total completion in 2022</b>		<b>345,500</b>	<b>38,000</b>	<b>53,000</b>	<b>-</b>	<b>436,500</b>	
<b>Grand total</b>		<b>654,100</b>	<b>79,800</b>	<b>194,839</b>	<b>276,020</b>	<b>1,204,759</b>	

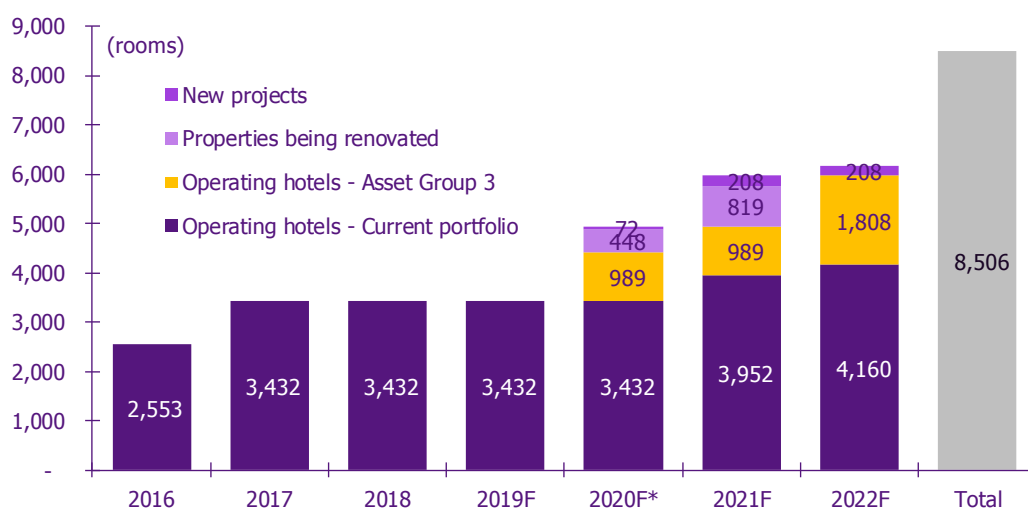
Source: CBRE

## Future expansion: Doubling hotel rooms and NLA

### Hospitality business

The acquisition of Asset Group 3 will add 989 operating rooms or 29% to operating room numbers and the upcoming properties being renovated and built will add 12% to total rooms in 2020, 21% in 2021 and 3% in 2022. Going by all projects in the pipeline, AWC's room numbers will more than double to 8,506 from 3,432 currently when all of these rooms are open in 2024.

**Figure 67: Hospitality development pipeline**



Source: Company filing and SCBS Investment Research

\* Assuming Asset Group 3 consolidation on January 1, 2020

### Asset Group 3

**SPA 2019 and transaction details.** On March 1, 2019, AWC entered into a Share Purchase Agreement ("SPA 2019") with companies under TCC Group to acquire in entirety the shares of the companies that own Asset Group 3, which consists of 12 properties (four operating hotels, three properties being renovated and five new projects). The acquisition price will be based on appraised value of the assets at ~Bt25bn, adjusted by adding net working capital and actual capex (if any), minus outstanding debt for the acquired companies. AWC expects the transaction to be complete within six months from AWC's first trading date (October 10, 2019) and no later than December 31, 2020.

**Figure 68: Asset Group 3 details**

Asset Group 3 project	Sellers	Appraisal value (Bt mn)	Approved CAPEX in 2019 in SPAs (Bt mn)	Estimated CAPEX in 2019
<b>Operating hotels</b>				
Holiday Inn Express Sathorn	New Multi Mine Co., Ltd.	1,049.0	-	-
Bangkok Marriott Hotel The Surawongse	TCC Hotel Collection Co., Ltd. and Sirisub Pattha 1 Co., Ltd.	4,599.0	172.3	172.3
Phuket Marriott Resort and Spa, Naiyang Beach	TCC Luxury Hotels & Resorts Co., Ltd.	3,105.0	-	-
Hua Hin Marriott Resort & Spa	TCC Luxury Hotels & Resorts Co., Ltd.	2,826.0		
<b>Properties being renovated</b>				
Pornping Tower Hotel	Concept Land 9 Co., Ltd.	1,328.0	1,792.1	621.2
The Imperial Mae Ping Hotel	Hotel World 7 Co., Ltd.	2,458.0	1,563.1	521.0
The Grand Sole Hotel	TCC Hotel Collection Co., Ltd.	794.0	702.0	351.0
<b>New projects</b>				
Chareonkrung 93	TCC Hotels Management Co., Ltd. and Padung Larb Co., Ltd.	337.0	581.3	174.4
Banyan Tree Jomtien Pattaya*	TCCCL Jomtien Co., Ltd.	3,298.0	3,300.0	165.0
East Asia Hotel	Retail World 8 Co., Ltd.	1,151.0	1,539.3	461.8
Pattaya Mixed-Use Development*	TCC Pattaya Co., Ltd.	3,909.0	9,929.6	496.5
Hua Hin Beachfront Project	TCC Hotel Collection Co., Ltd.	557.0	413.4	93.4
<b>Total</b>		<b>25,411.0</b>	<b>19,993.1</b>	<b>3,056.6</b>

Source: Company filing and SCBS Investment Research

\* Appraised value for land

The hotels under Asset Group 3 are:

**1. Operating - *Holiday Inn Express Sathorn*.** This 184-room midscale hotel is located in the Sathorn and Silom area and is very close to Chong Nonsi BTS skytrain station. Its major guests are tourists and business travelers.

**2. Operating - *Bangkok Marriott Hotel The Surawongse*.** Opened in April 2018, this is the first Marriott hotel in Bangkok to feature both hotel rooms and long-stay apartment services. It is situated near the financial and business centers in the Sathorn and Silom districts. The hotel is positioned as upper upscale segment with 303 rooms and 2,619 sqm of meeting space for meeting and banquet services.

**3. Operating - *Phuket Marriott Resort and Spa, Naiyang Beach*.** Opened in 2016, this resort is in the upper upscale segment with 180 rooms. It is within walking distance of Nai Yang Beach in Phuket and approximately 10 minutes by car from Phuket International Airport.

**4. Operating - *Hua Hin Marriott Resort & Spa*.** Opened in March 2016, this beachfront hotel is positioned as an upper upscale hotel with 322 rooms and 1,085 sqm of meeting space. It is a short walk from popular Hua Hin Night Market and Hua Hin Market Village and close to tourist destinations such as Royal Hua Hin Golf Course, Klai Kangwon Palace and Vana Nava Hua Hin Water Park. Most of its guests are leisure travelers.

**Figure 69: *Holiday Inn Express Sathorn***



Source: Company filing and SCBS Investment Research

**Figure 70: *Bangkok Marriott Hotel The Surawongse***



Source: Company filing and SCBS Investment Research

**Figure 71: *Phuket Marriott Resort and Spa, Naiyang Beach***



Source: Company filing and SCBS Investment Research

**Figure 72: *Hua Hin Marriott Resort & Spa***



Source: Company filing and SCBS Investment Research

**5. Under renovation - *Pornping Tower Hotel*.** This hotel is in the center of Chiang Mai's old city and within walking distance of Chiang Mai's Night Bazaar. It is being upgraded during 2Q19-3Q20 into an upscale internationally-branded hotel, to be managed under Melia Hotels International. The renovated hotel plans to open in 1Q21 and will have 261 rooms and 1,300 sqm in meeting space to serve MICE and leisure tourists.

**6. Under renovation - *The Imperial Mae Ping Hotel*.** This hotel is located in the center of Chiang Mai's old city and within walking distance to Chiang Mai Night Bazaar. In 3Q19, the hotel will be closed for revamping into an internationally branded luxury hotel, scheduled to reopen in 3Q21. It will have 324 rooms and 1,090 sqm in meeting space to serve MICE and tourists.

**7. Under renovation - *The Grand Sole Hotel*.** This property is currently closed and a study is being conducted regarding developing it into a mixed-use project with hotel and commercial areas in Pattaya. The hotel will be repositioned as an internationally branded upscale hotel and will have 234 rooms and 600 sqm in meeting space, targeting leisure tourists. The property is situated ~300 meters from Central Pattaya Beach and close to destinations such as Terminal 21 Pattaya, King Power Pattaya, Pattaya Night Bazaar and Pattaya Walking Street. Construction will start in 1Q20 and the grand opening will be in 4Q21.

**8. New - *Chareonkrung 93*.** This new upscale hotel will have 208 rooms and 300 sqm in meeting space. It is across the street from the *Asiatique The Riverfront* and will target leisure travelers. Construction will start in 2Q20 and the hotel will open in 2Q22. It is expected to be operated and managed by an international hotel operator.

**9. New - *Banyan Tree Jomtien Pattaya*.** This new luxury resort is situated on beachfront land in Na Jomtien Beach and close to Cartoon Network Amazone Waterpark Pattaya. It will have 150 rooms. Construction will start in 3Q20 and the hotel is planned to open its doors in 1Q23.

**10. New - *East Asia Hotel*.** This will be one of very few hotels situated in a century-old historic building on the banks of the Chao Phraya River in Bangkok. The new luxury hotel will have 82 rooms and is interested in offering overnight boat cruises around Bangkok and to Ayutthaya. The hotel is located ~1 km from Saphan Taksin BTS station and Sathorn Pier, which gives it easy access to tourist attractions such as the Grand Palace, Wat Arun, Chinatown and *Asiatique The Riverfront*. It will start construction in 3Q20 and is scheduled to open in 2Q23 and will be managed by an international hotel operator.

**11. New - *Pattaya mixed-use retail and hotel*.** This will be located in Central Pattaya across the street that runs parallel to the beach. It will be positioned as a new landmark with a 1,298-room upper upscale hotel managed by an international hotel operator. The hotel will also have a large meeting space at ~4,000 sqm to serve MICE and leisure tourists. Construction will start in 3Q20 and opening is planned for 2Q24.

**12. Studying - *Hua Hin beachfront project*.** This project is in the initial stages of development into an internationally branded hotel. The beachfront land is ~2 rai located close to Klaikangwon Palace and Plearn Warn shopping village.

#### **Current portfolio**

**1. Under renovation - *The Imperial Boathouse Beach Resort, Koh Samui*.** Located on Choeng Mon Beach at Koh Samui, this is being developed into an internationally branded upscale hotel, to be managed by Melia Hotels International. The rebranded hotel is expected to open in 1Q20 and will have 200 rooms and 560 sqm of meeting space.

**2. Under renovation - *The Metro Pole Phuket Hotel*.** This is situated in the heart of Phuket Town (a.k.a. Old Town) facing the Surin Circle Clock Tower, a major city landmark. The hotel is being transformed into an internationally branded upscale hotel over 2Q19-2Q20; the rebranded hotel is expected to open in 3Q20. It will end up with 248 rooms and ~1,200 sqm in meeting space. With large banqueting and meeting facilities, the hotel will serve business, MICE and leisure travelers, both domestic and international. It will stay open during the renovations.



**3. New - *Banyan Tree Krabi*.** This new luxury resort is located along Tubkaek beach, considered a quiet and romantic area, and close to Mu Kho Phi Phi National Park. The hotel will have 72 rooms and ~250 sqm of meeting space and will primarily target leisure tourists. The hotel is under construction and is scheduled to open in 2Q20.

**4. New - *Innside Bangkok Sukhumvit*.** This is a new upscale hotel with 208 rooms and ~200 sqm of meeting space, operated and managed by Melia Hotels International. It is located on Sukhumvit Soi 50, within walking distance to Onnut BTS Station and close to BITEC International Trade and Exhibition Center. The hotel targets business and leisure travelers. Construction will start in 3Q19 and it is expected to open its doors in 4Q21.

**5. New - *Bangkok Marriott The Asiatique*.** This will be a new upper upscale hotel located adjacent to the *Asiatique The Riverfront*, a well-known open-air retail mall on the Chao Phraya River. The site is currently used as a parking lot for *Asiatique*. The hotel will have 800 rooms with a large MICE facility encompassing ~10,000 sqm of meeting space and will cater to both MICE and leisure travelers. The construction will start in 2020 and it is scheduled to start operations in 2024.

**Figure 73: Renovations and new hotels in the pipeline under current plans**

Asset Group 3	Segment	Location	No. of rooms	Meeting space (sqm)	Ownership	Expected renovating/developing period	Expected start of operation
<b>Operating hotels</b>							
Holiday Inn Express Sathorn	Midscale	Bangkok	184	27	Freehold		
Bangkok Marriott Hotel The Surawongse	Upper upscale	Bangkok	303	2,619	Freehold		
Phuket Marriott Resort and Spa, Naiyang Beach	Upper upscale	Phuket	180	228	Freehold		
Hua Hin Marriott Resort & Spa	Upper upscale	Hua Hin	322	1,085	Leasehold* (~ 26 yrs)		
<b>Properties being renovated</b>							
Pornping Tower Hotel	Upscale	Chiang Mai	261	1,300	Freehold	2Q19-3Q20	1Q21
The Imperial Mae Ping Hotel	Luxury	Chiang Mai	324	1,090	Freehold	3Q19-2Q21	3Q21
The Grand Sole Hotel	Upscale	Pattaya	234	600	Freehold	1Q20-2Q21	4Q21
<b>New projects</b>							
Chareonkrung 93	Upscale	Bangkok	208	300	Freehold	2Q20-4Q21	2Q22
Banyan Tree Jomtien Pattaya	Luxury	Pattaya	150	50	Freehold	3Q20-3Q22	1Q23
East Asia Hotel	Luxury	Bangkok	82	40	Freehold	3Q20-4Q22	2Q23
Pattaya Mixed-Use Development	Upper upscale	Pattaya	1,298	4,000	Freehold	3Q20-4Q23	2Q24
Hua Hin Beachfront Project	Studying	Hua Hin	Studying		Freehold	Studying	Studying
<b>Current portfolio</b>							
<b>Properties being renovated</b>							
The Imperial Boathouse Beach Resort, Koh Samui	Upscale	Samui	200	560	Freehold	2Q18 - 3Q19	1Q20
The Metro Pole Phuket Hotel	Upscale	Phuket	248	1,200	Freehold	2Q19-2Q20	3Q20
<b>New projects</b>							
Banyan Tree Krabi	Luxury	Krabi	72	250	Freehold	1Q17 - 1Q20	2Q20
Innside Bangkok Sukhumvit	Upscale	Bangkok	208	200	Freehold	3Q19-3Q21	4Q21
Bangkok Marriott The Asiatique	Upper upscale	Bangkok	800	10,000	Freehold	2020-24	2024

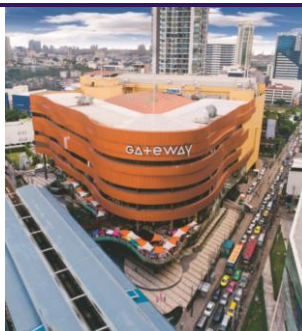
Source: Company filing and SCBS Investment Research

\* Leasehold contract through December 31, 2045 and AWC has right to extend for another 30 years

**Commercial business**

In 2019, AWC entered into MOUs to act as operator/leaseholder of *Gateway Ekamai* and the leaseholder of *Asiatique The Riverfront Extension*. AWC will sub-lease the projects or acquire shares from the owners of the leasehold rights within six months after it debuts on the SET and no later than December 31, 2020. The cost for *Gateway Ekamai* will be based on appraised value as determined by a SEC-approved appraiser. The cost for *Asiatique The Riverfront Extension* will be based on total rental fees paid as set out by the lease agreement and adjusted for various factors such as relevant financing cost. Asset World Retail Co., Ltd. (AWR), a wholly owned subsidiary of AWC, is now property manager for *Gateway Ekamai*.

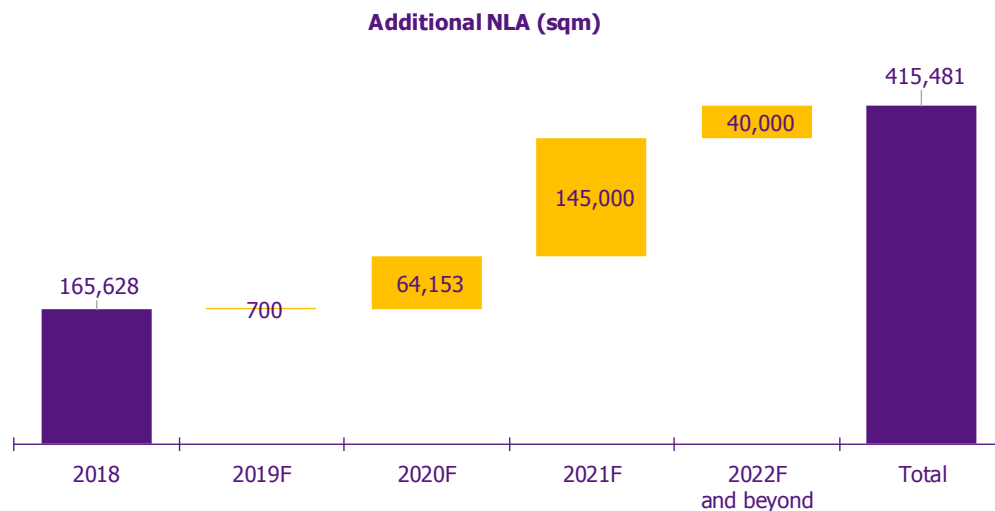
**Figure 74: Gateway Ekamai**



- Japanese-themed, family-oriented shopping mall located in Sukhumvit
- One-stop shopping mall targeted at mid to high income urbanites and families
- Comprehensive range of services including fashion products, restaurants, and a supermarket
- The mall’s comparative competitors: *Terminal 21* and *Century Movie Plaza Onnut*

Source: Company filing and JLL

**Figure 75: Retail portfolio overview**



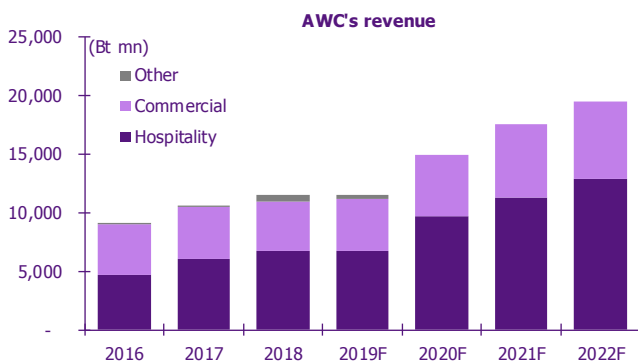
Source: Company filing and SCBS Investment Research

## Earnings forecast

**Net profit estimated at 64% CAGR in 2018-22.** AWC's net profit was Bt0.2mn in 2016, Bt55mn in 2017 and Bt470mn in 2018. The low net profit in 2016 was related to the accounting treatment subsequent to AWC's acquisition of 12 hotels, six retail and four office properties from three TCC Group-sponsored property funds (THIF: Thai Hotel Investment Freehold and Leasehold Property Fund, TRIF: Thai Retail Investment Freehold and Leasehold Property Fund and TCIF: Thai Commercial Investment Freehold and Leasehold Property Fund) on May 19, 2017. The profit from those properties in 2016 and part of the 2017 profit was treated as profit for other entities before the business restructuring and for non-controlling interest of the subsidiary. In 2018, the rise in net profit was provided by a full year contribution of those properties, which delivered stronger operations. In 9M19, AWC's net profit was Bt572mn, jumping from Bt195mn in 9M18, chiefly because of lower interest expense. Weak Thai tourism, mainly in 1H19, kept hospitality revenue flat YoY while commercial revenue in 9M19 slid by 5% YoY due to the sale of *CW Tower* and *Pantip Bangkok* at the end of 2018.

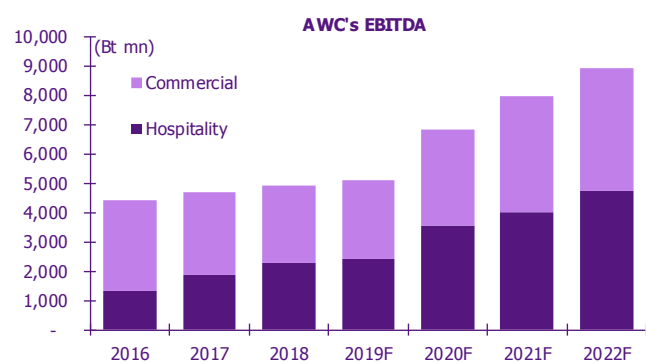
We forecast AWC's net profit at Bt1.3bn in 2019, jumping from 2018, on lower interest expense as we assume the IPO proceeds will be used to pay down debt. We believe its earnings will continue to trend up, with net profit forecast at Bt3.4bn in 2022 or 64% CAGR in 2018-22, driven by strengthening in both the hospitality and commercial businesses through improved operations at existing properties and expansions already planned. In 2022, we expect EBITDA contribution will be 53% hospitality and 47% commercial, indicating a diversified earnings structure.

**Figure 76: AWC's revenue forecast**



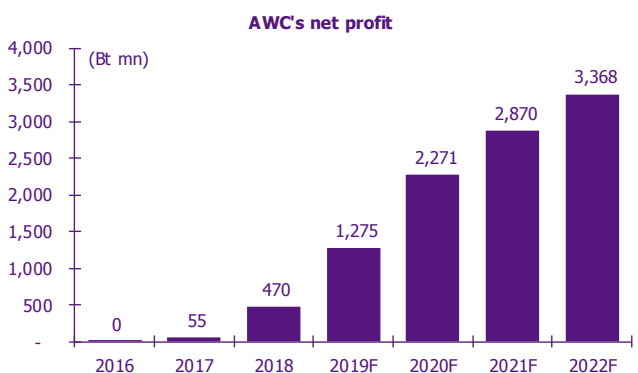
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 77: AWC's EBITDA forecast**



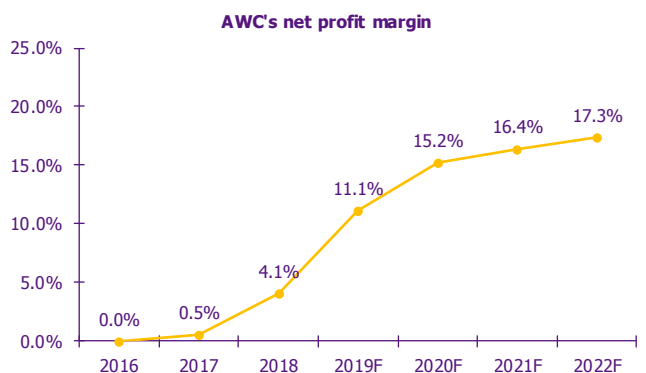
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 78: AWC's net profit forecast**



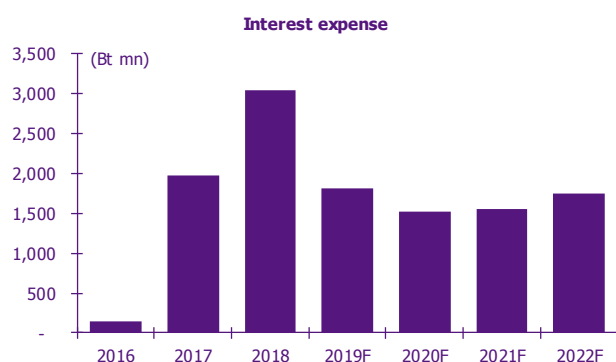
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 79: AWC's net profit margin forecast**

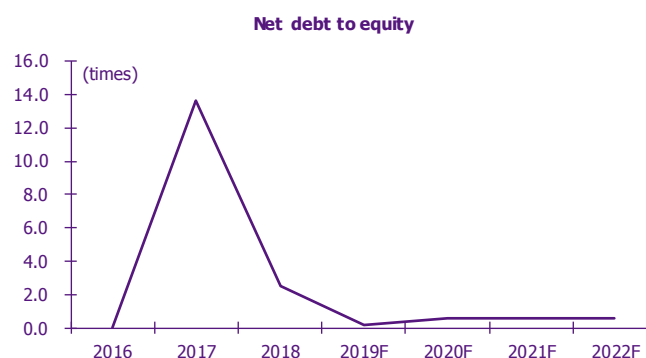


Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Stronger financial health.** AWC's interest expenses were high in 2017-18 due to debt financing for the assets acquired from three TCC Group-sponsored property funds and this led to high net debt to equity at 13.6x in 2017 and 2.5x in 2018. We expect interest expense to be slashed to Bt1.8bn in 2019 from Bt3.0bn in 2018 after using IPO proceeds to pay debt. After the IPO, we believe AWC's financial health will be stronger, with a drop in net debt to equity to 0.2x in 2019 and 0.6x in 2020.

**Figure 80: Lower interest expense in 2019**

Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 81: Stronger financial health**

Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 82: AWC's quarterly earnings**

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	% YoY	% QoQ	9M18	9M19	% YoY
<b>Income statement</b>												
<b>Revenue</b>												
Hospitality	1,934	1,404	1,598	1,746	1,851	1,479	1,602	0.2	8.3	4,937	4,931	(0.1)
Commercial	1,097	1,127	1,088	1,003	1,057	1,067	1,012	(7.0)	(5.1)	3,313	3,137	(5.3)
Other	108	90	21	316	44	229	146	582.6	(36.2)	220	419	90.3
<b>Total revenue</b>	<b>3,140</b>	<b>2,622</b>	<b>2,708</b>	<b>3,065</b>	<b>2,952</b>	<b>2,775</b>	<b>2,760</b>	<b>1.9</b>	<b>(0.5)</b>	<b>8,470</b>	<b>8,487</b>	<b>0.2</b>
<b>Total COGS</b>	<b>1,495</b>	<b>1,490</b>	<b>1,414</b>	<b>1,646</b>	<b>1,411</b>	<b>1,543</b>	<b>1,412</b>	<b>(0.1)</b>	<b>(8.5)</b>	<b>4,398</b>	<b>4,367</b>	<b>(0.7)</b>
SG&A expense	677	595	750	653	830	540	635	(15.4)	17.7	2,022	2,005	(0.8)
Other incomes	545	216	41	79	80	34	26	(36.9)	(24.6)	802	139	(82.6)
EBIT	1,514	754	584	844	790	725	738	26	2	2,852	2,254	(21)
Interest expense	1,056	837	613	542	530	526	520	(15.2)	(1.1)	2,506	1,575	(37.1)
EBT	457	(83)	(29)	302	260	200	219	(866.7)	9.4	346	679	96.2
Tax	91	(26)	(15)	108	53	55	14	(192.6)	(75.3)	51	121	137.7
Minority interest	114	28	(42)	(80)	(14)	-	-	N.M.	N.M.	100	(14)	n.a.
<b>Net profit</b>	<b>252</b>	<b>(85)</b>	<b>28</b>	<b>274</b>	<b>221</b>	<b>145</b>	<b>205</b>	<b>621.0</b>	<b>41.2</b>	<b>195</b>	<b>572</b>	<b>192.5</b>
<b>Financial ratio</b>												
Gross margin (%)	52.4	43.2	47.8	46.3	52.2	44.4	48.8			48.1	48.5	
EBITDA margin (%)	39.7	35.9	37.8	37.2	38.3	41.4	41.5			38.0	40.3	
Net profit margin (%)	8.0	(3.2)	1.1	8.9	7.5	5.2	7.4			2.3	6.7	

Source: Company filing and SCBS Investment Research



**Figure 83: Financial statement**

<b>Profit and Loss Statement</b>								
<b>FY December 31</b>	<b>Unit</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
Total revenue	(Btmn)	9,003	10,477	11,534	11,507	14,947	17,530	19,430
Cost of goods sold	(Btmn)	4,276	5,546	6,045	6,047	7,544	8,897	9,707
<b>Gross profit</b>	<b>(Btmn)</b>	<b>4,728</b>	<b>4,931</b>	<b>5,490</b>	<b>5,461</b>	<b>7,403</b>	<b>8,632</b>	<b>9,724</b>
SG&A	(Btmn)	2,116	2,356	2,675	2,248	3,208	3,633	3,994
Other income	(Btmn)	408	731	881	215	229	210	291
Interest expense	(Btmn)	146	1,976	3,048	1,834	1,585	1,622	1,812
<b>Pre-tax profit</b>	<b>(Btmn)</b>	<b>2,873</b>	<b>1,330</b>	<b>648</b>	<b>1,593</b>	<b>2,839</b>	<b>3,588</b>	<b>4,210</b>
Corporate tax	(Btmn)	(16)	(40)	159	319	568	718	842
Equity a/c profits	(Btmn)	1	2	0	0	0	0	0
Minority interests	(Btmn)	(2,891)	(1,317)	(19)	-	-	-	-
<b>Core profit</b>	<b>(Btmn)</b>	<b>0</b>	<b>55</b>	<b>470</b>	<b>1,275</b>	<b>2,271</b>	<b>2,870</b>	<b>3,368</b>
Extra-ordinary items	(Btmn)	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>(Btmn)</b>	<b>0</b>	<b>55</b>	<b>470</b>	<b>1,275</b>	<b>2,271</b>	<b>2,870</b>	<b>3,368</b>
EBITDA	(Btmn)	4,125	4,422	4,690	5,226	6,811	7,992	8,942

**Balance Sheet**

<b>FY December 31</b>	<b>Unit</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
Total current assets	(Btmn)	6,564	44,006	2,711	2,109	2,735	4,049	6,401
Total fixed assets	(Btmn)	29,995	32,408	38,327	40,445	74,110	81,087	86,051
<b>Total assets</b>	<b>(Btmn)</b>	<b>85,404</b>	<b>133,043</b>	<b>93,043</b>	<b>93,671</b>	<b>131,257</b>	<b>138,598</b>	<b>144,888</b>
Total loans	(Btmn)	5,114	120,174	63,125	14,493	48,099	53,181	57,119
Total current liabilities	(Btmn)	3,317	51,611	22,685	7,451	36,329	23,062	7,682
Total long-term liabilities	(Btmn)	3,785	71,493	42,794	9,323	14,628	33,489	53,119
<b>Total liabilities</b>	<b>(Btmn)</b>	<b>8,346</b>	<b>124,295</b>	<b>68,038</b>	<b>19,391</b>	<b>55,614</b>	<b>61,233</b>	<b>65,503</b>
Paid-up capital	(Btmn)	4	9,000	24,000	32,000	32,000	32,000	32,000
<b>Total equity</b>	<b>(Btmn)</b>	<b>77,058</b>	<b>8,748</b>	<b>25,005</b>	<b>74,280</b>	<b>75,643</b>	<b>77,365</b>	<b>79,386</b>

**Cash Flow Statement**

<b>FY December 31</b>	<b>Unit</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
Core Profit	(Btmn)	N.A.	55	470	1,275	2,271	2,870	3,368
Depreciation and amortization	(Btmn)	N.A.	1,847	1,875	2,014	2,616	2,993	3,212
Operating cash flow	(Btmn)	N.A.	5,030	4,305	3,285	7,075	6,203	6,803
Investing cash flow	(Btmn)	N.A.	(127,415)	38,454	(3,244)	(39,576)	(9,148)	(7,279)
Financing cash flow	(Btmn)	N.A.	121,343	(42,660)	(631)	32,697	3,934	2,590
<b>Net cash flow</b>	<b>(Btmn)</b>	<b>N.A.</b>	<b>(1,042)</b>	<b>99</b>	<b>(590)</b>	<b>196</b>	<b>989</b>	<b>2,115</b>

**Key Financial Ratios**

<b>FY December 31</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
Gross margin	(%)	52.5	47.1	47.6	47.5	49.5	49.2	50.0
Operating margin	(%)	29.0	24.6	24.4	27.9	28.1	28.5	29.5
EBITDA margin	(%)	45.8	42.2	40.7	44.6	44.9	45.1	45.3
EBIT margin	(%)	33.5	31.6	32.0	29.8	29.6	29.7	31.0
Net profit margin	(%)	0.0	0.5	4.1	11.1	15.2	16.4	17.3
ROE	(%)	0.0	0.1	2.8	2.6	3.0	3.8	4.3
ROA	(%)	0.0	0.1	0.4	1.4	2.0	2.1	2.4
Net D/E	(x)	0.0	13.6	2.5	0.2	0.6	0.7	0.7
Interest coverage	(x)	28.2	2.2	1.5	2.8	4.3	4.9	4.9
Debt service coverage	(x)	2.8	0.1	0.2	0.7	0.2	0.4	1.5
Payout Ratio	(%)	N.A.	N.A.	N.A.	N.A.	40.0	40.0	40.0

Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

## Earnings forecast: Hospitality business

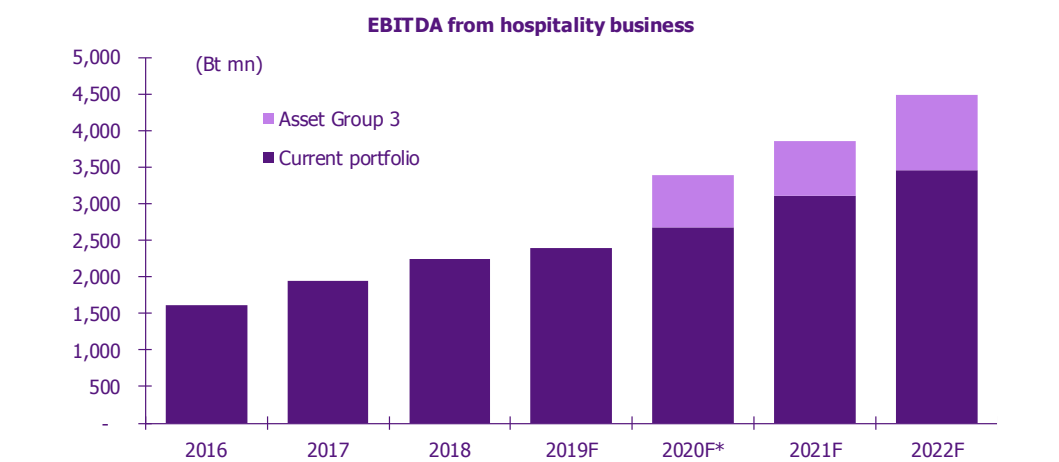
### EBITDA uptrend in 2016-18

For the 10 operating hotels in its current portfolio, EBITDA trended up at a CAGR of 18% to Bt2.2bn in 2018 from Bt1.6bn in 2016, driven by strong revenue growth of 21% CAGR as it brought up operations at *Bangkok Marriott Marquis Queen's Park* after it reopened in December 2016. EBITDA margin was 36.4% in 2016 and slipped to 33.5% in 2017 and 34.2% in 2018 but this was due to higher revenue contribution from the MICE segment and the lower EBITDA margin at *Bangkok Marriott Marquis Queen's Park* than at other hotels. AWC's EBITDA margin was higher than ERW (used as benchmark for a pure hotel play in Thailand) at 30.6% in 2018 and we believe this is due to AWC's high proportion of room revenue contributed by the hotel's website and direct sales, which are the most profitable channels.

### EBITDA to grow at 20% CAGR in 2018-22

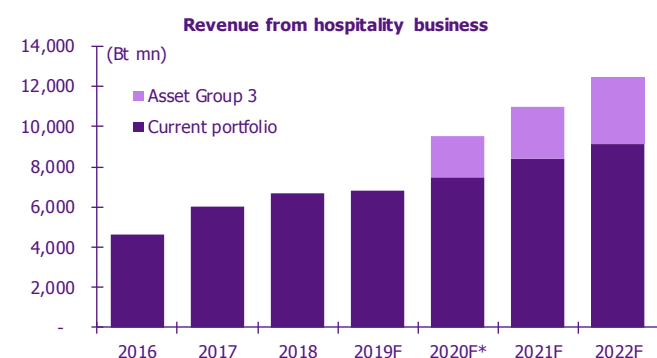
We expect AWC's hospitality business to benefit from the long-term growth expected for Thai tourism. We estimate a jump in EBITDA for the hospitality business to grow 20% CAGR for 2018-22 to Bt4.7bn in 2022 driven by an increasing revenue of 18% CAGR in 2018-22 to Bt12.8bn in 2022 and a widening in EBITDA margin to 36.9% in 2022. Behind this is better operations of its current portfolio - mainly *Bangkok Marriott Marquis Queen's Park* - and the contribution from Asset Group 3 (assuming consolidation as of January 1, 2020). We expect EBITDA margin to soften in 2021 on the assumption that renovated and new hotels will open as scheduled. However, we see this as a short-term hiccup since newly-opened hotels by nature have a lower EBITDA margin; profitability improves as operations ramp up. In 2022, revenue contribution will be 72:28 between the current portfolio and Asset Group 3 and EBITDA contribution will be 76:24.

**Figure 84: Hospitality business EBITDA forecast**



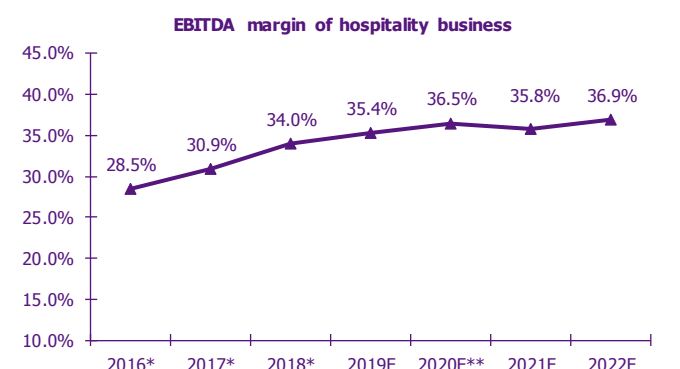
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
 \* Assuming Asset Group 3 consolidation on January 1, 2020

**Figure 85: Hospitality business revenue forecast**



Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
 \*Assuming Asset Group 3 consolidation on January 1, 2020

**Figure 86: EBITDA margin forecast**

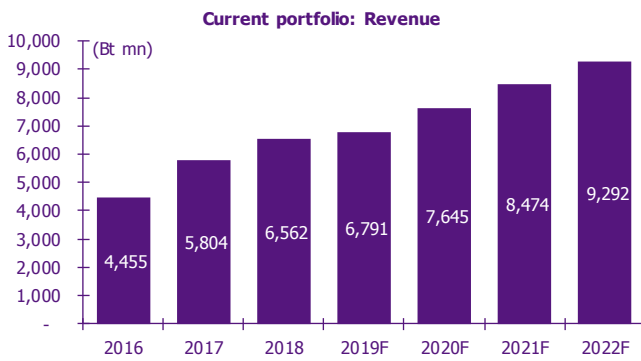


Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
 \*2016-18 revenue and EBITDA for AWC's hospitality business in the financial statement included the operations of renovating hotels under the current portfolio; The Imperial Boathouse Beach Resort, Koh Samui and The Metro Pole Phuket Hotel.  
 \*\*Assuming Asset Group 3 consolidation on January 1, 2020

**Current portfolio: Bangkok Marriott Marquis Queen's Park holds the crown**

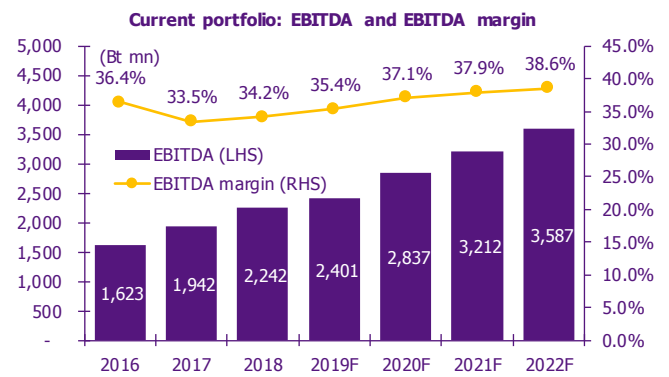
We estimate EBITDA from the current portfolio to grow at an 12% CAGR in 2018-22 to Bt3.6bn in 2022, backed by a revenue growth at 9% CAGR in 2018-22 to Bt9.3bn in 2022 and EBITDA margin expansion to 38.6% in 2022 from 34.2% in 2018. The MICE segment (at three hotels: Bangkok Marriott Marquis Queen's Park, The Okura Prestige Bangkok and The Athenee Hotel, A Luxury Collection Hotel, Bangkok) will be a major contributor at 65% of revenue from the 10 operating hotels in 2022, up from 57% in 2018.

**Figure 87: Current portfolio: Revenue forecast**



Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 88: EBITDA and EBITDA margin forecast**

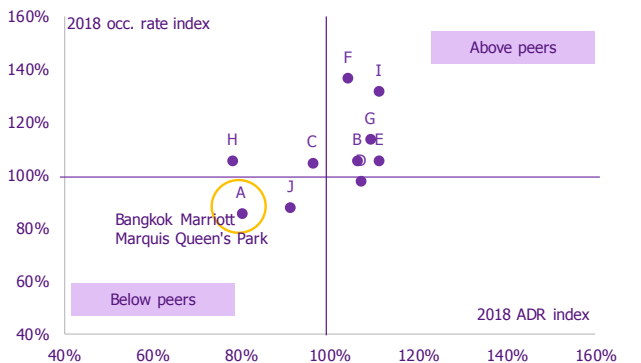


Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
EBITDA includes allocated cost of property management fee

AWC's hotel operational statistics (occupancy rate, average daily rate, or ADR and RevPar) are presented by hotel segment. RevPar for the MICE segment dropped 36% YoY in 2017 but this was due to the first full year of consolidation of Bangkok Marriott Marquis Queen's Park (reopened in December 2016), where RevPar is lower than the other two mature hotels. However, RevPar for the MICE segment then rose 24% YoY in 2018 as occupancy rate grew to 69% (from 54% in 2017) as operations ramped up at Bangkok Marriott Marquis Queen's Park.

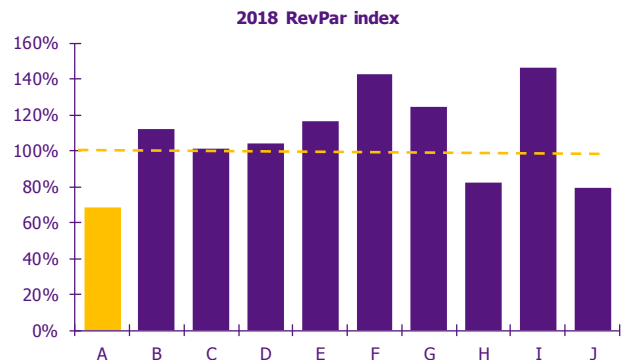
By hotel, there is no actual data for occupancy rate and ADR; only RevPar is provided. According to company data and JLL benchmarking, in 2018, most of AWC's hotels outperformed in terms of the occupancy index, ADR index and RevPar index, all above 100%. The index is calculated by comparing hotel operations to comparable peers and anything greater than 100% implies outperformance. Of AWC's properties, we see room for Bangkok Marriott Marquis Queen's Park to increase occupancy rate and ADR since its occupancy index was 80% and ADR index was 86%, implying a lower occupancy rate (by 20%) and ADR (by 14%) than peers. Our survey of online accommodation booking websites also suggests Bangkok Marriott Marquis Queen's Park is priced at a competitively lower room rate than comparable peers. We forecast RevPar growth for the MICE segment at 10% CAGR in 2018-22, driven by a rise in occupancy rate to 80% in 2022 from 69% in 2018 and an ADR increase at 6% CAGR. We see volume-driven growth as a good strategy before the price driver kicks in.

**Figure 89: Occ. rate and ADR index**



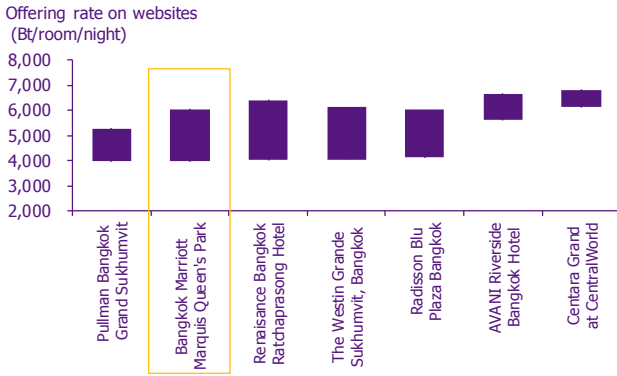
Source: Company filing, JLL and SCBS Investment Research  
A: Bangkok Marriott Marquis Queen's Park B: The Okura Prestige Bangkok  
C: The Athenee Hotel, A Luxury Collection Hotel, Bangkok D: Hilton Sukhumvit Bangkok E: Double Tree Sukhumvit Bangkok F: Le Meridien Bangkok  
G: Banyan Tree Koh Samui H: Vana Belle, A Luxury Collection Resort, Koh Samui  
I: Le Meridien Chiang Mai J: Sheraton Samui Resort

**Figure 90: RevPar index**



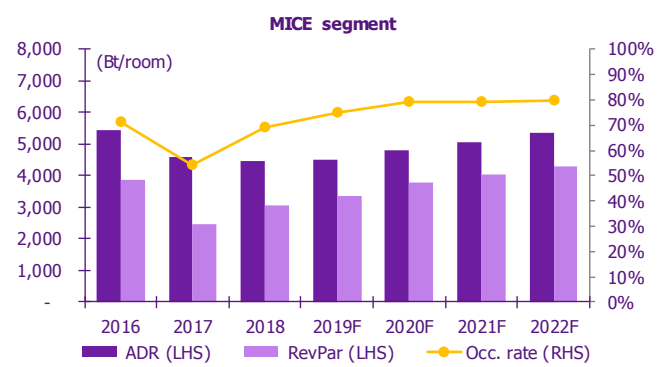
Source: Company filing, JLL and SCBS Investment Research  
A: Bangkok Marriott Marquis Queen's Park B: The Okura Prestige Bangkok  
C: The Athenee Hotel, A Luxury Collection Hotel, Bangkok D: Hilton Sukhumvit Bangkok E: Double Tree Sukhumvit Bangkok F: Le Meridien Bangkok  
G: Banyan Tree Koh Samui H: Vana Belle, A Luxury Collection Resort, Koh Samui  
I: Le Meridien Chiang Mai J: Sheraton Samui Resort

**Figure 91: Bangkok Marriott Marquis Queen's Park has a competitive price**



Source: Online accommodation booking websites and SCBS Investment Research Survey period is October 2019 and the price range of each hotel is subjected to available room in that period

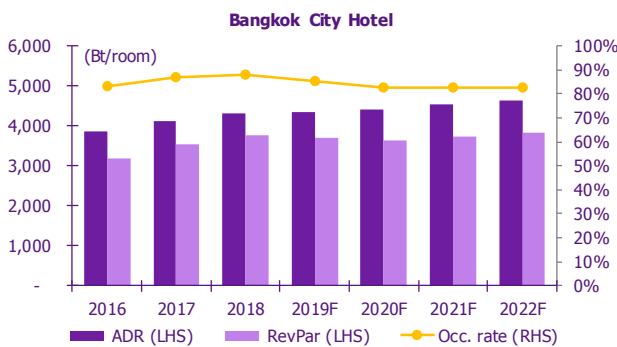
**Figure 92: MICE segment forecast**



Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

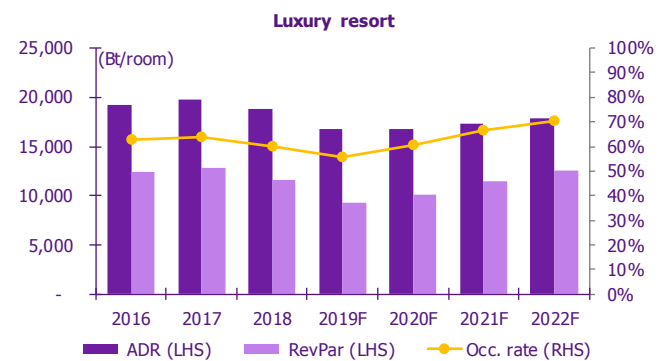
For the Bangkok city hotel segment (18% of revenue from 10 operating hotels in 2018, consisting of three hotels: *Hilton Sukhumvit Bangkok*, *Double Tree Sukhumvit Bangkok* and *Le Meridien Bangkok*), we expect flat growth in 2018-22 to factor in the lower occupancy rate since *Le Meridien Bangkok* will be undergoing renovations of its rooms and common areas in 2019-22, though it will still be open. We believe RevPar growth will accelerate from rising occupancy and a bump up in ADR after completion of renovations. After a weak 2019 because of sluggish 1H19 operations, we expect operations at the luxury resort segment (13% of revenue from the 10 operating hotels in 2018, consisting of two hotels: *Banyan Tree Koh Samui* and *Vana Belle, A Luxury Collection Resort, Koh Samui*) to improve in tandem with Thai tourism. We expect RevPar to grow 2% CAGR in 2018-22 on a rise in occupancy rate to 70% in 2022 from 60% in 2018 with ADR relatively stable. For the non-Bangkok segment (12% of revenue from the 10 operating hotels in 2018, consisting of two hotels: *Le Meridien Chiang Mai* and *Sheraton Samui Resort*), we estimate a 3% CAGR drop in RevPar in 2018-22 factoring in the short-term hiccup from renovations (though the hotel will be open as usual) at *Le Meridien Chiang Mai* scheduled for 2019-22. The hotel will be relaunched under the Marriott brand, which we believe will lift occupancy rate and ADR and lead to an uptrend of RevPar going forward.

**Figure 93: Bangkok city hotel segment forecast**



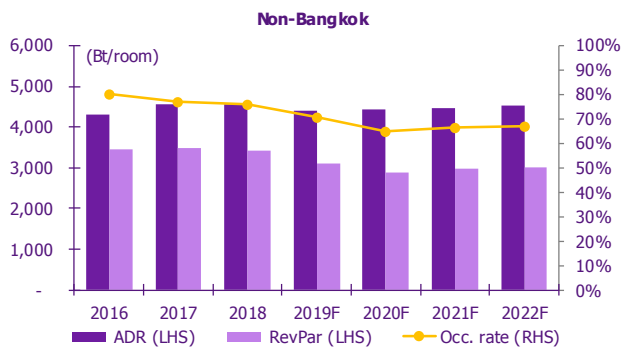
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 94: Luxury resort forecast**



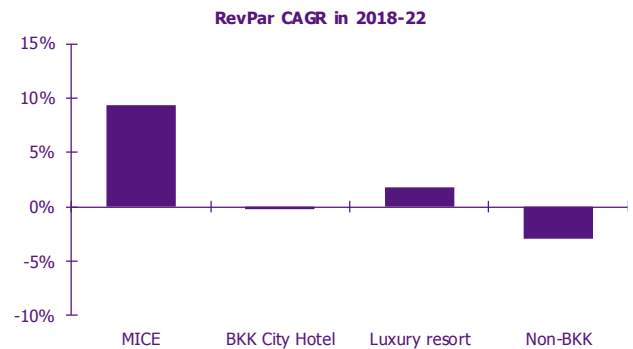
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

Figure 95: Non-Bangkok segment forecast



Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

Figure 96: RevPar growth comparison



Source: SCBS Investment Research

Figure 97: Assumption: Current portfolio: 10 operating hotels

	2016	2017	2018	2019F	2020F	2021F	2022F	CAGR in 2018-22	1H18	1H19
<b>Current portfolio: 10 operating hotels</b>										
<b>No. of rooms</b>										
MICE	1,123	2,002	2,002	2,002	2,002	2,002	2,002		2,002	2,002
Bangkok City Hotel	739	739	739	739	739	739	739		739	739
Luxury resort	167	167	167	167	167	167	167		167	167
Non-Bangkok	524	524	524	524	524	524	524		524	524
<b>Occupancy rate</b>										
MICE	71%	54%	69%	75%	79%	79%	80%	4%	67%	75%
Bangkok City Hotel	83%	87%	88%	85%	82%	82%	82%	-2%	88%	89%
Luxury resort	63%	64%	60%	56%	61%	66%	70%	4%	66%	68%
Non-Bangkok	80%	77%	76%	71%	65%	66%	68%	-3%	74%	74%
<b>ADR (Bt/room)</b>										
MICE	5,441	4,589	4,452	4,492	4,802	5,160	5,549		4,859	4,357
Bangkok City Hotel	3,856	4,118	4,322	4,337	4,416	4,523	4,635		4,339	4,345
Luxury resort	19,204	19,771	18,828	16,782	16,782	17,285	17,804		19,651	16,446
Non-Bangkok	4,317	4,555	4,549	4,399	4,439	4,480	4,523		4,503	4,405
<b>ADR growth</b>										
MICE		-16%	-3%	1%	7%	7%	8%	6%		-10%
Bangkok City Hotel		7%	5%	0%	2%	2%	2%	2%		0%
Luxury resort		3%	-5%	-11%	0%	3%	3%	-1%		-16%
Non-Bangkok		6%	0%	-3%	1%	1%	1%	0%		-2%
<b>RevPar (Bt/room)</b>										
MICE	3,871	2,484	3,078	3,379	3,797	4,099	4,439		3,052	3,254
Bangkok City Hotel	3,179	3,545	3,755	3,701	3,637	3,726	3,818		3,781	3,836
Luxury resort	12,400	12,867	11,634	9,320	10,160	11,464	12,511		13,290	10,881
Non-Bangkok	3,461	3,497	3,410	3,121	2,885	2,972	3,062		3,310	3,239
<b>RevPar growth</b>										
MICE		-36%	24%	10%	12%	8%	8%	10%		7%
Bangkok City Hotel		12%	6%	-1%	-2%	2%	2%	0%		1%
Luxury resort		4%	-10%	-20%	9%	13%	9%	2%		-18%
Non-Bangkok		1%	-2%	-8%	-8%	3%	3%	-3%		-2%

Source: Company filing (2016-18, 1H18-19) and SCBS Investment Research (2019F-22F)

### Asset Group 3 expected to contribute 24% of total EBITDA in 2022

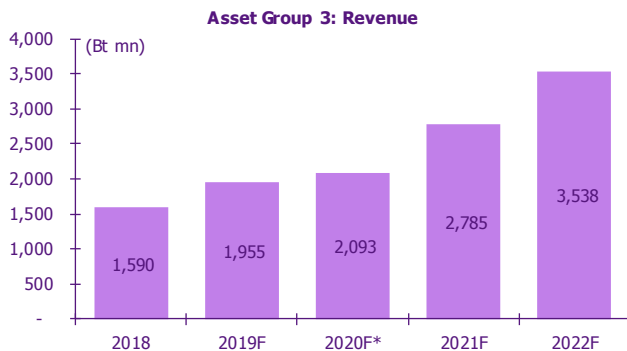
Asset Group 3 has four operating hotels: in the Bangkok segment, *Holiday Inn Express Sathorn* and *Bangkok Marriott Hotel The Surawongse* and in the non-Bangkok segment, *Phuket Marriott Resort and Spa, Naiyang Beach* and *Hua Hin Marriott Resort & Spa*. In 2018, revenue from the four operating hotels was Bt1.6bn and EBITDA was Bt405mn with EBITDA margin at 25.5%. Of these, *Hua Hin Marriott Resort & Spa* is the largest, bringing in 42% of revenue, followed by *Phuket Marriott Resort and Spa, Naiyang Beach* at 27%, *Bangkok Marriott Hotel The Surawongse* at 24% and *Holiday Inn Express Sathorn* at 7%.

We estimate EBITDA from Asset Group 3 at Bt646mn in 2019, then increasing to Bt1.1bn in 2022, driven by a growth in revenue from Bt2.0bn in 2019 to Bt3.5bn in 2022 on improving operations, primarily at *Bangkok Marriott Hotel The Surawongse*, which opened in April 2018, and the hotels in the pipeline. We forecast a stronger EBITDA margin for Asset Group 3 at 33.1% in 2019 and 34.4% in 2020 but expect EBITDA margin to weaken to 29.4% in 2021 when the hotels being renovated and the new hotels open, adding 819 rooms in 2021 and 208 rooms in 2022, shoving up the number of rooms for Asset Group 3 by 83% in 2021 and 21% in 2022. We see the slip in margin as a short-term hiccup since the newly-opened hotels will by



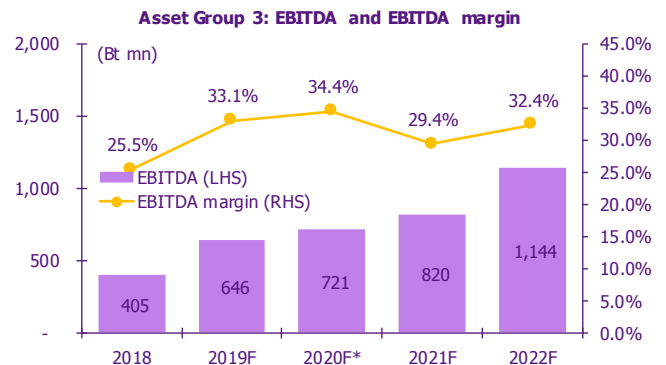
nature have lower EBITDA margin initially. Margin will improve in tandem with operational ramp-up and we expect EBITDA margin to improve to 32.4% in 2022.

**Figure 98: Asset Group 3: Revenue forecast**



Source: Company filing (2018) and SCBS Investment Research (2019F-22F)  
\*Assuming Asset Group 3 consolidation on January 1, 2020

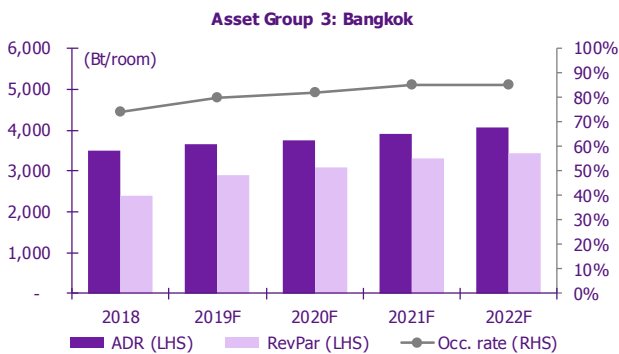
**Figure 99: EBITDA and EBITDA margin forecast**



Source: Company filing (2018) and SCBS Investment Research (2019F-22F)  
\*Assuming Asset Group 3 consolidation on January 1, 2020  
EBITDA includes allocated cost of property management fee

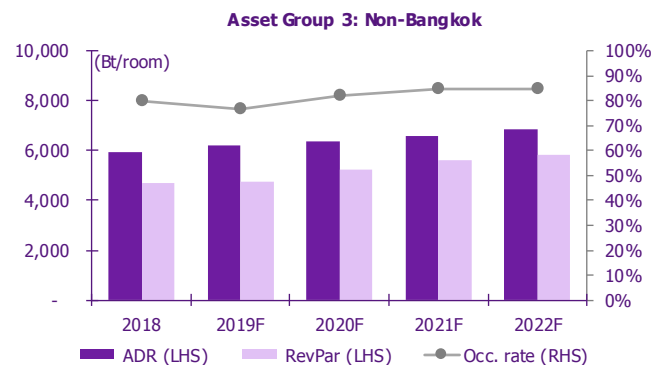
For the four operating hotels, we expect RevPar growth in the Bangkok segment of 11% CAGR in 2018-22, backed by a rise in occupancy rate to 85% in 2022 from 74% 2018 as operations ramp up at *Bangkok Marriott Hotel The Surawongse* and an increase in ADR at 5% p.a. For the non-Bangkok segment, we expect RevPar growth of 6% CAGR in 2018-22, backed by a rise in occupancy rate to 85% in 2022 from 80% in 2018 and an increase in ADR of 4% p.a.

**Figure 100: Bangkok segment forecast**



Source: Company filing (2018) and SCBS Investment Research (2019F-22F)

**Figure 101: Non-Bangkok segment forecast**



Source: Company filing (2018) and SCBS Investment Research (2019F-22F)

**Figure 102: Assumptions for Asset Group 3's four operating hotels**

	2018	2019F	2020F	2021F	2022F	CAGR in 2018-22	1H18	1H19
<b>Group 3: Four operating hotels</b>								
<b>No. of rooms</b>								
Bangkok	487	487	487	487	487		487	487
Non-Bangkok	502	502	502	502	502		502	502
<b>Occupancy rate</b>								
BKK	74%	83%	84%	85%	85%	4%	67%	80%
Non-Bangkok	80%	77%	82%	85%	85%	2%	78%	79%
<b>ADR (Bt/room)</b>								
Bangkok	3,516	3,883	4,000	4,160	4,326		2,925	4,267
Non-Bangkok	5,933	6,185	6,370	6,625	6,890		6,201	6,152
<b>ADR growth</b>								
Bangkok		10%	4%	4%	4%	5%		46%
Non-Bangkok		4%	4%	4%	4%	4%		-1%
<b>RevPar (Bt/room)</b>								
Bangkok	2,401	3,228	3,355	3,536	3,677		1,710	3,318
Non-Bangkok	4,722	4,749	5,224	5,631	5,857		4,869	4,889
<b>RevPar growth</b>								
Bangkok		34%	4%	5%	4%	11%		94%
Non-Bangkok		1%	10%	8%	4%	6%		0%

Source: Company filing (2018, 1H18-19) and SCBS Investment Research (2019F-22F)

### Renovated and new properties will open for business in 2020-22.

According to the plans for the current portfolio and Asset Group 3, 1,755 rooms will be added in 2020-22: 520 rooms (+12%) in 2020, 1,027 rooms (+21%) in 2021 and 208 rooms (+3%) in 2022. Five properties (*The Imperial Boathouse Beach Resort, Koh Samui, The Metro Pole Phuket Hotel, Pornping Tower Hotel, The Imperial Mae Ping Hotel* and *The Grand Sole Hotel*) are being renovated and developed into internationally branded hotels with an eye to bumping up the occupancy rate and ADR. It plans three new projects - *Banyan Tree Krabi* (to open in 2Q20), *Innside Bangkok Sukhumvit* (to open in 4Q21) and *Chareonkrung 93* (to open in 2Q22). Project details and our occupancy rate and ADR assumptions for the renovated and new projects are shown in Figure 106.

**Figure 103: Assumptions: Renovated and new projects**

	Project	Segment	No. of rooms	Expected start of operation	2020F	2021F	2022F	ADR of comparable peers
<b>The Imperial Boathouse Beach Resort, Koh Samui</b>	Renovation (current Portfolio)	Upscale	200	1Q20				
Occupancy rate					50%	60%	65%	
ADR (Bt/room)					5,400	6,000	6,180	Bt5,500-6,400
RevPar (Bt/room)					2,700	3,600	4,017	
<b>Banyan Tree Krabi</b>	New (current Portfolio)	Luxury	72	2Q20				
Occupancy rate					20%	40%	50%	
ADR (Bt/room)					17,100	19,000	19,570	Bt15,000-20,000
RevPar (Bt/room)					3,420	7,600	9,785	
<b>The Metro Pole Phuket Hotel</b>	Renovation (current Portfolio)	Upscale	248	3Q20				
Occupancy rate					40%	70%	75%	
ADR (Bt/room)					2,250	2,500	2,575	Bt2,200-2,600
RevPar (Bt/room)					900	1,750	1,931	
<b>Pornping Tower Hotel</b>	Renovation (Asset Group 3)	Upscale	261	1Q21				
Occupancy rate					N.A.	60%	70%	
ADR (Bt/room)					N.A.	3,800	4,000	Bt2,700-3,700
RevPar (Bt/room)					N.A.	2,280	2,800	
<b>The Imperial Mae Ping Hotel</b>	Renovation (Asset Group 3)	Luxury	324	3Q21				
Occupancy rate					N.A.	25%	60%	
ADR (Bt/room)					N.A.	4,750	5,000	Bt4,300-5,300
RevPar (Bt/room)					N.A.	2,280	2,800	
<b>Innside Bangkok Sukhumvit</b>	New (current Portfolio)	Upscale	208	4Q21				
Occupancy rate					N.A.	N.A.	70%	
ADR (Bt/room)					N.A.	N.A.	2,500	Bt2,300-2,800
RevPar (Bt/room)					N.A.	N.A.	1,750	
<b>The Grand Sole Hotel</b>	Renovation (Asset Group 3)	Upscale	234	4Q21				
Occupancy rate					N.A.	N.A.	45%	
ADR (Bt/room)					N.A.	N.A.	3,150	Bt2,500-3,300
RevPar (Bt/room)					N.A.	N.A.	1,418	
<b>Chareonkrung 93</b>	New (Asset Group 3)	Upscale	208	2Q22				
Occupancy rate					N.A.	N.A.	50%	
ADR (Bt/room)					N.A.	N.A.	2,700	Bt3,000-3,700
RevPar (Bt/room)					N.A.	N.A.	1,350	

Source: SCBS Investment Research

**Earnings forecast: Commercial business**

**EBITDA decelerating during 2016-2018**

Excluding one-time property tax expense of Bt100mn in 2018 and operations of *Office World 1* (sold in late 2017), and *CW Tower* and *Pantip Plaza Bangkok* (sold in late 2018), EBITDA for the commercial business (retail, wholesale and office) slipped 4% p.a. to Bt2.4bn over 2016-2018 due to expenses brought by ramping up retail operations.

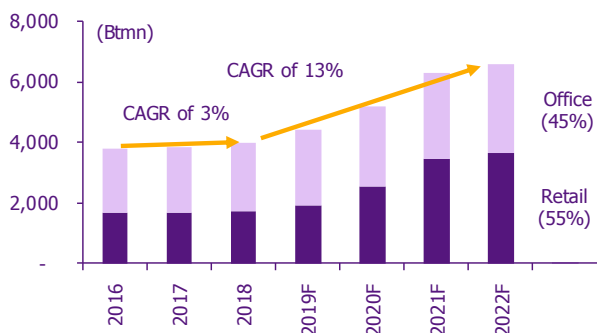
- 1) Retail EBITDA fell 14% p.a. to Bt835mn. Revenue was flat at Bt1.7bn, but high expenses for the ramp-up of *Lasalle's Avenue* (July 2018) and *Gateway at Bangsue* (November 2018) pulled EBITDA margin down to only 49.1% in 2018 from 66.9% in 2016.
- 2) Office EBITDA grew 3% p.a. to Bt1.6bn. Office revenue grew 4% p.a. on: a) a 3.7% rise in rents from renewals (*Empire Tower*, *Athenee Tower* and *208 Wireless Road*); b) the renovation of *Interlink Tower* that enabled raising its rents by 16% over 2016-2018 (working out to an average rent increase of 10% to Bt678/sqm/mth for the portfolio as a whole); and c) a jump in occupancy rate to 94% from 68% for *208 Wireless Road* after major renovation. Weighed down by a lower EBITDA margin for *Interlink Tower*, overall office EBITDA margin declined to 69.6% from 71.3%.

**EBITDA expected to rise over 2018-2022**

For 2018-2022, we estimate 4-year CAGR of 13% to Bt6.6bn for revenue and 15% to 4.2bn for EBITDA. Behind this is:

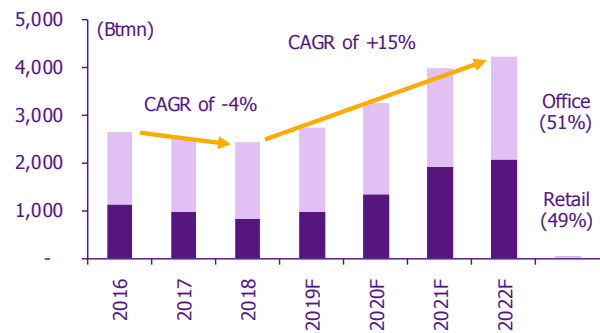
- a) Operational improvements at *Lasalle's Avenue* and *Gateway at Bangsue* in line with a jump in occupancy rate to 82% in 2019 from 64% in 2018 for *Lasalle's Avenue* and to 69% from 63% for *Gateway at Bangsue* after ramping up last year;
- b) Opening of new malls (*AEC Trade Center* in 2021 and *Community Market Bangkok* in 2020) plus acquisition of *Gateway Ekamai* (assuming January 1, 2020) and expansion of existing projects (*Asiatique Pier and Boat* and *Lasalle's Avenue* both in 4Q19) that will raise NLA by 129% to 372,949 sqm, supporting more rapid growth for retail with an EBITDA 4-year CAGR of 25% to Bt2.1bn.
- c) Sustainable growth for office space (EBITDA 4-year CAGR of 8% to Bt2.1bn) in line with rising occupancy rate, a raise in rents and no new project.
- d) Commercial business model has high operational leverage with high fixed cost of 63% for depreciation and utilities and low variable cost of 37%. Thus, rising revenue goes straight through to bring further improvements in net profit. We anticipate growth of commercial EBITDA margin to 63.8% in 2022 from 60.9% in 2018.

**Figure 104: Revenue increased only 3% over 2016-2018, but will grow 13% p.a. over 2018-2022**



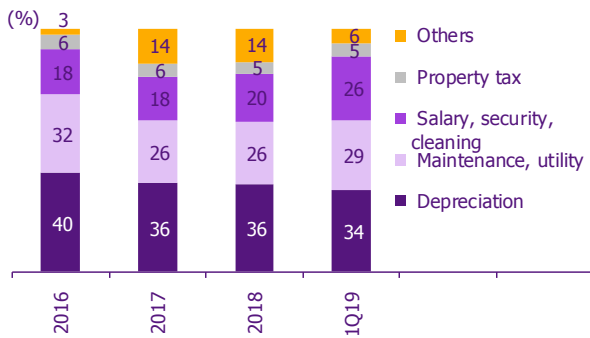
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 105: EBITDA declined at 4% p.a. over 2016-2018, but will grow 15% p.a. over 2018-2022**



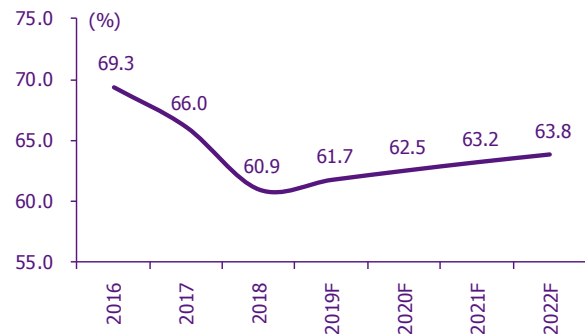
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
EBITDA includes allocated cost of property management fee

**Figure 106: Cost breakdown for commercial (high fixed cost of 63% for depreciation and utilities)**



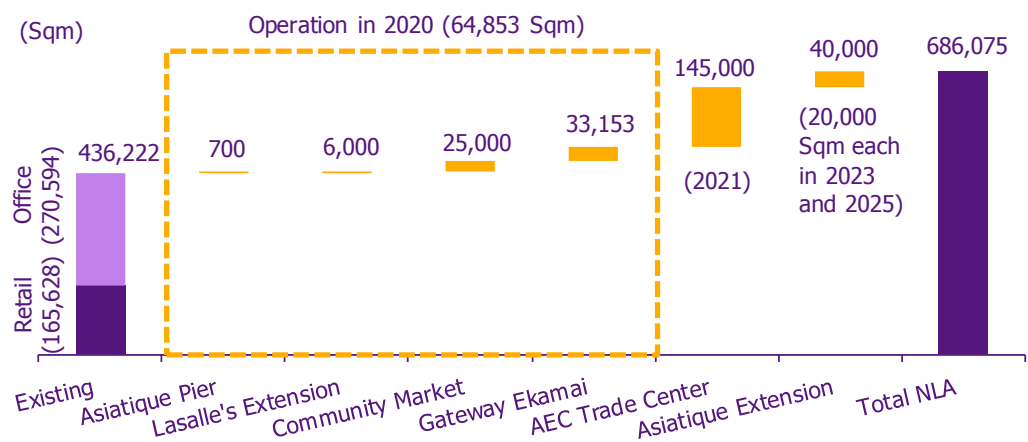
Source: Company filing

**Figure 107: EBITDA margin**



Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
EBITDA includes allocated cost of property management fee

**Figure 108: NLA upped 48% to 646,075 sqm in 2021 (or 57% to 686,075 sqm in 2025)**



Source: Company filing and SCBS Investment Research

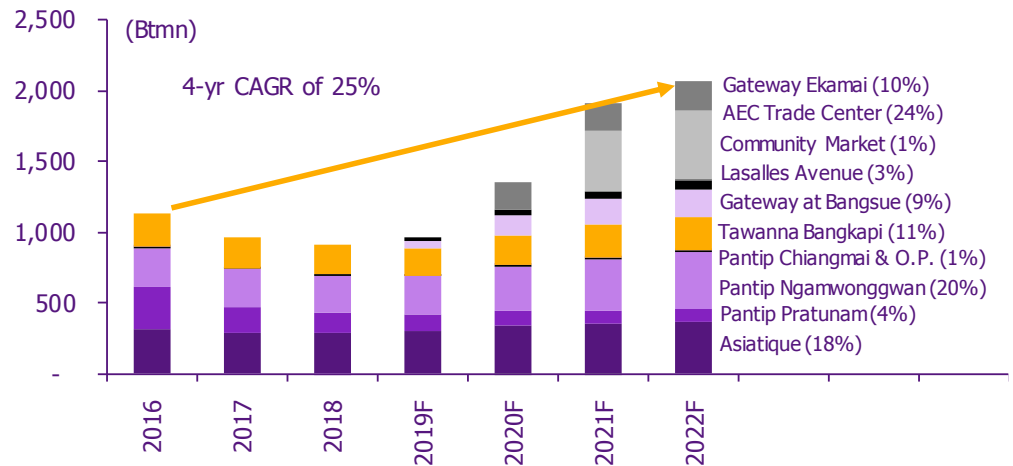
**1) Retail: EBITDA expected to grow at a 4-year CAGR of 25%.** We forecast revenue growth at a 4-year CAGR of 21% to Bt3.7bn and 25% to Bt2.1bn for EBITDA, underwritten by more NLA, rising occupancy rate, rent hikes and new projects. Our key assumptions are:

- NLA will increase 64,853 sqm (+39%) to 230,481 sqm in 2020 from the acquisition of *Gateway Ekamai* (33,153 sqm) and opening of *Asiatique The Riverfront Pier and Boat* (700 sqm), *Lasalle's Avenue extension* (6,000 sqm) and *Community Market Bangkok* (25,000 sqm). This will grow another 145,000 sqm (+63%) from *AEC Trade Center* to 375,481 sqm in 2021.
- Average occupancy rate will be at 76.5% in 2022 on the ramp-up of *Lasalle's Avenue extension*, *Community Market Bangkok* and *AEC Trade Center*. With a steady stream of renovations, repositioning and introduction of new concepts/events, we expect occupancy rate to rise 5% p.a. to a ceiling of 80-90% for *Gateway at Bangsue*, *Pantip Ngamwongwan*, *Tawanna Bangkok*, *Community Market Bangkok*, *Lasalle's Avenue* and *AEC Trade Center*. The 2020 (scheduled) opening of the MRT Blue Line Extension (Hua Lampong-Bangsue) will increase foot traffic at *Gateway at Bangsue*.

During 2019-2022, for *O.P. Place Bangkok*, *Pantip Plaza Chiang Mai* and *Pantip Plaza Pratunam*, we conservatively assume a stable occupancy rate at 47%, 57% and 64% respectively. Opening the MRT Orange Line (Talingchan-Bangkok) will help increase visitors and occupancy rate for *Pantip Plaza Pratunam*.

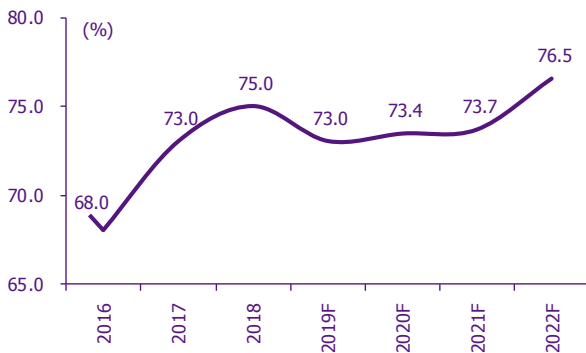
- We assume AWC will acquire *Gateway Ekamai* (33,153 sqm) on January 1, 2020.
- We estimate an average rental increase of 3.4% in 2020 and 3.0% in each of 2021-2022.

**Figure 109: Retail: EBITDA 4-year CAGR of 25% during 2018-2022**



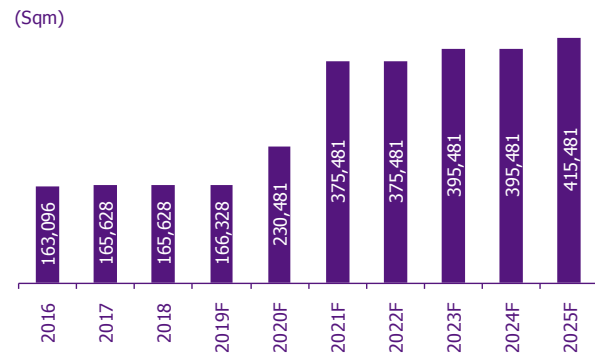
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 110: Retail: Occupancy rate**



Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 111: NLA to jump by 127% to 375,481 sqm in 2021**



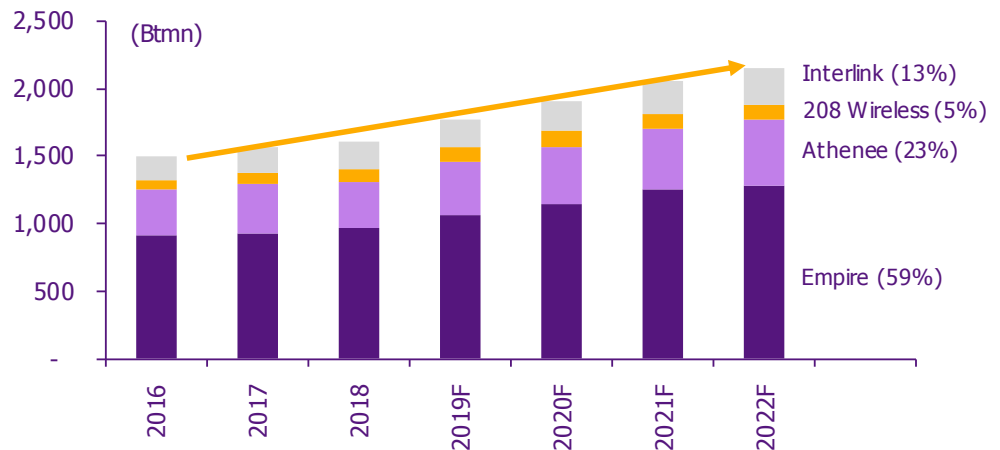
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**2) Office: EBITDA growth expected at 4-year CAGR of 8%.** With no expansion of office space in the pipeline, we estimate revenue growth at a 4-year CAGR of 6% to Bt2.9bn in 2022 on rising occupancy and rental rates, but EBITDA will grow at 8% to Bt2.1bn. With high overhead cost coupled with a high occupancy rate of more than 80%, the rise in cost of service will be lower than the rise in revenue. We anticipate EBITDA margin will increase to 72.9% in 2022 from 69.6% in 2018. Our key assumptions:

- We assume occupancy rate will increase 5% p.a. to a ceiling of 95-97% for each building. This will be made possible by the company's unremitting development to adapt to changing tenant preferences and introducing the new concept of rentals of fully-furnished offices at all four assets.
- With a historically high retention rate of 74-94% coupled with a lower rental rate than peers, we assume a 15% rent increase for renewals, generally every three years, during 2020-2021 and 10% afterward as new supply comes on line. Contracts for a large area of 44,001 sqm (16% of total portfolio) are set to expire in 2H19. The addition of 66,123 sqm (24%) in 2020 and 73,343 sqm (27%) in 2021 and 42,804 sqm (16%) in 2022 will pave the way for a rent hike and higher revenue.
- We believe AWC will be able to fill *Empire Tower* with tenants, where occupancy rate was 83% as of June 30, 2019, before the completion of large space (175,600 sqm in 2021 and 319,000 sqm in 2022). For *Athenae Tower* and *208 Wireless Road*, where occupancy rates were high at 95% and 91% respectively on June 30, 2019, we believe tenants will renew their contracts since rents at new office buildings would be higher and they would have to pay out handsomely to invest in new fixtures.

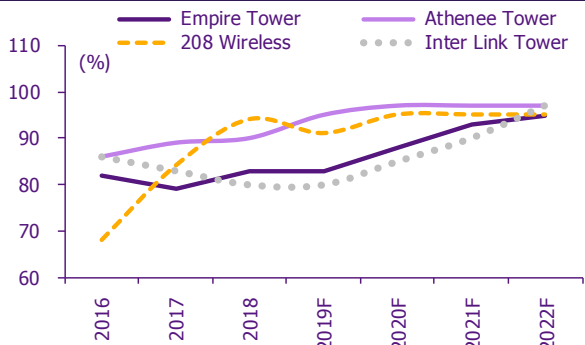


**Figure 112: Office: EBITDA 4-year CAGR of 8% during 2018-2022**



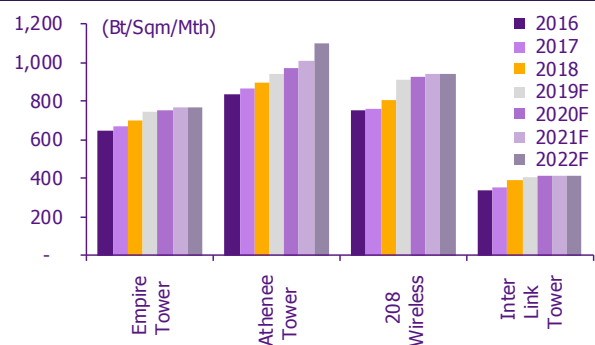
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)  
EBITDA includes allocated cost of property management fee

**Figure 113: Office: Rising occupancy rate**



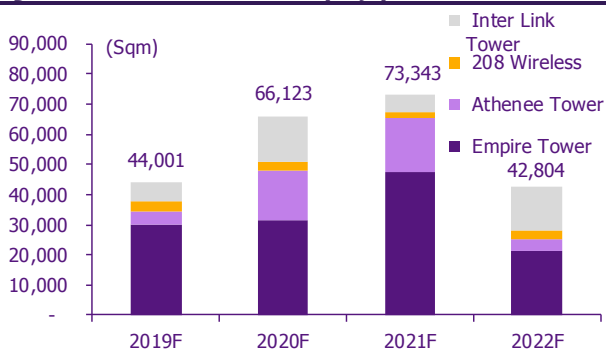
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 114: Office: Rental rate hike**



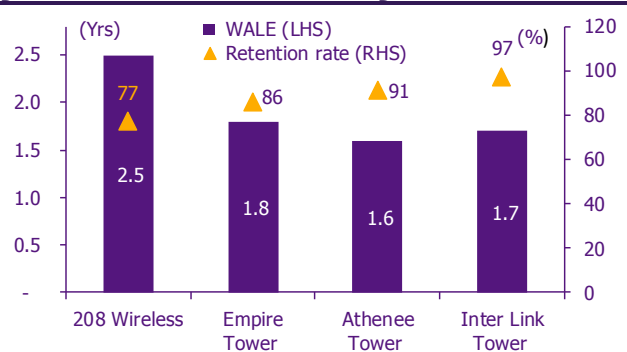
Source: Company filing (2016-18) and SCBS Investment Research (2019F-22F)

**Figure 115: Office: Lease expiry profile**



Source: Company filing As of June 30, 2019

**Figure 116: Office: Low WALE, high retention**



Source: Company filing As of June 30, 2019  
Note: WALE = Weighted average lease expiry

## Initiate as a BUY with end-2020 TP at Bt7.2/share

We initiate AWC as a BUY with an end-2020 TP at Bt7.2/share based on SOTP valuation that consists Bt6.6/share for the two core businesses, hospitality and commercial, and Bt0.6/share for the value of expansion opportunities under the TCC GOR agreement.

**Figure 117: AWC's end-2020 TP at Bt7.2/share**

	Bt mn	Bt/share
Enterprise value - Hospitality	133,542	
Enterprise value - Commercial	124,988	
Subtract: net debt	47,279	
<b>Fair value: Two core businesses</b>	<b>211,251</b>	<b>6.6</b>
<b>Value of expansion opportunity</b>	<b>20,404</b>	<b>0.6</b>
<b>AWC's end-2020 fair value</b>	<b>231,655</b>	<b>7.2</b>
No. of shares (mn)	32,000	

Source: SCBS Investment Research

### Two core businesses: Hospitality and commercial

We use DCF valuation for AWC's hospitality and commercial businesses based on weighted average cost of capital (WACC) at 6.0% for hospitality and 4.9% for commercial. Our key assumptions are: 1) risk-free rate of 2.5%, 2) equity risk premium of 5.5%, 3) beta of 1.2x for hospitality and 0.8x for commercial 4) capital structure of 50:50 debt:equity and 5) terminal growth of 2%. After deducting net debt from enterprise value, AWC's equity fair value for its two core businesses is Bt211bn or Bt6.6/share.

### Value of expansion opportunities

In our view, the TCC GOR agreement creates greater visibility for AWC's future investment opportunities beyond those in the pipeline now. This will uphold AWC's future earnings growth. We assume operations for AWC's existing pipeline for both hospitality and commercial businesses start as planned. Given the investment opportunities under the agreement, we assume AWC will invest Bt10bn/year (based on average capex per year for its current pipeline) for another 10 years into projects that are targeted to generate 10% investment return per year and have a capital structure of 50:50 debt:equity. Discounting the net present value of each project by a discount rate of 8% (based on a risk-free rate of 2.5%, equity risk premium of 5.5% and beta of 1.0x) to end-2020 suggests value of expansion opportunities of Bt20bn or Bt0.6/share.

**Figure 118: Potential assets under TCC GOR Agreement**

Project	Type	Segment	Estimated Max GFA (sqm)
<b>Chonburi province</b>			
1 Hotel in Pattaya	Mixed-used properties	Upper upscale	206,780
2 The 12-rai plot of land adjacent to the Gand Sole Hotel	Mixed-used properties	Upper upscale	144,794
3 The Sails Pattaya Project	Mixed-used properties	Upper upscale	442,080
<b>Bangkok</b>			
4 Bang Na km.1	Mixed-used properties	Upper upscale	241,052
5 The plot of land at Verngnakornkasem	Mixed-used properties	Luxury	162,148
6 The plot of land at Sukhumvit 103/1	Mixed-used properties	Upper Middle	112,266
7 The plot of land close to Phraya kraai Temple	Mixed-used properties	Upper upscale	308,784
8 The plot of land at Charoen Nakhon	Mixed-used properties	Upper upscale	296,623
9 The plot of land at Charoen Nakhon	Mixed-used properties	Luxury	96,096
10 The plot of land Sukhumvit 22	City Hotel	Midscale	12,800
11 The plot of land at Song Wat 1 and Song Wat 2	City Hotel	Middle to Luxury	28,302
12 The plot of land on Rama II Road	Retail business	Midscale	255,348
13 The plot of land at Sukhumvit 38	City Hotel	Upper upscale	52,338
14 O.P. Garden	Mixed-used properties	Luxury	15,600
<b>Chiang Mai province</b>			
15 The Imperial Chiang Mai Resort & Sports Club	Wellness Resort	Upper upscale	3,166,240
16 The plots of land surrounding Chiang Mai Sports Club	Resort	Luxury	4,165,576
17 The group of plots of land at Anusarn Market and across from Anusarn Market	Mixed-used properties	Upper Middle	280,110
18 The group of plots of land at Galae and the Night Bazaar	Mixed-used properties	Upper upscale	382,200
19 Soem Phakdi	Resort	Upper upscale	110,760
<b>Chiang Rai province</b>			
20 The Imperial River House Resort	Resort	Upper upscale	1,015,868

Source: Company filing and SCBS Investment Research

Figure 119: Regional peer valuation

Company name	Country	Mkt Cap US\$ mn.	PE (x)			EPS Growth (%)			PBV (x)			Div. Yield (%)			ROE (%)			EV/EBITDA (x)		
			19F	20F	21F	19F	20F	21F	19F	20F	21F	19F	20F	21F	19F	20F	21F	19F	20F	21F
<b>Hospitality</b>																				
Shanghai Jinjiang International	China	2,969	20.1	17.3	14.9	3.3	16.4	15.8	1.7	1.6	1.5	2.6	3.1	3.6	8.6	9.1	10.0	10.6	9.6	8.5
Shanghai Jin Jiang Capital	China	961	9.2	8.7	7.3	(3.5)	6.1	19.3	0.7	0.7	0.6	6.6	6.8	6.8	7.7	8.7	9.6	7.3	7.3	6.2
Huazhu Group	China	10,189	44.5	31.0	24.3	115.3	43.7	27.3	9.8	8.2	6.7	1.0	1.0	1.1	23.0	25.8	28.4	29.9	23.4	19.1
Great Eagle Holdings	Hong Kong	2,373	10.3	6.4	44.4	(69.5)	60.2	(85.5)	n.a	n.a	n.a	3.2	3.8	0.8	2.6	4.1	9.5	28.0	17.5	n.a.
Hongkong & Shanghai Hotels	Hong Kong	1,822	28.6	26.8	22.9	(60.9)	6.6	16.9	n.a	n.a	n.a	1.7	1.8	2.5	1.2	n.a.	n.a.	17.7	17.4	n.a.
Shangri-La Asia	Hong Kong	3,846	21.4	17.0	16.5	(7.4)	26.0	3.2	0.6	0.6	0.6	2.7	2.9	3.2	2.7	3.6	3.4	15.8	15.9	14.9
Kangwon Land Inc	South Korea	5,517	18.6	16.0	14.8	11.3	16.4	7.9	1.7	1.6	1.5	3.1	3.3	3.4	9.4	10.6	10.8	8.1	7.9	7.5
Hotel Shilla	South Korea	2,645	20.2	16.5	13.6	34.9	22.4	21.1	3.4	2.9	2.4	0.5	0.5	0.5	18.7	19.4	19.3	9.1	9.1	8.3
City Developments	Singapore	6,987	18.0	16.6	14.8	(2.7)	8.6	12.0	0.9	0.9	0.9	1.9	1.9	1.9	5.4	5.7	6.0	16.4	16.0	15.4
UOL Group	Singapore	4,777	18.7	16.0	18.9	(20.0)	17.5	(15.7)	0.7	0.6	0.6	2.3	2.3	2.0	3.8	4.0	3.8	18.3	16.0	19.0
Central Plaza Hotel	Thailand	1,251	20.8	19.4	17.2	(16.5)	7.5	12.4	2.7	2.5	2.3	2.0	2.2	2.4	13.4	13.3	13.8	9.3	8.5	7.8
Erawan Group	Thailand	528	31.6	27.5	22.6	(6.1)	14.9	21.6	2.7	2.5	2.4	1.3	1.6	1.8	8.6	9.7	10.7	13.0	11.6	10.7
Minor International	Thailand	5,617	25.5	22.8	20.5	22.1	12.2	11.3	2.1	2.0	1.9	1.3	1.4	1.5	9.6	9.2	9.8	13.2	12.3	11.5
<b>Commercial</b>																				
China World Trade Center	China	2,463	20.0	18.0	16.4	11.4	11.3	9.4	2.3	2.1	1.9	2.1	2.3	2.4	11.8	12.0	11.4	10.1	9.3	8.9
Peet	Australia	417	13.7	19.0	15.1	(7.2)	(28.0)	25.4	1.1	1.1	1.1	3.8	2.4	3.3	8.4	6.0	7.3	11.2	12.8	11.6
Vincom Retail JSC	Vietnam	3,513	29.3	23.0	18.2	15.6	27.5	26.2	2.7	2.5	2.2	2.1	n.a	n.a	9.7	10.9	12.0	16.9	14.4	11.5
Central Pattana	Thailand	9,468	24.6	22.1	20.4	3.7	11.2	8.2	3.9	3.5	3.1	1.7	1.9	2.1	16.2	16.3	15.9	17.1	15.3	14.0
Siam Future Development	Thailand	381	10.9	10.1	10.9	(36.3)	8.5	(7.3)	0.9	0.8	0.8	3.8	3.8	4.3	8.9	8.7	9.6	24.5	24.2	22.2
MBK	Thailand	1,290	12.6	9.9	10.6	(15.7)	26.8	(6.0)	1.5	1.4	1.3	3.6	4.5	4.3	11.1	11.6	10.2	14.2	13.1	12.3
Asset World Corp	Thailand	6,353	181.8	89.6	69.8	6.5	103.0	28.4	2.7	2.6	2.5	0.1	0.5	0.6	2.2	2.9	3.6	44.8	34.4	30.2

Source: Bloomberg and SCBS Investment Research

## Key risks and concerns

**Delay of acquisitions/pipeline projects.** Our earnings forecast for AWC is based on the acquisition of Asset Group 3, *Gateway Ekamai* and *Asiatique The Riverfront extension* as well as its expansion projects in the pipeline. This means our earnings forecast may not hold up if there is a delay in the acquisitions and expansion projects.

**Tourism risk.** AWC's hospitality business has a strongly positive correlation to Thailand's tourism industry. Thus, earnings could be impacted if the tourism industry hits some bumps such as natural disasters, epidemics and political uncertainty. However, AWC's property diversification through location and customer mix should help dilute any impact.

**Exposure to economic cycles.** Commercial operations are directly exposed to the local economy since its assets largely serve domestic demand. This could adversely impact its performance by lowering occupancy and/or reducing the rent increase for renewals.

## Appendix I: Asset acquisition

On May 19, 2017, AWC paid Bt80.55bn to acquire assets (Asset Group 1) consisting of 12 hotels and six retail and four office properties from three TCC Group-sponsored property funds: THIF, Thai Hotel Investment Freehold and Leasehold Property Fund; TRIF, Thai Retail Investment Freehold and Leasehold Property Fund; and TCIF, Thai Commercial Investment Freehold and Leasehold Property Fund. Subsequently, the company acquired CW Tower from TCIF and Pantip Bangkapi from TRIF, but sold these – CW Tower in August 2018 and Pantip Bangkapi in December 2018.

On December 2018 and February 2019, AWC acquired shares from TCC Group companies in six projects under development (Asset Group 2): two hotels and four retail projects.

On March 1, 2019, AWC entered into a Share Purchase Agreements (“SPA 2019”) with companies under TCC Group to acquire the entire shares of 11 companies owning Asset Group 3 consisting of 12 properties (four operating hotels and eight properties being renovated and new projects). Acquisition price will be based on appraised value of the assets at ~Bt25bn, adjusted by adding net working capital and actual capex (if any) and minus outstanding debt of the companies beind acquired. AWC expects the transaction to be complete within six months from AWC’s first trading date and no later than December 31, 2020.

**Figure 120: AWC's asset acquisition**

	Asset Group 1	Asset Group 2	Asset Group 3
Sellers	TCC Group sponsored property funds	TCC Group companies	TCC Group companies
Acquisition price	Bt80.55bn	Bt3.2bn	Acquisition price will be based on appraisal value of assets at ~Bt25bn that will be adjusted by adding net working capital and actual CAPEX (if any) and deducting by outstanding debt of acquired companies.
Properties	<b>THIF</b> Hilton Sukhumvit Bangkok Double Tree Sukhumvit Bangkok Le Meridien Bangkok Bangkok Marriott Marquis Queen’s Park The Okura Prestige Bangkok The Athenee Hotel, A Luxury Collection Hotel, Bangkok Le Meridien Chiang Mai Sheraton Samui Resort Vana Belle, A Luxury Collection Reort, Koh Samui Banyan Tree Koh Samui The Imperial Boathouse Beach Resort, Koh Samui The Metro Pole Phuket Hotel <b>TRIF</b> Asiatique The Riverfront Pantip Plaza Pratunam Pantip Plaza Ngamwongwarn Tawanna Bangkapi O.P. Place Bangkok Pantip Plaza Chiang Mai <b>TCIF</b> Empire Tower Athenee Tower Inter Link Tower 208 Wireless Road Tower	Innside Bangkok Sukhumvit Banyan Tree Krabi Gateway @ Bangsue Lasalle Avenue AEC Trade Center	Holiday Inn Express Sathorn Bangkok Marriott Hotel The Surawongse Chareonkrung 93 East Asia Hotel Banyan Tree Jomtien Pattaya The Grand Sole Hotel Pattaya Mixed-Use Development Hua Hin Marriott Resort & Spa Hua Hin Beachfront project The Imperial Mae Ping Hotel Pornping Tower Hotel Phuket Marriott Resort and Spa, Naiyang Beach

Source: Company filing and SCBS Investment Research

## Appendix II: TCC GOR agreement

On June 7, 2019, the company entered into the TCC GOR agreement that will take effect from the date of listing on the SET. In this agreement, the controlling shareholders of the companies in TCC Group agreed to grant AWC the rights in companies in which the controlling shareholders hold shares or have control over, directly or indirectly, in aggregate of more than 50% of the total voting rights, including but not limited to TCC Land Co., Ltd. and TCC Assets (Thailand) Co., Ltd., but excluding the companies listed in the SET and foreign stock market and subsidiaries of such companies, as below:

- a) "rights of first offer", meaning that if the controlling shareholders and the companies under TCC GOR agreement want to sell or develop any of the assets within the scope of the TCC GOR agreement, AWC will have first rights to negotiate to acquire or develop such assets;
- b) "rights of first refusal", meaning that if any third party makes an offer to the companies under TCC GOR agreement to acquire or develop any of the qualified assets, AWC will be notified of the offer and have the right to negotiate with an aim to acquire or develop such assets at the same price and conditions offered by the third party;
- c) "rights to purchase/develop", meaning that AWC will have the right to request negotiations with relevant companies under the TCC GOR agreement in order to acquire or develop the assets of the companies under TCC GOR agreement; and
- d) "rights to third party opportunity", meaning that if the controlling shareholder is notified by any third party of any opportunity to acquire any developed assets or assets under development, AWC will be notified of such opportunities and have the right to negotiate with the third party directly, before the controlling shareholders or any of the companies under TCC GOR agreement. In this regard, the controlling shareholder undertakes not to participate in the bidding against AWC.

The agreed businesses comprise hospitality businesses, retail and commercial buildings (retail and wholesale properties and office properties) and mixed-use properties. However, the assets under the TCC GOR agreement do not include *One-Bangkok, Samyan Mitrtown, The Parq, CW Tower, Queen Sirikit Convention Center, The Street, and W Hotel*, the development and operation of real estate outside Thailand, the transfer of ownership of shares in the companies under TCC GOR agreement between the companies under TCC GOR agreement and/or the controlling shareholders, and the development and operation of real estate that was previously offered to AWC and AWC turned down.

The TCC GOR agreement will be terminated if the controlling shareholders decrease their shareholding below the threshold stipulated in the TCC GOR agreement, and in the event of a default by the controlling shareholders.

### Appendix III: Shareholder and company structure

Figure 121: Shareholder structure – pre and post IPO

Shareholder Name	Pre-IPO		Post-IPO	
	No. of shares (Shares)	to total shares	No. of shares (Shares)	to total shares
TCC Group International Limited <sup>1</sup>	11,760,000,000	49.0%	11,760,000,000	36.8%
Mr. Charoen Sirivadhanabhakdi	6,119,999,880	25.5%	6,119,999,880	19.1%
Khunying Wanna Sirivadhanabhakdi	6,120,000,000	25.5%	6,120,000,000	19.1%
TCC Land Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
TCC Asset World Corporation Ltd. <sup>1</sup>	10	0.0%	10	0.0%
Plantheon Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
Cristalla Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
TCC Capital Land Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
TCC PHUMIPAT Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
TCC Sports and Recreation Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
Golden Wealth Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
Yodkij Business Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
Wonderhall Corporation Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
SANITSATHIRA Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
TCC Property Development Co., Ltd. <sup>1</sup>	10	0.0%	10	0.0%
IPO <sup>2</sup>	n.a.	n.a.	8,000,000,000	25.0%
<b>Total</b>	<b>24,000,000,000</b>	<b>100.0%</b>	<b>32,000,000,000</b>	<b>100.0%</b>

Source: Company filing

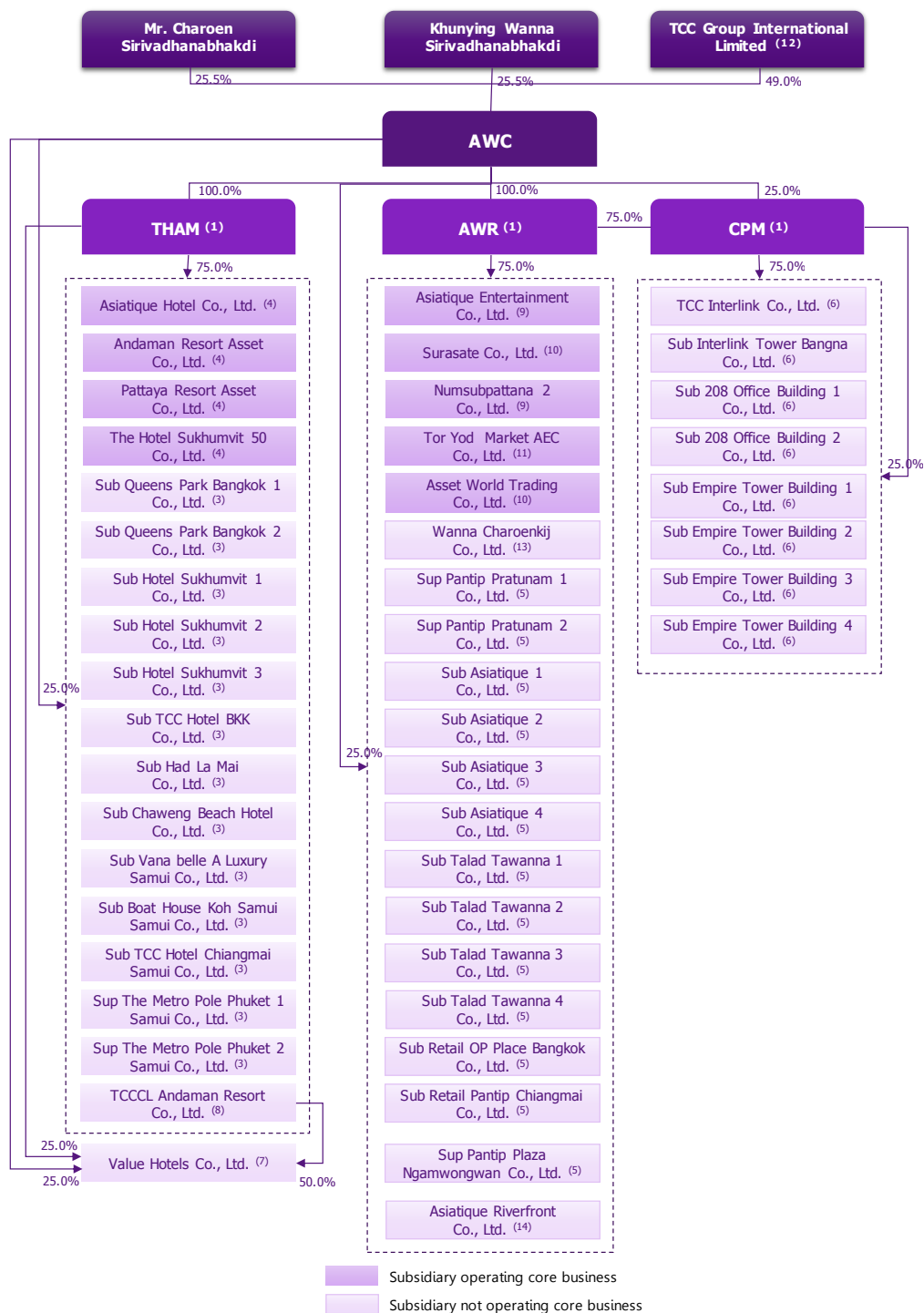
Note:

1) Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are ultimate shareholders.

2) The amount of shares owned after this offer for sale of the increased capital ordinary shares is based on the assumption that the over-allotment option is fully exercised.



Figure 122: Company structure (pre-IPO)



Source: Company filing

Notes:

THAM: TCC Hotel Asset Management Co., Ltd.

AWR: Asset World Retail Co., Ltd.

CPM: T.C.C. Commercial Property Management Co., Ltd.

(1) Plantheon Co., Ltd. holds one share and Yodkij Business Co., Ltd. holds one share.

(2) THAM holds two shares.

(3) AWR holds one share and CPM holds one share.

(4) Sub Hotel Sukhumvit 3 Co., Ltd. holds one share and Sub Had La Mai Co., Ltd. holds one share.

(5) THAM holds one share and CPM holds one share.

(6) AWR holds one share and THAM holds one share.

(7) Concept Land 9 Co., Ltd. holds one share and Hotels World 7 Co., Ltd. holds one share.

(8) New Multi Mine Co., Ltd. holds one share and TCC Hotel Collection Co., Ltd. holds one share.

(9) CPM hold two shares.

(10) Asiatique Entertainment Co., Ltd. holds one share and Num Sub Pattana 2 Co., Ltd. holds one share.

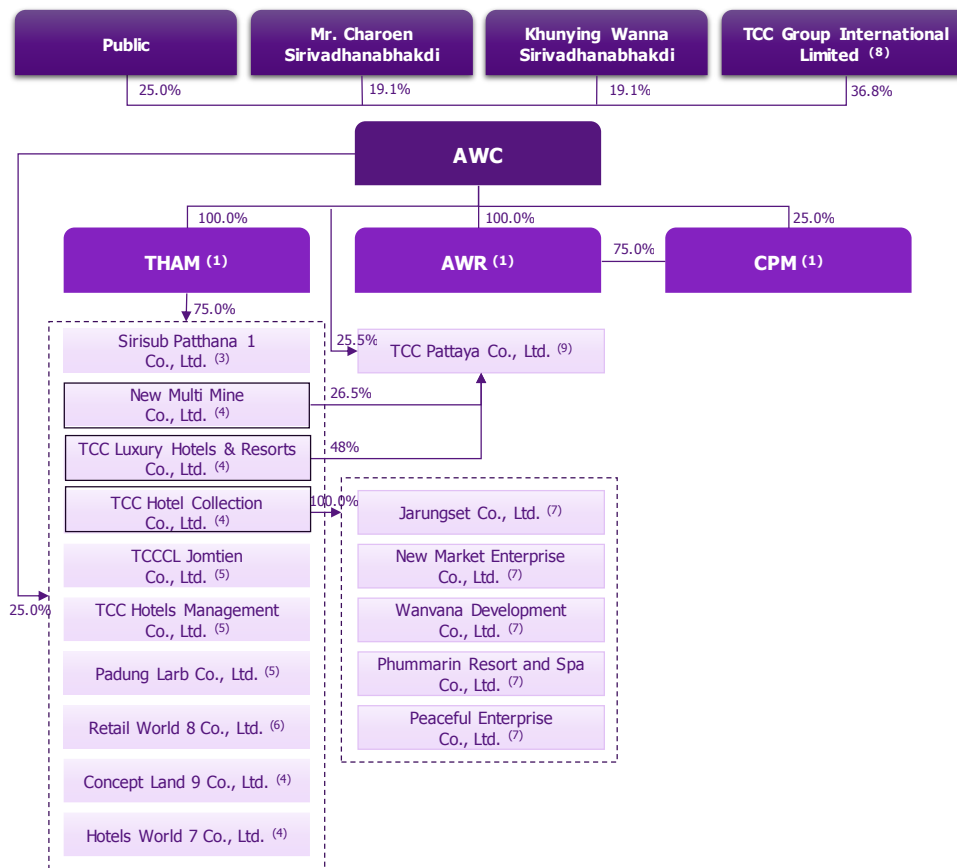
(11) Asiatique Entertainment Co., Ltd. holds 0.01% and Num Sub Pattana 2 Co., Ltd. holds 0.01%.

(12) Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are ultimate shareholders.

(13) Num Sub Pattana 2 Co., Ltd. holds one share.

(14) On April 10, 2019, AWC established Asiatique Riverfront Co., Ltd., which currently does not operate any business; as of June 11, 2019, 1 share is held by Mrs. Wallapa Traisorat, 1 share is held by Miss Nuttavimol Borpo and 1 share is held by Mr. Aegatip Rattana-Ari.

**Figure 123: Company structure (post-IPO) based on the assumption that there is an over-allotment option and the over-allotment agent exercises the right for the total amount of the over-allotment from the company together with the acquisition under 2019 Share Purchase Agreement**



Source: Company filing

Notes:

- (1) Plantheon Co., Ltd. holds one share and Yodkij Business Co., Ltd. holds one share.
- (2) THAM holds two shares.
- (3) New Multi Mine Co., Ltd. holds one share and Concept Land 9 Co., Ltd. holds one share.
- (4) AWR holds two shares.
- (5) New Multi Mine Co., Ltd. holds one share and TCC Hotel Collection Co., Ltd. holds one share.
- (6) TCC Luxury Hotels & Resorts Co., Ltd. holds one share and TCC Hotel Collection Co., Ltd. holds one share.
- (7) TCC Luxury Hotels & Resorts Co., Ltd. holds one share and Value Hotels Co., Ltd. holds one share.
- (8) Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are ultimate shareholders.
- (9) AWC holds 100% of shares in TCC Pattaya Co., Ltd., directly and indirectly. AWC holds approximately 25.5% of its shares, with New Multi Mine Co., Ltd. and TCC Luxury Hotels & Resorts Co., Ltd. holding approximately 26.5% and 48.0% of its shares, respectively.

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**CG Rating 2019 Companies with CG Rating**

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2S, ABM, ADB, AF, AGE, AH, AHC, AIT, ALLA, ALT, AMANAH, AMARIN, APCO, APCS, AQUA, ARIP, ASAP, ASIA, ASIAN, ASIMAR, ASK, ASN, ASP, ATP30, AUCT, AYUD, B, BA, BBL, BDMS, BEC, BEM, BFIT, BGC, BGRIM, BIZ, BJC, BJCHI, BLA, BPP, BROOK, CBG, CEN, CENTEL, CGH, CHG, CHOTI, CHOW, CI, CIMBT, CNS, COLOR, COM7, COTTO, CRD, CSC, CSP, DCC, DCON, DDD, DOD, EASON, ECL, EE, EPG, ERW, ESTAR, ETE, FLOYD, FN, FNS, FORTH, FPI, FPT, FSMART, FSS, FVC, GENCO, GJS, GL, GLOBAL, GLOW, GULF, HPT, HTC, HYDRO, ICN, IFS, INET, INSURE, IRC, IRCP, IT, ITD\*, ITEL, J, JAS\*, JCK, JCKH, JMART, JMT, JWD, KBS, KCAR, KGI, KIAT, KOOL, KWC, KWM, L&E, LALIN, LANNA, LDC, LHK, LOXLEY, LRH, LST, M, MACO, MAJOR, MBAX, MEGA, METCO, MFC, MK, MODERN, MOONG, MPG, MSC, MTI, NEP, NETBAY, NEX, NINE, NOBLE, NOK, NTV, NWR, OCC, OGC, ORI, OSP, PATO, PB, PDG, PDI, PL, PLAT, PM, PPP, PRECHA, PRIN, PRINC, PSTC, PT, QLT, RCL, RICHY, RML, RWI, S11, SAAM, SALEE, SAMCO, SANKO, SAPPE, SAWAD, SCG, SCI, SCP, SE, SFP, SIAM, SINGER, SIRI, SKE, SKR, SKY, SMIT, SMK, SMPC, SMT, SNP, SONIC, SPA, SPC, SPCG, SPVI, SR, SRICHA, SSC, SSF, SST, STANLY, STPI, SUC, SUN, SUSCO, SUTHA, SWC, SYMC, SYNEX, T, TACC, TAE, TAKUNI, TBSP, TCC, TCMC, TEAM, TEAMG, TFG, TFMAMA, THG, THRE, TIPCO, TITL, TIW, TKN, TKS, TM, TMC, TMD, TMI, TMT, TNITY, TNL, TNP, TNR, TOG, TPA, TPAC, TPBI, TPCORP, TPOLY, TRITN, TRT, TSE, TSTE, TVI, TVT, TWP, TWPC, UBIS, UEC, UMI, UOBKH, UP, UPF, UPOIC, UT, UWC, VNT, WIIC, XO, YUASA, ZEN, ZMICO

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A, ABICO, ACAP\*, AEC, AEONTS, AJ, ALUCON, AMC, APURE, AS, ASEFA, AU, B52, BCH, BEAUTY, BGT, BH, BIG, BLAND, BM, BR, BROCK, BSBM, BSM, BTNC, CCET, CCP, CGD, CHARAN, CHAYO, CITY, CMAN, CMC, CMO, CMR, CPL, CPT, CSR, CTW, CWT, D, DIMET, EKH, EMC, EPCO, ESSO, FE, FTE, GIFT, GLAND, GLOCON, GPI, GREEN, GTB, GYT, HTECH, HUMAN, IHL, INGRS, INOX, JTS, JUBILE, KASET, KCM, KKC, KWG, KYE, LEE, LPH, MATCH, MATI, M-CHAI, MCS, MDX, MHA, MGT, MJD, MM, MVP, NC, NDR, NER, NNCL, NPK, NUSA, OCEAN, PAF, PF, PICO, PIMO, PK, PLE, PMTA, POST, PPM, PROUD, PTL, RCI, RJH, ROJNA, RPC, RPH, SF, SGF, SGP, SKN, SLP, SMART, SOLAR, SPG, SQ, SSP, STI, SUPER, SVOA, TCCC, THE, THMUI, TIC, TIGER, TNH, TOPP, TPCH, TPIPP, TPLAS, TQM, TTI, TYCN, UTP, VCOM, VIBHA, VPO, WIN, WORK, WP, WPH, ZIGA

**Corporate Governance Report**

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To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition

(Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2018 to 25 October 2019) is publicized.

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**Anti-corruption Progress Indicator****Certified (ได้รับการรับรอง)**

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**Declared (ประกาศเจตนารมณ์)**

2S, ABICO, AF, AI, AIRA, ALT, AMA, AMARIN, AMATA, ANAN, B, BM, BPP, BUI, CHG, CHO, CHOTI, CHOW, CI, CMC, COL, DDD, DELTA, EFORL, EPCO, ESTAR, ETE, FPI, FTE, ICHI, INOX, IRC, ITEL, JAS, JSP, JTS, KWG, LDC, LIT, META, MFEC, MPG, NEP, NOK, NWR, ORI, PRM, PSL, ROJNA, RWI, SAAM, SAPPE, SCI, SEAOL, SHANG, SKR, SPALI, STANLY, SYNEX, TAE, TAKUNI, TMC, TOPP, TPP, TRITN, TVO, UV, UWC, WHAUP, XO, YUASA, ZEN

**N/A**

7UP, A, A5, AAV, ABM, ACAP, ACC, ACE, ACG, ADB, AEC, AEONTS, AFC, AGE, AH, AHC, AIT, AJ, AJA, AKR, ALL, ALLA, ALUCON, AMATAV, AMC, AOT, APCO, APEX, APP, APURE, AQ, ARIN, ARIP, AS, ASAP, ASEFA, ASIA, ASIAN, ASIMAR, ASN, ATP30, AU, AUCT, AWC, B52, BA, BAT-3K, BC, BCT, BDMS, BEAUTY, BEC, BEM, BFIT, BGC, BGT, BH, BIG, BIZ, BJC, BKD, BLAND, BLISS, BOL, BR, BROCK, BSM, BTNC, BTW, CAZ, CBG, CCET, CCP, CGD, CHARAN, CHAYO, CHUO, CITY, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, COTTO, CPH, CPL, CPR, CPT, CPW, CRANE, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DCORP, DOD, DOHOME, DTIC, EA, EASON, ECF, EE, ETC, EKH, EMC, EPG, ERW, ESSO, EVER, F&D, FANCY, FLOYD, FMT, FN, FORTH, FPT, FSMART, FVC, GENCO, GIFT, GL, GLAND, GLOBAL, GLOCON, GPI, GRAMMY, GRAND, GREEN, GSC, GTB, GULF, GYT, HFT, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, III, ILINK, ILM, INGRS, INSET, IP, IRCP, IT, ITD, J, JCK, JCKH, JCT, JKN, JMART, JMT, JUBILE, JUTHA, JWD, KAMART, KC, KCM, KDH, KIAT, KKC, KOOL, KTECH, KTIS, KUMWEL, KWM, KYE, LALIN, LEE, LH, LHFG, LOXLEY, LPH, LST, MACO, MAJOR, MANRIN, MATCH, MATI, MAX, M-CHAI, MCS, MDX, MEGA, METCO, MGT, MIDA, MILL, MITSIB, MJD, MK, ML, MM, MODERN, MORE, MPIC, MTC, MVP, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NOBLE, NPK, NTV, NUSA, NVD, NYT, OHTL, OISHI, OSP, OTO, PACE, PAE, PAF, PERM, PF, PICO, PIMO, PJW, PK, PLE, PMTA, POLAR, POMPUI, PORT, POST, PPM, PPPM, PR9, PRAKIT, PRECHA, PRIME, PRIN, PRO, PROUD, PTL, RAM, RBF, RCI, RCL, RICH, RICHY, RJH, ROCK, ROH, RP, RPC, RPH, RS, RSP, S, S11, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCP, SDC, SE, SEAFCO, SEG, SF, SFP, SGF, SHR, SIAM, SIMAT, SINGER, SISB, SKE, SKN, SKY, SLP, SMART, SMT, SOLAR, SONIC, SPA, SPCG, SPG, SPORT, SPVI, SQ, SR, SSC, SSP, STAR, STARK, STEC, STHAI, STI, STPI, SUC, SUN, SUPER, SUTHA, SVH, SVOA, SWC, SYMC, T, TACC, TAPAC, TBSP, TC, TCC, TCCC, TCJ, TCMC, TCOAT, TEAM, TEAMG, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUI, TIGER, TITL, TIW, TK, TKN, TKS, TM, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQM, TR, TRC, TRT, TRUBB, TSE, TSF, TSI, TSR, TSTE, TTA, TTI, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPA, UPF, UPOIC, UREKA, UT, UTP, UVAN, VARO, VCOM, VI, VIBHA, VL, VNG, VPO, VRANDA, WAVE, WG, WIN, WINNER, WORK, WORLD, WP, WPH, WR, YCI, ZIGA, ZMICO

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