

# GOLDEN LAND PROPERTY DEVELOPMENT PLC

No. 186/2024  
16 October 2024

## CORPORATES

Company Rating:	A
Issue Rating:	
Senior unsecured	A
Outlook:	Stable

Last Review Date: 25/10/23

### Rating History:

Date	Rating	Outlook/Alert
14/10/21	A	Stable
17/09/19	A-	Stable
01/03/19	BBB+	Alert Positive
08/09/16	BBB+	Stable
02/09/15	BBB	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Golden Land Property Development PLC (GOLD) and the ratings on GOLD's existing senior unsecured debentures at "A", with a "stable" rating outlook. The ratings primarily reflect the company's status as a core subsidiary of Frasers Property (Thailand) PLC (FPT). The company rating on GOLD is equivalent to the company rating on FPT (rated "A/Stable").

## KEY RATING CONSIDERATIONS

### Core subsidiary of FPT

TRIS Rating assesses GOLD as a core subsidiary of FPT. The assessment is primarily based on the 99.5% ownership of the company by FPT and its significant contribution to FPT's revenue and EBITDA. GOLD contributed around 68%-80% of FPT's total operating revenue during fiscal year (FY) 2018 through the first nine months of FY2024 (9MFY2024), while its EBITDA contribution was around 38% for 9MFY2024. In addition, GOLD's business portfolio, consisting of residential properties for sale, offices and retail for rent, and hotels, serves as an integral part of the group, supplementing FPT's inclusive real estate business portfolio.

Looking ahead, we expect GOLD to remain a major revenue contributor to the group over the forecast period. GOLD is expected to contribute around 65%-70% of FPT's total operating revenue and 30%-40% of its EBITDA over the forecast period. In addition, as a core subsidiary, we expect the company to continue to receive strong business and financial support from FPT.

### Softer-than-expected operating performance in residential property

GOLD's operating performance in its residential property segment for 9MFY2024 was approximately 20% below our prior projections. Several factors contributed to this trend, including diminished purchasing power among homebuyers, elevated household debt levels, a high-interest rate environment, and increased mortgage rejection rates. Consequently, the company's revenue from residential sales declined by around 11% year-on-year (y-o-y) to approximately THB6.8 billion, while its gross profit margin decreased to 23%, down from 31% in the same period last year. This softened profitability was primarily attributed to construction cost adjustments and pricing strategies implemented to address weak market sentiment and intense competition.

Looking forward, we anticipate residential sales to decline by approximately 18%, reaching around THB9.0 billion for FY2024, before gradually improving to a range of THB9.4-THB10.0 billion during FY2025-FY2026. Residential sales in the remaining quarter of FY2024 will be partially supported by a backlog of approximately THB1.3 billion as of June 2024, all of which is expected to be recognized as revenue in FY2024. The gross profit margin for residential property is projected to slightly improve to the 25%-27% range over the forecast period, assuming no further construction cost adjustments.

### Sound performance in commercial property

We expect operating performance in the hotel segment to remain solid, supported by the recovery of the tourism industry. The average revenue per available room (RevPAR) for each of FPT's hotels improved significantly in 9MFY2024, and we anticipate this positive trend to continue over the

forecast period. However, revenue from the hotel business is expected to decrease to around THB350-THB450 million per annum during FY2024-FY2026, following FPT's decision to terminate the management contract for the Mayfair Marriott to facilitate the development of a new condominium project. The gross profit margin for the hotel business is expected to remain sound, in the range of 40%-45% over the forecast period.

Despite challenges from new office supply and shifts in tenant preferences towards hybrid workspaces and shorter lease terms, the office-for-rent business is expected to improve, generating revenue of around THB750 million per annum during FY2024-FY2026. This increase would mainly be driven by the full-year recognition of the company's new office and retail building, "Silom Edge." We expect the rental rate of FYI Center to remain stable, with the occupancy rate projected to stay at around 90% during FY2024-FY2026. For Silom Edge, we expect the occupancy rate to exceed 80% for its retail space and above 90% for office space over the forecast period. Rental rates for both retail and office space are forecast to remain steady, with the gross profit margin for the retail and office segments expected to remain robust at around 50% throughout the forecast period.

### Financial leverage to remain high

We expect GOLD's financial leverage to remain high, even as we anticipate improvements in operating performance. This high leverage is primarily attributed to significant real estate development investments, which increased to THB35.4 billion as of 30 June 2024, from THB33.8 billion in FY2023. Meanwhile, its adjusted debt rose slightly to THB23.2 billion as of 30 June 2024, compared to THB23.0 billion in FY2023. Given the current market conditions, we believe it will take time to reduce these real estate development investments and, consequently, its debts.

Looking ahead, we expect GOLD's adjusted net debt to EBITDA ratio to range 12-14 times, while its funds from operations (FFO) to adjusted net debt is projected to be around 3%-5% during FY2024-FY2026. Its debt-to-capitalization ratio is expected to slightly decline to 51%-52% over the next three years, down from 53% as of June 2024. We also anticipate that the company will launch new residential projects valued at between THB10.4 and THB17.2 billion per annum during FY2024-FY2026, with a land acquisition budget of around THB2.0-THB3.0 billion per annum during the forecast period. We project the company's total operating revenue to range from THB10.5-THB11.5 billion annually over the next three years. GOLD's EBITDA margin is forecast to drop to around 16%-17% during FY2024-FY2026, down from 19% in FY2023, with EBITDA expected to be around THB1.7-THB1.9 billion per annum during the forecast period.

The financial covenants on its bonds and bank loans require GOLD to maintain an interest-bearing debt (excluding lease liabilities) to equity ratio below 2 times. As of June 2024, this ratio was approximately 1 times. We believe GOLD should have no difficulty remaining in compliance with these financial covenants throughout the forecast period.

### Manageable liquidity

We assess GOLD's liquidity over the next 12 months to be manageable. As of June 2024, the company had maturing debts totaling THB4.6 billion (excluding THB5.3 billion of short-term loans from the parent company), consisting of THB2.2 billion long-term project loans, THB1.5 billion debentures, THB0.7 billion short-term loans, and THB0.2 billion lease liabilities.

As of June 2024, the company's sources of funds included THB1.0 billion of cash on hand, THB0.8 billion of undrawn committed credit facilities, and THB2.3 billion of undrawn uncommitted credit facilities. FFO is projected to be around THB0.7-THB1.0 billion annually. GOLD also holds unencumbered land banks valued at THB4.7 billion and finished debt-free residential units worth THB3.4 billion, which could be used as collateral for new loans if needed.

### Debt structure

As of 30 June 2024, GOLD's consolidated debt, excluding lease liabilities, was around THB20.2 billion. Its priority debt was THB6.6 billion, comprising secured debts from its project loans. This results in a priority debt to total debt ratio of around 33%.

### BASE-CASE ASSUMPTIONS

These are our key assumptions for GOLD's operations during 2024-2026:

- New residential project launches worth THB10.4-THB17.2 billion per annum
- Annual budget for land acquisition to range from THB2.0-THB3.0 billion
- Total operating revenues to increase to THB10.5-THB11.5 billion per annum
- Average gross profit margin from all businesses of around 28%-30% and EBITDA margin of 16%-17%

### RATING OUTLOOK

The "stable" outlook mirrors the outlook on the parent company and reflects our expectation that GOLD will maintain its status as a core subsidiary of FPT.

**RATING SENSITIVITIES**

The ratings and/or outlook on GOLD could be revised upward or downward should there be any change in the credit profile of its parent company, FPT, or if there is any change in GOLD’s group status relative to FPT.

**COMPANY OVERVIEW**

GOLD was founded in 1978 by the Srivikorn family and listed on the Stock Exchange of Thailand (SET) in 1994. GOLD’s major shareholders and key executives have changed several times during the past decades. In late 2012, Univentures PLC (UV) acquired a 50.64% stake in GOLD and became the major shareholder. At the beginning of 2016, GOLD increased its capital under a private placement to Frasers Property Holdings (Thailand) Co., Ltd. (FPHT). In August 2019, FPT acquired a 94.5% stake in GOLD and became the company’s major shareholder. Currently, FPT holds a 99.48% stake in GOLD. GOLD was delisted from the SET in August 2020.

GOLD has become a core subsidiary of FPT, undertaking the residential property for sale and commercial property for rent businesses. GOLD’s residential portfolio covers single detached house (SDH), semi-detached house, and townhouse units, covering all market segments with unit prices ranging from THB2 million to more than THB60 million. Its existing commercial property assets include three office and retail buildings; FYI Center, Silom Edge, and Samyan Mitrtown, as well as two hotels; The Ascott Sathorn and Modena.

Landed properties for sale have contributed around 90% of GOLD’s total operating revenues during the past five years. The revenue contribution from commercial property was 10% while revenues from other businesses remained negligible.

**KEY OPERATING PERFORMANCE**

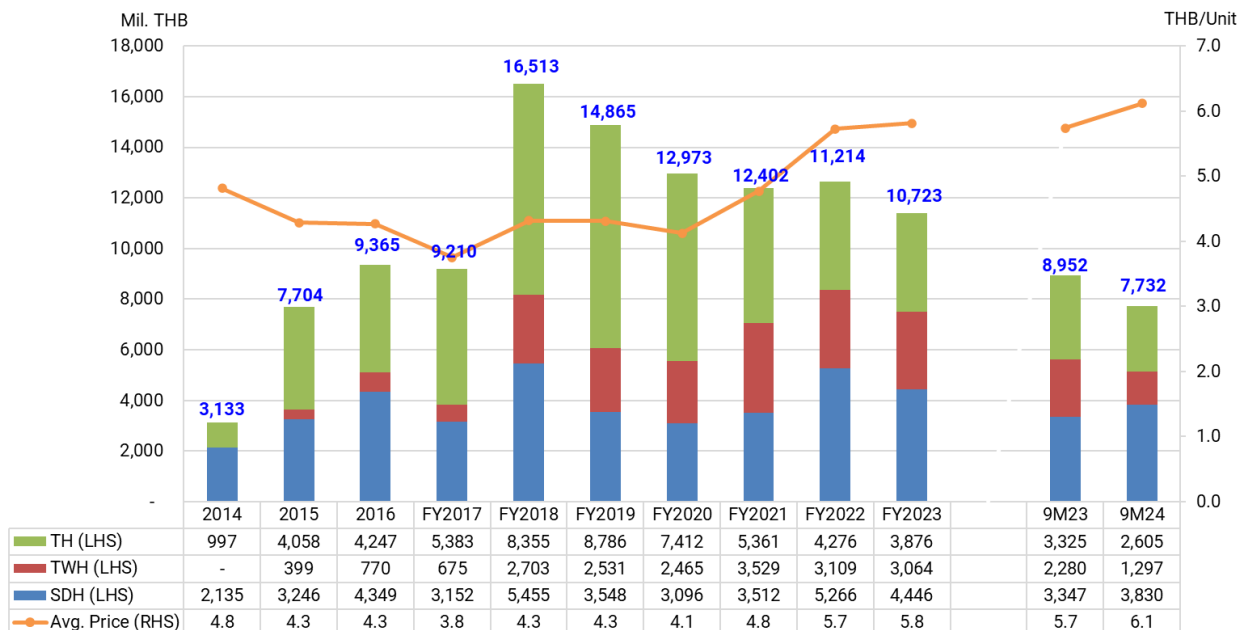
**Table 1: Revenue Contribution by Business**

*Unit: % of total operating revenue*

Revenue Contribution	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Oct 2023- Jun 2024
Real estate sales	87	89	89	90	92	91	88	86
Office building for rent	7	6	6	6	4	4	6	7
Hotel operation	4	4	3	2	1	3	5	4
Management fee income	1	1	1	1	2	2	1	2
Other operating revenue	1		1	1	1			1
<b>Total operating revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total operating revenue (mil. THB)</b>	<b>9,252</b>	<b>15,747</b>	<b>17,384</b>	<b>16,360</b>	<b>12,454</b>	<b>12,594</b>	<b>12,495</b>	<b>7,912</b>

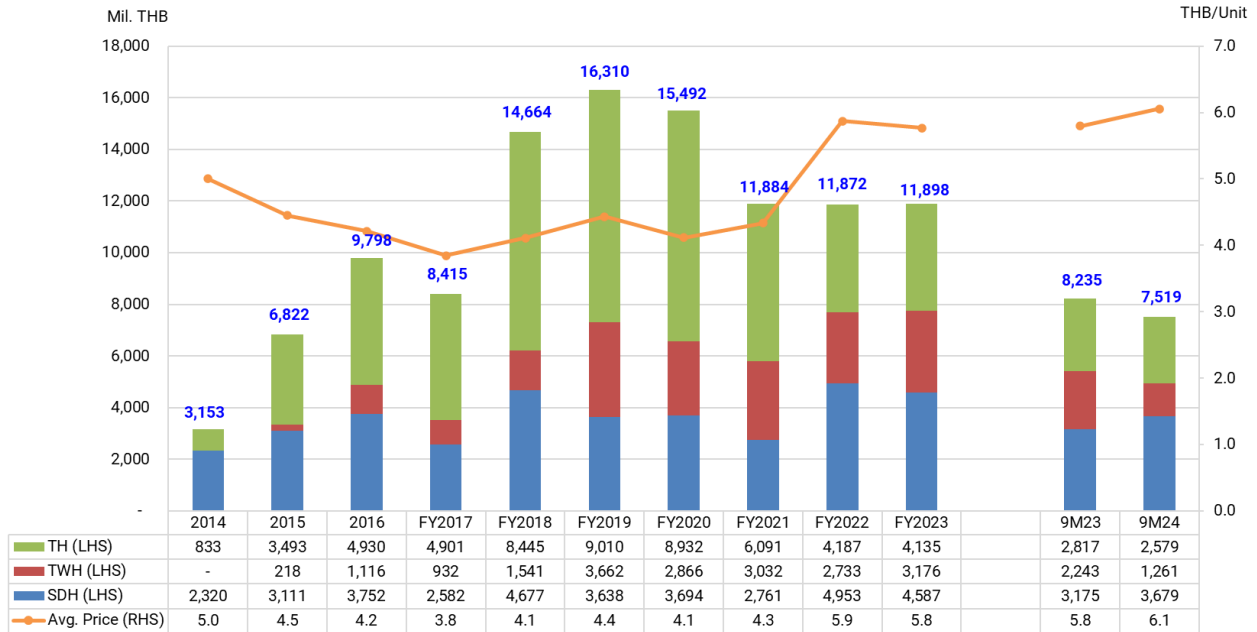
Source: GOLD

**Chart 2: Presales**



Source: GOLD

Chart 3: Transfers



Source: GOLD

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

	Oct2023- Jun2024	FY2023	FY2022	FY2021	FY2020
Total operating revenues	7,912	12,495	12,594	12,454	16,360
Earnings before interest and taxes (EBIT)	827	1,927	2,222	1,327	2,286
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,196	2,386	2,803	2,218	3,333
Funds from operations (FFO)	491	1,254	1,622	1,268	1,938
Adjusted interest expense	613	772	714	622	817
Real estate development investments	35,372	33,816	33,661	32,359	32,878
Total assets	48,340	48,316	49,164	46,145	46,993
Adjusted debt	23,220	22,970	22,893	22,073	20,250
Adjusted equity	20,635	20,647	20,828	19,459	17,487
<b>Adjusted Ratios</b>					
EBITDA margin (%)	15.1	19.1	22.3	17.8	20.4
Pretax return on permanent capital (%)	3.1 **	4.4	5.2	3.3	6.0
EBITDA interest coverage (times)	2.0	3.1	3.9	3.6	4.1
Debt to EBITDA (times)	12.6 **	9.6	8.2	10.0	6.1
FFO to debt (%)	3.0 **	5.5	7.1	5.7	9.6
Debt to capitalization (%)	52.9	52.7	52.4	53.1	53.7

\* Consolidated financial statements

\*\* Annualized with trailing 12 months

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## RELATED CRITERIA

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- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

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## Golden Land Property Development PLC (GOLD)

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<b>Company Rating:</b>	A
<b>Issue Rating:</b>	
GOLD252A: THB1,500 million senior unsecured debentures due 2025	A
<b>Rating Outlook:</b>	Stable

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