

# CENTRAL PATTANA PLC

No. 59/2021

11 August 2021

## CORPORATES

<b>Company Rating:</b>	AA
<b>Issue Ratings:</b>	
Senior unsecured	AA
<b>CreditAlert:</b>	Negative

**Last Review Date:** 12/07/21

### Company Rating History:

Date	Rating	Outlook/Alert
12/07/21	AA	Alert Negative
16/01/19	AA	Stable
18/09/18	AA	Alert Developing
22/09/17	AA	Stable
12/05/14	AA-	Stable
05/02/13	A+	Positive
23/05/07	A+	Stable
22/02/05	A	Stable
12/07/04	A-	Positive
04/10/02	A-	-
17/05/01	BBB+	-

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## RATIONALE

TRIS Rating affirms the company rating on Central Pattana PLC (CPN) and the ratings on CPN's existing senior unsecured debentures at "AA", with a "negative" CreditAlert. At the same time, we assign the rating of "AA" to CPN's proposed issue of up to THB10 billion senior unsecured debentures. The company intends to use the proceeds from the new debentures to refinance its existing debentures, repay outstanding debts, and fund business expansion.

The ratings reflect CPN's leading position in the retail property development industry in Thailand, proven track record of managing high-quality assets, and stable cash flow from contract-based rental and service income. The ratings also take into consideration the large capital expenditures needed for business expansion during 2021-2023 as well as concerns over the prolonged Coronavirus Disease 2019 (COVID-19) pandemic, which affects consumer confidence and demand for retail spaces.

We assess CPN's competitive position as strongest among retail property developers in Thailand. As of June 2021, CPN managed 34 shopping centers, 15 in Bangkok, 18 in provincial areas, and one in Malaysia, as well as retail space under the operation of Grand Canal Land PLC (GLAND). CPN held a net leasable area of 1.8 million square meters (sq.m.). CPN's dominant position is attributed to its leading market share of 20% of the nationwide retail space market, with occupancy rates (OR) of above 90% for the past several years.

CPN reported total operating revenue during the first six months of 2021 of THB13.1 billion, nearly the same figure as the previous year. Its earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by 4% year-on-year (y-o-y) to THB7.8 billion in the first half of 2021. However, we view that the ongoing lockdown measures in maximum control provinces caused by COVID-19 pandemic will continue to pressure CPN's operating performance during the remainder of this year.

## CREDIT ALERT

We have placed CreditAlert with a "negative" implication on the company and issue ratings on CPN since 12 July 2021. The CreditAlert follows CPN's announcement on 5 July 2021 for its intention to purchase 30.36% stake in Siam Future Development PLC (SF) from Major Cineplex Group PLC (MAJOR). On 27 July 2021, CPN entered into the Memorandum of Understanding (MOU) with the four groups of shareholders to acquire a 21.79% stake in SF.

After the completion of the transaction, CPN will be required to make a tender offer for the remaining shares in SF. In the event of CPN acquiring the entire outstanding shares of SF, the transaction could amount to THB25.6 billion. CPN plans to fund this acquisition by debt.

We expect to resolve the CreditAlert once the tender offer has been finalized and we have thoroughly assessed CPN's deleverage plan and the full impact of the SF acquisition on CPN's credit profile.

## RELATED CRITERIA

- Rating Methodology for Real Estate for Rent Companies, 15 July 2021
- Issue Rating Criteria, 15 June 2021
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

## Central Pattana PLC (CPN)

<b>Company Rating:</b>	AA
<b>Issue Ratings:</b>	
CPN210A: THB300 million senior unsecured debentures due 2021	AA
CPN221A: THB1,000 million senior unsecured debentures due 2022	AA
CPN225A: THB1,500 million senior unsecured debentures due 2022	AA
CPN235A: THB2,000 million senior unsecured debentures due 2023	AA
CPN241A: THB2,000 million senior unsecured debentures due 2024	AA
CPN242A: THB3,000 million senior unsecured debentures due 2024	AA
CPN258A: THB1,000 million senior unsecured debentures due 2025	AA
CPN261A: THB1,250 million senior unsecured debentures due 2026	AA
CPN261B: THB750 million senior unsecured debentures due 2026	AA
Up to THB3,000 million senior unsecured debentures due within 15 years	AA
Up to THB10,000 million senior unsecured debentures due within 15 years	AA
<b>CreditAlert:</b>	Negative

## TRIS Rating Co., Ltd.

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