FRASERS PROPERTY HOLDINGS (THAILAND) CO., LTD.

No. 161/2017 23 November 2017

Issue Rating:

Guaranteed	AA-
Outlook:	Stable

Rating Rationale

TRIS Rating assigns the rating of "AA-" to the proposed issue of up to Bt5,000 million in guaranteed debentures issued by Frasers Property Holdings (Thailand) Co., Ltd. (FPHT or Issuer) under its Bt25,000 million debenture program. The debentures are fully guaranteed by Frasers Centrepoint Limited (FCL or Guarantor). FPHT is a wholly-owned subsidiary of FCL. The issue rating reflects the credit profile of the guarantor (Rating AA- , with a "stable" outlook by TRIS Rating). The proceeds from the bond issuance will be used for refinancing FPHT's debt , investment, and general corporate purposes.

Under the terms of the guarantee agreement, FCL will provide an unconditional and irrevocable guarantee of all amounts due under the terms of the debentures, including the principal, plus any accrued interest, and other related expenses. The guaranteed debentures will rank equally with all other unsecured and unsubordinated obligations of FCL. The guarantee agreement is governed by the laws of Singapore.

The rating reflects FCL's exceptional business profile, supported by its solid track record in the real estate business, diversified portfolio of quality assets in terms of asset range and geography, growing recurring income base, and active management of capital. These strengths are partially offset by a level of higher leverage resulting from its growing portfolio of recurring income assets through series of acquisitions made in recent years.

FCL is an integrated international real estate company based in Singapore. It was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) in 2014. Thai Charoen Corporation Group (TCC Group) is the major shareholder, holding approximately 88% of outstanding shares. FCL has three strategic business units (SBUs): Singapore, Australia, and Hospitality, as well as an International Business Unit. The Singapore and Australia SBUs focus on residential development and commercial property development and investment, including retail malls, offices, and industrial properties. The Hospitality SBU operates over 15,000 serviced apartment and hotel rooms in more than 80 cities across Asia, Australia, Europe, and the Middle East. The International Business Unit engages in the company's investments in China, Southeast Asia, and Europe.

FCL is also a sponsor and its subsidiaries are the managers of three Real Estate Investment Trusts (REITs) listed on the SGX-ST including Frasers Centrepoint Trust (FCT; FCL holds 41.6%), Frasers Commercial Trust (FCOT; FCL holds 26.9%), and Frasers Logistics & Industrial Trust (FLT; FCL holds 20.8%), and a stapled trust listed on SGX-ST, Frasers Hospitality Trust (FHT; FCL holds 22.6%).

For the first nine-months of fiscal year 2017 (fiscal year 2017 (FY2017): October 2016-September 2017), FCL reported SGD3,076 million in revenue, contributed 20% from the Singapore SBU (including FCT and FCOT), 39% from the Australia SBU (including FLT), 19% from the Hospitality SBU (including FHT), and 21% from the International Business Unit.

FCL's exceptional business risk profile reflects its solid track record in the real estate business, diversified portfolio of quality assets, good geographical distribution, and growing recurring income base. Development properties comprised around a quarter of FCL's total assets of SGD24.7 billion, through the first nine months of FY2017 (for the period ending June 2017). However, revenue

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from this segment varies from year to year depending on the number of projects under development and the stage of development and sales. To reduce volatility from the property development business, FCL has been continuously growing the portfolio of recurring income-producing assets, including retail malls, offices and business parks, industrial and logistics properties, plus serviced apartments and hotels. As of 30 June 2017, more than 70% of FCL's total assets are in recurring income assets. Approximately 90% of FCL's assets are in well-developed countries such as Singapore, Australia, and a number of European countries.

FCL's financial risk profile is underpinned by the stability of cash flows from sizable recurring income base and active management of capital. However, leverage is relatively high, the result of a strategy to enlarge the base of recurring income-producing assets through a series of acquisitions.

For the nine-month period ending June 2017, FCL reported SGD3,076 million in revenue and SGD945 million in earnings before interest, tax, depreciation, and amortization (EBITDA). Earnings from recurring income assets comprised approximately 70% of EBITDA. During the next 24 months, FCL's top line could be lumpy as FCL will recognize a sizable amount of income from several residential development projects, especially in Australia. FCL has unrecognized development revenue of SGD3.4 billion as at June 2017 and rental receivable under non-cancellable operating leases estimated at SGD2.15 billion as of 30 September 2016. TRIS Rating forecasts EBITDA will be at least SGD1,100 million per annum over the same period. Operating cash flow derived from the recurring income assets is expected at around 70%-75% of EBITDA. The substantial level of stable operating cash flow is credit positive.

FCL's leverage is expected to remain relatively high. At the end of June 2017, total debt, including lease obligations and perpetual securities, was SGD12,202 million. Adjusted net debt to EBITDA was 10.6 times for the nine-month period ending June 2017, up from 8.7 times in 2015. TRIS Rating holds the view that leverage will remain at this level for the next couple of years, as FCL is constantly looking for opportunities to expand its portfolio of recurring income assets, albeit in a selective manner. However, the net debt to equity ratio is expected to stay below one time as FCL constantly recycles its capital through its four REITs.

Over the next 12-24 months, FCL's liquidity is assessed to be adequate, considering the sources and uses of funds. Sources of funds are EBITDA, estimated at SGD1,100 million per annum and cash and cash equivalents of SGD1,794 million at the end of June 2017. Uses of funds are debts worth SGD1,419 million due in FY2018 and SGD2,950 million due in FY2019, capital spending of SGD600-SGD700 million in total for the next two years, excluding business acquisitions, plus dividend payouts estimated at SGD270-SGD290 million per annum. TRIS Rating holds the view that FCL faces minimal refinancing risk given its strong relationship with banks, proven ability to access capital markets, and strong support from the TCC Group.

Rating Outlook

The "stable" outlook reflects the creditworthiness of FCL and the expectation that FCL will continue to maintain its solid business profile with steady cash flow, and prudently manage its financial profile while growing its portfolio. The issue rating and/or outlook could change if the rating and/or outlook of the guarantor changes.

FCL's rating could be upgraded if the company continues to deliver strong operating performance and improve its leverage such that the adjusted net debt to EBITDA ratio stays below 7 times. The rating could be downgraded if its operating conditions deteriorates significantly or aggressive debt-funded acquisitions leading to further weakening of financial profile so that the adjusted net debt to EBITDA ratio exceeds 12 times on sustained basis.

Frasers Property Holdings (Thailand) Co., Ltd. (FPHT)

Issue Rating:	
Up to Bt5,000 million guaranteed debentures due within 10 years	AA-
Rating Outlook:	Stable

Financial Statistics and Key Financial Ratios*
Frasers Centrepoint Limited (FCL)

Unit: SGD million

	Sep-Jun 2017		------------------ Year Ended 30 September ------------------ 2016	2015	2014	2013	2012
Sales	3,076		3,440	3,562	2,203	2,053	1,412
Gross interest expense	114		168	186	89	79	81
Net income from operations	437		433	530	415	401	252
Earnings before interest, tax, depreciation, and amortization (EBITDA)	945		1,018	1,182	823	598	418
Funds from operations (FFO)	679		801	768	418	77	(31)
Capital expenditures	883		780	1,572	2,012	102	96
Investment in subsidiaries, joint ventures and associates	610		452	409	3,448	34	158
Total assets	24,678		24,204	23,067	21,291	10,445	10,357
Total debts	10,424		9,796	10,275	9,362	1,805	1,593
Total debts, including lease obligations and perpetual securities	12,202		11,574	11,866	10,859	1,832	1,640
Shareholders' equity including minority interest	12,238		11,843	10,651	9,624	5,478	4,956
Operating income before depreciation and amortization as % of sales	27.6		25.1	25.3	33.3	26.6	24.8
Pretax return on permanent capital (%)	4.2	**	4.7	5.7	6.4	9.7	7.7
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	5.6		4.1	4.6	7.6	7.6	5.3
FFO/total net debt (%)	6.3	**	8.0	6.9	4.8	7.4	(2.0)
Total net debt/capitalization (%)	46.0		44.3	49.6	50.9	19.5	8.0
Net debt/EBITDA (times)	10.6		8.9	8.7	10.9	2.1	1.0

* *Consolidated financial statements and all ratios are adjusted with operating lease and perpetual securities*
** *Non-annualized*

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