

# FRASERS PROPERTY HOLDINGS (THAILAND) CO., LTD.

No. 9/2018

6 February 2018

## CORPORATES

### Issue Ratings:

Guaranteed

AA-

Outlook:

Stable

### Issue Rating History:

Date	Rating	Outlook/Alert
23/11/17	AA-	Stable

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## RATIONALE

TRIS Rating affirms the rating of the outstanding guaranteed debentures of Frasers Property Holdings (Thailand) Co., Ltd. (FPHT or Issuer) at "AA-/stable". At the same time, TRIS Rating assigns the rating to FPHT's proposed issue of up to Bt5,000 million in guaranteed debentures at "AA-/stable". Both debentures are issued under FPHT's Bt25,000 million debenture program.

The debentures are fully guaranteed by Frasers Property Limited (FPL or Guarantor), formerly Frasers Centrepoint Limited (FCL). FPHT is a wholly-owned subsidiary of FPL. The issue ratings reflect the credit worthiness of the guarantor (Rating "AA-/stable" by TRIS Rating). The proceeds from the new issues will be used for refinancing FPHT's debt, investment, and general corporate purposes.

Under the terms of the guarantee agreement, FPL 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 FPL. The guarantee agreement is governed by the laws of Singapore.

The ratings reflect FPL's exceptional business profile, supported by its solid track record in the real estate business, well-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 the higher leverage resulting from its growing portfolio of recurring income assets through a series of acquisitions made in recent years.

For fiscal year (FY) 2017, FPL reports a 17% growth in revenue to SGD4,027 million and a 16% rise in earnings before interest, tax, depreciation, and amortization (EBITDA) to SGD1,180 million. The rise in revenue and EBITDA was contributed mainly by the completion and sale of properties in Australia and China, as well as higher contributions from the international business unit in Thailand and Europe.

FPL's leverage rose, following its portfolio expansion. Total debt, including lease obligations and perpetual securities, rose from SGD9,796 million in FY2016 to SGD11,628 million in FY2017. Adjusted net debt to EBITDA rose from 8.9 times in FY2016 to 9.4 times in FY2017. TRIS Rating is of the view that FPL's leverage will remain at this level for the next few years, as FPL is constantly looking for opportunities to grow its portfolio of recurring income assets.

## RATING OUTLOOK

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

## RATING SENSITIVITIES

FPL's rating could be upgraded if the company continues to deliver strong

*CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.*

*Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.*

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 FPL's operating condition deteriorates significantly or aggressive debt-funded acquisitions lead to further weakening of its financial profile so that the adjusted net debt to EBITDA ratio exceeds 12 times on a sustained basis.

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\***
**Frasers Property Limited (FPL)**
*Unit: SGD million*

	----- Year Ended 30 September -----				
	2017	2016	2015	2014	2013
Revenue	4,027	3,440	3,562	2,203	2,053
Gross interest expense	154	168	186	89	79
Net income from operations	409	433	530	415	401
Earnings before interest, tax, depreciation, and amortization (EBITDA)	1,180	1,018	1,182	823	598
Funds from operations (FFO)	862	801	768	418	77
Capital expenditures	883	780	1,572	2,012	102
Investment in subsidiaries, joint ventures and associates	1,355	452	409	3,448	34
Total assets	27,009	24,204	23,067	21,291	10,445
Total debts	11,628	9,796	10,275	9,362	1,805
Total debts, including lease obligations and perpetual securities	13,714	11,574	11,866	10,859	1,832
Shareholders' equity including minority interest	13,049	11,843	10,651	9,624	5,478
Operating income before depreciation and amortization as % of sales	24.4	25.1	25.3	33.3	26.6
Pretax return on permanent capital (%)	5.0	4.7	5.7	6.4	9.7
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	4.8	4.1	4.6	7.6	7.6
FFO/total net debt (%)	7.0	8.0	6.9	4.8	7.4
Total net debt/capitalization (%)	46.4	44.3	49.6	50.9	19.5
Net debt/EBITDA (times)	9.4	8.9	8.7	10.9	2.1

Note: All ratios have been adjusted by operating leases and perpetual securities

\* Consolidated financial statements

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

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**Issue Ratings:****Bt25,000 guaranteed debentures program:**

- |   |     |
|---|-----|
| - FPHT24DA: Bt2,500 million guaranteed debentures due 2024        | AA- |
| - Up to Bt5,000 million guaranteed debentures due within 10 years | AA- |

**Rating Outlook:**

Stable

**TRIS Rating Co., Ltd.**

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