

FRASERS PROPERTY HOLDINGS (THAILAND) CO., LTD.

No. 56/2018

31 July 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 ratings on 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 Bt6,000 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). FPHT is a wholly-owned subsidiary of FPL. The issue ratings reflect the creditworthiness of the guarantor (Rating “AA-/stable” by TRIS Rating). The proceeds from the new issues will be used for the repayment of existing debt and/or investment, and/or financing its working capital.

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 the first six-month period (ending March 2018) of fiscal year, FPL’s performance was in line with TRIS Rating’s expectation. FPL reports SGD1,582 million in revenue and SGD564 million in earnings before interest, tax, depreciation, and amortization (EBITDA). Total debt, including lease obligations and perpetual securities, rose from SGD11,628 million in FY2017 to SGD14,199 for six-month period ended March 2018, reflecting ongoing portfolio expansion. Adjusted net debt to EBITDA rose from 9.4 times in FY2017 to 12.5 times (annualized with the trailing 12 months) for the first half of FY2018. The leverage ratio was in line with our base-case assumption. 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 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

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.

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.

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

Issue Ratings:

Bt25,000 guaranteed debentures program:

- FPHT213A: Bt2,000 million guaranteed debentures due 2021	AA-
- FPHT233A: Bt1,000 million guaranteed debentures due 2023	AA-
- FPHT24DA: Bt2,500 million guaranteed debentures due 2024	AA-
- FPHT283A: Bt2,000 million guaranteed debentures due 2028	AA-
- Up to Bt6,000 million guaranteed debentures due within 10 years	AA-

Rating Outlook:

Stable

TRIS Rating Co., Ltd.

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