

SINGHA ESTATE PLC

No. 42/2025
4 April 2025

CORPORATES

Company Rating:	BBB
Issue Ratings:	
Senior unsecured	BBB-
Outlook:	Stable

Last Review Date: 21/11/24

Company Rating History:

Date	Rating	Outlook/Alert
21/11/24	BBB+	Negative
09/05/23	BBB+	Stable

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RATIONALE

TRIS Rating downgrades the company rating on Singha Estate PLC (S) to “BBB” from “BBB+” and the ratings on its existing senior unsecured debentures to “BBB-” from “BBB”. The rating outlook is revised to “stable” from “negative”.

The downgrades stem from the company’s residential business performance falling short of anticipated levels, consequently slowing the projected reduction in financial leverage. The ratings continue to reflect the good quality of the company’s hotel portfolio, well-accepted residential brands, and recurring revenue streams from its commercial business. The ratings are, however, constrained by the cyclical nature of the hotel industry and the company’s limited track record in the real estate business.

The issue ratings are one notch below the company rating due to the subordination of the company’s senior unsecured debentures to its priority debt, in terms of the priority of claims against the company’s assets.

KEY RATING CONSIDERATIONS

Weaker-than-expected residential performance

Residential revenue decreased by 9% year-on-year (y-o-y), reaching THB3.3 billion, compared to the previously estimated THB5.3 billion. This variance is attributed to lower-than-anticipated sales and transfers of both landed properties and condominium units, influenced by a stagnant residential market characterized by reduced consumer purchasing power, elevated household debt, and a substantial inventory of landed properties. The residential gross margin contracted to 19% in 2024, down from 24% in 2023, reflecting increased price competition within the subdued market.

As of the end of 2024, the company had 12 ongoing projects, comprising 10 landed property projects and two condominium projects, all located in Bangkok, with a combined unsold project value of THB15 billion. The company’s residential backlog stood at THB1.5 billion, with approximately THB800 million expected to be recognized as revenue in 2025, and the remainder distributed across 2026-2027. The company has adopted a more conservative approach to new project launches, planning only one joint-venture condominium project valued at approximately THB3 billion in 2025. We assume project launches worth around THB5 billion per annum for 2026-2027, with a land acquisition budget of approximately THB1.3 billion per annum for the period 2025-2027.

We forecast an increase in S’s residential revenue for 2025, driven by a greater volume of active projects from launches in previous year. However, persistent pressures from high household debt and elevated market inventory are expected to constrain sales and margins. Residential revenue is projected to reach approximately THB4.2 billion in 2025, with a subsequent increase to THB4.4-THB4.9 billion per annum in 2026-2027. The residential gross profit margin is anticipated to remain at 19% in 2025 due to continued price competition, with a projected recovery to 23%-24% in 2026-2027 as the supply-demand imbalance in the residential market eases.

Well-accepted residential brands in luxury segments

In our view, the company’s residential brands remain well accepted in terms of quality and style among high-end residential customers, despite its narrowly focused penetration strategy in high-end single-family detached houses and

condominium projects. Ongoing housing projects include Santiburi The Residences, an ultra-luxury project with an average unit price of THB200 million, and Siraninn Residences, a super-luxury project with an average unit price of THB100 million. For condominium projects, the company's The ESSE brand covers luxury condominiums in the THB250,000-THB300,000 per square meter (sq.m.) price range, while the new The Extro brand covers luxury condominiums in the THB200,000-THB250,000 per sq.m. price range.

In 2023-2024, S expanded its brand portfolio to include S'Rin and Shawn, targeting a lower price range of THB20-THB60 million for luxury housing units, and introduced a new super-luxury brand Smyth. We believe the introduction of these new housing brands and segments, if successful, would further strengthen the company's residential business. However, the company still has a limited track record in covering a wider range of price points.

Hotel performance to continue improving

We project continued revenue growth for the company's hotel operations over the period 2025-2027. This growth is anticipated to be driven by the ongoing improvement of the tourism sector and the company's planned expansion of its hotel portfolio through acquisitions. The overall hotel occupancy rate (OR) is forecast to increase to 70% in 2025, due in part to the absence of major renovations. However, a projected decline in OR to approximately 67%-68% is expected for 2026-2027 due to planned renovations at properties including Santiburi Koh Samui, SAii Phi Phi Island resort, and its assets in Fiji and Mauritius. The average daily room rate (ADR) is expected to exhibit a moderate annual increase of 2% over the same period, with ADR uplifts at some properties following renovations. Consequently, hotel revenue is projected to reach THB11.2-THB12.0 billion per annum between 2025 and 2027. The hotel EBITDA margin is expected to remain around 26%-27% throughout the forecast period.

In 2024, the company's hotel performance demonstrated continued improvement, attributed to the robust recovery of global tourism. Hotel revenue increased by 7% y-o-y, reaching THB10.5 billion, with growth observed across the company's properties in Thailand, the Maldives, Fiji, and Mauritius. Conversely, the UK portfolio experienced a y-o-y revenue decline, influenced by softened business travel demand, asset divestments, and property renovations. The company's overall hotel revenue growth was primarily driven by a 12% increase in ADR, with a marginal rise in the occupancy rate to 67% from 66% in the previous year. This slight increase in occupancy was tempered by renovations at SAii Laguna Phuket, which impacted occupancy rates during the second to fourth quarters of 2024, prior to the full resumption of operations at the property in December 2024.

Expanding hotel portfolio via brownfield acquisitions

The company's hotel expansion strategy is centered on acquiring operational hotels, with a specific focus on upper midscale to luxury properties located in leisure destinations. Concurrent to this expansion, the company aims to keep enhancing the quality of its existing hotel assets and improving the overall efficiency of its hotel portfolio.

In 2025, the company will proceed with its initiative to upgrade its UK hotel properties. The company has signed contracts with The Ascott Limited for the renovation and rebranding of its four UK properties under Ascott's brands. This initiative aims to reposition these assets within a higher market segment. Furthermore, the company has a continuous renovation pipeline for other properties extending over the next five years to maintain the competitiveness of its properties and facilitate increases in ADR.

We expect the company to allocate a budget of THB0.6-THB1.0 billion per annum for hotel renovations during the period 2025-2027. Additionally, our base-case projection assumes a hotel acquisition budget of approximately THB2 billion per annum for the years 2026-2027.

Surge in new supply pressures commercial business

The company's commercial assets comprise four office buildings and one small retail space, with a total leasable area of around 193,000 sq.m. The company's office buildings are well located in both central business district (CBD) and non-CBD areas of Bangkok, offering easy access via public transportation. The office buildings are of good quality and mostly relatively new, and comprise the Singha Complex and S-Metro buildings, about six and nine years old respectively; the S-OASIS building opened in late 2022; and Suntowers, which despite being opened in 1992, remains well-maintained.

S's commercial business has maintained relatively consistent annual revenues of approximately THB1 billion in the recent years (excluding non-recurring income). However, the segment has encountered challenges due to a substantial increase in new office space supply. Consequently, the company's overall commercial property OR, excluding the S-Oasis building, declined from 86% in 2022 to 83% in 2023, and further to 80% in 2024.

Looking forward, we anticipate continued pressure on the company's commercial operations due to the ongoing influx of new office space. According to CB Richard Ellis (CBRE) estimates, approximately 560,000 sq.m. of new office space is expected to enter the Bangkok market in 2025-2026, while net take-up is estimated at around 80,000 sq.m. per year during

the same period. TRIS Rating forecasts a further decrease in the overall OR (excluding the S-Oasis building) to 79% in 2025, aligning with the trend observed in late 2024, and anticipates this level to persist through 2026-2027. Additionally, rental rate increases are expected to be limited due to heightened competition stemming from the office market's oversupply. Conversely, the S-Oasis Building is projected to experience a gradual increase in OR during the ramp-up period, ranging from 45% to 75% between 2025 and 2027, up from 28% in 2024. As a result, commercial real estate revenue is projected to remain within the THB1.2-THB1.4 billion per annum range for the period 2025-2027.

Slow-than-expected industrial land sales

The company entered the industrial estate business in 2021 by investing in the S-Angthong Industrial Estate project, located on the Asian Highway in Angthong Province. The project has a total salable area of 992 rai and a project value of around THB4 billion. Also, the company has invested in a 30% stake in three combined cycle power plants, namely B. Grimm Power (Angthong) 1 (BPAT1), B. Grimm Power (Angthong) 2 (BPAT2), and B. Grimm Power (Angthong) 3 (BPAT3). Collectively, these plants offer a total installed capacity of around 400 megawatts and have secured power purchase agreements with the Electricity Generating Authority of Thailand (EGAT) for a 25-year term, representing roughly 70% of their total generation capacity.

In 2024, S's industrial estate business generated THB209 million in revenue from land sales, representing the transfer of approximately 57 rai of land. This figure fell short of both the company's expectation and our previous forecast. The relatively nascent and unfamiliar status of Angthong province as an industrial estate location is cited as a primary factor for the slow land sales. The gradual development of surrounding communities should enhance sales traction. TRIS Rating projects land sales of approximately 60 rai per annum for the period 2025-2027. Furthermore, utility income is expected to increase with the expansion of the customer base within the industrial estate. Consequently, revenue from the industrial estate business is projected to range from THB310-THB330 million per annum for the years 2025-2027.

Leverage to decline at a slower pace than previously expected

The company's financial leverage remained elevated in 2024, with the adjusted debt to EBITDA ratio hovering at approximately 10 times. This figure exceeded previous forecasts, which projected a decrease to around 8.7 times in 2024 and a further reduction to below 8 times in 2025. The shortfall is primarily attributed to weaker-than-anticipated performance of the residential property business. Given the continued sluggishness of the residential market, at least through 2025, with a gradual recovery expected in 2026-2027, we revise down our projection for S's EBITDA to THB4.1 billion in 2025, THB4.2 billion in 2026, and THB4.8 billion in 2027, around 15%-20% lower than our previous forecast. Capital expenditures are projected to be approximately THB1.4 billion, THB2.6 billion, and THB3.0 billion for 2025, 2026, and 2027, respectively. These investments will predominantly fund hotel property renovations and acquisitions. Consequently, we forecast the adjusted debt to EBITDA ratio to remain within the 8-9 times range in 2025-2026, with a gradual decline to approximately 8 times in 2027. The funds from operations (FFO) to debt ratio is expected to improve, stabilizing at around 5% in 2025-2026 and reaching 7% in 2027.

The key financial covenants on the company's bank loans and debentures require the company to maintain its interest-bearing debt to equity ratio below 2 times and its net interest-bearing debt to equity ratio below 2.5 times, respectively. As of December 2024, the ratios were 1.50 times and 1.38 times, respectively.

Manageable liquidity

The company's sources of funds included cash and cash equivalents of THB2.6 billion and undrawn credit facilities of around THB7.7 billion as of December 2024. We expect cash flow from operations of around THB2.6 billion in 2025. The uses of funds include loans of THB10.3 billion coming due in the next 12 months. The company may need to refinance a major portion of its maturing debt or seek additional funding to meet its investment plans. We expect capital expenditure of THB1.4 billion in 2025.

Debt structure

As of December 2024, S had consolidated debt of THB33 billion, of which around THB29 billion was considered priority debt. S's priority debt consisted of secured loans at the company level and secured and unsecured loans at subsidiaries. As its priority debt ratio was 86%, well exceeding the threshold of 50% according to TRIS Rating's "Issue Rating Criteria", we view that S's senior unsecured creditors could be significantly disadvantaged compared with its priority debt holders with respect to claims against the company's assets.

BASE-CASE ASSUMPTIONS

For the three-year period from 2025-2027, TRIS Rating's assumptions for S's operations are as follows:

- Revenue of THB16.9-THB18.5 billion per annum in 2025-2027.
- EBITDA margin to be around 24%-26%.
- Capital expenditures of around THB1.4 billion in 2025 and THB2.6-THB3.0 billion per annum in 2026-2027.
- Land acquisitions of THB1.3 billion per annum.

RATING OUTLOOK

The "stable" outlook reflects our expectation that the company will maintain its competitiveness in its core businesses and that its operating performance and credit metrics will gradually improve.

RATING SENSITIVITIES

A rating upgrade could materialize if the company demonstrates significantly better-than-expected operating performance, causing the adjusted debt to EBITDA ratio to stay below 8 times on a sustained basis. The rating could be revised downward if the company's operating performance is significantly weaker than expected or if the company makes more debt-financed investments than anticipated that cause the financial leverage to deteriorate from the current level.

COMPANY OVERVIEW

Singha Estate PLC (S) (formerly known as Rasa Property PLC) was established in 1995 and listed on the Stock Exchange of Thailand (SET) in 2007 under the stock symbol RASA. In 2014, the company completed its business acquisition by accepting the entire business transfer from Singha Property Management Co., Ltd.'s group and Mr. Santi Bhirombhakdi's group. The company also executed a shareholding restructuring, resulting in a change in the major shareholders to Singha Property Management (a wholly owned subsidiary of Boon Rawd Brewery Group) and Mr. Santi Bhirombhakdi. Thereafter, the company was renamed Singha Estate PLC, with the SET ticker symbol changing from RASA to S. As of December 2024, the Singha Property Management group and Mr. Santi Bhirombhakdi's group together controlled 70% of S's total paid-up shares.

The company engages in four core real estate businesses: hospitality business, residential business, commercial business, as well as industrial estate and infrastructure business. The company's assets consist of 36 hotels with 4,290 keys in five countries, 12 ongoing residential projects, five commercial buildings, and one industrial estate, S-Angthong, located in Angthong Province. In 2024, 69% of S's revenue came from the hospitality business, 22% from the residential business, 7% from the commercial business, and 2% from the industrial estate business.

KEY OPERATING PERFORMANCE

Table 1: S's Revenue Breakdown

Unit: %

Revenue Breakdown	Unit	2020	2021	2022	2023	2024
Total revenue	Mil. THB	6,563	7,739	12,530	14,675	15,095
Hospitality business	%	24	58	69	66	69
Residential business	%	61	29	21	25	22
Commercial business	%	15	12	8	8	7
Industrial estate business	%	0	0	2	1	2
Total revenue	%	100	100	100	100	100

Sources: S & TRIS Rating calculation

Table 2: S's Hotel Portfolio

	Hotel	Country	Segment	Number of Keys
Self-managed hotels under owned brands				
1	SAii Phi Phi Island Village	Thailand	Upscale	201
2	SAii Laguna Phuket	Thailand	Upper Upscale	255
3	SAii Koh Samui Villas	Thailand	Upper Upscale	52
4	Santiburi Koh Samui	Thailand	Luxury	96
5	Konotta Maldives	Republic of Maldives	Upper Upscale	53
Hotels under hotel management agreement with Outrigger Group				
6	Outrigger Fiji Beach Resort	Republic of the Fiji Islands	Upper Upscale	253
7	Castaway Island, Fiji	Republic of the Fiji Islands	Upper Upscale	65
8	Outrigger Mauritius Beach Resort	Republic of Mauritius	Upper Upscale	181
Hotels under CROSSROADS Project				
9	SAii Lagoon Maldives, Curio Collection by Hilton	Republic of Maldives	Upper Upscale	198
10	Hard Rock Hotel Maldives	Republic of Maldives	Upper Upscale	178
11	SO/ Maldives	Republic of Maldives	Luxury	80
SHR's hotels in the United Kingdom portfolio				
12-33	22 hotels	United Kingdom	Upper Mid-Scale	2,449
Hotels operating under joint venture				
34-36	2 hotels under Holiday Inn brand and 1 hotel under Mercure brand	United Kingdom	Upper Mid-Scale	229
Total				4,290

Source: S

Table 3: S's Existing Residential Projects as of December 2024

Project Name	Project Value (Mil. THB)	Presales (% of Total Project Value)	Transfer (% of Total Project Value)
1 The ESSE Sukhumvit 36	5,951	93%	93%
2 The Extro Phayathai-Rangnam	3,977	34%	30%
3 Santiburi The Residences	4,833	96%	77%
4 Siraninn Residences	2,833	96%	93%
5 Sentre (home office)	76	80%	80%
6 La Soie De S	952	58%	49%
7 S'Rin Ratchaphruek Sai 1	3,572	35%	34%
8 Shawn Panyaindra	1,782	12%	10%
9 Shawn Wongwaen - Chatuchot	2,760	4%	3%
10 Smyth Ramintra	401	0%	0%
11 Smyth Kaset Nawamin	1,030	8%	8%
12 S'Rin Prannok Kanchana	4,325	0%	0%
Total	32,492		

Source: S

Table 4: S's Commercial Building Portfolio

	Property Name	Location	Rental Space (Sq.m.)
1	Suntowers	Bangkok	63,786
2	Singha Complex	Bangkok	58,927
3	S-Metro	Bangkok	13,677
4	S-OASIS	Bangkok	53,480
5	The Lighthouse	Bangkok	3,317
	Total		193,187

Source: S

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	15,216	14,875	12,703	7,987	6,749
Earnings before interest and taxes (EBIT)	2,112	2,007	1,479	(197)	(1,503)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	3,501	3,514	2,729	897	(305)
Funds from operations (FFO)	1,200	1,268	1,074	(495)	(1,692)
Adjusted interest expense	2,240	2,118	1,513	1,225	1,136
Capital expenditures	1,060	2,158	1,889	1,550	1,292
Total assets	72,541	74,598	68,810	65,990	65,113
Adjusted debt	35,919	36,474	31,332	30,544	20,973
Adjusted equity	22,414	22,708	22,606	21,898	23,541
Adjusted Ratios					
EBITDA margin (%)	23.0	23.6	21.5	11.2	(4.5)
Pretax return on permanent capital (%)	3.4	3.3	2.6	(0.4)	(2.9)
EBITDA interest coverage (times)	1.6	1.7	1.8	0.7	(0.3)
Debt to EBITDA (times)	10.3	10.4	11.5	34.1	(68.7)
FFO to debt (%)	3.3	3.5	3.4	(1.6)	(8.1)
Debt to capitalization (%)	61.6	61.6	58.1	58.2	47.1

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Singha Estate PLC (S)

Company Rating:	BBB
Issue Ratings:	
S268A: THB1,700 million senior unsecured debentures due 2026	BBB-
S271A: THB650 million senior unsecured debentures due 2027	BBB-
S272A: THB1,000 million senior unsecured debentures due 2027	BBB-
S281A: THB1,350 million senior unsecured debentures due 2028	BBB-
Rating Outlook:	Stable

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