

GROUP LEASE PLC

No. 3/2017

18 October 2017

Issue Rating:

Partially guaranteed BB+

CreditAlert Designation: Negative**Rating History:**

Date	Rating	Outlook/Alert
05/04/17	A-	Negative
05/02/14	A-	Stable

Rationale

TRIS Rating downgrades the rating of the outstanding senior partially guaranteed debentures of Group Lease PLC (GL) to “BB+” from “A-”, and places the debentures on CreditAlert, with a “negative” implication.

The rating of the partially guaranteed debentures is based on the credit profiles of both the guarantor and the issuer (GL). Sixty-five percent (65%) of the outstanding principal and interest of the debentures is guaranteed by KASIKORNBANK PLC (KBANK), rated “BBB+” by S&P Global Ratings, with a “stable” outlook (international scale).

The downgraded rating for the debentures reflects GL’s lower credit profile, following an allegation by The Securities and Exchange Commission (SEC) as announced on 16 October 2017 against Mr. Mitsuji Konoshita, a top executive of GL, for misconduct and misrepresentation in relation to transactions with related parties, allegedly to inflate the company’s financial performance. Mr. Konoshita will be subject to an investigation by the Department of Special Investigation (DSI). SEC’s allegation has raised serious questions regarding the condition of GL’s underlying business, its financial health, and future prospects. These uncertainties have led to TRIS Rating’s assessment of a drastically deteriorated credit profile of GL.

The “negative” alert designation reflects uncertainties regarding further business and financial deterioration within short period. TRIS Rating may take further rating actions should there be additional information that warrants a re-assessment of the company’s business and financial condition and its future prospects.

Group Lease PLC (GL)**Issue Rating:**

GL199A: Bt1,500 million senior partially guaranteed debentures due 2019 BB+

CREDIT ALERT DESIGNATION:

Negative

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