

CENTRAL PATTANA PLC

No. 105/2022
23 September 2022

CORPORATES

| | |
|------------------------|--------|
| Company Rating: | AA |
| Issue Ratings: | |
| Senior unsecured | AA |
| Outlook: | Stable |

Last Review Date: 04/03/22

Company Rating History:

| Date | Rating | Outlook/Alert |
|----------|--------|------------------|
| 29/12/21 | AA | Stable |
| 12/07/21 | AA | Alert Negative |
| 16/01/19 | AA | Stable |
| 18/09/18 | AA | Alert Developing |
| 22/09/17 | AA | Stable |
| 12/05/14 | AA- | Stable |
| 05/02/13 | A+ | Positive |
| 23/05/07 | A+ | Stable |
| 22/02/05 | A | Stable |
| 12/07/04 | A- | Positive |
| 04/10/02 | A- | - |
| 17/05/01 | BBB+ | - |

Contacts:

Suchana Chantadisai
suchana@trisrating.com

Pamuansap Phonprasert
pramuansap@trisrating.com

Wajee Pitakpaibulkij
wajee@trisrating.com

Suchada Pantu, Ph.D.
suchada@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Central Pattana PLC (CPN) and the ratings on CPN's existing senior unsecured debentures at "AA", with a "stable" outlook. At the same time, we assign the rating of "AA" to CPN's proposed issue of up to THB8.5 billion senior unsecured debentures due within 15 years. The proceeds from the new debentures will be used for debt refinancing and funding business expansion.

The ratings reflect CPN's leading position in the retail property development industry in Thailand, proven track record of managing high-quality assets, and reliable cash flow from contract-based rental and service income. The ratings also take into consideration the company's large capital expenditures needed for business expansion during 2022-2024 and a gradual recovery of the retail sector from the impact of the Coronavirus Disease 2019 (COVID-19) pandemic.

We expect CPN to retain its leading position in the retail property development market. CPN's dominant position is evidenced by its leading market share of 22% of the nationwide retail space market, with an occupancy rate (OR) of around 90% for the past several years.

After the Siam Future Development PLC (SF) acquisition, CPN's total net leasable retail area increased by 20% to 2.3 million square meters (sq.m.). With the inclusion of the 18 community malls and one super regional mall under SF, CPN has strengthened its leading position in most types of retail property in Thailand. As of June 2022, CPN managed 56 shopping centers and community malls, 33 in Bangkok, 22 in provincial areas, and one in Malaysia, as well as retail space under Grand Canal Land PLC (GLAND).

CPN showed clear signs of recovery in operating performance in the first half of 2022, achieving 60% of our 2022 forecast. Following the government's lifting of COVID-19 induced restrictions in November 2021 and the opening of a new shopping center, CPN's operating revenue and earnings before interest, taxes, depreciation, and amortization (EBITDA) reached THB17.2 billion and THB11.4 billion, respectively in the first half of 2022.

The average OR as of June 2022 was around 90%. CPN continued to provide rental discounts for its tenants during the first six months of 2022 and this is expected to be going throughout 2022 to ease the hardships of tenants amid weak consumer spending.

We assess CPN to have adequate liquidity over the next 12 months. As of June 2022, CPN's debt maturing over the next 12 months will amount to THB34.7 billion, comprising THB18.5 billion short-term obligations, THB6.9 billion long-term loans, THB6.5 billion debentures, and THB2.8 billion lease liability. We project CPN's capital expenditures to amount to THB20 billion annually during 2022-2024. CPN's sources of funds consisted of cash on hand of THB4.3 billion and current investments of THB3.9 billion as of June 2022, and undrawn committed credit facilities of THB11.9 billion. Funds from operations (FFO) are forecast to be around THB15-THB20 billion per year during 2022-2023. In addition, CPN had unencumbered assets at book value of around THB164 billion, which can be pledged as collateral for new loans, if needed.

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.

At the end of June 2022, CPN had secured debt of THB4.8 billion. As the ratio of its secured debt to cost value of total assets was only 2%, we view that CPN's unsecured creditors are not significantly disadvantaged with respect to claims against the company's assets.

RATING OUTLOOK

The "stable" outlook reflects our expectation that CPN will be able to deliver operating results as targeted amidst a challenging business environment. Despite a more aggressive business expansion, we expect CPN to sustain its strong financial profile and keep the net debt to EBITDA ratio, excluding lease liability, below 4.5 times.

RATING SENSITIVITIES

A credit upside could occur if CPN strengthens its financial position while maintaining a strong business profile. On the contrary, the ratings and/or outlook could be revised downward should its operating performance and/or financial profile significantly deviate from our expectations or the net debt to EBITDA ratio, excluding lease liability, stays well above 4.5 times for an extended period.

RELATED CRITERIA

- Corporate Rating Methodology , 15 July 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Rating Methodology for Real Estate for Rent Companies, 15 July 2021
- Issue Rating Criteria, 15 June 2021

Central Pattana PLC (CPN)

| | |
|--|--------|
| Company Rating: | AA |
| Issue Ratings: | |
| CPN235A: THB2,000 million senior unsecured debentures due 2023 | AA |
| CPN241A: THB2,000 million senior unsecured debentures due 2024 | AA |
| CPN242A: THB3,000 million senior unsecured debentures due 2024 | AA |
| CPN248A: THB5,000 million senior unsecured debentures due 2024 | AA |
| CPN253A: THB1,500 million senior unsecured debentures due 2025 | AA |
| CPN256A: THB1,000 million senior unsecured debentures due 2025 | AA |
| CPN258A: THB1,000 million senior unsecured debentures due 2025 | AA |
| CPN25DA: THB1,000 million senior unsecured debentures due 2025 | AA |
| CPN261A: THB1,250 million senior unsecured debentures due 2026 | AA |
| CPN261B: THB750 million senior unsecured debentures due 2026 | AA |
| CPN268A: THB4,000 million senior unsecured debentures due 2026 | AA |
| CPN273A: THB1,000 million senior unsecured debentures due 2027 | AA |
| CPN293A: THB1,000 million senior unsecured debentures due 2029 | AA |
| CPN323A: THB2,000 million senior unsecured debentures due 2032 | AA |
| Up to THB8,500 million senior unsecured debentures due within 15 years | AA |
| Rating Outlook: | Stable |

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2022, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution, or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria