

# WHA PREMIUM GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST

No. 32/2021

28 April 2021

## CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Outlook:	Stable

Last Review Date: 29/01/21

### Company Rating History:

Date	Rating	Outlook/Alert
26/01/18	A	Stable

### Contacts:

Hattayanee Pitakpatapee  
hattayanee@trisrating.com

Nauwarut Temwattanangkul  
nauwarut@trisrating.com

Wajee Pitakpaibulkij  
wajee@trisrating.com

Sasiporn Vajarodaya  
sasiporn@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART or “trust”) and the issue ratings on WHART’s outstanding senior unsecured debentures at “A” with a “stable” outlook. At the same time, TRIS Rating assigns the rating of “A” to WHART’s proposed issue of up to THB3 billion in senior unsecured debentures due within seven years. The proceeds from the new debentures will be used to refinance some of its existing debts and/or for potential future acquisitions and/or for business operation.

The ratings reflect the trust’s reliable cash flow from contract-based rental income, strong operating performance, and its moderate financial leverage. However, the ratings are constrained by the tenant concentration risk. The ratings also take into consideration our concerns over the prolonged impacts of the Coronavirus Disease 2019 (COVID-19) pandemic, which has been a key factor suppressing the demand for industrial properties.

WHART’s operating performance remains favorable at an average occupancy rate (OR) before undertaking of around 90% in 2020. We expect the trust to maintain an average OR above 90% over the next three years, supported by the strategic locations of WHART’s properties and regular asset enhancement from its sponsor. Despite the COVID-19 pandemic, revenue rose 13% year-on-year (y-o-y) to THB2.55 billion in 2020. The earnings before interest, tax, depreciation, and amortization (EBITDA) margin stood at 88%. We expect the trust to maintain its EBITDA margin at this level over the next three years. However, the recent resurgence of COVID-19 infections may dampen the recovery prospects of the Thai economy in 2021. We see the risk that the trust’s performance might be affected by further drops in occupancy and lease renewal rates.

We expect WHART to maintain its financial leverage at a moderate level over the next few years, with a loan to fair value of total assets ratio (LTV) not higher than 35%, as per the trust’s policy. The trust’s LTV ratio stood at 25% at the end of December 2020. We forecast the LTV ratio to range between 28%-30% during 2021-2022. The financial covenant on WHART’s loan obligations requires the maintenance of the LTV ratio below 35% and an interest-bearing debt to EBITDA ratio of less than 5.5 times. The ratios at the end of December 2020 were 25% and 4.5 times, respectively.

As of March 2021, WHART’s outstanding debt was THB10.16 billion, comprising debentures of THB5 billion, long-term loans totaling THB2.16 billion, and a bridge loan of THB3 billion. The trust intends to use the proceeds from the new debentures to refinance the bridge loan. WHART has a series of debt repayments due in the years ahead, including THB1.95 billion due in 2022, followed by THB820 million due in 2023, and THB3.89 billion due thereafter. The trust plans to refinance these bullet repayments with the proceeds from debentures issuance and/or long-term loans. We believe the trust should have no difficulty in obtaining the refinancing.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that WHART’s property portfolio will continue to generate steady cash flow and a high level of OR above 90% with sound profitability during 2021-2022. In addition, we expect the trust will be able to keep the LTV below 35% in accordance with the trust’s policy and be able to comply with its financial covenants.

## RATING SENSITIVITIES

WHART’s ratings and/or outlook could be revised downward if the OR drops significantly below expectations and/or the LTV ratio stays above 35% for a prolonged period. On the other hand, the ratings and/or outlook could be revised upward if WHART can enlarge its cash flows substantially and improve its capital structure noticeably, leading to higher cash flow protection over a sustained period.

## RELATED CRITERIA

- Key Financial Ratios and Adjustments, 5 September 2018
- Real Estate Investment Trust, 12 October 2016

## WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
WHART222A: THB950 million senior unsecured debentures due 2022	A
WHART22DA: THB1,000 million senior unsecured debentures due 2022	A
WHART242A: THB850 million senior unsecured debentures due 2024	A
WHART253A: THB1,200 million senior unsecured debentures due 2025	A
WHART26DA: THB500 million senior unsecured debentures due 2026	A
Up to THB3,000 million senior unsecured debentures due within 7 years	A
<b>Rating Outlook:</b>	Stable

### TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

© Copyright 2021, 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](http://www.trisrating.com/rating-information/rating-criteria)