

# ROYAL ORCHID HOTEL (THAILAND) PLC

No. 64/2025  
24 June 2025

## CORPORATES

**Company Rating:** B-  
**Outlook:** Negative

**Last Review Date:** 04/04/25

### Company Rating History:

Date	Rating	Outlook/Alert
04/04/25	B	Negative
26/03/24	B+	Negative
19/03/21	BB-	Negative

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## RATIONALE

TRIS Rating downgrades the company rating on Royal Orchid Hotel PLC (ROH) to "B-" from "B". The rating outlook remains "negative".

The rating downgrade follows Grande Asset Hotels and Property PLC's (GRAND) default on a THB300 million debenture repayment that was due on 22 June 2025 as ROH's debt-servicing ability is closely tied to GRAND.

GRAND is the controlling shareholder of ROH and serves as its primary source of cash flow, which is critical for ROH to meet its financial obligations. These include the lease payments and the obligation to repurchase its sole operating asset, the Royal Orchid Sheraton Hotel & Towers, from Grande Royal Orchid Hospitality Real Estate Investment Trust with Buy-Back Condition (GROREIT) in 2026.

Under the REIT buy-back transaction, ROH sold the hotel asset to GROREIT for approximately THB4.5 billion and received net proceeds of about THB4.3 billion in July 2021. The company then leased the asset back, agreeing to annual lease payments of THB272 million, and is obligated to repurchase the asset in July 2026 for THB4.9 billion.

ROH lent most of the sale proceeds to GRAND under a five-year loan agreement beginning in July 2021. As of March 2025, the outstanding loan from ROH to GRAND stood at around THB4 billion, with an interest rate of 8.9% per annum. Consequently, ROH's ability to service its debt and meet its financial obligations remains heavily reliant on receiving timely interest payments and loan repayments from GRAND.

## RATING OUTLOOK

The "negative" outlook reflects ROH's exposure to the counterparty risk of GRAND, which is now in default.

## RATING SENSITIVITIES

The "negative" outlook could be revised to "stable" if GRAND can monetize its assets or secure the necessary funding to continue repaying its creditors. Conversely, the downside scenario would materialize if it becomes clear that GRAND will not be able to meet its debt obligation owed to ROH and that ROH cannot secure alternative funding for the buy-back obligation.

## COMPANY OVERVIEW

ROH was incorporated in 1978 to develop and operate the luxury hotel, Royal Orchid Sheraton Hotel & Towers. The hotel is located on the Chao Phraya River with 726 rooms. The company has appointed Marriott International Inc. to operate the hotel under the Sheraton brand. As of March 2025, ROH's largest shareholder was GRAND, holding 97% of the total outstanding shares.

## RELATED CRITERIA

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

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**Royal Orchid Hotel (Thailand) PLC (ROH)**

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**Company Rating:**

**B-**

**Rating Outlook:**

**Negative**

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**TRIS Rating Co., Ltd.**

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