

FRASERS PROPERTY THAILAND INDUSTRIAL FREEHOLD AND LEASEHOLD REIT

No. 78/2025
20 May 2025

CORPORATES

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

Last Review Date: 25/10/24

Issuer Rating History:		
Date	Rating	Outlook/Alert
23/04/18	A	Stable

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RATIONALE

TRIS Rating affirms the issuer rating on Frasers Property Thailand Industrial Freehold and Leasehold REIT (FTREIT or trust) and the ratings on its existing senior unsecured debentures at “A”, with a “stable” rating outlook. At the same time, we assign a rating of “A” to FTREIT’s proposed issue of up to THB1.75 billion senior unsecured debentures due within 10 years. The proceeds from the new debentures are intended to be used to refinance some of the trust’s existing debt.

The ratings reflect the trust’s sizable and well-diversified portfolio, satisfactory occupancy rate (OR), and prudent financial policy. The ratings also take into consideration the increasing pressure on the trust’s occupancy and rental rates, stemming from intensified competition and ongoing uncertainty regarding US tariffs.

KEY RATING CONSIDERATIONS

Sizable and well diversified portfolio

FTREIT is one of the largest industrial real estate investment trust (REIT) in Thailand. As of March 2025, the trust owned and managed 710 properties, with a total leasable area of 2.29 million square meters (sq.m.), valued at approximately THB51 billion. Its portfolio includes ready-built factories (RBF) and ready-built warehouses (RBW) at around 86%, and built-to-suit warehouses (BTSW) and built-to-suit factories (BTSF) at around 14% of leasable area. Approximately 72% of its leasable area consists of freehold assets, while the remainder is made up of leasehold assets with an average remaining lease period of approximately 20 years.

FTREIT’s portfolio is well-diversified across three key industrial and logistics hubs in Thailand: the Eastern Economic Corridor (EEC) and Eastern Bangkok (58%), Northern Bangkok (23%), and the Central Region (19%). Tenant concentration risk is moderate, with the 10 largest tenants accounting for 23% of total rental and service income in the first half of fiscal year (FY) 2025 (financial year ending 30 September).

Occupancy rate may fall but should remain satisfactory

TRIS Rating anticipates FTREIT’s average OR, including guaranteed undertakings from its sponsor, will remain above 80% over the next three years. The trust’s average OR has been consistently healthy over the past three years, ranging approximately between 85%-86% in FY2023-FY2025, up from around 82% in FY2021-FY2022. This strong OR is attributed to the increasing demand for RBF amid limited market supply. The OR for RBF rose steadily to 94% as of March 2025, up from 84% at the end of FY2022. The OR for RBW fluctuated between 83%-88% during the same period due to heightened market supply.

Although the trust’s weighted average lease expiry (WALE) is relatively short at approximately two years, the trust maintains a high OR due to consistently strong tenant renewal rates. Over the past three years, the renewal rate has ranged between 80%-84%. As of March 2025, 84% of lease contracts expiring in the first six months of FY2025 had already been renewed. Consequently, we expect the renewal rate to remain above 80% over the next three years, aligning with historical trends.

Downside risk from US tariff uncertainty and intensifying competition

A global and domestic economic slowdown, combined with uncertainty regarding US tariffs, is expected to exert pressure on the occupancy and rental rates of the trust's properties. Following the imposition of reciprocal tariffs in April 2025, global trade uncertainty has led many multinational companies, particularly those with significant exposure to the US market, to postpone new investment decisions while awaiting further clarity. If Thailand faces comparatively higher tariffs than its regional peers, it risks losing competitiveness as a manufacturing hub.

Additionally, increased competition from both existing and new market participants may negatively affect occupancy and rental rates. This competitive pressure is expected to be particularly pronounced in the warehouse sector, where additional supply is projected to enter the market. Nevertheless, FTREIT's strategically located properties and diverse tenant base are anticipated to provide some resilience against these market challenges.

Financial leverage expected to remain moderate

We expect FTREIT to continue its prudent financial management by maintaining its loan to value of total assets (LTV) ratio, excluding lease liabilities, below 30% throughout the forecast period. We anticipate the trust to acquire new assets with annual investment costs of approximately THB1.0-THB1.5 billion over the same period. FTREIT normally funds acquisitions entirely through debt and subsequently raises new equity to ensure the LTV ratio remains below 30%. As a result, we project the trust's LTV ratio to stay within the 27%-29% range.

Given its larger portfolio, the trust's operating revenues are expected to range between THB4.0-THB4.1 billion per annum, slightly improve from the THB3.9 billion recorded in FY2024. Our base-case scenario assumes flat growth in the average rental rate for the trust's factory and warehouse space, while the average OR is expected to remain within the range of 85%-86% during FY2025-FY2027. Its EBITDA is forecast to stay in the THB3.0-THB3.1 billion range with an EBITDA margin of around 75% over the next three years. Thus, the adjusted net debt to EBITDA ratio is expected to sustain at approximately 4.7-5.1 times over the same period, increasing slightly from around 4.5 times at the end of FY2024.

The financial covenant on FTREIT's debt obligations requires the trust to maintain its LTV ratio, excluding lease liabilities, below 60%. At the end of March 2025, the ratio was 26.2%. We believe the trust should have no problems complying with the financial covenant over the forecast period.

Manageable liquidity

We assess FTREIT's liquidity position as manageable over the next 12 months. The trust's sources of liquidity as of March 2025 included THB419 million cash on hand and THB3 billion in available credit lines from financial institutions. We project funds from operations (FFO) to remain around THB2.5 billion over the next 12 months while EBITDA interest coverage ratio to hover around 6 times over the next three years.

As of 31 March 2025, FTREIT's uses of funds for the next 12 months include THB3.4 billion debt repayments (excluding lease liabilities) and forecast dividend payments of around THB2.4 billion, in line with its requirement to distribute at least 90% of its adjusted net income as dividends. Given its low financial leverage, ability to access the capital market, and established relationships with financial institutions, we expect the trust should have no difficulty refinancing its maturing debt obligations.

Debt structure

As of 31 March 2025, FTREIT's consolidated debt, excluding lease liabilities, amounted to THB13.4 billion. This comprised THB12.4 billion debentures and THB1.0 billion short-term borrowings. All borrowings were unsecured and issued at the issuer level, thus, the trust has no priority debt.

BASE-CASE ASSUMPTIONS

Here are our key base-case assumptions for FTREIT's operations in FY2025-FY2027:

- OR, including guaranteed undertakings, of around 85%-86%
- Relatively flat growth in rental rates
- EBITDA margin to hover in the 75%-76% range
- Budget for new asset acquisitions of THB1.0-THB1.5 billion per annum

RATING OUTLOOK

The “stable” outlook reflects our expectation that FTREIT will be able to achieve operating performance as targeted with sustaining an average OR above 80% and an EBITDA margin above 70% over the next three years. We also expect the trust will continue to follow a prudent financial policy, keeping its LTV ratio below 30%.

RATING SENSITIVITIES

The ratings and/or outlook on FTREIT could be revised downward should there be a deeper-than-expected deterioration in the trust’s operating results and/or larger-than-anticipated debt-funded acquisitions, such that the adjusted net debt to EBITDA ratio rises to a level above 5.5 times for an extended period.

Conversely, a rating upward revision could be considered if the trust successfully enlarges its cash generation while its financial profile improves meaningfully, leading to the adjusted net debt to EBITDA ratio of below 2.5 times on a sustained basis.

COMPANY OVERVIEW

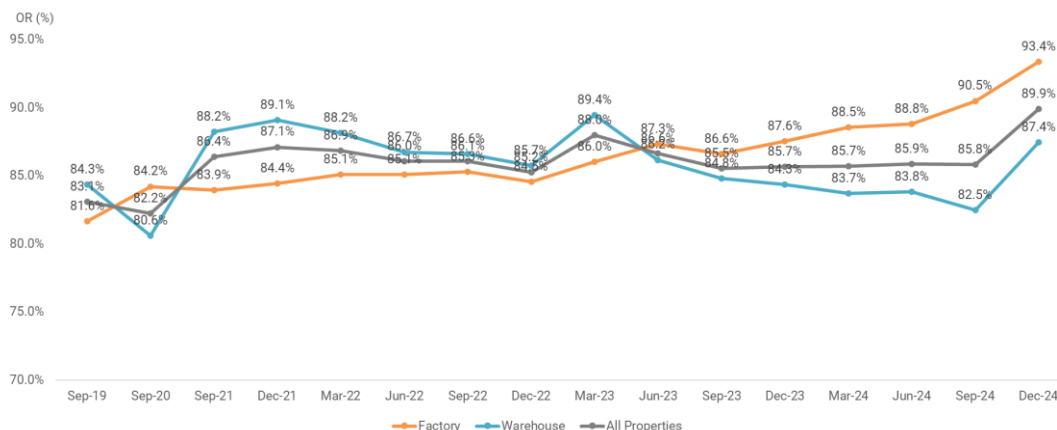
FTREIT was established in December 2014 and listed on the Stock Exchange of Thailand (SET) in January 2015, with registered capital of THB3.4 billion. The REIT manager is Frasers Property Industrial REIT Management (Thailand) Co., Ltd. (FIRM) (formerly TICON Management Co., Ltd. (TMAN)) which is 70% owned by Frasers Property (Thailand) PLC. (FPT) (formerly TICON PLC. (TICON)), the property manager and main sponsor of the trust. The REIT manager has appointed Frasers Property Industrial (Thailand) Co., Ltd. (FPIT) (formerly TICON Logistics Park Co., Ltd. (TPARK)), the ex-owner of the properties, as the property manager for both factories and warehouses. The REIT manager also appointed Sahathai Property and Development Co., Ltd. as a temporary property manager for free trade zone-related operation in a logistics center.

At the end of December 2017, FPT Group’s three property funds (TICON Freehold Property Fund (TFUND), TICON Industrial Growth Leasehold Property Fund (TGROWTH), and TICON Logistics Property Fund (TLOGIS)) were merged into FTREIT. After the conversion, FTREIT became the largest industrial REIT in Thailand with assets amounting to THB30.5 billion. FTREIT’s property portfolio has expanded continually from THB4.2 billion at its inception to THB50.7 billion as of March 2025. Its leasable area increased from 214,523 sq.m. to 2,293,611 sq.m. over the same period.

FTREIT is one of the leaders in the warehouse and factory rental business in Thailand. At the end of March 2025, it owned and managed 710 properties, with a total leasable area of 2,293,611 sq.m., located in key industrial estates and strategic logistics areas including the EEC and Eastern Bangkok (58%), Northern Bangkok (23%), and the Central Region (19%). Around 72% of the investment properties are freehold while the remainder are leasehold.

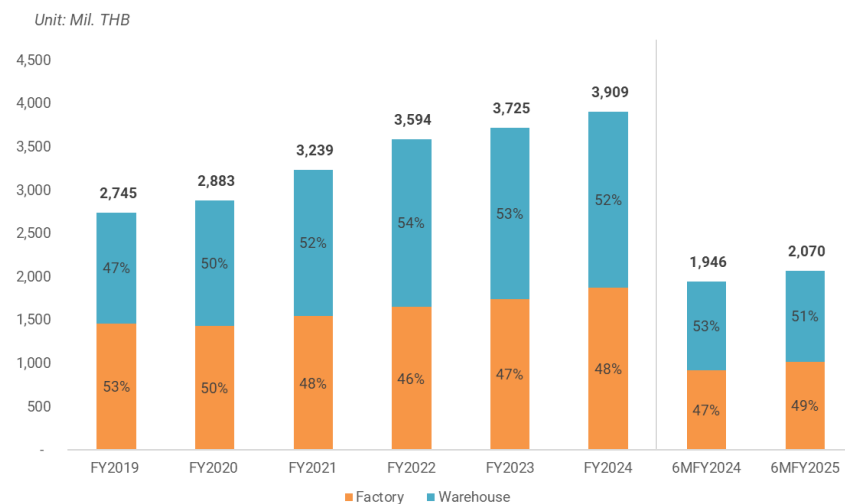
KEY OPERATING PERFORMANCE

Chart 1: Occupancy Rate (including Undertaking)



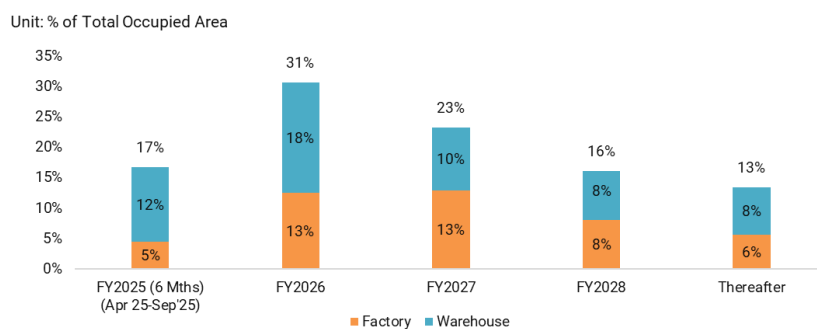
Source: FTREIT

Chart 2: Breakdown of Rental Income



Source: FTREIT

Chart 3: Lease Expiry



Source: FTREIT

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS *

Unit: Mil. THB

	Oct 2024 - Mar 2025	-----Year Ended 30 September -----			
		FY2024	FY2023	FY2022	FY2021
Total operating revenues	2,089	3,959	3,776	3,642	3,412
Earnings before interest and taxes (EBIT)	1,615	2,991	2,894	2,880	2,692
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,615	2,991	2,896	2,892	2,706
Funds from operations (FFO)	1,388	2,552	2,496	2,531	2,335
Adjusted interest expense	227	440	400	361	371
Investments in properties and leasehold rights over properties at fair value	50,713	50,574	49,825	46,319	44,758
Total assets	51,449	51,198	50,400	46,891	46,066
Adjusted debt	13,209	13,409	14,888	12,028	10,830
Adjusted equity	36,128	35,833	33,768	33,207	32,911
Adjusted Ratios					
EBITDA margin (%)	77.3	75.6	76.7	79.4	79.3
Pretax return on permanent capital (%)	6.3 **	6.1	6.1	6.4	6.2
EBITDA interest coverage (times)	7.1	6.8	7.2	8.0	7.3
Debt to EBITDA (times)	4.3 **	4.5	5.1	4.2	4.0
FFO to debt (%)	20.2 **	19.0	16.8	21.0	21.6
Debt to capitalization (%)	26.8	27.2	30.6	26.6	24.8

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Rating Methodology for Real Estate for Rent Companies, 16 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Fraser's Property Thailand Industrial Freehold and Leasehold REIT (FTREIT)

Company Rating:	A
Issue Ratings:	
FTREIT255A: THB1,000 million senior unsecured debentures due 2025	A
TREIT256A: THB380 million senior unsecured debentures due 2025	A
FTREIT263A: THB1,000 million senior unsecured debentures due 2026	A
FTREIT266A: THB700 million senior unsecured debentures due 2026	A
FTREIT268A: THB500 million senior unsecured debentures due 2026	A
FTREIT274A: THB450 million senior unsecured debentures due 2027	A
FTREIT274B: THB1,000 million senior unsecured debentures due 2027	A
FTREIT275A: THB600 million senior unsecured debentures due 2027	A
FTREIT279A: THB500 million senior unsecured debentures due 2027	A
FTREIT27DA: THB500 million senior unsecured debentures due 2027	A
FTREIT283A: THB150 million senior unsecured debentures due 2028	A
FTREIT286A: THB700 million senior unsecured debentures due 2028	A
TREIT286A: THB1,260 million senior unsecured debentures due 2028	A
TREIT28DA: THB600 million senior unsecured debentures due 2028	A
FTREIT294A: THB500 million senior unsecured debentures due 2029	A
FTREIT29DA: THB1,000 million senior unsecured debentures due 2029	A
FTREIT303A: THB350 million senior unsecured debentures due 2030	A
FTREIT304A: THB550 million senior unsecured debentures due 2030	A
FTREIT314A: THB500 million senior unsecured debentures due 2031	A
FTREIT316A: THB250 million senior unsecured debentures due 2031	A
Up to THB1,750 million senior unsecured debentures due within 10 years	A
Rating Outlook:	Stable

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