

CPN RETAIL GROWTH LEASEHOLD REIT

No. 83/2025
1 August 2025

CORPORATES

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

Last Review Date: 14/02/25

Issuer Rating History:

Date	Rating	Outlook/Alert
10/10/24	A+	Stable
12/09/23	AA-	Negative
22/07/20	AA	Negative
25/05/18	AA	Stable

Contacts:

Suchana Chantadisai

suchana@trisrating.com

Hattayanee Pitakpatapee

hattayanee@trisrating.com

Jakravut Limsombutanen

jakravut@trisrating.com

Jutamas Bunyawanchikul

jutamas_b@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating assigns a rating of “A+” to a proposed issue of up to THB6 billion senior unsecured debentures due within seven years of CPN Retail Growth Leasehold REIT (CPNREIT or “trust”). The proceeds from the new issuance are intended to refinance a term loan related to the leasehold extension of Central Rama 2 Shopping Center, which CPNREIT is set to receive in the third quarter of 2025 (3Q25). At the same time, we affirm the issuer rating on CPNREIT and the ratings on CPNREIT’s existing senior unsecured debentures at “A+”, with a “stable” outlook.

The ratings on CPNREIT and its debentures reflect the high quality of the trust’s assets and its stable cash flow from contract-based rental and service income. The ratings also highlight the growth prospects stemming from the continued recovery in overall operating performance and potential new asset acquisitions, supported by its sponsor, Central Pattana PLC (CPN). However, the ratings are partially constrained by the expected significant increase in the trust’s financial leverage starting from 2025.

CPNREIT’s operating performance in 1Q25 was in line with our expectations. The trust reported total operating revenue of THB1.5 billion and EBITDA of THB1.1 billion, achieving around one-fourth of the full-year forecast. The EBITDA margin declined to 74% in 1Q25, within the projected range of 73%-75%, down from around 80% in 2022-2024. The margin contraction was due to additional common area maintenance (CAM) charge that the trust has receipted revenue and absorbed costs following the lease renewals of Central Pinklao, and lower rental income from shopping malls resulting from the renovation of Central Pinklao Project and Central Chiangmai Airport Project.

CPNREIT’s revenue and earnings were supported by solid occupancy rates (OR) at its shopping centers, ranging from 90%-95%, along with increased income from revenue-sharing contracts. The trust also continued to receive full fixed and variable rents for its hotel, Hilton Pattaya, which saw its OR recovering to 90%-95% in 2024-1Q25, up from 88% in 2023, alongside a 4%-6% year-on-year (y-o-y) increase in rental rates. Additionally, office building occupancy improved steadily, reaching 89% in 1Q25, compared with 83%-86% over the past four years.

Looking ahead, we expect CPNREIT’s operating performance to continue improving, driven by rising income from its retail portfolio. This will be supported by the ongoing recovery in customer traffic and growth opportunities from potential asset acquisitions. We forecast its total operating revenue to increase by 5% in 2025, reaching THB9 billion in 2026, driven by the planned acquisition of a new shopping center that will expand the trust’s net leasable area (NLA) by 30%. While EBITDA is expected to remain stable in 2025, it is projected to rise significantly to nearly THB7 billion in 2026. CPNREIT’s EBITDA margin is expected to stay within the upper end of the industry average range of 40%-80%.

Following the lease term extension for Central Rama 2 Shopping Center in 3Q25, along with the trust’s planned investments and financing activities over the next few years, we project CPNREIT’s debt to EBITDA ratio to increase to 11 times in 2025, up significantly from 4-5 times in 2024. However, with a planned equity injection in 2026, the ratio is expected to decline to around 9 times. Meanwhile, the trust’s loan to fair value of total asset (LTV) ratio is

forecast to remain in the range of 50%-53% throughout the projection period.

We expect the trust's liquidity to be manageable over the next 12 months. As of March 2025, CPNREIT's sources of liquidity included THB1.9 billion cash on hand and THB386 million investments in securities at fair value. Funds from operations (FFO) are projected to be THB2.1 billion in the next 12 months.

The trust has debt obligations totaling THB7.2 billion maturing within the next 12 months, comprising THB3 billion debentures, THB2.2 billion promissory notes (P/Ns), and THB2.0 billion bank loans. The maturing debentures are expected to be refinanced through new debenture issuances, while the bank loans and the majority of the P/Ns are likely to be refinanced with new bank borrowings. Additionally, we expect the trust to be able to roll over a portion of the P/Ns.

The financial covenants on CPNREIT's debt obligations require the trust to maintain its LTV ratio (excluding lease liabilities in loans) below 60% and the debt service coverage ratio (DSCR) above 1.2 times. As of March 2025, the trust's LTV ratio (excluding lease liability in loans) was 23% while the DSCR was 1.3 times. We expect the trust to remain in compliance with the financial covenants over the next 12 to 18 months.

RATING OUTLOOK

The "stable" outlook reflects our expectation that CPNREIT will be able to deliver operating results and maintain its financial profile in line with our base-case forecast.

RATING SENSITIVITIES

The ratings and/or outlook could be revised downward if the trust's operating performance and/or financial profile deviate considerably from our expectations. Conversely, a credit upward scenario may arise if the trust's operating performance remains strong, and its financial leverage is maintained at a moderate level. To attain a higher credit rating on a sustained basis, the trust would need to lower its debt (including lease liabilities), such that its debt to EBITDA ratio falls below 7.5 times while its LTV ratio remains below 50%.

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

CPN Retail Growth Leasehold REIT (CPNREIT)

Issuer Rating:	A+
Issue Ratings:	
CPNREIT262A: THB500 million senior unsecured debentures due 2026	A+
CPNREIT263A: THB1,500 million senior unsecured debentures due 2026	A+
CPNREIT263B: THB1,000 million senior unsecured debentures due 2026	A+
CPNREIT268A: THB1,650 million senior unsecured debentures due 2026	A+
CPNREIT272A: THB2,000 million senior unsecured debentures due 2027	A+
CPNREIT272B: THB1,400 million senior unsecured debentures due 2027	A+
CPNREIT283A: THB1,100 million senior unsecured debentures due 2028	A+
CPNREIT288A: THB7,390 million senior unsecured debentures due 2028	A+
CPNREIT318A: THB1,000 million senior unsecured debentures due 2031	A+
Up to THB6,000 million senior unsecured debentures due within 7 years	A+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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

© Copyright 2025, 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 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