

BRITANIA PLC

No. 70/2025
6 May 2025

CORPORATES

Company Rating:	BBB
Issue Ratings:	
Senior unsecured	BBB
Outlook:	Negative

Last Review Date: 03/04/25

Company Rating History:

Date	Rating	Outlook/Alert
03/04/25	BBB	Alert Negative
20/07/22	BBB	Stable

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RATIONALE

TRIS Rating replaces the “negative” CreditAlert on Britania PLC (BRI) with a “negative” rating outlook. At the same time, we affirm the company rating on BRI and the ratings on its outstanding senior unsecured debentures at “BBB”. In addition, TRIS Rating assigns a rating of “BBB” to BRI’s proposed issue of up to THB1 billion senior unsecured debentures due within four years. Proceeds from the new debenture will be used to repay some of the company’s existing loans and/or fund business expansion.

The “negative” outlook on BRI aligns with that on its parent company, Origin Property PLC (ORI). The “negative” outlook on the group reflects its weaker-than-expected operating performance and the uncertainty surrounding the recovery of its operations, following the adverse impacts of the recent earthquake and the slowdown in the domestic economy amid ongoing global trade tensions. These challenges persist despite supportive measures, such as the relaxation of loan-to-value (LTV) regulations by the Bank of Thailand (BOT) and the reduction of property transfer and mortgage fees to 0.01% for housing units under THB7 million, which are effective from 1 May 2025 to 30 June 2026.

The ratings on BRI incorporate a rating uplift of one notch from its stand-alone credit profile (SACP) at “bbb-” to reflect its status as a highly strategic subsidiary of ORI (rated “BBB+/Negative”). BRI’s SACP continues to reflect its growing brand recognition, short track record, and high financial leverage stemming from aggressive expansion through both owned and joint venture (JV) projects. Additionally, the ratings take into consideration the company’s lower profitability due to intense market competition and the sluggish growth in housing sales, which are impacted by concerns over elevated household debt levels and high mortgage rejection rates.

KEY RATING CONSIDERATIONS

Highly strategic subsidiary of ORI

TRIS Rating assesses BRI as a highly strategic subsidiary of ORI. BRI was set up in 2016 as a wholly owned subsidiary of ORI to develop landed property projects. BRI was listed on the Stock Exchange of Thailand (SET) in December 2021. Since the initial public offering (IPO), ORI has maintained a 70% stake in BRI. ORI has no plan to reduce its shareholding in BRI in the short to medium term.

Despite its relatively limited scope of business, BRI’s products are in line with and complement the residential property business of the group. Under ORI’s strategy, BRI serves as the flagship for the group’s landed property development business while ORI focuses on condominiums and other property-related businesses.

BRI has contributed significant revenues and earnings to ORI. Its revenues have ranged from THB3.4-THB5.8 billion annually in the past three years, accounting for 30%-40% of ORI’s total operating revenue. Its EBITDA accounted for 25%-35% of ORI’s EBITDA in the same period.

Weaker-than-expected operating performance

BRI’s operating performance in 2024 was weaker than expected. The company reported revenue of THB3.4 billion, representing only 60% of our forecast and a 41% decrease from the previous year. The decline was mainly driven by weak consumer purchasing power and a high rate of loan rejections by banks.

Intense price competition amid weakened purchasing power among buyers caused the gross profit margin for its housing unit sales to fall to 27%, down from around 31%-33% in previous years. Additionally, the company allocated THB0.5 billion as an allowance for expected credit losses on project management receivables due to prolonged delays in the launches of certain JV projects. As a result, BRI's EBITDA declined to THB0.8 billion in 2024, representing a 55% drop from the previous year.

However, BRI's revenue is projected to gradually improve to THB3.7-THB4.4 billion annually over the next three years, supported by government stimulus measures and a potential shift in buyer preferences toward landed properties, amid concerns over the impact of earthquakes on condominium living. Management fee income from JV projects is expected to be around THB280-THB300 million per annum, while profit contributions from these investments may gradually rise as project execution advances. The overall gross profit margin is expected to sustain at around 33%-34% over the forecast period. With this revenue and earnings base, BRI is expected to remain a major earnings contributor to ORI over the short to medium term. However, the persistently high levels of household debt combined with an anticipated slowdown in the domestic economy, due to ongoing global trade tensions, may pose a challenge to the company's recovery.

High financial leverage

BRI's financial leverage remains high. The company's debt to capitalization ratio rose to 72% by the end of 2024, up from 68% in 2023. BRI's total outstanding debt in 2024 (including 51% of the debt of the JVs) increased to THB13.8 billion from THB12.1 billion at the end of 2023. Meanwhile, the ratio of funds from operations (FFO) to debt fell significantly from 8.8% in 2023 to minus 0.6% in 2024. The increase in financial leverage was mainly driven by the acquisition of several land plots and the aggressive launch of new projects during 2022-2023. The value of project launches, including both wholly owned and joint-venture projects, surged from THB6-THB7 billion per year during 2019-2021 to THB12 billion and THB16.8 billion in 2022 and 2023, respectively. As of December 2024, BRI's housing projects comprised 32 owned projects and ten projects under JVs. The remaining units available for sale (both built and unbuilt) were valued at around THB33.2 billion, with 62% owned and 38% under JVs.

Due to the sluggish residential market and the substantial number of units available for sale, BRI plans to launch new projects worth THB7.5 billion in 2025, with 51% of the projects to be developed under JVs. The company aims to accelerate the sale of its existing inventory and reduce its debt burden. Additionally, BRI plans to increase its capital via a rights offering (RO), at a ratio of 1:1 with an offering price of THB2.5 per share, scheduled for May 2025. ORI, the parent company, which holds a 70% stake in BRI, has committed to exercise its rights. The proceeds from the capital increase, estimated at around THB2.1 billion, will be used primarily to repay debt, with the remainder allocated for working capital purposes.

Therefore, we expect BRI's debt to capitalization ratio to gradually decline to a level below 60% by 2026 as both owned and JV projects are developed and transferred over the next three years. Its FFO to debt ratio should gradually improve to more than 5% by 2026. Under the financial covenants on its bank loans and debentures, BRI is required to maintain a net interest-bearing debt to equity ratio below 2.5 times. At the end of 2024, the ratio stood at 2.3 times. This ratio is expected to improve following the completion of the capital increase. We anticipate that the company will prudently manage its financial ratios to ensure ongoing compliance with its covenant requirements.

Tight but manageable liquidity

BRI's liquidity is tight but should remain manageable. As of December 2024, BRI had THB7.2 billion debt due over the next 12 months, comprising THB1 billion short-term loans, THB1.5 billion long-term project loans, and THB1.4 billion debentures, as well as short-term loans from ORI amounting to THB3.3 billion. Loans from ORI are in the form of unsecured loans and payable at call. Its sources of liquidity at the end of December 2024 consisted of THB164 million cash on hand and THB200 million of undrawn committed credit facilities. We forecast FFO over the next 12 months at THB220-THB230 million.

The company plans to refinance its maturing debentures through new debenture issuances. It will convert most of its short-term loans into long-term project loans, and project loans will be repaid with cash generated from the transfers of residential units. Any shortfalls will be addressed using proceeds from its rights offering. Furthermore, it is expected that ORI will continue to provide financial support to BRI if necessary.

Debt structure

As of December 2024, BRI's consolidated debt, excluding lease liabilities, amounted to THB12.1 billion. Of this, THB5.1 billion was priority debt, comprising secured debt held by BRI and all borrowings undertaken by its subsidiaries. The priority debt to total debt ratio was 42%. We expect the company to carefully manage its debt structure to keep this ratio below our threshold of 50%.

BASE-CASE ASSUMPTIONS

- BRI to launch landed property projects in 2025 worth THB7.5 billion, comprising its own projects worth THB3.6 billion and JV projects worth THB3.9 billion, and around THB7 billion per annum in 2026 and 2027.
- Revenue to be THB3.7-THB4.4 billion per annum during 2025-2027. Shared profits from JV projects will remain small over the next three years.
- Overall gross profit margin to be 33%-34% and EBITDA margin 24%-26%.
- Land acquisitions for owned projects is budgeted at THB180-THB260 million yearly over the next three years, while most JV projects will be developed in partnership with landowners.

RATING OUTLOOK

The “negative” outlook on BRI aligns with the “negative” outlook on ORI, given BRI’s status as a highly strategic subsidiary of ORI, as well as our concerns over BRI’s weak operating performance and persistently high financial leverage.

RATING SENSITIVITIES

Given BRI’s status as a highly strategic subsidiary of ORI, any changes to BRI’s rating and outlook follow changes to rating and outlook on ORI. In addition, the ratings could be revised upward/downward should BRI’s assessed group status as a subsidiary of ORI change.

COMPANY OVERVIEW

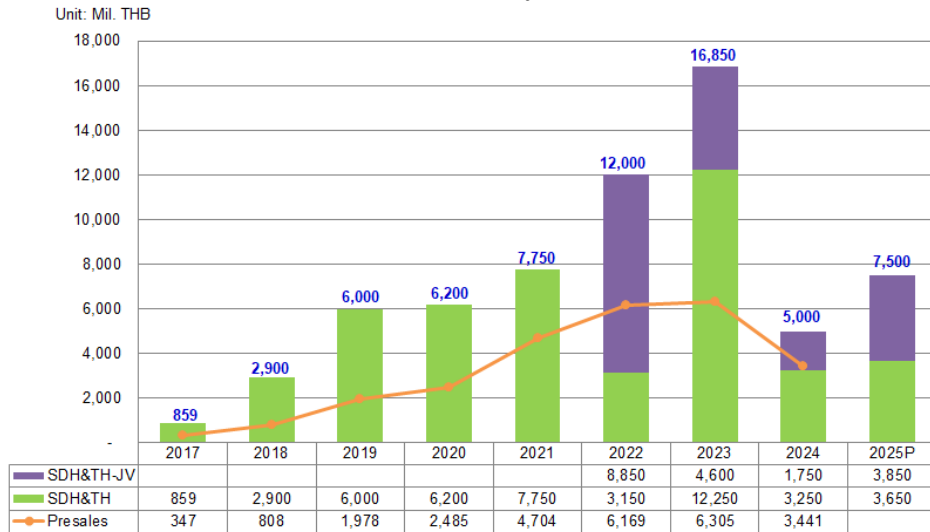
BRI is a residential property developer, focusing on developing landed property projects. BRI was set up in 2016 by ORI. The company became a public company in July 2021 and was listed on the SET in December 2021. After the initial public offering, ORI continued to be BRI’s largest shareholder, holding a 70% stake in the company as of March 2025.

BRI focuses on the landed property development business. The company’s housing projects are developed under the “Britania”, “Grand Britania”, “Belgravia”, and “Branded Residence Villa” brands, with unit prices from THB4-THB60 million. Its townhouse projects are developed under brand names like “Brighton”, with selling prices of THB2.5-THB4.0 million per unit. Most of its landed property projects are located in Bangkok and its vicinity. The company recently expanded to upcountry markets such as Chonburi, Rayong, Khon Kaen, Udon Thani, Samut Prakan, Ayutthaya, and Phuket.

BRI has expanded launches of landed property projects by joining hands with strategic partners through JVs, including partnerships with investors and landowners. Typically, the company will hold a 51% stake in each project. At the end of 2024, BRI had developed ten projects under JVs with a total project value of THB15.2 billion.

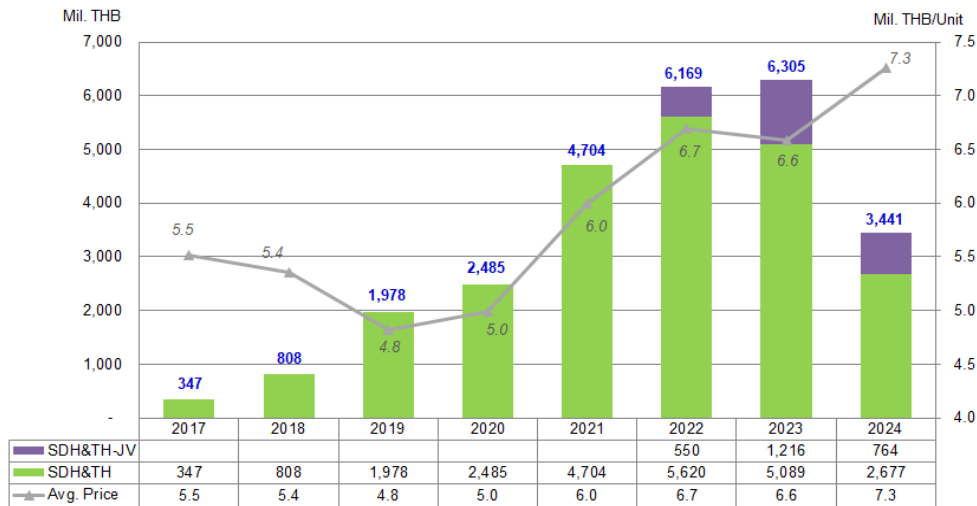
KEY OPERATING PERFORMANCE

Chart 1: Residential Project Launches



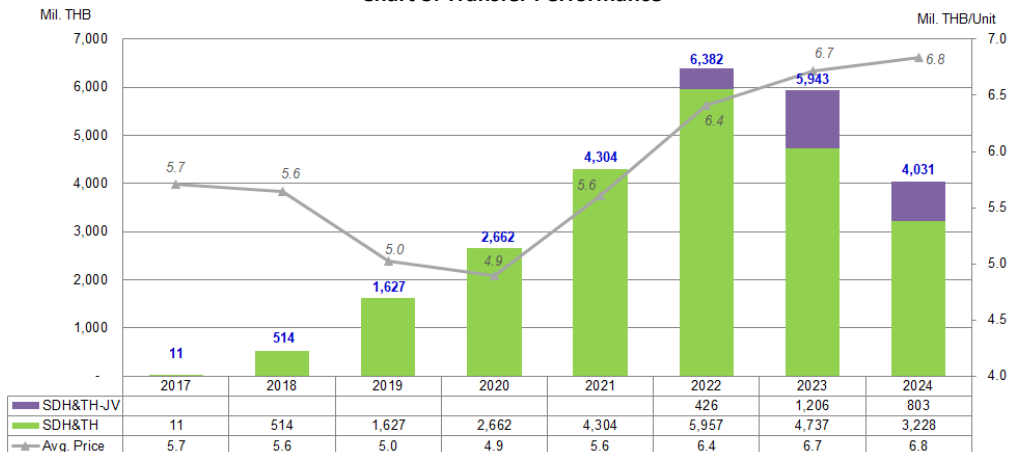
Source: BRI

Chart 2: Presales Performance



Source: BRI

Chart 3: Transfer Performance



Source: BRI

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	3,414	5,734	5,874	3,815	2,342
Earnings before interest and taxes (EBIT)	833	1,865	2,101	924	524
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	845	1,877	2,110	930	529
Funds from operations (FFO)	(73)	1,003	1,457	582	258
Adjusted interest expense	631	413	182	199	181
Real estate development investments	12,513	15,193	9,049	7,905	6,758
Total assets	18,613	19,908	12,843	9,116	7,035
Adjusted debt	13,322	11,352	5,239	3,830	4,644
Adjusted equity	5,243	5,347	4,863	3,386	928
Adjusted Ratios					
EBITDA margin (%)	24.8	32.7	35.9	24.4	22.6
Pretax return on permanent capital (%)	4.6	12.9	21.6	13.6	10.4
EBITDA interest coverage (times)	1.3	4.5	11.6	4.7	2.9
Debt to EBITDA (times)	15.8	6.0	2.5	4.1	8.8
FFO to debt (%)	(0.6)	8.8	27.8	15.2	5.5
Debt to capitalization (%)	71.8	68.0	51.9	53.1	83.3

* Consolidated financial statements

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Britania PLC (BRI)

Company Rating:	BBB
Issue Ratings:	
BRI255A: THB379.7 million senior unsecured debentures due 2025	BBB
BRI25NA: THB994.9 million senior unsecured debentures due 2025	BBB
BRI265A: THB1,083.8 million senior unsecured debentures due 2026	BBB
BRI267A: THB567.6 million senior unsecured debentures due 2026	BBB
BRI277A: THB731.6 million senior unsecured debentures due 2027	BBB
Up to THB1,000 million senior unsecured debentures due within 4 years	BBB
Rating Outlook:	Negative

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