



## Media Release

### RAM Ratings reaffirms ratings of Notable Vision's MTNs

RAM Ratings has reaffirmed the ratings of the Medium-Term Notes issued under Notable Vision Sdn Bhd's (NVSB or the Issuer) RM750 mil MTN Programme (the Programme). The transaction is a property securitisation involving The Westin Kuala Lumpur (The Westin KL or the Property), a five-star hotel operated by Marriott International Group. It is part of the portfolio of Frasers Hospitality Trust, a hospitality stapled trust listed in Singapore, which is sponsored by Frasers Property Limited<sup>1</sup> (FPL).

Notes Series 2019-A	Ratings/Outlook	Issue Amount (RM mil)	Expected Maturity	Legal Maturity
Class A Senior MTNs	AAA/Stable	95.00	12 July 2024	12 January 2026
Class B Junior MTNs	B <sub>2</sub> /Stable	95.00	12 July 2024	12 January 2026
Class C Junior MTNs	C <sub>3</sub> /Stable	287.48	12 July 2024	12 January 2026
Total		477.48		

The rating reaffirmation of Class A Senior MTNs reflects the supportive collateral coverage – anchored by The Westin KL's adjusted value (AV) against the transaction's leverage position – as well as available liquidity. We view the Property's AV of RM271.66 mil or RM613,218 per room as prudent in relation to comparable transacted prices or the market value of assets at similar locations, ranging from RM900,000-RM1.3 mil per room. As the RM95 mil issue amount constitutes only 22.62% of The Westin KL's appraised market value or 34.97% of the AV, there is a significant buffer against the risk of a decline in the Property's market value.

The reaffirmation of the Class B Junior MTN rating reflects its loan-to-value and debt service coverage ratios that remain within the thresholds for the rating. The rating of the Class C Junior MTNs reflects the low likelihood of repayment and its deep subordination to the Class A Senior MTNs and Class B Junior MTNs. The coupon payments on the Junior MTNs are variable and are repayable only if there are residual profits available after payment of senior costs and senior coupon are satisfied.

The Westin KL had temporarily suspended operations since 1 May 2020. While the Property's net cashflow is unlikely to revert to our sustainable cashflow assumption for the foreseeable future due to the impact of the Covid-19 pandemic, JBB Hotels Sdn

<sup>1</sup> The parent company of JBB Hotels Sdn Bhd.

Bhd's (JBB Hotels or the Lessee) monthly fixed lease payments to NVSB remain current and it has not requested for Covid-19 forbearance relief. In addition, cash reserves in the Debt Service Reserve Account provides further buffer against temporary cashflow shortfalls for Class A coupon payments in the unlikely event that JBB Hotels fails to honour its lease payment obligation.

Although untested, we believe FPL will be willing to help sustain the Property through this unprecedented crisis given its prime location. While the pandemic may impact FPL and FHT's business and earnings, we believe the group would have sufficient financial resources to support the lease payment that JBB Hotels need to pay NVSB, even if the Property does not generate any cashflow. Coupled with liquidity support in the form of cash reserve, we believe that likelihood of missed coupon payment of Class A MTNs that could trigger disposal of the Property is remote.

RAM views that FPL, as one of Singapore's major real estate companies, has the ability to derive financial flexibility from its sizeable and diversified investment properties and has a proven track record to raise funds by monetising them through REITs, among others. FHT does not have any debts maturing before 2022, with interest cover standing at 3.2 times as at end-June 2020. As a contingency measure, FHT has SGD80 mil of revolving credit facility to be drawn down as and when necessary.

#### **Analytical contact**

Teoh Tze Yit  
(603) 3385 2531  
tyteoh@ram.com.my

#### **Media contact**

Padthma Subbiah  
(603) 3385 2577  
padthma@ram.com.my

#### **Date of release: 5 October 2020**

The credit rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment on the security's market price or its suitability for a particular investor, nor does it involve any audit by RAM Ratings. The credit rating also does not reflect the legality and enforceability of financial obligations.

RAM Ratings receives compensation for its rating services, normally paid by the issuers of such securities or the rated entity, and sometimes third parties participating in marketing the securities, insurers, guarantors, other obligors, underwriters, etc. The receipt of this compensation has no influence on RAM Ratings' credit opinions or other analytical processes. In all instances, RAM Ratings is committed to preserving the objectivity, integrity and independence of its ratings. Rating fees are communicated to clients



## Media Release

prior to the issuance of rating opinions. While RAM Ratings reserves the right to disseminate the ratings, it receives no payment for doing so, except for subscriptions to its publications.

Similarly, the disclaimers above also apply to RAM Ratings' credit-related analyses and commentaries, where relevant.

Published by RAM Rating Services Berhad  
© Copyright 2020 by RAM Rating Services Berhad