



Media Release

RAM Ratings reaffirms Notable Vision's MTN ratings

RAM Ratings has reaffirmed the ratings of the Medium-Term Notes (MTNs) issued under Notable Vision Sdn Bhd's (NVSB or the Issuer) RM750 mil MTN Programme, a property securitisation involving The Westin Kuala Lumpur (The Westin KL or the Property), a five-star hotel operated by Marriott International Group (Marriott). The Property is part of Frasers Hospitality Trust's (FHT) portfolio of properties. FHT is a hospitality stapled trust listed on Singapore Exchange Securities Trading Limited and sponsored by Frasers Property Limited (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 ₂ /Stable	95.00	12 July 2024	12 January 2026
Class C Junior MTNs	C ₃ /Stable	287.48	12 July 2024	12 January 2026
Total		477.48		

The reaffirmation of the Class A Senior MTNs' rating reflects the strong collateral coverage afforded by The Westin KL which we view as a good quality asset, and robust liquidity position supported by its sponsor and prefunded cash reserve. Given the Property's prime location and affiliation with a reputable operator, we have maintained its adjusted valuation at RM271.7 mil (72.3% of its latest market value or RM613,218 per room), leaving the Class A Senior MTNs with a comfortable loan to value (LTV) ratio of 35.0%.

The Class B Junior MTNs' rating reflects the weak collateral and debt covers that remained commensurate with the rating. The rating of the Class C Junior MTNs indicates the low likelihood of repayment and its deep subordination to the other classes. Coupon payments on the Junior MTNs are variable and payable only if residual profits are available after the payment of senior costs and coupons on the Senior MTNs.

The rating also considers The Westin KL's recovering performance since national borders reopened in April 2022. The Property's current average daily rate (ADR) is higher than those recorded in 2019 while average occupancy rate (AOR) remained subdued, partly due to limited capacity as a result of worker shortages. The Westin KL's net cashflow for the April to June 2022 period turned positive, with revenue per available room rebounding to 50%-69% of pre-pandemic levels. While we expect continued improvement in the Property's performance and cashflow, the lockdown in

China, the labour crunch, geopolitical risks and economic headwinds continue to pose challenges.

We expect the transaction's liquidity position to stay supported by its strong sponsor, as evidenced by an aggregate of RM40 mil of capital injected by FPL into JBB Hotels Sdn Bhd (original owner of the Property and indirect wholly owned subsidiary of FPL) to date. A prefunded cash reserve equivalent to nine-month coupon for the Class A Senior MTNs and RM12.2 mil of cash balances in the Issuer's Revenue and Operating Accounts as at end-June 2022 provide ample liquidity to meet Senior MTN coupon payments in the unlikely event that JBB Hotels (as the lessee) fails to honour its lease payment obligations to NVSB.

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