RAM RATINGS

Media Release

RAM Ratings affirms Notable Vision's MTN ratings

RAM Ratings has affirmed the ratings of three classes of medium-term notes (MTN) under Notable Vision Sdn Bhd's (NVSB or the Issuer) RM750 mil MTN Programme, backed by the five-star The Westin Kuala Lumpur hotel (The Westin KL or the Property) as collateral. The Property is operated by Marriott International Group (Marriott). Frasers Hospitality Trust (FHT) – a global hospitality stapled trust listed in Singapore and sponsored by Frasers Property Limited – is the primary Junior MTNs subscriber.

Notes Series 2019-A	**Ratings/ Outlook**	**Issue Amount (RM mil)**	**Expected Maturity**	**Legal Maturity**	**LTV Ratio (%)**	**Stressed DSCR (x)**
Class A Senior MTNs	AAA/Stable	95.00	12 Jul 2024	12 Jan 2026	34.97	3.36
Class B Junior MTNs	B_2/Stable	95.00	12 Jul 2024	12 Jan 2026	69.94	1.68
Class C Junior MTNs	C_3/Stable	287.48	12 Jul 2024	12 Jan 2026	175.77	0.67
Total		**477.48**				

LTV = loan to value
DSCR = debt service coverage ratio

The affirmation of the Class A Senior MTN rating reflects strong asset quality, comfortable collateral leverage and the robust liquidity buffer afforded by a prefunded cash reserve and the sponsor's support. We have maintained the adjusted valuation of The Westin KL at RM271.7 mil (71.5% of its latest market value or RM613,218 per room) in view of its prime location and continued affiliation with a reputable operator. On this note, JBB Hotels Sdn Bhd (Originator and lessee of the Property) is in ongoing discussions with Marriott to renew the hotel management agreement which expires at the end of 2023. The resultant 35.0% LTV ratio and 3.36 times stressed DSCR remain commensurate with the Class A Senior MTN rating.

The ratings also consider The Westin KL's further improved cash flow since international borders fully reopened. On a y-o-y comparison, the 1Q 2023 revenue per available room more than tripled over the same period in 2022. It also exceeded 2019 pre-pandemic levels. The stronger cash flow is expected to allow the Property to generate sufficient funds to meet lease payments to the Issuer going forward. With continued growth in international passenger arrivals and domestic travel, supported by active tourism promotion locally and abroad, we expect the Property's cash flow to further stabilise over the near to medium term. Earnings will however remain susceptible to global economic and political headwinds, an inherent risk more distinct for hospitality assets relative to others.

The Class B Junior MTN rating reflects weak collateral and debt cover, while the rating of the Class C Junior MTNs reflects its deep subordination to the Class A and Class B MTNs. 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.

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Date of release: 7 August 2023

Published by RAM Rating Services Berhad