



Media Release

RAM Ratings assigns preliminary ratings to Frasers Hospitality Trust-sponsored Notes Series 2024-A

RAM Ratings has assigned preliminary ratings (listed below) to Notable Vision Sdn Bhd's (NVSB or the Issuer) proposed Notes Series 2024-A, the third issuance under its existing RM750 mil medium-term notes (MTN) Programme (2014/2034) (the Programme). Secured against the hotel known as The Westin Kuala Lumpur (The Westin KL or the Property), the issue proceeds will be used to refinance the existing Notes Series 2019-A on its expected maturity date of 12 July 2024 and fund any capital expenditure on the Property and/or for working capital.

Notes Series 2024-A	Preliminary Ratings/ Outlook	Issue Amount (RM mil)	Expected Maturity*	Legal Maturity*	LTV Ratio (%)	Stressed DSCR (x)
Class A Senior MTNs	AAA/Stable	95.00	5 years	6.5 years	34.05	3.37
Class B Junior MTNs	B ₂ /Stable	95.00	5 years	6.5 years	68.11	1.68
Class C Junior MTNs	C ₃ /Stable	312.48	5 years	6.5 years	180.12	0.64
Total		502.48				

* From date of issuance

LTV = loan to value

DSCR = debt service coverage ratio

NVSB, a special-purpose funding vehicle, was incorporated concurrent with the listing of Frasers Hospitality Trust (FHT) – a stapled group comprising Frasers Hospitality Real Estate Investment Trust (FH-REIT) and Frasers Hospitality Business Trust - to facilitate FHT's acquisition of The Westin KL. The Class B and Class C Junior MTNs will be subscribed by FHT Malaysia Pte Ltd, a wholly-owned subsidiary of FH-REIT.

The rating of the Class A Senior MTNs is premised on The Westin KL's superior asset quality, comfortable collateral leverage and the robust liquidity buffer afforded by the cash reserve and the support of Frasers Property Limited and FHT. As reflected in its RAM Property Score of **H-4.55** (out of a maximum of **H-5.00**), The Westin KL has a prime location and strong branding via its continued affiliation with Marriott International Group, a reputable hotel operator. Based on our adjusted valuation of RM279.0 mil (63.4% of latest market value or RM629,739 per room) for the Property, the resultant 34.1% LTV ratio and 3.37 times stressed DSCR remain commensurate with the Class A Senior MTN rating.

Owing to improved revenue per available room (RevPAR) of approximately RM425 (2022: RM244), The Westin KL achieved a higher than expected net property income (NPI) of RM29.8 mil in 2023 (2022: RM11.9 mil). For 3M 2024, NPI climbed 42% y-o-y from the previous corresponding period, surpassing our expectations and pre-pandemic levels. The stronger showings were driven by increased meetings, incentives, conferences and exhibitions, visa-free entry for tourists from China and India (December 2023 to December 2024), and the ringgit weakening against other currencies. With its excellent asset quality, we expect The Westin KL to be among the more resilient hotels in the inherently volatile hospitality sector.

The Class B Junior MTN rating reflects weak collateral and debt cover while the rating of the Class C Junior MTNs indicates 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.

As the rating of the proposed Notes Series 2024-A is preliminary, any material change in the underlying assumptions may result in a change in the rating. A final rating will be assigned after RAM's satisfactory review of the final transaction documents and relevant legal and tax opinions.

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