



Media Release

RAM Ratings affirms ratings of Frasers Hospitality Trust-sponsored Notes Series 2024-A

RAM Ratings has affirmed the ratings of Notes Series 2024-A under Notable Vision Sdn Bhd's (NVSB or the Issuer) RM750 mil Medium-Term Notes (MTNs) Programme (Table 1). The transaction is backed by The Westin Kuala Lumpur (The Westin KL or the Property), a five-star hotel operated by Marriott International. Frasers Hospitality Trust (FHT) – a global hospitality stapled trust listed in Singapore and sponsored by Frasers Property Limited (FPL) – is the primary subscriber of junior MTNs under the notes series.

Table 1: Ratings of Notes Series 2024-A

Notes Series 2024-A	Ratings/ Outlook	Outstanding Amount (RM mil)	Expected Maturity	Legal Maturity	LTV Ratio (%)	Stressed DSCR (x)
Class A Senior MTNs	AAA/Stable	95.00	12 Jul 2029	10 Jan 2031	34.05	3.37
Class B Junior MTNs	B ₂ /Stable	95.00	12 Jul 2029	10 Jan 2031	68.11	1.68
Class C Junior MTNs	C ₃ /Stable	312.48	12 Jul 2029	10 Jan 2031	180.12	0.64
Total		502.48				

LTV = loan to value

DSCR = debt service coverage ratio

The affirmation of the Class A Senior MTN rating reflects The Westin KL's healthy operating performance, attributed to its strong asset quality and comfortable collateral leverage. Based on market observations, the hotel's adjusted valuation of RM279 mil or RM629,739 per room (57% of latest market value) remains prudent in view of its prime address and affiliation with Marriott International. The resultant 34.05% LTV ratio and 3.37 times stressed debt service coverage remain commensurate with the Class A Senior MTN rating.

The Westin KL's operating performance tracked the continued recovery of the domestic travel industry. A stronger top line drove net property income (NPI) up 36% y-o-y to RM34.3 mil in 2024 (2023: RM25.3 mil), with much of the improvement stemming from a robust revenue per available room (RevPar) of RM481 relative to RM423 in the previous year. RevPar subsequently moderated to RM436 (3M 2024: RM448), as 1Q is usually a seasonally slower time of the year. Even as the Property's top line declined 5% y-o-y in 3M 2025, NPI was broadly unchanged at RM7.4 mil thanks to reduced operating expenses. NPI margin clocked in higher at 31.4% and 30.5%, respectively,

in 2024 and 3M 2025 (2023: 25.7%), but upside may be limited in view of the inflationary pressures ahead.

We have factored in some cashflow disruptions arising from the unavailability of some rooms and non-room facilities during the course of the impending asset enhancement initiative (AEI) in our cashflow projections. NPI should meet our sustainable cashflow assumption of RM27.2 mil per annum in 2025 but will likely come in lower in 2026 when the bulk of the renovation is expected to take place, before recovering in 2027. Cash flows in 2026 would, nonetheless, more than adequately cover senior costs and coupon payments.

Involving both room and hotel facilities, the refurbishment is targeted to commence in 3Q 2025 and will be carried out in phases over 1.5 years. The cost of the AEI (estimated to be around RM45 mil) will largely be covered by NVSB's internal funds and junior bond issuances if needed. We view positively this measure to maintain the Property's appeal and cashflow generating ability.

The affirmation of the Class B Junior MTN rating reflects continued weak collateral and debt coverage corresponding to the rating. The rating of the Class C Junior MTNs indicates the low likelihood of repayment of this class and its deep subordination to the Class A Senior MTNs and Class B Junior MTNs. Coupon payments of the Junior MTNs are variable and payable only if residual profits are available after senior costs and coupon on the Class A Senior MTNs have been satisfied.

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Date of release: 20 August 2025

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