CPN Retail Growth Leasehold REIT

Corporate | REITs and Real Estate for Rent 23 September 2026

Issuer Credit Rating: A+/Stable

Issue Ratings:

Senior Unsecured: A+/Stable

Rating Action

TRIS Rating affirms the issuer credit rating on CPN Retail Growth Leasehold REIT (CPNREIT or trust) and the ratings on its senior unsecured debentures at "A+" with a "Stable" outlook.

The ratings reflect CPNREIT's high-quality property portfolio, predictable cash flow from contract-based rental and service income, adequate liquidity, and long-term growth prospects supported by potential asset injections from its sponsor, Central Pattana PLC (CPN). These strengths are partly offset by elevated financial leverage following the debt-financed renewal of the Central Rama 2 lease.

Key Rating Considerations

High-quality assets support solid performance

CPNREIT's high-quality and sizable asset base underpins its solid operating performance. The trust is Thailand's largest commercial property real estate investment trust (REIT) by asset size, revenue, and earnings, with a portfolio of seven shopping malls, four office buildings, and one hotel. As of June 2026, its investment properties were valued at THB92 billion, generating annual operating revenue of THB5.5-THB6.5 billion and EBITDA of THB4.5-THB5.0 billion over the past three years.

Its operating results in the first half of 2026 (1H26) were broadly in line with our previous forecast, supported by steady performance across key assets. The shopping center portfolio remained the main earnings driver, with occupancy rates (OR) above 90% and higher income from revenue-sharing contracts. The office segment continued to recover gradually, with OR improving to around 90% in late 2025 and 1H26, from 83%-86% during 2021-2024. The hospitality segment also remained resilient, with Hilton Pattaya generating both fixed and variable rental income, supported by an OR of above 85%.

In 1H26, the trust's steady operating performance translated into 15% year-on-year (y-o-y) growth in total operating revenue to THB3.6 billion, representing around half of our full-year forecast. EBITDA rose by 12% y-o-y to THB2.6 billion, while EBITDA margin remained strong at 72%, in line with our expectations. Although the margin was affected by additional common area maintenance (CAM) and utility charges, which the trust recognizes as both revenue and expenses following lease renewals at Central Pinklao and Central Rama 2, it remained at the upper end of the industry average range of 40%-80%.

Predictable cash flow from contract-based rental structures

CPNREIT's credit profile benefits from predictable cash flows generated by contract-based rental and service income from its leasehold shopping centers and office buildings. The shopping center portfolio comprises a mix of revenue-sharing and fixed-rent contracts, with 55% of occupied space subject to revenue-sharing arrangements and the

remaining 45% under fixed-rent contracts. Nearly all office tenants are also contracted under fixed-rent arrangements. Revenue-sharing contracts provide potential for rental income growth during favorable market conditions, while minimum rental guarantees help mitigate downside risks from weaker tenant performance. Meanwhile, fixed-rent contracts provide greater cash flow visibility and stability.

Most tenants are contracted under three-year leases, exposing the trust to periodic lease renewal risk. However, CPNREIT has maintained a strong historical lease renewal rate of above 95% over the past three years, supporting our expectation of continued high renewal rates. As of June 2026, 34% of total occupied space across its shopping center and office portfolios was scheduled for lease expiry in the second half of 2026, followed by 35% in 2027 and 24% in 2028, with the remainder expiring from 2029 onward.

Growth potential from sustained operating improvement and future asset acquisitions

We expect CPNREIT's operating performance to continue improving, supported by growth in rental and service income from its shopping centers and hotel. Customer traffic across the shopping center portfolio should remain healthy following the completion of major renovations at two shopping centers in late 2025. The addition of 10,800 square meters (sq.m.) of net leasable area (NLA) following the lease renewal at Central Rama 2 in August 2025, together with future asset acquisitions, should further support growth in operating income. CPNREIT remains committed to its strategy of doubling its asset value over the next eight years through the acquisition of new shopping centers every two years.

Our base-case scenario assumes the acquisition of new shopping centers in mid-2027, which would increase total NLA by approximately 15%. We forecast average OR for the shopping center portfolio to remain at 90%-95%, with average rental rates (ARR) growing modestly by 1%-2% per annum. Rental income from Hilton Pattaya, including both fixed and variable rents, is expected to remain strong at THB400-THB450 million per year. For the office portfolio, we forecast OR to moderate to 87%-89%, accompanied by a modest decline in ARR.

Against this backdrop, we expect the trust's total operating revenue to grow by 10% y-o-y in 2026 and reach THB8-THB9 billion annually in 2027-2028, supported by continued growth in the existing portfolio and contributions from new acquisitions. EBITDA is projected to increase by 8%-12% per annum, reaching around THB6 billion in 2028. We expect CPNREIT to maintain a strong EBITDA margin of 71%-72% throughout the forecast period.

Leverage to remain high, but expected to decline by 2028

CPNREIT's financial leverage increased significantly after the renewed 30-year lease for Central Rama 2 Shopping Center began in August 2025. The initial 10-year lease payment of THB13.5 billion was fully debt-financed, raising the trust's debt to EBITDA ratio to around 10 times in 2025, from around 4 times in 2023-2024. Although the payment terms for the remaining 20-year lease period will be negotiated between CPNREIT and the lessor in the future, we treat the remaining lease obligation as debt, reflecting the economic substance of the commitment and enhancing comparability with freehold assets. Based on an incremental borrowing rate of 3.9% per annum, we estimate the lease liability of the remaining 20-year lease period at Central Rama 2 to be THB13.6 billion at the end of 2026.

Under our base-case forecast, we assume CPNREIT's future asset acquisitions will be funded roughly two-thirds by equity and one-third by debt. We project its capital expenditures (CAPEX) of around THB1 billion in 2026 for the remaining renovation payments for Central Pinklao and Central Chiangmai Airport, followed by annual maintenance CAPEX of around 2% of total revenue. This CAPEX is expected to be funded by internal cash flow and bank borrowings. Based on the trust's investment and financing plans, we expect its debt to EBITDA ratio to remain high at around 9-10 times in 2026-2027. However, the planned equity injection in mid-2027 should strengthen the capital structure and support gradual deleveraging, with debt to EBITDA ratio falling below 9 times and the loan-to-total asset value (LTV) ratio below 50% within the next two years. Failure to meet this target could weigh on the ratings and/or outlook.

CPNREIT's financial covenants require the trust to maintain an LTV ratio, excluding lease liabilities, below 60% and a debt service coverage ratio (DSCR) above 1.2 times. As of June 2026, the trust remained compliant, with an LTV ratio of 37% and DSCR of 1.3 times. We expect it to remain covenant-compliant over the next 12 months.

Adequate liquidity

We assess CPNREIT's liquidity position as adequate over the next 12 months. As of June 2026, the trust's liquidity sources comprised THB664 million cash on hand, THB1.8 billion investments in securities at fair value, and THB150 million undrawn uncommitted bank credit facilities. We project funds from operations (FFO) of THB3.7 billion over the next 12 months. In addition, the trust holds THB92 billion unencumbered assets that could be pledged as collateral for debt financing, if necessary.

Debt maturities over the next 12 months total THB8.3 billion, comprising THB6 billion debentures, THB2.2 billion promissory notes (P/Ns), and THB120 million bank loans. We expect the maturing debentures and most P/Ns to be refinanced through new debenture issuances. The trust has already refinanced the THB1.6 billion debentures and the THB2 billion P/Ns due in August 2026 through new debenture issuances. Other liquidity needs include committed renovation and maintenance CAPEX of THB1 billion and dividend distributions of at least 90% of adjusted net investment income.

For the planned asset acquisition in 2027, we expect the trust's strong sponsor support, established relationships with financial institutions, and favorable market sentiment to facilitate access to both bank and equity funding, in line with its funding strategy.

Debt structure

As of June 2026, the trust's total debt (per priority debt consideration) was THB35 billion, including THB23 billion senior unsecured debentures, THB9.8 billion bank loans, and THB2.2 billion P/Ns. All debts are unsecured and rank pari passu.

Base-case Assumptions

The key assumptions in TRIS Rating's base-case forecast for CPNREIT's operations in 2026-2028 are as follows:

- OR of shopping centers to hover around 90%-95%, with 1%-2% y-o-y ARR growth.
- New asset acquisitions of THB15 billion in 2027.
- CAPEX for renovation and maintenance totaling THB1.5 billion over 2026-2028.
- Total operating revenue to increase by 10% in 2026, before rising to THB8-THB9 billion annually in 2027-2028.
- EBITDA margin to remain at 71%-72%.
- Projected lease liability for the remaining 20-year lease for Central Rama 2 will be THB13.6 billion at the end of 2026, with a 3.9% incremental borrowing rate.

Rating Outlook

The "Stable" outlook reflects our expectation that CPNREIT will deliver operating results and maintain its financial profile broadly in line with our base-case forecast. We expect its debt (including lease liabilities) to EBITDA ratio to gradually decline to below 9 times within the next two years.

Rating Sensitivities

The ratings and/or outlook could be revised downward if the trust's operating performance or financial profile falls short of our expectations. Conversely, an upward revision could be considered if the trust sustains strong operating performance and improves financial leverage, with its debt to EBITDA ratio declining to around 6-7 times and its LTV ratio remaining below 50%.

Trust Overview

CPNREIT was established as part of the conversion of CPN Retail Growth Leasehold Property Fund (CPNRF), a property fund, into a real estate investment trust or "REIT". CPNRF was established and listed on the Stock Exchange of Thailand (SET) in 2005. Upon the conversion in December 2017, CPNREIT acquired CPNRF's entire property portfolio, including Central Rama 2, Central Rama 3, Central Pinklao, Central Chiangmai Airport, and two office buildings at Central Pinklao. At the same time, CPNREIT invested in Central Pattaya Shopping Center and Hilton Pattaya. The trust acquired two office buildings, The 9th Towers and R House (formerly Unilever House), from GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) in March 2020, followed by investments in Central Marina Shopping Center and Central Lampang Shopping Center in February 2021. In May 2024, the trust extended the 15-year lease agreement for Central Pinklao with CPN. Total costs for the lease extension, including related taxes and expenses, amounted to THB12.8 billion, with 84% funded through a capital increase and the remainder through debt financing. As of June 2026, CPN was the trust's largest unitholder with a 38% stake.

On 15 August 2025, CPNREIT paid THB13.5 billion for the first 10-year lease extension of Central Rama 2, fully financed through bank loans. The payment terms for the remaining 20-year lease period will be agreed between CPNREIT and the lessor in the future. Both parties are required to agree on the rental fees at least 12 months before the end of the first 10-year lease period or within any other mutually agreed period.

As of June 2026, the trust's property portfolio comprised seven shopping centers with NLA of 261,787 sq.m., four office buildings with NLA of 112,249 sq.m., and one hotel with 304 rooms. The assets are located in Bangkok, Chiangmai, Chonburi, and Lampang. CPN REIT Management Co., Ltd., a wholly-owned subsidiary of CPN, acts as the REIT manager. CPN is the property manager for the assets acquired from CPN. Grand Canal Land PLC (GLAND) is the property manager of The 9th Towers, while Sterling Equity Co., Ltd., a wholly-owned subsidiary of GLAND, is the property manager of R House. The trust subleases the hotel to CPN Pattaya Hotel Co., Ltd., a subsidiary of CPN and a special purpose vehicle (SPV). Hilton Hotels and Resorts acts as the hotel manager.

Key Operating Performance

CPNREIT's Property Portfolio

	Central Rama 2	Central Rama 3	Central Pinklao	Central Chiangmai Airport	Central Pattaya	Central Marina	Central Lampang
Type	Shopping center	Shopping center	Shopping center	Shopping center	Shopping center	Shopping center	Shopping center
Location	Bangkok	Bangkok	Bangkok	Chiangmai	Chonburi	Chonburi	Lampang
Net leasable area (sq.m.)	99,375	35,797	26,672	38,920	29,222	15,435	16,367
OR (%) (as of 30 Jun 2026)	96	94	92	94	99	97	98
Investment at fair value (Mil. THB) (as of 30 Jun 2026)	31,524	14,233	12,102 (incl. office buildings)	10,931	7,398	1,641	2,961
Remaining leasehold period (years)	29	9+30+30	13	18	11	9	15

	Office Tower A at Pinklao	Office Tower B at Pinklao	The 9th Towers	R House	Hilton Pattaya
Type	Office	Office	Office	Office	Hotel
Location	Bangkok	Bangkok	Bangkok	Bangkok	Chonburi
Net leasable area (sq.m.)	22,762	12,511	58,449	18,527	304 rooms
OR (%) (as of 30 Jun 2026)	84	81	92	100	85
Investment at fair value (Mil. THB) (as of 30 Jun 2026)			5,950	1,294	3,628
Remaining leasehold period (years)	13	13	21	8	11

Source: CPNREIT

Financial Statistics and Key Financial Ratios*

Unit: Mil. THB

	Jan-Jun 2026	2025	2024	2023	2022
		---------- Year Ended 31 December ---------			
Total operating revenues	3,554	6,430	6,040	5,753	4,881
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,555	4,676	4,744	4,578	3,901
Funds from operations (FFO)	1,875	3,747	4,115	3,911	3,276
Adjusted interest expense	681	929	629	667	625
Investments in leasehold properties at fair value	91,662	91,666	89,209	77,019	76,304
Total assets	94,692	94,681	92,102	81,367	80,317
Adjusted debt	46,254	45,960	19,589	18,482	20,222
Adjusted equity	41,931	42,254	42,693	33,459	33,277
Adjusted Ratios					
EBITDA margin (%)	71.9	72.7	78.5	79.6	79.9
Pretax return on permanent capital (%)**	6.4	6.0	7.9	8.2	6.9
EBITDA interest coverage (times)	3.8	5.0	7.5	6.9	6.2
Debt to EBITDA (times)**	9.3	9.8	4.1	4.0	5.2
FFO to debt (%)**	7.9	8.2	21.0	21.2	16.2
Debt to capitalization (%)	52.5	52.1	31.5	35.6	37.8
Loan to total assets value (%) (according to bond covenants)	36.9	37.1	23.6	27.2	28.6
Loan to total assets value (%) (including lease liability)	51.0	50.9	49.8	54.4	54.8

* *Consolidated financial statements*

** *Trailing 12 months*

Related Criteria

- Corporate Rating Methodology, 29 December 2025
- Key Financial Ratios and Adjustments for Corporate Issuers, 7 November 2025
- Issue Rating Criteria, 26 December 2024
- Rating Methodology for Real Estate for Rent Companies, 16 December 2024

CPN Retail Growth Leasehold REIT (CPNREIT)

Issuer Credit Rating:	**A+**
Issue Ratings:	
CPNREIT272B: THB1,400 million senior unsecured debentures due 2027	A+
CPNREIT272A: THB2,000 million senior unsecured debentures due 2027	A+
CPNREIT273A: THB1,000 million senior unsecured debentures due 2027	A+
CPNREIT283A: THB1,100 million senior unsecured debentures due 2028	A+
CPNREIT288A: THB7,390 million senior unsecured debentures due 2028	A+
CPNREIT294A: THB3,000 million senior unsecured debentures due 2029	A+
CPNREIT298A: THB500 million senior unsecured debentures due 2029	A+
CPNREIT308A: THB500 million senior unsecured debentures due 2030	A+
CPNREIT313A: THB1,500 million senior unsecured debentures due 2031	A+
CPNREIT318B: THB1,500 million senior unsecured debentures due 2031	A+
CPNREIT318A: THB1,000 million senior unsecured debentures due 2031	A+
CPNREIT32OA: THB3,000 million senior unsecured debentures due 2032	A+
CPNREIT338A: THB1,100 million senior unsecured debentures due 2033	A+
Rating Outlook:	**Stable**

Rating History

Last Review Date: 30 July 2026

Date	Rating	Outlook/Alert
10-Oct-24	A+	Stable
12-Sep-23	AA-	Negative
22-Jul-20	AA	Negative
25-May-18	AA	Stable

Contacts:

Suchana Chantadisai | suchana@trisrating.com
Jutamas Bunyawanichkul | jutamas_b@trisrating.com

No. 264/2026
TRIS Rating Co., Ltd.
Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand | Tel: +66 2 098 3000

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