

# PROSPECT LOGISTICS AND INDUSTRIAL FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST

No. 162/2025

29 September 2025

## CORPORATES

**Issuer Rating:** BBB-  
**Outlook:** Stable

**Last Review Date:** 13/09/24

### Issuer Rating History:

Date	Rating	Outlook/Alert
13/09/24	BBB-	Stable

### Contacts:

Hattayanee Pitakpatapee  
hattayanee@trisrating.com

Bundit Pommata  
bundit@trisrating.com

Jakravut Limsombutanen  
jakravut@trisrating.com

Suchada Pantu, Ph.D.  
suchada@trisrating.com


[WWW.TRISRATING.COM](http://WWW.TRISRATING.COM)

## RATIONALE

TRIS Rating affirms the issuer rating on Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (PROSPECT or “trust”) at “BBB-”, with a “stable” rating outlook.

The rating reflects the trust’s modest and concentrated assets portfolio, its exposure to lease renewal risk, and elevated financial leverage resulting from portfolio expansion. Nonetheless, the rating is supported by satisfactory occupancy rate, stable cash generation, and growing revenue and earnings through new asset acquisitions, supported by its sponsor, Prospect Development Co., Ltd (PD) and Sansiri PLC (SIRI). The ratings also take into consideration the increasing pressure on the trust’s occupancy and rental rates, stemming from intensified competition amid a global and domestic economic slowdown.

## KEY RATING CONSIDERATIONS

### Modest and concentrated portfolio remains the key factors rating constraint

The rating on PROSPECT is constrained by its modest scale and the concentration of its assets. As of June 2025, the trust owned and managed warehouse and factory space for rent with a total leasable area of 514,010 square meters (sq.m.), valued at approximately THB8 billion. The majority of its assets consist of ready-built warehouses (RBW) and ready-built factories (RBF), with a small built-to-suit factory.

Additionally, the trust’s properties are concentrated in terms of location and tenant base. Most of its assets are situated in the Bangkok Free Trade Zone (BFTZ), Samut Prakarn Province. The top-10 tenants accounted for approximately 30% of total revenue in the first half of 2025, down from around 40% in previous years but remaining significant. Given the trust’s modest scale, losing key tenants or facing adverse local conditions could significantly affect its revenues and earnings.

### Lease renewal risk partly mitigated by strong demand for strategically located assets

PROSPECT’s weighted average lease expiry (WALE) is around 2.4 years, exposing the trust to lease renewal risks as around 30% of tenants are set to expire each year. As of June 2025, 14% of existing contracts by occupied area will expire in the remaining period of 2025, 28% in 2026, 33% in 2027, and the rest thereafter.

However, this risk is partly mitigated by the strategic locations of the properties, which are situated near Bangkok, seaports and airports. Approximately 60% of its industrial rental spaces are in designated free trade areas, enhancing demand from import- and export-oriented tenants, while the new supply of RBF in this area is limited. Additionally, the properties have a high proportion of factory usage, which typically has high renewal rates. Thus, PROSPECT’s occupancy rate (OR) has ranged between 85%-98%, with a renewal rate in the 79%-91% range since 2020.

Looking ahead, although the global and domestic economic slowdown is likely to weigh on occupancy and rental rates, PROSPECT’s average occupancy rate is expected to remain solid at around 92%-93% in 2025-2027, supported by its strategic locations. However, we expect overall rental rates to stay flat, with a

slight increase in factory rents driven by rising demand in its areas, offset by downward pressure on warehouse rents from intensifying competition and potential oversupply.

### **Elevated financial leverage resulting from portfolio expansion**

PROSPECT's portfolio is growing, driven by frequent new asset acquisitions from its sponsor. In June 2025, the trust acquired new assets with a total leasable area of 221,678 sq.m., valued at THB3 billion. Consequently, its warehouse and factory space for rent jumped to 514,010 sq.m. from 292,332 sq.m.. Operating revenue for 1H25 grew 9% year-on-year (y-o-y) to THB323 million, while EBITDA increased by 6% y-o-y to THB228 million. The trust plans for further acquisitions totaling THB1 billion in October 2025 and THB5.4 billion in 2026 to expand the trust's asset base to over THB10 billion by 2026, lifting operating revenues to THB0.9 billion this year and THB1.5 billion per annum in 2026-2027. Its annual EBITDA is forecast to be around THB0.7 billion in 2025 before reaching THB1.1 billion in 2026-2027, with an EBITDA margin of around 74%-76%.

However, PROSPECT is increasingly using debt to fund its acquisitions, causing its adjusted net debt to EBITDA ratio further rise to 6.2 times in the first half of 2025 (1H25), up from 3.4-3.6 times in 2023-2024 and 2.5-2.6 times in 2021-2022. Its EBITDA interest coverage ratio also declined to 4.3 times in 1H25 from 4.4-4.8 times in 2023-2024 and 7.6-7.7 times in 2021-2022. With its plan to acquire new assets worth approximately THB1 billion with 85% debt financing in October 2025 and around THB5.4 billion using a mix of new equity (65%) and debt (35%) in 2026, we expect the trust's adjusted net debt to EBITDA ratio to stay at 5.5 times in 2025 before declining to 4.7 times in 2026 and below 4.5 times from 2027 onwards as earnings scale and partial equity funding is introduced. We forecast EBITDA interest coverage to remain in the 3.9-4.4 times range over the forecast period.

*(note: The full amount of debt is recorded immediately at the time of new acquisitions, while only a partial portion of the corresponding EBITDA contribution is recognized)*

### **Adequate liquidity**

We assess PROSPECT's liquidity position as adequate over the next 12 months. As of June 2025, PROSPECT's sources of liquidity comprised cash on hand of THB263 million, coupled with short-term investments in money market funds of THB102 million. We forecast funds from operations (FFO) over the next 12 months of around THB750 million. Its uses of funds included debt repayment of THB73 million, maintenance capital expenditures of around THB50 million, and dividend payments equivalent to at least 90% of adjusted net investment income.

Financial covenants on PROSPECT's bank loans require the trust to maintain a loan to value of total assets (LTV) ratio, excluding lease liabilities, below 60% and a reported interest-bearing debt to EBITDA ratio below 5 times. At the end of 2024, these ratios were 30% and 3.7 times, respectively. PROSPECT is expected to manage its finances prudently to remain in compliance with the covenants over the next 12 months.

### **Debt structure**

As of June 2025, PROSPECT's consolidated debt, excluding lease liabilities, amounted to THB3 billion. Its secured debt-to-total asset value ratio was 34%. Under TRIS Rating's "Rating Methodology for Real Estate for Rent," a ratio exceeding 35% would indicate a disadvantage for unsecured creditors relative to secured creditors.

### **BASE-CASE ASSUMPTIONS**

Here are our key base-case assumptions for PROSPECT's operations in 2025-2027:

- OR to stay in the 92%-93% range
- Flat growth in rental rates
- EBITDA margin in the 74%-76% range
- Budget for new asset acquisitions of THB4.3 billion in 2025 and THB5.4 billion in 2026

### **RATING OUTLOOK**

The "stable" outlook reflects our expectation that PROSPECT will achieve operating performance as targeted with an average OR of above 90% and an EBITDA margin exceeding 70% over the next three years. Its adjusted net debt to EBITDA ratio is expected to range around 4.5-5.5 times during 2025-2027. In addition, we expect the trust will remain in compliance with its financial covenants throughout the forecast period.

### **RATING SENSITIVITIES**

The ratings and/or outlook on PROSPECT could be revised downward should there be a deeper-than-expected deterioration in the trust's operating results and/or larger-than-anticipated debt-funded acquisitions, leading to the trust being at risk of breaching its financial covenants.

Conversely, a rating upward revision could be considered if the trust successfully enlarges its revenue and earnings base while its financial profile improves as targeted.

## ISSUER OVERVIEW

PROSPECT was established on 14 August 2020 and listed on the Stock Exchange of Thailand (SET) on 20 August 2020, with registered capital of THB2.4 billion. The real estate investment trust (REIT) manager is Prospect REIT Manager Co., Ltd. (PRM) which is wholly owned by PD, the property manager and main sponsor of the trust. As of August 2025, PD was PROSPECT's largest unitholder, owning a 15% stake. On 24 September 2025, the Board of Directors of M.K. Real Estate Development PLC (MK), the parent company of PD, approved PD's proposed transaction to dispose of its stake in PROSPECT to SIRI. Upon completion of the transaction, SIRI will become the major shareholder of the trust, holding a stake of up to 28.52%. However, the transaction date and the number of trust units to be acquired have not yet been determined.

PROSPECT's property portfolio has expanded continually from THB3.7 billion at its inception to THB8.8 billion as of June 2025. Its leasable area increased from 219,116 square meters (sq.m.) to 514,010 sq.m. over the same period. At the end of June 2025, it owned and managed warehouses and factories in three "Bangkok Free Trade Zone" (BFTZ) projects located on Bangna-Trad Km. 23 Road (BFTZ 1), Theparak Road (BFTZ 2), and Bangna-Trad Km. 19 Road (BFTZ3) and one built-to-suit factory and office building (x44) on Bangna-Trad Km.18 in Samut Prakarn province. Around 80% of the investment properties are leasehold while the remainder are freehold. The average OR as of June 2025 was 95%.

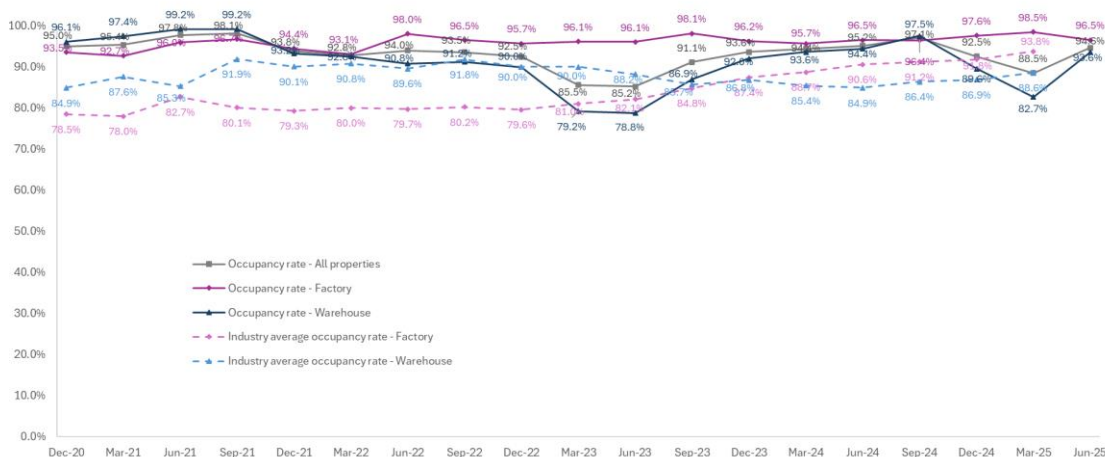
## KEY OPERATING PERFORMANCE

Chart 1: Details of Assets

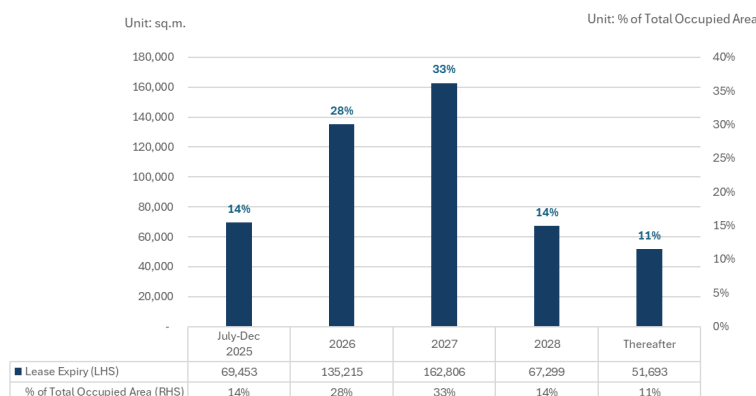
Project	Location	Lease Remaining (Yrs)	Total NLA (Sq.m.)	Free zone (S.m.)	General zone (Sq.m.)
BFTZ1	Bangna-Trad Km.23	Leasehold	13-14	377,431	252,396
X44	Bangna-Trad Km.18	Freehold		3,087	3,087
BFTZ2	Theparak Rd.	Leasehold	25	33,477	33,477
BFTZ3	Bangna-Trad Km.19	Freehold		100,015	57,227
<b>Total</b>				<b>514,010</b>	<b>309,623</b>
					<b>204,387</b>

Source: PROSPECT

Chart 2: Occupancy Rate



Sources: PROSPECT and CB Richard Ellis (CBRE)

**Chart 3: Lease Expiry**


Source: PROSPECT

**Chart 4: Peer Comparison**

Issuer	Rating/Outlook	Total Assets (Mil. THB)	Total NLA (Sq.m.)	Total Revenues (Mil. THB)
FTREIT	A/ Stable	51,320	2,291,611	2,089
WHART	A/ Stable	54,495	1,903,718	1,715
WHAIR	BBB+/ Stable	14,156	468,990	510
PROSPECT	BBB-/ Stable	8,841	514,010	323

Sources: PROSPECT, FTREIT, WHART, and WHAIR

Note: Total revenues for the first half of fiscal year 2025, total assets and total NLA as of June 2025

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

	Jan-Jun 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	323	599	567	445	443
Earnings before interest and taxes (EBIT)	228	437	414	328	338
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	228	437	414	328	338
Funds from operations (FFO)	175	336	328	285	294
Adjusted interest expense	53	100	87	43	44
Investments in properties and leasehold rights over Properties at fair value	8,373	5,064	5,120	3,349	3,344
Total assets	8,841	5,359	5,419	3,538	3,624
Adjusted debt	2,783	1,492	1,507	853	831
Adjusted equity	5,324	3,450	3,486	2,373	2,395
<b>Adjusted Ratios</b>					
EBITDA margin (%)	70.6	72.9	73.1	73.7	76.3
Pretax return on permanent capital (%)	6.6**	8.5	9.7	9.7	9.8
EBITDA interest coverage (times)	4.3	4.4	4.8	7.6	7.7
Debt to EBITDA (times)	6.2**	3.4	3.6	2.6	2.5
FFO to debt (%)	12.5**	22.6	21.8	33.4	35.4
Debt to capitalization (%)	34.3	30.2	30.2	26.5	25.7

\* Consolidated financial statements

\*\* Annualized with trailing 12 months

## RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Rating Methodology for Real Estate for Rent Companies, 16 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

## Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (PROSPECT)

<b>Issuer Rating:</b>	BBB-
<b>Rating Outlook:</b>	Stable

### TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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