

Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust

Corporate | REITs and Real Estate for Rent

2 October 2026

Issuer Credit Rating: BBB/Stable

Rating Action

TRIS Rating upgrades the issuer rating on Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (PROSPECT or “trust”) to “BBB” from “BBB-”, with a “Stable” outlook. The upgrade reflects PROSPECT’s successful expansion of its business scale, while maintaining satisfactory operating performance and a stable financial profile.

The rating reflects the trust’s strong occupancy and stable cash flow from contract-based rental and service income. These strengths are partly offset by its relatively concentrated, albeit improving, asset portfolio, exposure to lease renewal risk from relatively short lease maturities, and moderate financial leverage.

Key Rating Considerations

Expanding revenue and earnings base

PROSPECT has significantly expanded its operating scale over the past several years through regular asset acquisitions from its sponsor, Prospect Development Co., Ltd. (PD) and Sansiri PLC (SIRI). These acquisitions have enlarged its asset base and substantially increased its revenue and earnings.

In 2025, PROSPECT acquired approximately THB4.4 billion of assets, adding 272,426 square meters (sq.m.) of leasable warehouse and factory space and nearly doubling total leasable area to 564,758 sq.m. from 292,332 sq.m. in 2024. Consequently, total operating revenue increased to THB877 million in 2025 from THB599 million in 2024 and THB400-THB550 million during 2021-2023. Total operating revenue continued to grow in the first half of 2026 (1H26) by 83% year-on-year (y-o-y) to THB590 million. Meanwhile, EBITDA rose to THB639 million in 2025, from THB300-THB450 million during 2021-2024 and further increased by 95% y-o-y to THB445 million in 1H26.

Following the completion of a THB5.04 billion asset acquisition on 25 September 2026, total assets are expected to reach approximately THB15 billion and leasable space to expand to 752,707 sq.m. We project operating revenue of around THB1.3 billion in 2026 and approximately THB1.5 billion annually in 2027-2028, supported by full-year contributions from the new assets. EBITDA is forecast to exceed THB1 billion per year from 2026 onwards, with EBITDA margins hovering around 75%. However, PROSPECT’s remaining lease term of about 18 years is shorter than those of higher-rated REIT peers, potentially weakening long-term earnings stability and asset value preservation and limiting rating headroom despite its larger scale.

Healthy occupancy supported by strong demand for strategically located assets

TRIS Rating expects PROSPECT’s average occupancy rate (OR) to remain healthy at above 90% over the next three years despite uncertainties related to geopolitical tensions and global trade policies. Our expectation is underpinned by the trust’s strategic locations and flexible property configurations, which are well positioned to capture demand

for factory space driven by foreign direct investment (FDI) inflows, manufacturing relocation trends, and ongoing supply chain diversification.

PROSPECT's properties are strategically located near Bangkok, seaports and airports. Approximately 55% of its industrial rental spaces are in designated free trade areas, enhancing demand from import- and export-oriented tenants, while the new supply of ready-built factories (RBF) in this area is limited. In addition, the properties have a high proportion of factory usage, which generally exhibits high renewal rates. These strengths have supported solid operating performance, with OR ranging in the 85%-98% range and tenant renewal rates of 77%-91% since 2020.

Despite a relatively short weighted average lease expiry (WALE) of 2.3 years, we view the trust's lease renewal risk as manageable. As of June 2026, 77% of leases expiring in 1H26 had already been renewed. This reinforces our expectation that the renewal rate will remain around 80% over the next three years and continue to support occupancy levels over the forecast period.

Portfolio concentration risk remains

PROSPECT's portfolio continues to be geographically concentrated despite its ongoing expansion. Most of the trust's existing properties, comprising ready-built warehouses (RBW) and RBF, are located in the Bangkok Free Trade Zone (BFTZ) in Samut Prakan Province. The planned acquisition in 2026 will provide some geographic diversification through the addition of industrial properties in Bangpakong, Chachoengsao Province. Nevertheless, the portfolio will remain concentrated in only two locations. As a result, adverse local economic or industrial conditions could considerably affect the overall performance of the trust.

Tenant concentration remains relatively manageable, although exposure to key tenants persists. The trust's top 10 tenants accounted for approximately 23% of total revenue in 1H26 and 25% of occupied area as of June 2026. While the tenant base is relatively diversified, the unexpected termination or downsizing of a major tenant could temporarily affect occupancy and rental income, particularly if replacement tenants cannot be secured promptly.

Moderate financial leverage

TRIS Rating expects PROSPECT's financial leverage to remain moderate over the forecast period. PROSPECT has increasingly utilized debt financing to fund its acquisitions, causing its adjusted net debt to EBITDA ratio to rise to 5.9 times in 2025, from 3.4-3.6 times in 2023-2024 and 2.5-2.6 times in 2021-2022. The EBITDA interest coverage ratio also declined to 4.4 times in 2025, from 4.8 times in 2023 and 7.6-7.7 times in 2021-2022.

On 25 September 2026, PROSPECT completed the acquisition of assets valued at THB5.04 billion, funded by 60% new equity and 40% debt. The acquisition is expected to temporarily increase the trust's financial leverage because the debt is recognized immediately, while the acquired assets will contribute only part of their annual earnings in the acquisition year. Leverage should therefore improve in the following year as the acquired assets contribute a full year of earnings. Thus, PROSPECT's adjusted net debt to EBITDA ratio is forecast to stay at around 5.6 times in 2026 before improving to approximately 4.0-4.5 times in 2027-2028. The EBITDA interest coverage ratio is expected to remain within the 3.8-4.2 times range over the forecast period.

Adequate liquidity

We assess PROSPECT's liquidity position as adequate over the next 12 months. As of June 2026, the trust's liquidity sources comprised THB347 million cash on hand and short-term investments in money market funds and government bonds. We forecast funds from operations (FFO) over the next 12 months of around THB800 million. Its uses of funds over the next 12 months included debt repayment of THB170 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 the loan to value of total assets (LTV) ratio, excluding lease liabilities, below 60% and the reported interest-bearing debt to EBITDA ratio below 5 times. As of June 2026, these ratios were 38% and 4.3 times, respectively. We expect the trust to manage its finances prudently to remain in compliance with the covenants over the next 12 months.

Debt structure

As of June 2026, PROSPECT's consolidated debt, excluding lease liabilities, amounted to THB3.8 billion. Its secured debt-to-total asset value ratio was 38%. As the ratio exceeds our 35% threshold, we assess that PROSPECT's senior unsecured creditors could be disadvantaged relative to priority debt holders in terms of claims against the issuer's assets.

Base-Case Assumptions

Here are our key base-case assumptions for PROSPECT's operations in 2026-2028:

- OR to stay in the 92%-95% range.
- Rental rates to increase by 1% each year.
- EBITDA margin to hover around 75%.
- New asset acquisition of THB5.04 billion in September 2026.

Rating Outlook

The "Stable" outlook reflects our expectation that PROSPECT will deliver operating results and maintain its financial profile broadly in line with our base-case forecast. We expect the trust to maintain 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 forecast to range around 4.0-4.5 times during 2027-2028. In addition, we expect the trust will remain in compliance with its financial covenants throughout the forecast period.

Rating Sensitivities

The rating 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.

A rating upgrade is unlikely in the near term. However, a credit upside scenario could emerge if the trust successfully expands its portfolio, resulting in a larger revenue and earnings base, while maintaining its financial profile at current levels.

Trust 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 Sansiri PLC (SIRI). Upon completion of the transaction, SIRI became one of the major unitholders of the trust. As of June 2026, PD was PROSPECT's largest unitholder with an 18.5% stake, followed by SIRI with 10%.

PROSPECT's property portfolio has expanded continually from THB3.7 billion at its inception to THB15 billion as of September 2026. Its leasable area has increased from 219,116 sq.m. to 752,707 sq.m. over the same period. At the

end of September 2026, the trust owned and managed warehouses and factories located in three “Bangkok Free Trade Zone” (BFTZ) projects on Bangna-Trad Km. 23 Road (BFTZ 1), Theparak Road (BFTZ 2), and Bangna-Trad Km. 19 Road (BFTZ3), one factory and office building (built-to-suit) (x44) on Bangna Km.18 in Samut Prakarn Province, as well as the newly acquired BFTZ 4 project in Bangpakong, Chachoengsao Province. Around 80% of the investment properties are leasehold while the remainder are freehold. The average OR as of June 2026 was 94.7%.

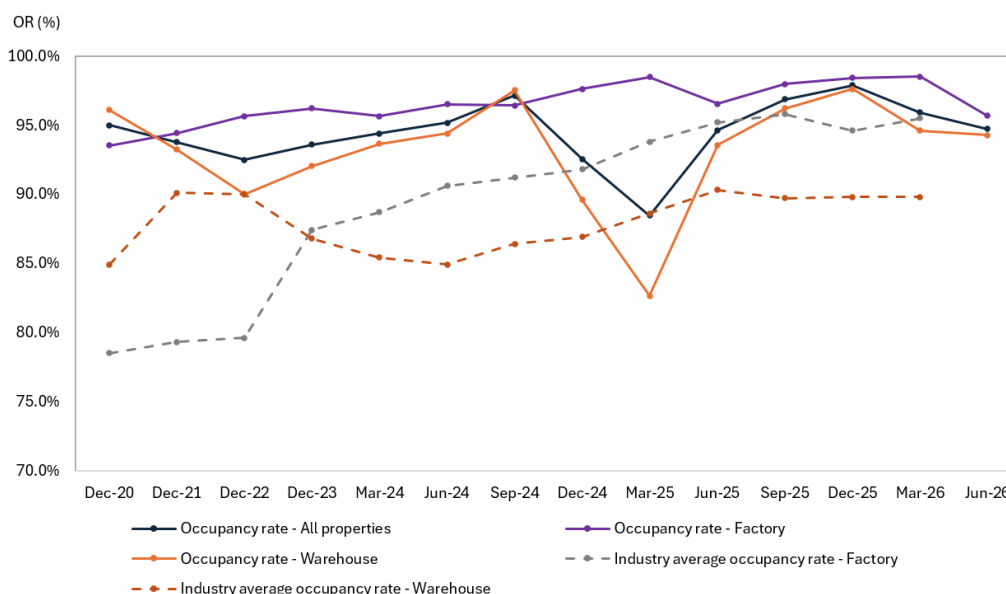
Key Operating Performance

Table 1: Details of Assets

Project	Location	Leasehold	Lease Remaining (Yrs)	Total NLA (Sq.m.)	Free zone (Sq.m.)	General zone (Sq.m.)
BFTZ1	Bangna-Trad Km.23	Leasehold	12-13	377,431	252,396	125,035
X44	Bangna-Trad Km.18	Freehold		3,087		3,087
BFTZ2	Theparak Rd.	Leasehold	24	33,477		33,477
BFTZ3	Bangna-Trad Km.19	Freehold		100,015	57,227	42,788
BFTZ6	Bangna-Trad Km.19	Leasehold	28	50,748		50,748
BFTZ4	Bangpakong	Leasehold	30+30	187,949	153,788	34,161
Total				752,707	463,411	289,296

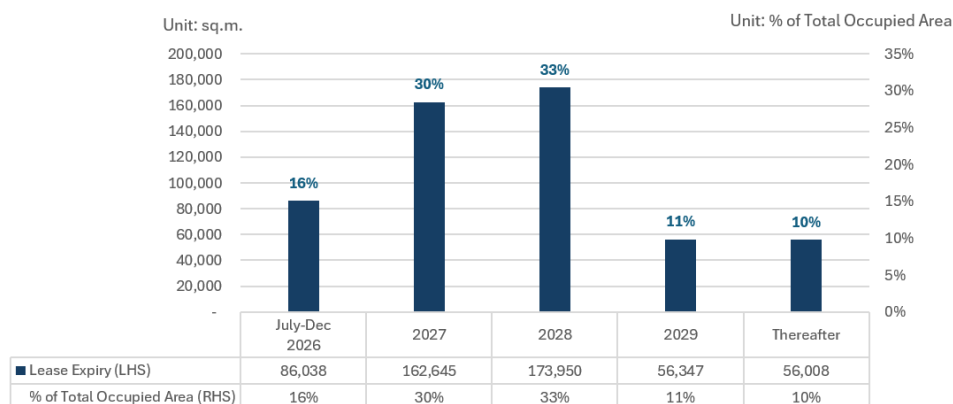
Source: PROSPECT

Chart 1: Occupancy Rate



Sources: PROSPECT and CB Richard Ellis (CBRE)

Chart 2: Lease Expiry



Source: PROSPECT

Table 2: Peer Comparison

Issuer	Rating/Outlook	Total Assets (Mil. THB)	Total NLA (Sq.m.)/ Capacity (KLtrs)	Total Revenues (Mil. THB)
FTREIT	A/ Stable	53,541	2,369,749	2,249
WHART	A/ Stable	54,281	1,915,361	1,742
WHAIR	BBB+/ Stable	13,893	468,990	491
AIMIRT	BBB+/ Stable	15,470	519,358 sqm & 85,580 KLtrs	613
PROSPECT	BBB/ Stable	10,039	564,758	590

Sources: PROSPECT, FTREIT, WHART, and WHAIR

Note: Total revenues for the first half of fiscal year 2026, total assets and total NLA as of June 2026

Financial Statistics and Key Financial Ratios*

Unit: Mil. THB

	Jan-Jun 2026	Year Ended 31 December			
		2025	2024	2023	2022
Total operating revenues	590	877	599	567	445
Earnings before interest and taxes (EBIT)	445	639	437	414	328
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	445	639	437	414	328
Funds from operations (FFO)	341	493	336	328	285
Adjusted interest expense	104	146	100	87	43
Investments in properties and leasehold rights over properties at fair value	9,578	9,578	5,064	5,120	3,349
Total assets	10,039	10,054	5,359	5,419	3,538
Adjusted debt	3,740	3,780	1,492	1,507	853
Adjusted equity	5,545	5,529	3,450	3,486	2,373
Adjusted Ratios					
EBITDA margin (%)	75.4	72.9	72.9	73.1	73.7
Pretax return on permanent capital (%)**	9.5	8.7	8.5	9.7	9.7
EBITDA interest coverage (times)	4.3	4.4	4.4	4.8	7.6
Debt to EBITDA (times)**	4.4	5.9	3.4	3.6	2.6
FFO to debt (%)**	17.6	13.0	22.6	21.8	33.4
Debt to capitalization (%)	40.3	40.6	30.2	30.2	26.5

* 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

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

Issuer Credit Rating:	BBB
Rating Outlook:	Stable

Rating History

Last Review Date: 29 September 2025

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

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