

Research Update

Taipei Financial Center Corp. Ratings Affirmed At 'twAA-/twA-1+'; Outlook Stable

October 5, 2021

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **Taipei Financial Center Corp.** The outlook on the long-term rating is stable. The ratings reflect the company's strong capability to attract high-quality office and retail tenants, underpinned by the well-established reputation and excellent asset quality of the company's asset, Taipei 101 building. The ratings also reflect Taipei Financial Center's conservative financial policy, as evidenced by the ongoing deleveraging with no intention for further portfolio expansion. These strengths are tempered by Taipei Financial Center's high asset concentration risk and exposure to the volatile tourism market, which could result in considerable volatility in the company's revenue and operating cash flow generation.

The stable outlook reflects our view that Taiwan's strong domestic consumption is likely to help 101 shopping center recover its sales revenue to pre-pandemic levels for the rest of 2021 and 2022. Meanwhile, solid office rental demand and limited new office supply will support relatively stable rental income for the office tower. These factors underpin our view that Taipei Financial Center will generate operating cash flow sufficient to lower its debt by new Taiwan dollar (NT\$) 1.0 billion-NT\$1.3 billion and improve its ratio of debt to EBITDA to below 7.5x in 2022. This is despite persistently weak performance in the company's observation deck business due to a delayed and protracted recovery in international tourism, and a likely temporary weakening in the debt to EBITDA ratio to 8.0x-8.4x in 2021 as a result of a recent COVID outbreak in Taiwan.

Related Criteria & Research

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry - February 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013

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- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Taipei Financial Center Corp.

Issuer Credit Rating	twAA-/Stable/twA-1+
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