

Media Release:

O-Bank Number One REIT 'twBBB+/twA-2' Ratings Affirmed; Liquidity Revised To Adequate From Strong; Outlook Stable

June 13, 2022

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twBBB+' long-term and 'twA-2' short-term issuer credit ratings on **O-Bank Number One Real Estate Investment Trust** (O-Bank No.1 REIT). The outlook on the long-term rating is stable.

The ratings reflect our view that the trust's small asset base, relatively weak asset quality, and high property and tenant concentration will constrain the ratings over the next two years. The REIT's conservative financial policy partly offsets its credit weaknesses. The ratings also reflect our view that the REIT's profitability could remain stable over the next 12 months, underpinned by a rental reserve from the settlors of Bank of Panhsin Banker building and early termination penalty on the tenant of Tainan Focus building until July 2023.

We have revised our assessment of O-Bank No.1 REIT's liquidity to adequate from strong, which has no impact on the ratings. The revision mainly reflects our expectation of the trust's potential property acquisition plan. Nonetheless, we see O-Bank No.1 REIT's ratio of liquidity sources to liquidity uses remaining adequate at about 1.2x for the 12 months ending March 31, 2023. We believe the trust has generally prudent risk management underpinned by a conservative financial policy, a sound relationship with Taiwan banks and generally satisfactory standing in Taiwan's credit market that are backed by the REIT's unpledged properties. The trust has no debt as of the end of March 2022.

Related Criteria & Research

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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

PRIMARY CREDIT ANALYST

Susan Chen

Taipei

+886-2-8722-6817

susan.chen

@spglobal.com

susan.chen

@taiwanratings.com.tw

SECONDARY CONTACT

Caroline Shih

Taipei

+886-2-2175-6833

caroline.shih

@spglobal.com

caroline.shih

@taiwanratings.com.tw

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- General Criteria: Methodology: Industry Risk - November 19, 2013
- 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

O-Bank Number One Real Estate Investment Trust

Issuer Credit Rating	twBBB+/Stable/twA-2
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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