

Media Release:

Shinkong Number One REIT 'twAA/twA-1+' Ratings Affirmed On Manageable Refinancing Risk; Outlook Stable

May 24, 2023

Rating Action Rationale

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

Shinkong No. 1 REIT's capital structure is not as strong as before, in our view. This reflects the REIT's current weighted average maturity of debt of less than three years.

However, we believe some factors mitigate potential refinancing risk arising from a weaker debt maturity profile. These include good funding capability and sound relationships with Taiwan banks, supported by Shinkong No. 1 REIT's unpledged properties and ample liquidity in Taiwan. The REIT also has generally prudent risk management and disciplined financial policy.

Ratings Score Snapshot

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

Note: The descriptors below are on a global scale.

Business risk: Strong

- Country risk: Intermediate
- Industry risk: Low
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/Leverage: Intermediate

Anchor: twaa

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Negative (-1 notch)
- Financial policy: Neutral (no impact)
- Liquidity: Strong (no impact)

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- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Positive (+1 notch)

Stand-alone credit profile: twAA

ESG credit indicator--E-2, S-2, G-2

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
- 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 – Nov. 11, 2021

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

Ratings List

Ratings Affirmed

Shinkong Number One Real Estate Investment Trust

Issuer Credit Rating	twAA/Stable/twA-1+
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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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