

Research Update:

# O-Bank Number One REIT 'twBBB+/twA-2' Ratings Affirmed; Outlook Stable

June 13, 2024

## 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 on the REIT 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 one to two years. In addition, the ratings reflect the trust's disciplined financial policy that should maintain the trust's ratio of debt to EBITDA below 9.5x over the same period.

The ratio takes into consideration potential rental disruption stemming from the existing vacant floors and upcoming rental expiration in Bank of Panhsin Banker Building due in the first half of 2025. These factors roughly account for 15% of the REIT's total rental income when the underlying properties are fully occupied. The 2% increase on the fixed rental income every two years from FOCUS Square building that represented about 70% of the total REIT's rental income in 2023, along with its conservative debt leverage policy, offsets the aforementioned disruption to some degree.

## Related Criteria & Research

### Related Criteria

- Criteria | Corporates | General: Corporate Methodology, Jan 07, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan 07, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, Jun 08, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct 10, 2021
- General Criteria: Group Rating Methodology, Jul 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, Apr 01, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov 19, 2013
- General Criteria: Methodology: Industry Risk, Nov 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb 16, 2011

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## Related Research

– Taiwan Ratings' Ratings Definitions – Nov. 11, 2021

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## Ratings List

### Ratings Affirmed

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#### O-Bank Number One Real Estate Investment Trust

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Issuer Credit Rating	twBBB+/Stable/twA-2
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