Bulletin:

Taipei Financial Center's Taichung Tower To Elevate Assets

March 26, 2025

Taiwan Ratings Corp. said today that **Taipei Financial Center Corp.**'s planned expansion into Taichung could moderately strengthen its asset portfolio without shaking its credit quality.

Taipei Financial Center plans to partner with Cathay Life Insurance Co. Ltd. and act as a tenant to run a new multistory development scheduled to be completed in Taichung in 2029. We believe Taipei Financial Center's plan to expand its business in Taichung, if successful, can benefit the company through growth of its asset portfolio and further revenue diversification. Taipei Financial Center's revenue streams have relied heavily on its single property, Taipei 101 Tower, in Taipei.

In addition, we view Taipei Financial Center's debt obligations related to the new project, such as lease liabilities and debt financing, as manageable. This considers that Taipei Financial Center's (twAA/Stable/twA-1+) cash outflows as operator relate to its role to lease and decorate the property, as opposed to heavy capital expenditure for construction of the property. We view these liabilities, along with the company's ongoing effort to pay down borrowings in coming years, as unlikely to weaken its debt leverage ratio in 2029.

This report does not constitute a rating action.

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