

PRUKSA REAL ESTATE PLC

No. 171/2025
3 October 2025

CORPORATES

Company Rating: BBB+
Outlook: Negative

Last Review Date: 04/09/24

Company Rating History:

Date	Rating	Outlook/Alert
04/09/24	BBB+	Stable
04/08/23	A-	Stable
18/07/22	A	Negative
14/08/12	A	Stable
24/11/11	A	Negative
07/05/10	A	Stable
30/06/09	A-	Positive
25/06/08	A-	Stable
18/04/06	BBB+	Positive
12/07/04	BBB	Stable
19/06/03	BBB	-
05/02/02	BB+	-

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RATIONALE

TRIS Rating revises the rating outlook on Pruksha Real Estate PLC (PS) to “negative” from “stable”. At the same time, we affirm the company rating on PS at “BBB+”. The “negative” outlook follows the rating action on its parent company, Pruksha Holding PLC (PSH, rated “BBB+/Negative”). As we assess PS as a “core” subsidiary of PSH, the rating and outlook on PS are the same as those assigned to PSH.

The “negative” outlook reflects the ongoing underperformance of the residential property business and the weakening of the group’s financial profile, caused by increased financial leverage (as measured by the debt to EBITDA ratio) and reduced cash flow protection.

The rating reflects our expectation of a smaller scale in PS’s future revenue and earnings given continued weak purchasing power among homebuyers and heightened competition from top-tier developers. The rating also takes into account the ongoing impact of high household debt levels and elevated mortgage rejection rates, both of which continue to suppress housing demand. On the positive side, a downward trend in interest rates, the relaxation of loan-to-value (LTV) regulations, and lower transaction-related fees are expected to provide some support to demand in the low- to mid-priced housing segment over the next 12 months. The rating also continues to reflect PS’s adequate liquidity position.

KEY RATING CONSIDERATIONS

Maintains its status as a ‘core’ subsidiary of the group

We assess PS as a ‘core’ subsidiary of PSH, which owns 98.23% stake in PS. As of June 2025, PS’s assets accounted for around 60% of PSH’s total assets. The company has been a key contributor to PSH’s revenues and earnings, accounting for 85%-90% of PSH’s revenue and EBITDA in 2024 and in the first half of 2025 (6M25). Thus, operating performance of the group depends largely on PS.

Looking ahead, we expect PS’s property business to account for over 85% of the group’s EBITDA from 2025 to 2027. Challenging conditions in the residential sector and limited contributions from other businesses are likely to pressure PSH’s revenue and earnings, negatively impacting the group’s credit profile.

Operating performance fell short of our expectations

PS’s operating results were below our expectations, primarily due to ongoing economic headwinds and elevated household debts, reducing the purchasing power of its core middle- to low-income customers. PS’s total revenue fell to THB18 billion in 2024, the lowest level in several years. Revenue in 6M25 declined by 35% year-on-year (y-o-y) to THB5.5 billion and reached only around one-third of our full-year target.

Amid intense competition among leading developers, PS has offered additional promotional campaigns and adopted more aggressive pricing strategies since 2024 to boost sales. As a result, its gross profit margin from residential sales declined to 26%-29% in 2024-6M25, down from over 30% in previous years. Selling, general, and administrative (SG&A) expenses remained elevated at 21%-24% of total revenue during the same period, primarily due to a decline in revenue and the burden of high fixed operating costs. Consequently, PS’s

EBITDA and funds from operations (FFO) dropped by half in 2024. In 6M25, both EBITDA and FFO reached only one-fourth of our earlier full-year target. PS's net profit margin also narrowed to 4%-6% of total revenue in 2024-6M25, compared to 8% in 2023 and above 10% in prior years.

Portfolio move to higher-priced segment remains challenging

As of June 2025, PS had around 140 ongoing projects with a total unsold value of THB62 billion (including built and unbuilt units). Townhouses made up 39% of the remaining value, single-detached houses (SDHs) 41%, and condominiums 20%. While PS offers a broad range of property types, its current portfolio is heavily concentrated in the middle- to low-income segment, with unit prices below THB7 million. This segment accounted for roughly 70% of the total portfolio. As a result, weakened purchasing power among buyers in this segment and persistently high mortgage rejection rates over the past three years have significantly weighed on PS's overall performance.

Since 2024, PS has shifted its product portfolio towards segments priced above THB7 million, with most new projects focused on this higher-end market. Due to PS's currently limited presence in this segment and strong competition from established competitors, the company is expected to require time to expand its market share and diversify its portfolio into higher price categories. As of June 2025, the average unit price across the portfolio increased slightly to THB5-THB6 million, compared to below THB5 million previously.

Future revenue and earnings remain under pressure

Amid weak market sentiment in the residential property sector and PS's ongoing portfolio reshaping, we view that the company will face operational pressures in achieving our revenue and earnings targets. To boost sales in slow-moving and completed inventory, PS may need to maintain competitive price strategy that will likely weigh further on profit margins.

Looking ahead, we forecast PS's total revenue to decline by 25% y-o-y in 2025, before recovering to approximately THB15 billion annually in 2026-2027. Gross profit margin is expected to remain subdued, in the range of 29%-31% over the forecast period. We have revised down our EBITDA projection for 2025 to THB1.2 billion, with a recovery to THB1.7-THB1.8 billion per year expected in 2026-2027. The EBITDA margin is projected to stay within 9%-12%, in line with the level recorded in 2023-6M25, but still significantly below the 17%-18% range seen in 2020-2022.

Under our base-case scenario, PS is expected to launch landed property projects (including own and JVs) worth THB15-THB17 billion per year, along with condominium projects (including own and JVs) valued at THB3-THB6 billion annually. We project an annual land acquisition budget of THB3-THB4 billion and construction-related CAPEX of THB6-THB7 billion. In addition, our forecast incorporates annual equity injections and shareholder loans to JVs of around THB200-THB300 million, as well as dividend payments at 90% of net profit.

Manageable liquidity

We assess PS's liquidity position as manageable. As of June 2025, PS's sources of liquidity comprised THB530 million cash on hand, coupled with THB4.5 billion undrawn uncommitted credit facilities from financial institutions. We forecast FFO over the next 12 months of around THB1 billion. In addition, PS holds unencumbered land awaiting for development with a book value of around THB13 billion and remaining completed units in debt-free projects with a total selling price of THB8.5 billion. These assets could potentially be pledged as collateral to secure additional funding if necessary.

Debt maturities over the next 12 months total THB4 billion, consisting of THB3.4 billion in short-term loans and THB600 million in short-term aval for land purchases. We also project working capital needs of THB400 million, dividend payments of THB800 million, and investments in JVs of THB300 million over the same period.

Debt structure

As of June 2025, PS reported total consolidated debt of THB4 billion. Its priority debt, including secured debt at the company, amounted to THB600 million. This translates to a priority debt to total debt ratio of 15%.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base case forecast for PS's operations in 2025-2027:

- New landed property project launches (including own and JVs) worth THB15-THB17 billion annually
- New condominium project launches (including own and JVs) worth THB3-THB6 billion annually
- Annual budget for land acquisition of THB3-THB4 billion
- Total operating revenue to hover in the THB13-THB15 billion range, with an EBITDA margin of 9%-12%.

RATING OUTLOOK

The "negative" outlook aligns with that assigned to the parent company and reflects our expectation that PS will remain as a core subsidiary of PSH.

RATING SENSITIVITIES

The rating and/or outlook on PS depends not only on its own operating performance but also on the financial position of the group. A significant deterioration in the group's operating results and/or financial profile from target levels would negatively impact PS's credit profile. In addition, any change in the company's linkage with PSH could also lead to a change in the company rating on PS. Conversely, improved operating performance and/or a stronger financial position of the group would have a positive effect on the rating.

COMPANY OVERVIEW

PS was founded in 1993 by Mr. Thongma Vijitpongpan and listed on the Stock Exchange of Thailand (SET) in December 2005. After the completion of the tender offer following a restructuring plan in November 2016, PSH became the major shareholder of PS. On 1 December 2016, PSH's securities were listed on the SET in place of PS's shares, whose securities were simultaneously delisted. As of June 2025, the Vijitpongpan family was PSH's largest shareholder, owning a 75% stake. PSH holds a 98.23% stake in PS.

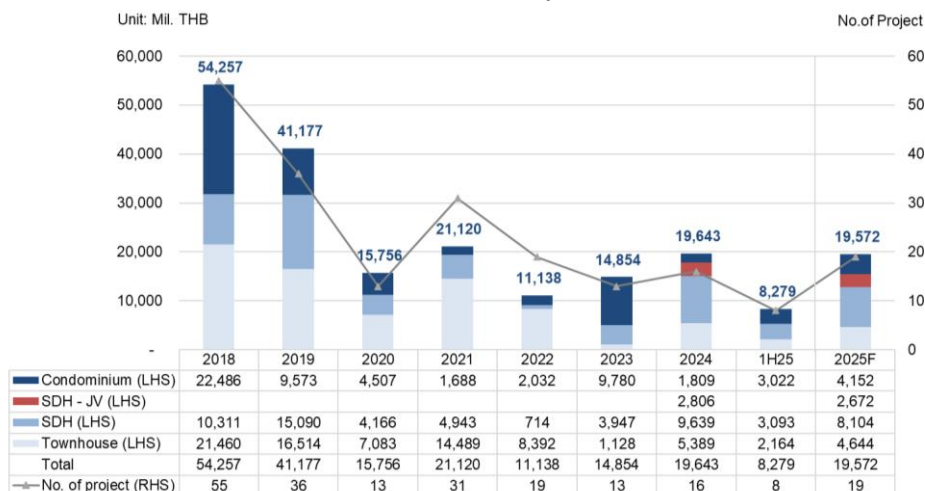
After the reorganization, PS has retained its concentration on residential properties for sale. PS is considered as a "core" subsidiary of PSH since the residential property business is likely to remain the key contributor to the revenue and earnings of the group over the next several years. Thus, the issuer ratings on PS and the group are equivalent. The organizational structure under PSH will provide more flexibility for the group to expand into new businesses and facilitate alliances with strategic partners.

In late 2023, PS entered joint venture agreements with subsidiaries of Origin Property PLC (ORI) to develop two residential property projects and one mix-used project, with total project value of THB9 billion. In 2024, PS jointly develops two luxury wellness residence projects with CapitaLand Wellness Fund (C-WELL), with aggregate project value of THB4 billion.

PS offers various types of residential products. Its products cover townhouses, SDHs, and condominiums across several price ranges. PS's main products target the middle- to low-income segments of the residential property market. As of June 2025, PS had a sizable project portfolio worth approximately THB150 billion in total project value. The portfolio was 60% sold and 55% transferred. Townhouses remain the largest source of income, constituting around 35%-40% of total operating revenue in past several years. Revenue from SDHs and condominiums contributed around 30%-40% and 20%-30%, respectively, in the past several years.

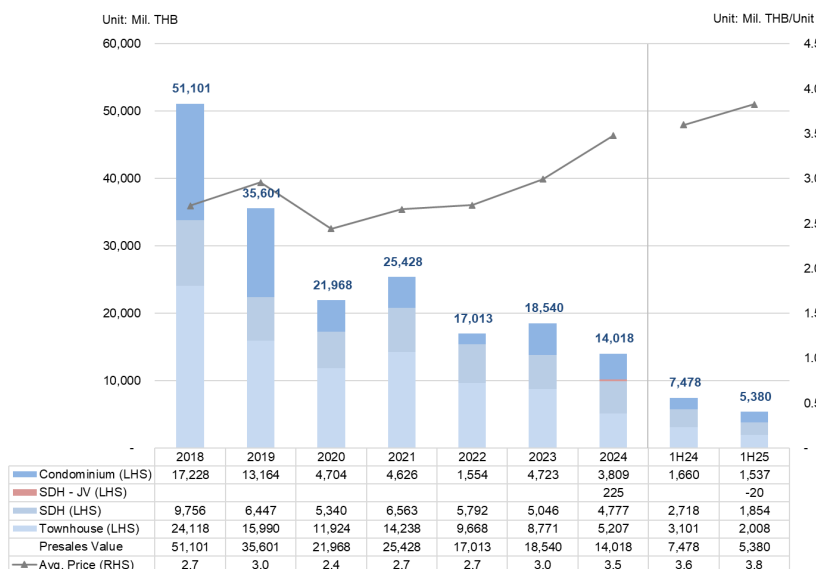
KEY OPERATING PERFORMANCE

Chart 1: New Residential Project Launches



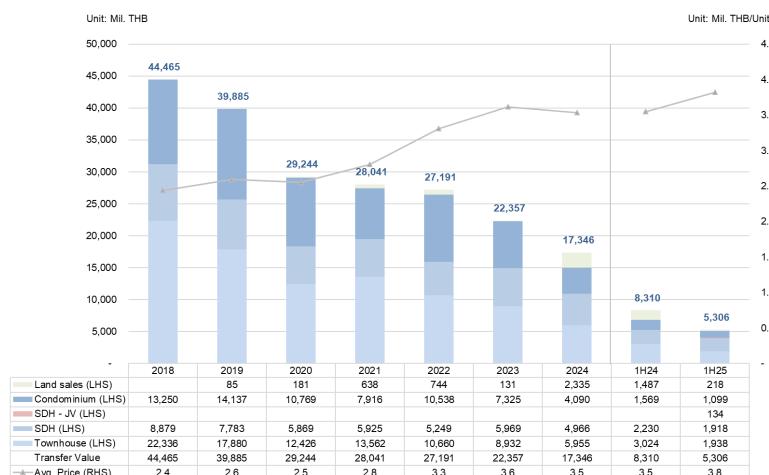
Source: PS

Chart 2: Presales Performance



Source: PS

Chart 3: Transfer Performance



Source: PS

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

		-----Year Ended 31 December -----			
	Jan-Jun 2025	2024	2023	2022	2021
Total operating revenues	5,527	17,830	22,817	27,416	28,155
Earnings before interest and taxes (EBIT)	541	1,376	2,732	4,661	4,319
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	620	1,545	2,941	5,019	4,712
Funds from operations (FFO)	485	1,177	2,257	3,645	3,267
Adjusted interest expense	30	89	171	471	685
Real estate development investments	38,290	37,880	41,894	49,362	57,463
Total assets	48,547	45,846	48,331	59,209	67,953
Adjusted debt	4,091	797	0	4,863	14,534
Adjusted equity	39,709	40,076	42,438	43,574	42,728
Adjusted Ratios					
EBITDA margin (%)	11.2	8.7	12.9	18.3	16.7
Pretax return on permanent capital (%)	1.9 **	3.2	5.8	8.3	6.7
EBITDA interest coverage (times)	20.5	17.4	17.2	10.7	6.9
Debt to EBITDA (times)	4.2 **	0.5	0.0	1.0	3.1
FFO to debt (%)	18.4 **	147.7	n.a.	74.9	22.5
Debt to capitalization (%)	9.3	1.9	0.0	10.0	25.4

* Consolidated financial statements

** Annualized with trailing 12 months

n.a. Not available

RELATED CRITERIA

- Group Rating Methodology, 25 August 2025
- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Pruksa Real Estate PLC (PS)

Company Rating:	BBB+
Rating Outlook:	Negative

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