

Soilbuild Business Space REIT Rating Affirmed At 'BBB-' With Stable Outlook, Then Withdrawn At The Company's Request

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SINGAPORE (S&P Global Ratings) May 27, 2016--S&P Global Ratings today affirmed its 'BBB-' long-term corporate credit rating on Soilbuild Business Space REIT (SBREIT) with a stable outlook. We also affirmed our 'axA-' ASEAN regional scale rating on the Singapore-based company. We then withdrew all outstanding ratings on SBREIT at the company's request.

At the time of withdrawal, the rating reflected SBREIT's stable cash flows despite the recent rental default from Technics Offshore Engineering. SBREIT has invoked its bank guarantee, which is equivalent to 18 months' rent, thus minimizing income disruption. Notwithstanding this, we expect revenue growth to slow to around 2% in 2016. We anticipate that the supply of industrial space will increase in 2016 and 2017, and previously high rentals of some of SBREIT's multi-tenanted leases will put pressure on rental renewals. Despite this, the company's ratio of funds from operations to debt will likely remain above 10% in the next 12-18 months.

The stable outlook at the time of withdrawal reflected our expectation that SBREIT can maintain its market position, while keeping its debt-to-asset ratio close to 40%.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Use of CreditWatch And Outlook, Sept. 14, 2009
- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008
- Standard & Poor's National And Regional Scale Mapping Tables, Jan. 19, 2016
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Key Credit Factors For The Real Estate Industry, Nov. 19, 2013
- Corporate Methodology: Ratios and Adjustments, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- National And Regional Scale Credit Ratings, Sept. 22, 2014

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.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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