



Rating Action

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PACRA Maintains Entity Ratings of TPL Properties

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term entity ratings of TPL Properties Limited (TPL Properties) at "A+" (Single A Plus) and "A1" (A One), respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

TPL Properties owns a high-end office building (Centrepoint) in Karachi. The company is following build, own, maintain, and rent-out model. The building is fully functional since Jan-13 and currently enjoys full occupancy coupled with relatively long-term agreements engendering low business risk. The annual increment incorporated in tenant agreements provides adequate cushion against inflationary risk. In pursuance of PSX listing and private placement, TPL Properties issued 98mln shares that generated fresh equity of PKR 1,120mln. The proceeds were partially utilized to settle intergroup balances and short-term borrowing. A sizeable portion is being kept liquid in the company to cushion against any contingencies. The company's long term debt (lately converted from foreign currency to local currency) is termed to ensure adequacy of cash inflows against repayment obligation. Meanwhile, comfort is also drawn from the sponsors' demonstrated financial support.

The ratings are dependent on (i) management's ability to maintain higher occupancy (minimum of ~90% in initial years) to ensure adequacy of cashflows against debt repayment commitments, and (ii) continuous financial support from sponsors. Any material deviation in strategy impacting financial profile of the company will be rating negative.

About the Company

TPL Properties is the real estate arm of TPL Group. The company is engaged in real estate development and property management. 'Centrepoint' is the company's first and only project. It is a 28 storey commercial building including 17 office floors (rentable space). TPL Properties is majority (~53%) owned by TPL Group.

Centrepoint Management Services (CMS) - 100% subsidiary of TPL Properties - is responsible for providing maintenance services to 'Centrepoint'.

TPL Properties has eight-member board of directors. Six members, including two executive and five non-executive members, represent TPL Group while one is independent. Mr. Ali Jameel, the CEO, is supported by an experienced team.

Applicable Criteria and Related Research

- Real Estate | Office Buildings| Oct-16
- Corporate Rating Methodology

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