

# DAD SPV CO., LTD.

No. 93/2012

26 November 2012

**Issue Ratings:** AAA(sf)

**Outlook:** -

**Rating History:**

Date	Company	Issue (Secured/ Unsecured)
22/11/05	-	AAA(sf)/-

**Rating Rationale**

TRIS Rating affirms the “AAA(sf)” ratings for the debentures of DAD SPV Co., Ltd. (SPV or Issuer). The ratings reflect the creditworthiness of the Treasury Department (TD or Tenant), which is a department of the Thai government, as the sole tenant of the Bangkok Metropolitan Government Office Center (the Government Office Center). The ratings also reflect the certainty of cash flow streams from the lease and service payments made by the TD and the sufficiency of cash flows from the TD and Dhanarak Asset Development Co., Ltd. (DAD or Originator), a state enterprise wholly owned by the Ministry of Finance (MOF), to fulfill all obligations in a timely manner.

These debentures are issued under the Bt24,000 million securitization program of SPV. SPV is a limited liability company established under the laws of Thailand. SPV, the Issuer, was granted special purpose vehicle status by the Securities and Exchange Commission (SEC). The Issuer is 49% owned by DAD. Approximately Bt20,430 million of the proceeds from the debenture issuance and Bt19,570 million of the subordinated promissory notes (sub P/Ns) issued by SPV to DAD have been used to purchase the rights to receive lease and service payments from the TD under a 30-year Building Space Lease Agreement, a 30-year Service Agreement, and a 5-year Furniture Procurement Agreement, collectively referred to as the “Underlying Agreements”, as the TD has contracted with DAD. The sub P/Ns are ranked lower than the rated debentures and serve as a credit enhancement for the debenture holders. The proceeds from this securitization program were used by DAD to fund the construction of the Government Office Center on Chaeng Wattana road. The Center has been leased to the TD for 30 years, starting in 2008. The Tenant is not allowed to terminate the lease as long as the debentures issued under this securitization program, or any new debentures issued to replace the existing debentures, have not been fully redeemed. In addition, DAD has pledged, under the assignment of assets agreement between DAD and SPV, to cover any possible future shortfalls or delayed payments by the TD.

The construction of the Government Office Center was completed in late 2010. At present, 40 governmental units have moved in, and now occupy 100% of the total rental space. Although the construction took longer than projected, the TD is still obliged to pay in advance to SPV the 12-month lease payments, starting from the beginning of July 2008. In September 2008, the debenture holders approved a change of the lease and service payment schedule. The change shifted the payment schedule from the first of July to within October of each year. The change resolved a timing mismatch between the former 12-month advance lease payment period (July to June) and the government fiscal year (October to September).

The total budget for the entire 30-year lease period is Bt82,114 million. This budget was classified as a multi-year commitment budget and will be allocated on an annual basis, according to the contractual obligations, without the need for any further approval from the Cabinet. However, the budget amount must be approved by the Parliament every year. Generally, the budget appropriation process will be finished within September of each year. However, if the budget appropriation process cannot be finalized within the specified date, the TD still can disburse the funds to pay the lease and service payments using the budget received in the prior year as a reference. In addition, DAD also has a revolving

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uncommitted credit facility of Bt2,300 million with Krung Thai Bank. The credit facility can be only used to cover any shortfalls due to delays or rises in the rental payments. This year, the parliamentary approval process for the 2013 budget was completed in September 2012. Therefore, the TD could pay the full amount of the 12-month lease and service payments required by the underlying agreements within the required time. After receiving the lease and service payments, the transaction administrator has allocated the money to the reserve accounts accordingly. This year, the SPV will redeem the seven-year tranche for Bt1,500 million on 29 November 2012. Thus, the outstanding balance of its bonds will drop to Bt22,499.90 million.

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**DAD SPV Co., Ltd. (SPV)****Issue Ratings:**

DAD12NA: Bt1,500 million debentures due 2012	AAA(sf)
DAD15NA: Bt2,000 million debentures due 2015	AAA(sf)
DAD20NA: Bt1,800 million debentures due 2020	AAA(sf)
DAD20NB: Bt2,200 million debentures due 2020	AAA(sf)
DAD25NA: Bt5,000 million debentures due 2025	AAA(sf)
DAD25NB: Bt6,000 million debentures due 2025	AAA(sf)
DAD25NC: Bt5,499.90 million debentures due 2025	AAA(sf)

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