

“**idBBB+**” rating for Perumnas’ Proposed MTN 2016

PEFINDO has assigned “**idBBB+**” rating for Perusahaan Umum Perumahan Nasional (Perumnas or PRNS)’ proposed Medium Term Notes (MTN) 2016 of maximum IDR800 billion, which will be used for financing working capital, land acquisition, and capital expenditure. We have also affirmed its “**idBBB+**” ratings for PRNS’ corporate rating and its MTN III/2015 series A and series B. The outlook for the corporate rating is “**stable**”. The ratings reflect the Company’s strategic importance to the Government in providing low-end houses, its strong position in middle-low residential market segment, and its geographically well-diversified projects. However, the ratings are constrained by the Company’s aggressive capital structure resulting in weak cash flow protection, small portion of recurring income, and the sensitive nature of the property business to changes in macroeconomic conditions. Established in 1974, Perumnas is a wholly owned state company engaged in property development for middle-low income segment, including landed and high-rise residential, rented high-rise residential, and commercial properties.

Rating Period: March 14, 2016 – March 1, 2017

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