

## PT PP Properti Tbk

### Credit Rating(s)

General Obligation (GO)	<i>id</i> BBB-/Stable
SR Bond II/2020 Phase I	<i>id</i> BBB-
SR Bond II/2020 Phase III	<i>id</i> BBB-
SR Bond II/2020 Phase IV	<i>id</i> BBB-
SR Bond I/2018 Phase I	<i>id</i> BBB-

### Rating Period

August 10, 2022 – August 1, 2023

### Published Rating History

SEP 2021	<i>id</i> BBB-/Negative
MAY-SEP 2020	<i>id</i> BBB-/Negative
AUG 2019	<i>id</i> BBB/Negative
2017-2018	<i>id</i> BBB/Stable
MAR 2017	<i>id</i> BBB+/Stable
JAN 2017	<i>id</i> A-/Negative
MAR 2016	<i>id</i> A-/Stable
DEC 2015	<i>id</i> A-/Stable

### Rating Definition

Debt security rated *id*BBB denotes adequate protection parameters relative to other Indonesian debt securities. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity on the part of the obligor to meet its long-term financial commitments on the debt security. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

### Contact Analysts:

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PEFINDO has affirmed its "*id*BBB-" ratings for PT PP Properti Tbk (PPRO) and its outstanding bonds. The outlook for the corporate rating is revised to "stable" from "negative" reflecting higher degree of support from the parent company, PT Pembangunan Perumahan (Persero) Tbk (PTPP, *id*A/Stable) indicated by the provision of Letter of Undertaking for the new debt instrument issuance in July 2022 with 3-year tenor which also somewhat eases PPRO's liquidity pressure particularly from its short-term liabilities profile. In our view, these factors have compensated PPRO's standalone credit profile which remained weak amid the prolonged slow recovery in the property industry, particularly high-rise residential segment dominating the Company's portfolio.

The corporate rating reflects PPRO's strong support from its Parent, its favorable asset quality, and relatively diversified property locations. However, the rating is constrained by its high financial leverage, weak cash flow protection measures and liquidity, and sensitivity to changes in macroeconomic conditions.

The rating may be raised if the Company could exceed its target in terms of revenue realization followed by substantial reduction of its debt level. However, the rating could be lowered if PEFINDO views that PPRO is exposed to higher refinancing risk on its maturing debt and/or liquidity pressures, as well as significant indication of a decline in parental support.

Initially started in 1991 as PTPP's property division, PPRO was established as a separate entity in December 2013. It develops and sells apartments and landed houses, and generates recurring income from hotels and malls. As of March 31, 2022, PPRO's shareholders were PTPP (64.96%), the public (34.98%), and Yayasan Kesejahteraan Karyawan Pembangunan Perumahan (0.06%).

### Financial Highlights

As of/for the year ended	Mar-2022 (Unaudited)	Dec-2021 (Audited)	Dec-2020 (Audited)	Dec-2019 (Audited)
Total adjusted assets [IDR bn]	21,363.2	21,052.9	18,462.8	17,874.7
Total adjusted debt [IDR bn]	11,653.4	11,253.2	9,618.9	8,002.7
Total adjusted equity [IDR bn]	4,467.9	4,464.6	4,418.0	4,389.6
Total sales [IDR bn]	381.0	861.8	2,068.0	1,609.5
EBITDA [IDR bn]	24.9	57.9	338.7	371.4
Net income after MI [IDR bn]	1.3	20.4	109.3	249.7
EBITDA margin [%]	6.5	6.7	16.4	23.1
Adjusted debt/EBITDA [X]	116.8	194.3	28.4	21.5
Adjusted debt/adjusted equity [X]	2.6	2.5	2.2	1.8
FFO/adjusted debt [%]	0.2	(0.9)	(5.7)	(3.9)
EBITDA/IFCCI [X]	1.7	0.4	0.4	0.6
USD exchange rate [IDR/USD]	14,357	14,269	14,105	13,901

FFO = EBITDA – IFCCI + Interest Income – Current Tax Expense

EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

IFCCI = Gross Interest Expense + Other Financial Charges + Capitalized Interest; (FX Loss not included)

MI= Minority Interest

\*annualized

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

**DISCLAIMER**

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.