

DART ratings downgraded to “**idBBB+**”

PEFINDO has downgraded the ratings of PT Duta Anggada Realty Tbk (DART) and its Shelf Registration Bond I/2013 to “**idBBB+**” from “**idA-**”. Downgrade in ratings was mainly driven by the Company’s weakening financial condition resulted from lower than projected revenue amid higher debt balance, and our expectation that its capital structure and cash flow protection will remain aggressive over the near to medium term. A lower than projected revenue was due to weak sales performance from its La Maison project and postponed divestment of its non-operating asset in Pusat Grosir Jatinegara (PGJ). The lower than projected revenue was also due to late operation of its hotel in Bali. The outlook of the Company’s corporate rating is “**stable**”. The ratings reflect its favorable asset quality and its stable recurring income from property investments. The ratings, however, are constrained by its aggressive financial leverage, its susceptibility to event risk from lodging services, and the risk associated with entering a new business segment.

Established in 1983, DART is engaged in property development, particularly office and high-rise residential buildings. As of March 31, 2016, DART’s shareholders were PT Duta Anggada (44.9%), PT BNYM SA/NV Cust. of Bank of Singapore Ltd. (18.3%), Crystal Development Pte. Ltd. (17.6%), UOB Kay Hian Finance Ltd. (8.9%) and public (10.3%).

Rating Period: July 19, 2016 – July 1, 2017
Contact Analyst: Yogie Surya Perdana & Rommy Sanjaya
yogie.perdana@pefindo.co.id & rommy.sanjaya@pefindo.co.id

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