PEFINDO
CREDIT RATING AGENCY

PRESS RELEASE
June 7, 2016

DILD's proposed bond assigned at "$_{id}$A-"

PEFINDO has assigned **"$_{id}$A-"** rating for PT Intiland Development Tbk (DILD)'s proposed bond amounting to a maximum of IDR600 billion. Proceeds from the plan bond issuance will be used to refinance DILD's Bond Series A amounting to IDR346 billion which will mature on July 9, 2016, as well as bank loans. Additionally, we have lowered the ratings for its outstanding Bond 2013 to **"$_{id}$A-"** from **"$_{id}$A"**. The downgrade in ratings were due to weaker capital structure and cash flow protection ratios following a weaker than expected sales realization from its property development amid high debt level to fund the completion of its high-rise projects. The lower than projected revenue recognition from property development was a result of uncertainty regarding tax revision imposed to property products during the 1H2015 as well as economic slow-down, which muted demand for the Company's products. We have also maintained our **"negative"** outlook to the corporate rating to anticipate further weakening in its financial profiles in case of a weak property sales from its existing high-rise developments and our expectation of a higher debt utilization to ramp up its existing high-rise projects, such as 1Park Avenue, Praxis, and Spazio Tower. The ratings reflect DILD's relatively strong market position in the property industry, its favorable asset quality, and its sizeable land bank. However, the ratings are constrained by the Company's aggressive capital structure and weak cash flow protection measures, lower margins compared to peers, and higher business risk due to the lack of a recurring income.

DILD is engaged in property development and investment activities. Its portfolio includes superblock developments, residential (landed and high-rise), industrial estates, and investment properties. Most of its projects are strategically located in the Jakarta and Surabaya areas, while its industrial estate is located in Mojokerto, East Java. At the end of 2015, its shareholders were UBS AG Singapore (22.24%), Credit Suisse Singapore (19.94%), and the public (57.86%).

Rating Period: April 11, 2016 – April 1, 2017
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