PEFINDO
CREDIT RATING AGENCY

PRESS RELEASE
December 4, 2015

DILD's outlook revised to "Negative"

PEFINDO has revised the outlook for the corporate rating of PT Intiland Development Tbk (DILD) to **"negative"** from **"stable"**. This was to anticipate a weaker-than-projected capital structure and cash flow protection measures resulting from weak sales results from its property development business amid increasing debt level to fund the completion of its high-rise projects. The lower than projected revenue recognition from its property development was mainly due to 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. In addition, higher construction costs as a result of costs escalation for its high-rise projects as well as product mix further pressured its EBITDA margins compared to prior periods. We are also of the view that the weak presales during 9M2015, which only accounted for 46% of its full year target, may further weaken its financial profiles in the near to medium term. The ratings for DILD and its Bond I/2013 are maintained at **"$_{id}$A"**. We could lower the ratings if in the upcoming quarters, the Company's revenue remains sluggish as a result of slower development progress and weak presales, and if additional debt exceeds projection, resulting in debt-to-EBITDA ratio exceeding 4.0x on a sustained basis. The outlook could be revised to stable if the Company improves its capital structure and cash flow protection measures on a sustainable basis which is reflected by debt-to-EBITDA ratio reaching below 3.5x on a sustained basis.

DILD is engaged in property development and investment activities. Its portfolio includes superblock developments, residential (landed and high-rise), and industrial estates. Most of its projects are strategically located in the Jakarta and Surabaya areas, while its industrial estate is located in Mojokerto, East Java. As per September 30, 2015, its shareholders were UBS AG Singapore (22.2%), Credit Suisse Singapore (19.9%), and the public (57.9%).

Rating Period: December 2, 2015 – April 1, 2016
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