

## APLN ratings affirmed at “idA-”, outlook “Negative”

PEFINDO has affirmed the ratings of PT Agung Podomoro Land Tbk (APLN) and its Bond I/2011, Bond II/2012, and Shelf-Registered Bond I/2013 at “idA-”. The outlook for the corporate rating however, was revised to “**negative**” from “**stable**” to anticipate any material impact that could severely hurt APLN’s business and financial performance arising from the negative sentiment in regards to its reclamation project in North Jakarta. This was after the Corruption Eradication Commission (KPK) named APLN’s CEO as suspect in a bribery case in relation to the deliberation of draft bylaws on Jakarta’s Zoning Plan and Coastal Northern Territory on April 1, 2016. We will be closely monitoring developments in the investigations and assess impacts they may have on the ratings, including potential changes in management, the Company’s progress on its G Islet reclamation project and its execution strategy, financial policies, negative reputational impact, and regulatory and litigation risks. The ratings reflect APLN’s strong market position in the industry, its favorable asset quality, and its high contribution of recurring income. The ratings, however, are constrained by the Company’s aggressive financial leverage resulting in a weak cash flow protection measures, execution risk related to its reclamation project, and the nature of the property industry which is sensitive to the changes in macroeconomic conditions.

APLN, part of Agung Podomoro Group, is the leading developer of mixed-use and/or high-rise developments, with projects mostly in Jakarta. It also has mixed-use development projects outside Jakarta in Karawang, Bogor and Bandung, and outside Java in Bali, Batam, Balikpapan, Medan, and Makassar. Current projects include Podomoro City Extension, Soho Pancoran, Podomoro City Deli Medan, Borneo Bay, Pakubuwono Springs, and Podomoro Golf View. As of December 31, 2015, its shareholders were PT Indofica (64.76%), PT Prudential Life Assurance (7.30%), PT Simfoni Gema Lestari (5.07%), Trihatma Kusuma Haliman (3.03%), the board of directors and commissioners, excluding Trihatma Kusuma Haliman (0.06%), and the public (19.78%).

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

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