

## PT Modernland Realty Tbk

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Sep-2020</b>	<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>
			(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idSD</i>	Total adjusted assets [IDR bn]	14,485.9	14,984.5	14,086.4	13,458.6
<b>Rated Issues</b>		Total adjusted debt [IDR bn]	6,101.1	5,703.8	5,782.7	4,860.1
<i>Shelf Reg. Bond I/2015</i>	<i>idCCC</i>	Total adjusted equity [IDR bn]	4,748.2	6,109.4	5,688.8	5,936.4
<b>Rating Period</b>		Total sales [IDR bn]^	554.9	2,446.2	2,190.6	3,240.5
<i>April 5, 2021 – April 1, 2022</i>		EBITDA [IDR bn]	49.6	999.1	659.1	1,476.9
<b>Rating History</b>		Net income after MI [IDR bn]	(1,345.8)	409.6	25.3	614.8
<i>SEP 2020</i>	<i>idSD</i>	EBITDA Margin [%]	8.9	40.8	30.1	45.6
<i>JUL 2020</i>	<i>idSD</i>	Adjusted debt to EBITDA [X]	*92.2	5.7	8.8	3.3
<i>JUN 2020</i>	<i>idCCC/ C.W. Negative</i>	Adjusted debt to adjusted equity [X]	1.3	0.9	1.0	0.8
<i>JUN 2020</i>	<i>idBBB-/C.W. Negative</i>	FFO to adjusted debt [%]	*(8.7)	6.4	2.2	16.2
<i>APR 2020</i>	<i>idBBB/C.W. Negative</i>	EBITDA to IFCCI [X]	0.1	1.9	1.5	2.5
<i>APR 2019</i>	<i>idA-/Negative</i>	USD exchange rate [IDR/USD]	14,918	13,901	14,481	13,548
<i>APR 2018</i>	<i>idA-/Stable</i>					
<i>2016-2017</i>	<i>idA/Negative</i>					
<i>2014-2015</i>	<i>idA/Stable</i>					
<i>OCT 2013</i>	<i>idA-/Positive</i>					
<i>2012</i>	<i>idA-/Stable</i>					

FFO = EBITDA – IFCCI + gross 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 ^ = Include operating revenue from estate management

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.

### PEFINDO affirms PT Modernland Realty Tbk's rupiah-denominated Bond at "idCCC"

PEFINDO has affirmed the rating of PT Modernland Realty Tbk (MDLN)'s Shelf-Registered Bond I Year 2015 Serie B at "idCCC". MDLN was able to come to an agreement with its onshore bondholders to extend the bonds maturity by one year to July 7, 2021. In addition, the interest rate has been reduced to 10% from 12.5%. We also maintained the rating of MDLN at "idSD" as it remains in default on other of its financial obligations after it fails to cure the missed coupon payment on its US dollar-denominated bonds. MDLN is in the middle of a debt restructuring with its offshore bondholders and we will reassess MDLN's financial risk once the restructuring is completed. The COVID-19 pandemic has severely hurt MDLN's operating condition as industrial land sales are being postponed amid an already weak residential property market, while cash collection from previous presales is being under pressure as buyer's capacity to pay is impaired, which makes it highly dependent on external financing to meet working capital needs. However, we are of the view that access to external liquidity sources is hindered as lender's risk aversion to the property sector increases, which further deteriorates MDLN's liquidity.

An obligor rated *idSD* ("Selective Default") has failed to pay one or more of its financial obligations, rated or unrated, when they came due, but still makes timely payments on its other obligations.

Debt security rated *idCCC* is currently vulnerable to non-payment, and is dependent upon favorable business and financial conditions for the issuer to meet its long-term financial commitments on the debt security.

The rating reflects MDLN's very weak liquidity, the uncertainty around the recovery prospect of the Company's business amid a weak property market, and project concentration risk. The rating also reflects MDLN's sizable land bank.

A rating upgrade is highly unlikely as we do not expect MDLN to resume servicing the coupon payments of its US dollar-denominated bonds. Nonetheless, we may raise the rating from "idSD" if it is able to complete the debt restructuring of both its US dollar-denominated bonds while remain current in servicing its financial obligations on a sustained basis.

MDLN's operations include residential and township development, industrial estates, and a small exposure to the hospitality segment. Its main property projects are in Cakung, Serang, and Tangerang. As of September 30, 2020, its shareholders were PT Panin Sekuritas Tbk (17%), PT Honoris Corporindo Pratama (12.2%), AA Land Pte Ltd (7.4%), Woodside Global Venture Inc (6.9%), and the public (56.5%).

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