

PT City Retail Developments Tbk

Company rating *ir*BBB+/Stable

Rated Issues

MTN City Retail Developments I Tahun 2021 *ir*BBB+

Rating Period

November 30, 2023 – December 1, 2024

Rating History

November, 2022 *ir*BBB+/Stable

December, 2021 *ir*BBB+/Stable

"Debt Securities with *ir*BBB rating have an adequate level of certainty to honor its financial obligations. However, this certainty is more likely to diminish in the future than with the higher rating categories".

The plus sign (+) indicates that the rating given is closer to the rating scale above it.

Kredit Rating Indonesia affirms '*ir*BBB+' rating to MTN City Retail Developments I Tahun 2021 totaling IDR750 Bn

Kredit Rating Indonesia (KRI) affirms a Company Rating of '*ir*BBB+' for PT City Retail Developments Tbk ("NIRO" or the "Company") with a 'Stable' outlook. At the same time, KRI has affirmed '*ir*BBB+' to NIRO's MTN City Retail Developments I Tahun 2021 totaling IDR750 Bn which has been used for business expansion. The ratings still reflect the Company's strategy of expanding its number of properties. However, the ratings are still constrained by the Company's weak cash flow protection and aggressive capital structure.

Established in 2003, the Company is one of the Indonesian property companies with a focus on mall type of properties, and the Company already had 30 operating malls and 5 hotels scattered throughout Indonesia. NIRO's properties are mostly located in small cities or the capital of regencies which led the Company become the pioneer in the area. Going forward, the Company still targets to open new malls mostly in small cities as well as few big cities as diversification. In 2022, the Company acquired 1 mall and 1 hotel (D'mall Depok and Hotel Santika Depok), also opened 3 new malls such as The Park Kendari, Citimall Bondowoso and Citimall Bontang. Meanwhile in 2023, the Company opened 1 new mall, The Park Semarang. Currently, the Company has 6 under-construction malls that are expected to be commercially opened in 2024 to 2027. Given new malls opened, NIRO recorded revenue of IDR908 Bn (+24% YoY) in 2022 and IDR845 Bn in 9M2023. Moreover, NIRO's profitability margins were gradually increasing as its EBITDA margin of 28% and EBIT margin of 26% in 9M2023 (2022: EBITDA margin of 24% and EBIT margin of 22%) due to efficiency in costs. Furthermore, the Company gained sales of investment in which the Company divested PT Narendra Amerta to its third party in 2022.

However, the ratings are constrained by the Company's weak cash flow protection measure as its interest coverage ratios have remained under 1.0x since 2018. The ratings are also limited by the Company's capital structure with adjusted DER already stood at 2.87x as of September 30, 2023 from 1.94x as of December 31, 2021 and 2.69x as of December 31, 2022.

The Company's shareholder ownership composition as of September 30, 2023, was PT Orion Global Development (51%) and the Public (49%).

NIRO Financial Results Highlights (Consolidated)

As of/For the year ended	Sep 2023 (Unaudited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Adjusted Assets (IDR, Bn)	13,638.7	12,901.7	11,662.0	10,579.4
Total Adjusted Debt (IDR, Bn)	6,060.0	5,742.1	4,479.2	3,265.9
Total Adjusted Equity (IDR, Bn)	2,114.6	2,138.4	2,307.2	2,365.5
Total Sales (IDR, Bn)	845.0	908.5	732.7	529.2
Net Income (IDR, Bn)	(152.5)	(355.5)	(164.1)	157.8
EBITDA Margin (%)	28.2	23.8	23.4	16.7
EBIT Margin (%)	25.9	21.5	20.3	12.8
EBITDA/Adjusted Debt (x)	0.1	0.0	0.0	0.0
Adjusted Debt/Adjusted Equity (x)	2.9	2.7	1.9	1.4
FFO/Adjusted Debt (%)	(0.1)	(0.0)	0.1	(0.0)
EBITDA/IFCCI (x)	0.6	0.4	0.6	0.4
USD Exchange Rate (IDR/USD)	15,062	15,731	14,269	14,105

Analysts: Furqon Abrory Samara (furqon.samara@kreditratingindonesia.com)
Cut Nabila Saraziva (cut.nabila@kreditratingindonesia.com)

DISCLAIMER

PT Kredit Rating Indonesia (KRI) does not represent or warrant or guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. KRI does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. Although the information upon which KRI rating report are based, and any other contents provide in this rating report is obtained by KRI from sources which KRI believes to be reliable.

KRI will be held harmless against any responsibility arising from its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. The issuance of a solicited or unsolicited rating report does not supply financial, legal, tax or investment consultancy. The rating report is not an opinion as to the value of securities, therefore KRI is not responsible for any credit, loan or investment decision, damages or other losses resulting from the reliance upon or use of this report.

In no event shall KRI be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this rating report or publication.

Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. Therefore, this report may not reflect any event or circumstances which occur after the date of this report.

KRI also assumes no obligation to update the content following publication in any form. KRI does not act as fiduciary or an investment advisor. KRI keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical process and products. As a result, certain units of KRI may have information that is not available to other units. KRI has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. KRI may receive compensation for its ratings and other analytical work, normally from issuers of securities. KRI reserves the right to disseminate its opinions and analyses. KRI's public ratings and analyses are made available on its website, <http://www.kreditratingindonesia.com> (free of charge) and through other subscription based services, and may be distributed through other means, including via KRI publications and third party redistributors. Information in KRI's website and its use fall under the restrictions and disclaimer stated above. No part of KRI's website, the content of this report, may be reproduced or transmitted by any means, electronic or non-electronic whether in full or in part, will be subjected to written approval from KRI.