



sinarmas land

***“Building for a better
future”***

4Q & FY 2016

Financial Results Presentation

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01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

04. APPENDIX

Key Highlights for 4Q & FY 2016

- The Group's FY 2016 revenue decreased 8.2% to S\$878.4 million on the back of lower sales of land for commercial and industrial purposes from the Indonesia division amid subdued economic conditions
- Rental income* rose 14.8% to S\$149.4 million in FY 2016 due to new leases signed at higher rental rates from Indonesia division, as well as rental contribution from Alphabeta building
- PATMI for FY 2016 decreased 19.7% to S\$114.9 million due to lower revenue from previous quarters and higher finance costs
- FY 2016 financial position remained healthy with total assets of S\$6,079.8 million, bolstered with cash and cash equivalents of S\$867.3 million and a net debt to equity ratio of 12.8%
- BSDE achieved IDR 6.3 trillion for FY 2016 marketing sales or 91% of 2016 full year marketing sales target of IDR 6.9 trillion. For FY 2017, BSDE has a marketing sales target of IDR 7.2 trillion
- DMAS FY 2016 achieved marketing land sales of 53.8 ha exceeded its full year target of 50.0 ha. For FY 2017, DMAS has targeted 60 ha of industrial land sales translating to total marketing sales of IDR 1.5 trillion

01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

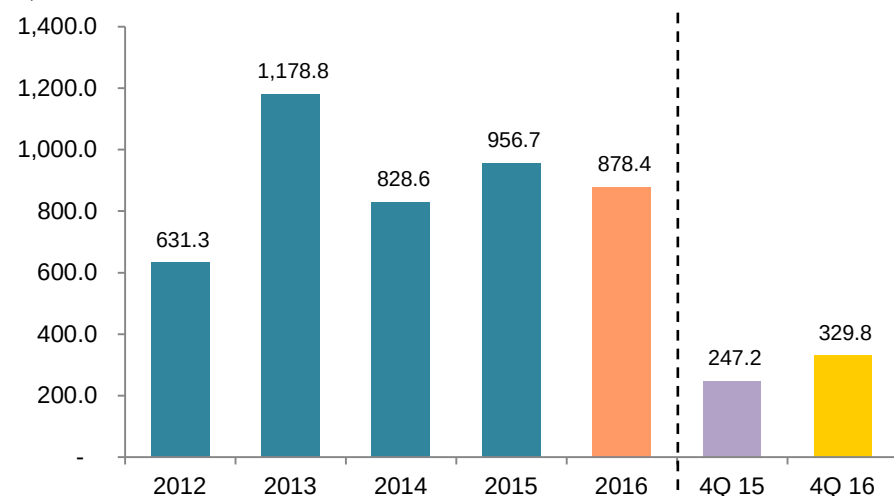
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4Q & FY 2016 Financial Highlights

Revenue

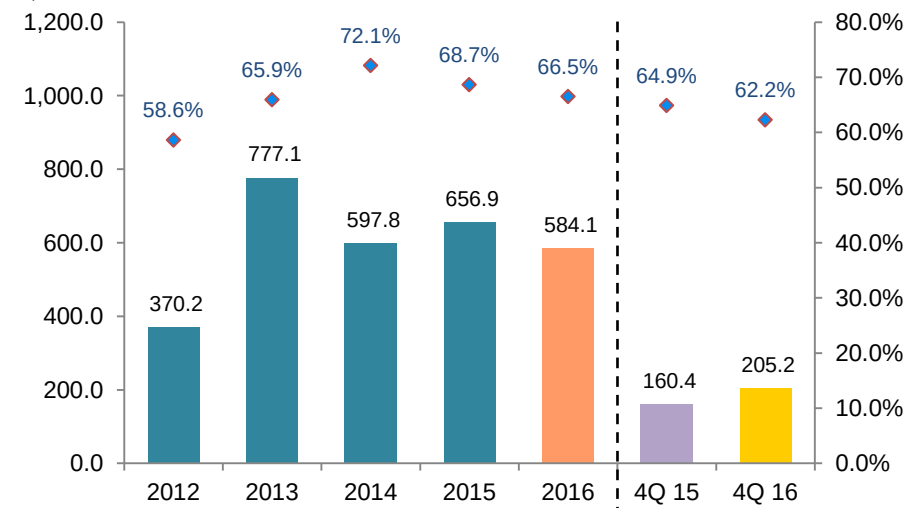
S\$ million



- Total revenue for FY 2016 decreased 8.2% to S\$878.4 million due to lower sales of land for commercial and industrial purposes from the Indonesia division amid subdued economic conditions
- The decrease was partially offset by an increase in completed residential units being handed over to homebuyers in Indonesia, as well as leasing income from the Alphabet building in London
- 4Q FY 2016 revenue increased 33.4% to S\$329.8 million due to higher residential revenue generated from BSD City and industrial land sales from Kota Deltamas

Gross Profit and Gross Profit margin

S\$ million

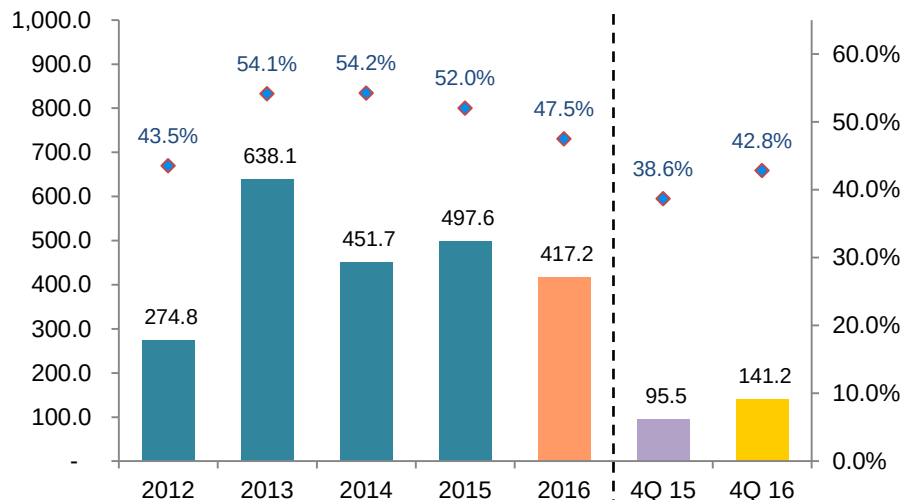


- In tandem with the lower revenue, FY 2016 gross profit declined 11.1% to S\$584.1 million. Gross profit margin decreased slightly from 68.7% to 66.5% due to lower sales of land parcels which deliver better margins.
- On the other hand, 4Q 2016 gross profit rose 28.0% to S\$205.2 million on higher revenue in the last quarter of the year.

4Q & FY 2016 Financial Highlights

EBITDA and EBITDA margin

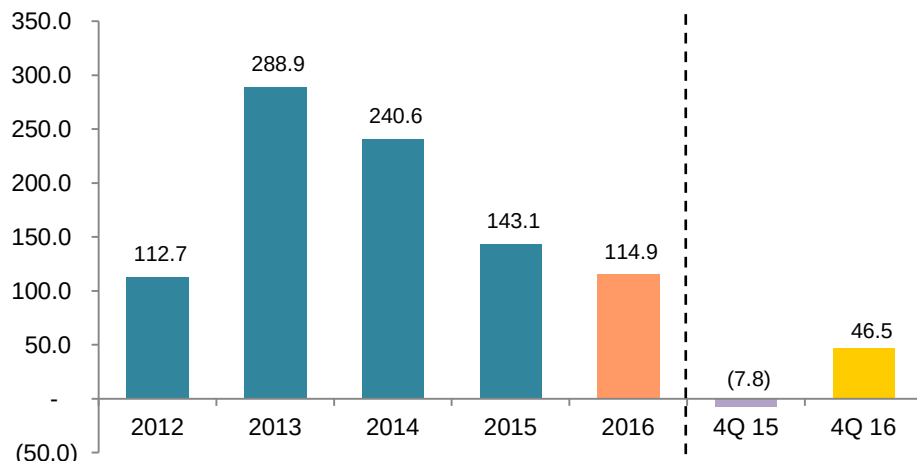
S\$ million



- EBITDA fell 16.2% to S\$417.2 million for FY 2016 mainly due to lower land sales from Indonesia division, offset by better EBITDA from UK and China division. As a result, EBITDA margin was down by 4.5 percentage points to 47.5%
- In 4Q 2016, EBITDA increased 29.1% to S\$141.2 million due to higher revenue from Indonesia division and lower selling expenses. This resulted in 4Q 2016 EBITDA margin to increase 4.2 percentage points to 42.8%

Profit attributable to Owners of the Company

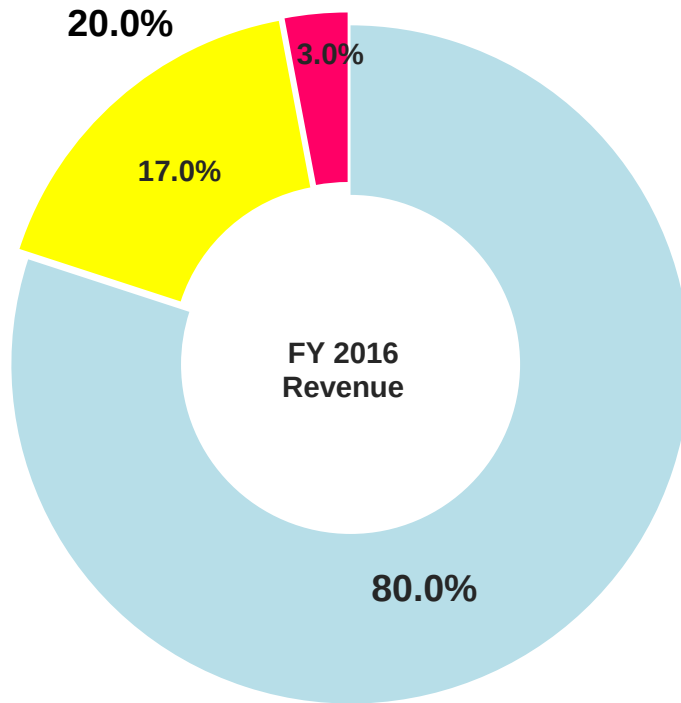
S\$ million



- Profit attributable to owners of the Company achieved S\$46.5 million in 4Q 2016 on the back of higher revenue and foreign exchange gain
- However, FY 2016 Profit attributable to owners of the Company declined 19.7% to S\$114.9 million due to lower revenue and higher finance costs

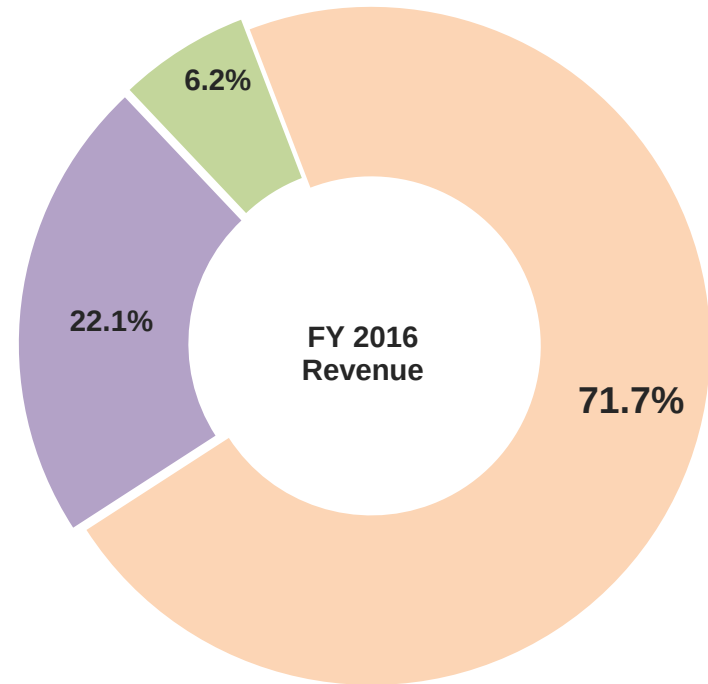
FY 2016 Revenue Breakdown

Revenue – Product Breakdown (%)



- Sales of Development Properties and Land
- Rental Income
- Others

Revenue – Geographical Breakdown (%)

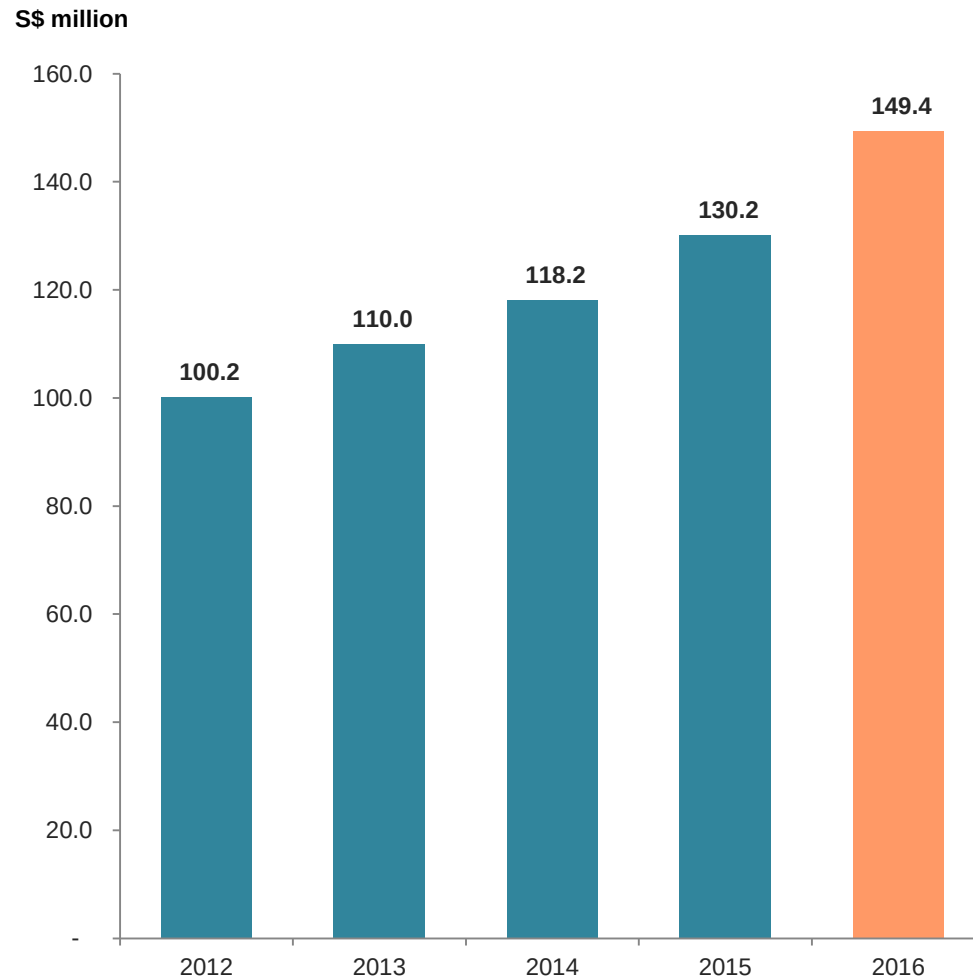


- BSDE
- Non-BSDE
- International*

* : Other countries include China, Singapore, Malaysia, Batam and United Kingdom

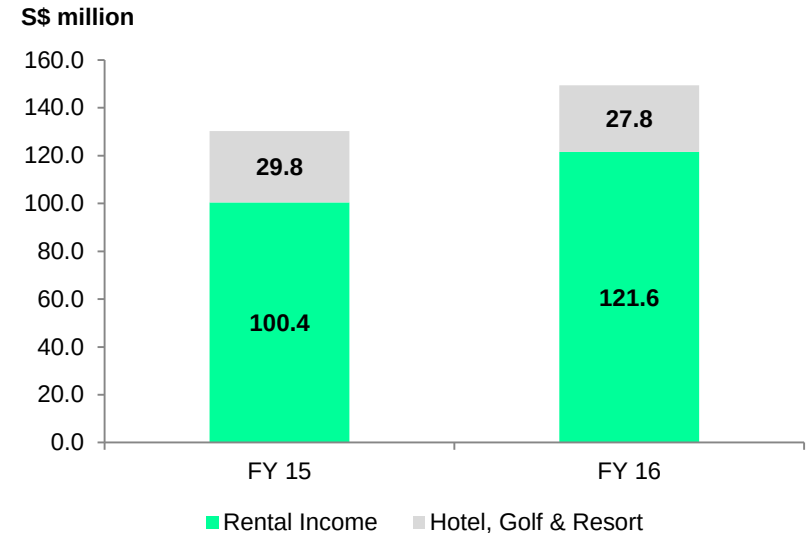
FY 2016 Recurring Income Breakdown

Increasing recurring income* base (S\$ million)

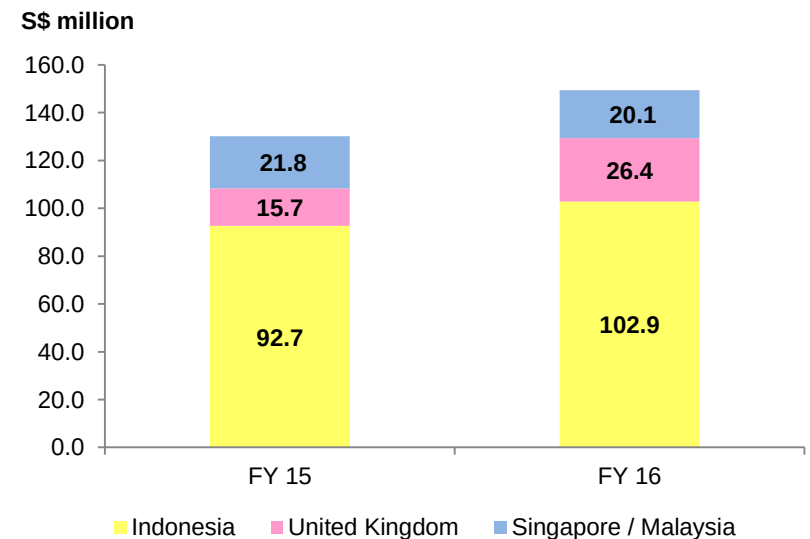


* : Recurring income includes rental income, hotel revenue and revenue from golf and resort operations

Recurring Income – Product Breakdown



Recurring Income – Geographical Breakdown



FY 2016 – Financial Snapshot

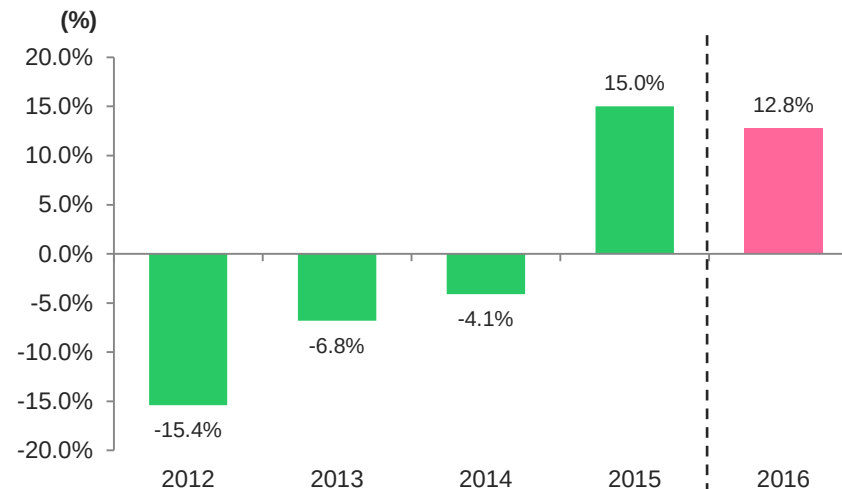
(S\$ '000)	As at 31 Dec 2016	As at 31 Dec 2015
Assets		
Cash and cash equivalents	867,276	907,985
Investment properties	1,077,139	1,072,872
Properties held for sale	1,265,641	994,589
Properties under development for sale	1,793,858	1,590,507
Other assets	1,075,931	952,071
Total Assets	6,079,845	5,518,024
Liabilities		
Borrowings	552,197	782,638
Bond Payables	794,299	607,596
Other liabilities	878,053	797,568
Total Liabilities	2,224,549	2,187,802
Equity		
Total Capital and reserves	1,983,571	1,748,683
Non-controlling Interest	1,871,725	1,581,539
Total Equity	3,855,296	3,330,222

Key Financial Ratios

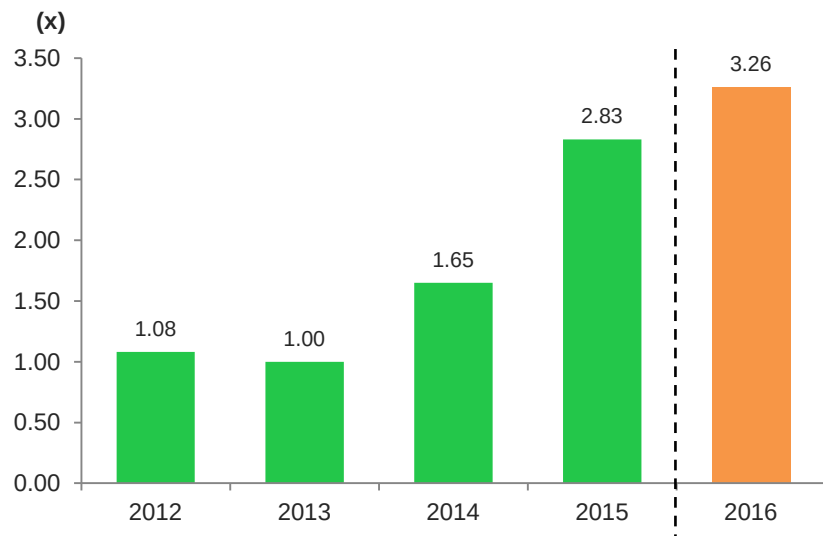
Debt / Assets and Debt / Equity



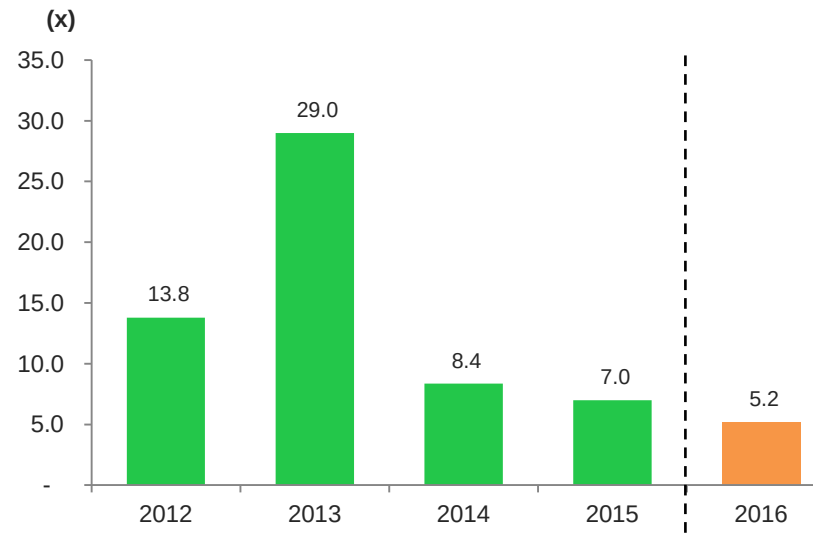
Net Debt / Equity



Total Debt / EBITDA

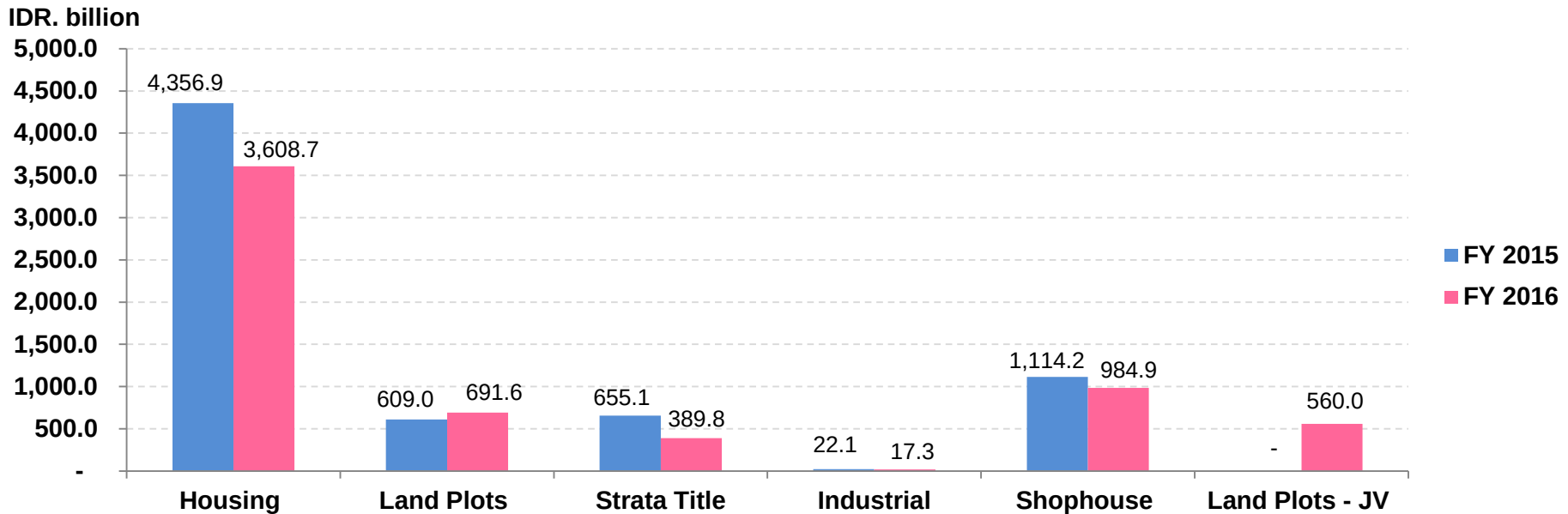


EBITDA / Interest Expense



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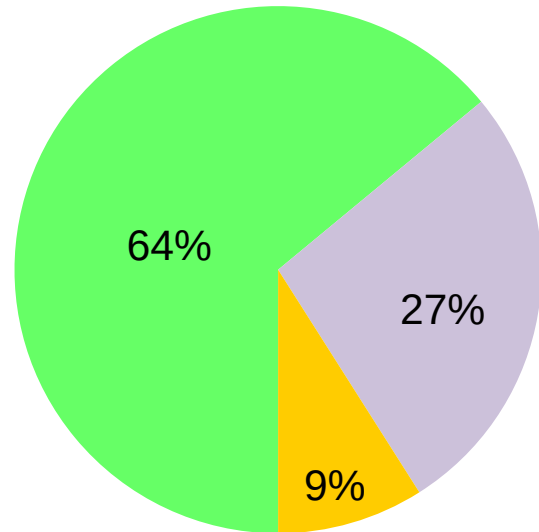
Indonesia Property Division – BSDE achieved IDR 6.3 trillion for FY 2016 Marketing Sales



- BSDE achieved **IDR 6.3 trillion of marketing sales for FY 2016** or 91% of 2016 full year IDR 6.9 trillion marketing sales target
- FY 2016 marketing sales decreased by 7% compared to FY 2015 due to a 17% dip in residential sales despite the number of residential units sold increased by 15%
- Residential pre-sales amounting to IDR 3.6 trillion contributes about 58% to full year marketing sales. Commercial business units including land plots, strata title (apartments), industrial and shop-houses were achieved amounting to IDR 2.1 trillion or 33% of FY2016 pre-sales
- BSDE formed a joint venture company (JVCo) with Mitsubishi Corporation to develop a 19 hectares of residential land. As result, BSDE booked partial land sold to JVCo amounting to IDR 560 billion, with the remaining IDR 840 billion will be booked in 2017. This land sales contributed 9% of FY2016 pre-sales.

Indonesia Property Division – BSDE targets IDR 7.2 trillion for FY 2017 Marketing Sales

FY 2016 Actual Marketing Sales

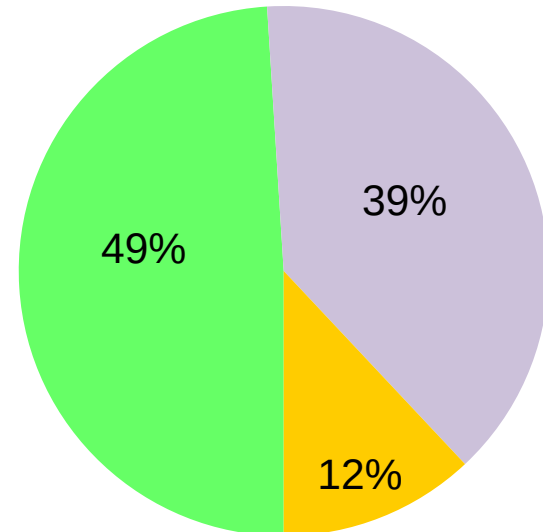


■ Residential

■ Commercial

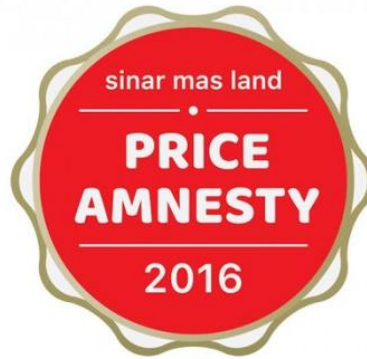
■ JV Land

FY 2017 Marketing Sales Target



- BSDE is targeting **IDR 7.2 trillion** for FY 2017 marketing sales
- **Commercial segment is expected to contribute IDR 2.9 trillion**, a 71% increase of FY 2016 achievement, from the launch of Southgate Residence and Klaska Surabaya
- **Residential segment targets to contribute 49% or IDR. 3.5 trillion** of total marketing sales target. BSD City Serpong will continue to be the main contributor (30%) of the total residential pre-sales contribution
- **JV land segment will contribute at least IDR 0.8 trillion** to FY 2017 marketing sales target, the remaining land sales yet to be booked in from the Mitsubishi Corporation joint venture collaboration

Indonesia Property Division – Price Amnesty Program



- Sinarmas Land launched a special program titled “**Price Amnesty**”, offering discounts up to 20% and grand prize worth hundreds of millions of rupiah, in anticipation of funds repatriation from the tax amnesty to flow into Indonesia property sector
- Price Amnesty program is **divided into two periods** where the benefits offered in the first period will be more interesting than the second period. The first period started since October 10, 2016 until 15 November 2016 and the second period from 16 November 2016 until December 31, 2016.
- This is the **first and last time** Sinarmas Land will offer such attract benefits to customers
- At the end of the program, Sinarmas Land **sold more than 1,305 units** of existing residential units, shop houses and land parcel, accumulating **IDR 2.1 trillion of marketing sales**

Indonesia Property Division – BSDE – Major Launch Updates



- **BSD City plans to launch an extension cluster of “The Mozia” called “Piazza” on 12nd November 2016**
- Piazza is a new dormitory cluster that consists of 83 units located in the 2nd phase of BSD City, surrounded by QBig Mall, Court Mega Store, IPEKA Christian School and ICE
- Piazza targets students and young executives seeking to reside comfortably in a strategic location within BSD City equipped with complete facilities and extensive surrounding amenities
- The pricing starts from IDR 1.3 to 1.8 billion per unit, with specification of 103 to 139 sqm building area and 35 to 50 sqm land area
- Each unit will feature 2 bedrooms on each three storey dormitory house
- **On the first day launch, 65% of total unit launched sold out, generating IDR 74 billion of marketing sales**

Indonesia Property Division – BSDE – Major Launch Updates



- Following the successful launch of Piazza residential cluster, BSDE launched “Piazza the Mozia Shop Houses”, a commercial shop house development within 20 hectare The Mozia cluster, on **16th December 2016**
- Piazza the Mozia Shop Houses is located strategically among the other surrounding prominent residential cluster that includes The Eminent, Vanya Park, and Regent Town. Also, its is adjacent to the new Mitsubishi Corporation joint venture development
- Piazza the Mozia Shop Houses are three storey shop houses with 5 different layout options, ranging from 35 sqm to 54 sqm land area
- There is a total of 58 units available for sales with price ranging from IDR 2.7 to 3.9 billion.
- **40% of the units were sold on launch date, generating IDR 66 billion of pre-sales**

Indonesia Property Division – BSDE – Major Launch Updates



- **BSD City launched an extension shop house blocks development in Modern Wet Market Phase one on 30th November 2016**
- This highly demand shop houses is situated on a 1.1 hectares land area surrounded by a densely populated BSD City Phase 1
- A double storey car park will be constructed to ease the traffic congestion following the completion
- There will be a total of 44 units three storey shop houses with 8 layout options ranging from 48 to 84 sqm land area and 136 to 234 sqm build-up area.
- Each shop houses will have two access doors, main door and maintenance door
- Price per unit ranges from IDR 3 to 5.3 billion
- **On launched date, 88% of the units were sold, contributing IDR 124 billion of marketing sales**

Indonesia Property Division – BSDE – Major Launch Plan



- BSD City is set to launch a new commercial shop house cluster named “West Park” on the third week of February 2017
- West Park is located at 2nd phase development of BSD City, surrounded by QBig Mall, Court Mega Store, IPEKA Christian School and direct connected to Indonesia Convention and Exhibition – ICE
- Situated directly opposite Vanya Park mixed-development cluster, West Park offer shoppers a natural open space concept with a view of the Vanya Park lake and new attractions such as Equestrian Park
- There is a mixture of 2 to 3 storey shop houses, totalling **104 units available for sales**, with 7 different layout options
- Prices will range from IDR 1.4 billion to IDR 5.8 billion per unit, depending on the specifications of 32 sqm to 104 sqm land size, and 62 sqm to 293 sqm building area

Indonesia Property Division – DMAS Achieved 53.8 hectares of land sales in FY 2016

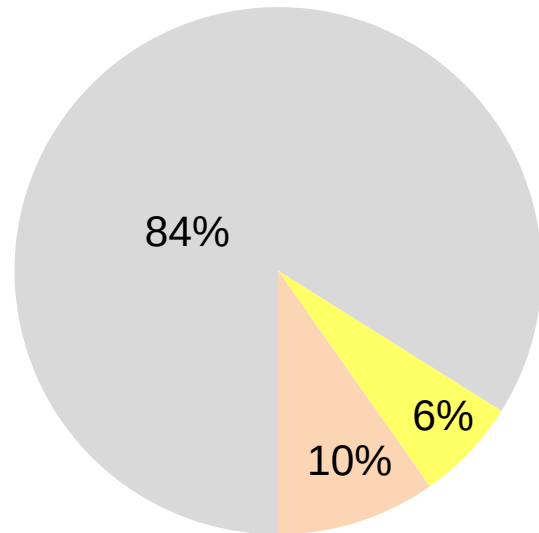


- **DMAS** (also known as Kota Deltamas) achieved **IDR 1,076 billion** for FY 2016 marketing sales, having sold a total of **52.9 hectares of industrial** and **0.9 hectares of commercial land**
- **Exceeds its 2016 industrial land marketing sales target of 50 hectares**
- This is considered a **great achievement** given the **sluggish macro condition** in 2016
- Most of the industrial buyers came from automotive / auto-related sector, with a **38.3 hectares land sold to PT Astra Honda Motor (AHM)**

Indonesia Property Division – DMAS targets 60 ha of land sales for FY 2017 Marketing Sales



FY 2016 Actual Marketing Sales

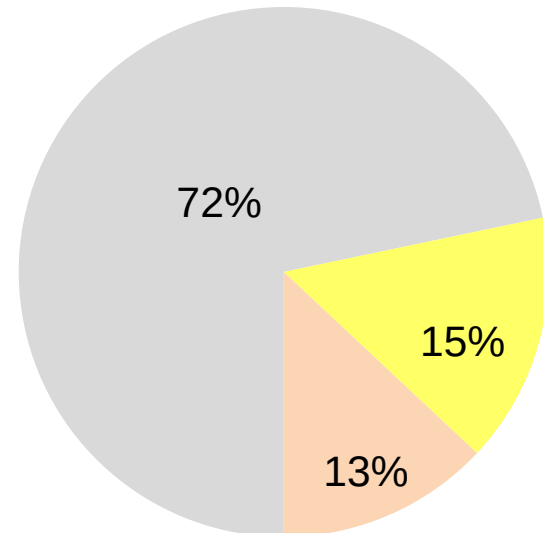


■ Industrial

■ Residential

■ Commercial

FY 2017 Marketing Sales Target



- DMAS is targeting **60 ha of industrial land sales** or a total of **IDR 1.5 trillion** for **FY 2017 marketing sales**
- **Industrial Land segment** – Other than foreign investors, DMAS has received more enquires from local companies planning to relocate or expand into the Cikarang area. In terms of sectors, enquired has poured in from various industrial sectors
- **Residential and Commercial segment** – DMAS plans to launch new residential clusters and commercial areas in anticipation of an increasing working population in the modern integrated township

Indonesia Tax Amnesty Programme – 2nd Phase Update

- The second phase of Indonesia's tax amnesty program ended on 31 December 2016 with **the Indonesian government collecting IDR 100.9 trillion** (approx. USD \$7.5 billion) in additional tax revenue, or **61.2 percent** of the nine-month program's full target (IDR 165 trillion)
- **Total asset declarations** amounted to IDR 4,295.9 trillion (approx. USD \$321 billion), **exceeding the government's target** of IDR 4,000 trillion
- However, the **repatriation of offshore funds** only reached IDR 140.5 trillion (approx. USD \$10.5 billion), or **14.1 percent of the full target** (IDR 1,000 trillion)
- Indonesia's tax amnesty program, till 31 March 2017, is divided in three phases. In the first phase the government offered the most attractive tax tariffs to taxpayers who declare and/or repatriate their previously unreported assets
- Tax Amnesty Program Performance to-date:

	Target (IDR trillion)	As at 27 Jan '17 (IDR trillion)	Achieved
State Income	165.0	104.0	63.0%
Declaration of Funds	4,000.0	4,337.0	108.4%
Repatriation of Funds	1,000.0	141.0	14.1%

- Applicable Rates Summary Table:

For Individual Taxpayers	Submission Period	Redemption Payment Rates (%)
Repatriated Assets or Onshore Assets <i>(subjected to the requisite 3-year investment / retention requirement)</i>	July 2016 – September 2016 (Completed)	2
	October 2016 – December 2016 (Completed)	3
	January 2017 – March 2017	5
Foreign Assets – Not Repatriated	July 2016 – September 2016 (Completed)	4
	October 2016 – December 2016 (Completed)	6
	January 2017 – March 2017	10

Package	Unveiled	Main Points
1st	9 September 2015	• Boost industrial competitiveness through deregulation • Curtail red tape • Enhance law enforcement & business certainty
2nd	30 September 2015	• Interest rate tax cuts for exporters • Speed up investment licensing for investment in industrial estates • Relaxation import taxes on capital goods in industrial estates & aviation
3rd	7 October 2015	• Cut energy tariffs for labour-intensive industries
4th	15 October 2015	• Fixed formula to determine increases in labor wages • Soft micro loans for >30 small & medium, export-oriented, labor-intensive businesses
5th	22 October 2015	• Tax incentive for asset revaluation • Scrap double taxation on real estate investment trusts • Deregulation in Islamic banking
6th	5 November 2015	• Tax incentives for investment in special economic zones
7th	4 December 2015	• Waive income tax for workers in the nation's labour-intensive industries • Free leasehold certificates for street vendors operating in 34 state-owned designated areas
1st	21 December 2015	• Scrap income tax for 21 categories of airplane spare parts • Incentives for the development of oil refineries by the private sector • One-map policy to harmonize the utilization of land
9th	27 January 2016	• Single billing system for port services conducted by SOEs • Integrate National Single Window system with 'inaportnet' system • Mandatory use of Indonesian rupiah for payments related to transportation activities • Remove price difference between private commercial and state postal services
10th	11 February 2016	• Removing foreign ownership cap on 35 businesses • Protecting small & medium enterprises as well as cooperatives
11th	29 March 2016	• Lower tax rate on property acquired by local real estate investment trusts • Harmonization of customs checks at ports (to curtail dwell time) • Government subsidizes loans for export-oriented small & medium enterprises • Roadmap for the pharmaceutical industry
12th	28 April 2016	• Enhancing the ease of doing business in Indonesia by cutting procedures, permits and costs
13th	24 August 2016	• Deregulation for residential property projects for low-income families
14th	10 November 2016	• Creating a roadmap for Indonesia's e-commerce industry: - easing and widening access to funding and offering tax incentives - harmonize regulations and gradually develop a national payment gateway - promote e-commerce awareness campaigns and improve e-commerce education - accelerate the development of high-speed broadband network and the improvement of the e-commerce logistics system

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4Q 2016 vs 4Q 2015

Consolidated Income Statement

4Q 2016 versus 4Q 2015 Consolidated Income Statement

(S\$ '000)	4Q 2016	4Q 2015	Change %
Revenue	329,787	247,219	33.4
Cost of Sales	(124,558)	(86,860)	43.4
Gross Profit	205,229	160,359	28.0
<i>Operating Expenses</i>			
Selling Expenses	(16,714)	(19,629)	(14.9)
General and administrative expenses	(53,227)	(46,788)	13.8
Operating profit	135,288	93,942	44.0
Finance income	7,770	8,115	(4.3)
Others	(2,746)	(76,322)	n.m.
Profit before income tax	140,312	25,735	445.2
Income tax	(23,931)	(22,830)	4.8
Profit for the period	116,381	2,905	n.m.

Attributable to:

Owners of the Company	46,472	(7,792)	n.m.
Non-controlling interests	69,909	10,697	553.5

FY 2016 vs FY 2015

Consolidated Income Statement

FY 2016 versus FY 2015 Consolidated Income Statement

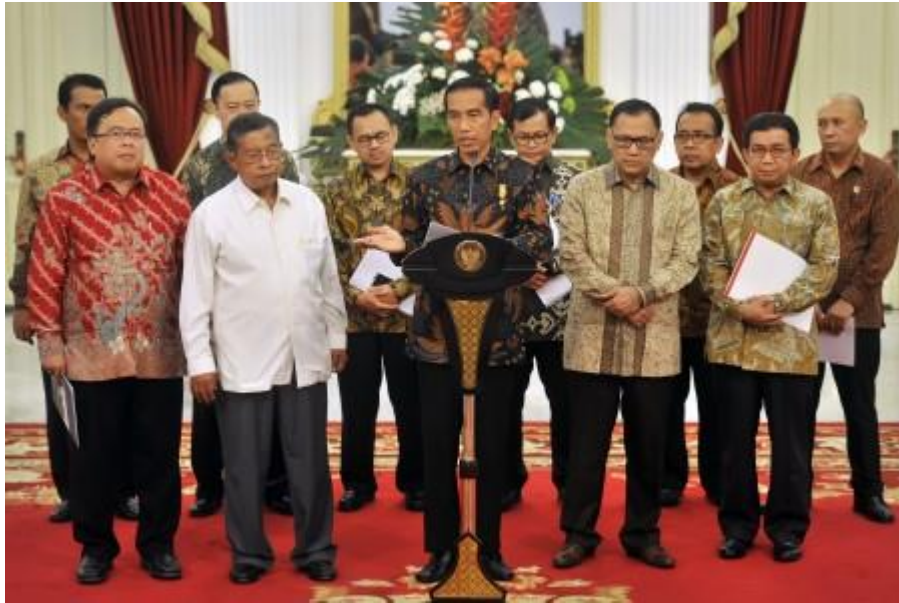
(S\$ '000)	FY 2016	FY 2015	Change %
Revenue	878,388	956,721	(8.2)
Cost of Sales	(294,328)	(299,827)	(1.8)
Gross Profit	584,060	656,894	(11.1)
<i>Operating Expenses</i>			
Selling Expenses	(59,498)	(64,343)	(7.5)
General and administrative expenses	(171,487)	(161,177)	6.4
Operating profit	353,075	431,374	(18.2)
Finance income	28,672	33,708	(14.9)
Others	(59,299)	(66,054)	(10.2)
Profit before income tax	322,448	399,028	(19.2)
Income tax	(58,749)	(69,398)	(15.3)
Profit for the period	263,699	329,630	(20.0)
Attributable to:			
Owners of the Company	114,908	143,117	(19.7)
Non-controlling interests	148,791	186,513	(20.2)

Statement of Financial Position

Statement of Financial Position

(S\$ '000)	As at 31 Dec 2016	As at 31 Dec 2015
Current Assets		
Cash and cash equivalents	867,276	907,985
Properties held for sale	1,265,641	994,589
Other current assets	435,383	421,734
Total Current Assets	2,568,300	2,324,308
Non-Current Assets		
Associated companies	265,247	220,652
Joint ventures	122,925	91,354
Properties under development for sale	1,793,858	1,590,507
Investment properties	1,077,139	1,072,872
Property, plant and equipment	195,777	167,087
Other non-current assets	56,599	51,244
Total Non-Current Assets	3,511,545	3,193,716
Total Assets	6,079,845	5,518,024
Short-term borrowings	46,191	218,030
Short-term payables and liabilities	679,629	614,151
Bonds payables	794,299	607,596
Long-term borrowings	506,006	564,608
Long-term liabilities	198,424	183,417
Total Liabilities	2,224,549	2,187,802
Total Capital and reserves	1,983,571	1,748,683
Non-controlling Interest	1,871,725	1,581,539
Total Equity	3,855,296	3,330,222
Total Liabilities and Equity	6,079,845	5,518,024

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #1



- Indonesia president Joko “Jokowi” Widodo unveiled **Indonesia’s 1st economic policy package** on 9 September 2015 that **aims to boost Indonesia’s mid to long term economy**
- **89 regulations are to be revised** as they are considered to burden the country’s business environment
- Simplify the process for companies to obtain business permits, **cut red tape, curtail overlapping regulations**, enhance the **use of electronic-based services**
- Government will empower the micro, small and mid-sized businesses through **subsidized loans with low interest rates of 12 percent only** (from 22-23 percent currently)
- **Accelerate and increase the flow of central government funds to the local governments.** These funds are specifically for infrastructure development in the regions.
- Local government will become important powers to **speed up realization of strategic projects** of national interest
- **Investment in the property sector needs to be encouraged**, including friendly policies for low-income communities

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #2



- 2nd economic policy package unveiled on 29 September 2015 focuses on **establishment of bonded logistics zone and import tax cut**
- Time required to process **investment permits** for investments in Indonesia's industrial estates will be **curtailed from eight days to only three hours**
- Preparing **two bonded logistic zones**, one in **Cikarang (West Java)** and the other in **Merak (Banten)** as it aims to offer more efficient industrial facilities
- The zone in **Cikarang** is designed to serve the **logistics-related manufacturing industry**, while the zone in **Merak** is to function as a **storage facility for fuel logistics**.
- These zones should serve as **a hub for capital goods, intermediary goods, and raw materials**
- Bonded zones are attractive as the government provides several taxation facilities, such as the **exemption of value-added tax (VAT) and sales tax on imported intermediary goods**, as well as the possibility to postpone import duty payments
- Indonesian government **scrapped VAT** for imports of aircraft components and aviation safety equipment
- This exemption applies to both airlines and those third-party companies that import such aircraft components. The move will support companies engaged in the aviation sector.



- **3rd economic policy package** unveiled on 7 October 2015 focuses on **micro-financing** and **cheaper diesel & electricity**
- **Indonesian street vendors and small businesses** (that operate in designated areas) can obtain a leasehold certificate through which they can **secure cheap government-backed micro loan** to expand their business since many lack assets to secure a loan
- Boost the industrial sector by **cutting the diesel price by IDR 200 to IDR 6,700 (USD \$0.48) per liter**
- **Electricity tariffs** (for industries) are to be **cut by 30 percent** between 11 pm and 8 am
- Companies that are in **financial trouble** will be **allowed to delay the payment of up to 40 percent** of its electricity bills until the next year with condition that the company **agrees not to layoff employees.**



- **4th economic policy package** unveiled on 15 October 2015 focuses on **boosting labour and employment in Indonesia**
- **Implementation of a new fixed formula** that will be applied by the government to determine increases in labour wages across the 34 provinces of the Archipelago
- **Currently, minimum wage growth is not fixed** but depends on negotiations between local governments and labour unions and is also based on the basic costs of living index in each 34 provinces
- Every year the basic costs of living index (which involves 60 essential monthly expenditures) is surveyed. The result of this index is highly influential in determining the new minimum wage as it forms a recommendation to the local Governor.
- As a result, sudden big jumps in minimum wages occurs. This is not good news for the business climate as it increases uncertainty for business owners and investors.
- The **new formula** is designed to provide **more certainty to business owners** regarding minimum wage growth
- Every year, wages will be allowed to increase **based on the provincial inflation rate and economic growth pace**



- **5th economic policy package** unveiled on 22 October 2015 focuses on **tax incentive for revaluation of fixed assets and removal of double taxation**
- New tax incentive **encourage companies to revalue assets**, hence increasing their leverage. With higher-valued assets and larger capital, these **companies can borrow more from banks**, hence having **more room to invest**
- Previously, companies had to pay a 10% tax on the company's fixed asset growth. From **now till 31 Dec 2015, the tax rate is 3%**; increasing to 4% from 1 Jan 2016 to 30 Jun 2016; and 6% from 1 Jul 2016 to 31 Dec 2016
- **Scrap double taxation on real estate investment trusts** that are being established in Indonesia in an effort to boost the domestic capital market
- The government is going to **encourage the growth of the Islamic finance industry** by simplifying the regulatory and licensing for products of Islamic banking.
- There will be codification of Islamic products, in which **some certain code licences will be exempted.**



- **6th economic policy package** unveiled on 5 November 2015 focuses **tax incentives for investment in Indonesia's special economic zone**
- **Special economic zones** are defined as designated areas **where natural resources** (mined in or around the zone) **are processed**
- Investors can get income **tax discounts of between 20 and 100 percent** for a duration **up to 25 years** with a minimum investment value
- These generous tax holidays are designed to attract investment in the country's manufacturing industry
- **Foreign investors are allowed to own property** in these special economic zones and investors will be able to **import raw materials without being charged value-added tax (VAT)**
- **Goods manufactured** in these special economic zones are to be **exempted from VAT when sold domestically**, but remain subject to customs and excise fees.
- The Indonesian government assigned the special economic zone status to eight areas: Tanjung Lesung (Banten), Sei Mangkei (North Sumatra), Palu (Central Sulawesi), Bitung (North Sulawesi), Mandalika (West Nusa Tenggara), Morotai (North Moluccas), Tanjung Api-Api (South Sumatra), and Maloi Batuta Trans Kalimantan (East Kalimantan).

Indonesia Property Division –

Indonesia Economic Stimulus Policy Package #7

- **7th economic policy package** unveiled on 4 December 2015 **focuses on waiving income tax for workers in the nation's labor-intensive industries**
- **Those who work in labor-intensive industries**, such as footwear, textiles or tobacco, and earn less than IDR 50 million (approx. USD \$3,700) per year **are eligible for exemption from paying income tax.**
- **This policy** will be maintained **for at least two years.**
- Also, the government will **grant leasehold certificates (for free)** to street vendors operating in 34 state-owned designated areas.
- The program, which will be launched in Banten (West Java), **aims to increase vendors' capital**
- Through this new policy, however, these **vendors will have access to government-backed micro-loans** unlike previously where they have difficulty obtaining loans as most vendors are working illegally and lack capital to secure a loan





- **8th economic policy package** unveiled on 21 December 2015 **focuses on Import Tax, Oil Refineries and One-Map Policy**
 - To improve the rapid expanding aviation industry, the government announced **scrapping import taxes on 21 categories of airplane spare parts**
 - The Indonesian government also announced the **opening up of oil refinery sector** that was previously only available to state-owned energy firm Pertamina or through a partnership between a private investor and Pertamina
-
- **Private investors are now allowed to establish oil refineries independently** but are required to sell the end-products to Pertamina.
 - The central government will **streamline and harmonize land-acquisition for infrastructure development** across the country through the new "one-map policy"
 - **The one-map policy will imply four advantages:** **(1)** integration of the planning of land utilization with the government's Spatial Planning Document (Dokumen Rencana Tata Ruang), **(2)** easing and speeding up the completion of conflicts of land use, **(3)** one reference map will improve the information provision related to localization of economic activities, and **(4)** speed up the issuance of permits related to land usage.

- **9th economic policy package** unveiled on 27 January 2016 **aims to combat Indonesia's high logistics cost**
- Indonesia's 9th economic stimulus package **consists of four parts:**
- **(1) to integrate billing and payments for port services** conducted by state-owned enterprises into one electronic system (single billing system)
- **(2) to integrate the Indonesia National Single Window system** (which handles export and import documents) with the 'inaportnet' system (which monitors the flow of goods in harbors)
- **(3) to revise Transportation Ministry Regulation No.3/2014 on the Use of Foreign Currencies for Transportation Payments.** By revising this regulation the Indonesian government aims to make the use of the **Indonesian rupiah mandatory for payments related to transportation activities**
- **(4) to remove Communications and Information Ministry Regulation No.9/2015.** This move should **neutralize the price difference between private commercial postal services and state postal services in Indonesia.** The aforementioned regulation states that commercial postal services in Indonesia are required to be more expensive than universal (private) postal services. This regulation was a major advantage to state-owned Pos Indonesia but limited competitiveness and efficiency in the country's postal services sector.



- **10th economic policy package** was unveiled on 11 February 2016 focuses on **deregulation measures and significant revisions to the negative investment list**
- Simplified the negative investment list to only 84 from 119 and opened **29 new sectors to foreign investors**
- **Allow 100 percent foreign ownership** in cold storage business, crumb rubber industry, sport-centers, film production industry, restaurants, raw materials for medicines, toll roads, and telecommunication equipment
- Revisions are designed to optimize the nation's economic growth while not causing a reduction in local competitiveness

New versus Old Maximum Allowed Foreign Ownership:

Industry	New % Share	Old % Share
Warehouse Distributor	67%	33%
Cold Storage	100%	33%
Business Training	67%	49%
Travel Agency	67%	49%
Golf Course	67%	49%
Transport Supporting Services	67%	49%
Sport Center	100%	49%
Film Production Houses	100%	49%
Crumb Rubber	100%	49%
Museums	67%	51%
Catering	67%	51%
Convention Services	67%	51%
Exhibitions & Travel Incentives	67%	51%
Restaurant	100%	51%
Construction Consultancy	67%	55%
Telecommunication Services	67%	65%
Raw Materials for Medicines	100%	85%
Toll Road	100%	95%
Telecommunication Testing Agency	100%	95%

- **11th economic policy package** was unveiled on 29 March 2016 includes a **lower tax rate on property purchased by local real estate investment trusts**, the **harmonization of customs checks** across the nation's ports (curtailing dwell time), **government subsidies for loans taken up Indonesia's export-oriented small and medium enterprises**, and the **drawing of a roadmap for the nation's pharmaceutical industry**
- The Indonesian government will cut the final income tax rate on sales of property to real estate investment trusts (REITs) from **5 percent to 0.5 percent**
- Dwell time at Indonesian ports are targeted to be **reduced from 4.7 days to 3.7 days** through reforming of various procedures particularly the harmonization of customs checks among the port authorities
- Indonesian government will provide subsidized loans for those Indonesian small and mid-sized companies that are primarily export-oriented. This policy encourages the development of export-oriented industries in Indonesia and will also have a positive impact on the country's trade and current account balances
- The government aims to **boost the domestic production of medicines' raw materials**, particularly for five product categories (namely biotechnology, vaccines, herbal extracts, active pharmaceutical ingredients and medical devices)
- Indonesia government had removed the pharmaceutical industry from its negative investment list (which lists the sectors that are closed, or partially closed, for foreign ownership), implying 100 percent foreign ownership is now allowed
- Step up effort to develop the local manufacturing of medicines (including raw materials) such as offering tax holiday, development of a special economic zone as well as an integrated logistics center

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #12

- **12th economic policy package** was unveiled on 28 April 2016 focuses on **enhancing the ease of doing business for the small and mid-sized companies**
- Also, the government announced the **cut in a number of procedures and permits, as well as costs** required for development of a business
- **The number of procedures required to establish a business has been cut from 94 procedures to 49, while the number of permits has been curbed from nine permits to six.** This should manage to drastically cut the time that is required to open a business in Indonesia.

Indicator	Prior to 12th Package	After 12th Package
Starting a Business	• 12 procedures • 47 days • Costs at IDR 6.8 - 7.8 million	• 7 procedures • 10 days • Costs at IDR 2.7 million
Construction of Building	• 17 procedures • 210 days • IDR 86 million for 4 permits	• 14 procedures • 52 days • IDR 70 million for 3 permits
Tax Payments	• 54 payments	• 10 online payments



- **13th economic policy package** was unveiled on 24 August 2016 focuses on the reduction of bureaucracy (red tape) in a bid to boost the construction of low-cost housing for the poorer segments of Indonesian society
- The number of necessary permits will be cut down from **33 to 11**, as well as reducing the number of days needed to obtain all permits **from up to 981 days to 44 working days**
- By making it easier, faster and less expensive to invest in the construction of low-cost housing in Indonesia, the government's "1 million houses program" (a five-year program) should get a real boost.
- Tough red tape managed to curtail the success of the 1 million houses program. So far this year only 400,000 low-cost houses have been built.



- **14th economic policy package** was unveiled on 10 November 2016 focuses on tackling eight issues that could turn Indonesia into the biggest digital economy in ASEAN by 2020 with a targeted value of US\$130 billion
- The 8 issues are funding, taxation, consumer protection, human resources, logistics, communication infrastructure, cyber security and the establishment of a project management office
- The government expects the new policy package, dubbed the e-commerce road map, to **create 1,000 “techno-preneurs” with businesses that have a total value of \$10 billion by 2020**
- The road map to expected to better protect national interests and give priority to small and medium-sized enterprises and start-ups
- Government also aims to **reduce taxes** for locals investing in start-ups and simplify taxation procedures for **e-commerce start-ups with a turnover of less than IDR 4.8 billion a year**, so that the **final income tax will only come to 1 percent**.

- The **nine-month tax amnesty programme (from July 2016 to March 2017)** was approved on 28 June 2016 by parliament
- This strategy is poised to boost state tax income by (temporarily) granting amnesty as well as offering attractive incentives to tax evaders who has not previously declared their assets at home or abroad. In return, the tax dodgers have to declare and (if wanted) repatriate their offshore assets into Indonesia
- The Indonesian government hopes assets worth IDR 4,000 trillion (S\$409 billion) will be declared and IDR 1,000 trillion (S\$102 billion) will be repatriated
- **Funds that are repatriated** through the tax amnesty program are **required to remain in Indonesia for at least three years**. The following investment instruments are available:
 - Government bonds
 - State-owned enterprises' bonds
 - Corporate bonds
 - Time deposits and savings at designated lenders (probably the big state-controlled banks)
 - Mutual funds
 - Collective investment contracts
 - Real estate investment trust (REIT)
 - Property investment through a private equity scheme (RDPT).

- Applicable Rates Summary Table:

For Individual Taxpayers	Submission Period	Redemption Payment Rates (%)
Repatriated Assets or Onshore Assets <i>(subjected to the requisite 3-year investment / retention requirement)</i>	July 2016 – September 2016	2
	October 2016 – December 2016	3
	January 2017 – March 2017	5
Foreign Assets – Not Repatriated	July 2016 – September 2016	4
	October 2016 – December 2016	6
	January 2017 – March 2017	10

Thank You

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