



sinarmas land

***“Building for a better
future”***

**3Q & 9M 2018
Financial Results Presentation**

CORONER COURT

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01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

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Key Highlights for 3Q & 9M 2018

- The Group's 3Q 2018 revenue increased 0.2% to S\$203.7 million mainly due to higher land sales from BSD City and Karawang International Industrial City but decreased 23.0% in 9M 2018 to S\$588.0 million due to the weakening of Indonesian Rupiah and the absence of one-off S\$145.8 million sales of land parcels in the previous year
- Excluding this land sale, 9M 2018 revenue would have instead decreased 4.8% from S\$617.7 million in 9M 2017 to S\$588.0 million
- Rental income* increased 4.8% to S\$121.8 million in 9M 2018 following the acquisition of 33 Horseferry Road Building in Central London in June 2017 and contribution from newly acquired investment properties in Central Jakarta in Indonesia
- EBITDA expanded 29.2% to S\$108.4 million in 3Q 2018 mainly due to higher revenue, operating profit and interest income
- Profit attributable to owners of the Company decreased 25.7% to S\$12.4 million in 3Q 2018 and 49.7% in 9M 2018 to S\$60.4 million on the back of lower revenue, increased finance cost and weakening of Indonesian Rupiah
- 9M 2018 financial position remained healthy with total assets of S\$6,534.1 million, bolstered with cash and cash equivalents of S\$997.6 million and a net debt to equity ratio of 23.0%
- BSDE achieved IDR 5.4 trillion of marketing sales for 9M 2018 or 75% of 2018 full year target
- SML signed a cooperation agreement in August 2018 with China Rong Qiao Group to invest RMB396 million in a mixed-use residential project in Chengdu

01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

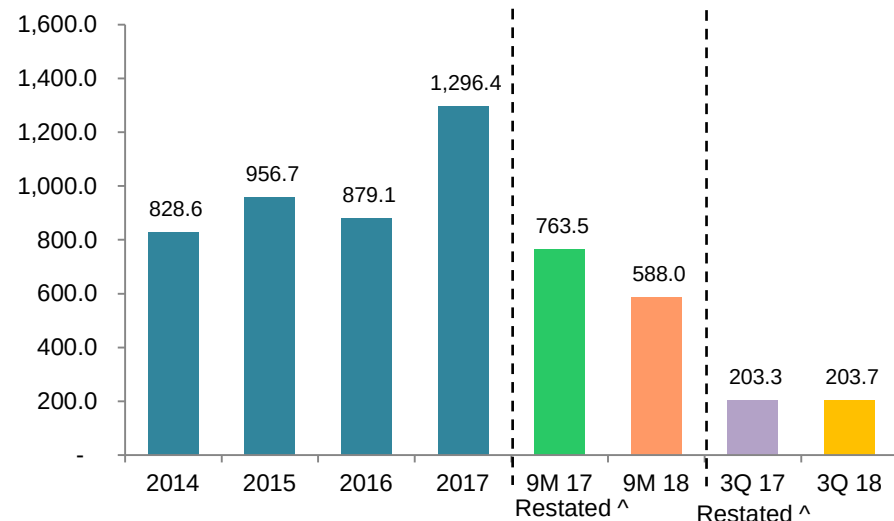
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3Q & 9M 2018 Financial Highlights

Revenue

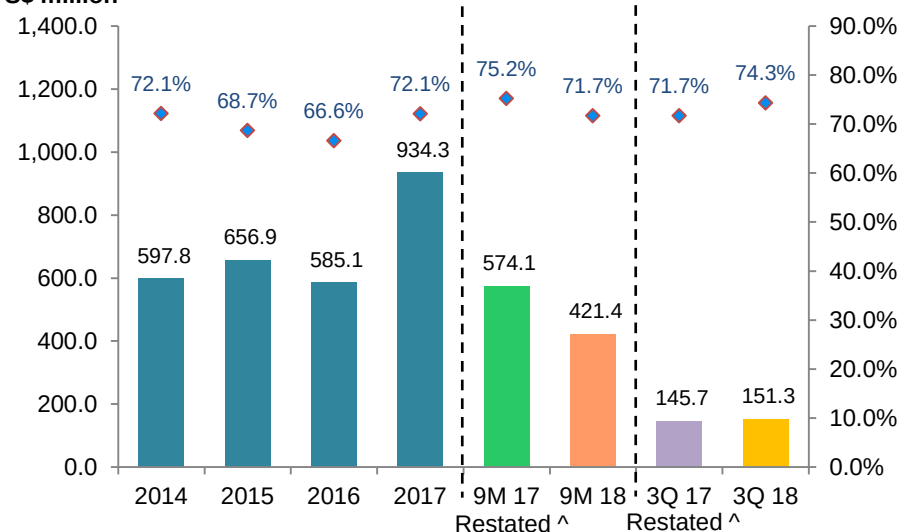
S\$ million



- Total revenue in 3Q 2018 increased 0.2% to S\$203.7 million mainly due to higher land sales from BSD City and Karawang International Industrial City in Indonesia, but offset by lower sales recorded in Kota Deltamas.
- Revenue in 9M 2018 decreased 23.0% to S\$588.0 million due to the weakening of Indonesian Rupiah and the absence of one-off S\$145.8 million sales of land parcels in the previous year
- The decreased was partially offset by higher higher revenue from sales of commercial shop-houses in Indonesia and leasing income from 33 Horseferry Road in UK division

Gross Profit and Gross Profit margin

S\$ million



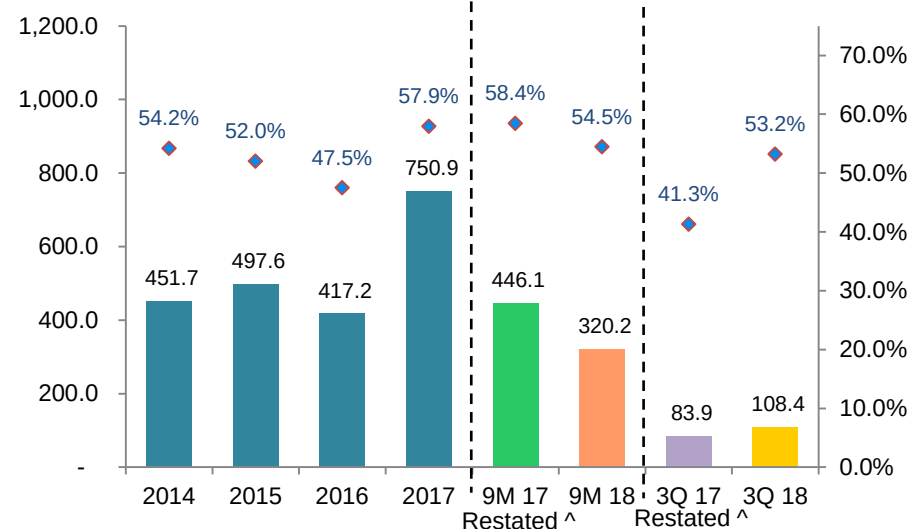
- In line with the higher revenue, gross profit in 3Q 2018 rose 3.8% to S\$151.3 million. Gross profit margin also increased 2.6 percentage points to 74.3% due to better margin from land sales recognized during the quarter
- The lower revenue recognized in 9M 2018 has led to 26.6% decreased in gross profit to S\$421.4 million. Gross profit margin dipped 3.5 percentage points to 71.7% due to lower sales of land parcels with better profit margin as well as higher cost incurred from sales of commercial shop houses and apartments

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

3Q & 9M 2018 Financial Highlights

EBITDA and EBITDA margin

S\$ million

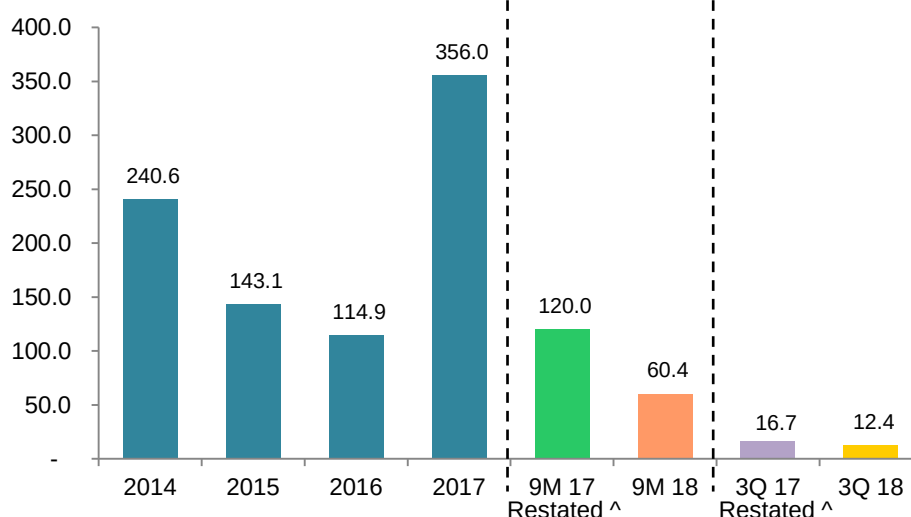


EBITDA expanded 29.2% to S\$108.4 million in 3Q 2018 mainly due to higher revenue, operating profit and interest income. Coupled with lower operating expenses, EBITDA margin rose 11.9 percentage points to 53.2%

EBITDA slipped 28.2% to S\$320.2 million in 9M 2018 mainly due to lower revenue contribution from Indonesia division, higher operating expenses and finance cost. This has led to a 3.9 percentage point decrease in EBITDA margin to 54.5%

Profit attributable to Owners of the Company

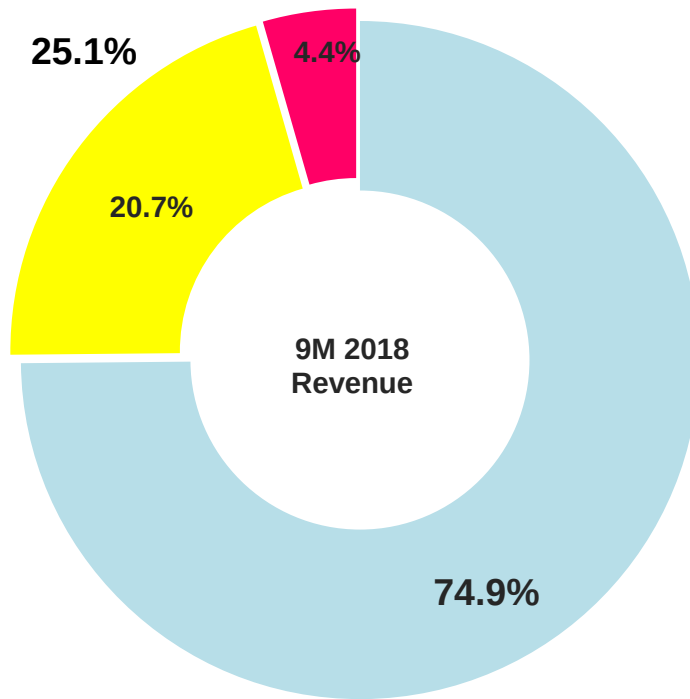
S\$ million



Profit attributable to owners of the Company decreased 25.7% to S\$12.4 million in 3Q 2018 and 49.7% in 9M 2018 to S\$60.4 million on the back of lower revenue, increased finance cost and weakening of Indonesian Rupiah

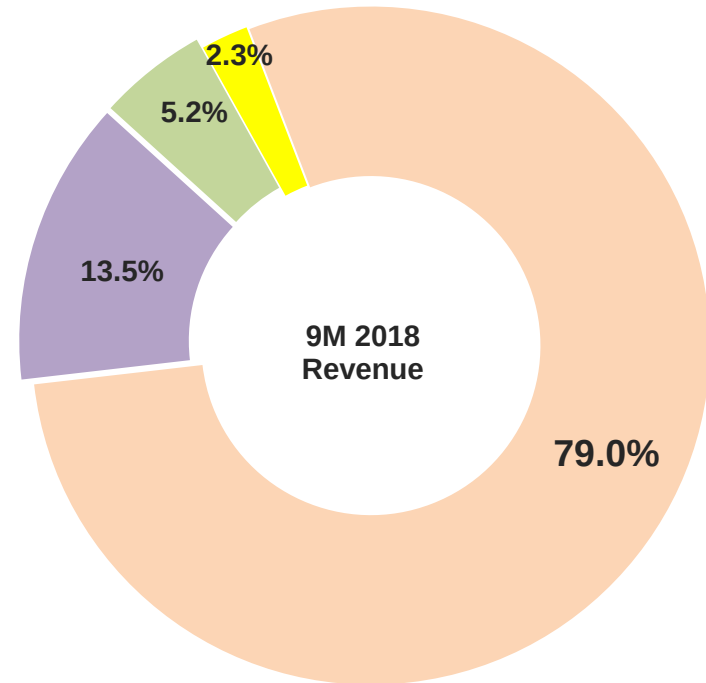
9M 2018 Revenue Breakdown

Revenue – Product Breakdown (%)



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

Revenue – Geographical Breakdown (%)

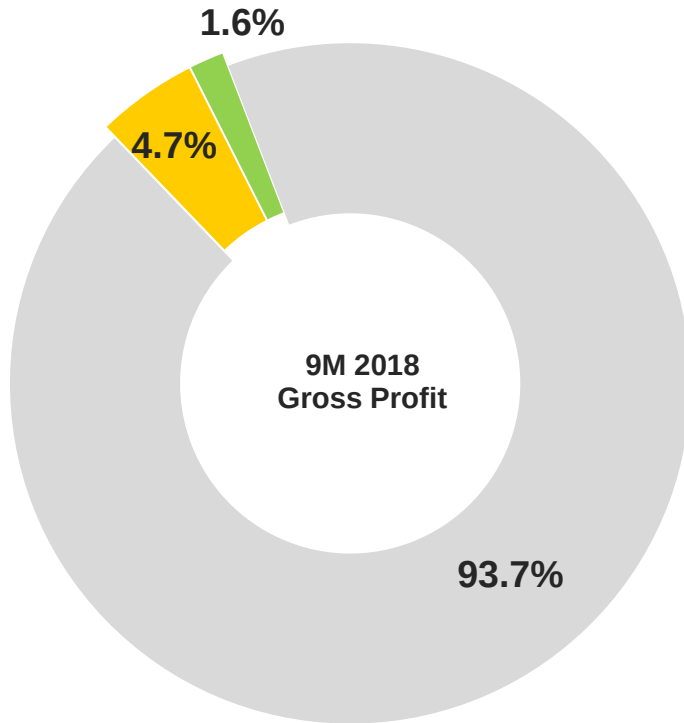


- BSDE
- Non-BSDE
- UK
- Others*

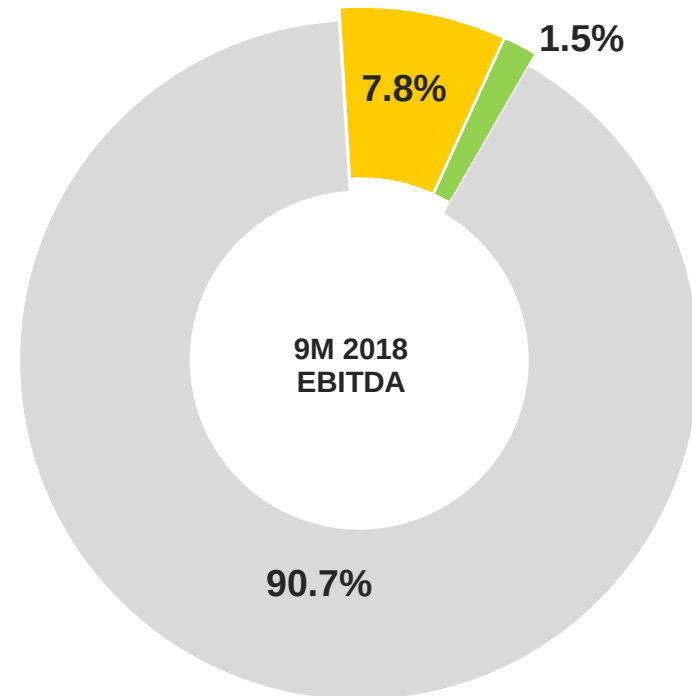
* : Other countries include China, Singapore, Malaysia and Batam

9M 2018 Gross Profit and PATMI Breakdown

Gross Profit – Geographical Breakdown (%)



EBITDA – Geographical Breakdown (%)

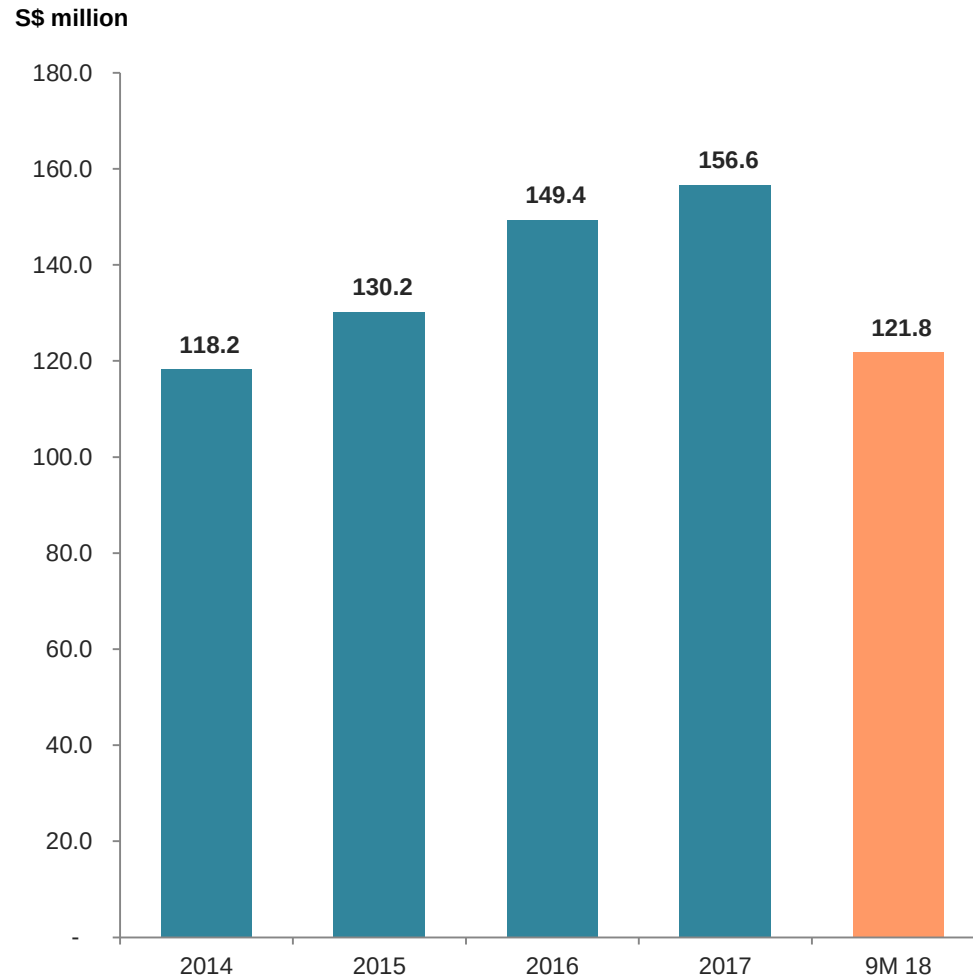


■ Indonesia ■ UK ■ Others*

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

9M 2018 Recurring Income (Revenue) Breakdown

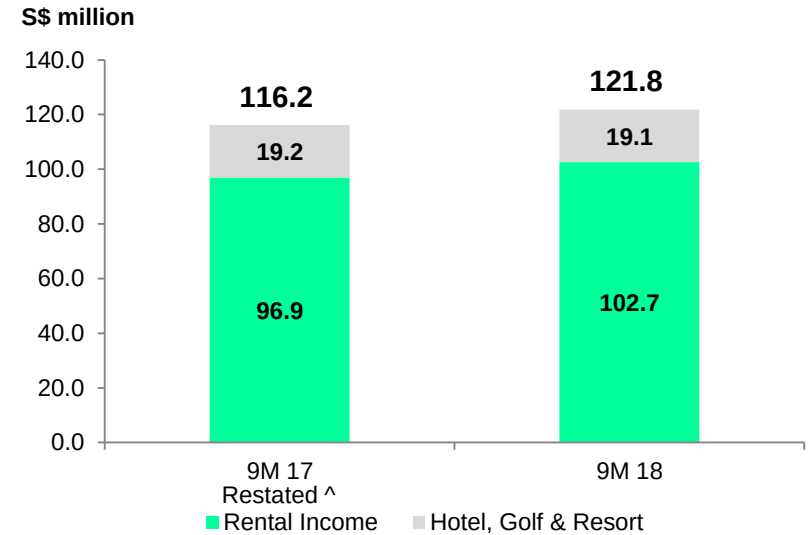
Increasing Recurring Income (Revenue)* base (S\$ million)



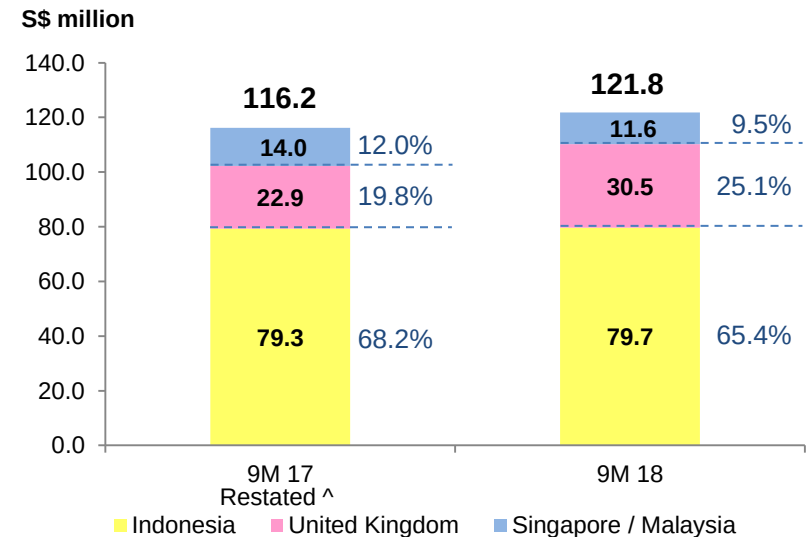
* : Recurring income (Revenue) includes rental income, hotel revenue and revenue from golf and resort operations

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

Recurring Income (Revenue) – Product Breakdown



Recurring Income (Revenue) – Geographical Breakdown



9M 2018 – Financial Snapshot

(S\$ '000)	As at 30 Sep 2018	As at 31 Dec 2017 [^]
Assets		
Cash and cash equivalents	997,602	930,287
Investment properties	1,597,926	1,656,565
Properties held for sale	1,223,522	1,230,153
Properties under development for sale	1,650,584	1,755,445
Other assets	1,064,476	988,700
Total Assets	6,534,110	6,561,150
Liabilities		
Borrowings	966,821	801,031
Bond Payables	889,157	719,078
Other liabilities	941,171	997,887
Total Liabilities	2,797,149	2,517,996
Equity		
Total Capital and reserves	2,006,609	2,153,337
Non-controlling Interest	1,730,352	1,889,817
Total Equity	3,736,961	4,043,154

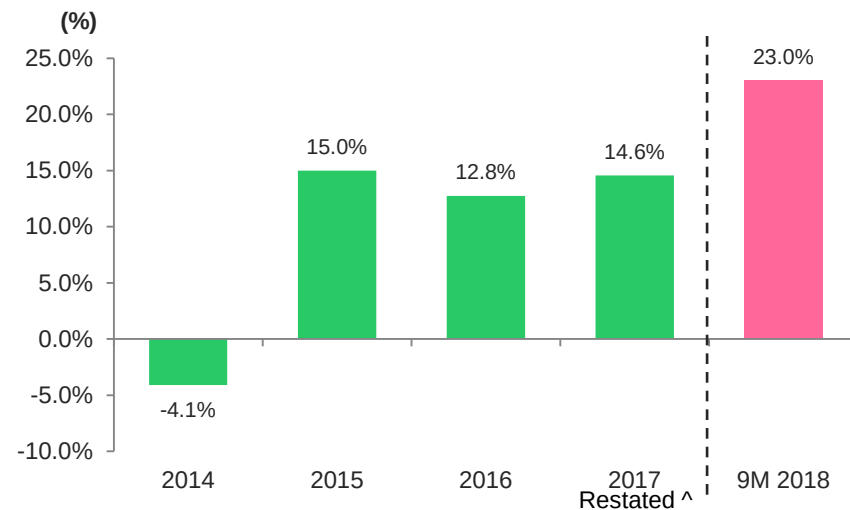
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Key Financial Ratios

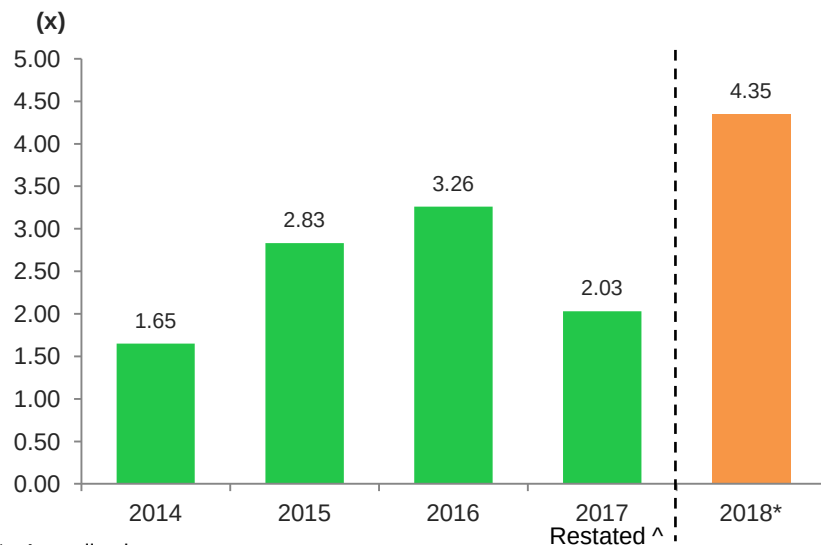
Debt / Assets and Debt / Equity



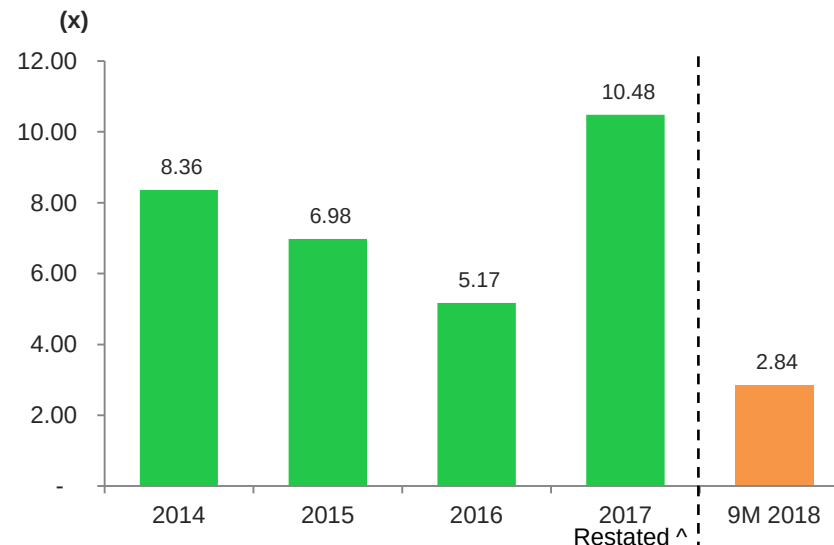
Net Debt / Equity



Total Debt / EBITDA



EBITDA / Interest Expense

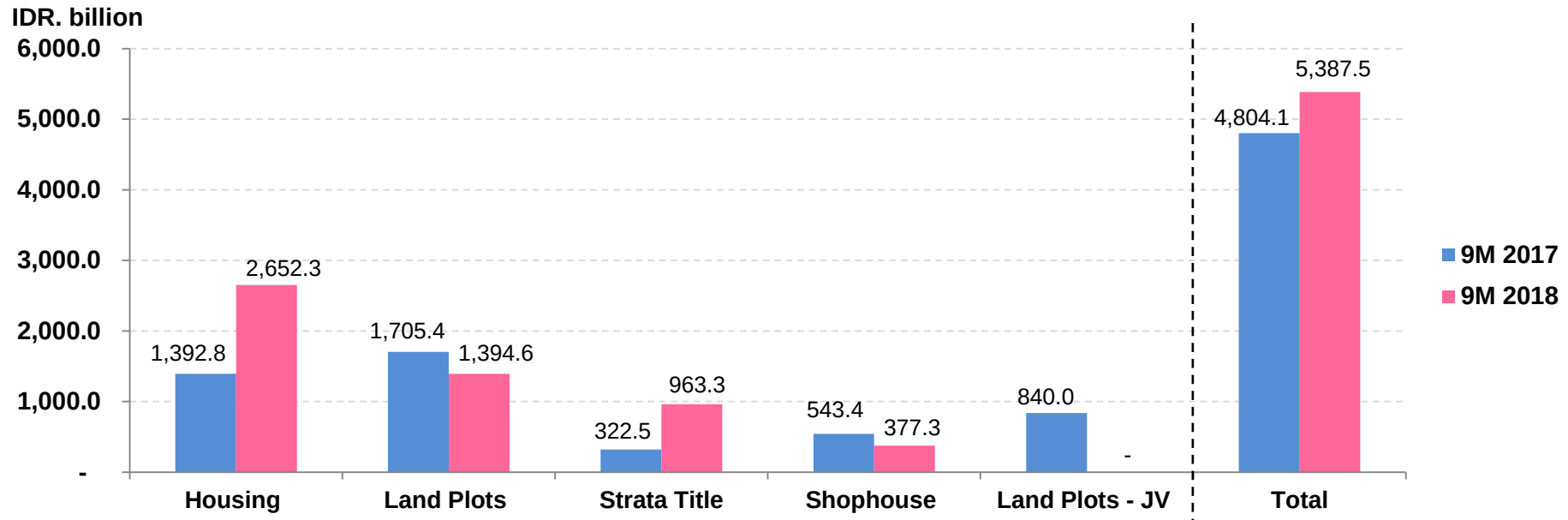


* : Annualized

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Indonesia Property Division – BSDE achieved Marketing Sales target of IDR 5.4 trillion for 9M 2018



- BSDE achieved **IDR 5.4 trillion of marketing sales for 9M 2018** or 75% of 2018 full year IDR 7.2 trillion marketing sales target
- 9M 2018 marketing sales increased 12% compared to 9M 2017 due to significant increase from the sales of strata title (apartments) and residential housing
- Residential pre-sales generated IDR 2.7 trillion in 9M 2018 or 73% contribution to its full year achievement, mainly from recent launches in The Zora – KEIA, Jadeite, Kimora, Savia – Tevana, Zeva, Visana, Greenwich – Caelus in BSD City. Commercial business units including land plots, strata title (apartments), and shop houses reaches IDR 2.7 trillion, contributing 77% of full year achievement.
- In terms of product composition, marketing sales breakdown are: sales of land houses (49%), land plot (26%), strata title (18%) and shop houses (7%)

Indonesia Property Division – BSDE – Major Launch Updates



- BSD City launched a new cluster in Greenwich by the name of “Caelus” in August 2018
- Greenwich is a 47 hectares residential development located in BSD City Phase 2, surrounded by Q-Big Mall, Courts Megastore, IPEKA Christian School and direct connection to Indonesia Convention and Exhibition – ICE.
- A total of 56 units of landed houses was offered with specifications of 112 to 232 sqm of land area and 146 to 250 sqm of built-up area. The launched price range from IDR 3.0 to 5.9 billion per unit
- On launched date, 21 units were sold, contributing IDR 80.0 billion of marketing sales.

Indonesia Property Division – BSDE – Major Launch Updates



- BSD City launched a new cluster in The Savia by the name of “Visana” in September 2018
- The Savia is a residential development located in BSD City Phase 1 with strategic access to/from Jakarta – Serpong toll gate, accessible to Rawa Buntu train station (commuter line to Jakarta CBD), located nearby Modern Market I, and surrounded by various reputable schools
- Visana is the fourth cluster of The Savia. A total of 180 units of landed houses was offered with specifications of 72 to 199 sqm of land area and 64 to 133 sqm of built-up area. The launched price range from IDR 1.2 to 3.0 billion per unit
- On launched date, 101 units were sold, contributing IDR 142.0 billion of marketing sales.

Sinar Mas Land won three awards at the PropertyGuru Indonesia Property Awards



- On 20 Sep 2018, **SML won three awards at once in the category: Best Township Development, Best Township Masterplan Development, and Best Green Township Development in BSD City**
- These awards are testament to the company's plan to make BSD City "The First Integrated Smart Digital City" in Indonesia, supported by technology systems, facilities, fiber optic network infrastructure to facilitate the digital community in carrying out their daily activities

Topping Off Ceremony of AEON Mall Southgate, South Jakarta



- On 30 Sep 2018, SML held a topping off ceremony for AEON Mall and the launch of Prime Tower in Southgate, TB Simatupang Area, South Jakarta
- Southgate is a mixed-use development consisting of three luxury apartment blocks, an office tower and AEON Mall
- AEON Mall is expected to commence operation in the second quarter of 2020
- Prime Tower is second residential tower of Southgate project. This tower is a joint venture between Sinarmas Land and two major Japanese companies, being Keikyu Corporation and PT Itochu.
- Prime Tower consist of 189 units with several unit specifications
- The first residential tower of Southgate project is called Elegance Tower

Indonesia Property Division – DMAS Achieved IDR 651 billion Marketing Sales for 9M 2018



- **DMAS** (also known as Kota Deltamas) achieved **IDR 651 billion for 9M 2018 marketing sales** or 52% of full year 2018 (“FY 2018”) target of IDR 1,250 billion
- 9M 2018 marketing sales were mostly contributed from sales of industrial land and residential product
- **GIIC**, the industrial estate within DMAS, continue to be **preferred choice** for both international and domestic companies looking for industrial space in Bekasi region with **more than 100 hectares of sales inquiries**
- Cikarang Japanese School is under construction to later provide educational facilities for the kids of the Japanese expatriates working in Cikarang and its surroundings

Indonesia Property Division – Opening of Marketing Gallery for SAVASA



- On 15 Sep 2018, DMAS and Panasonic Home held an opening ceremony for the marketing gallery of SAVASA, a “*SMART LIFESTYLE*” residential development in Kota Deltamas
- Jointly developed by Panasonic Home (51%) and DMAS (49%), SAVASA will cover a total land area of 37 hectares, to be developed over 3 phases. The first phase will feature 811 landed houses and 33 shop houses
- SAVASA’s houses will incorporate smart-living technology, Panasonic air filtration systems, environmentally friendly, while also being resistant to earthquakes.
- Slated for completion in 2021, SAVASA is strategically located in Kota Deltamas business center, close to transportation infrastructure such as the Karawang Railway Station, Jakarta-Cikampek Toll Road and the Jakarta-Bandung fast train, which is currently under construction

Cooperation Agreement with Rong Qiao Group



- On 17 August 2018, **SML has entered into a Cooperation Agreement with Rong Qiao Group and Chengdu Youxing Garden Co., Ltd** to jointly develop and construct a commercial and residential land with a land area of 56,867.51 square meters, located in Xindu District, Chengdu City
- **The total investment is RMB396 million** which is derived based on **40%** of the approximate net fair value of Chengdu Youxing Garden Co., Ltd
- The Investment will allow SML to continue to participate in the development of real estate projects in the Xindu district of Chengdu in the People's Republic of China, after having completed a mixed-use development in the same district

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3Q 2018 vs 3Q 2017

Consolidated Income Statement

3Q 2018 versus 3Q 2017 Consolidated Income Statement

(S\$ '000)	3Q 2018	3Q 2017 [^]	Change %
Revenue	203,713	203,314	0.2
Cost of Sales	(52,422)	(57,626)	(9.0)
Gross Profit	151,291	145,688	3.8
<i>Operating Expenses</i>			
Selling Expenses	(27,898)	(24,963)	11.8
General and administrative expenses	(43,024)	(46,358)	(7.2)
Operating profit	80,369	74,367	8.1
Finance income	11,269	6,049	86.3
Others	(51,544)	(42,050)	22.6
Profit before income tax	40,094	38,366	4.5
Income tax	(8,247)	(8,480)	(2.7)
Profit for the period	31,847	29,886	6.6
Attributable to:			
Owners of the Company	12,391	16,671	(25.7)
Non-controlling interests	19,456	13,215	47.2

[^] : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

9M 2018 vs 9M 2017

Consolidated Income Statement

9M 2018 versus 9M 2017 Consolidated Income Statement

(S\$ '000)	9M 2018	9M 2017 [^]	Change %
Revenue	587,966	763,523	(23.0)
Cost of Sales	(166,575)	(189,404)	(12.1)
Gross Profit	421,391	574,119	(26.6)
<i>Operating Expenses</i>			
Selling Expenses	(75,982)	(68,913)	10.3
General and administrative expenses	(118,630)	(120,665)	(1.7)
Operating profit	226,779	384,541	(41.0)
Finance income	34,049	21,362	59.4
Others	(127,244)	(125,608)	1.3
Profit before income tax	133,584	280,295	(52.3)
Income tax	(23,991)	(31,291)	(23.3)
Profit for the period	109,593	249,004	(56.0)
Attributable to:			
Owners of the Company	60,411	119,998	(49.7)
Non-controlling interests	49,182	129,006	(61.9)

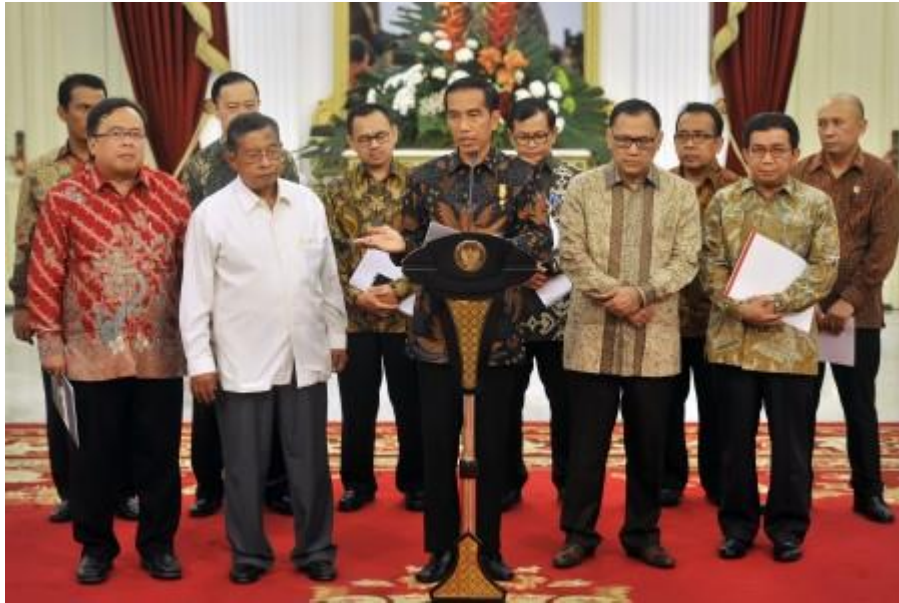
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Statement of Financial Position

Statement of Financial Position

(S\$ '000)	As at 30 Sep 2018	As at 31 Dec 2017 (restated)
Current Assets		
Cash and cash equivalents	997,602	930,287
Properties held for sale	1,223,522	1,230,153
Other current assets	435,912	368,517
Total Current Assets	2,657,036	2,528,957
Non-Current Assets		
Associated companies	237,646	266,378
Joint ventures	128,570	146,089
Properties under development for sale	1,650,584	1,755,445
Investment properties	1,597,926	1,656,565
Property, plant and equipment	155,738	178,097
Other non-current assets	106,610	29,619
Total Non-Current Assets	3,877,074	4,032,193
Total Assets	6,534,110	6,561,150
Short-term borrowings	36,711	26,837
Short-term payables and liabilities	680,281	761,895
Bonds payables	889,157	719,078
Long-term borrowings	930,110	774,194
Long-term liabilities	260,890	235,992
Total Liabilities	2,797,149	2,517,996
Total Capital and reserves	2,006,609	2,153,337
Non-controlling Interest	1,730,352	1,889,817
Total Equity	3,736,961	4,043,154
Total Liabilities and Equity	6,534,110	6,561,150

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 minium investment value
 - These generous tax holidays are designed to attract investment in the country's manufacturing industry
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- **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
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- **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.

Indonesia Property Division –

Indonesia Economic Stimulus Policy Package #9

- **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.



Indonesia Property Division – Indonesia Economic Stimulus Policy Package #10

- **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%

Indonesia Property Division –

Indonesia Economic Stimulus Policy Package #11

- **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**.

- **15th economic policy package** was unveiled on 15 June 2017 to **develop the business and competitiveness of national logistics service providers**
- This package will address **4 main aspects**:
 1. Enhancing the role of transportation insurance
 2. Reducing costs for logistic service providers,
 3. Strengthening the Indonesia National Single Window (INSW) authority
 4. Reducing the number of prohibited and restricted goods
- In trying to **reduce costs incurred by logistic service providers**, the **government aims to eliminate costs** of sea transportation, shipping agencies, freight forwarding, loading and unloading services as well as port management
- Currently, **those business activities incur certain costs, ranging between Rp 2 billion (US\$150,568) and Rp 500 billion**. Under the new policy package, **these costs will be eliminated**
- In addition, three presidential regulations will be revised and integrated into one presidential regulation concerning INSW to **expedite the development and application of automated licensing services in the export and import, customs, and port fields**



- **16th economic policy package** was unveiled on 31 August 2017 to **speed up the issuance of business permits** while providing **greater certainty on the cost and time involved** and to **improve coordination between ministries and provincial administrations**
 - New package creates a single submission system for investors, implying **they only have to go one place to obtain all required licenses**. This is much-needed because in some sectors it can take up to five years to arrange all permits
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- The acceleration of business processes would be implemented in **two stages**
 - The first stage includes the formation of task forces to **implement business licensing processes and to oversee the application of licensing checklists at special economic zones (KEK), free-trade zones (FTZ) industrial and tourism areas** using data sharing
 - The second stage includes **regulatory reforms and the single-submission system**
 - Also, this package seem to **address that weak coordination and cooperation between the central government and regional government** that has been a major bottleneck that undermines the attractiveness of Indonesia's investment climate

Thank You

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