



sinarmas land

*“Building for a better
future”*

3Q & 9M 2017

Financial Results Presentation

CORONER COURT

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01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

04. APPENDIX

Key Highlights for 3Q & 9M 2017

- The Group's 3Q and 9M 2017 revenue rose 36.8% and 34.2% respectively to S\$199.6 million and S\$736.0 million contributed mainly by higher sales of land parcels and larger number of residential units handed over to homebuyers in Indonesia
- Rental income* increased 5.3% to S\$116.2 million in 9M 2017 from higher rental income from Indonesia division and increased rental contribution from UK division following the acquisition of 33 Horseferry Road in June 2017
- Profit attributable to owners of the Company rose 0.7% to S\$17.6 million in 3Q 2017 and 72.1% in 9M 2017 to S\$117.8 million on the back of higher revenue contribution and better operating performance from its Indonesia division
- Financial position remained healthy as at 30 September 2017 with total assets of S\$6,316.7 million, bolstered with cash and cash equivalents of S\$720.7 million and a net debt to equity ratio of 22.4%
- On 12 September 2017, BSDE, through a wholly-owned subsidiary PT Duta Cakra Pesona ("Transferee"), has signed a transfer agreement with PT Purimas Sasmita ("Transferor") for the transfer of property units in Sinarmas MSIG Tower to the Transferee for a total consideration of IDR 1.4 trillion
- On 3 November 2017, AFP Land Limited entered into a conditional sale and purchase agreement for the divestment of its interest in the entire issued and paid-up share capital of Golden Bay Realty (Private) Limited

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

01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

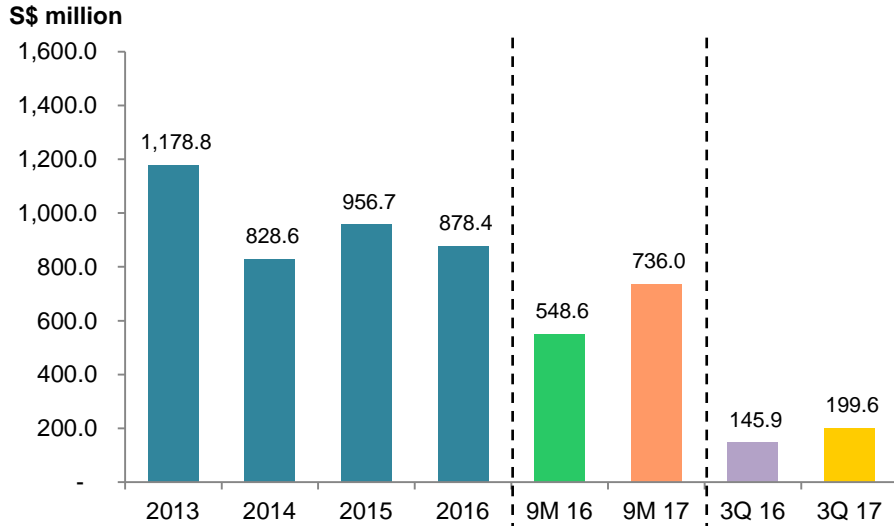
03. BUSINESS UPDATES

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3Q & 9M 2017 Financial Highlights

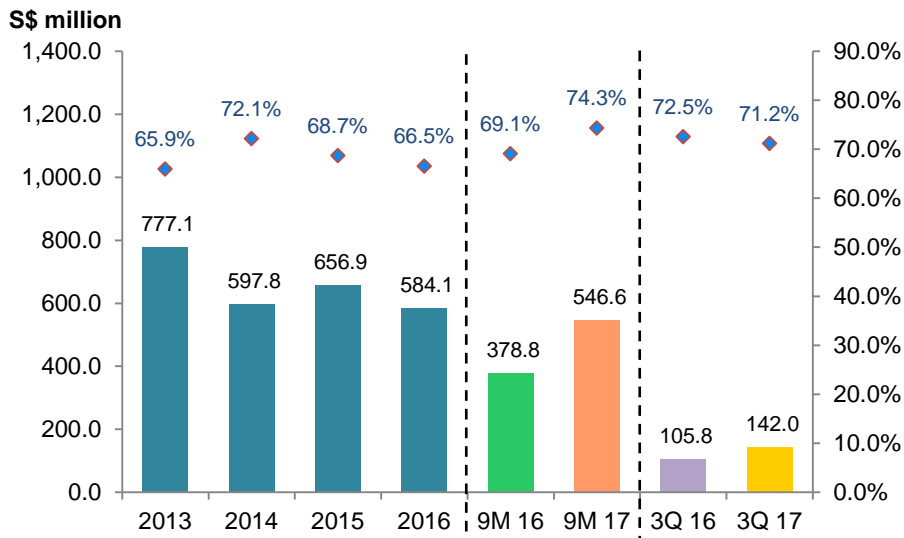


Revenue



- Total revenue in 3Q & 9M 2017 rose 36.8% and 34.2% respectively to S\$199.6 million and S\$736.0 million contributed mainly by higher sales of land parcels and larger number of residential units handed over to homebuyers in Indonesia
- Of the gain in 9M 2017 revenue, bulk of it was attributable mainly to the recognition of S\$145.8 million from sales of land parcel to its joint venture for future joint development
- The increase was partially offset by lower sales in industrial land from Kota Deltamas and residential sales from China division

Gross Profit and Gross Profit margin



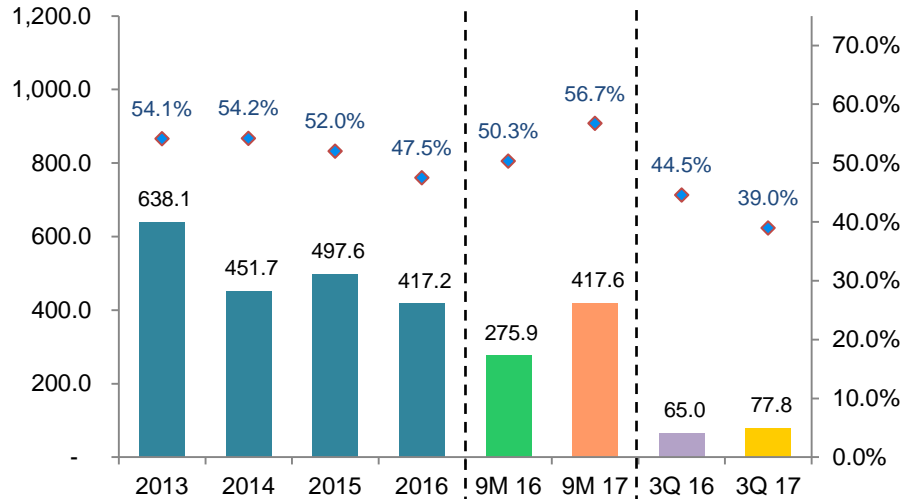
- In tandem with the higher revenue, 3Q & 9M 2017 gross profit increased 34.2% and 44.3% respectively to S\$142.0 million and S\$546.6 million
- On the back of higher sales of land parcels from Indonesia, 9M 2017 gross profit margin rose 5.2 percentage points to 74.3%. However, 3Q 2017 gross profit margin declined marginally of 1.3 percentage points to 71.2% due to lower selling price for a larger land parcel.

3Q & 9M 2017 Financial Highlights



EBITDA and EBITDA margin

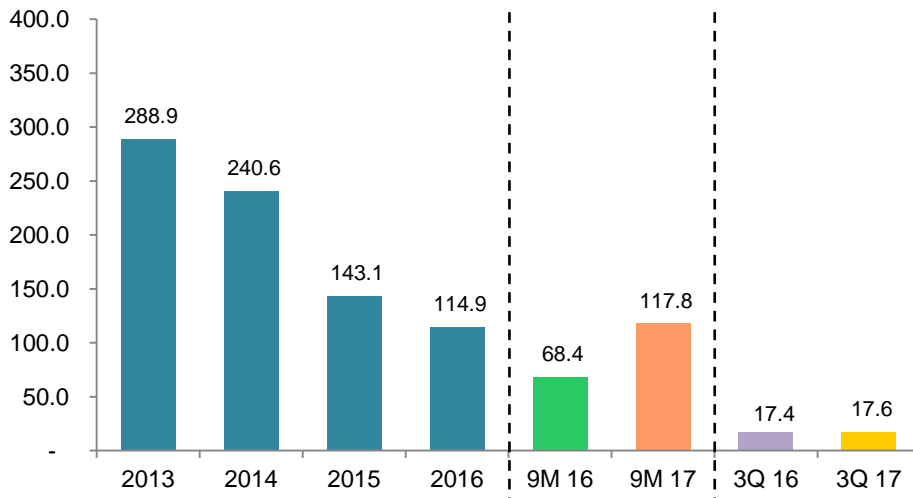
S\$ million



- EBITDA rose 19.6% to S\$77.8 million in 3Q 2017 and jumped 51.3% to S\$417.6 million in 9M 2017 mainly due to higher revenue contribution from BSD City despite lower industrial land sales from Kota Deltamas and higher selling expenses
- On the back of higher gross profit margin, EBITDA margin rose 6.4 percentage points to 56.7% in 9M 2017 but dipped 5.5 percentage point to 39.0% in 3Q 2017 due to higher operating expenses

Profit attributable to Owners of the Company

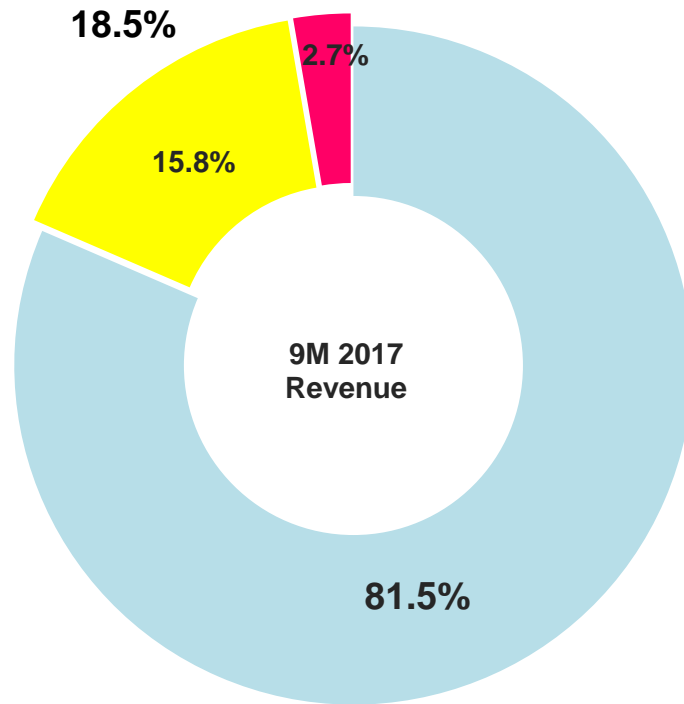
S\$ million



- Profit attributable to owners of the Company increased 0.7% to S\$17.6 million in 3Q 2017 and surged 72.1% in 9M 2017 to S\$117.8 million on the back of higher revenue contribution and better operating performance from its Indonesia division

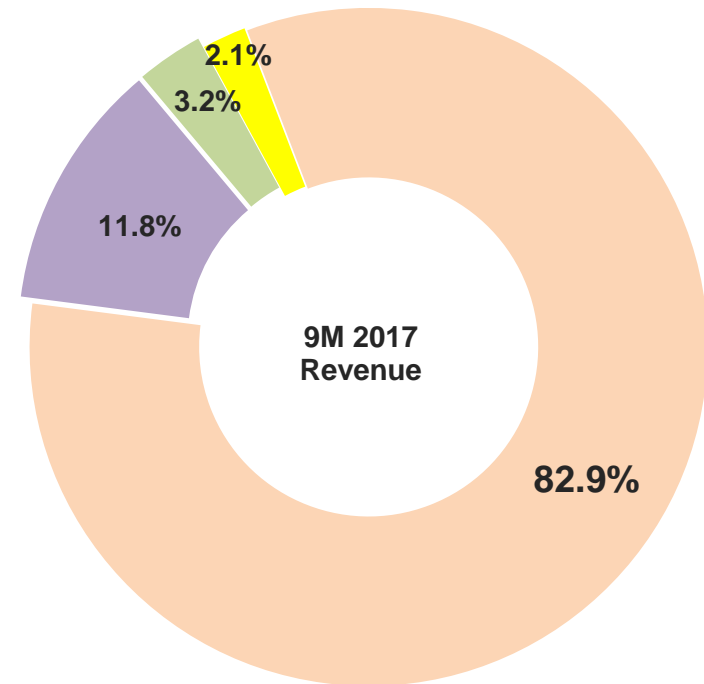
9M 2017 Revenue Breakdown

Revenue – Product Breakdown (%)



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

Revenue – Geographical Breakdown (%)

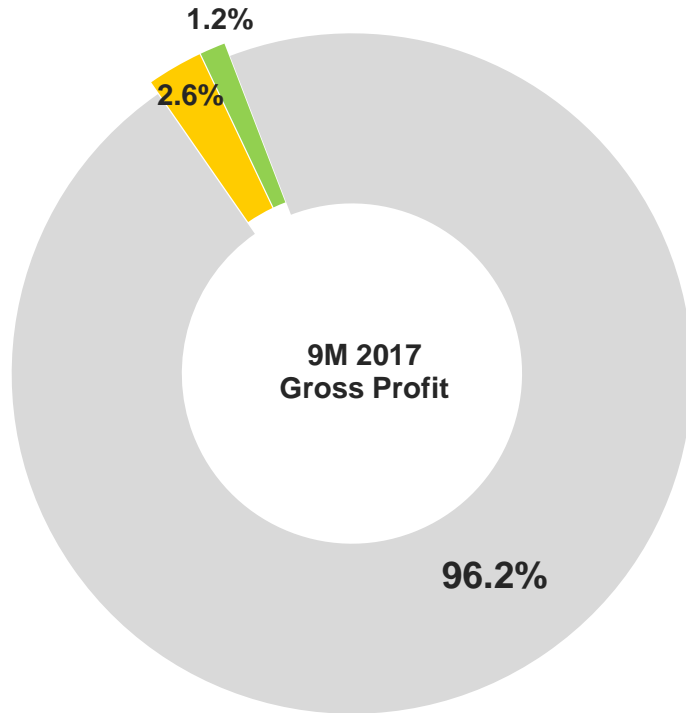


- BSDE
- Non-BSDE
- UK
- Others*

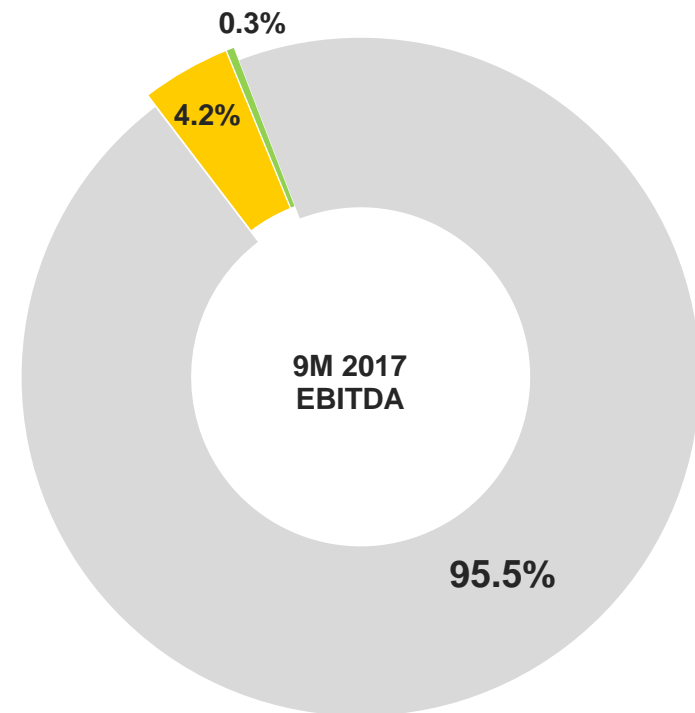
* : Other countries include China, Singapore, Malaysia and Batam

9M 2017 Gross Profit and EBITDA Breakdown

Gross Profit – Geographical Breakdown (%)



EBITDA – Geographical Breakdown (%)

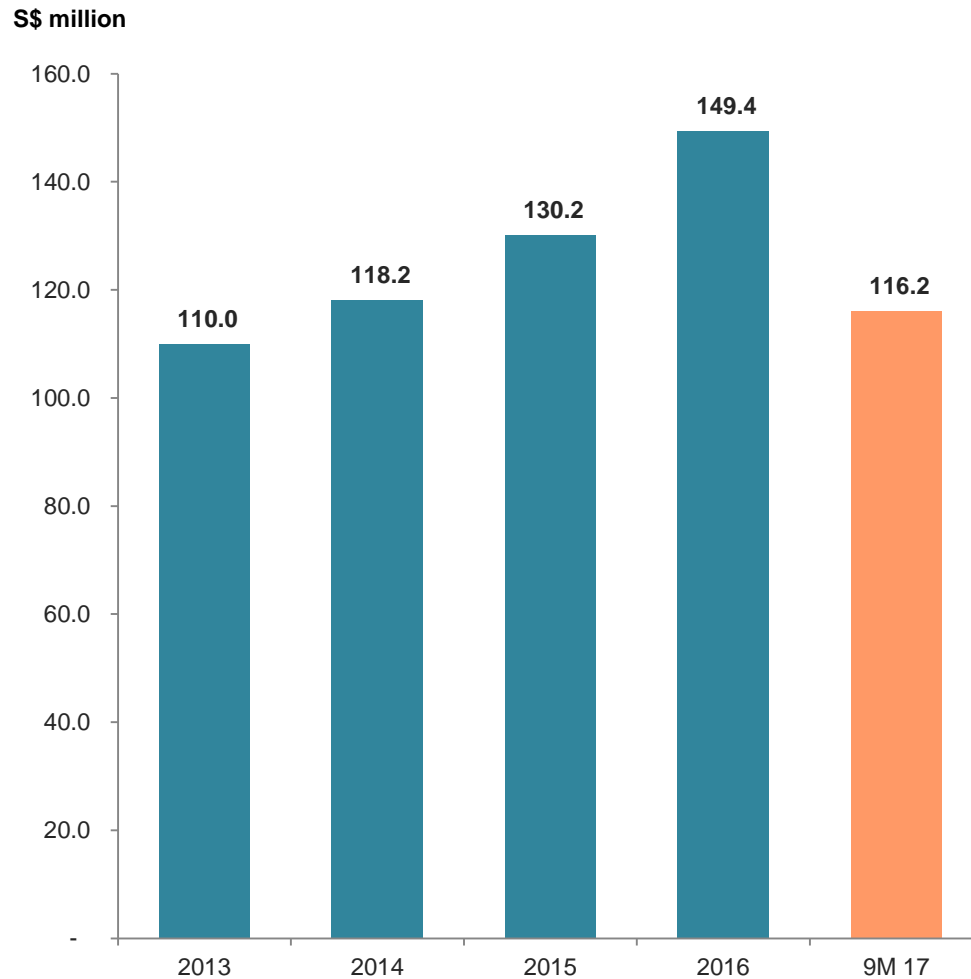


■ Indonesia ■ UK ■ Others*

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

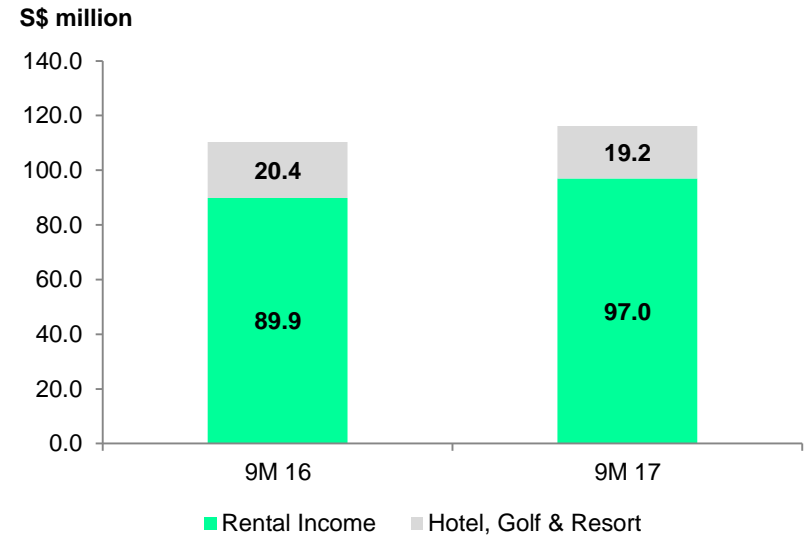
9M 2017 Recurring Income (Revenue) Breakdown

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

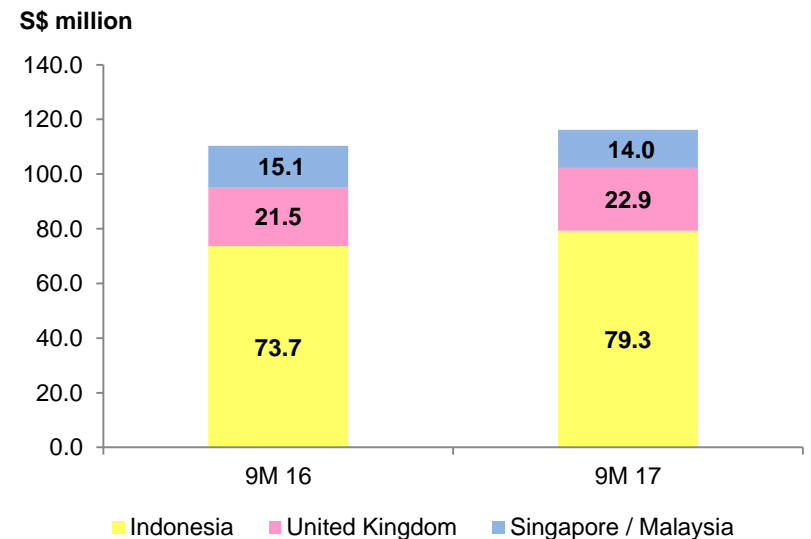


* : Recurring income (Revenue) includes rental income, hotel revenue and revenue from golf and resort operations

Recurring Income (Revenue) – Product Breakdown



Recurring Income (Revenue) – Geographical Breakdown

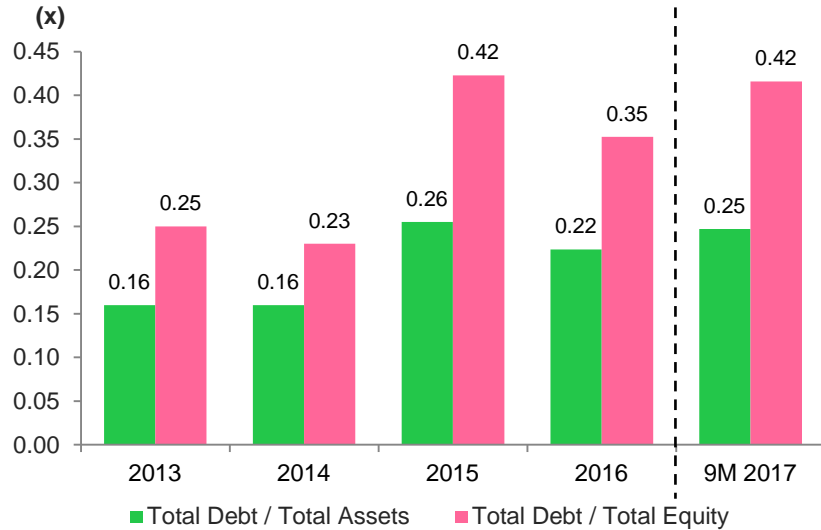


9M 2017 – Financial Snapshot

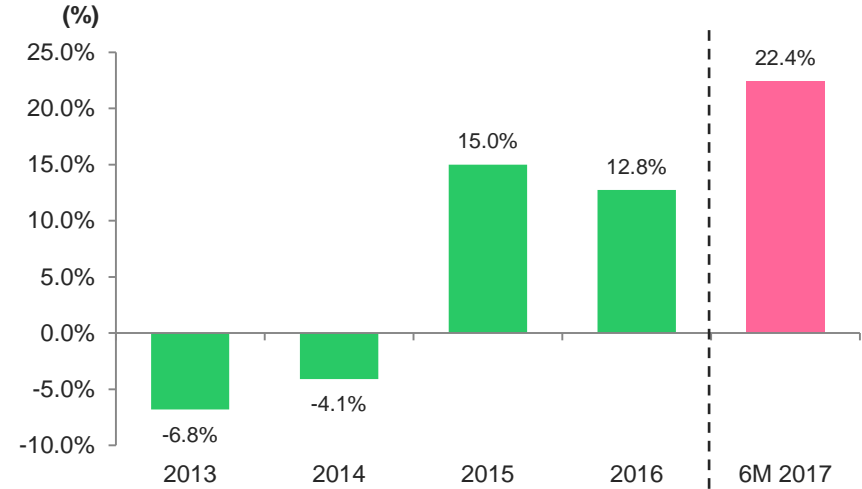
(S\$ '000)	As at 30 Sep 2017	As at 31 Dec 2016
Assets		
Cash and cash equivalents	720,732	867,276
Investment properties	1,520,304	1,077,139
Properties held for sale	1,294,054	1,265,641
Properties under development for sale	1,748,513	1,793,858
Other assets	1,033,138	1,075,931
Total Assets	6,316,741	6,079,845
Liabilities		
Borrowings	838,826	552,197
Bond Payables	716,590	794,299
Other liabilities	1,006,029	878,053
Total Liabilities	2,561,445	2,224,549
Equity		
Total Capital and reserves	1,972,957	1,983,571
Non-controlling Interest	1,782,339	1,871,725
Total Equity	3,755,296	3,855,296

Key Financial Ratios

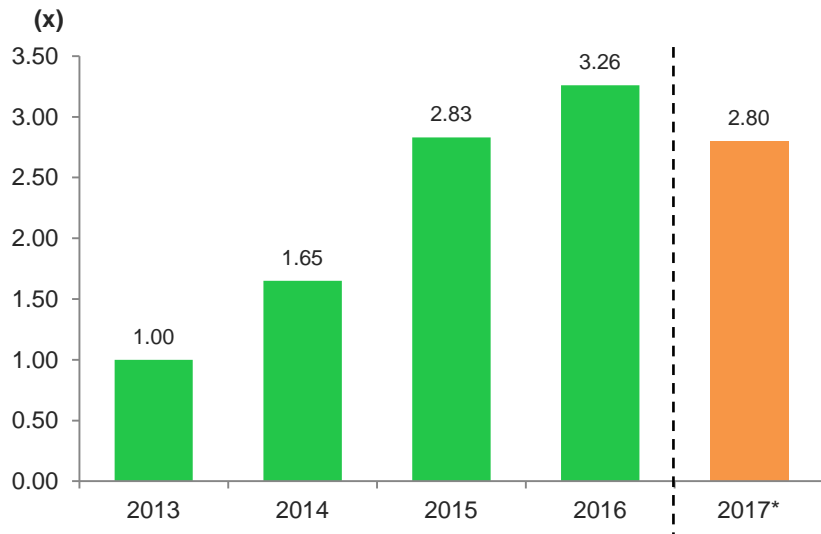
Debt / Assets and Debt / Equity



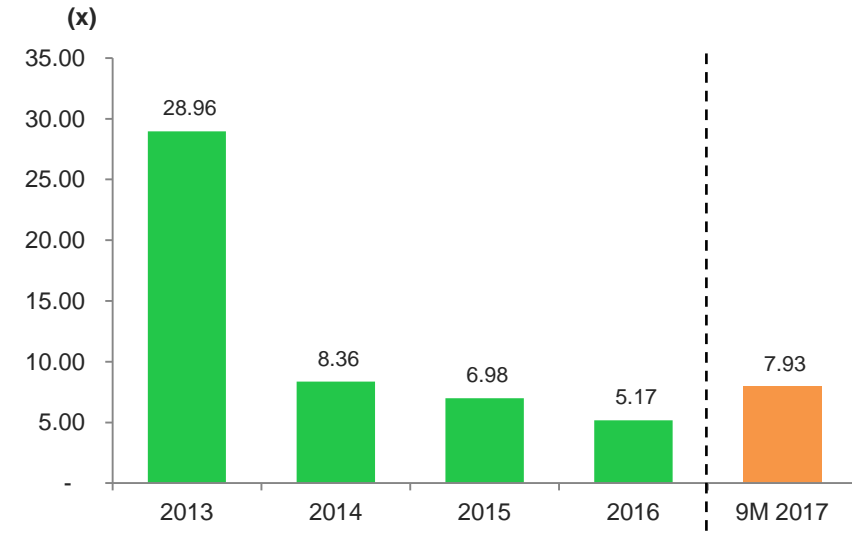
Net Debt / Equity



Total Debt / EBITDA



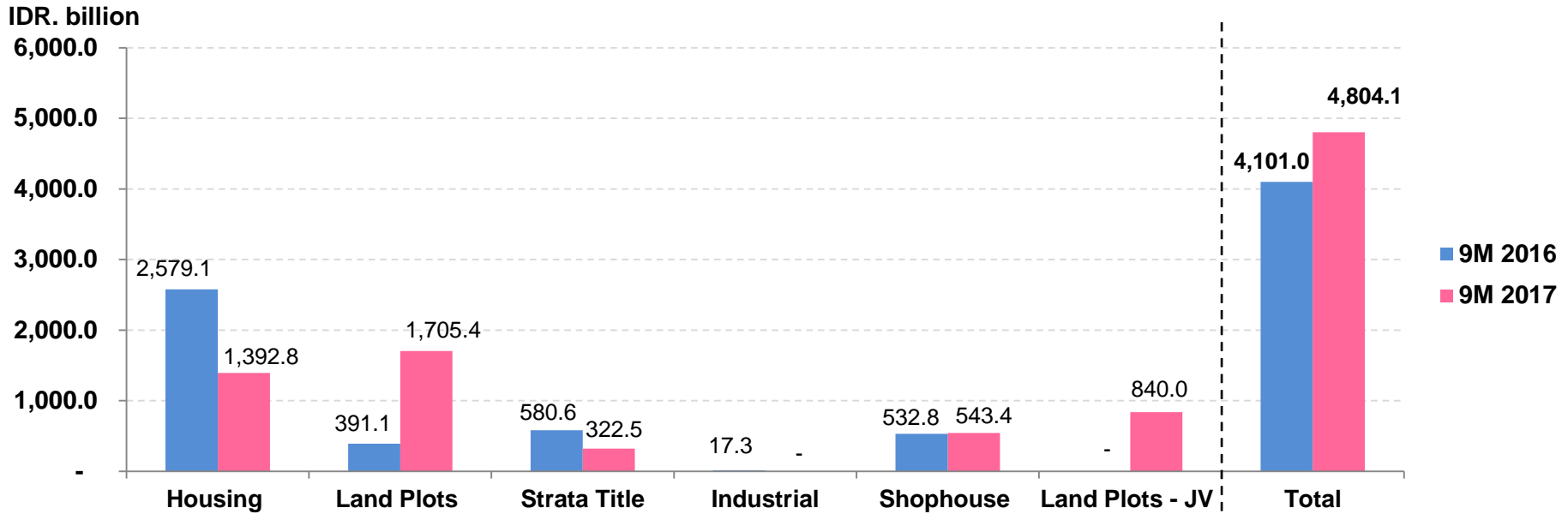
EBITDA / Interest Expense



* : Annualized

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Indonesia Property Division – BSDE achieved Marketing Sales of IDR 4.8 trillion for 9M 2017



- BSDE achieved **IDR 4.8 trillion of marketing sales for 9M 2017** or 66% of 2017 full year IDR 7.2 trillion marketing sales target
- 9M 2017 marketing sales increased 17% compared to 9M 2016 due to more contribution from commercial land plot sales
- Residential pre-sales generated IDR 1,398 billion in the nine months of 2017 or 39% of annual residential target. Commercial marketing sales achieved IDR 2,571 billion, representing 90% of full year commercial target
- In terms of product composition, most marketing sales contribution was generated from the sales of land plots (35%), landed houses (29%) and JV land plots (17%). The remaining 19% was contributed from shop houses (11%) and strata title (8%)

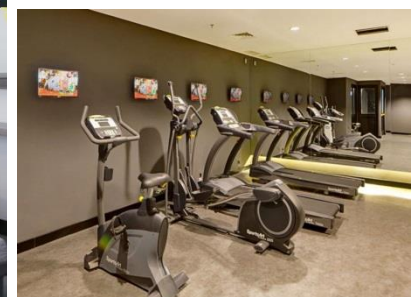
Indonesia Property Division – BSDE – Major Launch Updates



- **BSD City launched a cluster of “Vanya Park” called “Askara House” in July 2017**
- A total of 72 units of landed residential units were available for sales
- The price ranges from IDR 1.2 to 3.0 billion per unit, with specification of 66 to 123 sqm building area and 60 to 150 sqm land area
- On launched date, 37 units were sold, contributing IDR 63 billion of marketing sales.

Indonesia Property Division – BSDE – Room Inc. Hotel Semarang

- **Rooms Inc. Hotel Semarang** was built with a smart urban concept to **attract young executives visiting the city on business and millennial travellers** seeking to enjoy its sights and sounds
- The 3-star hotel has **162 rooms**, comprising **56 Standard rooms** (including rooms for people with disabilities), **97 Superior rooms** and **9 Deluxe rooms**.
- **Located in the centre of Semarang**, Rooms Inc. is closely reached to the city's government buildings, city hall, transportation hubs, Ahmad Yani International Airport and landmarks such as the historic Lawang Sewu building.
- The informal atmosphere of these communal areas with billiard tables, a relaxed furniture layout and super-fast Wi-Fi access makes it a perfect place for guests to unwind after a busy day





- Following the **successful Price Amnesty** program in 2016, Sinarmas Land has launched the **“Price Lock”** program in 2017
- **Price Lock** program will be held from **3 October to 31 December 2017** with the intention to **help homebuyers**, especially the **younger generation**, to **obtain their home**
- The program is divided into **2 categories**:
 - In the **first category**, homebuyers will only need to pay a downpayment (“DP”) of 15%. For homebuyers that register in **October**, the DP can be **repaid up to 24 times**. Homebuyers that register in **November** will be entitled to **12 times** while **December homebuyers** will only get **6 times**.
 - Homebuyers are able to take up mortgage loan for the **remaining 85% of the home payment** which will **only commence from January 2020 onwards**
 - For the convenience of homebuyers look to obtain home mortgage facilities, SML has cooperated with **ten leading banks in Indonesia** to support this program
 - In the **second category**, homebuyers who are using **full cash payment** to purchase ready units, there will be a direct **discount of 20% in October**, **15% discount in November** and **10% discount in December**

Indonesia Property Division – BSDE – Sinarmas MSIG Tower Transfer Agreement



- BSDE, through a wholly-owned subsidiary PT Duta Cakra Pesona (“Transferee”), has signed the transfer agreement with PT Purimas Sasmita (“Transferor”) for the transfer of property units in **Sinarmas MSIG Tower**
- The objects in the transfer agreement are the units of the right of strata title ownership with total area of **36,874.49 sqm**, which are part of the property units in Sinarmas MSIG Tower, **a brand new office tower**, situated in main road of Jakarta CBD, Jl. Jend. Sudirman Lot 21
- The value in the transfer agreement amount to **IDR 1.4 trillion**.
- The purpose of signing this transfer agreement is in accordance with **BSDE business strategy to increase revenue, especially the increase of recurring income in the long term**

Indonesia Property Division – DMAS Achieved IDR 811 billion Marketing Sales for 9M 2017



- **DMAS** (also known as Kota Deltamas) achieved **IDR 811 billion for 9M 2017 marketing sales** or 54% of full year 2017 (“FY 2017”) target of IDR 1,506 billion
- 9M 2017 marketing sales were mostly contributed from sales of industrial land, and supported by residential and commercial products
- DMAS has sold **37.5 hectares of industrial land sales in 6M 2017**, 63% of FY 2017 industrial land sales target of 60 hectares

AFP Land Division – Divestment of Golden Bay Realty (Private) Limited



- AFP Land Limited, a wholly-owned subsidiary of SML, has entered into a **conditional sale and purchase agreement** with Hiap Hoe Limited for the **divestment of its interest in the entire issued and paid-up share capital of Golden Bay Realty (Private) Limited**
- Golden Bay Realty (Private) Limited is in the business of property investment holdings for the Group's **retail and office units in Orchard Towers** amounting to an aggregate strata floor area of **approximately 128,000 square feet and net leasable area of approximately 89,000 square feet**
- The consideration for the Proposed Divestment was agreed on a willing-buyer willing-seller basis shall be **S\$162 million**

Indonesia Economic Policy Package (Updates)

Package	Unveiled	Main Points
16 th	31 August 2017	<ul style="list-style-type: none"> • Single submission system: <ul style="list-style-type: none"> - integrate business licensing services - utilize information technology - enhance cooperation/coordination among government agencies on central and local level
15 th	15 June 2017	<ul style="list-style-type: none"> • Improving Indonesia's logistics: <ul style="list-style-type: none"> - enhance the role of transportation insurance - reduce costs for logistic service providers - strengthen the Indonesia National Single Window (INSW) authority - reduce the number of prohibited and restricted goods
14 th	10 November 2016	<ul style="list-style-type: none"> • Creating a roadmap for Indonesia's e-commerce industry: <ul style="list-style-type: none"> - 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
13 th	24 August 2016	<ul style="list-style-type: none"> • Deregulation for residential property projects for low-income families
12 th	28 April 2016	<ul style="list-style-type: none"> • Enhancing the ease of doing business in Indonesia by cutting procedures, permits and costs
11 th	29 March 2016	<ul style="list-style-type: none"> • 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
10 th	11 February 2016	<ul style="list-style-type: none"> • Removing foreign ownership cap on 35 businesses • Protecting small & medium enterprises as well as cooperatives

Package	Unveiled	Main Points
9th	27 January 2016	<ul style="list-style-type: none"> • 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
8th	21 December 2015	<ul style="list-style-type: none"> • 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
7th	4 December 2015	<ul style="list-style-type: none"> • 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
6th	5 November 2015	<ul style="list-style-type: none"> • Tax incentives for investment in special economic zones
5th	22 October 2015	<ul style="list-style-type: none"> • Tax incentive for asset revaluation • Scrap double taxation on real estate investment trusts • Deregulation in Islamic banking
4th	15 October 2015	<ul style="list-style-type: none"> • Fixed formula to determine increases in labor wages • Soft micro loans for >30 small & medium, export-oriented, labor-intensive businesses
3rd	7 October 2015	<ul style="list-style-type: none"> • Cut energy tariffs for labour-intensive industries
2nd	30 September 2015	<ul style="list-style-type: none"> • 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
1st	9 September 2015	<ul style="list-style-type: none"> • Boost industrial competitiveness through deregulation • Curtail red tape • Enhance law enforcement & business certainty

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3Q 2017 vs 3Q 2016

Consolidated Income Statement

3Q 2017 versus 3Q 2016 Consolidated Income Statement

(S\$ '000)	3Q 2017	3Q 2016	Change %
Revenue	199,581	145,930	36.8
Cost of Sales	(57,557)	(40,088)	43.6
Gross Profit	142,024	105,842	34.2
<i>Operating Expenses</i>			
Selling Expenses	(37,702)	(14,933)	152.5
General and administrative expenses	(38,068)	(46,118)	(17.5)
Operating profit	66,254	44,791	47.9
Finance income	5,903	7,713	(23.5)
Others	(30,050)	(8,768)	242.7
Profit before income tax	42,107	43,736	(3.7)
Income tax	(8,480)	(8,514)	(0.4)
Profit for the period	33,627	35,222	(4.5)
Attributable to:			
Owners of the Company	17,573	17,448	0.7
Non-controlling interests	16,054	17,774	(9.7)

9M 2017 vs 9M 2016

Consolidated Income Statement

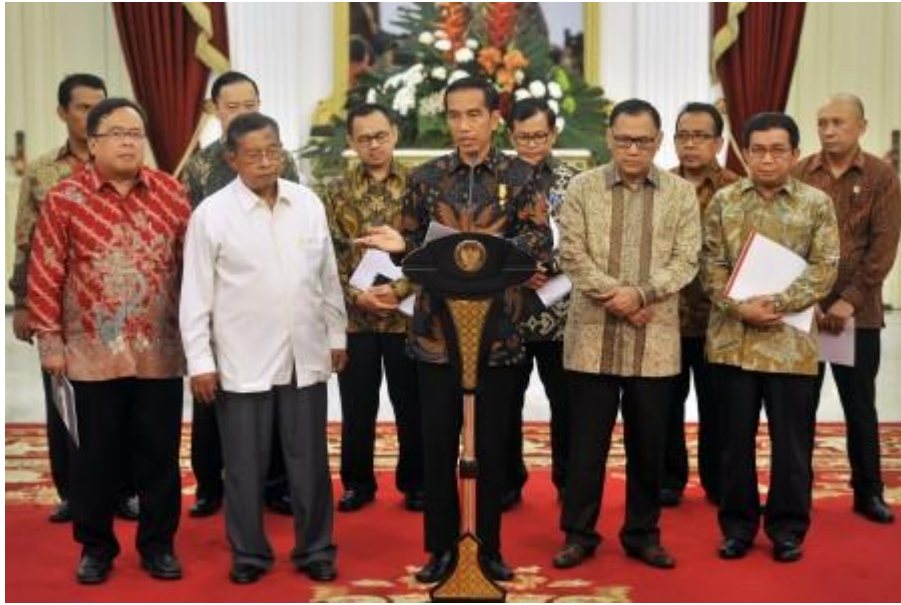
9M 2017 versus 9M 2016 Consolidated Income Statement

(S\$ '000)	9M 2017	9M 2016	Change %
Revenue	736,023	548,601	34.2
Cost of Sales	(189,404)	(169,770)	11.6
Gross Profit	546,619	378,831	44.3
<i>Operating Expenses</i>			
Selling Expenses	(68,913)	(42,784)	61.1
General and administrative expenses	(120,665)	(118,260)	2.0
Operating profit	357,041	217,787	63.9
Finance income	21,128	20,902	1.1
Others	(99,814)	(56,553)	76.5
Profit before income tax	278,355	182,136	52.8
Income tax	(31,291)	(34,818)	(10.1)
Profit for the period	247,064	147,318	67.7
Attributable to:			
Owners of the Company	117,807	68,436	72.1
Non-controlling interests	129,257	78,882	63.9

Statement of Financial Position

Statement of Financial Position

(S\$ '000)	As at 30 Sep 2017	As at 31 Dec 2016
Current Assets		
Cash and cash equivalents	720,732	867,276
Properties held for sale	1,294,054	1,265,641
Other current assets	428,241	435,383
Total Current Assets	2,443,027	2,568,300
Non-Current Assets		
Associated companies	271,332	265,247
Joint ventures	131,100	122,925
Properties under development for sale	1,748,513	1,793,858
Investment properties	1,520,304	1,077,139
Property, plant and equipment	174,790	195,777
Other non-current assets	27,675	56,599
Total Non-Current Assets	3,873,714	3,511,545
Total Assets	6,316,741	6,079,845
Short-term borrowings	42,034	46,191
Short-term payables and liabilities	796,637	679,629
Bonds payables	716,590	794,299
Long-term borrowings	796,792	506,006
Long-term liabilities	209,392	198,424
Total Liabilities	2,561,445	2,224,549
Total Capital and reserves	1,972,957	1,983,571
Non-controlling Interest	1,782,339	1,871,725
Total Equity	3,755,296	3,855,296
Total Liabilities and Equity	6,316,741	6,079,845



- 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



- **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
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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.

- **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

- **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	<ul style="list-style-type: none"> • 12 procedures • 47 days • Costs at IDR 6.8 - 7.8 million 	<ul style="list-style-type: none"> • 7 procedures • 10 days • Costs at IDR 2.7 million
Construction of Building	<ul style="list-style-type: none"> • 17 procedures • 210 days • IDR 86 million for 4 permits 	<ul style="list-style-type: none"> • 14 procedures • 52 days • IDR 70 million for 3 permits
Tax Payments	<ul style="list-style-type: none"> • 54 payments 	<ul style="list-style-type: none"> • 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.

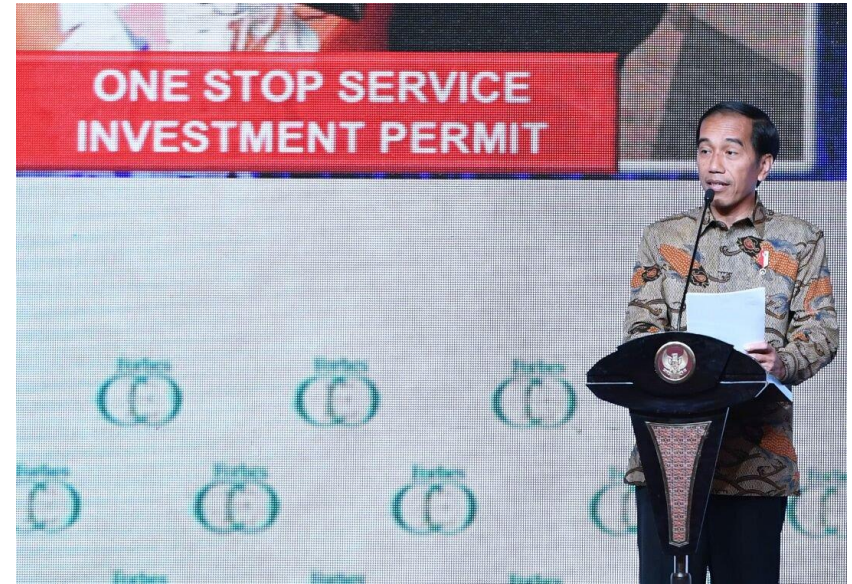


- **14th economic policy package** was unveiled on 10 November 2016 focuses on tackling eight issues that could turn Indonesia into the biggest digital economy in ASEAN by 2020 with a targeted value of US\$130 billion
- The 8 issues are funding, taxation, consumer protection, human resources, logistics, 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
- 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



- 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

Indonesia Tax Amnesty Programme – 3rd & Final Phase Update

- The third and final phase of Indonesia's tax amnesty program ended on 31 March 2017 with **the Indonesian government collecting IDR 114.0 trillion** (approx. USD 8.6 billion) in additional tax revenue, or **69.1 percent** of the nine-month program's full target (IDR 165 trillion)
- **Total asset declarations** amounted to IDR 4,865.7 trillion (approx. USD 366 billion), **exceeding the government's target** of IDR 4,000 trillion
- However, the **repatriation of offshore funds** only reached IDR 147.0 trillion (approx. USD 11.1 billion), or **14.7 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:

	Target (IDR trillion)	As at 31 Mar '17 (IDR trillion)	Achieved
State Income	165.0	114.0	69.1%
Declaration of Funds	4,000.0	4,865.7	121.6%
Repatriation of Funds	1,000.0	147.0	14.7%

- 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 (Completed)	5
Foreign Assets – Not Repatriated	July 2016 – September 2016 (Completed)	4
	October 2016 – December 2016 (Completed)	6
	January 2017 – March 2017 (Completed)	10

Thank You

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