



sinarmas land

***“Building for a better
future”***

**4Q & FY 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 4Q & FY 2018

- The Group's 4Q and FY 2018 revenue decreased 35.9% and 52.7% respectively to S\$864.1 million and S\$1,347.4 million mainly attributable to the absence of one-off land sales in BSD City amounting to S\$471.2 million, as well as the weakening of the Indonesian Rupiah;
- Rental income* increased 3.2% to S\$161.7 million in FY 2018 from higher rental contribution from UK division following the acquisition of 33 Horseferry Road in June 2017 and leasing income from the acquired investment properties in Central Jakarta in Indonesia;
- Profit attributable to owners of the Company dipped 74.9% to S\$58.6 million in 4Q 2018 and 66.4% to S\$119.0 million for FY 2018 mainly due to the absences of both land sales from its Indonesia division and one-off exceptional gain of S\$109.4 million from the divestment of Orchard Towers;
- Financial position remain strong as at 31 December 2018 with total assets of S\$6,560.5 million, bolstered with cash and cash equivalents of S\$984.1 million and a net debt to equity ratio of 23.0%;
- In consideration of FY2018 performance, SML is proposing a first and final dividend of 0.2 Singapore cents per share, subject to shareholders' approval during the 2019 annual general meeting, and payable on 27 June 2019;
- BSDE closed its FY2018 marketing sales at IDR 6.2 trillion, achieving 86% of annual target being set at IDR 7.2 trillion. For FY 2019, BSDE has set its marketing sales target at IDR 6.2 trillion, with contribution being similar to that of FY 2018; and,
- DMAS achieved IDR 884 billion for FY 2018 marketing sales or 71% of full year 2018 ("FY 2018") target of IDR 1,250 billion. For FY 2019, DMAS has maintain a marketing sales target of IDR 1,250 billion.

01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

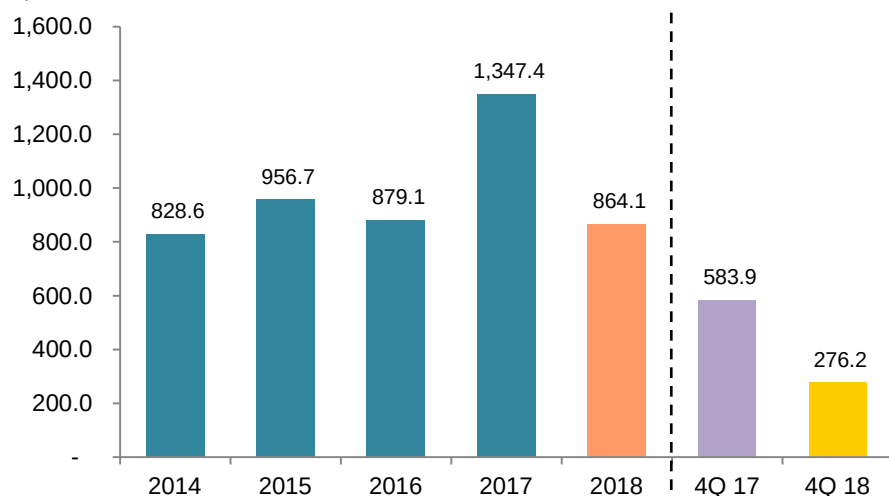
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4Q & FY 2018 Financial Highlights

Revenue

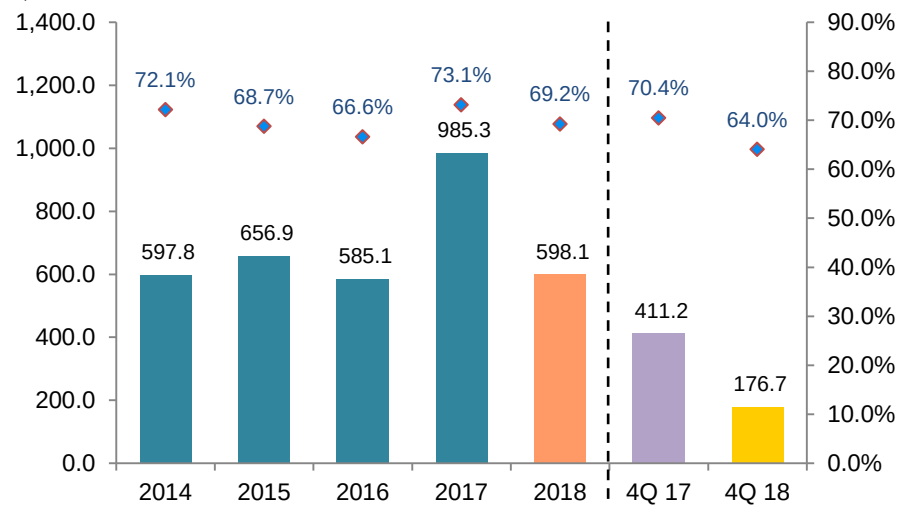
S\$ million



- Total revenue in 4Q & FY 2018 decreased 35.9% and 52.7% respectively to S\$864.1 million and S\$1,347.4 million mainly attributable to the absence of one-off land sales in BSD City amounting to S\$471.2 million, as well as the weakening of the Indonesian Rupiah
- Excluding the one-off land sales in the corresponding comparison periods, FY 2018's organic revenue would decrease marginally by 1.4% year-on-year
- The decrease was partially offset by higher revenue generated from the sales of commercial shophouses in Indonesia and broader recurring income base

Gross Profit and Gross Profit margin

S\$ million

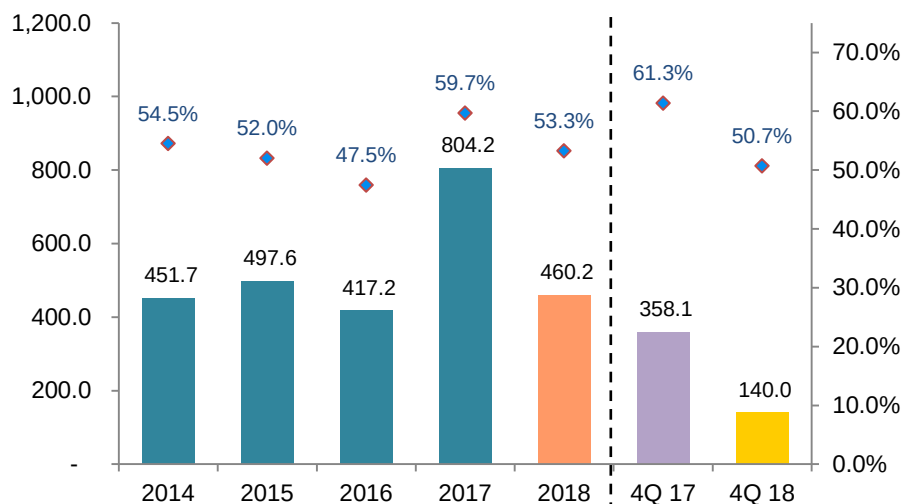


- Following the decrease in revenue, 4Q & FY 2018 gross profit slipped 57.0% and 39.3% respectively to S\$176.7 million and S\$598.1 million
- Gross profit margin dipped 3.9 percentage points to 69.2% as sales of land parcels fetched better profit margin as well as higher cost incurred from sales of commercial shop houses and apartments.

4Q & FY 2018 Financial Highlights

EBITDA and EBITDA margin

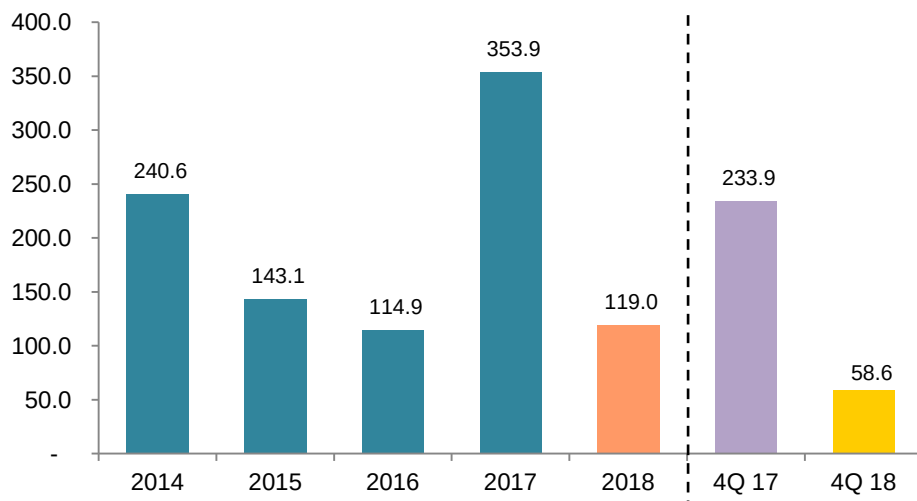
S\$ million



- EBITDA decreased 60.9% in 4Q 2018 to S\$140.0 million and 42.8% in FY 2018 to S\$460.1 million despite lower operating expenses and higher finance income
- On the back of lower gross profit margin, EBITDA margin slipped 10.6 percentage points in 4Q 2018 and 6.4 percentage points in FY 2018 respectively to 50.7% and 53.3%

Profit attributable to Owners of the Company

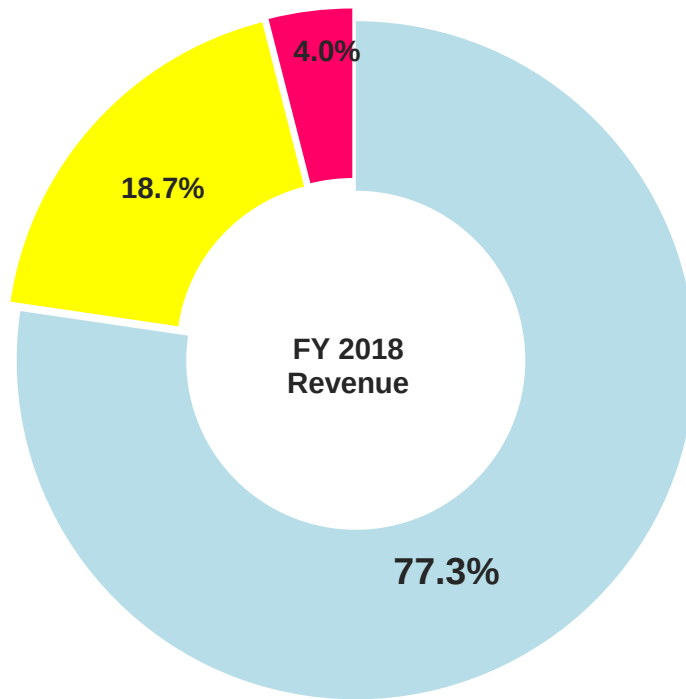
S\$ million



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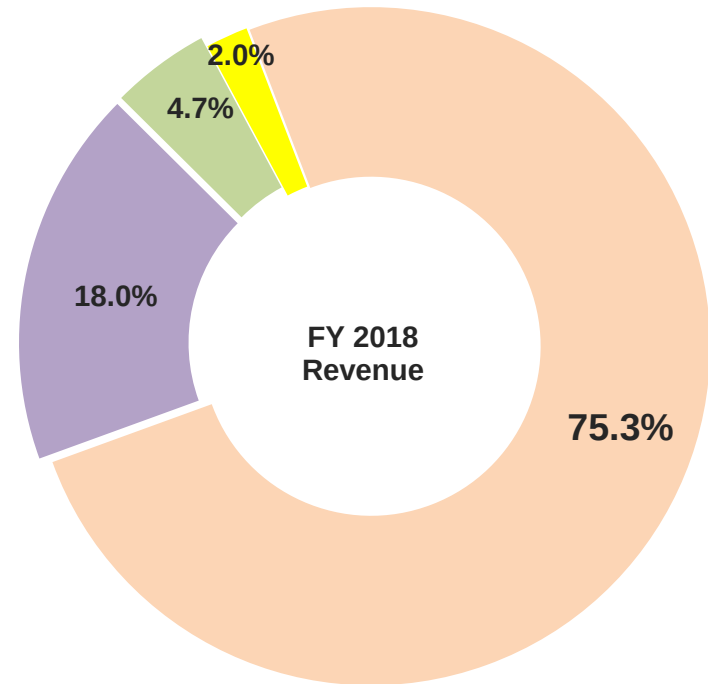
FY 2018 Revenue Breakdown

Revenue – Product Breakdown (%)



- Sales of Development Properties and Land
- Rental Income & Hotel, Golf and Resort
- Others

Revenue – Geographical Breakdown (%)

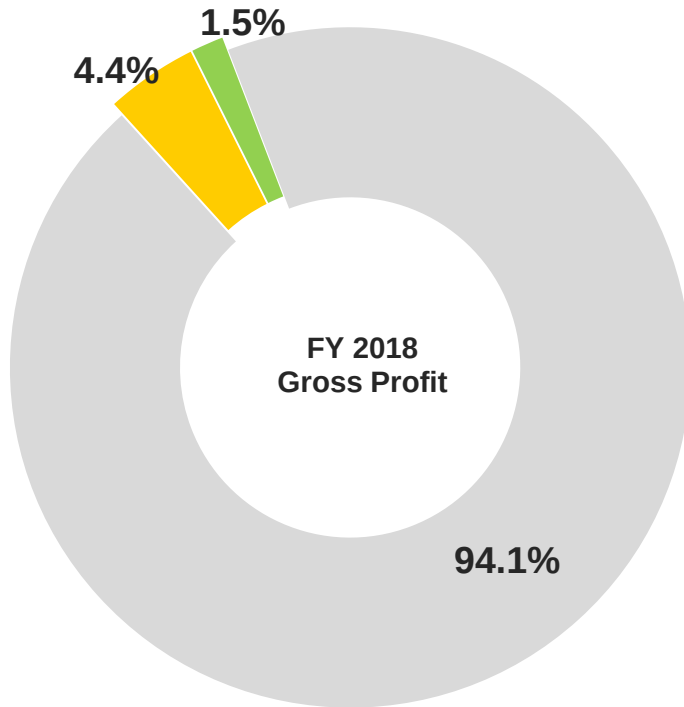


- BSDE
- Non-BSDE
- UK
- Others*

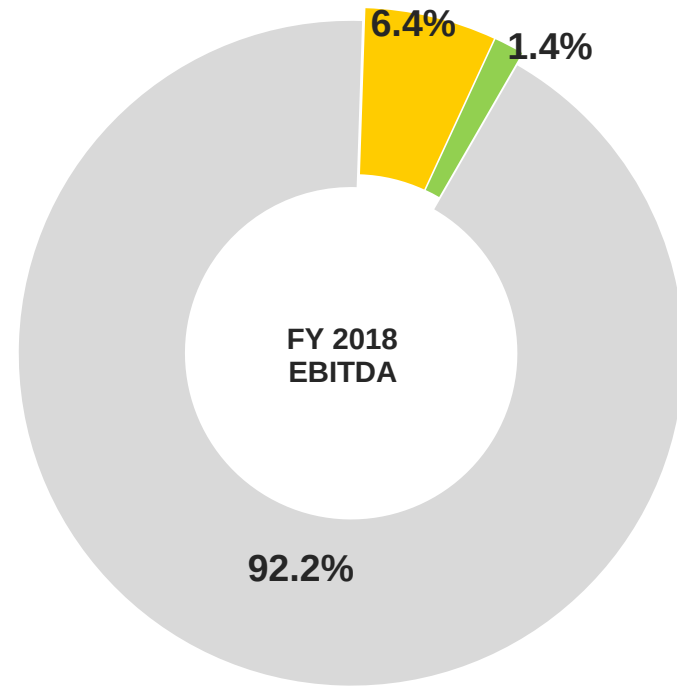
* : Other countries include China, Singapore, Malaysia and Batam

FY 2018 Gross Profit and EBITDA Breakdown

Gross Profit – Geographical Breakdown (%)



EBITDA – Geographical Breakdown (%)

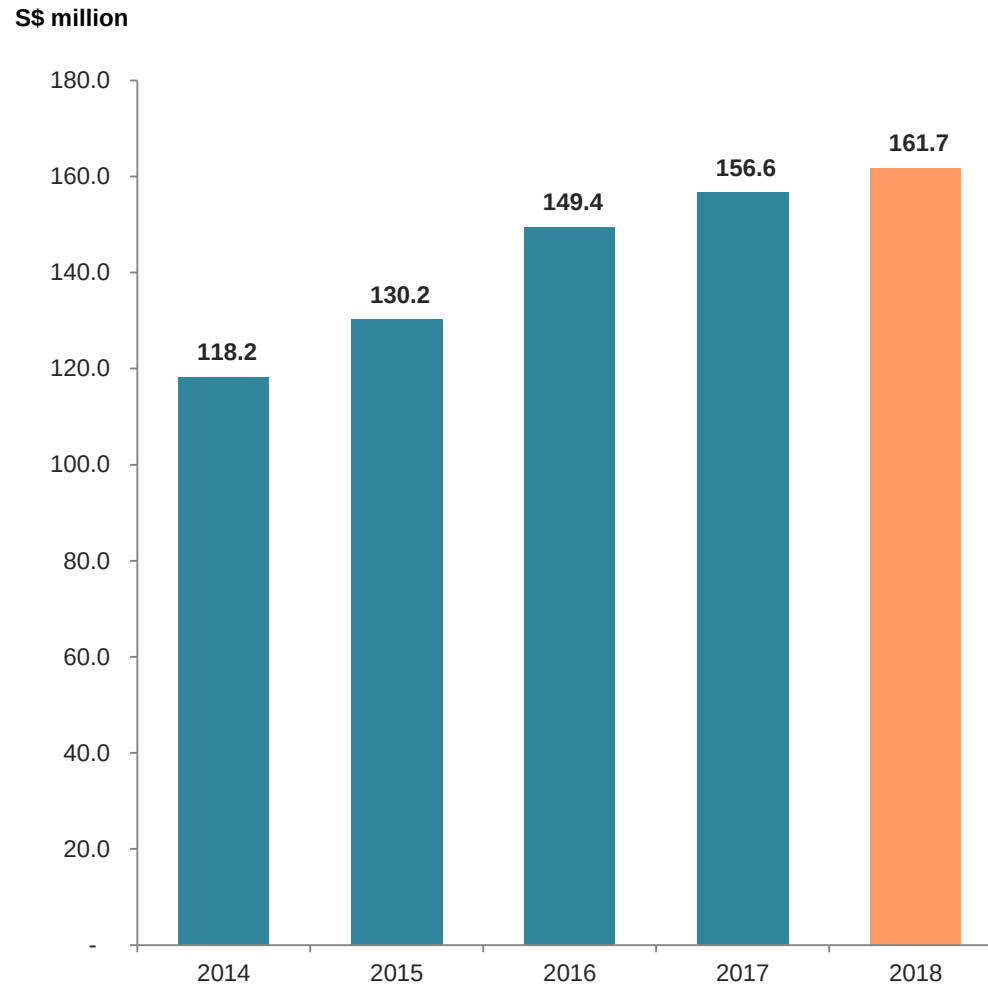


■ Indonesia ■ UK ■ Others*

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

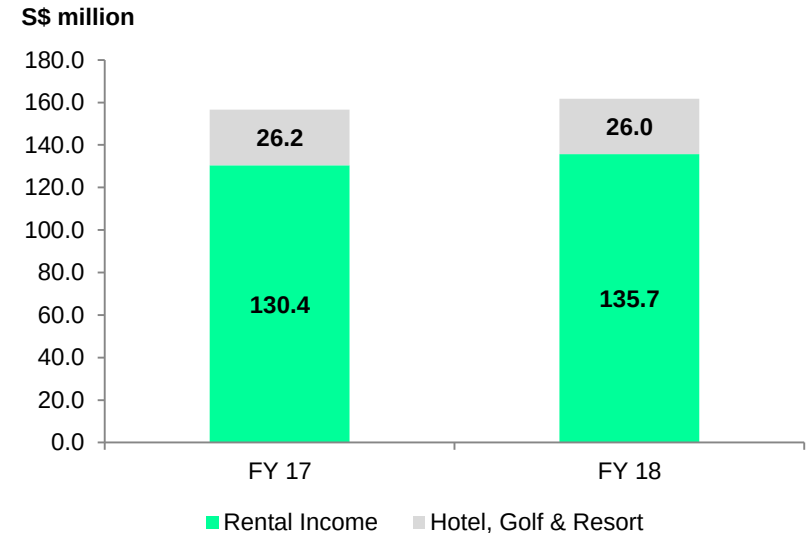
FY 2018 Recurring Income (Revenue) Breakdown

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

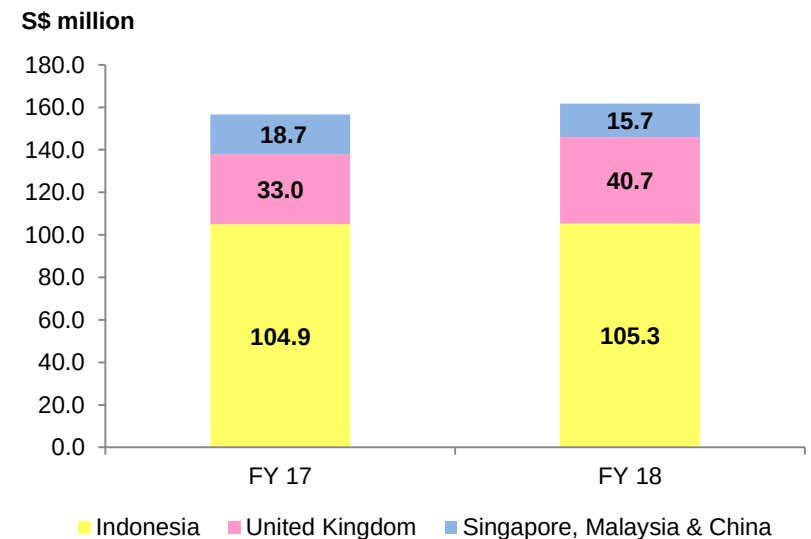


* : Recurring income (Revenue) includes rental income, hotel revenue and revenue from golf and resort operations

Recurring Income (Revenue) – Product Breakdown



Recurring Income (Revenue) – Geographical Breakdown

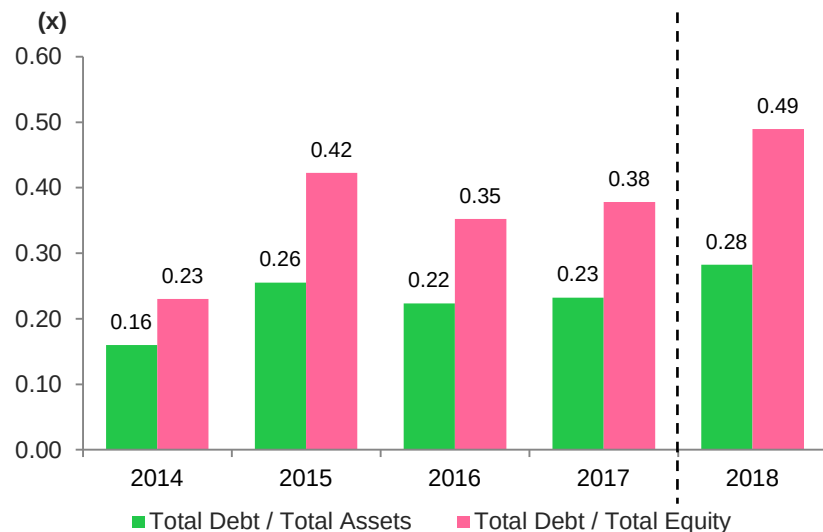


FY 2018 – Financial Snapshot

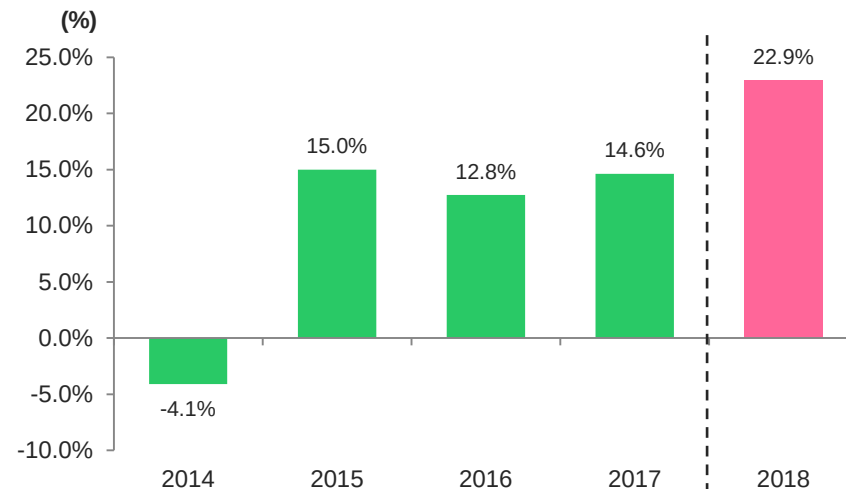
(S\$ '000)	As at 31 Dec 2018	As at 31 Dec 2017
Assets		
Cash and cash equivalents	984,135	930,287
Investment properties	1,613,038	1,656,565
Properties held for sale	1,224,017	1,230,153
Properties under development for sale	1,664,855	1,755,445
Other assets	1,074,489	983,660
Total Assets	6,560,534	6,556,110
Liabilities		
Borrowings	948,052	801,031
Bond Payables	903,756	719,078
Other liabilities	925,419	1,006,403
Total Liabilities	2,777,227	2,526,512
Equity		
Total Capital and reserves	2,037,832	2,147,785
Non-controlling Interest	1,745,475	1,881,813
Total Equity	3,783,307	4,029,598

Key Financial Ratios

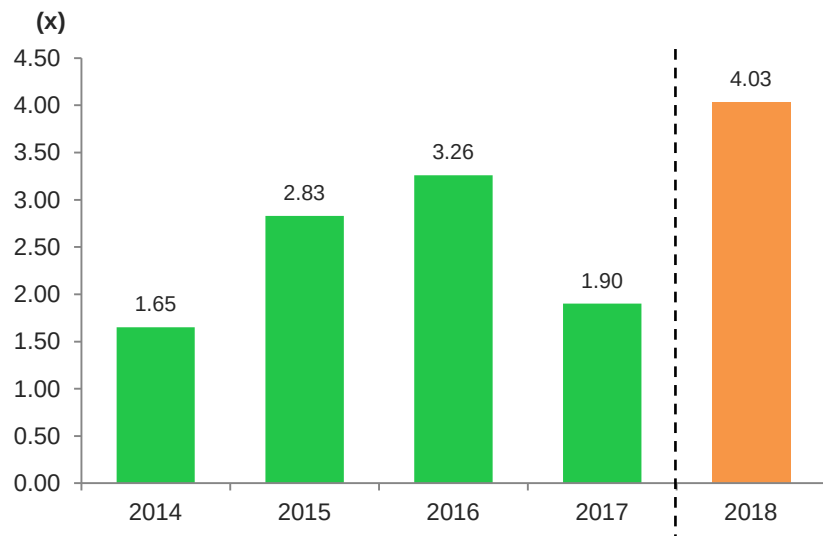
Debt / Assets and Debt / Equity



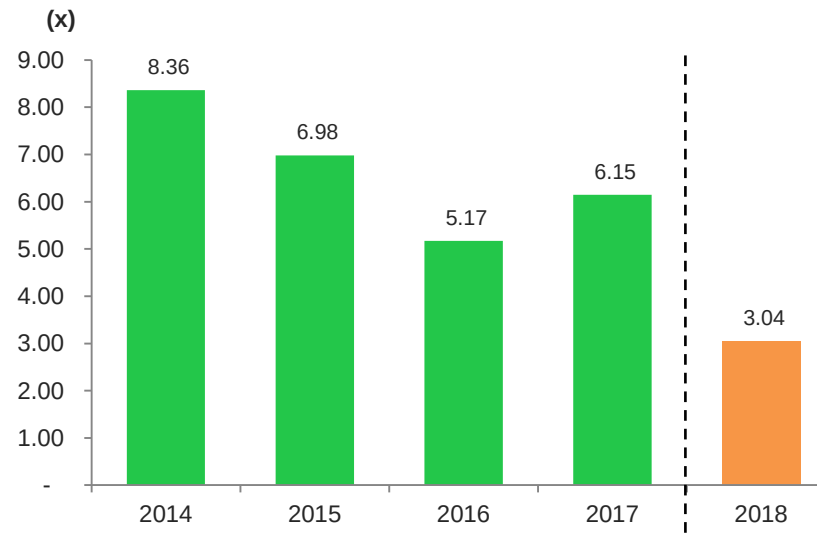
Net Debt / Equity



Total Debt / EBITDA

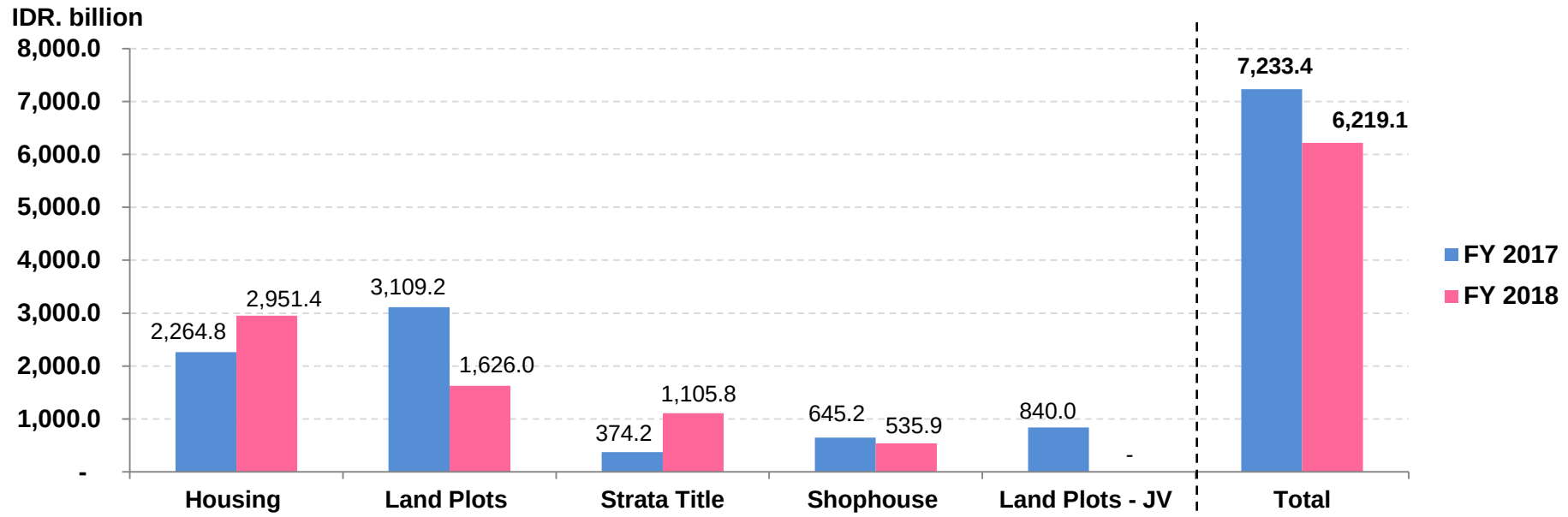


EBITDA / Interest Expense



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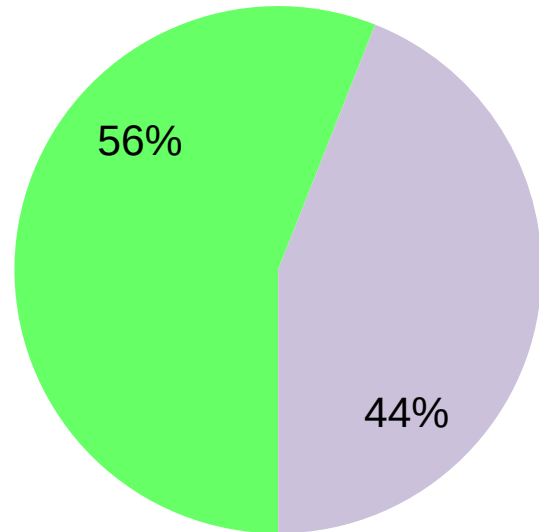
Indonesia Property Division – BSDE achieved IDR 6.2 trillion marketing sales for FY2018



- BSDE closed its FY2018 marketing sales at IDR 6.2 trillion, achieving **86%** of annual target being set at **IDR 7.2 trillion**;
- FY2018 marketing sales decreased by 14% compared to FY2017 performance due to lower contribution from land plot and shophouse sales;
- Residential pre-sales generated IDR 3.0 trillion in FY2018 or 47% contribution to the full-year result. Pre-sales of the commercial business units including land plots, strata title (apartments) and shophouses in tandem reached at IDR 3.2 trillion, making up the remaining 53% of pre-sales performance; and,
- Breaking down by product composition, FY2018 marketing sales was generated from the sales of landed houses (47%), land plots (26%), strata title (18%) and shophouses (9%).

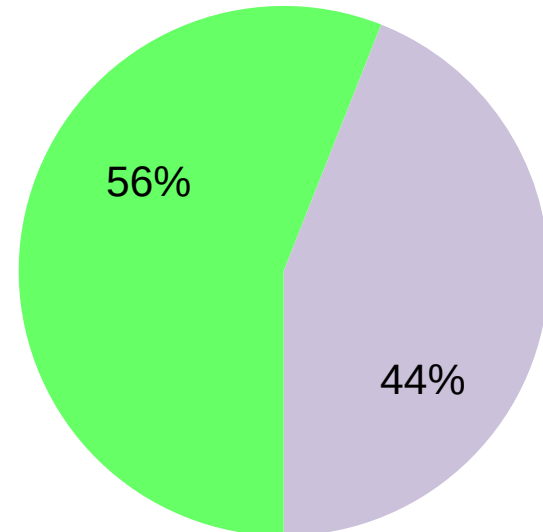
Indonesia Property Division – BSDE targets IDR 6.2 trillion for FY2019 Marketing Sales

FY 2018 Actual Marketing Sales



■ Residential

FY 2019 Marketing Sales Target



■ Commercial

- BSDE set its marketing sales target at **IDR 6.2 trillion** for FY 2019, with contribution being similar to that of FY 2018;
- **Commercial segment is expected to contribute 44% or IDR 2.7 trillion**, with the land sales and the launches of Southgate Residence and Klaska Surabaya generating 70% of total commercial pre-sales;
- **Residential segment targets to contribute 56% or IDR 3.5 trillion** of total marketing sales target with the residential projects in BSD City continuously being the major residential contributor (43%); and,
- The Group does not budget for any foreseeable JV land sales in FY2019.

Indonesia Property Division – DMAS Achieved IDR 884 billion Marketing Sales for FY 2018



- **DMAS** (also known as Kota Deltamas) achieved **IDR 884 billion for FY 2018 marketing sales** or 71% of full year 2017 (“FY 2018”) target of IDR 1,250 billion
- FY 2018 marketing sales were mostly contributed from sales of 33.3ha of industrial land, residential lots, as well as sales of residential and commercial products
- **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**
- Hence, DMAS has maintain a **marketing sales target of IDR 1,250 billion in 2019**

Indonesia Property Division – BSDE Won Forbes Top 50 Companies Award



- Sinar Mas Land through PT Bumi Serpong Damai Tbk, (BSDE) again won the Top 50 Companies for 2018 award at Forbes Indonesia Best of The Best Awards 2018
- The event, held by Forbes Indonesia magazine, selected 50 of the top 500 companies listed on the Indonesia Stock Exchange based on the long-term performance of the company after passing the assessment process by looking at their long-term performance based on several metrics such as sales growth, net profit, and return on equity
- This award proved the capacity of Sinar Mas Land as one of the finest financial performance companies in Indonesia
- PT Bumi Serpong Damai Tbk, has received this award 7 consecutive times since 2012

Indonesia Property Division – Sinarmas Land Signs MOU with PT Wijaya Karya Tbk



- Sinarmas Land has signed a Memorandum of Understanding (“MOU”) with PT Wijaya Karya Bangunan Gedung Tbk, one of Indonesia leading construction company, to develop a low-cost apartment (“rusunami”) project at BSD City
- The development of rusunami demonstrates the Group’s support on the government’s “One Million Houses Program”, which targets on the shelter needs especially from the low-income group with a maximum monthly income of Rp7 million defined by the Minister of Finance.
- In addition, this cooperation is also part of Sinarmas Land 's commitment in implementing the second phase of the Balanced Housing obligations, creating a healthy, safe and harmonious community.

Indonesia Property Division – Launch of Hayfield Residential Cluster at Balikpapan



- **Sinar Mas Land has launched the 4th residence cluster named the Hayfield in the Grand City of Balikpapan, tailoring to the needs of the millennium and new couples to have the first shelter.**
- The Hayfield Cluster will be built on 7.2 hectares of land, with a modern minimalist architectural design and environment layout aligned with the green environment.
- This upcoming cluster is presented with two types: the first type is a 2-storey with a land area of 72m² and a building area of 47m²; the second has a land area of 90m² and a building area of 57m².

Indonesia Property Division – SML Won FIABCI-REI Excellence Award 2018



- Sinar Mas Land has won a Gold award in the international FIABCI-REI Excellence Award 2018 in the Energy Conservation Category through Green Office Park (GOP) 9
- The award serves as a testament to Sinar Mas Land continuous effort to embrace environmental-friendly initiatives into our developments

AFP Land Division – Sinarmas Land enters into a joint-venture with Citramas Group



- On 25 February 2019, Sinarmas Land announced the signing of a Shareholder Agreement with Citramas Group to jointly develop and manage commercial properties on a land area of approximately 4 hectares located in Nongsa Subdistrict, Batam City, Indonesia
- The joint-venture company will develop education, training, retail, entertainment, sports, food & beverage, and/or other facilities focused on the digital economy over a period of 10 years
- In recent years, both Groups have witnessed great demand from companies in both Singapore and Indonesia for centers of digital talent in this new economy
- Nongsa Subdistrict, situated at the strategic intersection between Singapore and Indonesia will benefit as it serves as a “Digital Bridge” between both nations

AFP Land Division – Groundbreaking of The Nove Residence



- On 22 November 2018, Sinarماس Land commenced the construction of The Nove Residence with a “groundbreaking” ceremony
- Located within Nuvasa Bay Batam, the Nove Residence is developed on 5ha of elevated land, offering scenic views of the sea, beach and golf course, presenting an unparalleled luxury living experience
- Kaina Tower, The Nove’s first residential tower, has achieved 95% of sales since its launched about 1 year ago
- In view of Kaina Tower’s success, Sinarماس Land has launched the 2nd residential tower, Kalani Tower, in August 2018

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4Q 2018 vs 4Q 2017

Consolidated Income Statement

4Q 2018 versus 4Q 2017 Consolidated Income Statement

(S\$ '000)	4Q 2018	4Q 2017	Change %
Revenue	276,168	583,914	(52.7)
Cost of Sales	(99,453)	(172,757)	(42.4)
Gross Profit	176,715	411,157	(57.0)
<i>Operating Expenses</i>			
Selling Expenses	(24,972)	(30,574)	(18.3)
General and administrative expenses	(45,575)	(56,291)	(19.0)
Operating profit	106,168	324,292	(67.3)
Finance income	16,989	13,500	25.8
Others	12,504	(45,853)	n.m.
Gain on disposal of a subsidiary	-	109,441	n.m.
Profit before income tax	135,661	401,380	(66.2)
Income tax	(16,132)	(21,029)	(23.3)
Profit for the period	119,529	380,351	(68.6)

Attributable to:

Owners of the Company	58,617	233,894	(74.9)
Non-controlling interests	60,912	146,457	(58.4)

FY 2018 vs FY 2017

Consolidated Income Statement

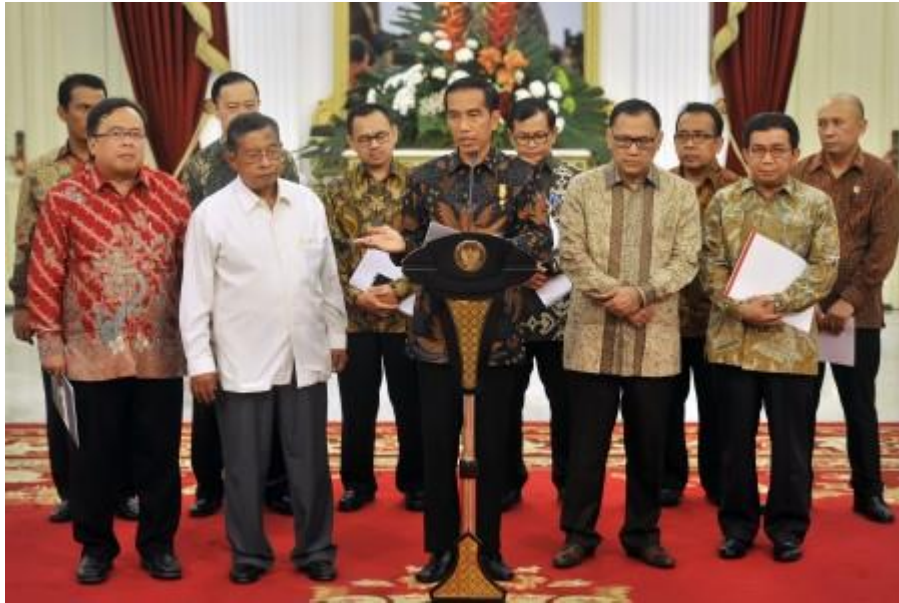
FY 2018 versus FY 2017 Consolidated Income Statement

(S\$ '000)	FY 2018	FY 2017	Change %
Revenue	864,134	1,347,437	(35.9)
Cost of Sales	(266,028)	(362,161)	(26.5)
Gross Profit	598,106	985,276	(39.3)
<i>Operating Expenses</i>			
Selling Expenses	(100,954)	(99,487)	1.5
General and administrative expenses	(164,205)	(176,956)	(7.2)
Operating profit	332,947	708,833	(53.0)
Finance income	51,038	34,862	46.4
Others	(114,740)	(171,461)	(33.1)
Gain on disposal of a subsidiary	-	109,441	n.m.
Profit before income tax	269,245	681,675	(60.5)
Income tax	(40,123)	(52,320)	(23.3)
Profit for the period	229,122	629,355	(63.6)
Attributable to:			
Owners of the Company	119,028	353,892	(66.4)
Non-controlling interests	110,094	275,463	(60.0)

Statement of Financial Position

Statement of Financial Position

(S\$ '000)	As at 31 Dec 2018	As at 31 Dec 2017
Current Assets		
Cash and cash equivalents	984,135	930,287
Properties held for sale	1,224,017	1,230,153
Other current assets	323,592	366,277
Total Current Assets	2,531,744	2,526,717
Non-Current Assets		
Associated companies	247,149	266,378
Joint ventures	142,262	143,289
Properties under development for sale	1,664,855	1,755,445
Investment properties	1,613,038	1,656,565
Property, plant and equipment	147,461	178,097
Other non-current assets	461,174	29,619
Total Non-Current Assets	4,028,790	4,029,393
Total Assets	6,560,534	6,556,110
Short-term borrowings	35,870	26,837
Short-term payables and liabilities	675,290	766,401
Bonds payables	903,756	719,078
Long-term borrowings	912,182	774,194
Long-term liabilities	250,129	240,002
Total Liabilities	2,777,227	2,526,512
Total Capital and reserves	2,037,832	2,147,785
Non-controlling Interest	1,745,475	1,881,813
Total Equity	3,783,307	4,029,598
Total Liabilities and Equity	6,560,534	6,556,110



- 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.

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #3



- **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.

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.



- **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 2018 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 2018 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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