



sinarmas land

*“Building for a better
future”*

1Q 2016

Financial Results Presentation

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01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

04. APPENDIX

- The Group's revenue decreased 37.0% in 1Q 2016 to S\$179.9 million on the back of lower sales of land for commercial and industrial purposes in Indonesia as well as lower number of residential units handed over to buyers due to the change in cash collection pattern with the extension of longer cash instalment from maximum of 2 years to 4 years
- Rental revenue rose 31.9% to S\$37.6 million with new contribution from newly completed built-to-suit 'Courts Megastore BSD City', Green Office Park 6, as well as London's Alphabeta building
- Financial position remained healthy as at 31 March 2016 with total assets of S\$5,518.0 million, bolstered with cash and cash equivalents of S\$848.9 million and a net debt to equity ratio of 16.5%
- Robust project launches with take-up rates averaging above 85%, 3 new condominiums scheduled for launch in the second half of this year
- A consortium consisting of PT Bumi Serpong Damai Tbk, PT Astratel Nusantara and PT Transindo Karya won the tender to develop the 30km Serpong – Balaraja toll road project
- DMAS signed a Borrow and Use of Land for 500 kV Extra High Voltage Substation (GITET) agreement with PT PLN Persero, Indonesia state-owned electricity company

01. KEY HIGHLIGHTS

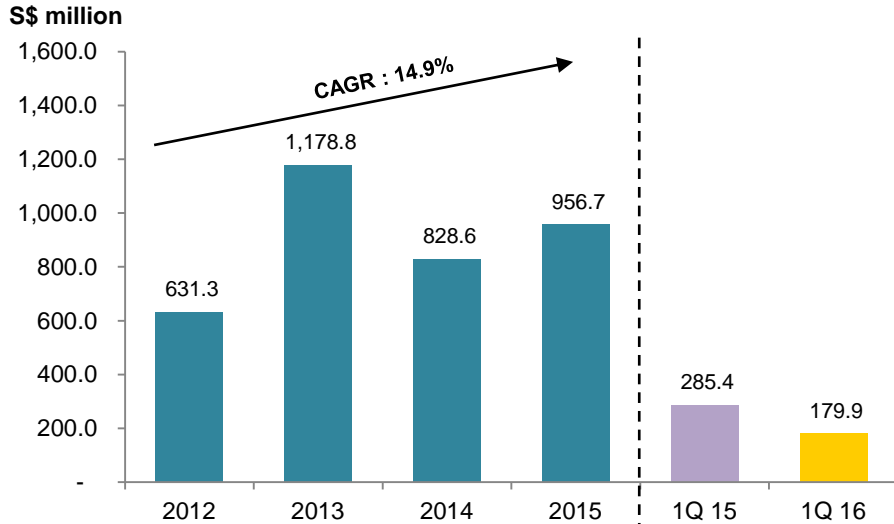
02. FINANCIAL PERFORMANCE

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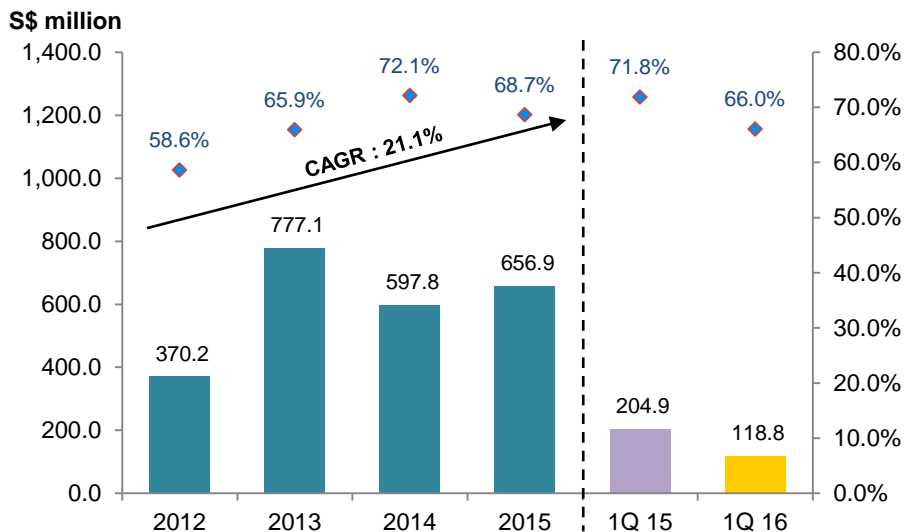
1Q 2016 Financial Highlights

Revenue



- Revenue in 1Q 2016 decreased 37.0% to S\$179.9 million on the back of lower sales of land for commercial and industrial purposes in Indonesia and lesser amount of residential units handed over to buyers in BSD City
- The decrease was partially offset by increased leasing income deriving from Alphabeta building in London, as well as higher leasing income from our investment properties in Indonesia due to better average rental rates
- Revenue from UK division rose 630.0% or S\$6.3 million to S\$7.3 million following the acquisition of Alphabeta building in October 2015

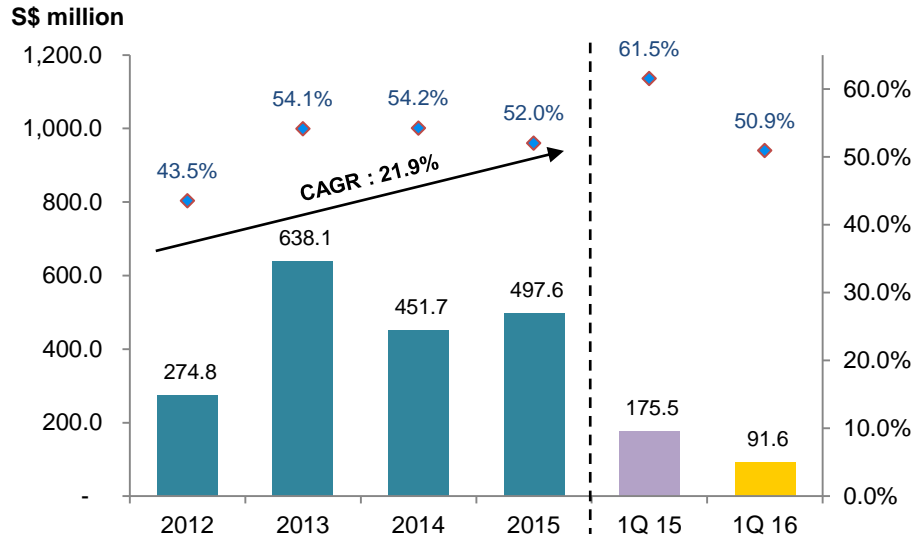
Gross Profit and Gross Profit margin



- In tandem with lower revenue recognized, the Group's gross profit margin decreased to S\$118.8 million
- Gross profit margin decreased 5.8 percentage points in 1Q 2016 to 66.0% due to a higher infrastructure cost incurred for the development of new industrial land area which lead to lower margin for the sales of land parcel

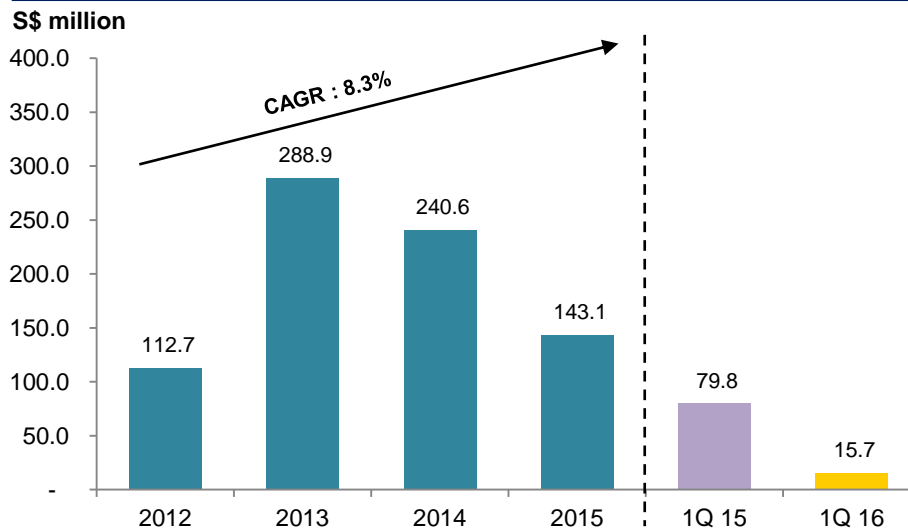
1Q 2016 Financial Highlights

EBITDA and EBITDA margin



- EBITDA dipped 47.8% to S\$91.6 million in 1Q 2016 due to the decreased in revenue contribution from Indonesia division which was offset by higher contribution from UK division
- UK division EBITDA rose 700.0% or S\$5.6 million to S\$6.4 million mainly due to higher rental and service fee income from Alphabeta building
- EBITDA margin slide 10.6 percentage points to 50.9% in 1Q 2016 due to lower gross profit margin and higher general and administrative expenses

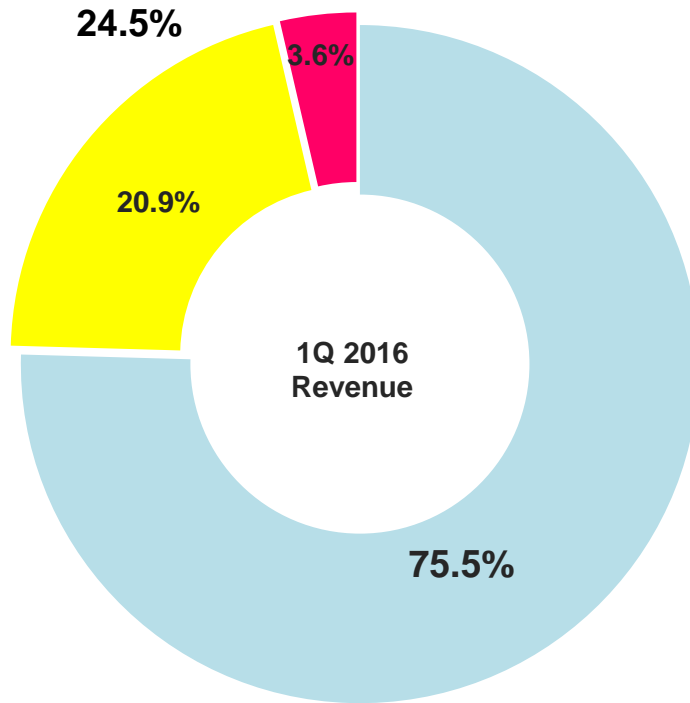
Profit attributable to Owners of the Company



- Profit attributable to owners of the Company decreased to S\$15.7 million in 1Q 2016 due to lower profit recognized from Indonesia division as well as foreign exchange loss

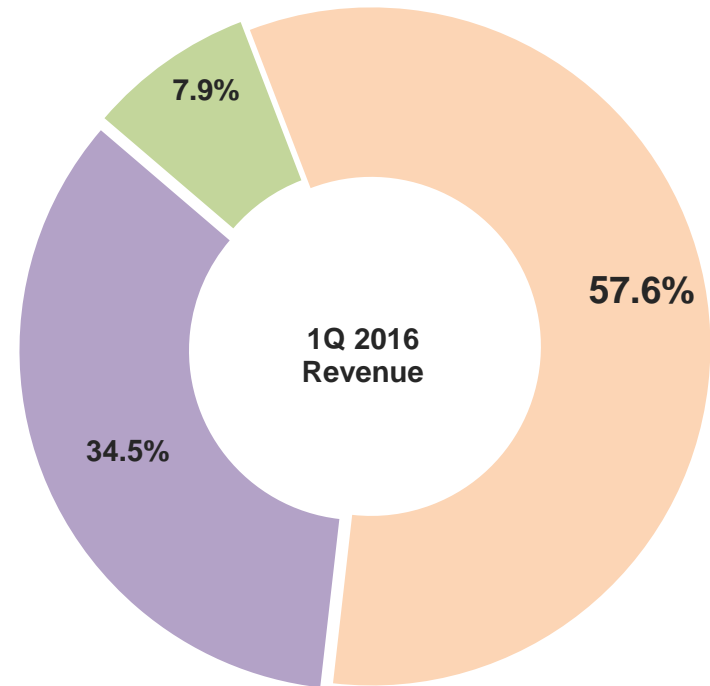
1Q 2016 Revenue Breakdown

Revenue – Product Breakdown (%)



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

Revenue – Geographical Breakdown (%)

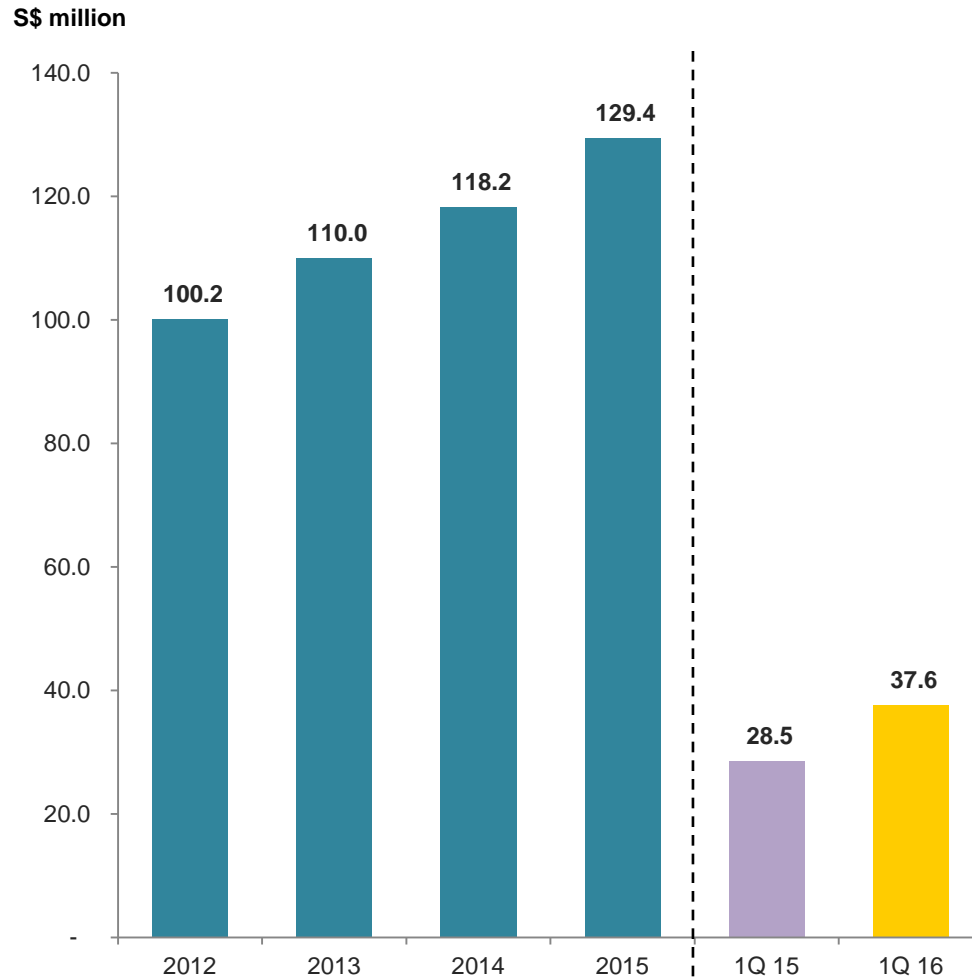


- BSDE
- Non-BSDE
- International*

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

1Q 2016 Recurring Income Breakdown

Increasing recurring income* base (S\$ million)

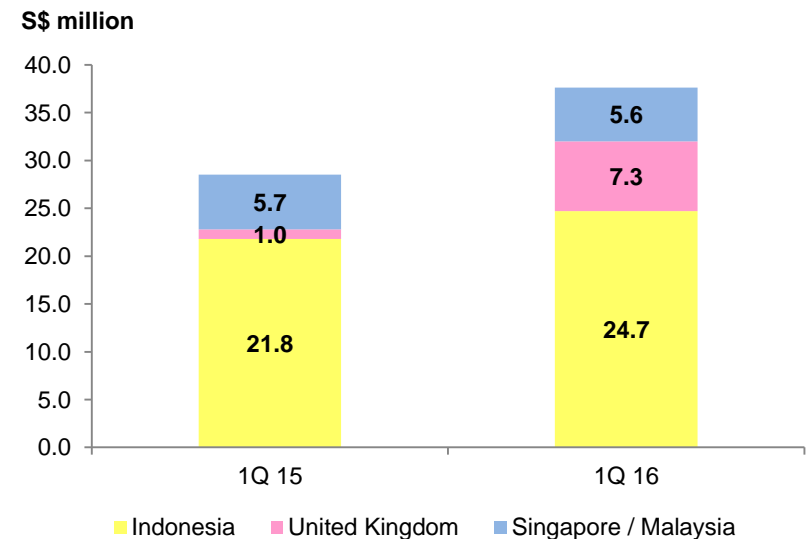


* : Recurring income includes rental income, hotel revenue and revenue from golf and resort operations

Recurring Income – Product Breakdown



Recurring Income – Geographical Breakdown

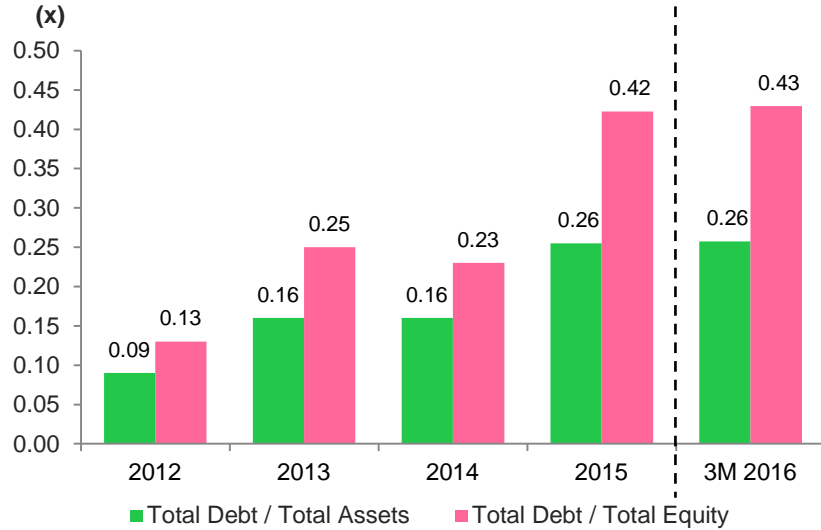


3M 2016 – Financial Snapshot

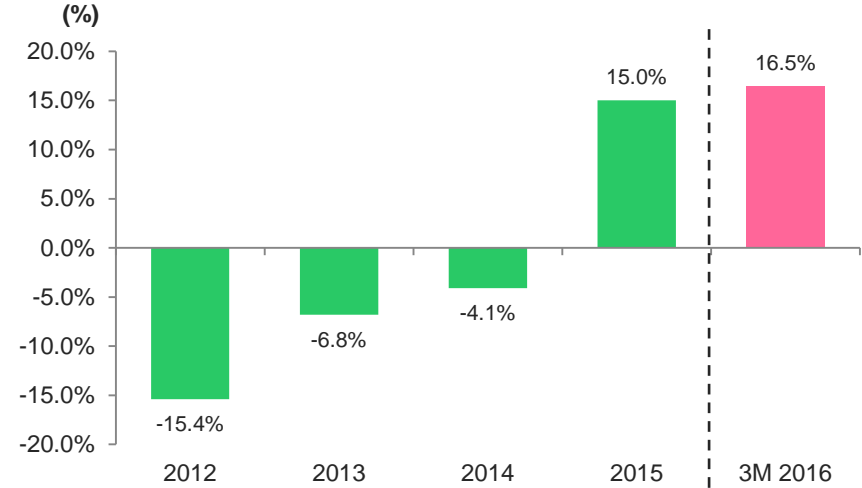
| (S\$ '000) | As at 31 Mar 2016 | As at 31 Dec 2015 |
|---------------------------------------|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | 848,936 | 907,985 |
| Investment properties | 1,035,483 | 1,072,872 |
| Properties held for sale | 1,076,060 | 994,589 |
| Properties under development for sale | 1,545,822 | 1,590,507 |
| Other assets | 839,941 | 952,071 |
| Total Assets | 5,346,242 | 5,518,024 |
| Liabilities | | |
| Borrowings | 764,431 | 782,638 |
| Bond Payables | 597,089 | 607,596 |
| Other liabilities | 783,436 | 797,568 |
| Total Liabilities | 2,144,956 | 2,187,802 |
| Equity | | |
| Total Capital and reserves | 1,732,756 | 1,748,683 |
| Non-controlling Interest | 1,468,530 | 1,581,539 |
| Total Equity | 3,201,286 | 3,330,222 |

Key Financial Ratios

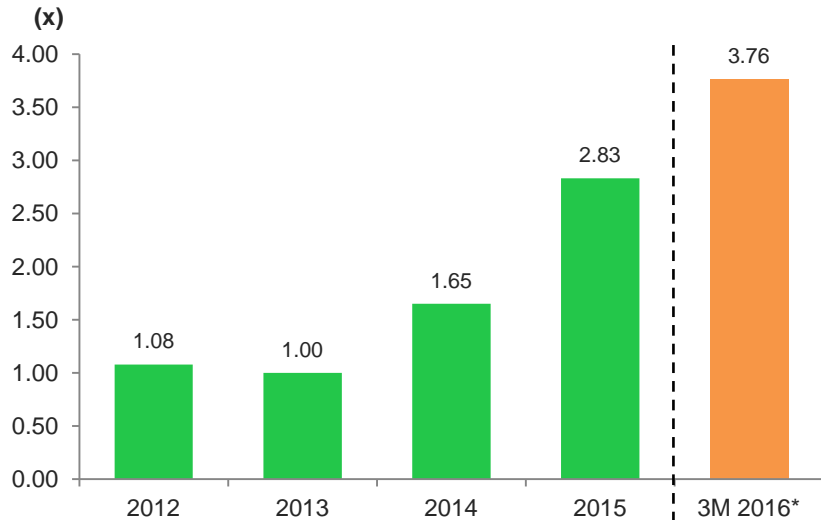
Debt / Assets and Debt / Equity



Net Debt / Equity

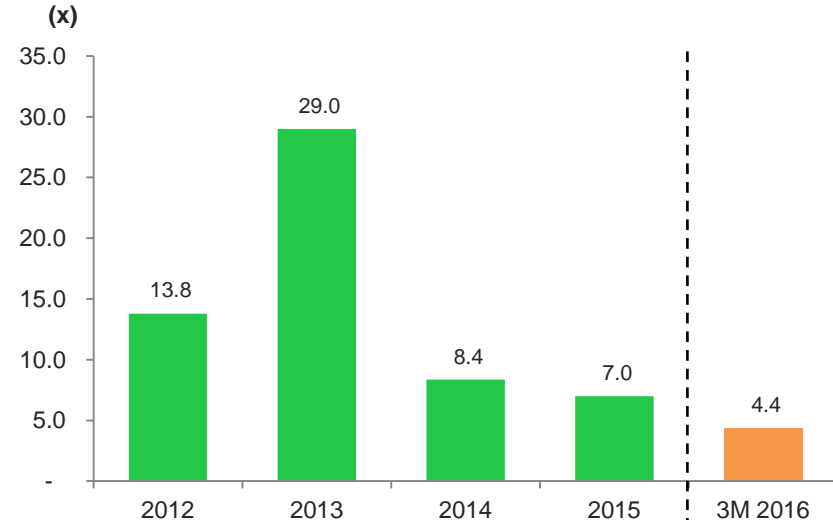


Total Debt / EBITDA



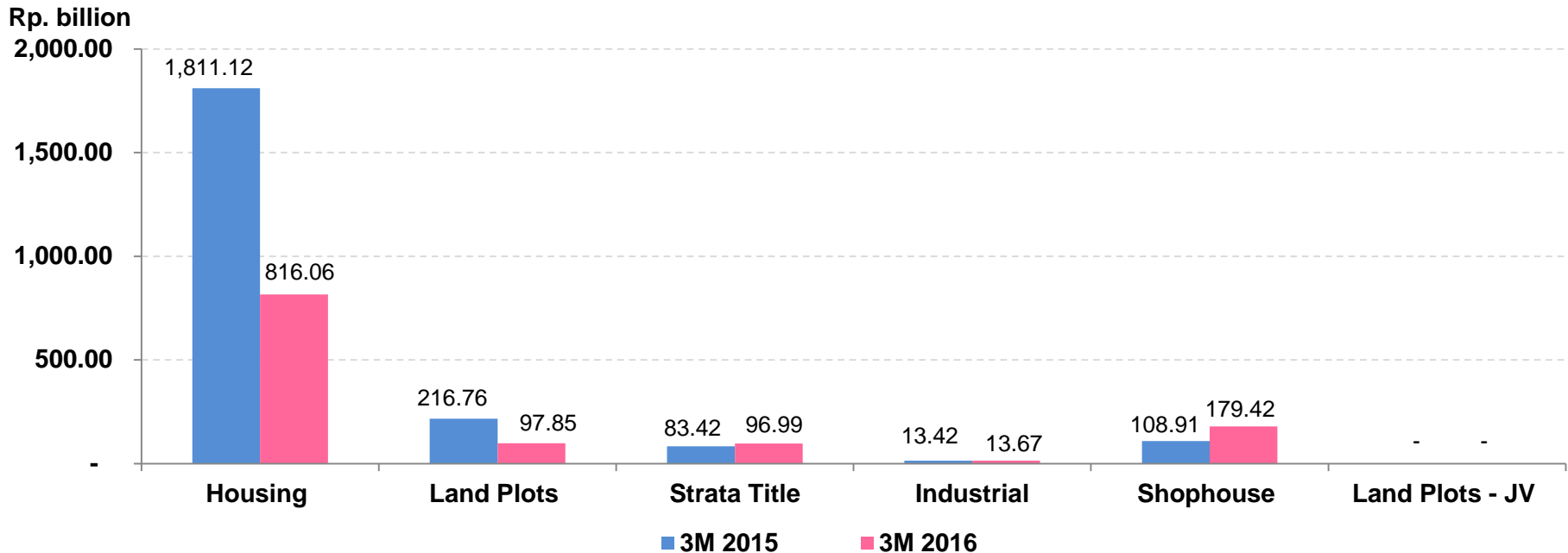
*Annualized

EBITDA / Interest Expense



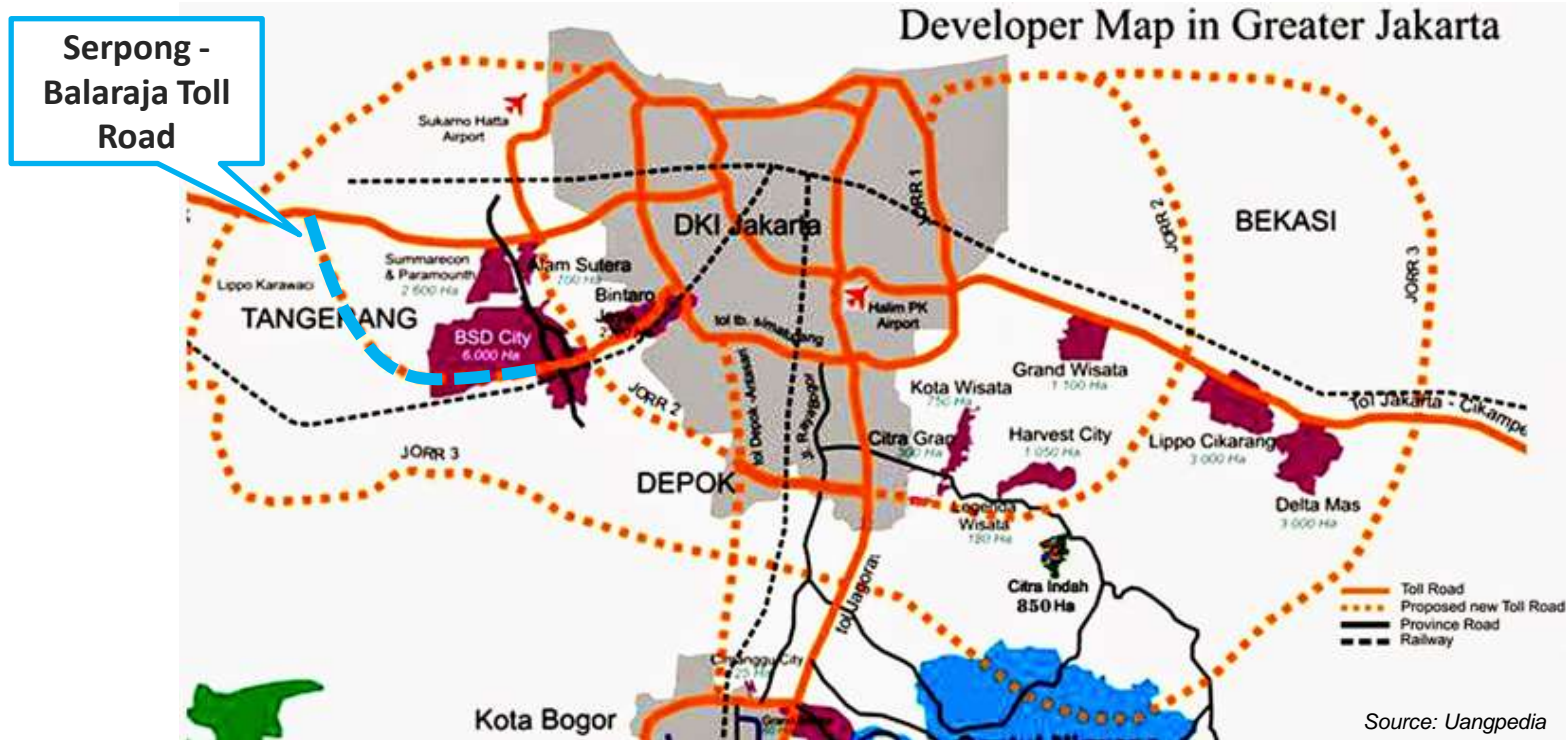
01. KEY HIGHLIGHTS
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Indonesia Property Division – BSDE achieved Rp 1.2 trillion for 1Q 2016 Marketing Sales



- 3M 2016 marketing sales decreased 46% to Rp 1.2 trillion despite a higher take-up rate over the corresponding period as only 3 residential clusters were launched in BSD City, namely Sevilla Park (77% sold), Vanya Park “Anartha House” (100% sold) and Mozia “Amarine” (86% sold)
- 3 new condominiums, namely **Jagir Surabara, Aerium West Jakarta and Tanjung Barat South Jakarta, are scheduled for launch in the second half of this year**
- In terms of products composition, landed houses contributed most of the marketing sales (68%) with the remaining 32% deriving from shop-houses (15%), strata title (8%), and land plots (8%)
- In terms of portfolio, BSD City Serpong contributed 74%, Taman Banjar Wijaya (6%), Kota Wisata Cibubur (6%), Nava Park BSD City (6%) and the remaining 8% came from Grand Wisata Bekasi, Legenda Wisata, Grand City Balikpapan and Element Rasuna Jakarta CBD.

Indonesia Property Division – BSDE won Serpong-Balaraja Toll Road Project



- A consortium consisting of PT Bumi Serpong Damai Tbk (50%), PT Astratel Nusantara (25%) and PT Transindo Karya (25%) won the tender to develop a 30km toll road project connecting Serpong and Balaraja in Banten province for an investment value of Rp 6.037 trillion
- Approximately 10km of Serpong-Balaraja toll road runs through BSD City
- Increased in traffic connectivity and accessibility is expected to translate into **greater demand for residential and commercial properties in BSD City**
- 95% of the land within BSD City has been acquired and **development will commence from 4Q 2016**

Indonesia Property Division – BSDE – Major Launch Updates



- BSD City launched new development cluster named The Mozia on 27th March 2016
- **The Mozia is a new residential development area with total size of 17 hectares, surrounded by facilities such as QBig Mall, Courts Mega Store, IPEKA Christian School, and directly connected to Indonesia Convention and Exhibition – ICE**
- The first cluster launched, “Amarine”, is 6.9 hectares of landed house cluster with 207 units available for sale
- There are several option on typical unit, ranging from 68 to 129 sqm building size and 60 to 120 sqm of land size, with price ranging from Rp 1.2 to 2.7 billion.
- On the first day launch, **179 units sold out of 207 units launched, contributing Rp 278 billion of marketing sales.**

Indonesia Property Division – BSDE – New Launch – Vanya Park “Asatti”



- Vanya Park “Asatti”, a **resort and leisure concept cluster**, mixed by garden houses with floating deck swimming pool including garden terrace and a block of landed houses was launched on 16th April 2016
- Spread over a land area of 3.1 hectare, there was a **total of 576 units available for sales**
- There are four types of garden house: Agate, Aventurine, Carnelian, and Chalcedony with price per unit starting from Rp 563 million – 1.9 billion and building size of 31 to 106 sqm
- A series of landed house type in “Asatti” is called Amethyst with price per unit of Rp 1.9 billion, 67.5 sqm land area and 111 sqm building area

Indonesia Property Division – BSDE – Integrated Smart Digital City

- BSDE is developing an **Indonesia “Silicon Valley” in BSD City** by luring local startups and tech companies with high-speed internet and other integrated digital services
- Since 2014, BSDE has invested heavily on infrastructure development with the installation of **fiber-optic cables** within BSD City providing residents and businesses access to **high-speed internet**
- BSDE will also establish a **data center** and connection to **cloud services**
- **The Group is partnering with PT Kresna Graha Investment Tbk**, an integrated financial service and digital technology company, to develop a mobile app to integrate all digitized services **for over 200,000 residents in BSD City township**
- The app is expected to **provide convenience and ease** by allowing users to pay their bills, provides real-time traffic condition, make reservation at the various restaurants in BSD City. In addition, the app will offer e-Wallet payment system, community platform, loyalty programs as well as business performance management solutions.



Indonesia Property Division – BSDE – EV Hive @ The Breeze BSD City



- The Group, together with EV Hive and Sinar Mas Digital Ventures (SMDV) to build a co-working space (shared workspace) named **EV Hive The Breeze**, which is located at the Lifestyle Center of The Breeze, BSD City.
- EV Hive The Breeze BSD City is a **co-working space is specifically designed to provide comfort and convenience** for users to work with an area of 432 sqm, 32 seats and two soundproofed conference rooms for conference calls

- EV Hive The Breeze are open to the public, ranging from small and medium enterprises in the creative industries to freelancers and startups that are in the early stages
- This is one of the Group's strategy to **leverage on Indonesia fast growing technology sector** by presenting a co-working space that can allow startups to focus on their creativity to produce the next cutting-edge innovation
- **EV Hive The Breeze will be similar to Silicon Valley in the United States**, complete with a variety of world class facilities and leading technological infrastructure to support every company operating within.

Indonesia Property Division – DMAS Achieved Rp 66 billion of Marketing Sales in 1Q 2016



- **DMAS** (also known as Kota Deltamas) achieved **Rp 66 billion** (2.6 hectares of land area) of **marketing sales for 1Q 2016**
- Extending from 2015, 1Q 2016 remains a challenging period for Indonesia industrial developers as the sector continue to face weak demand arising from uncertainty and downturn in both global and domestic economy
- Following the slew of economic policy stimulus packages announced by the Indonesia Government, the Group **expect a pickup in the second half of 2016 along with optimism in domestic economic recovery and better investment climate**



- **DMAS signed a Borrow and Use of Land for 500 kV Extra High Voltage Substation (GITET) agreement with PT PLN Persero, Indonesia state-owned electricity company**
- Following this agreement, Kota Deltamas investment prospect have increased significantly as investors and tenants in Greenland International Industrial Center (GIIC) are **assured of stable electricity supply from PLN**
- GIIC has attracted many foreign investors, especially Japanese automotive company such as **Suzuki** and **Mitsubishi**. Other tenants include **Maxxis Tyre, GM Wuling, Astra Otoparts, Takata and Shiroki**.

Indonesia Property Division – Indonesia Economic Stimulus Packages (Updated)

| Package | Unveiled | Main Points |
|-------------|----------------------|---|
| 1st | 9 September 2015 | <ul style="list-style-type: none"> • Boost industrial competitiveness through deregulation • Curtail red tape • Enhance law enforcement & business certainty |
| 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 |
| 3rd | 7 October 2015 | <ul style="list-style-type: none"> • Cut energy tariffs for labour-intensive industries |
| 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 |
| 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 |
| 6th | 5 November 2015 | <ul style="list-style-type: none"> • Tax incentives for investment in special economic zones |
| 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 |
| 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 |
| 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 |
| 10th | 11 February 2016 | <ul style="list-style-type: none"> • Removing foreign ownership cap on 35 businesses • Protecting small & medium enterprises as well as cooperatives |
| 11th | 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 |
| 12th | 28 April 2016 | <ul style="list-style-type: none"> • Enhancing the ease of doing business in Indonesia by cutting procedures, permits and costs |

Indonesia Property Division – New Economic Stimulus Packages (Summary)

11th Economic Stimulus Package (29 March 2016)

- 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
- Provide subsidized loans for those Indonesian small and mid-sized companies that are primarily export-oriented to encourages the development of export-oriented industries in Indonesia
- 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 Stimulus Package (28 April 2016)

- **Enhancing the ease of doing business** for the small and mid-sized companies by **cutting number of procedures, permits and cost**

| 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 |

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1Q 2016 vs 1Q 2015

Consolidated Income Statement

1Q 2016 versus 1Q 2015 Consolidated Income Statement

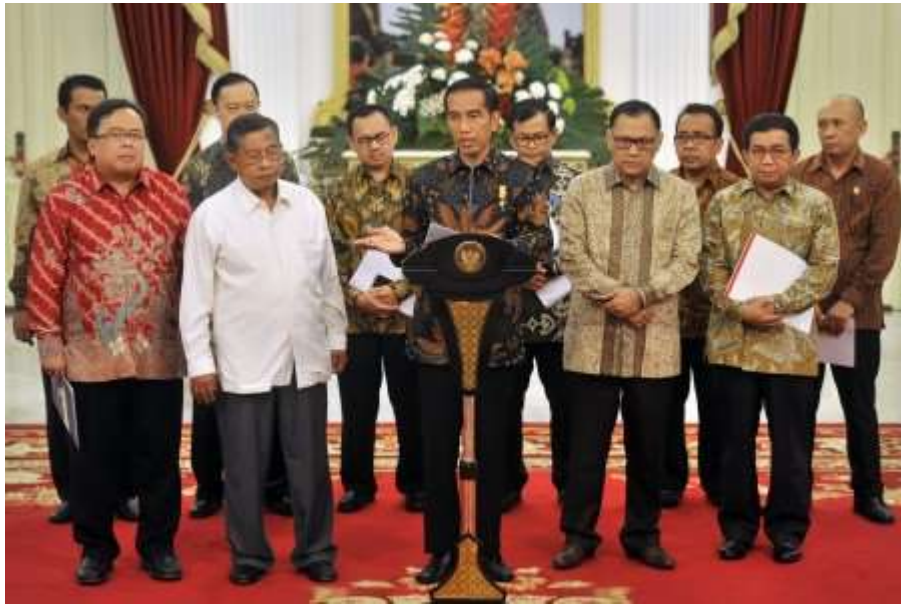
| (S\$ '000) | 1Q 2016 | 1Q 2015 | Change % |
|-------------------------------------|----------------|----------------|---------------|
| Revenue | 179,885 | 285,358 | (37.0) |
| Cost of Sales | (61,130) | (80,425) | (24.0) |
| Gross Profit | 118,755 | 204,933 | (42.1) |
| <i>Operating Expenses</i> | | | |
| Selling Expenses | (12,324) | (15,172) | (18.8) |
| General and administrative expenses | (33,920) | (31,587) | 7.4 |
| Operating profit | 72,511 | 158,174 | (54.2) |
| Finance income | 6,702 | 6,773 | (1.0) |
| Others | (28,828) | 15,021 | n.m. |
| Profit before income tax | 50,385 | 179,968 | (72.0) |
| Income tax | (9,737) | (21,299) | (54.3) |
| Profit for the period | 40,648 | 158,669 | (74.4) |
| Attributable to: | | | |
| Owners of the Company | 15,723 | 79,783 | (80.3) |
| Non-controlling interests | 24,925 | 78,886 | (68.4) |

Statement of Financial Position

Statement of Financial Position

| (S\$ '000) | As at 31 Mar 2016 | As at 31 Dec 2015 |
|---------------------------------------|-------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | 848,936 | 907,985 |
| Properties held for sale | 1,076,060 | 994,589 |
| Other current assets | 300,395 | 421,734 |
| Total Current Assets | 2,225,391 | 2,324,308 |
| Non-Current Assets | | |
| Associated companies | 225,807 | 220,652 |
| Joint ventures | 88,380 | 91,354 |
| Properties under development for sale | 1,545,822 | 1,590,507 |
| Investment properties | 1,035,483 | 1,072,872 |
| Property, plant and equipment | 171,167 | 167,087 |
| Other non-current assets | 54,192 | 51,244 |
| Total Non-Current Assets | 3,120,851 | 3,193,716 |
| Total Assets | 5,346,242 | 5,518,024 |
| Short-term borrowings | 233,280 | 218,030 |
| Short-term payables and liabilities | 584,195 | 614,151 |
| Bonds payables | 597,089 | 607,596 |
| Long-term borrowings | 531,151 | 564,608 |
| Long-term liabilities | 199,241 | 183,417 |
| Total Liabilities | 2,144,956 | 2,187,802 |
| Total Capital and reserves | 1,732,756 | 1,748,683 |
| Non-controlling Interest | 1,468,530 | 1,581,539 |
| Total Equity | 3,201,286 | 3,330,222 |
| Total Liabilities and Equity | 5,346,242 | 5,518,024 |

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #1



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



- **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
-
- **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% |

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

- **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 |

Thank You

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