



sinarmas land

***“Building for a better
future”***

4Q & FY 2015

Financial Results Presentation

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01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

04. APPENDIX

Key Highlights for 4Q & FY 2015

- Despite the weakening of the Indonesian Rupiah, the Group's FY 2015 and 4Q 2015 revenue rose 15.5% and 32.8% to S\$956.7 million and S\$247.2 million respectively on the back of higher sales of land for commercial and industrial purposes in Indonesia, as well as an increased recognition of completed commercial shophouses and residential units
- The Group continue to practice prudent financial management, preserving a healthy financial position with cash and cash equivalent of S\$908.0 million and a net debt to equity of 15.0%
- Total assets grew from S\$4,744.7 million as at end 31 December 2014 to S\$5,518.0 million as at 31 December 2015 mainly attributable to the acquisition of Alphabeta Building for S\$544.1 million in fourth quarter
- During the quarter, a total of 1,507,359,759 Sinarmas eW151118 warrants were exercised, bringing the total number of issued shares excluding treasury shares to 4,255,862,496
- On 13 December 2015, the Group unveiled the development plans for “Nuvasa Bay”, Batam's first luxury integrated residential and mixed-use development that lies on the spectacular beachfront of Nongsa

01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

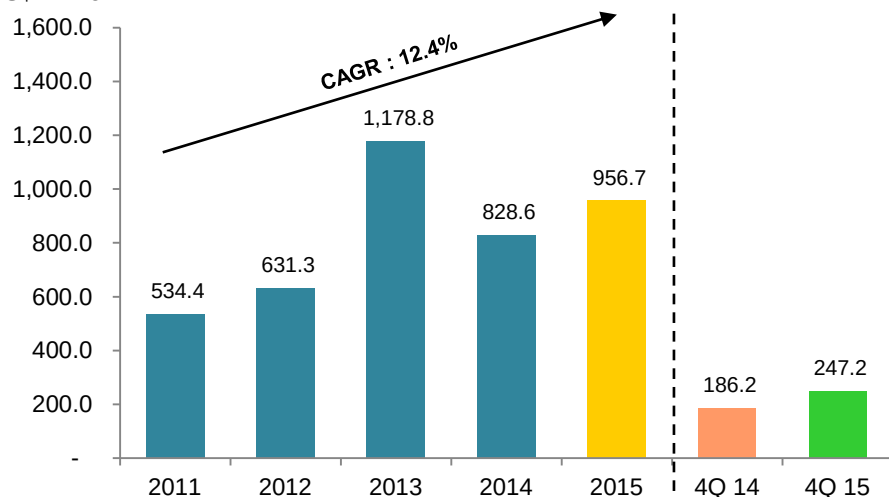
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4Q & FY 2015 Financial Highlights

Revenue

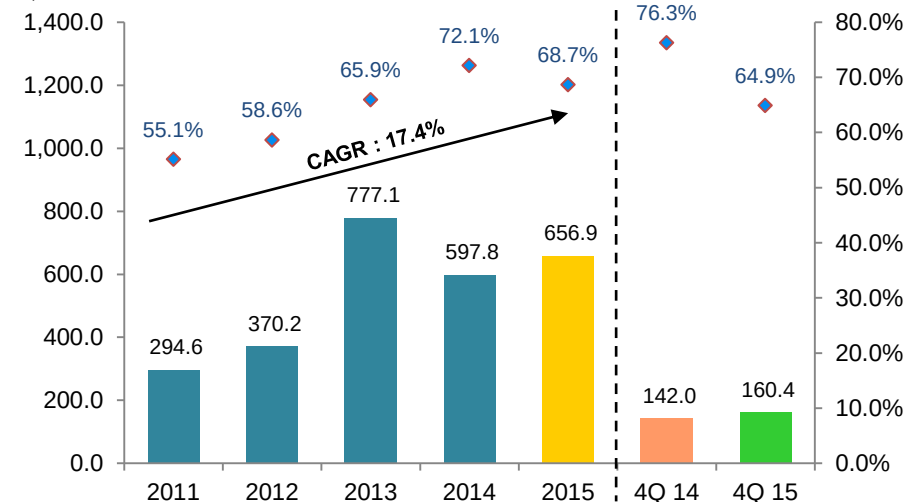
S\$ million



- Total revenue in FY 2015 grew 15.5% to S\$956.7 million on the back of higher sales of land for commercial and industrial purposes in Indonesia and increased number of commercial shop houses and residential units hand over to buyers
- 4Q 2015 revenue increased 32.8% to S\$247.2 million due to higher sales of land in Indonesia and contribution of the newly acquired Alphabeta Building
- Revenue growth was partially offset by the decreased contribution from China division as Shenyang project reaches its tail-end development

Gross Profit and Gross Profit margin

S\$ million

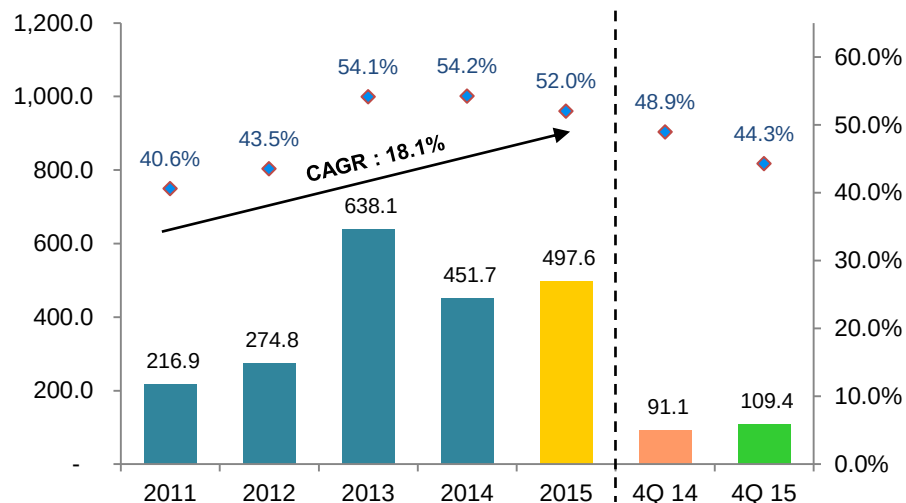


- Due to larger number of commercial shop houses and residential units recognized from Indonesia division, FY 2015 gross profit increased 9.9% to S\$656.9 million
- Mirroring the increase in revenue, 4Q 2015 gross profit rose 12.9% to S\$160.4 million
- Gross profit margin decreased 3.4 percentage points in FY 2015 to 68.7% and 11.4 percentage points in 4Q 2015 to 64.9% due to a higher cost incurred for its development

4Q & FY 2015 Financial Highlights

EBITDA and EBITDA margin

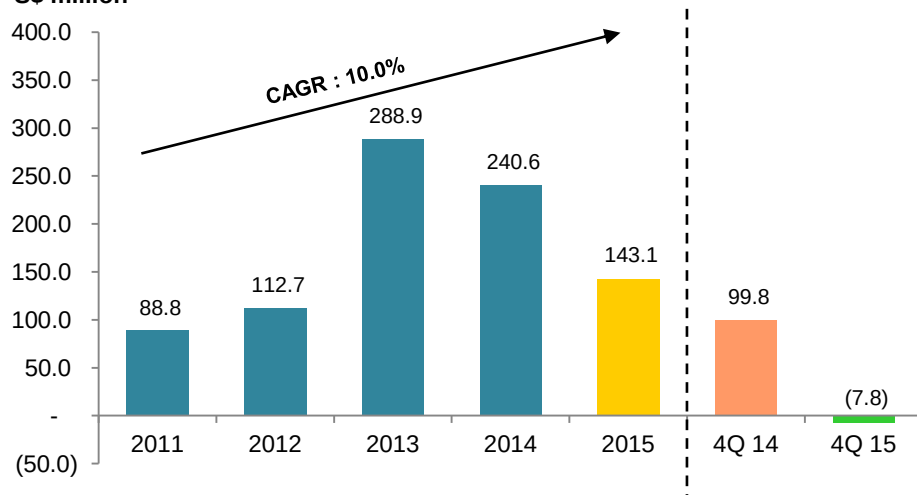
S\$ million



- EBITDA rose 10.1% to S\$497.6 million in FY 2015 due to an increased revenue contribution from Indonesia division which was offset by lower contribution from China division
- In line with the higher revenue recognized in 4Q 2015, EBITDA increased 20.1% to S\$109.4 million
- EBITDA margin slide 2.2 percentage points to 52.0% in FY 2015 and 4.6 percentage points to 44.3% in 4Q 2015 due to higher selling expenses as well as general and administrative expenses

Profit attributable to Owners of the Company

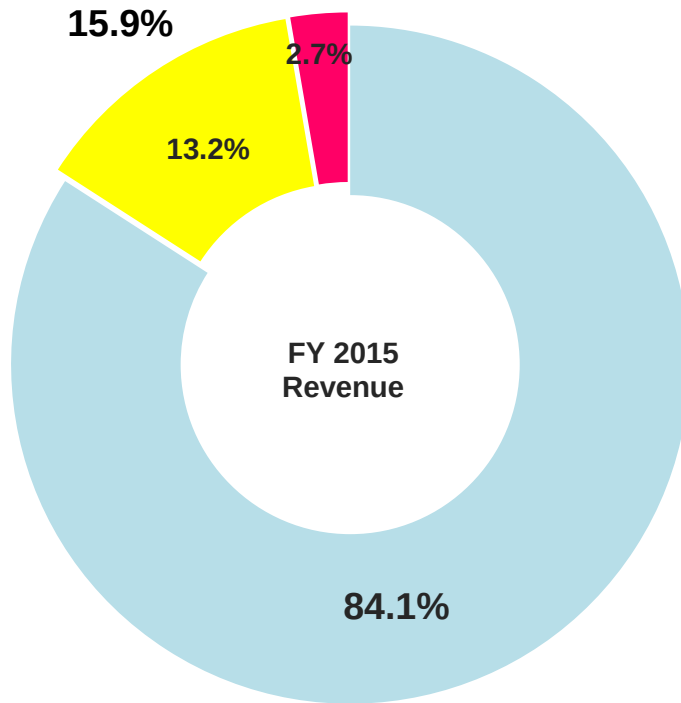
S\$ million



- Profit attributable to owners of the Company decreased to S\$143.1 million in FY 2015 and recorded a net loss of S\$7.8 million for 4Q 2015 due to the absence of exceptional gain on disposal of subsidiaries and higher finance costs

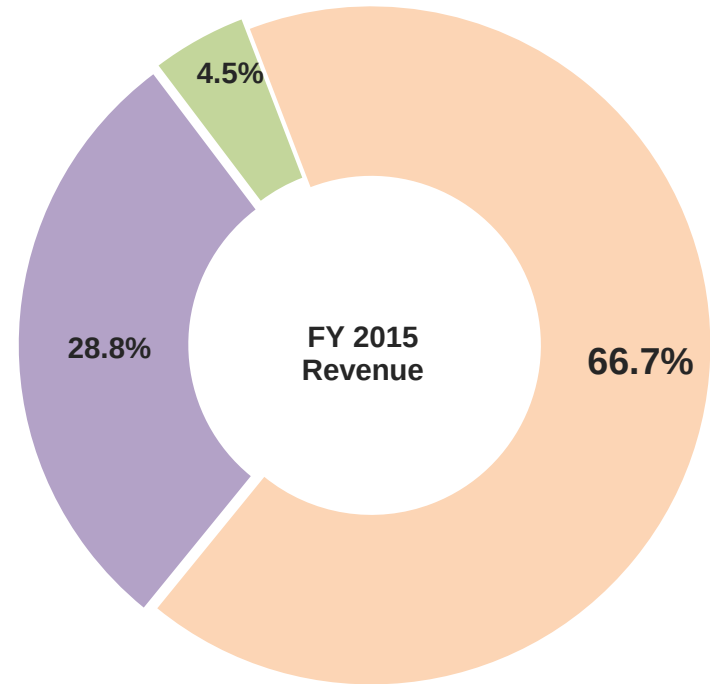
FY 2015 Revenue Breakdown

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

FY 2015 – Financial Snapshot

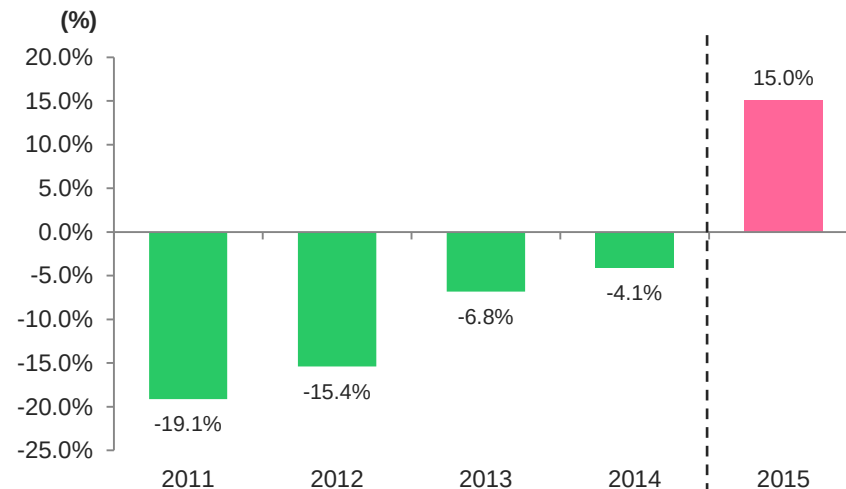
(S\$ '000)	As at 31 Dec 2015	As at 31 Dec 2014
Assets		
Cash and cash equivalents	907,985	874,787
Investment properties	1,072,872	496,508
Properties held for sale	994,589	841,986
Properties under development for sale	1,590,507	1,738,500
Other assets	952,071	792,948
Total Assets	5,518,024	4,744,729
Liabilities		
Borrowings	782,638	396,350
Bond Payables	607,596	342,540
Other liabilities	797,568	812,611
Total Liabilities	2,187,802	1,551,501
Equity		
Total Capital and reserves	1,748,683	1,714,701
Non-controlling Interest	1,581,539	1,478,527
Total Equity	3,330,222	3,193,228

Key Financial Ratios

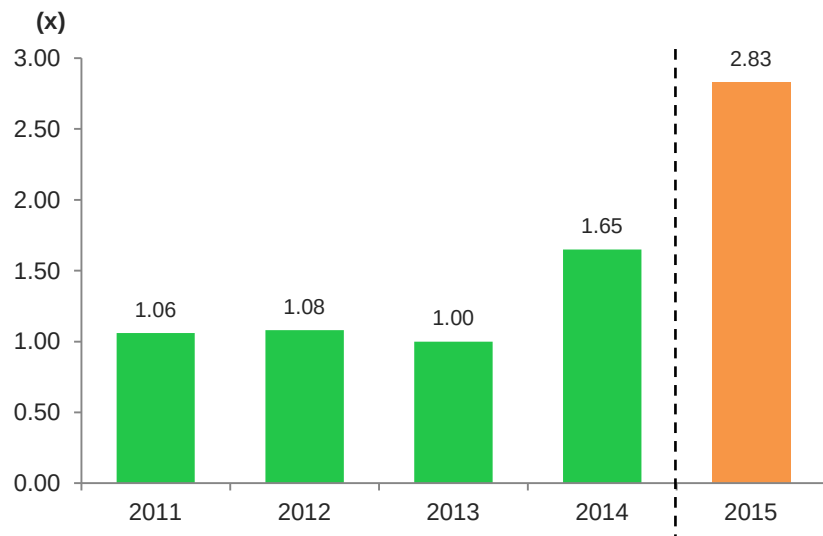
Debt / Assets and Debt / Equity



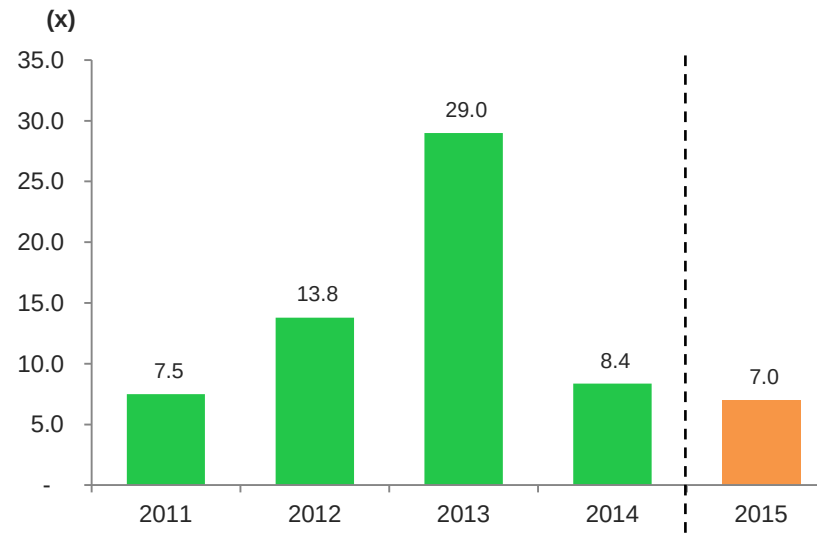
Net Debt / Equity



Total Debt / EBITDA

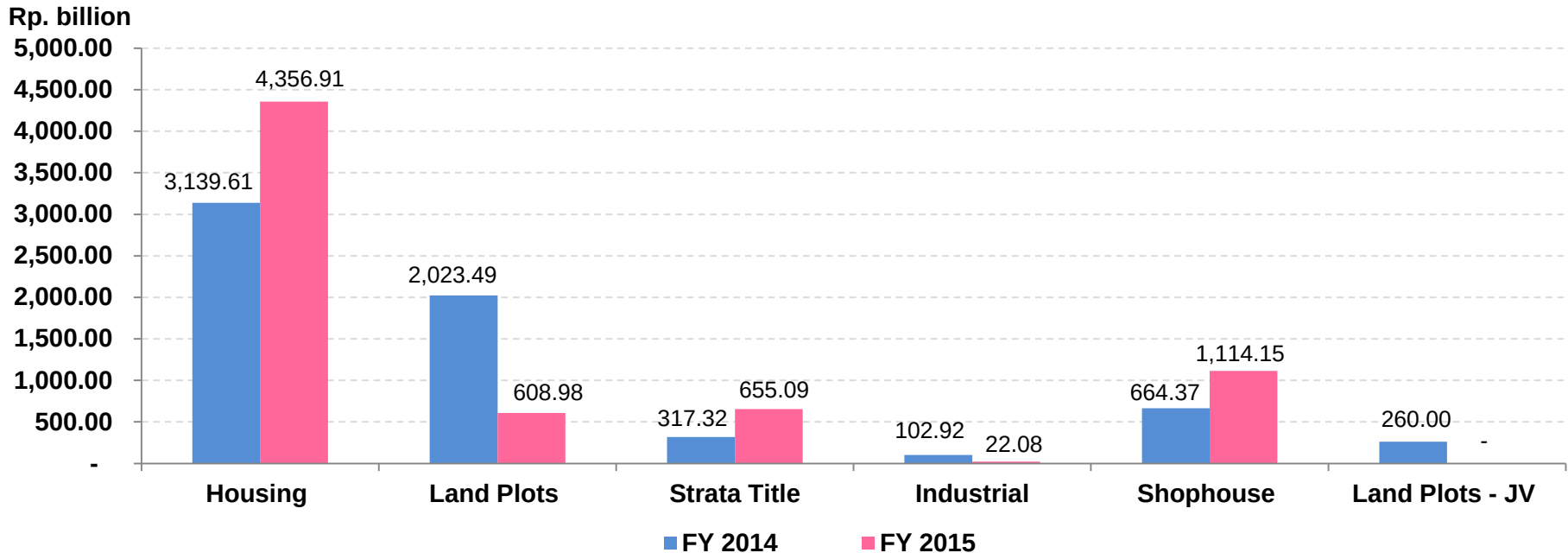


EBITDA / Interest Expense



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Indonesia Property Division – BSDE achieved Rp 6.8 trillion for FY 2015 Marketing Sales

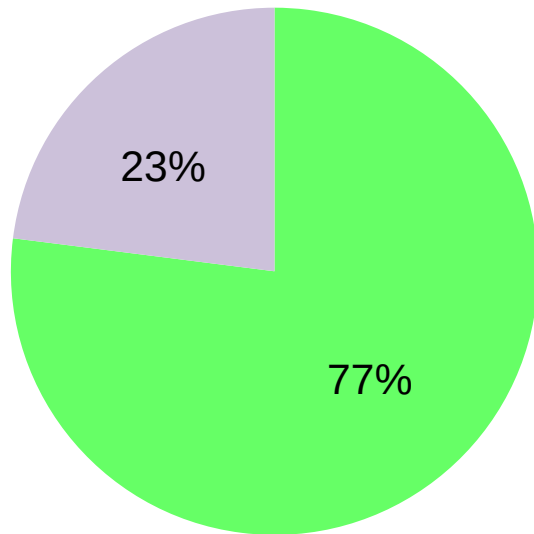


- BSDE achieved 90% of the FY 2015 Rp 7.5 trillion marketing sales target due to delays in the launch of three projects but recorded **a 3.8% growth** as compared to FY 2014 marketing sales of Rp 6.5 trillion
- Residential pre-sales increased 39% to Rp 4.4 trillion.** Commercial units including land plots, strata title (apartments), industrial and shop-houses achieved Rp 2.4 trillion or 72% of 2015 full year target due to delay on Aerium and Tanjung Barat apartment launches
- For products composition, most of the marketing sales contribution derived from landed houses (64%), with the remaining 36% contributed from shop-houses (16%), strata title (10%), and land plots (9%)
- In terms of portfolio, BSD City Serpong contributed 70.1%, Nava Park (6.8%), Grand Wisata Bekasi (4.8%), Kota Wisata Cibubur (3.7%), Taman Banjar Wijaya (3.8%), The Elements Rasuna (3.8%) and the remaining 7% came from Grand City Balikpapan, Legenda Wisata Cibubur and Kota Bunga Bogor

Indonesia Property Division – BSDE targets Rp 6.86 trillion for FY 2016 Marketing Sales

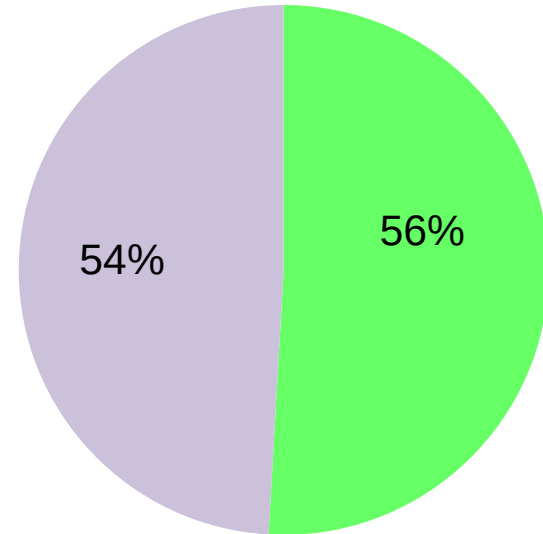


FY 2015 Marketing Sales



■ Residential

FY 2016 Marketing Sales



■ Commercial

- BSDE is targeting **Rp 6.86 trillion** for FY 2016 marketing sales
- Commercial segment is expected to contribute Rp 3.08 trillion**, a 96% increase of FY 2015 achievement, from the launch of Aerium in West Jakarta, Tanjung Barat, Jagir Surabaya Apartments and The Elements Rasuna
- Residential segment targets to contribute 56% or Rp. 3.78 trillion** of total marketing sales target. BSD City Serpong continues to be the main contributor with 30% while Nava Park, Grand Wisata Bekasi, Kota Wisata Cibubur, Taman Banjar Wijaya, Grand City Balikpapan, Legenda Wisata Cibubur contributes the remaining 16%

Indonesia Property Division – BSDE – Major Launches in 2016

Aerium



- 1.8 ha of land located in Taman Permata Buana, West Jakarta
- Comprise of 2 condominium tower and several townhouses
- Approximate GDV of Rp. 2 trillion
- Jointly develop with ITOCHU Corporation with BSDE owning 51% stake
- 2 and 3 bedroom units with a starting price of Rp 30 million per square metre

Tanjung Barat



- Located in Tanjung Barat, Lenteng Agung, South Jakarta with a land area of 5.4 ha
- Mixed used development that consist of retail mall, office, serviced apartment, hotel and condominium
- Targeting to record Rp 250 billion of condominium sales into FY 2016 marketing sales
- Condominium starting price at Rp 30 million per square metre

Indonesia Property Division – BSDE – Major Launch Plan

BSD City – Sevilla Park



- Located in BSD City Phase 1 next to Stella Maris School
- Targeting to launch in February 2016
- Total of 90 units available for sales with several layout specifications that ranges from 62 sqm to 66 sqm of building size and 72 sqm to 120 sqm of land size
- The selling price of each unit ranges from Rp 1.1 billion to 1.6 billion

BSD City – Vanya Park “Anarta House”



- Anarta House, a new sub-cluster of Vanya Park, that dedicated for dormitory housing is targeted to launch in February 2016
- Anarta House is located in BSD City Phase 2, surrounded by Qbig Mall, Court Mega Store, IPEKA Christian School and ICE
- A total of 239 units will be made available with each unit selling from Rp 994 million to 1 billion
- With 89 sqm of building area and 34 sqm land area, there several layout specification for the 2 bedrooms on each three storey dormitory house

Indonesia Property Division – BSDE – Major Launch Updates

BSD City – Pasar Modern Intermoda



- BSDE launched a scalable modern wet market named Pasar Modern Intermoda in BSD City Phase 2
- Spread over a land area of 2.6 hectares, Pasar Modern is well connected transportation interchange station for visitors commuting via motorcycle, car, shuttle bus and the future commuter train line LRT Cisauk
- Pasar Modern Intermoda has an open area that can be used for promotional activities such as shows, expo, exhibitions, fairs and bazaars
- Launched in November 2015, 539 units of kiosks and counters and 42 units of shop-houses were fully sold out on the launch date, recording Rp 380 billion of marketing sales

BSD City – Vanya Park “Vanya Lake Side”



- Vanya Lake Side launched 42 units in December 2015 and sold all units, booking in Rp 87 billion of marketing sales
- Located in BSD City Phase 2, each unit was priced from Rp 2.0 billion to 2.4 billion, and each house has 143 to 171 sqm building area and 90-108 sqm land area

Indonesia Property Division – Grand Opening of Courts Megastore in BSD City



- On 23 January 2016, Courts Asia officially opened Courts Megastore BSD City, **the 2nd “Build-to-Suit” concept** development Sinarmas Land has undertaken for Courts Asia
- Built on an land area of 22,694 sqm, **Courts Megastore BSD City has a retail space of 20,400 sqm** and an additional 4,650 sqm for the support office and regional distribution centre, making it the **largest megastore in Asia**
- Courts Megastore BSD City offers an extensive range of houseware products and lifestyles with a wide selection of over 5,000 products from hundreds of well-known brands
- The first “Build-to-Suit” Courts Megastore, located in Bekasi’s Kota Harapan Indah, was completed in September 2014 and officially opened in October 2014

Indonesia Property Division – Topping Off of Green Office Park (“GOP”) 9

- On 10 December 2015, SML organized a ‘topping off’ ceremony for the new BSD GOP 9 office building
- GOP 9 is built on a **land area of 8,400 sqm** and has a **leasable area of 20,767 sqm**
- As part of BSD Green Office Park, the first district in Indonesia-certified "Gold" Green district by BCA (Building construction Authority) Singapore, **GOP 9 has obtained a Platinum certification by Green Building Council Indonesia (GBCI)**
- To fulfil its commitment toward environmental preservation, GOP 9 has effectively combine office requirements and the concept of green building to develop an energy efficient and environmentally friendly building that is able to support business success through recycling and efficient use of energy
- GOP 9 is expected to be fully completed and **operational by 2H 2016**



Indonesia Property Division – DMAS achieved Rp 1,718 billion for FY 2015 Marketing Sales



- ❏ **DMAS** (also known as Kota Deltamas) achieved **Rp 1,718 billion** (90.5 hectares of land area) **for FY 2015 marketing sales**
- ❏ 2015 was a challenging year for industrial developers in Indonesia due to the uncertainty and downturn in both global and domestic economy, and may well continue into 2016
- ❏ The Indonesia government has announced a series of economic policy stimulus packages such as three-hour licensing policy and new minimum wage policy to spur more industrial investment to flow into the country

Serviced Apartment



Maxxis Tyre



Mitsubishi



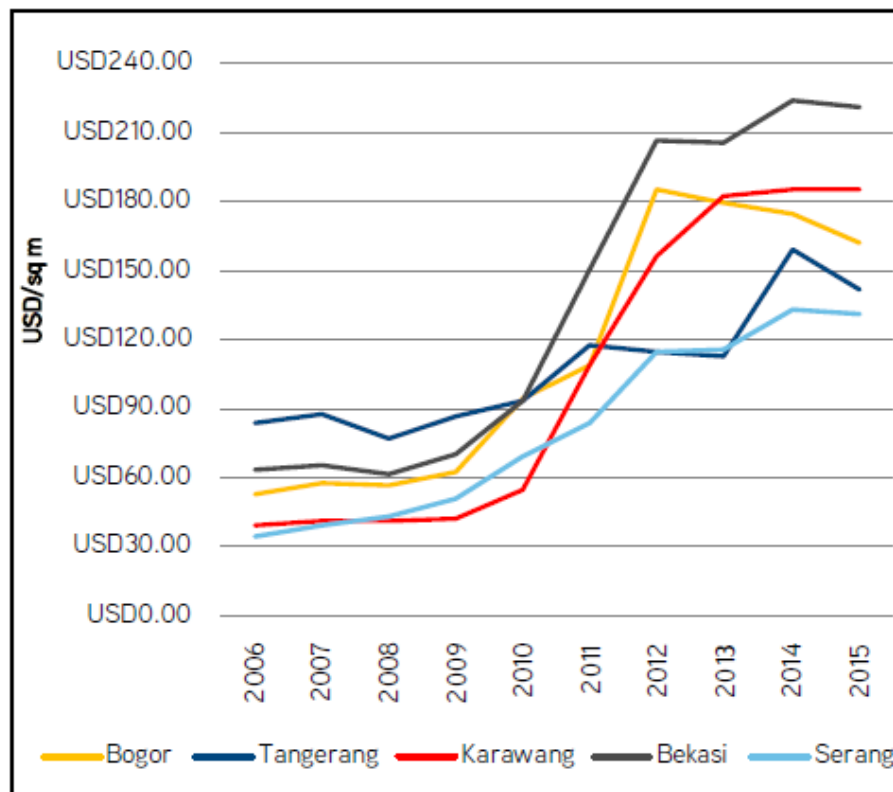
General Motors



Indonesia Property Division – DMAS – Industrial Estate Sector Update

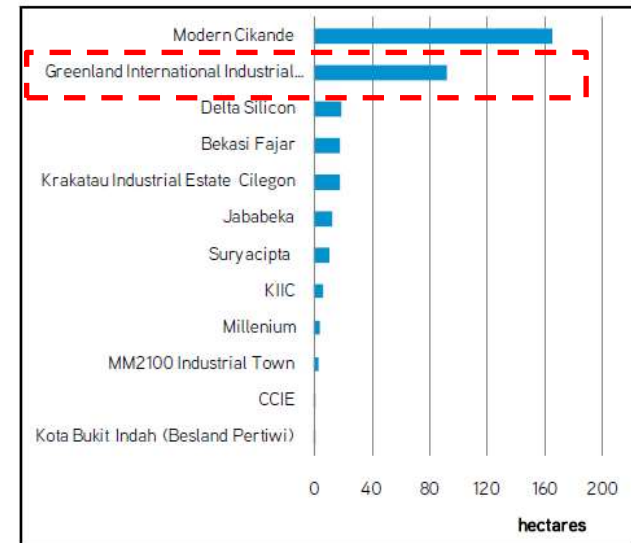
- Bekasi and Karawang industrial land prices continue to command a premium over the other regions
- Kota Deltamas's Greenland International Industrial City (GIIC) sold the most amount of industrial land among the other industrial developers in Bekasi

Greater Jakarta Industrial Land Prices



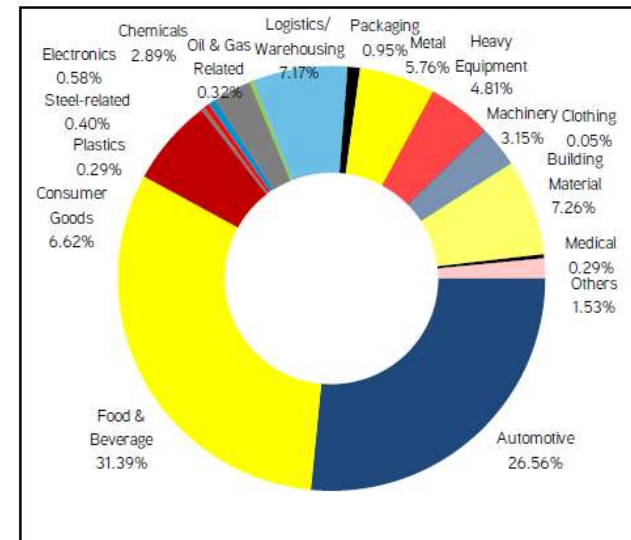
Source: Colliers International Indonesia - Research

Land Absorption During 2015



Source: Colliers International Indonesia - Research

Types of Activities Industries During 2015



Source: Colliers International Indonesia - Research

Indonesia Property Division – Indonesia Economic Stimulus Packages (Updated)

Package	Unveiled	Main Points
1st	9 September 2015	• Boost industrial competitiveness through deregulation • Curtail red tape • Enhance law enforcement & business certainty
2nd	30 September 2015	• Interest rate tax cuts for exporters • Speed up investment licensing for investment in industrial estates • Relaxation import taxes on capital goods in industrial estates & aviation
3rd	7 October 2015	• Cut energy tariffs for labour-intensive industries
4th	15 October 2015	• Fixed formula to determine increases in labor wages • Soft micro loans for >30 small & medium, export-oriented, labor-intensive businesses
5th	22 October 2015	• Tax incentive for asset revaluation • Scrap double taxation on real estate investment trusts • Deregulation in Islamic banking
6th	5 November 2015	• Tax incentives for investment in special economic zones
7th	4 December 2015	• Waive income tax for workers in the nation's labour-intensive industries • Free leasehold certificates for street vendors operating in 34 state-owned designated areas
8th	21 December 2015	• Scrap income tax for 21 categories of airplane spare parts • Incentives for the development of oil refineries by the private sector • One-map policy to harmonize the utilization of land
9th	27 January 2016	• Single billing system for port services conducted by SOEs • Integrate National Single Window system with 'inaportnet' system • Mandatory use of Indonesian rupiah for payments related to transportation activities • Remove price difference between private commercial and state postal services
10th	11 February 2016	• Deregulation and revising Indonesia's Negative Investment List • Open 29 new sectors to foreign investors

Indonesia Property Division – Economic reforms aim to attract FDI back into Indonesia

- In response to the ailing global economy, Indonesian President Joko “Jokowi” Widodo, have unveiled a series of new economic stimulus package that aims to boost economic growth of Indonesia amid a highly uncertain global context
- The first 9 economic stimulus packages were directed at cutting red tape, removing obstacles and opening up for investment
- The sweeping change in the latest package, the 10th in the series, aimed at making significant revision to the ‘Negative Investment List’ to boost both domestic and foreign direct investment (FDI), while protecting small and medium-sized enterprises (SME)
- The reform reverses some of the protectionist measures implemented during the last revision in 2014
- Coordinating Economy Minister Darmin Nasution announced that Indonesia would permit 100% foreign ownership in several new sectors, spanning crumb rubber to tourism; creative industries to non-hazardous waste disposal.
- Some 35 sectors are to be removed from the "negative investment list," while a further 20 sectors including power cable installation will be opened to partial foreign ownership
- Once smoothly implemented, these stimulus packages would provide a better investment climate hence attracting FDI back into the country
- FDI edged up 2.7% year-on-year in 2015 to \$29.3 billion



Indonesia Property Division – Indonesia Investment Story: Infrastructure Development

- In February 2016, the Indonesian government has revealed 30 infrastructure projects worth Rp851 trillion (approx. S\$89 billion) that will be prioritized over the next two years with public transport and power plants dominating the list
- These 30 projects were selected by the government through the Priority Infrastructure Development Acceleration Committee (KPPIP) and have received various forms of guarantees from the government, such as political, license and financial guarantees
- One priority is the construction of Indonesia's first mass rapid transit (MRT) network in Jakarta as well as the country's first light rail transit (LRT) lines in the capital, with connections to satellite municipalities, and in Palembang, South Sumatra
- Major toll road projects, including the Trans-Sumatra highway, as well as the development of Kalimantan's and Sulawesi's first railway networks
- Nine projects are electricity-related, including the construction of several power plants -- part of the government's 35,000-megawatt program to increase the country's power capacity
- Indonesia government will also fund The Jakarta Garbage Management System, West Semarang Garbage Management System as well as The Jakarta Sewerage System to serve the whole city, which currently has only one



Strategic Development Division – “Nuvasa Bay”, Batam’s first luxury integrated residential & mixed-use development



- On 13 December 2015, SML officially unveiled the master plan for Nuvasa Bay*, **Batam’s first luxury integrated residential and mixed-use development**
- The **228 hectares** Nuvasa Bay lies on the spectacular beachfront of Batam’s Nongsa, surrounded by an **18-hole international golf course along a 1.2km long beachfront**
- SML plans to invest a minimum of **Rp. 4 trillion (\$\$400 million) over the next 5 years** developing Nuvasa Bay with the plan to market the project in Q3 or Q4 2016.
- SML will develop Nuvasa Bay in **three stages over a period of 15 years**
- **First phase** will consist of approximately **550 residential units, 2,000 condominium units and Adventure Park**
- **Target audiences** are **Batam’s upper middle class residents, Indonesian and Singapore citizens** wanting to stay in a premium residential area with first class living conveniences

Strategic Development Division – KIIC awarded as Best Industrial Estate in 2015



- Karawang International Industrial City* (“KIIC”) has won **Best Industrial Estate in 2015**
- The award was given by the Minister of Industry of the Republic of Indonesia on 17 December 2015
- The committee assesses that **KIIC has the best performance in the management and services in industrial estate**
- KIIC, an industrial estate located in Karwang with an area of approximately 1,400 hectares, has committed in creating a green industrial estate by combining natural preservation and adhering to good business ethics
- There are more than 110 companies operating in KIIC that have benefitted from the excellent infrastructure, direct toll road access, advanced communication systems, waste water treatment and security system

UK Property Division – Successful Acquisition of Alphabeta Building



Artist impression of bicycle ramp

Notes:

* : Based on exchange rate of £1.00 = S\$2.154

- On 8 October 2015, SML successfully completed the acquisition of **Alphabeta Building (“AB”)** for a total consideration of **£259.3 million or S\$558.5 million***
- Capital value of £1,054 or S\$2,270* per sq ft**
- Situated at the intersection of Silicon Roundabout, Shoreditch and the City of London**, AB is at the heart of Shoreditch Area that is fast becoming an internationally recognised centre for creative and commercial innovation in London
- Crossrail services from Moorgate Station is likely to promote **rental and capital growth in the area from 2018 onwards**
- AB design offers a variety of spaces and features, from the **atrium cafe overlooking the ride-in bicycle ramp**, to the eighth floor terrace, providing **panoramic views across the capital**
- Recently refurbished, AB has a **net leasable area of 247,670 sq ft** spread over nine levels
- Potentially **increasing current net leasable area through further asset enhancement**

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4Q 2015 vs 4Q 2014

Consolidated Income Statement

4Q 2015 versus 4Q 2014 Consolidated Income Statement

(S\$ '000)	4Q 2015	4Q 2014	Change %
Revenue	247,219	186,199	32.8
Cost of Sales	(86,860)	(44,214)	96.5
Gross Profit	160,359	141,985	12.9
<i>Operating Expenses</i>			
Selling Expenses	(19,629)	(13,400)	46.5
General and administrative expenses	(46,788)	(49,708)	(5.9)
Operating profit	93,942	78,877	19.1
Finance income	8,115	9,277	(12.5)
Others	(76,322)	64,334	n.m.
Profit before income tax	25,735	152,488	(83.1)
Income tax	(22,830)	(10,071)	126.7
Profit for the period	2,905	142,417	(98.0)

Attributable to:

Owners of the Company	(7,792)	99,784	n.m.
Non-controlling interests	10,697	42,633	(74.9)

FY 2015 vs FY 2014

Consolidated Income Statement

FY 2015 versus FY 2014 Consolidated Income Statement

(S\$ '000)	FY 2015	FY 2014	Change %
Revenue	956,721	828,552	15.5
Cost of Sales	(299,827)	(230,760)	29.9
Gross Profit	656,894	597,792	9.9
<i>Operating Expenses</i>			
Selling Expenses	(64,343)	(52,817)	21.7
General and administrative expenses	(161,177)	(152,461)	5.7
Operating profit	431,374	392,460	9.9
Finance income	33,708	39,168	(13.9)
Others	(66,054)	43,411	n.m.
Profit before income tax	399,028	475,039	(16.0)
Income tax	(69,398)	(46,859)	48.1
Profit for the period	329,630	428,180	(23.0)

Attributable to:

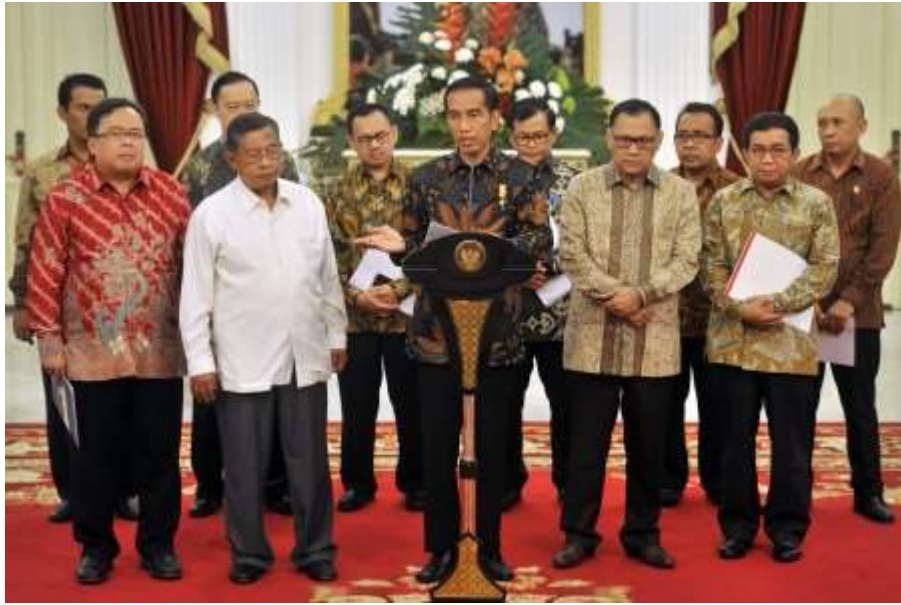
Owners of the Company	143,117	240,592	(40.5)
Non-controlling interests	186,513	187,588	(0.6)

Statement of Financial Position

Statement of Financial Position

(S\$ '000)	As at 31 Dec 2015	As at 31 Dec 2014
Current Assets		
Cash and cash equivalents	907,985	874,787
Properties held for sale	994,589	841,986
Other current assets	421,734	266,391
Total Current Assets	2,324,308	1,983,164
Non-Current Assets		
Associated companies	220,652	223,276
Joint ventures	91,354	103,888
Properties under development for sale	1,590,507	1,738,500
Investment properties	1,072,872	496,508
Property, plant and equipment	167,087	157,930
Other non-current assets	51,244	41,463
Total Non-Current Assets	3,193,716	2,761,565
Total Assets	5,518,024	4,744,729
Short-term borrowings	218,030	157,325
Short-term payables and liabilities	614,151	639,520
Bonds payables	607,596	342,540
Long-term borrowings	564,608	239,025
Long-term liabilities	183,417	173,091
Total Liabilities	2,187,802	1,551,501
Total Capital and reserves	1,748,683	1,714,701
Non-controlling Interest	1,581,539	1,478,527
Total Equity	3,330,222	3,193,228
Total Liabilities and Equity	5,518,024	4,744,729

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #1



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

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #2



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



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



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



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



- **6th economic policy package** unveiled on 5 November 2015 **focuses tax incentives for investment in Indonesia's special economic zone**
 - **Special economic zones** are defined as designated areas **where natural resources** (mined in or around the zone) **are processed**
 - Investors can get income **tax discounts of between 20 and 100 percent** for a duration **up to 25 years** with a minium investment value
 - These generous tax holidays are designed to attract investment in the country's manufacturing industry
-
- **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%

Thank You

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