

**RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)
ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

Sinarmas Land Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to respond to the following questions raised by Securities Investors Association (Singapore) (“**SIAS**”) on the Company’s Annual Report for the financial year ended 31 December 2016, as follows:

SIAS’s Question 1:

The valuation and classification of development properties was highlighted as a key audit matter in the Independent Auditors’ Report (page 90 of the annual report). Of the group’s total development properties amounting to \$3.0 billion (most of it located in the core market of Indonesia), properties held for sale amounted to \$1.266 billion while properties under development were \$1.794 billion as at 31 December 2016. In 2015, the group recognised an impairment loss on completed properties held for sale of \$4.05 million (page 131).

Completed properties held for sale increased from \$994.5 million in 2015 to \$1,265.6 million in 2016 (page 131 – Properties held for sale). The group is now holding on to an increased inventory of completed properties and at the same time developing at a faster rate (\$1.79 billion as at 31 December 2016 vs \$1.59 billion). Furthermore, it was mentioned in the Chairman’s statement (page 7) that the Group will accelerate the pace of property development.

- a) Can management provide better visibility into the completed properties that are held for sale? Shareholders would like to know the type of property, the geographical distribution and how long since they have been completed.
- b) Is there a risk that the group is building at a rate faster than the market can absorb?

Company’s Response Q1(a):

Most of the Group’s properties held for sale are located in Indonesia, of which, approximately one-quarter of those are residential while the remaining are non-residential properties. The Group recorded an increase in properties held for sale from 2015 to 2016 due to slower recognition of accounting revenue, rather than a slowdown in marketing sales. While valuation and classification of development properties was highlighted as a key audit matter, the auditor has also concluded that they “found that the management’s assessment of the net realisable value and classification of development properties to be appropriate”. The \$4.05 million impairment loss on completed properties held for sale recognised in 2015 was related to China property, and not related to Indonesia property.

Company’s Response Q1(b):

The Group’s Indonesia listed subsidiaries – PT Bumi Serpong Damai Tbk (“**BSDE**”) and PT Puradelta Lestari Tbk. (“**DMAS**”) announce their marketing sales on a regular basis. In 2016, they achieved a combined marketing sales of IDR7.4 trillion (S\$814 million¹) and have announced a combined marketing sales target of IDR8.7 trillion (S\$957 million¹) for 2017. The year-on-year increase in property under development of 12.8% is in line with the increase in marketing sales projections. To boost Indonesia economic growth, Indonesia President Joko “Jokowi” Widodo has unveiled a total of 14 economic stimulus packages, and supported the property sector by announcing tax cuts on home sales, reducing loan-to-value (“**LTV**”) ratio requirement, and cutting benchmark interest rate six times in 2016 to drive down mortgage interest rates. Anticipating that these measures will shore up the property sector and the projected improvement in marketing sales, the Group is building at a rate to meet expected demand. By accelerating the pace of property developments through joint ventures and land sales, the Group is able to grow and yet diversify some of its development risks to other parties.

¹ Based on exchange rate of S\$1 = IDR9,090.91

SIAS's Question 2:

In November 2014, the company sought shareholders' approval for the waiver of the then-existing mutual undertakings between the company and Bund Center Investment Ltd, and to substitute with a set of new procedures to better and more constructively address any potential for undue and commercially harmful conflicts of interest going forward.

The new procedures essentially gave the company the exclusivity to develop township and/or residential development projects with a land area equal to or more than 20 hectares and Industrial projects in the PRC (with some restrictions in Shanghai and Ningbo), and also the freedom to compete more freely in the rest of the world (outside of the PRC and Indonesia).

- a) Since obtaining shareholders' approval for the new procedures, has the company been actively evaluating township/industrial development projects in the PRC?
- b) After Phase 3 of the Shenyang project, does the group still have any development projects in the pipeline?
- c) Can management update shareholders on the group's overall investment strategy?

Company's Response Q2(a):

Since obtaining shareholders' approval in November 2014, the Group has been exploring opportunities in the China property market, save for the restricted segments exclusive for Bund Centre Investment. The Group will only commit to new development projects if the expected profitability and risks fits our investment criteria.

Company's Response Q2(b):

After Phase 3 of the Shenyang project, the Group does not have any other development project in China.

Company's Response Q2(c):

The Group's investment strategy in China depends on the profitability and risks associated with the potential opportunities. Indonesia remains our core market while being opportunistic in China. As part of the Group's international diversification strategy, other than China, the Group has invested in United Kingdom since 2013. The entry into UK has broadened the Group's recurring income which recorded a compound annual growth rate of 10.5% from 2012 to 2016, as we seek to mitigate the volatility in property development income.

SIAS's Question 3

As disclosed in the Corporate Governance Statement (page 20) all three independent directors, Mr. Foo Meng Kee, Mr. Rodolfo Castillo Balmater and Mr. Kunihiro Naito have each served on the Board as a non-executive independent Director for more than nine years. Mr. Foo, Mr. Naito and Mr. Balmater were first appointed to the board in 2001, 2007 and 2006 respectively.

The board has weighed the need for board refreshment against tenure and continues to regard the three directors as independent Directors of the Company.

Guideline 2.4 of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore calls for the board to "also take into account the need for progressive refreshing of the Board".

- a) As all three directors have already served for more than nine years, can shareholders understand the board's plan for a progressive refreshing of the board? A progressive refreshing of the board would ensure a smooth transition and preserve institutional knowledge among the independent directors.
- b) What is the company's search and nomination process for directors, and in particular independent directors?

Company's Response Q3(a):

The Company is aware of the call for “progressive refreshing of the Board”, and the Board has taken this into account while preserving the retention of institutional knowledge held by the independent directors. On 25 April 2017, the Company announced that Mr. Foo Meng Kee has resigned from its board on his own accord after serving 15 years for the benefit of Board renewal.

Company's Response Q3(b):

Please refer to item 4.2 of Page 23 of the Annual Report.

By Order of the Board
SINARMAS LAND LIMITED

Robin Ng Cheng Jiet
Director
27 April 2017

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