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“Building for a better future”

2Q &1H 2018 Financial Results Presentation

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01. KEY HIGHLIGHTS

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

04. APPENDIX

Key Highlights for 2Q & 1H 2018

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- The Group's 2Q and 1H 2018 revenue decreased 37.4% and 31.4% respectively to S$197.2 million and S$384.3 million contributed mainly by lower number of residential units handed over to homebuyers in Indonesia, the absence of $117.3 million sales of land parcels to its joint venture and the weakening of Indonesian Rupiah
- Rental income* increased 8.8% to S$82.5 million in 1H 2018 following the acquisition of 33 Horseferry Road Building in Central London in June 2017 and contribution from newly acquired investment properties in Central Jakarta in Indonesia
- Profit attributable to owners of the Company decreased 69.4% to S$20.0 million in 2Q 2018 and 53.5% in 1H 2018 to S$48.0 million on the back of lower revenue, increased finance cost and weakening of Indonesian Rupiah
- 1H 2018 financial position remained healthy with total assets of S$7,059.0 million, bolstered with cash and cash equivalents of S$1,153.8 million and a net debt to equity ratio of 20.6%
- BSDE achieved IDR 3.8 trillion of marketing sales for 6M 2018 or 52% of 2018 full year target
- DMAS achieved IDR 561 billion for 6M 2018 marketing sales or 45% of 2018 full year target
- SML and Kawan Lama Group signed a joint-venture memorandum-of-understanding
- SML entered into a strategic collaboration framework agreement with China Rong Qiao Group

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

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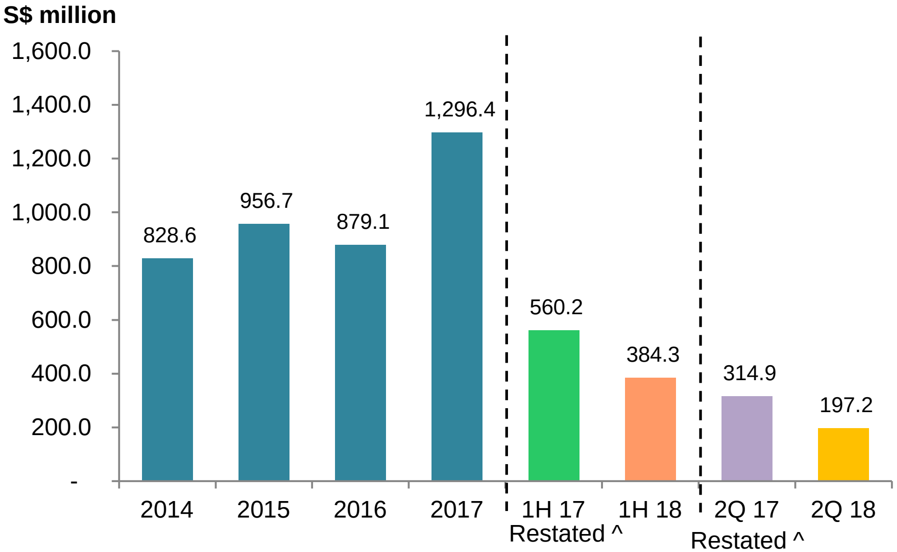
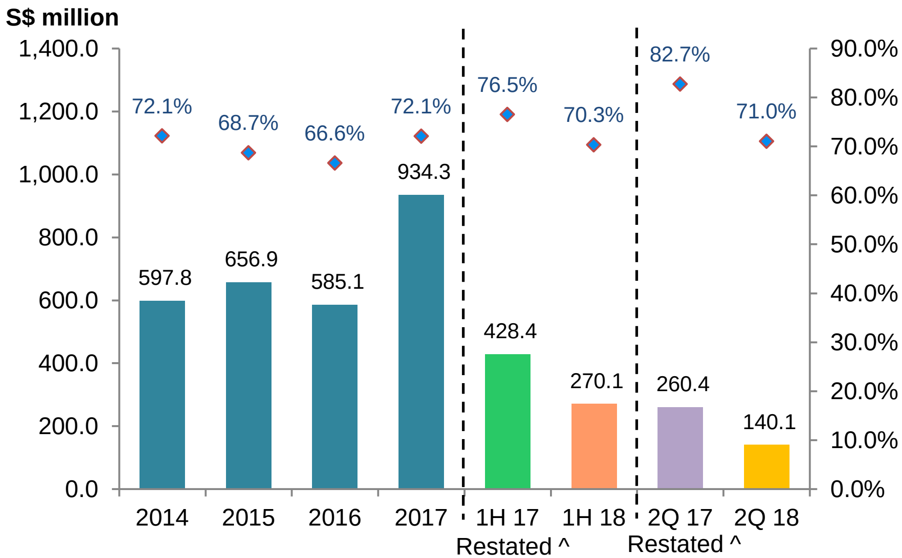
2Q & 1H 2018 Financial Highlights

Revenue



- Total revenue in 2Q & 1H 2018 decreased 37.4% and 31.4% respectively to S$197.2 million and S$384.3 million contributed mainly by lower number of residential units handed over to homebuyers in Indonesia, and weakening of Indonesian Rupiah
- Revenue in 1H 2017 includes $117.3 million sales of land parcels to its joint venture for further development. Excluding the sales of land parcels to its joint venture, the 1H 2018 revenue will decreased by 13.2%
- The decreased was partially offset by higher leasing income from 33 Horseferry Road in UK division

Gross Profit and Gross Profit margin



- In tandem with the lower revenue, 2Q & 1H 2018 gross profit decreased 46.2% and 37.0% respectively to S$140.1 million and S$270.1 million
- Due to the absence of land sales and higher cost incurred for the sales of commercial shophouses, 2Q & 1H 2018 gross profit margin fell 11.7 and 6.2 percentage points to 71.0% and 70.3% respectively

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

2Q & 1H 2018 Financial Highlights

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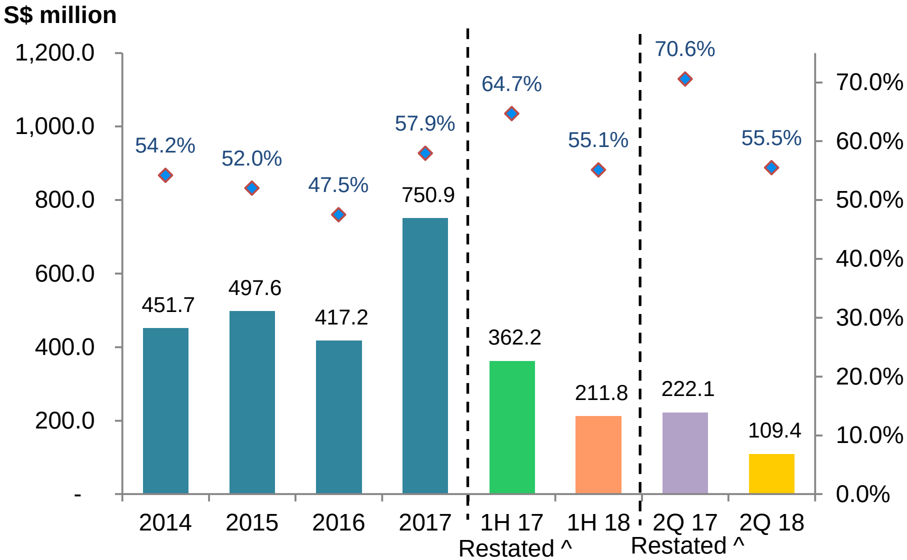
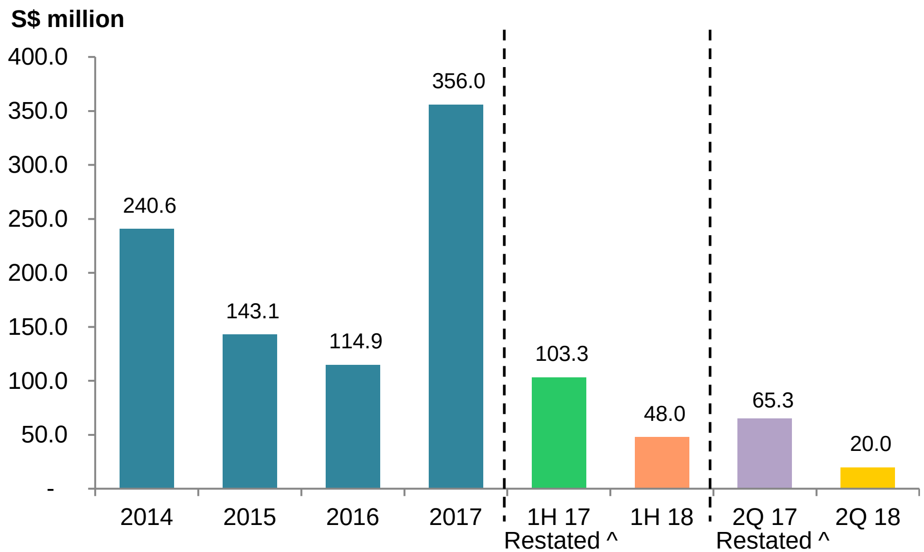
EBITDA and EBITDA margin



- EBITDA decreased 50.7% and 41.5% to S$109.4 million and S$221.8 million in 2Q and 1H 2018 respectively mainly due to lower revenue contribution from Indonesia division, coupled with higher operating expenses
- In line with lower gross profit margin, EBITDA margin slipped 15.1 percentage points to 55.5% in 2Q 2018 and 9.6 percentage point to 55.1% in 1H 2018

Profit attributable to Owners of the Company



- Profit attributable to owners of the Company decreased 69.4% to S$20.0 million in 2Q 2018 and 53.5% in 1H 2018 to S$48.0 million on the back of lower revenue, increased finance cost and weakening of Indonesian Rupiah

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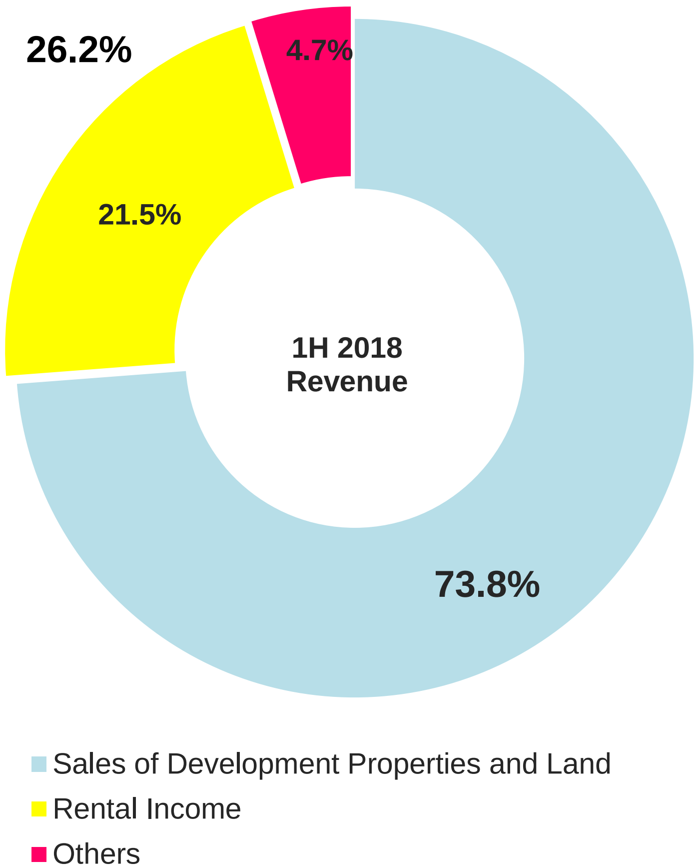
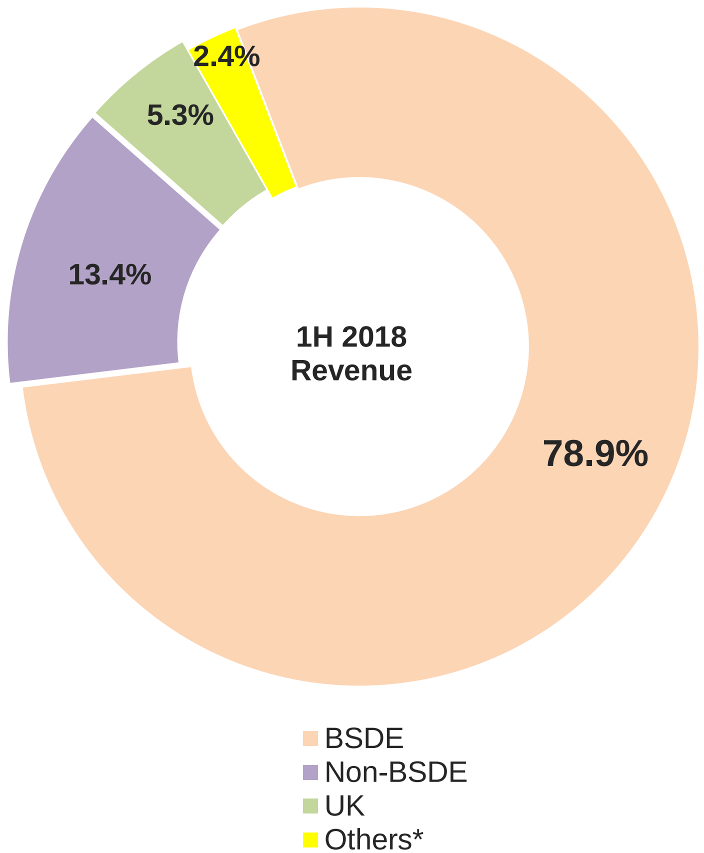
1H 2018 Revenue Breakdown

Revenue – Product Breakdown (%)



Revenue – Geographical Breakdown (%)



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

1H 2018 Gross Profit and PATMI Breakdown

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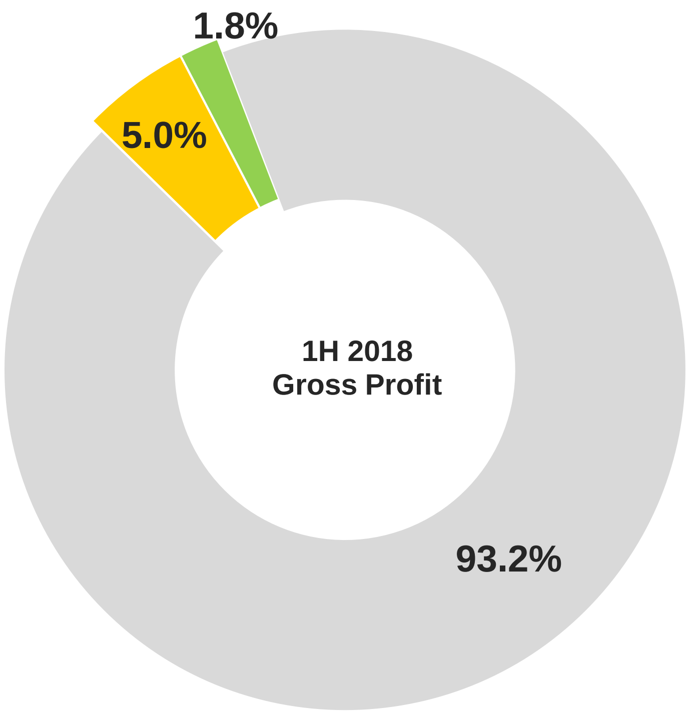
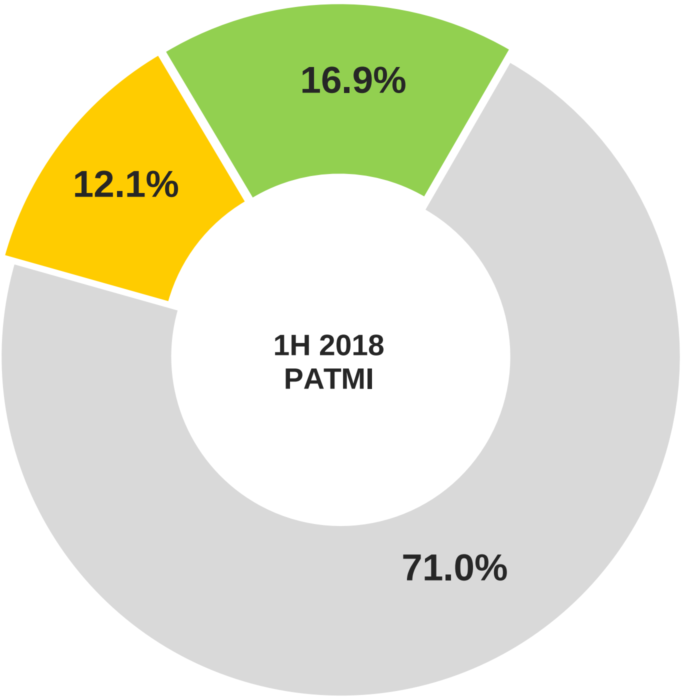
Gross Profit – Geographical Breakdown (%)



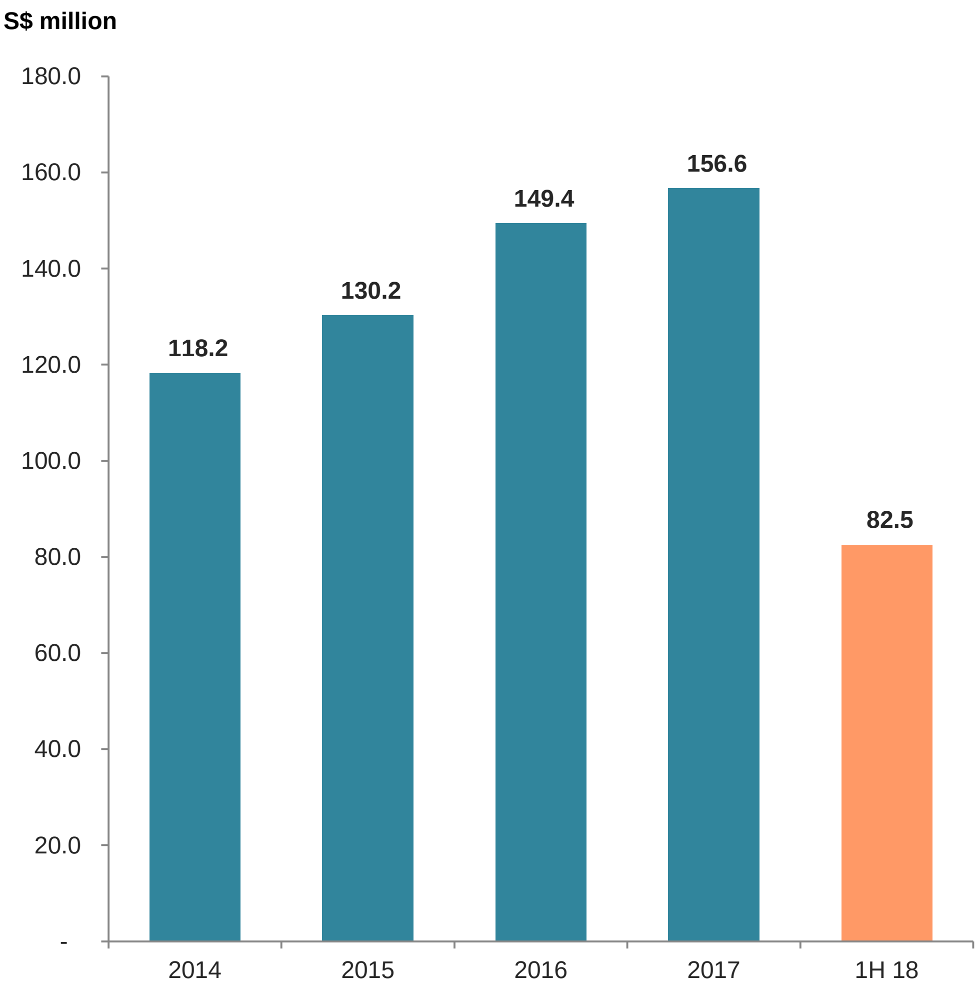
PATMI – Geographical Breakdown (%)



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

1H 2018 Recurring Income (Revenue) Breakdown

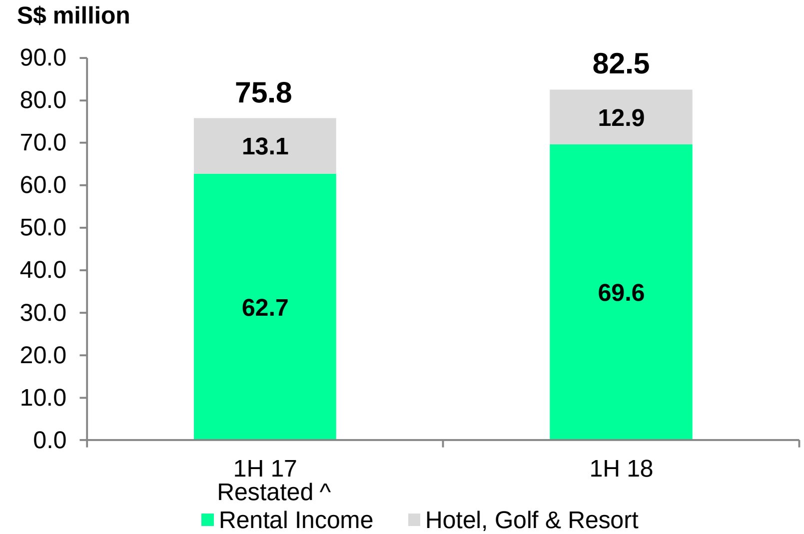
Increasing Recurring Income (Revenue)* base (S$ million)



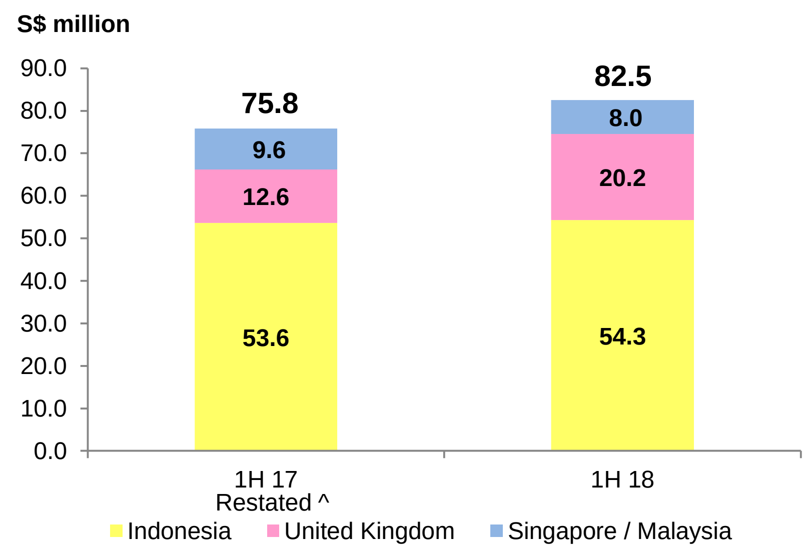
* : Recurring income (Revenue) includes rental income, hotel revenue and revenue from golf and resort operations

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

Recurring Income (Revenue) – Product Breakdown



Recurring Income (Revenue) – Geographical Breakdown



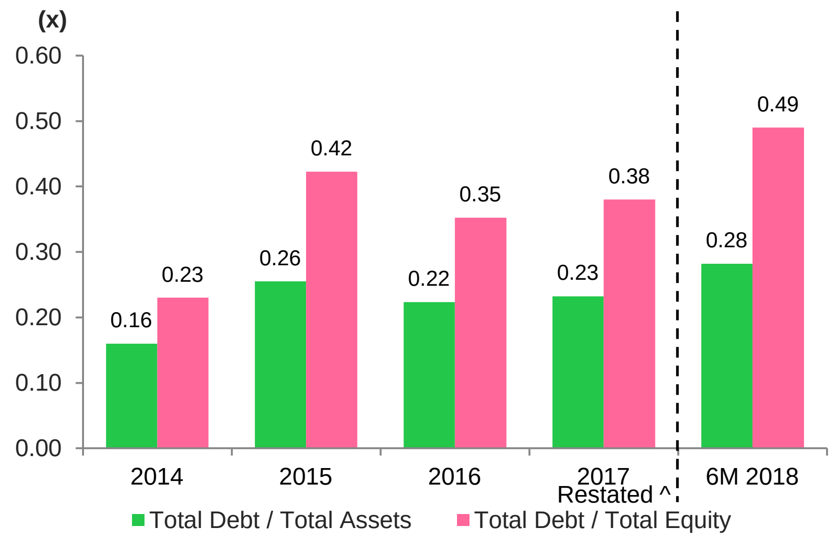
1H 2018 – Financial Snapshot

(S$ '000)	As at 30 Jun 2018	As at 31 Dec 2017^
Assets		
Cash and cash equivalents	1,153,836	930,287
Investment properties	1,673,700	1,656,565
Properties held for sale	1,315,945	1,230,153
Properties under development for sale	1,809,627	1,755,445
Other assets	1,105,854	988,700
Total Assets	**7,058,962**	**6,561,150**
Liabilities		
Borrowings	1,006,156	801,031
Bond Payables	982,427	719,078
Other liabilities	1,005,709	997,887
Total Liabilities	**2,994,292**	**2,517,996**
Equity		
Total Capital and reserves	2,162,478	2,153,337
Non-controlling Interest	1,902,192	1,889,817
Total Equity	**4,064,670**	**4,043,154**

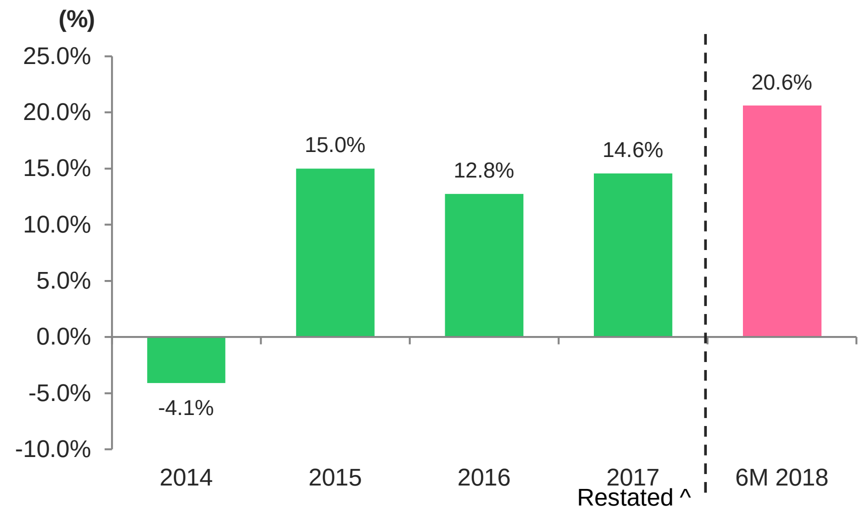
^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

Key Financial Ratios

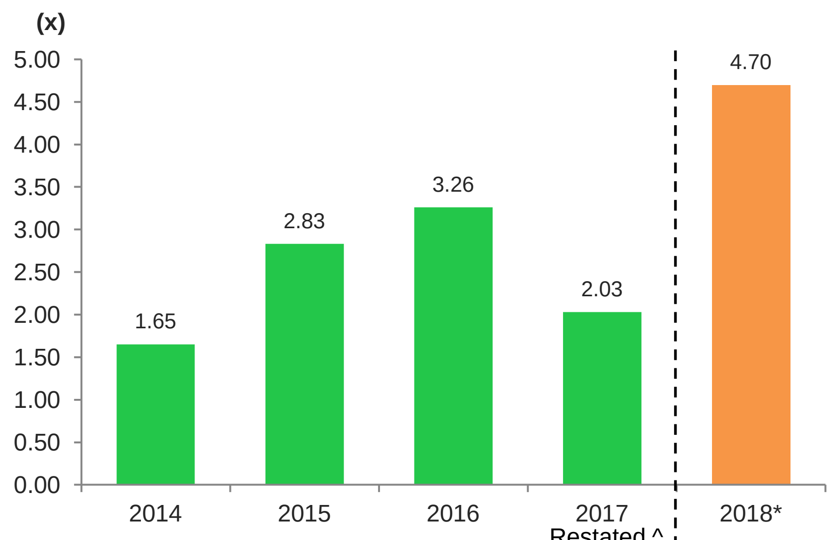
Debt / Assets and Debt / Equity



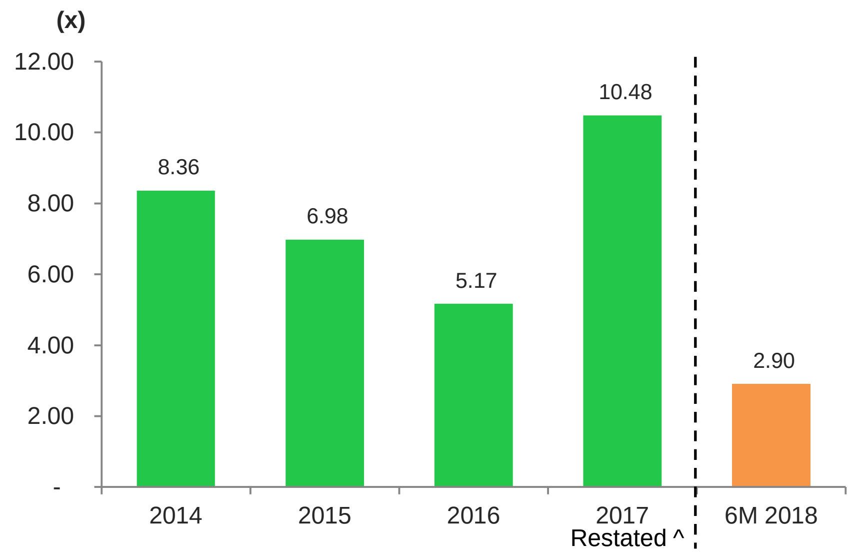
Net Debt / Equity



Total Debt / EBITDA



EBITDA / Interest Expense



* : Annualized

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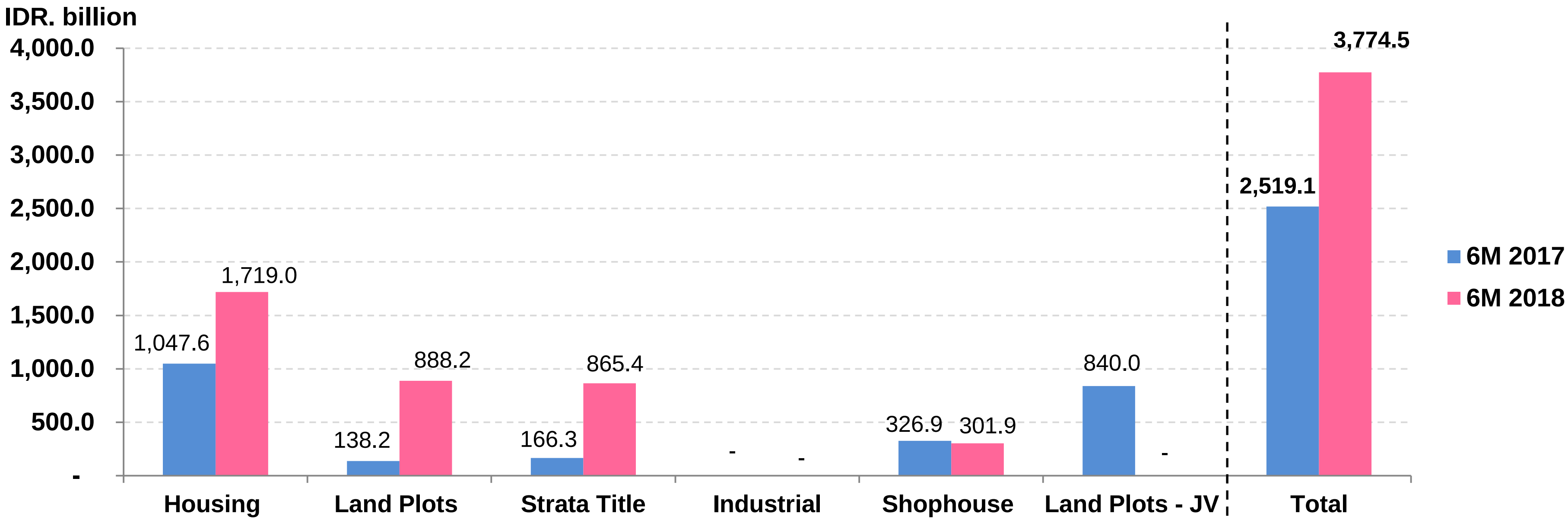
Indonesia Property Division – BSDE achieved Marketing Sales target of IDR 3.8 trillion for 6M 2018



- BSDE achieved **IDR 3.8 trillion of marketing sales for 6M 2018** or 52% of 2018 full year IDR 7.2 trillion marketing sales target

- 6M 2018 marketing sales increased 50% compared to 6M 2017 due to significant increase from the sales of strata title (apartments), commercial land plot and residential housing

- Residential pre-sales generated IDR 1.7 trillion in 6M 2018 or 47% contribution to its full year achievement, mainly from recent launches in The Zora, Jadeite, Tevana and Zeva in BSD City. Commercial business units including land plots, strata title (apartments), industrial, and shop houses reaches IDR 2.1 trillion, contributing 58% of full year achievement.

- In terms of product composition, marketing sales breakdown are: sales of land houses (46%), land plot (23%), strata title (23%) and shop houses (8%)

Indonesia Property Division – BSDE – Major Launch Updates

- **BSD City launched a new cluster of The Savia by the name of "Zeva" on 3 June 2018**
- The Savia is located at in BSD City Phase 1 with access to Jakarta-Serpong toll gate, nearby to Rawa Buntu train station, Modern Market I, and surrounded by various reputable schools.
- A total of 83 units of landed houses was offered with specifications of 84 sqm of land area and 87 sqm of built-up area. The launched price was IDR 1.4 billion per unit
- On launched date, 44 units were sold, contributing IDR 64.5 billion of marketing sales.

Indonesia Property Division – BSDE – Major Launch Updates

- The Zora, the joint venture project with Mitsubishi, launched a new cluster named Kimora
- The Zora is a residential development located at Phase 2 of BSD City, surrounded by Q-Big Mall, Courts Mega Store, IPEKA Christian School and ICE.
- Kimora is the second cluster at The Zora with 2 hectares of area land and prices starting from IDR 4.15 to 7.55 billion per unit. Each unit ranges from 198 to 262 sqm building area and 120 to 153 sqm land area
- On launched date, 16 of 53 units were sold, contributing IDR 67 billion of marketing sales.

Indonesia Property Division – BSDE – Major Launch Updates

- The Upper West is an apartment development project located at CBD 55, Phase 2 of BSD City that offers startup environment concept.
- Upper West consist of two 46 stories towers of apartment on 7,118 sqm of land area, with 6 stories of office and co-working spaces.
- With a planned launch in August 2018, BSDE will offers 84 units of SOHO ranging from 76 to 131 sqm. and prices starting from IDR 2.3 to 4 billion
- In addition, 176 units of 42 to 88 sqm one bedroom and two bedrooms type apartment with price starting from IDR 1.3 to 2.7 billion will also be offered

SML and Kawan Lama Group signed MOU

- On 30 May 2018, **SML and Kawan Lama Group signed a joint-venture memorandum-of-understanding (“MOU”)** to jointly accelerate Indonesia’s property sector development through the mixed-used developments that seek to harness a holistic living concept that encompass business, trade, service and recreation

- The joint-venture’s first project will be a **mixed-use development located in Kota Wisata** - Cibubur. **Spanning over an area of 8.5 hectares**, the first phase will commenced with the development of a **90,000 sqm retail mall** which is targeted to operate in the first quarter of 2021.

- The investment value of this first project is **Rp1.2 trillion**, with an ownership structure of **60% to Kawan Lama Group and 40% to SML**

- The rest of the development, that consists of hotel and apartment, will start 2 – 3 years after the retail mall has commenced operations

Strategic collaboration between SML and Rong Qiao Group

- On 6 June 2018, **SML entered into a strategic collaboration framework agreement with Rong Qiao Group Co. Ltd, a Fuzhou-based real estate group.**
- The collaboration will open up opportunities for SML and Rong Qiao Group to **enter into strategic alliances through acquisitions, mergers, land auctions or joint operations and development of real estate and related projects both inside and outside of China**
- Rong Qiao Group focuses on real estate development in China with a strategy to provide integrated urban living facilities and it also has businesses in education, hotels, logistics management, port development and medical care. Rong Qiao is presently one of the top 18 brands amongst China's real estate enterprises and is ranked No. 28 amongst all of China's real estate enterprises. It is the 2nd largest and 138th largest private enterprise in Fujian province and in China nationwide respectively.

Indonesia Property Division – DMAS Achieved IDR 561 billion Marketing Sales for 6M 2018

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- **DMAS** (also known as Kota Deltamas) achieved **IDR 561 billion for 6M 2018 marketing sales** or 45% of full year 2018 ("FY 2018") target of IDR 1,250 billion
- 6M 2018 marketing sales were mostly contributed from sales of industrial land
- **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**

Bank Indonesia's LTV Ratio Relaxation

PROPERTY LOAN & PROPERTY FINANCING BASED ON MURABAHAH & ISTISHNA DEEDS					
PROPERTY TYPE (m^2)	Current Regulation			Relaxation	
	Property Loan & Financing			Property Loan & Financing	
	I	II	III etc	I	II etc
HOUSE					
Type >70m²	85%	80%	75%	-	80%
Type 22-70m²	-	85%	80%	-	85%
Type <=21m²	-	-	-	-	-
APARTMENT					
Type >70m²	85%	80%	75%	-	80%
Type 22-70m²	90%	85%	80%	-	85%
Type <=21m²	-	85%	80%	-	85%
SHOP/OFFICE HOUSE	-	85%	80%	-	85%

PROPERTY FINANCING BASED ON MMQ & IMBT DEEDS					
PROPERTY TYPE (m^2)	Current Regulation			Relaxation	
	Property Financing			Property Financing	
	I	II	III etc	I	II etc
HOUSE					
Type >70m²	90%	85%	80%	-	85%
Type 22-70m²	-	90%	85%	-	90%
Type <=21m²	-	-	-	-	-
APARTMENT					
Type >70m²	90%	85%	80%	-	85%
Type 22-70m²	90%	85%	80%	-	85%
Type <=21m²	-	85%	80%	-	85%
SHOP/OFFICE HOUSE	-	85%	80%	-	85%

Source: Bank Indonesia

- Starting from 1 Aug 2018, Bank Indonesia will relax the loan-to-value (LTV) and financing-to-value (FTV) ratios in the country's property sector
- Depending on the buyer's risk profile and construction stages, first-time property buyers can make zero down-payment for their property
- In addition, consumer is able to take up to five separate mortgage facilities with the relaxation of FTV.
- Through these initiatives, Bank Indonesia aims to make it more attractive for consumers to purchase property, hence boosting overall credit growth as well as Indonesia's macroeconomic growth

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2Q 2018 vs 2Q 2017
Consolidated Income Statement

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2Q 2018 versus 2Q 2017 Consolidated Income Statement

(S$ '000)	2Q 2018	2Q 2017^	Change %
Revenue	197,239	314,850	(37.4)
Cost of Sales	(57,122)	(54,414)	5.0
Gross Profit	**140,117**	**260,436**	**(46.2)**
Operating Expenses			
Selling Expenses	(25,397)	(21,491)	18.2
General and administrative expenses	(38,325)	(38,308)	-
Operating profit	**76,395**	**200,637**	**(61.9)**
Finance income	11,510	7,646	50.5
Others	(53,666)	(64,417)	(16.7)
Profit before income tax	**34,239**	**143,866**	**(76.2)**
Income tax	(7,825)	(12,076)	(35.2)
Profit for the period	**26,414**	**131,790**	**(80.0)**
Attributable to:			
Owners of the Company	20,006	65,291	(69.4)
Non-controlling interests	6,408	66,499	(90.4)

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

1H 2018 vs 1H 2017 Consolidated Income Statement

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1H 2018 versus 1H 2017 Consolidated Income Statement

(S$ '000)	1H 2018	1H 2017^	Change %
Revenue	384,253	560,209	(31.4)
Cost of Sales	(114,153)	(131,778)	(13.4)
Gross Profit	**270,100**	**428,431**	**(37.0)**
Operating Expenses			
Selling Expenses	(48,084)	(43,950)	9.4
General and administrative expenses	(75,606)	(74,307)	1.7
Operating profit	**146,410**	**310,174**	**(52.8)**
Finance income	22,780	15,313	48.8
Others	(75,700)	(83,558)	(9.4)
Profit before income tax	**93,490**	**241,929**	**(61.4)**
Income tax	(15,744)	(22,811)	(31.0)
Profit for the period	**77,746**	**219,118**	**(64.5)**
Attributable to:			
Owners of the Company	48,020	103,327	(53.5)
Non-controlling interests	29,726	115,791	(74.3)

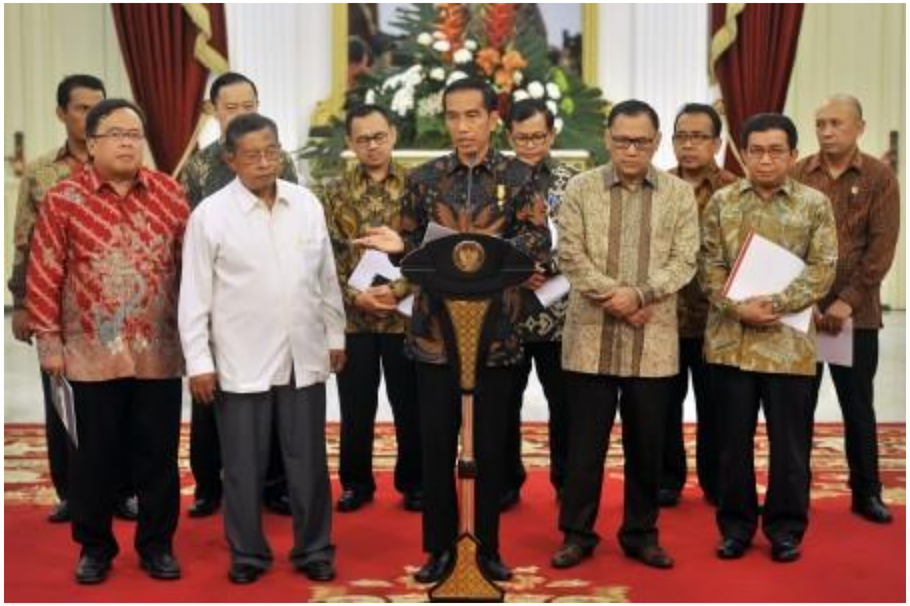
^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

Statement of Financial Position

Statement of Financial Position

(S$ '000)	As at 30 Jun 2018	As at 31 Dec 2017
Current Assets		
Cash and cash equivalents	1,153,836	930,287
Properties held for sale	1,315,945	1,230,153
Other current assets	490,978	368,517
Total Current Assets	**2,960,759**	**2,528,957**
Non-Current Assets		
Associated companies	264,615	266,378
Joint ventures	145,871	146,089
Properties under development for sale	1,809,627	1,755,445
Investment properties	1,673,700	1,656,565
Property, plant and equipment	173,848	178,097
Other non-current assets	30,542	29,619
Total Non-Current Assets	**4,098,203**	**4,032,193**
Total Assets	**7,058,962**	**6,561,150**
Short-term borrowings	38,531	26,837
Short-term payables and liabilities	792,115	761,895
Bonds payables	982,427	719,078
Long-term borrowings	967,625	774,194
Long-term liabilities	213,594	235,992
Total Liabilities	**2,994,292**	**2,517,996**
Total Capital and reserves	**2,162,478**	**2,153,337**
Non-controlling Interest	1,902,192	1,889,817
Total Equity	**4,064,670**	**4,043,154**
Total Liabilities and Equity	**7,058,962**	**6,561,150**

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

Source: Indonesia Investments

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.

Source: Indonesia Investments

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.**

Source: Indonesia Investments

Indonesia Property Division –
Indonesia Economic Stimulus Policy Package #4

- **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**

Source: Indonesia Investments

Indonesia Property Division –
Indonesia Economic Stimulus Policy Package #5

- **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.**

Indonesia Property Division –
Indonesia Economic Stimulus Policy Package #6

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- **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).

Source: Indonesia Investments

Indonesia Property Division –
Indonesia Economic Stimulus Policy Package #7

sinarmas land

- **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

Source: Indonesia Investments

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #8

sinarmas land

- **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.

Source: Indonesia Investments

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #9

sinarmas land

- **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.

Source: Indonesia Investments

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #10

sinarmas land

- **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%

Source: Indonesia Investments

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #11

sinarmas land

- **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

Source: Indonesia Investments

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

Source: Government of Indonesia, Indonesia Investments

Indonesia Property Division –
Indonesia Economic Stimulus Policy Package #13

- **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.

Source: Indonesia Investments

Indonesia Property Division –
Indonesia Economic Stimulus Policy Package #14

- **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**.

Source: The Jakarta Post

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #15

sinarmas land

- **15th economic policy package** was unveiled on 15 June 2017 to **develop the business and competitiveness of national logistics service providers**

- This package will address **4 main aspects**:
  1. Enhancing the role of transportation insurance
  2. Reducing costs for logistic service providers,
  3. Strengthening the Indonesia National Single Window (INSW) authority
  4. Reducing the number of prohibited and restricted goods

- In trying to **reduce costs incurred by logistic service providers**, the **government aims to eliminate costs** of sea transportation, shipping agencies, freight forwarding, loading and unloading services as well as port management

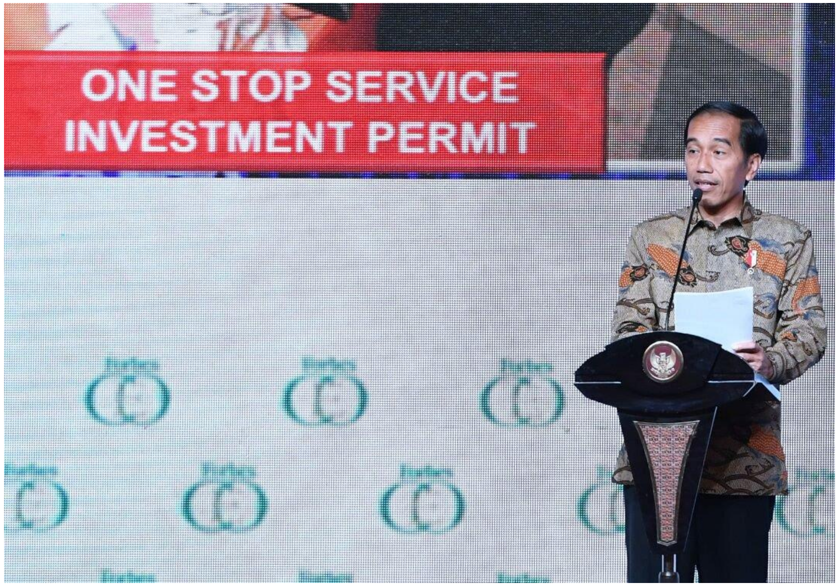
- Currently, **those business activities incur certain costs, ranging between Rp 2 billion (US$150,568) and Rp 500 billion**. Under the new policy package, **these costs will be eliminated**

- In addition, three presidential regulations will be revised and integrated into one presidential regulation concerning INSW to **expedite the development and application of automated licensing services in the export and import, customs, and port fields**

Source: The Jakarta Post

Indonesia Property Division – Indonesia Economic Stimulus Policy Package #16

- **16th economic policy package** was unveiled on 31 August 2017 to **speed up the issuance of business permits** while providing **greater certainty on the cost and time involved** and to **improve coordination between ministries and provincial administrations**
- New package creates a single submission system for investors, implying **they only have to go one place to obtain all required licenses**. This is much-needed because in some sectors it can take up to five years to arrange all permits



- The acceleration of business processes would be implemented in **two stages**
- The first stage includes the formation of task forces to **implement business licensing processes and to oversee the application of licensing checklists at special economic zones (KEK), free-trade zones (FTZ) industrial and tourism areas** using data sharing
- The second stage includes **regulatory reforms and the single-submission system**
- Also, this package seem to **address that weak coordination and cooperation between the central government and regional government** that has been a major bottleneck that undermines the attractiveness of Indonesia's investment climate

Source: The Jakarta Post

Thank You

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