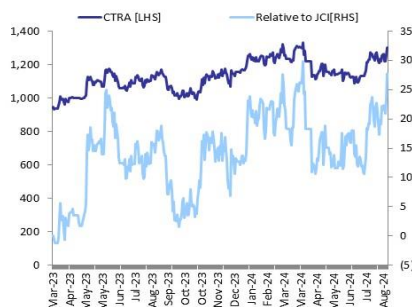


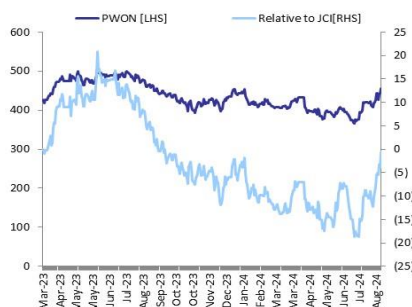
Overweight

(Maintained)

CTRA relative to JCI Index



PWON relative to JCI Index



Source: Bloomberg

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Property

KTA from meeting with JLL: Landed Housing and Retails as Key Growth Driver in Greater Jakarta

- According to JLL, office markets still face occupancy issues; Retail rental rates booked healthy growth while Condos remain challenging.
- JLL sees landed housing to remain as FY24F demand drivers; Tangerang as favorite area. We see CitraSerpong as a strong alternative for BSDE.
- We maintain our OW rating on the sector, as 1H24 marketing sales remain healthy, depicting stable demand. CTRA remains our top pick.

Office: Linger Pressure on Occupancy and Rental Rates

JLL noted that overall office market remains facing occupancy and rental rate pressure. 2Q24 CBD office rental rates still declined by -1.2%qoq; yet slower than 1Q24's -1.6%qoq, partly due to slight improvement in the SCBD area occupancy and asking rental rates, depicting new demand tendency towards grade-A buildings. New supply will only be completed as early as ~FY26 (Indonesia One) and ~FY29 (Taspen Property). We believe that despite the slowing decline in market rates, it will take more time for overall office to see growth, as companies are generally in cost-saving measures.

Retails: Tenants racing to secure spaces; Condo: remain challenging

JLL noted that rents started to rise in 2Q24 (+1.2%qoq vs. 0.9%qoq in 1Q24) as occupancy in shopping malls especially those located in prime areas started to peak (avg. ~89% in Jakarta), while tenants remain actively looking for space. Meanwhile, Jakarta condo market appeared to remain challenging, due to unattractive rental yields (~5%) and capital gain outlook among investors. Buyers also lean towards near-completion projects and reputable brands. **PWON wins in the race of malls through higher NLA of 785k sqm across Indonesia, followed by SMRA of 337k sqm. PWON's mall occupancy in Jakarta also better at ~97% per 1Q24 vs. SMRA's of ~96%.**

Landed Housing: Stable, End-Users Driven, Affordability as Key Factors

JLL deem Greater Jakarta landed-houses demand to be stable, driven by end-users with new launches (5-yr. avg) at par with new demand (**exh.4**). Key purchase decisions factor especially among younger generations are: 1) Affordability (JLL sees key demand rooted in Rp<0.6-1.3bn market post '98 crisis-now); 2) proximity to public transport, with Tangerang as favorite area. We noted that **competition is quite tight in Serpong-Tangerang area, yet we see CitraSerpong (CGS) as a potential contender for BSDE's products for entry-level buyer. CGS offered Rp1-2bn vs. BSD City's floor price of ~Rp1.6bn vs. SummareconSerpong (SMS) ASP of ~Rp2.5bn. CGS recorded marketing sales of Rp676bn in 1H24 vs. SMS' at Rp550bn.**

Maintain OW rating; Landed-Residential and Retails as Growth Proxy

We maintain our OW rating on the sector as marketing sales achievements in 1H24 remain healthy, depicting a stable demand (**exh.2**). We believe that market growth will be driven by landed-residentials and retails rent, while office and condos growth remain muted. CTRA remains our top pick in the sector (resilient landed marketing sales), followed by PWON as malls growth proxy, then BSDE (laggard share price increases YTD, possible NAV increases from SMDM's acquisition) and SMRA (cheapest in the sector). Key risks: 1) declining purchasing power 2) discontinuation of gov't incentives.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (Rp bn)	P/E (x)		P/BV (x)		ROE (%)
					2024F	2025F	2024F	2025F	
Ciputra Development	CTRA IJ	BUY	1,700	24,096	10.5	8.8	1.1	1.0	11.9
Pakuwon Jati	PWON IJ	BUY	610	21,961	10.1	8.6	1.0	0.9	10.9
Bumi Serpong Damai	BSDE IJ	BUY	1,300	22,971	10.1	11.6	0.6	0.6	5.0
Summarecon Agung	SMRA IJ	BUY	1,000	9,988	11.6	11.3	1.0	0.9	7.9

KTA from meeting with JLL: Landed Housing and Retails as Key Growth Driver in Greater Jakarta

Hotels (Jakarta & Bali): ADR and Occupancy Excessing FY19 Level

Indonesian primary hotel market of Jakarta & Bali has seen a gradual improvement due to the return of international and domestic corporates in Jakarta, while international tourism in Bali grew by 24%yoy, exceeding pre-pandemic levels by 2%. Overall, RevPAR has exceeded FY19 level driven by elevated ADRs and occupancy.

Industrial Estate: Market Orientation and Skilled Labor Supply as Key Location Picks

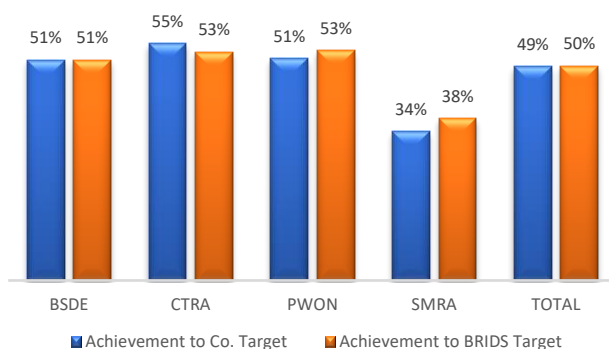
JLL noted that there were increasing inquiries on industrial land post the China Plus One policy implemented, with location picking relies on product market orientation, transportation infrastructure, and skilled labor availabilities. However, developers are in “wait-and-see” mode on data centers expansion, with current occupancy rate expected to be moderately compressed as corporations only cautiously spend on data centers (capex ranging ~USD4.5mn/MW; include devices).

Exhibit 1. Key Takeaways from JLL Property Outlook

Office		Office outlooks remain facing occupancy and rental pressure, workplace strategy changes, and cost savings from corporations. Occupiers however remain active looking for space, and quality is being prioritized. (Flight-to-quality theme)
Condominium		Investor buyers remain cautious, end-users preferred landed housing. High land prices leading to high selling prices in city centers. Younger generation however is becoming accustomed to the concept.
Retail		Pent-up spending, F&B, fast-fashion, and family entertainment will remain driving the demand. Prime locations remain growth driver, yet new supply is upcoming, thus differentiation and uniqueness will act as distinctive factors.
Landed Housing		Despite high land prices and limited city land availability, landed housing remain preferred by end-users, depicting healthy demand. Highly benefit from the VAT waiver.
Industrial & Logistic		Industrial and logistics face increasing competition, high land prices, and limited city land for urban logistics, but stable demand from 3PL and FMCG remains.
Hotels		Domestic and corporate to drive demand in Jakarta, with RevPAR expected to increase with improved occupancy.

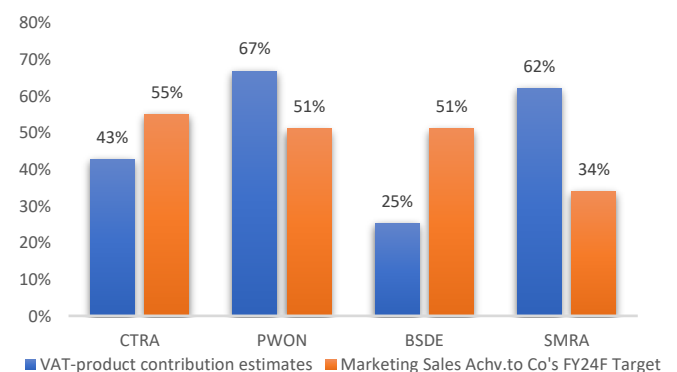
Source: JLL, BRIDS

Exhibit 2. Aggregate Marketing Sales Achievement



Source: Company, BRIDS

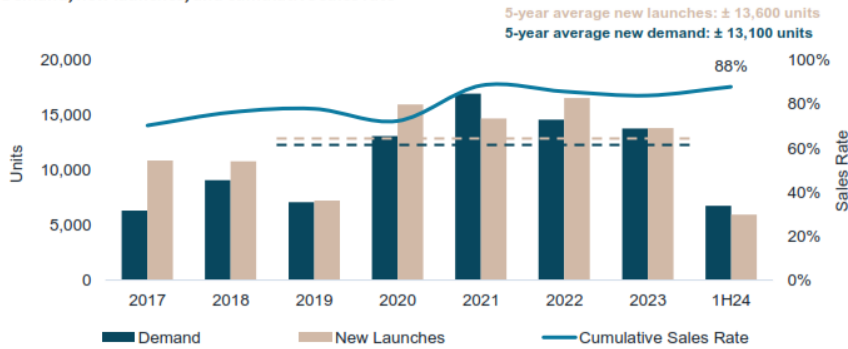
Exhibit 3. VAT Portion of Marketing Sales per 1H24



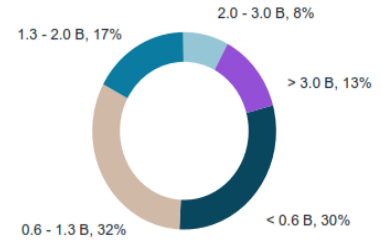
Source: Company, BRIDS

Exhibit 4. Greater Jakarta Landed Housing Development

Demand, new launches, and cumulative sales rate

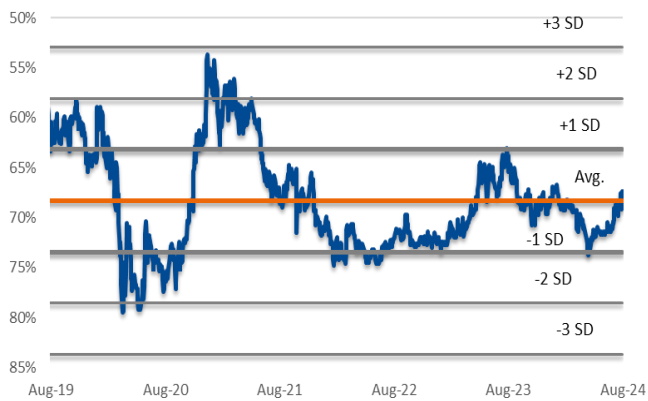


Sold Units in 1H24 by Price



Source: JLL

Exhibit 5. Discount to RNAV Band Chart (5-year) - BSDE



Source: Bloomberg, BRIDS Estimates

Exhibit 6. Forward 12M PBV Band Chart (5-year) - BSDE



Source: Bloomberg, BRIDS Estimates

Exhibit 7. Discount to RNAV Band Chart (5-year) - CTRA



Source: Bloomberg, BRIDS Estimates

Exhibit 8. Forward 12M PBV Band Chart (5-year) - CTRA



Source: Bloomberg, BRIDS Estimates

Exhibit 9. Discount to RNAV Band Chart (5-year) - SMRA

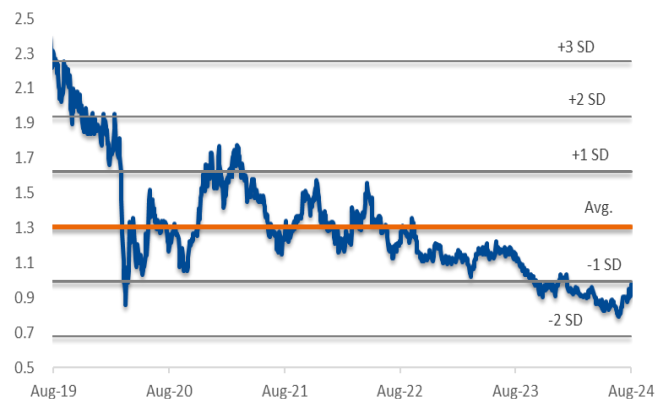

Source: Bloomberg, BRIDS Estimates

Exhibit 10. Forward 12M PBV Band Chart (5-year) - SMRA


Source: Bloomberg, BRIDS Estimates

Exhibit 11. Discount to RNAV Band Chart (5-year) - PWON


Source: Bloomberg, BRIDS Estimates

Exhibit 12. Forward 12M PBV Band Chart (5-year) - PWON


Source: Bloomberg, BRIDS Estimates

Exhibit 13. Peers Comparison

Company	Mkt.Cap (Rpbn)	Revenue (Rpbn)		Net Profit (Rpbn)		ROE (%)		P/E (x)		P/BV (x)		Net Debt (Cash)		Current Price disc. to RNAV
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	
CTRA	24,096	10,998	12,287	2,290	2,740	10.9	11.9	10.5	8.8	1.1	1.0	-23%	-37%	62%
BSDE	22,971	10,193	9,430	2,285	1,980	6.1	5.0	10.1	11.6	0.6	0.6	2%	2%	67%
PWON	21,961	6,671	7,518	2,177	2,554	10.3	10.9	10.1	8.6	1.0	0.9	-20%	-27%	67%
SMRA	9,988	7,451	7,499	863	885	8.2	7.9	11.6	11.3	1.0	0.9	26%	28%	84%

Source: Bloomberg, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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