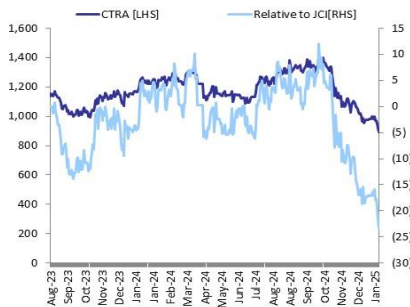


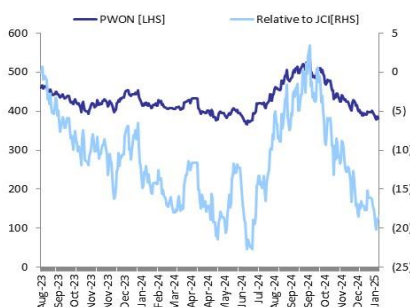
# Overweight

(Maintained)

## CTRA relative to JCI Index



## PWON relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analyst

**Ismail Fakhri Suweleh**

(62-21) 5091 4100 ext. 3505

ismail.suweleh@brids.co.id

**Wilastita Muthia Sofi**

(62-21) 5091 4100 ext. 3509

wilastita.sofi@brids.co.id

# Property

## FY25 Outlook: Picking the Winners Amid Industry Challenges

- We expect the VAT & BPHTB incentives, which have evidently aided buyers' affordability and developers' pre-sales, to continue until 2H25.
- We identify winning developers amid the affordability challenges and found the key competitive factors are pricing, product, and location.
- We maintain our OW rating on the sector as it trades at a sharp discount with improving pre-sales. Top picks: CTRA> PWON> SMRA> BSDE.

### Wider Mortgage Access with Affordability Issues Aided by Govt Incentives

Despite the wider mortgage access for prospective property buyers, we see affordability remaining as a key challenge for demand, especially in urban areas. We believe VAT-exemption program, abolishment of asset-transfer duties (BPHTB), and simplification of building construction approval (PBG) will continue to aid the property sector throughout FY25F from both the demand-side and the supply-side.

### Key Characteristic of Winning Developers

We identify several characteristics of developers likely to potentially win the future competition: 1) Product price range within Rp1-5bn with landed house dominated products and mortgage payer mixes 2) High presence in greater-Jakarta with relatively well-diversified portfolio 3) moderate contribution of VAT pre-sales, yet also having the track record of being able to beat its pre-sales target, to potentially hedges the risk of discontinuation of incentives 4) Strong recurring revenue portfolios or other strategy to improve ROE and mitigate weak pre-sales risks.

### Maintain our OW rating on the Sector, CTRA remains our Top Pick

Overall, we remain OW on the sector as all developers' valuations are trading at a steep discount vs. historical five years, despite showing improved profitability, pre-sales performance and balance sheet quality. This suggests an underappreciation of the sector's intrinsic value. We expect a steady 5%/2% FY25F-26F core pre-sales growth. Risks relate to hawkish stance by global central banks, which may cause short-term underperformance due to the sector's perception as interest-rate sensitive. We assigned a scorecard (**exh.63**) based on the catalysts and risks associated with FY25F outlook to determine the top-performing developer stocks.

Our top picks **1) CTRA (Buy, TP Rp1,700)** as it scores highly across nearly all aspects of capturing the FY25F property customer trends, with risks of lower pre-sales as it achieved an all-time high record in FY24F. **2) PWON (Buy, TP Rp640)** stemming from its strong recurring revenue growth, with risks of weak pre-sales from Surabaya or discontinuation of gov't incentives. **3) SMRA (Buy, TP Rp800)** particularly for its pricing mix of Rp1–5bn, which caters to entry-level end-user demand, with risks of weaker overall demand in Greater Jakarta. **4) BSDE (Buy, TP Rp1,550)** benefiting from its BSD City's strong connectivity with Jakarta, risks related to its low dividend payout ratio, which could deter ROE improvement, or weak pre-sales achievement.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (Rp bn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2025F	2026F	2025F	2026F	
Ciputra Development	CTRA IJ	BUY	1,700	16,496.8	7.3	6.3	0.7	0.6	10.0
Pakuwon Jati	PWON IJ	BUY	640	18,300.6	7.8	8.3	0.8	0.8	11.0
Summarecon Agung	SMRA IJ	BUY	800	7,395.8	8.7	9.3	0.6	0.6	7.6
Bumi Serpong Damai	BSDE IJ	BUY	1,550	18,948.4	4.8	5.0	0.4	0.4	9.2

## Table of Content

Table of Content.....	2
List of Exhibit.....	3
Executive Summary.....	5
Aggregate Demand Monitoring .....	6
Structurally Wider Access for Mortgage .....	6
Affordability Issues Aided by Supportive Fiscal Policy .....	11
Sub-Sector Outlook .....	15
Residential: Unwavering Demand for Landed Houses in Greater Jakarta, Improvement in High-Rise Market Will Take Time.....	15
Commercials: Retails remain The Healthy Recurring Revenue Stream.....	19
Dissecting Company's Fundamentals: Ability for Asset Monetization as Key Differentiator .....	23
Picking The Winning Developers.....	25
Investment Thesis Summary and Valuation Overview.....	29
Comments on Several Topics .....	33
Thoughts on PANI.....	33
3Mn. Houses Impact to Listed Developers .....	34

### List of Exhibit

Exhibit 1. Discount to RNAV and Indonesia's Policy Rate Dynamics .....	6
Exhibit 2. Share Price Performance during Rate Cuts .....	6
Exhibit 3. Aggregate Marketing Sales and Indonesia's Policy Rate Dynamics .....	7
Exhibit 4. Financing Options of Indonesia's Property Buyers - Mortgage .....	7
Exhibit 5. Installment Payment Options .....	7
Exhibit 6. Cash Payment Options .....	7
Exhibit 7. The Declining Trend of Indonesia's Property-Related Loan Rate .....	8
Exhibit 8. Composition of Indonesia's Household Consumption Loan .....	8
Exhibit 9. Composition of Indonesian Banks Third-Party Fund Sources .....	9
Exhibit 10. Lowering Global Central Banks Rate .....	10
Exhibit 11. Top Banks Prime Lending Mortgage Rate Trend .....	10
Exhibit 12. Lowering Trend of Indonesian Savings Rate .....	10
Exhibit 13. Loan Outstanding KPR vs NPL .....	11
Exhibit 14. Loan Outstanding KPR vs NPL vs Policy Rate .....	11
Exhibit 15. Property Price-to-Income Ratio .....	11
Exhibit 16. Pricing Point of Marketing Sales (<Rp1bn) .....	12
Exhibit 17. Pricing Point of Marketing Sales (Rp1-2bn) .....	12
Exhibit 18. Pricing Point of Marketing Sales (Rp2-5bn) .....	12
Exhibit 19. Pricing Point of Marketing Sales (>Rp5bn) .....	12
Exhibit 20. Higher Homeownership in Rural Areas .....	13
Exhibit 21. National Ownership Rate since 1999 .....	13
Exhibit 22. Mortgage Simulation .....	13
Exhibit 23. Indonesia Household Expenditure (Rpmn/mo.) .....	13
Exhibit 24. Key Obstacles of Indonesian Youth on Homeownership .....	13
Exhibit 25. VAT Discount Scheme According to PMK No.61/2024 .....	14
Exhibit 26. Landed House Sales Rate – Grt.Jakarta .....	16
Exhibit 27. Sold Units in 1H24 by Price .....	16
Exhibit 28. New Launches and Preferred Unit Types .....	16
Exhibit 29. Landed House Sales Rate by Area – Grt.Jakarta .....	16
Exhibit 30. Population Composition of Productive and Non-Productive Age Groups in Greater Jakarta Area .....	16
Exhibit 31. Jakpat 2023 Survey, Property Perspective from Gen Z: Most Desired Place to Buy Property .....	16
Exhibit 32. Property Price and Size Aspiration - Millennials .....	17
Exhibit 33. Property Price and Size Aspiration – Gen Z .....	17
Exhibit 34. MRT Jakarta Phase 2 Corridor North-South .....	17
Exhibit 35. MRT Jakarta Phase 1 Corridor East-West .....	17
Exhibit 36. LRT Jabodebek Route .....	18
Exhibit 37. Jakarta Condominiums Sales Rate .....	19
Exhibit 38. Apartment Units Absorption and Buyer's Profile .....	19
Exhibit 39. Apartment within the LRT Jabodebek (53%:47% Investor:End-Users) .....	19
Exhibit 40. Jakarta CBD Office Occupancy and Rental Rates .....	20
Exhibit 41. Jakarta Non-CBD Occupancy and Rental Rates .....	20
Exhibit 42. Cumulative Supply and Occupancy Rate – Jakarta Retail .....	21
Exhibit 43. Cumulative Supply and Occupancy Rate – Surabaya Retail .....	21
Exhibit 44. Overall Jakarta's Hotel Trading Performances .....	22
Exhibit 45. Construction Cost Index vs Developers Margin .....	23

Exhibit 46. Construction Cost Index Java ex-Java .....	23
Exhibit 47. Discount to RNAV and Sectoral ROE Dynamics.....	23
Exhibit 48. DuPont Analysis CTRA .....	24
Exhibit 49. DuPont Analysis PWON.....	24
Exhibit 50. DuPont Analysis BSDE .....	24
Exhibit 51. DuPont Analysis SMRA.....	24
Exhibit 52. Div Payout and Debt Portion CTRA .....	25
Exhibit 53. Div Payout and Debt Portion PWON .....	25
Exhibit 54. Div Payout and Debt Portion BSDE .....	25
Exhibit 55. Div Payout and Debt Portion SMRA.....	25
Exhibit 56. 9M24 Marketing Sales Pricing Mix.....	27
Exhibit 57. 9M24 Marketing Sales Payment Profile.....	27
Exhibit 58. 9M24 Marketing Sales Location Concentration.....	27
Exhibit 59. VAT Contribution to Marketing Sales .....	27
Exhibit 60. Potential Launching Pipeline 2H24-FY25F .....	27
Exhibit 61. 9M24 Marketing Sales Product Mix.....	28
Exhibit 62. FY25F Revenue Contribution .....	28
Exhibit 63. Property Developers Scorecard of Catalysts.....	28
Exhibit 64. Valuation Overview.....	31
Exhibit 65. Disc. to RNAV CTRA .....	31
Exhibit 66. Disc. to RNAV PWON.....	31
Exhibit 67. Disc. to RNAV BSDE .....	31
Exhibit 68. Disc. to RNAV SMRA.....	31
Exhibit 69. CTRA's Marketing Sales.....	32
Exhibit 70. PWON's Marketing Sales.....	32
Exhibit 71. BSDE's Marketing Sales.....	32
Exhibit 72. SMRA's Marketing Sales.....	32
Exhibit 73. Market Cap vs. Marketing Sales Position.....	32
Exhibit 74. Regional Peers.....	33
Exhibit 75. Ownership Movement .....	33
Exhibit 76. Foreign Flow Movement .....	33
Exhibit 77. Estimates of PANI's RNAV .....	34

### Executive Summary

The competitive landscape of Indonesian banks' customer loan market has provided a structurally wider mortgage access for the country's prospective property buyers. However, affordability issues remain challenging, especially in urban areas. We believe the VAT-exemption program, abolition of asset-transfer duties (BPHTB), and simplification of building construction approval (PBG) will continue to aid the property sector in throughout FY25F, both from the demand-side and the supply-side.

We identify several characteristics of developers likely to win the future competition: 1) Product price range within Rp1-5bn with landed house-dominated products and mortgage payer mixes; 2) High presence in Greater Jakarta with a relatively well-diversified portfolio; 3) Moderate contribution of VAT pre-sales while also having the track record of being able to beat its pre-sales target to potentially hedge the risk of the discontinuation of incentives; 4) Strong recurring revenue portfolios or other strategies to improve ROE and mitigate weak pre-sales risks.

Overall, we remain OW on the sector as all developers' valuations are trading at a steep discount vs. the historical five years, despite showing improved profitability, pre-sales performance, and balance sheet quality. This suggests an underappreciation of the sector's intrinsic value. We forecast a steady 5%/2% FY25F-26F core pre-sales growth. Risks are related to a hawkish stance by global central banks, which may cause short-term underperformance due to the sector's perception as interest-rate sensitive.

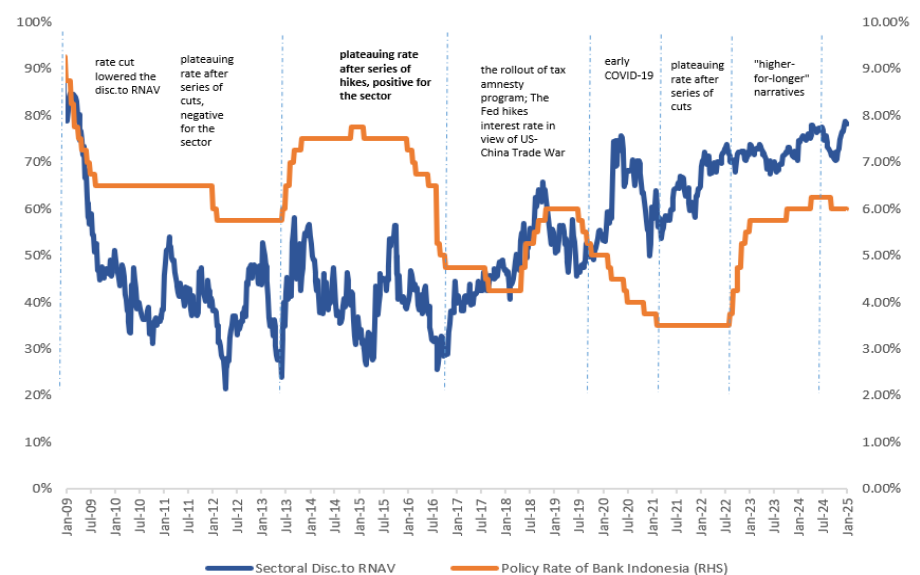
Top Picks: CTRA->PWON->SMRA->BSDE

## Aggregate Demand Monitoring

### Structurally Wider Access for Mortgage

In our last sector report, we reviewed the historical dynamics between property companies' discount to RNAV and Indonesia's policy rate, and our analysis indicates two conditions that could lead to lower discounts: 1) a series of rate cuts or 2) a plateauing policy rate following a series of hikes. However, when examining the correlation with marketing sales, aggregate data from property developers show no strong link between lower rates and marketing sales exceeding targets. (Link to last report: <https://link.brights.id/brids/storage/34430/20240909-Property.pdf>)

**Exhibit 1. Discount to RNAV and Indonesia's Policy Rate Dynamics**



Source: Bloomberg, Bank Indonesia, BRIDS

**Exhibit 2. Share Price Performance during Rate Cuts**

	Dec'08 - Aug'09 (300 bps Cut)					Jan'12 - Feb'12 (75bps cut)				
	3 mo. before	1 mo. before	During	1 mo. After	3 mo. After	3 mo. before	1 mo. before	During	1 mo. After	3 mo. After
CTRA	-51.1%	-3.2%	315.6%	-2.7%	-17.1%	16.2%	5.5%	12.3%	12.6%	9.4%
SMRA	-42.0%	-17.5%	202.5%	16.1%	16.1%	2.5%	-3.3%	7.6%	21.8%	10.1%
BSDE	-68.3%	-9.3%	606.8%	-4.5%	10.5%	14.1%	7.1%	9.5%	12.2%	4.3%
PWON	-18.3%	42.0%	9.2%	12.1%	11.2%	-4.3%	5.3%	3.5%	0.0%	-8.3%
ASRI	-35.9%	0.0%	124.0%	1.8%	-2.7%	11.5%	5.4%	17.5%	8.8%	-5.3%
Average	-43.1%	2.4%	251.6%	4.6%	3.6%	8.0%	4.0%	10.1%	11.1%	2.1%

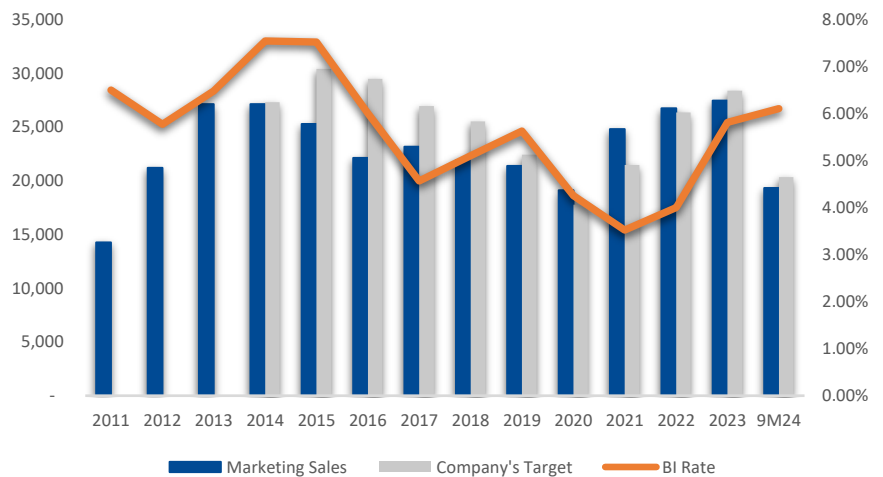
  

	Feb'15 - Sep'17 (350bps cut)					Jul'19 - Feb'21 (250bps cut)				
	3 mo. before	1 mo. before	During	1 mo. After	3 mo. After	3 mo. before	1 mo. before	During	1 mo. After	3 mo. After
CTRA	13.4%	3.1%	-18.2%	1.3%	-0.8%	9.3%	7.4%	-6.5%	-5.2%	-6.9%
SMRA	24.3%	10.0%	-41.3%	-2.8%	-11.2%	18.3%	8.6%	-37.8%	14.0%	14.0%
BSDE	25.4%	9.9%	-20.3%	-2.8%	-4.0%	-1.0%	-7.5%	-18.3%	-3.4%	-3.4%
PWON	6.8%	10.2%	10.9%	3.3%	12.3%	2.8%	0.7%	-25.2%	-1.8%	-9.1%
ASRI	19.6%	12.6%	-43.6%	7.4%	-5.8%	-1.2%	-2.4%	-28.9%	-10.2%	-23.3%
Average	17.9%	9.2%	-22.5%	1.3%	-1.9%	5.6%	1.4%	-23.3%	-1.3%	-5.8%

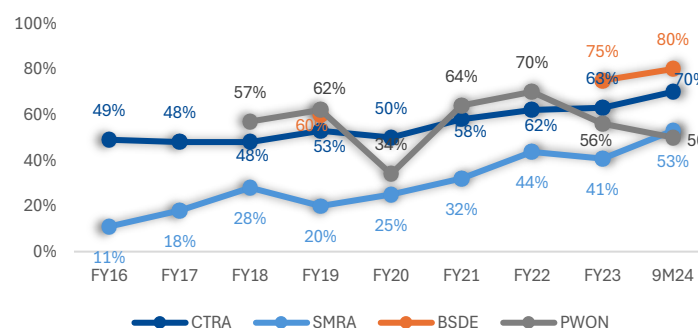
	Avg. 4 Series				
	3 mo. before	1 mo. before	During	1 mo. After	3 mo. After
CTRA	-3.1%	3.2%	75.8%	1.5%	-3.9%
SMRA	0.8%	-0.6%	32.7%	12.3%	7.2%
BSDE	-7.5%	0.1%	144.4%	0.3%	1.8%
PWON	-3.3%	14.6%	-0.4%	3.4%	1.5%
ASRI	-1.5%	3.9%	17.3%	1.9%	-9.3%

Source: Bloomberg, BRIDS

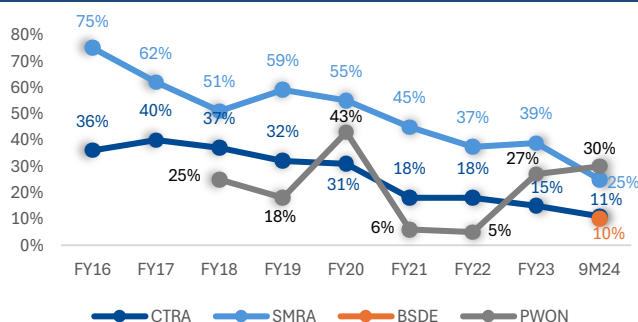
**Exhibit 3. Aggregate Marketing Sales and Indonesia's Policy Rate Dynamics**


Source: Company, Bloomberg, BRIDS

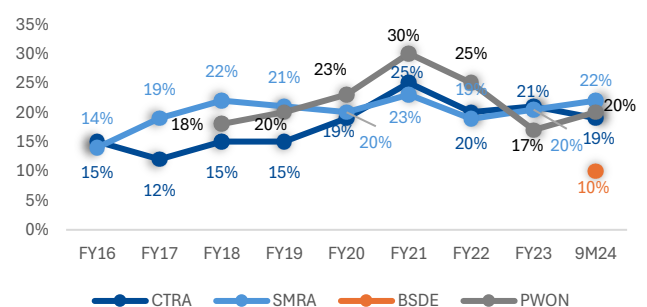
To further deepen the analysis, we observe the mortgage rate and disbursement development to understand the real demand translation during a series of policy rate movements. Mortgages have been the most preferred payment option for Indonesia's property buyers historically (**exh.4**), which we believe could also serve as a gauge for aggregate property demand in Indonesia.

**Exhibit 4. Financing Options of Indonesia's Property Buyers - Mortgage**


Source: Company, BRIDS

**Exhibit 5. Installment Payment Options**


Source: Company, BRIDS

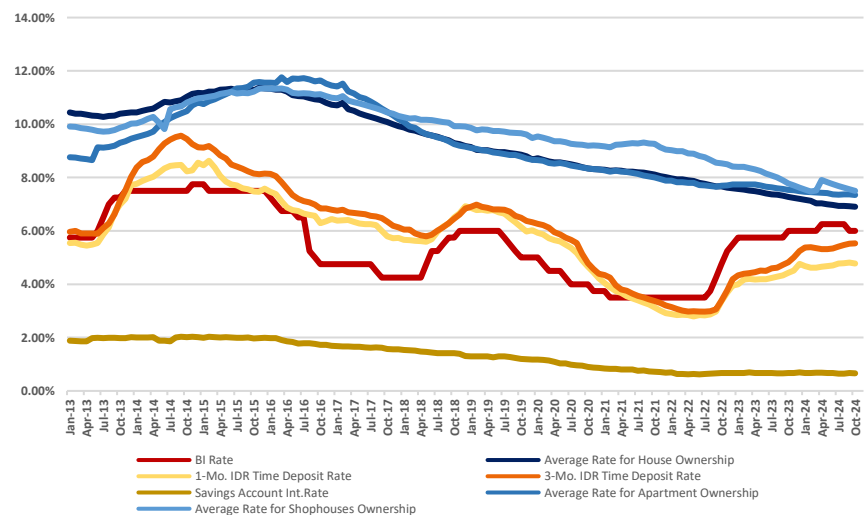
**Exhibit 6. Cash Payment Options**


Source: Company, BRIDS



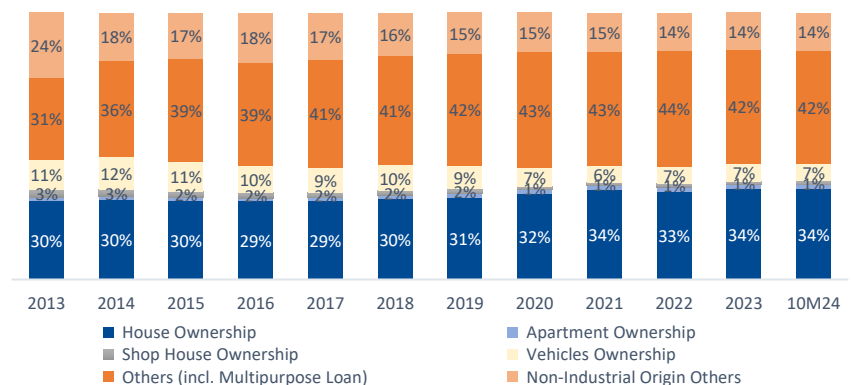
From a rate perspective, our observation shows that mortgage and other property-related loan rates have followed their own trend, declining over the past 10 years despite upward or downward movements in the policy rate (**exh.7**). The composition of mortgages within Indonesia's overall customer loans has also remained stable at 30-35% (**exh.8**).

**Exhibit 7. The Declining Trend of Indonesia's Property-Related Loan Rate**



Source: OJK

**Exhibit 8. Composition of Indonesia's Household Consumption Loan**



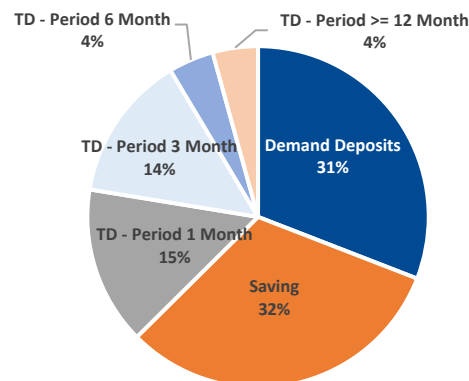
Source: OJK

We believe the insulated movement of property-related loan rates from the policy rate relates to banks' overall view that these loans are their key customer loan drivers, as reflected in the past 10 years' contribution. As such, heightened rates are likely not an option to meet target disbursements.



Despite lower funding costs compared to 10 years ago, which demonstrate banks' ability to obtain funding relatively easily—reflected through the 1–3-month TD Rate and Savings Rate (constituting 29% and 32% of total Third Party Funds, respectively) (**exh.9**)—the persistently declining trend of mortgage rates indicates that disbursement volume is more critical for Indonesian banks than margin uplift. This also highlights intense competition in the business.

**Exhibit 9. Composition of Indonesian Banks Third-Party Fund Sources**

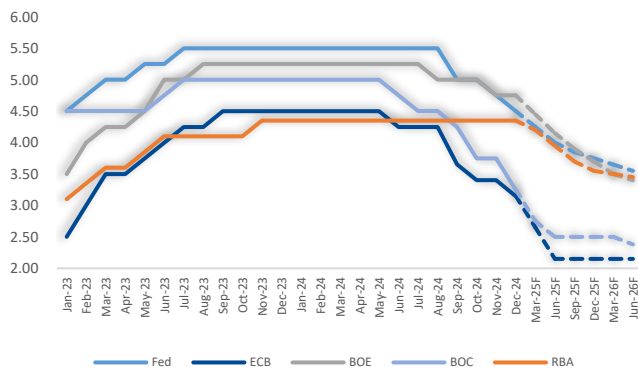


Source: OJK

In the era of easing global central bank rates over the next 2-3 years (**exh. 10**), we believe that Indonesia's overall mortgage rate trend will not differ, i.e., it will continue declining at a similar rate of ~30 bps/year, as historical trends have shown, due to:

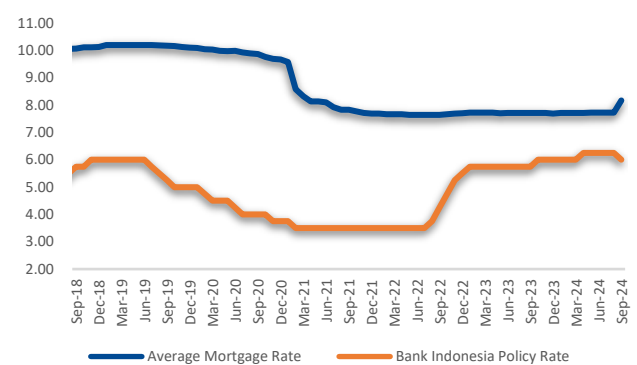
- 1) The competitive landscape among Indonesian banks for customer loans will remain similarly tight as before, focusing on property loans with a priority on volume over margin. Thus, achieving the highest market share will continue to be the main goal. Emphasizing the prime lending rate trends of top Indonesian banks, mortgage rates have shown a consistent decline regardless of policy rate movements (**exh. 11**).
- 2) Indonesian banks' reliance on fixed-rate funding sources, such as term deposits (TD), which are not immediately affected by policy rate changes due to contractual terms, will likely remain unchanged. Banks are often reluctant to reduce deposit rates quickly to avoid losing customers. On the other hand, mortgages are inherently longer-term products (10-20 years tenures), making maturity mismatch and higher default-risk assessments compared to short-term loans a challenge for banks when adjusting pricing to short-term policy rate movements. Additionally, we observed that bank liquidity in FY24 has been tight, in line with the lower savings rate among the Indonesian population (**exh. 12**).

Exhibit 10. Lowering Global Central Banks Rate



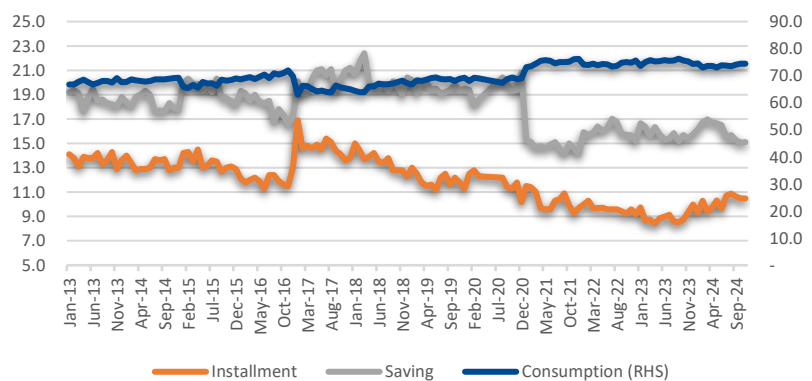
Source: Bloomberg

Exhibit 11. Top Banks Prime Lending Mortgage Rate Trend



Source: OJK, Bank Indonesia

Exhibit 12. Lowering Trend of Indonesian Savings Rate

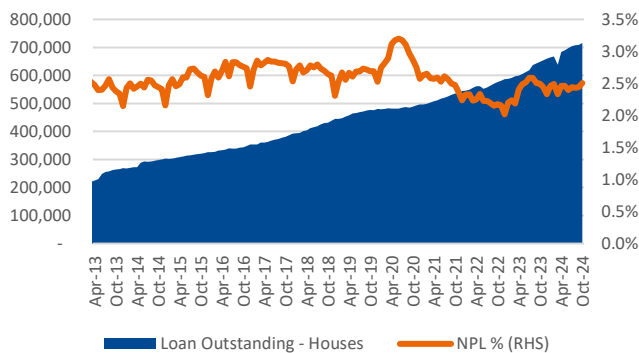


Source: Bank Indonesia

For prospective Indonesian homeowners, this will mean structurally wider funding access and an increased opportunity to obtain their first home. This is also reflected in the outstanding loan growth, which has been steadily increasing at a CAGR of 9% from 2013 to 10M24, with maintained disbursement quality as evidenced by a stable average NPL of 2.6%. We believe this growth rate will remain sustainable for at least the next 2-3 years, given the aforementioned factors in the property loan market.

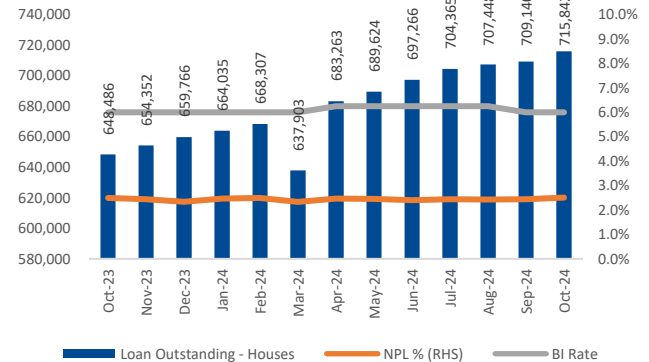
In conclusion, we believe Indonesia's property demand in FY25, viewed from the perspective of mortgage rates and disbursement development, will remain stable in aggregate. Mortgage funding will be structurally wider, supported by the possibility of lower rates, as the competitive landscape among Indonesian banks to capture the customer loan market is expected to remain unchanged. The additional demand and/or success of each developer in retaining and adding customers will depend on their respective product selling points (e.g., affordability, efforts to grow the stable market of mortgage users, location, and transportation access).

Exhibit 13. Loan Outstanding KPR vs NPL



Source: OJK

Exhibit 14. Loan Outstanding KPR vs NPL vs Policy Rate

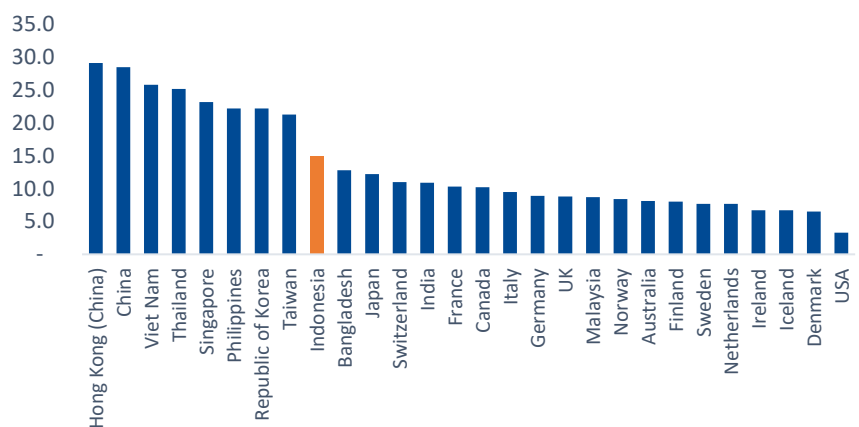


Source: OJK, Bank Indonesia

### Affordability Issues Aided by Supportive Fiscal Policy

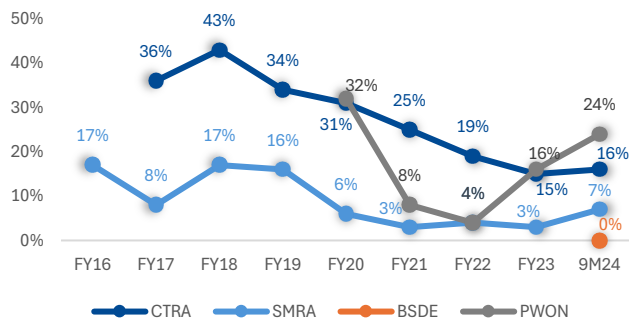
We believe that instead of interest-rate movements, the top concerns that influence Indonesians regarding property purchases are skewed towards affordability, which includes the ability to pay their installment and other initial mortgage-related costs. This issue is particularly significant as the savings rate has evidently been lower (exh.12), which in turn could weaken the purchasing power of first-time homebuyers. **The dynamics of price points from FY16-9M24 marketing sales also show that products sold were in the range of Rp1-5bn, which should remark that this is the aspired price level of property demand within the end-users (exh.16-19).**

Exhibit 15. Property Price-to-Income Ratio



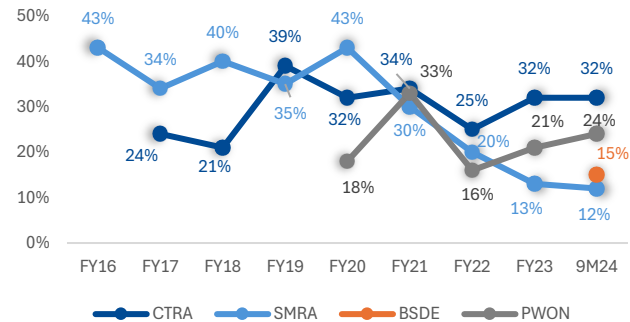
Source: Numbeo

Exhibit 16. Pricing Point of Marketing Sales (&lt;Rp1bn)



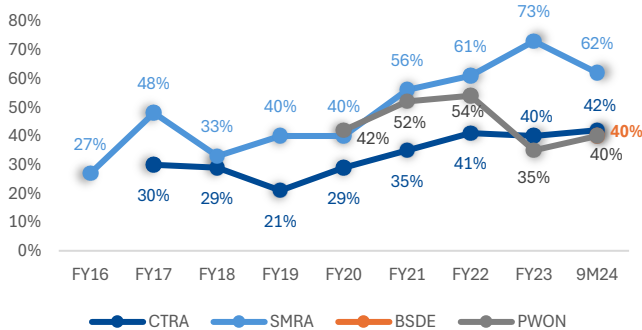
Source: Company, BRIDS

Exhibit 17. Pricing Point of Marketing Sales (Rp1-2bn)



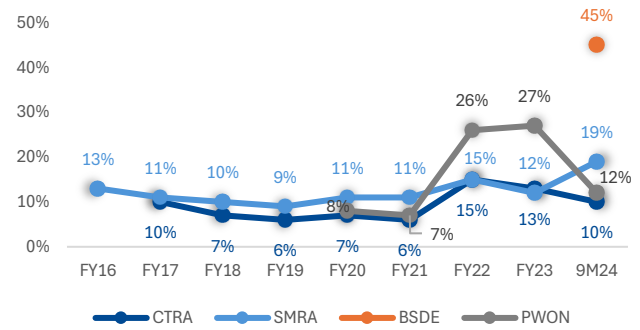
Source: Company, BRIDS

Exhibit 18. Pricing Point of Marketing Sales (Rp2-5bn)



Source: Company, BRIDS

Exhibit 19. Pricing Point of Marketing Sales (&gt;Rp5bn)

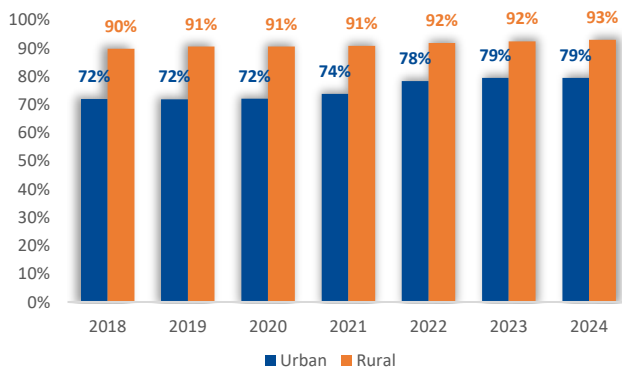


Source: Company, BRIDS

The issue of affordability has become more apparent, particularly in urban areas where homeownership rates are lower (**exh.20**). We believe this is also related to the initial costs of owning a home, such as taxes (VAT, BPHTB), mortgage-related costs, insurance, and monthly installments, which fall within the expenditure bracket of Indonesia's upper-middle-class households (**exh.22-23**).

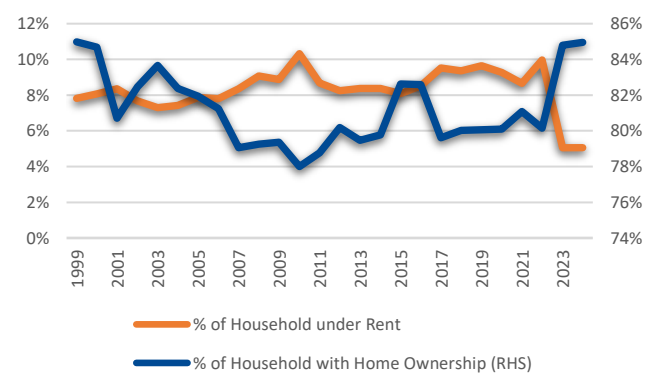
Therefore, listed property developers with project concentrations in growing urban areas will benefit the most from structurally higher demand, as homeownership rates remain low. However, their success in monetizing this demand will also depend on how effectively each developer positions itself within the desired pricing points of Indonesian end-users, who are still affected by affordability challenges.

**Exhibit 20. Higher Homeownership in Rural Areas**



Source: BPS

**Exhibit 21. National Ownership Rate since 1999**



Source: Numbeo

**Exhibit 22. Mortgage Simulation**

House Price Assumption (Rp)	1,300,000,000
% Fixed Rate - 3yr.	3.7%
% Floating Rate	11.0%
% Down Payment	10.0%
Tenor	15 Yr.
Monthly Installment during Fixed Rate	8,479,509
Monthly Installment during Floating Rate	12,345,068
Minimum Required Income/month	16,959,019
<b>Estimates of other Initial Costs</b>	
Mortgage Insurance (1%)	13,000,000
Provision Costs (1%)	11,700,000
Administration & Appraisal	2,000,000
Notary (~1%)	13,000,000
VAT (11%)	143,000,000
Asset-Transfer Duties (BPHTB -5% x NPOP-NPOPTKP)	62,000,000
Total Other Costs	244,700,000
Other Costs as % of Property Price	19%

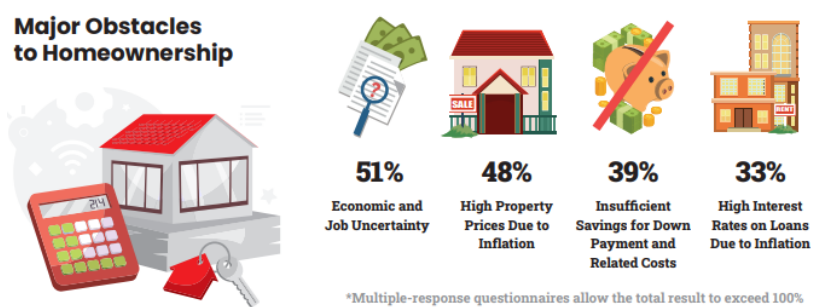
Source: BRIDS Estimates, Various

**Exhibit 23. Indonesia Household Expenditure (Rp/mo.)**

Expenditure Group	2014	2019	2021	2024
Upper Class	>5.14	>7.22	>8.03	>9.90
Middle Class	1.05 - 5.14	1.48 - 7.22	1.65 - 8.03	2.04 - 9.90
Aspiring Middle Class	0.45 - 1.05	0.63 - 1.48	0.70 - 1.65	0.87 - 2.04
Vulnerable	0.30 - 0.45	0.42 - 0.63	0.47 - 0.70	0.58 - 0.87
Poor	<0.30	<0.42	<0.47	<0.58

Source: WorldBank

**Exhibit 24. Key Obstacles of Indonesian Youth on Homeownership**



Source: Indonesia Millennial & GenZ Report 2025, IDNResearchInstitute

Recent announcements by the Ministry of Housing and Residential Areas state that the government has decided to continue the implementation of free 11% VAT for houses under Rp2bn for the next 6 months (Jan25-Jun25), which has been previously in place since Jan24, following the PMK No.7/2024 and PMK No.61/2024.

In addition to that, the government is currently formulating a joint-ministerial decree for the abolition of 5% of asset-transfer duties (BPHTB), and simplification of Building Construction Approval (PBG, formerly called IMB), which used to take 45 days but now could be completed in 10 days. For BPHTB, we believe the abolishment scheme should remain under study, including its ceiling price eligible for exemption, as the revenue collected is shared (80%:20% between regional governments and the central government, according to Permenkeu No. 03/PMK.07/2007).

Overall, we believe all these incentives could significantly support property demand, especially among end-users, by eliminating up to 16% of the property's value as an additional initial cost. This is also reflected in developers' marketing sales up to 9M24, whereby 25-60% was contributed by the VAT-eligible products (exh.59). Current estimates for VAT-eligible inventory levels (CTRA:~Rp1tr per Aug24, SMRA:~Rp500bn per Dec24, BSDE:~Rp1-1.5tr per Dec24, PWON:~Rp1.9tr per Jan25).

The extension of the VAT-exempted product handover period should also replenish developers' inventory levels, which are eligible for the incentives, thus, providing buyers with more options. For the developers, the simplification of Building Construction Approval shall hasten their development cycle and potentially lead to quicker revenue recognition. With these considerations in mind, we expect that the recently announced policy, which is valid until June 2025, will be extended by the government until the end of FY25.

#### Exhibit 25. VAT Discount Scheme According to PMK No.61/2024

##### VAT Scheme According to PMK No.61/2024

100% VAT Discount is given to the first Rp2bn of property values; with maximum selling price of Rp5bn

##### Example 1

House Price (up to Rp2bn)	2,000,000,000
Initial VAT (11% x House Price)	220,000,000
VAT Borne by the Gov't (11% x 100% x Rp2bn)	220,000,000
Remaining VAT to be Paid by Buyer	-
Effective Discount on VAT	-100%

##### Example 2

House Price (Rp2bn-Rp5bn)	3,000,000,000
Initial VAT (11% x House Price)	330,000,000
VAT Borne by the Gov't (11% x 100% x Rp2bn)	220,000,000
Remaining VAT to be Paid by Buyer	110,000,000
Effective Discount on VAT	-67%

##### Other Requirements;

- Only valid for a newly built and ready-to-occupy houses
- Granted for houses that have never undergone an ownership transfer before
- Each individual is entitled to receive the incentive for only one unit of landed house or apartment.
- Houses must be listed in the gov't portal, together with the documentation of handover proof

##### Historical Development;

Exemption	Period
100%	Nov23-Jun24
50%	Jul24-Aug24
100%	Sep24-Dec24
100% (Awaiting for Official PMK Regulation)	Jan25-Jun25

Source: PMK 61/2024, BRIDS

### Sub-Sector Outlook

#### **Residentials: Unwavering Demand for Landed Houses in Greater Jakarta, Improvement in High-Rise Market Will Take Time**

As end-users dominate the demand in Indonesia's property market, we believe that landed residential properties will remain the most resilient growth contributor, given the Indonesian market's preference for landed homes. As of 1H24, Indonesia's most competitive market, Greater Jakarta, continues to show resilient growth with a healthy sales rate of 88% (according to JLL), which is relatively better than pre-pandemic levels (**exh.26**). The opportunity to achieve a better lifestyle and household income has sustained the urbanization trend toward Jakarta for decades, and this trend persists among Indonesian youth and graduates (**exh.31**) as the city remains a business hub even after the recent capital city transition. This phenomenon has driven home ownership in Jakarta's suburbs, supported by public transportation (KRL, MRT, LRT) (**exh.34-36**) and toll-road connectivity.

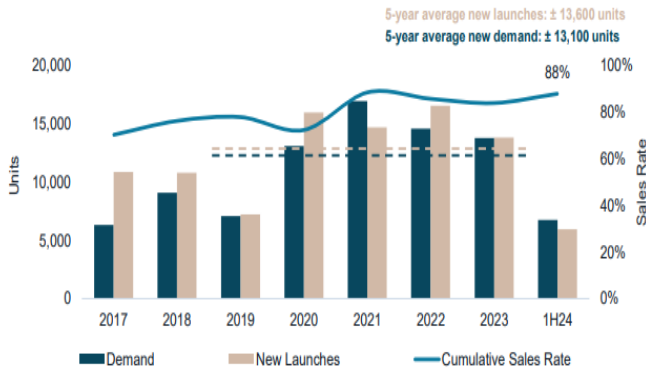
We believe these factors contribute to the balanced supply-demand dynamics in Greater Jakarta, even amidst tight competition and the growing interest of foreign developers entering the market through joint ventures. Examples include: 1) AstraLand with BSDE at Altea Blvd Cibubur and Nava Park 2) Hankyu Hanshin with BSDE at The Zora Project, and with Springhill Group at Yume Lagoon, 3) Mitsubishi Corporation – Surbana Jurong (Mitbana) with BSDE at Hieria, 4) Mitsui Fudosan – Ciputra at CitraRaya Tangerang, 5) Lotte Land at Ecotown Sawangan, and Mitsubishi Corporation at Shila Sawangan in collaboration with Vasanta Group.

**The unwavering demand and popularity of the market provide opportunities for sustainable price increases and healthy margins for developers in Greater Jakarta. The ability to offer homes at desirable locations (primarily connected to public transportation/toll road) and price points will determine the winners in this competitive market.**

**Additionally, the ability to attract joint ventures with trustworthy foreign developers can add significant value to a project's selling points. Tangerang remains the most attractive area due to its excellent connectivity, followed by Bogor and then Bekasi, which benefit from their proximity to industrial estates. We believe the same thesis should apply to determine the key winners for developers across Indonesia's other major cities.**



**Exhibit 26. Landed House Sales Rate – Grt.Jakarta**



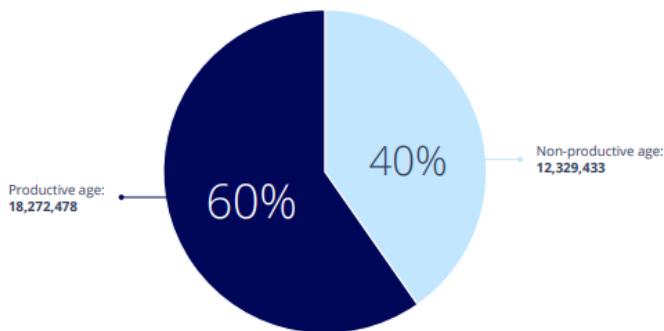
Source: JLL (as of 1H24)

**Exhibit 28. New Launches and Preferred Unit Types**

Statistics	1H24
New Sales	± 6,765 units
New Launches	± 5,965 units
Cumulative Sales Rate	± 88%
Preferred Unit Type	2 – 3 Bedroom
Completed Units	± 3,667 units
Uncompleted Units offered on the market	± 36,676 units

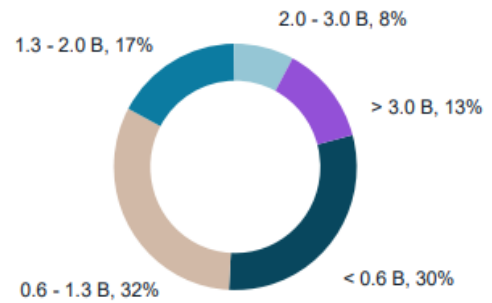
Source: JLL (as of 1H24)

**Exhibit 30. Population Composition of Productive and Non-Productive Age Groups in Greater Jakarta Area**



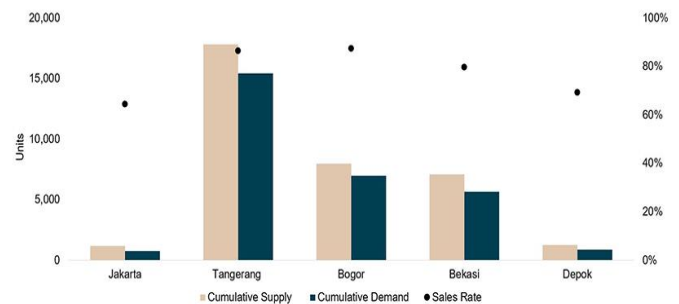
Source: Colliers, BPS (as of 2023)

**Exhibit 27. Sold Units in 1H24 by Price**



Source: JLL (as of 1H24)

**Exhibit 29. Landed House Sales Rate by Area – Grt.Jakarta**



Note:  
 - Cumulative Supply is the total uncompleted available units offered on the market as of 2H23.  
 - Cumulative Demand is the total uncompleted units sold on the market as of 2H23.  
 - Basket excluding completed projects.

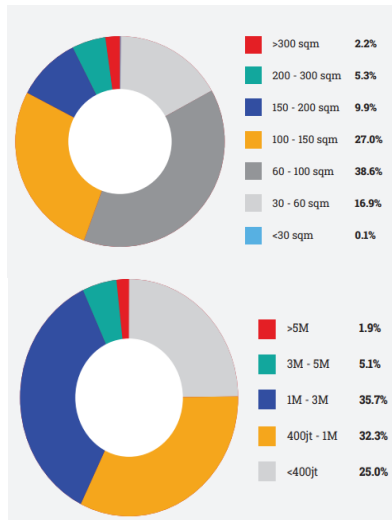
Source: JLL (as of 2H23)

**Exhibit 31. Jakpat 2023 Survey, Property Perspective from Gen Z: Most Desired Place to Buy Property**



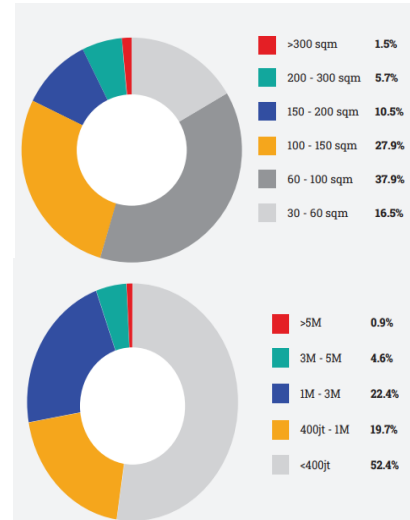
Source: Jakpat 2023

Exhibit 32. Property Price and Size Aspiration - Millennials



Source: Indonesia Millennial Report 2024, IDN Media

Exhibit 33. Property Price and Size Aspiration – Gen Z



Source: Indonesia GenZ Report 2024, IDN Media

Exhibit 34. MRT Jakarta Phase 2 Corridor North-South



Source: MRT Jakarta

Exhibit 35. MRT Jakarta Phase 1 Corridor East-West



Source: MRT Jakarta, Indoposnews.id

Exhibit 36. LRT Jabodebek Route



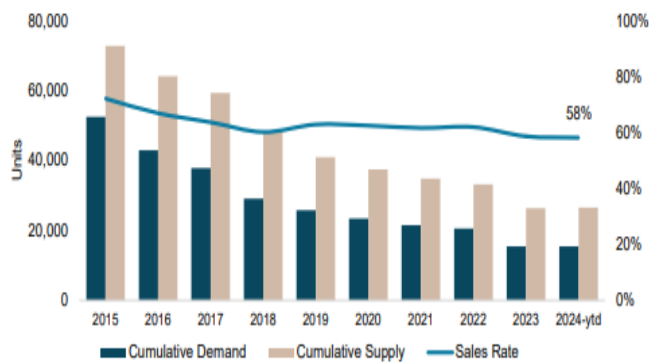
Source: LRT Jabodebek

Meanwhile, high-rise residential properties continue to face challenges stemming from years of oversupply, Indonesian customer preferences for landed homes, and competition from the secondary market, which, according to Colliers, can offer discounts of up to 30%. However, the market is gradually starting to stabilize as developers decelerate additional supply. Many developers are focusing on completing ongoing projects, postponing new launches due to the elections and extended holiday periods, while others face construction delays. Unit absorption rates remain relatively weak in Jakarta but are better in Surabaya, driven by PWON.

Buyers in the high-rise residential market are predominantly upper-middle- and luxury-segment end-users who prefer ready-stock strata-title units, indicating their preference for the legality and certainty of the project. Meanwhile, apartments priced below Rp2bn are attracting interest due to VAT incentives. On a positive note, investors have started to return to the market, particularly focusing on apartments located along the LRT Jabodebek corridor.

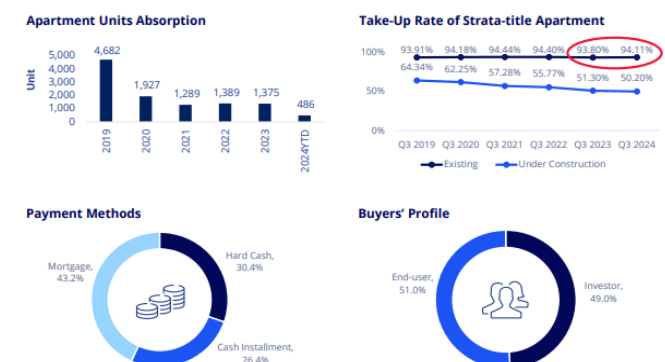
**While it may take time for condo developers to raise prices and improve overall unit absorption rates, we believe that, in the long run, the apartment market will recover. The structurally limited availability of land in Greater Jakarta, Surabaya, and other major cities, combined with growing urban populations, will drive demand for high-rise units for rent or purchase. This trend is expected to gradually improve the currently unattractive rental yield (5-7% compared to the 10-year government bond yield of 7%). We believe that successful high-rise developers capable of convincing buyers will exhibit the following characteristics: 1) Strong working capital to complete projects without relying on pre-sales development schemes. 2) Offering integrated transit-oriented development (TOD) or one-stop living concepts, equipped with malls, public facilities, and other amenities. 3) Targeted marketing in areas with limited landed housing options or high concentrations of productive-age commuters. 4) Providing discounts on units or service charges to attract buyers from the secondary market pool.**

**Exhibit 37. Jakarta Condominiums Sales Rate**



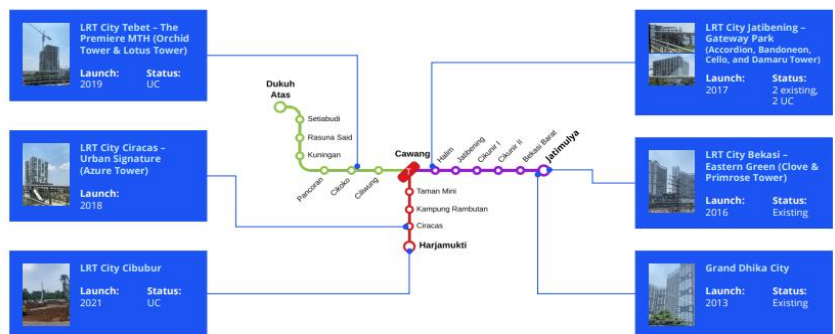
Source: JLL Jakarta Property Market Review 3Q24

**Exhibit 38. Apartment Units Absorption and Buyer's Profile**



Source: Colliers 2H24 Market Update and FY25 Outlook

**Exhibit 39. Apartment within the LRT Jabodebek (53%:47% Investor:End-Users)**



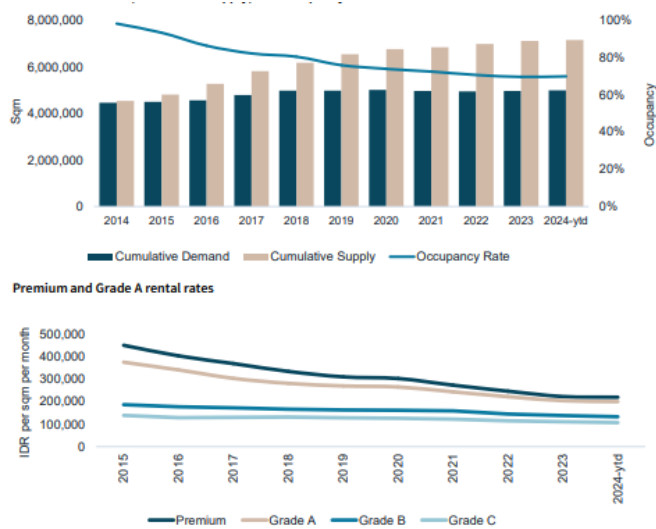
Source: Colliers 2H24 Market Update and FY25 Outlook

### Commercials: Retails remain The Healthy Recurring Revenue Stream

**Office:** The oversupply situation persists in Jakarta's office market, pushing overall rental rates down over the past 9–10 years. This phenomenon has led to a "flight-to-quality" behavior among tenants and prospective buyers, as the rental rate gap between premium and Grade A offices and Grade B and C offices has narrowed. Occupancy rates for CBD office buildings in Jakarta remained stable at 70% in 3Q24, with premium-grade buildings performing slightly better at 73% (according to JLL).

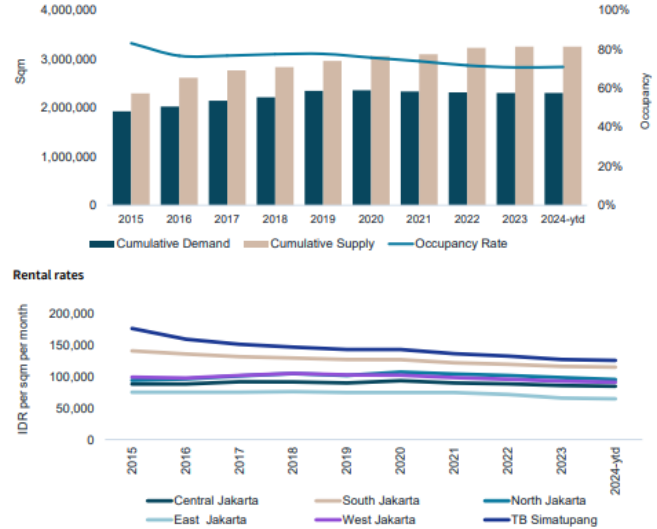
The overall market, however, continues to be impacted by cost-saving measures and the implementation of new workplace strategies. **We believe that, for listed developers, shifting capital expenditure to other recurring revenue streams over the next 2–3 years and maximizing the value of existing portfolios in CBD offices will yield better outcomes, as the risk of unabsorbed office spaces outweighs the potential returns.**

Exhibit 40. Jakarta CBD Office Occupancy and Rental Rates



Source: JLL Jakarta Property Market Review 3Q24

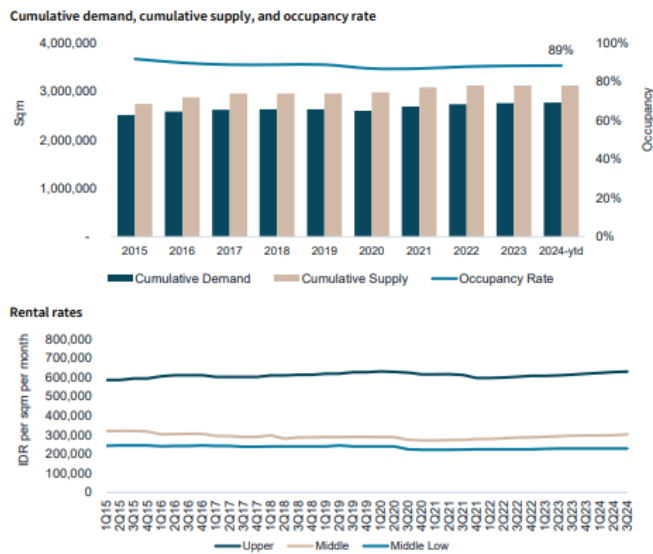
Exhibit 41. Jakarta Non-CBD Office Occupancy and Rental Rates



Source: JLL Jakarta Property Market Review 3Q24

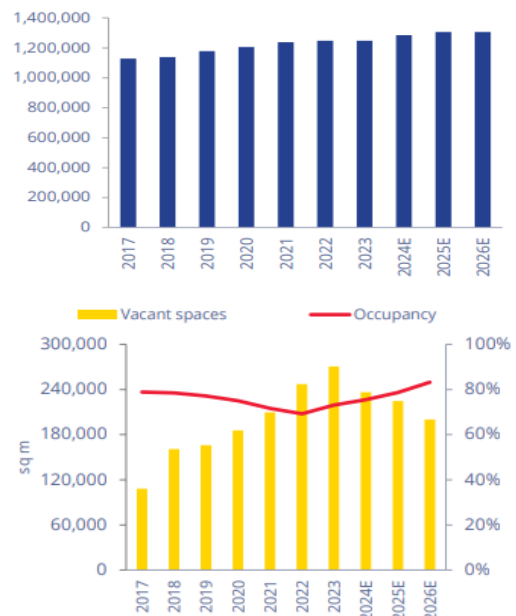
**Retail:** Market demand remains driven by the F&B sector, with the fashion sector also showing strong performance. In Jakarta, overall rents and occupancy remain healthy as numerous global brands are exploring adding their presence, especially in prime shopping malls. Similar trends have appeared in Surabaya, with Colliers expecting 6%/3%/3% cumulative demand/rent/service charge increases per year during FY24-FY26F. **We believe that capex directed towards the extension of prime shopping malls, especially those directed towards lifestyle & entertainment, with F&B tenants as major drivers, shall provide good recurring revenue streams for the listed developers.**

**Exhibit 42. Cumulative Supply and Occupancy Rate – Jakarta Retail**



Source: JLL Jakarta Property Market Review 3Q24

**Exhibit 43. Cumulative Supply and Occupancy Rate – Surabaya Retail**



Source: JLL Jakarta Property Market Review 3Q24

**Hotels:** The continued strong momentum in tourism has driven improvements in the trading performance of hotels in both Jakarta and Bali. Numerous events, such as exhibitions, international artist concerts, and political party congresses, have also boosted occupancy rates. **While the current state of the hotel industry remains positive, recent government initiatives to cut spending on MICE (Meetings, Incentives, Conferences, and Exhibitions) in hotels could pose risks to FY25F growth.** According to the Indonesian Hotel and Restaurant Association (PHRI), a similar policy implemented in 1Q15 significantly reduced occupancy rates.

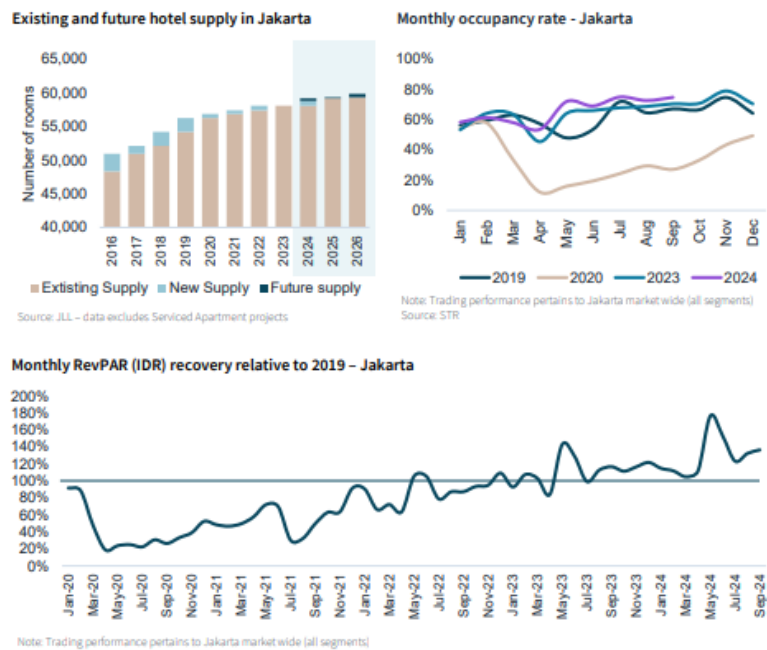
For five-star hotels, the market share of government-related guests is approximately 10–15%, while for three- and four-star hotels, it reaches 30–40% and can rise to as high as 70% in Eastern Indonesia.

**We believe that the impact on listed developers should not be too severe, as most of their portfolios consist of four-star hotels or higher, with the following contributions:**

- 1) **PWON:** Networks of FourPoints, Sheraton, Westin, and Marriott in Jakarta, Surabaya, Jogja, and Bali, contributing 20% to total revenue.
- 2) **CTRA:** Ciputra World Jakarta & Surabaya, Ciputra Hotel Jakarta & Semarang, and the chain of budget hotels CitraDream, contributing 6% to total revenue.
- 3) **SMRA:** Harris Hotel Kelapa Gading & Bekasi, Pop! Kelapa Gading, and Movenpick Bali, contributing 4% to total revenue.
- 4) **BSDE:** Room Inc Semarang, contributing less than 1% to total revenue.



**Exhibit 44. Overall Jakarta's Hotel Trading Performances**



Source: JLL Jakarta Property Market Review 3Q24



## Dissecting Company's Fundamentals: Ability for Asset Monetization as Key Differentiator

Analyzing the ROE of Indonesian property players reveals a common trend of lower net margins since the FY14-15 period, with increasing asset values not being matched by higher turnovers. Increasing construction costs also impacted the overall net margin dynamics of developers (**exh.45**). However, a gradual improvement has been observed post-pandemic, with CTRA showing an exceptionally faster recovery starting from FY16-FY17.

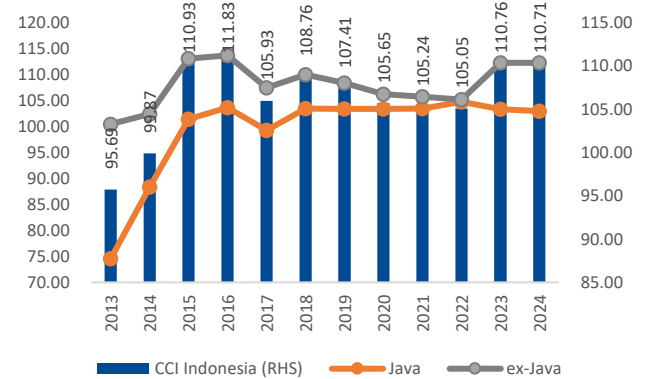
We believe that in CTRA's case, this improvement is partly due to its joint venture (JV) and joint operation (JO) projects. Although these collaborations typically result in lower ROA/ROE on a per-project basis, they have accelerated development cycles and boosted revenues through increased project launches and higher marketing sales, all while awaiting the utilization of its directly-owned landbank. This strategy has also been crucial in overcoming the challenges faced by property developers over the past decade in acquiring landbanks in strategic locations.

**Exhibit 45. Construction Cost Index vs Developers Margin**



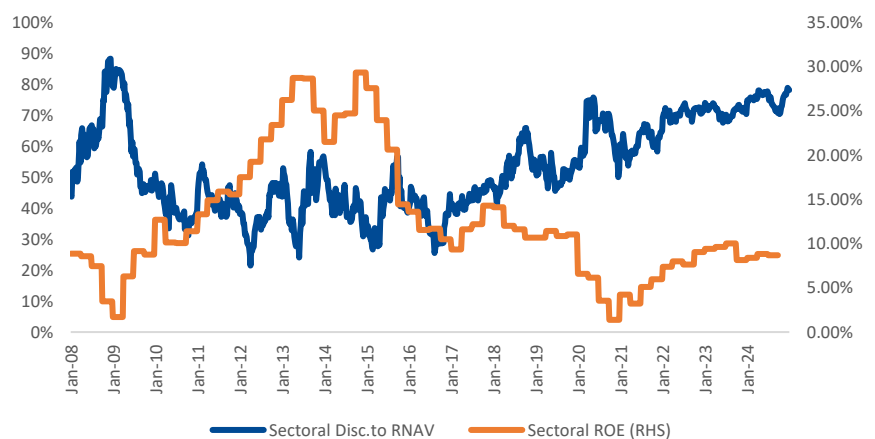
Source: BPS, Company, BRIDS Estimates

**Exhibit 46. Construction Cost Index Java ex-Java**



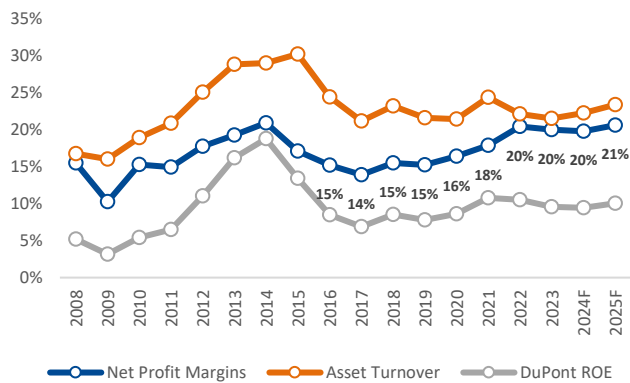
Source: BPS, Company, BRIDS Estimates

**Exhibit 47. Discount to RNAV and Sectoral ROE Dynamics**



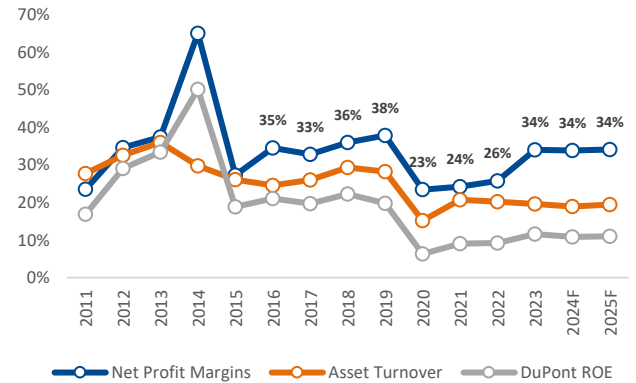
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 48. DuPont Analysis CTRA



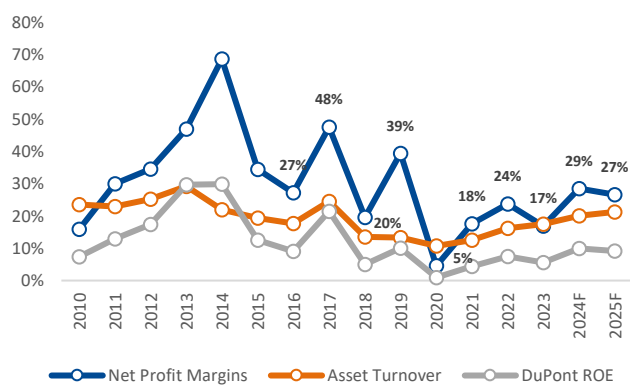
Source: Company, BRIDS Estimates

Exhibit 49. DuPont Analysis PWON



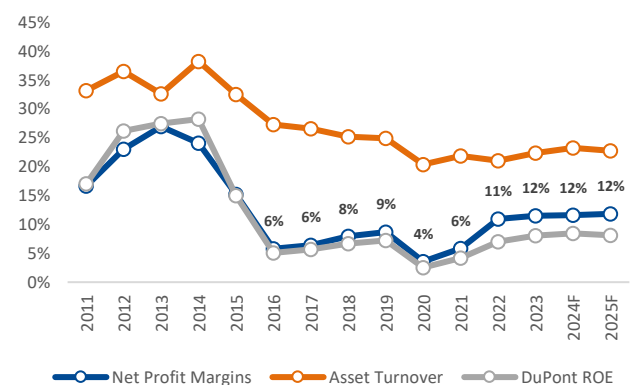
Source: Company, BRIDS Estimates

Exhibit 50. DuPont Analysis BSDE



Source: Company, BRIDS Estimates

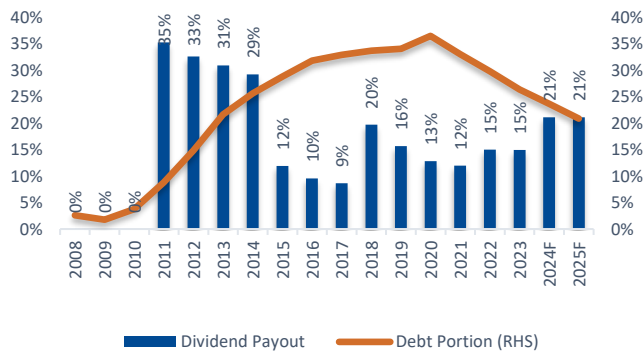
Exhibit 51. DuPont Analysis SMRA



Source: Company, BRIDS Estimates

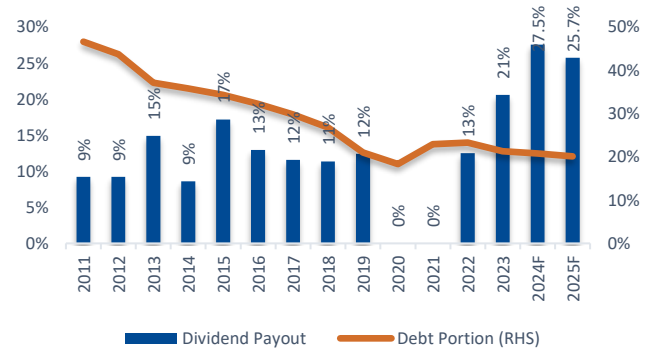
At the same time, companies are deleveraging their balance sheets and reinvesting their earnings at a higher rate, as reflected in lower dividend payout ratios, thereby strengthening their equity base. CTRA, however, is the only developer consistently distributing dividends, even during the pandemic. **We believe that the ability to monetize assets, as reflected in ROE, will be the key differentiator among listed property stocks, given that each of the companies has secured a healthy balance sheet and, as a result, can maintain a sustainable lower discount to RNAV.**

Exhibit 52. Div Payout and Debt Portion CTRA



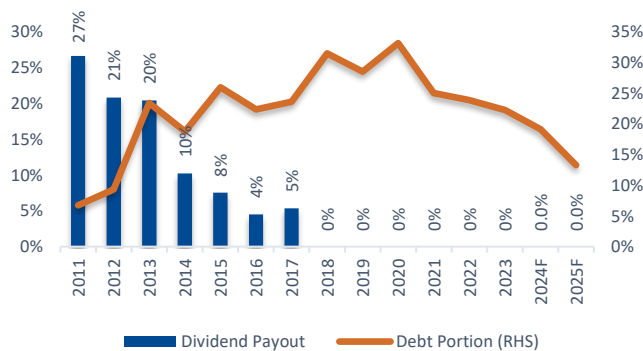
Source: Company, BRIDS Estimates

Exhibit 53. Div Payout and Debt Portion PWON



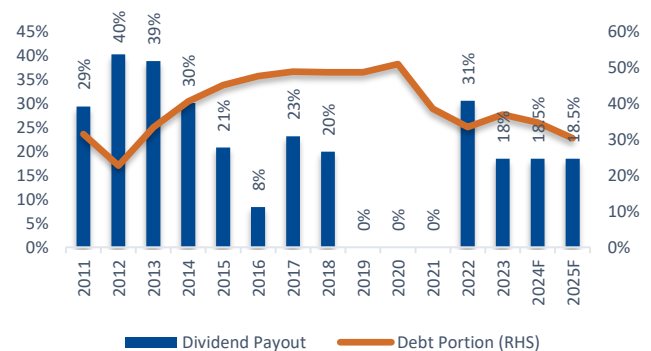
Source: Company, BRIDS Estimates

Exhibit 54. Div Payout and Debt Portion BSDE



Source: Company, BRIDS Estimates

Exhibit 55. Div Payout and Debt Portion SMRA



Source: Company, BRIDS Estimates

### Picking The Winning Developers

The share price movement of Indonesian property developers, according to our historical observations, is sensitive to changes in Indonesia's policy rate, despite no direct correlation between lower interest rates and the company's ability to exceed its marketing sales target. Analyzing the development of mortgage rates and disbursement during periods of policy rate fluctuations, we observed an isolated movement in banks' mortgage rates compared to the policy rate. We believe this reflects the overall strategy of banks, who view mortgages as a safe business option to meet their disbursement targets. This has created intense volume competition, preventing banks from raising mortgage rates despite relatively lower funding costs compared to 10 years ago.

We believe structurally wider mortgage access will continue for the next couple of years, given the competitive landscape banks face and the nature of mortgages as long-term products. This inherently creates a gap between the rates banks pay to time-deposit holders (which are more sensitive to policy rate movements) and the rates charged to mortgage customers. This situation benefits prospective Indonesian homeowners and is reflected in the steady growth of mortgage outstanding loans, which recorded a CAGR of 9% from 2013 to 10M24.

Despite wider mortgage access, affordability issues continue to influence Indonesian property buyers' decisions, especially in urban areas where homeownership rates are lower. High property price-to-income ratios, multiple initial costs aside from down payments, and relatively high monthly installments weigh heavily on prospective buyers. The government's ongoing efforts, such as the VAT-exemption program, abolishing asset-transfer duties (BPHTB), and simplifying building construction approvals, should incentivize demand from both the demand and supply sides.

What we can assess and routinely observe is that property developers most likely to dominate the market are those that can:

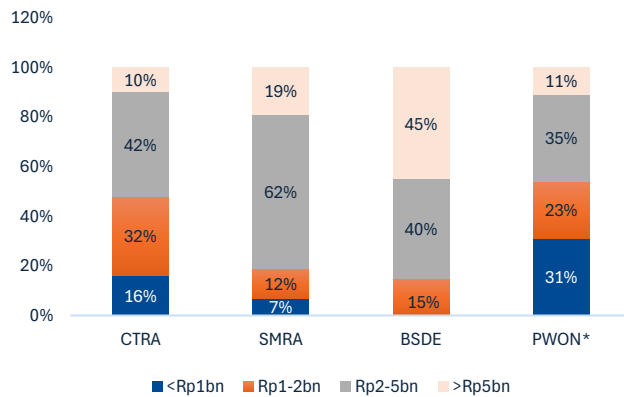
- 1) Provide houses within the aspired price range of Rp1–5bn, thereby tapping into the majority of the middle class utilizing structurally wider mortgage access.
- 2) Develop properties within the rings of Indonesia's major cities, where homeownership rates are low.
- 3) Maintain a relatively healthy contribution of non-VAT pre-sales, meaning the company's pre-sales from products not eligible for VAT exemptions should also be sold well, allowing it to manage risks from discontinued government incentives.

Looking deeper into preferred products, Indonesian property buyers—predominantly end-users—continue to favor landed houses, especially in well-connected areas of Greater Jakarta. Most buyers are of productive age (including Millennials and Gen Z) and demand properties sized 60–150 sqm with a ceiling price of Rp3bn per unit. High-rise residential properties still face challenges from oversupply and competition with the secondary market. However, the market is gradually improving, albeit slowly. Structurally, the high-rise market is expected to recover in the long term due to the rising land scarcity in Indonesia's major cities, driving demand for denser vertical residential projects.

Considering these factors, we favor developers with majority of their portfolios comprising of landed houses within the aspired price points, particularly in Greater Jakarta. Additionally, high-rise developers with strong working capital and those offering transit-oriented developments (TOD) or one-stop living concepts are also well-positioned. Recurring revenue streams are expected to remain healthy from the retail sector, while the office segment faces risks from companies' cost-saving measures, and hotels may be impacted by potential government cost-saving initiatives, which could affect occupancy rates.

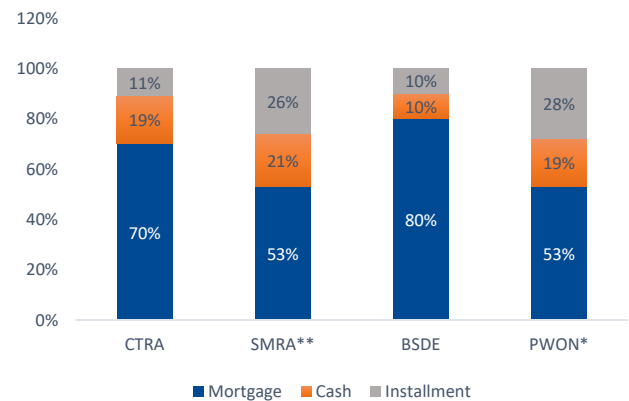
All these factors will determine which developers can achieve sustainable, healthy growth in marketing sales. Another critical aspect that we believe is essential for maintaining a lower discount to RNAV, regardless of future interest rate movements, is the ability to monetize a healthy balance sheet, as reflected in their ROE. Therefore, having a strategy to overcome challenges such as difficulties in acquiring land banks in Java and the rising construction cost index, while maintaining a healthy net margin, will be crucial.

Exhibit 56. 9M24 Marketing Sales Pricing Mix



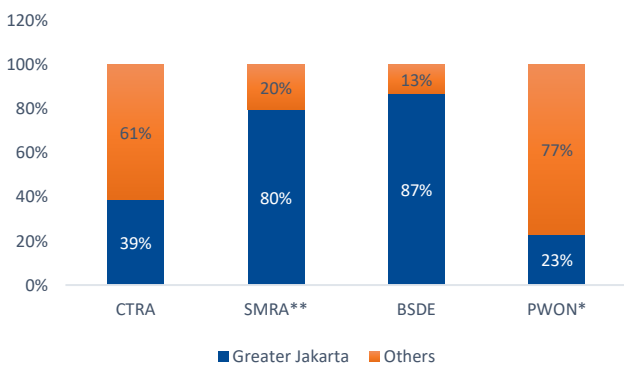
Source: Company. \*PWON using FY24 Data

Exhibit 57. 9M24 Marketing Sales Payment Profile



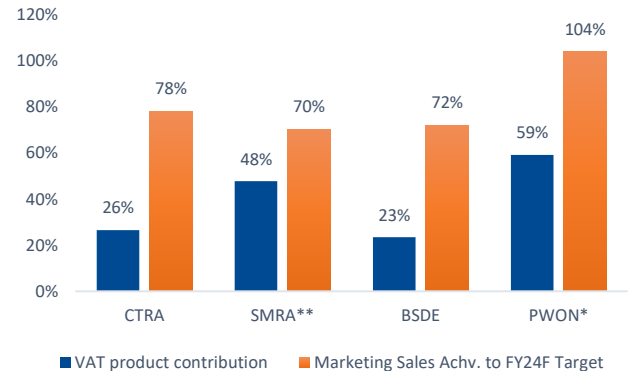
Source: Company. \*PWON using FY24 Data, \*\*SMRA using 11M24 Data

Exhibit 58. 9M24 Marketing Sales Location Concentration



Source: Company. \*PWON using FY24 Data, \*\*SMRA using 11M24 Data

Exhibit 59. VAT Contribution to Marketing Sales



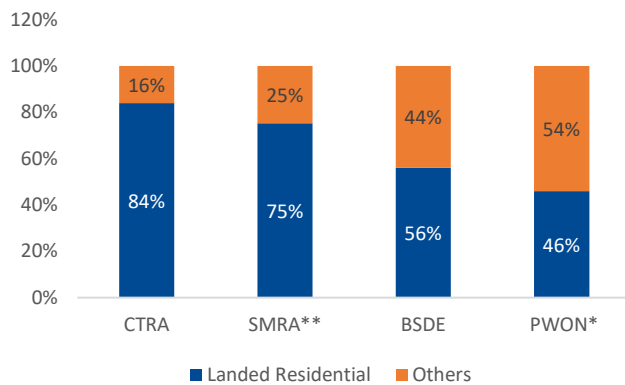
Source: Company. \*PWON using FY24 Data, \*\*SMRA using 11M24 Data

Exhibit 60. Potential Launching Pipeline 2H24-FY25F

Company	Project	Types	Price Range (Rpbn)	Expected Pre-Sales (Rpbn)
CTRA	Serpong-Lake Villa Cluster	Landed House	3.0-4.2	500
	Serpong-Elaia Phase 2	Landed House	0.9-1.6	385
	Surabaya-Emerald Stone & Stone Gate	Landed House	2.6-6.1	381
	Gama Ciy Medan-Sentosa Cove Phase 2	Landed House	3.7-6.4	239
	CPI Makassar-The Venetian	Shophouses	8.4-14.0	196
	Sentul-Chianti Cluster	Landed House	0.9-1.5	136
	Jakarta-Aero Prime Phase 2	Landed House	3.4-4.2	100
SMRA	Tangerang	Landed House	0.9-5.3	570
	Crown Gading	Landed House	1.9-3.0	n.a.
	Serpong	Shophouses	5.0-5.3	n.a.
	Bogor	Shophouses, Landed House	1.9-2.8	n.a.
BSDE	Terravia Adora - BSD Phase III	Landed House	2-4	n.a.
	Hiera - BSD Phase III	Landed House	3-6	n.a.
	Nava Park - BSD Phase II	Landed House	>5	n.a.
	West Village - BSD Phase II	Shophouses	3-9	n.a.
	Grand Wisata Bekasi	Landed House	3-7	n.a.
	Grand City Balikpapan	Shophouses	2.5	n.a.
	JV Land Sales - BSD City and Hiera	JV Land Sales		1,000
PWON	Kokas Condo Phase 4	High-Rise	n.a.	n.a.
	Grand Pakuwon	Landed House	2.3	n.a.
	Pakuwon City	Landed House	3.8	n.a.

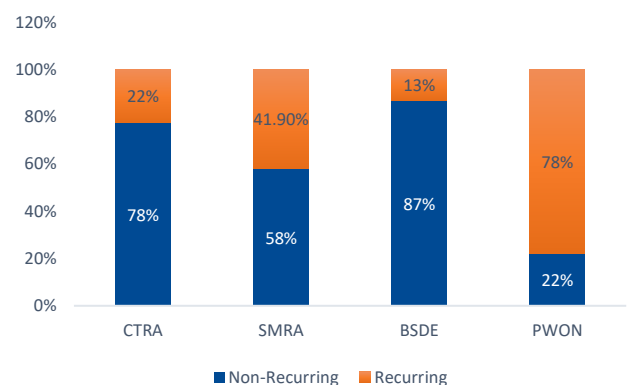
Source: Company, BRIDS

Exhibit 61. 9M24 Marketing Sales Product Mix



Source: Company. \*PWON using FY24 Data, \*\*SMRA using 11M24 Data

Exhibit 62. FY25F Revenue Contribution



Source: Company, BRIDS

We assigned a scorecard based on the catalysts and risks associated with the FY25F outlook for Indonesia's property market to determine the top-performing developer stocks. Scores range from 1 to 4, with 4 indicating the highest competitive position in a specific aspect and 1 indicating the lowest. Several metrics were measured based on the latest marketing sales achievements. While we acknowledge that metrics such as pricing mix, payment profile, product mix, location, and VAT product contributions to pre-sales may fluctuate over the next 1–2 years, we believe that the latest achievements already reflect each company's marketing strategy to effectively monetize their asset values.

Our top pick is **CTRA**, as it ranks highest across all metrics, followed by **PWON**, **SMRA**, and **BSDE**. We continue to prefer **PWON** over **SMRA** despite their tied scores, appreciating **PWON**'s strong recurring revenue growth, with a 10% CAGR projected between FY24F and FY29F, driven by its mall expansion pipeline. This pipeline has the potential to deliver higher ROE levels in the future. Additionally, despite its product mix being dominated by high-rise residentials, we value **PWON**'s development concepts, which incorporate a one-stop living approach through mixed-use facilities. **PWON** possesses the key characteristics of a winning high-rise developer.

Exhibit 63. Property Developers Scorecard of Catalysts

Perspective	Metrics to See	CTRA	SMRA	BSDE	PWON
Aspired Pricing Range of End-Users as Demand Driver	Rp1-5bn Product Contribution	4	4	2	3
Tapping the Customer Base who utilize Wider Mortgage Access	Mortgage Payment Term	3	2	4	2
Location within Indo Major Cities	High Greater Jakarta Presence but Overall Well-Diversified Location (Max 50% Greater Jakarta is Ideal, to avoid overconcentration risks)	4	3	2	1
Managing Risks of Discontinued Gov't Incentives	Moderate Contribution of VAT pre-sales (30% contribution is ideal), yet Marketing Sales remain beating Target, Higher Number of Product Launchings	4	1	3	2
Best Product Mix	Prefer Landed Houses, second choice on One-stop Living High-Rise	4	3	2	2
Healthy Recurring Revenue to Mitigate Weak Pre-sales	Strong Retail Portfolios	2	3	1	4
Potential for Premium Valuation	Strategy to Improve ROE	4	1	2	3
Total Points		25	17	16	17
Stock Pick Order		CTRA --> PWON --> SMRA --> BSDE			

Source: BRIDS Estimates

### Investment Thesis Summary and Valuation Overview

Our latest estimation indicates marketing sales growth of 4%/-2% in FY25F/FY26F, while net profit growth is projected at 2%/0%. Aggregate marketing sales in FY26F are expected to decline, as we anticipate BSDE will no longer book JV land sales, which account for approximately 16% of the company's total pre-sales. However, using BSDE's core marketing sales as a basis, aggregate marketing sales growth for FY25F/FY26F reaches 5%/2%.

From a valuation perspective, all companies are currently trading below their 5-year historical average discount to RNAV, with SMRA appearing to be the most attractive, followed by BSDE, PWON, and then CTRA. However, when analyzing Price/Marketing Sales to highlight companies with relatively modest recurring revenue contributions, CTRA emerges as the cheapest option, followed by SMRA and then BSDE. All companies maintain relatively light balance sheets, with stable ROE trajectories expected for FY25F-26F.

Overall, we remain Overweight on the sector for the next 12 months, as all developers' valuations are trading at lower levels compared to five years ago, despite showing improved profitability, marketing sales performance, and balance sheet quality. This suggests an underappreciation of the sector's intrinsic value. However, challenges from external factors, such as a more hawkish stance by global central banks, may pose risks of short-term selling pressure or static share price movements due to the sector's perception as interest-rate sensitive. This has also been reflected in mutual fund ownership trends during 4Q24 (**exh.71**), which show selling pressure despite no significant changes in the stocks' fundamentals.

### **Investment Thesis Summary**

**CTRA:** From our scorecard, CTRA scores highly across nearly all aspects of capturing the FY25F property customer trends:

- 1) A pricing mix within Rp1–5bn, dominated by landed house products and mortgage-using payer mix.
- 2) A strong presence in Greater Jakarta with a well-diversified portfolio.
- 3) Moderate VAT contribution while still surpassing its marketing sales target.
- 4) An improving ROE strategy through its joint operation/joint venture (JO/JV) model, which leverages brand equity to accelerate revenue bookings while waiting for its directly-owned landbank development cycle.

Downside risks include lower pre-sales achievements, as the company hit an all-time high record in FY24F. **We maintain our Buy rating on CTRA with a 52% discount to RNAV-based target price of Rp1,700, implying 1.3x FY25F P/BV.**



**PWON:** benefits from a strong retail portfolio with an expansion pipeline of +~200k sqm net leasable area (NLA) over the next five years (FY24F–FY29F), which helps offset relatively modest pre-sales in the high-rise residential market. Despite the weak high-rise market, the company exceeded marketing sales expectations in FY24F (as detailed [here](#)), likely attributed to its one-stop living mixed-use concept.

**We maintain our Buy rating on PWON with a target price of Rp640, based on a 58% discount to RNAV.** We believe the market has already priced in the risks of a weak condo market while overlooking its stable recurring revenue growth, which we estimate to average 10% annually during FY24F–FY29F, along with its future mixed-use expansion pipeline. The current price offers an attractive 75% discount to RNAV versus its historical 5-year average of 64%.

Risks include:

- 1) Project concentration in Surabaya.
- 2) Weaker pre-sales due to declining high-rise residential demand or the discontinuation of government incentives, as the company has relatively high VAT product contributions to its pre-sales.

**SMRA:** SMRA aligns well with our scorecard, particularly for its pricing mix of Rp1–5bn, which caters to entry-level end-user demand for landed houses in Greater Jakarta. The company also boasts a strong recurring revenue franchise, contributing approximately 42% to FY25F revenue (**exh.62**). Moreover, SMRA emerges as a value option in the sector, with its current 87% discount to RNAV. **We maintain our Buy rating on SMRA with a 79% disc.to RNAV-based TP of Rp800.**

Risks include:

- 1) Weaker overall demand in Greater Jakarta, which could slow marketing sales due to the high project concentration in the area.
- 2) A slower recurring revenue expansion pipeline compared to PWON, potentially leading to slower revenue growth during periods of weak marketing sales.

**BSDE:** BSD City's strong connectivity with Jakarta's major highways and proximity to transport hubs will remain the key distinctive selling points in the Indonesian property market, allowing BSDE to dominate its market segment by pioneering a well-designed township. Supported by other projects strategically located in Jakarta's suburb with interconnected transportation facilities (e.g. Grand Wisata Bekasi, where marketing sales have increased by ~Rp300bn/year post the effective operations of LRT Jabodebek), we believe these projects shall support BSDE's core marketing sales (excl. JV land sales) in FY24F–FY26F (our forecast of Rp7.9tr–Rp8.7tr). Its ability to attract foreign developers for a joint venture could also add selling points to each project launchings, as well as the addition from SMDM's newly acquired landbank. **We maintain our Buy rating on BSDE with our 67% disc.to RNAV-based TP of Rp1,550.** Risks is on: 1) lower-than-expected marketing sales achievement 2) lower dividend payout (avg. peers' payout of 23%), deterring its ROE improvement to reclaim the 45-50% disc.to RNAV during FY14–FY15 property boom.

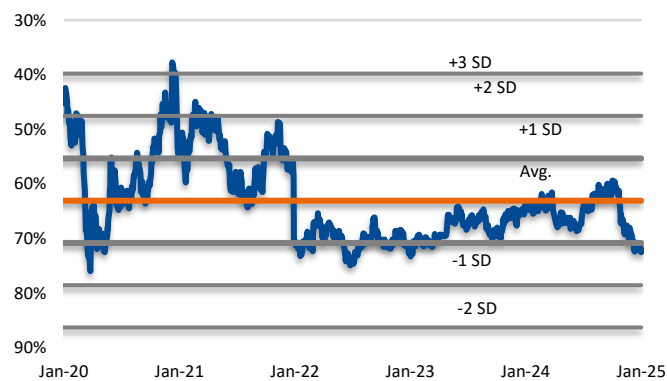
**Exhibit 64. Valuation Overview**

Company	Revenue (Rpbn)			Net Profit (Rpbn)			Net Profit Growth (%)			ROE (%)			Net Debt (Cash)		
	24F	25F	26F	24F	25F	26F	24F	25F	26F	24F	25F	26F	24F	25F	26F
CTRA	9,966	10,977	11,797	1,967	2,257	2,636	6.6	14.7	16.8	9.4	10.0	10.7	-14%	-22%	-29%
BSDE	13,545	14,777	13,796	3,861	3,924	3,760	98.5	1.6	(4.2)	10.0	9.2	8.1	2%	-7%	-13%
PWON	6,370	6,938	6,678	2,154	2,360	2,218	2.3	9.6	(6.0)	10.8	11.0	9.6	-8%	-11%	-12%
SMRA	9,660	7,329	7,380	1,203	853	792	57.0	(29.1)	(7.1)	11.6	7.6	6.7	33%	33%	33%

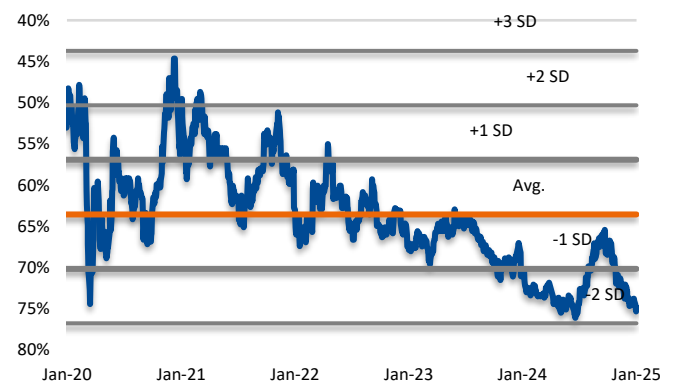
  

Company	P/E (x)			P/BV (x)			Mkt. Sales (Rpbn)			Price/Mkt. Sales			Disc.to RNAV		
	24F	25F	26F	24F	25F	26F	24F	25F	26F	24F	25F	26F	Current	Avg. 5-Yr.	Diff.%
CTRA	8.4	7.3	6.3	0.8	0.7	0.6	11,013	11,515	12,038	1.5	1.4	1.4	74%	63%	11%
BSDE	4.9	4.8	5.0	0.5	0.4	0.4	9,495	9,690	8,691	2.0	2.0	2.2	81%	71%	11%
PWON	8.5	7.8	8.3	0.9	0.8	0.8	1,456	1,535	1,312	12.6	11.9	14.0	75%	64%	12%
SMRA	6.2	8.7	9.3	0.7	0.6	0.6	4,333	4,543	4,765	1.7	1.6	1.6	88%	77%	11%

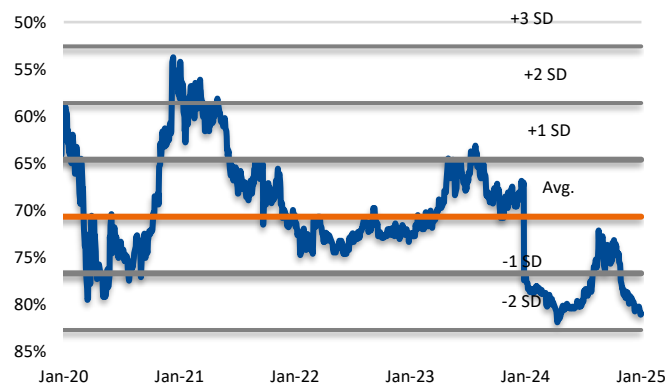
Source: Bloomberg, BRIDS Estimates

**Exhibit 65. Disc. to RNAV CTRA**


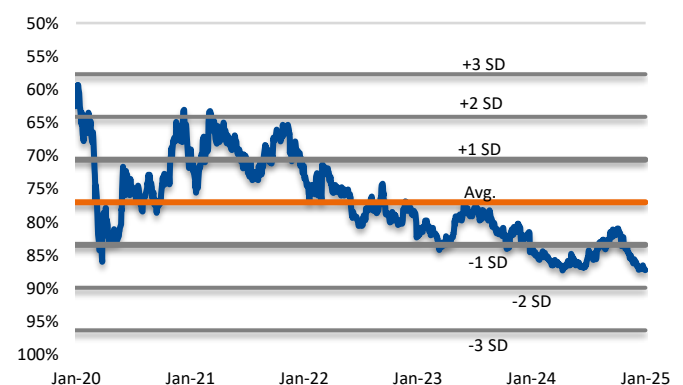
Source: Bloomberg, BRIDS Estimates

**Exhibit 66. Disc. to RNAV PWON**


Source: Bloomberg, BRIDS Estimates

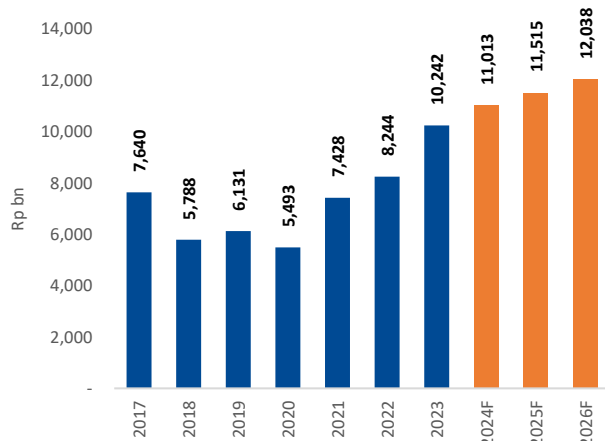
**Exhibit 67. Disc. to RNAV BSDE**


Source: Bloomberg, BRIDS Estimates

**Exhibit 68. Disc. to RNAV SMRA**


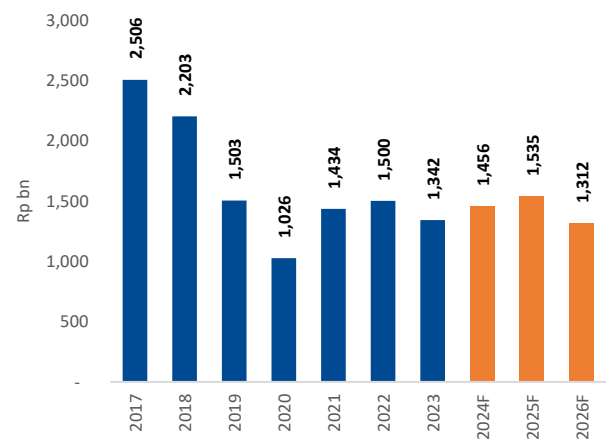
Source: Bloomberg, BRIDS Estimates

**Exhibit 69. CTRA's Marketing Sales**



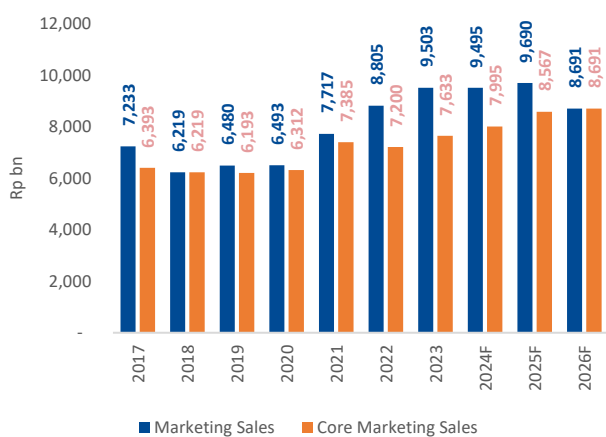
Source: Company, BRIDS Estimates

**Exhibit 70. PWON's Marketing Sales**



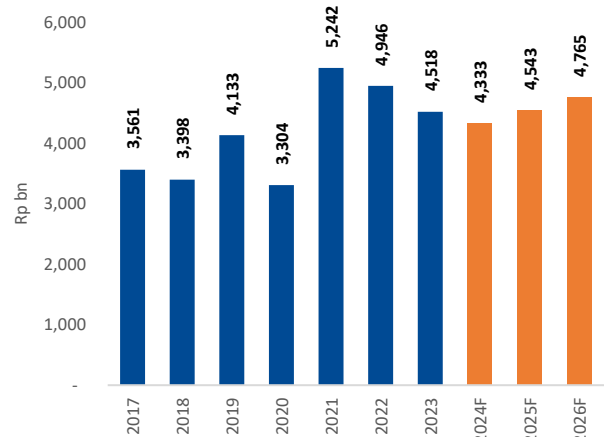
Source: Company, BRIDS Estimates

**Exhibit 71. BSDE's Marketing Sales**



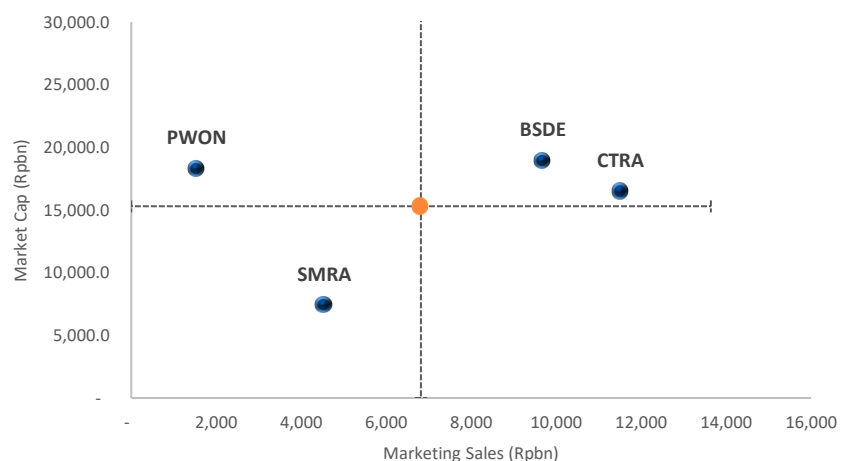
Source: Company, BRIDS Estimates

**Exhibit 72. SMRA's Marketing Sales**



Source: Company, BRIDS Estimates

**Exhibit 73. Market Cap vs. Marketing Sales Position**



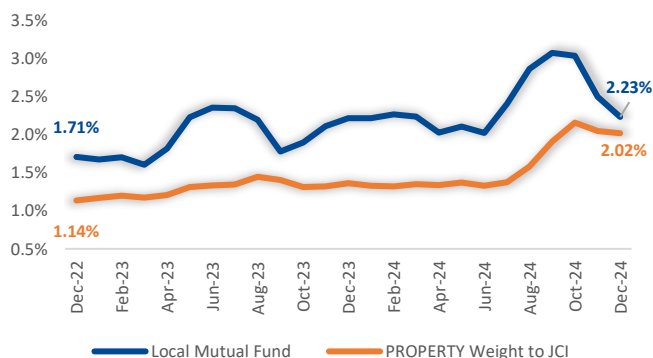
Source: Bloomberg, BRIDS Estimates

Exhibit 74. Regional Peers

Ticker	Company	Mkt. Cap (US\$m)	PER (x)		PBV (x)		Net Debt to Equity (x)	
			25F	26F	25F	26F	25F	26F
Indonesia								
CTRA IJ*	CIPUTRA DEVELOPMENT TBK PT	1,013	7.3	6.3	0.7	0.6	(0.2)	(0.3)
BSDE IJ*	BUMI SERPONG DAMAI PT	1,163	4.8	5.0	0.4	0.4	(0.1)	(0.1)
PWON IJ*	PAKUWON JATI TBK PT	1,123	7.8	8.3	0.8	0.8	(0.1)	(0.1)
SMRA IJ*	SUMMARECON AGUNG TBK PT	454	8.7	9.3	0.6	0.6	0.3	0.3
Regional								
SDPR MK	SIME DARBY PROPERTY BHD	2,402	19.2	18.1	1.0	1.0	0.2	0.2
SPSB MK	SP SETIA BHD	1,578	17.1	17.8	0.5	0.5	0.5	0.4
CIT SP	CITY DEVELOPMENTS LTD	3,294	13.8	10.9	0.5	0.5	1.0	0.8
FPL SP	FRASERS PROPERTY LTD	2,666	21.6	22.1	0.4	0.4	1.3	1.3
CLI SP	CAPITALAND INVESTMENT LTD/SI	8,950	15.1	13.4	0.9	0.9	0.6	0.6
ALI PM	AYALA LAND INC	6,383	11.6	10.3	1.2	0.8	0.9	0.9
VHM VN	VINHOMES JSC	6,472	4.7	4.1	0.7	0.6	0.2	0.1
000002 CH	CHINA VANKE CO LTD -A	10,574	n.a	43.2	0.4	0.3	1.1	2.1
8802 JP	MITSUBISHI ESTATE CO LTD	16,716	15.1	13.7	1.1	1.0	1.4	1.4
8830 JP	SUMITOMO REALTY & DEVELOPMEN	14,313	11.8	11.3	1.0	1.0	1.8	1.7
1113 HK	CK ASSET HOLDINGS LTD	14,138	7.4	6.9	0.3	0.3	0.0	0.0
Indonesia								
Median		1,068	7.5	7.3	0.7	0.6	(0.1)	(0.1)
Simple Average		938	7.1	7.2	0.6	0.6	(0.0)	(0.1)
Weighted Average		1,025	6.8	6.9	0.6	0.6	(0.1)	(0.1)
Regional								
Median		6,472	14.4	13.4	0.7	0.6	0.9	0.8
Simple Average		7,953	13.7	15.6	0.7	0.7	0.8	0.9
Weighted Average		11,258	10.7	15.1	0.7	0.7	0.9	1.0

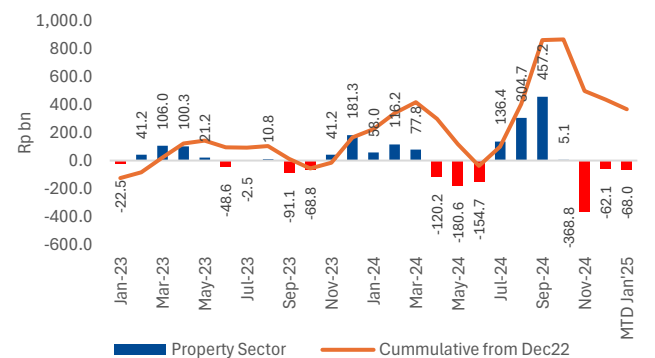
Source: Bloomberg, \*BRIDS Estimates

Exhibit 75. Ownership Movement



Source: KSEI, Bloomberg, BRIDS

Exhibit 76. Foreign Flow Movement



Source: IDX, BRIDS, MTD as of 10 Jan25

## Comments on Several Topics

### Thoughts on PANI

Our latest valuation exercises with an assumption of land ASP of ~Rp40-50mn/sqm, still show that PANI is currently trading at only 14% discount to its RNAV, relatively at premium compared to peers average of ~79%. The current market cap, compared to FY24F/FY25F marketing sales also trade at a premium of 46.8/31.0x (FY24F using co's target of Rp6tr/FY25F at Rp9tr, using CAGR FY21-24F at 51%). Upside risks from the developer, however, might come from its rapid development cycle, population movement which could be aided by the upcoming Kataraja Toll Road, and future landbank injection which could add to the balance of its NAV and rally the share price up, as its historical data have shown.

**Exhibit 77. Estimates of PANI's RNAV**

	Subsidiary	Total Land or GFA (ha)	Effective Ownership	Plot Ratio or NSA	ASP (Rp/m/sqm)	Development Cost (Rp/m/sqm)	NAV (Rpbn)
BKS	Bangun Kosambi Sukses	164	51%	0.6	50	2	24,088
CKI	Cahaya Kencana Indah	8	29%	0.6	50	2	670
MAS	Mega Andalan Sukses	434	29%	0.6	50	2	35,698
CGIC	Cahaya Gemilang Indah Cemerlang	122	29%	0.6	50	2	10,035
FCS	Fin Centerindo Satu	1	20%	0.6	50	2	59
BMW	Bumindo Mekar Wibawa	233	94%	0.6	40	2	49,974
CISN	Cahaya Inti Sentosa	232	99%	0.6	40	2	52,542
JIS	Jaya Indah Sentosa	105	93%	0.6	40	2	22,279
KKU	Kemilau Karya Utama	31	90%	0.6	40	2	6,371
KUS	Karunia Utama Selaras	100	99%	0.6	40	2	22,606
SCU	Sumber Cipta Utama	61	91%	0.6	40	2	12,644
SHM	Sharindo Matratama	110	91%	0.6	40	2	22,800
PET	Panorama Eka Tunggal	274	100%	0.6	40	2	62,422
<b>Total (Rpbn)</b>							<b>322,187</b>
Net Debt (Rpbn) (9M24 Bberg)							(2,889)
<b>NAV (Rpbn) - Before Discount Assigned</b>							<b>325,076</b>
O/Shares (bn.shares)							16.9
<b>NAV/share (Rp/share)</b>							<b>19,254</b>
Current Price (Rp/share)							16,625
<b>Premium (Disc.) to NAV</b>							<b>-14%</b>

Source: Company, Bloomberg, BRIDS Estimates

**3Mn. Houses Impact to Listed Developers**

Our channel check to listed developers shows that the companies view the 3mn. houses programs to have relatively minimum impact to the overall pre-sales trajectory, as the program targets more into the more affordable/lower segment of <Rp500mn. This limits the possible exposure for the listed developers. We reckon that there was a slowing pre-sales trend from a lower-class segment developer, as some of the buyers opt to wait for government-handed houses rather than purchase on their own. ([News Link](#))

However, considering listed property developers have very low contributions of <Rp500mn. products, we believe the program should have limited impact on the developers' pre-sales trajectory. Until now, there was no significant discussion from the listed developers to participate in the program. Overall, this program targeted a different segment than what the listed developers aim.

**BRI Danareksa Equity Research Team**

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Timothy Wijaya	Metal, Oil and Gas	<a href="mailto:timothy.wijaya@brids.co.id">timothy.wijaya@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry, CFA	Automotive, Cement, Infrastructure	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>
Kafi Ananta Azhari	Research Associate	<a href="mailto:kafi.azhari@brids.co.id">kafi.azhari@brids.co.id</a>

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlich Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

**INVESTMENT RATING**

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

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