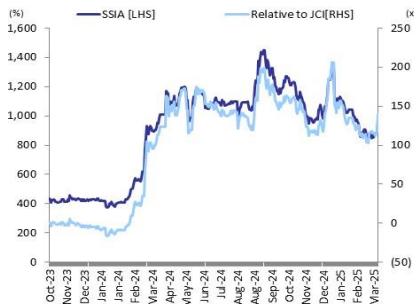


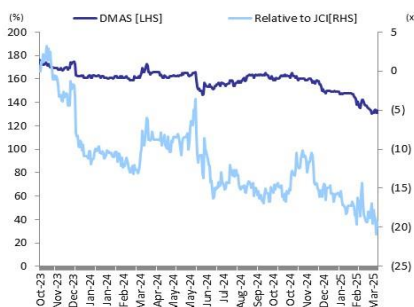
Overweight

(Maintained)

SSIA relative to JCI Index



DMAS relative to JCI Index



Source: Bloomberg

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Property: Industrial Estate

Will The Trade War Benefit Land Demand?

- During the FY18-19 trade war, land sales increased in line with rising Chinese FDI into Indonesia, but multiple factors influenced this trend.
- Companies could not find a clear sign whether the surge in China-dominated land inquiries was purely driven by relocation.
- We maintain OW rating on cheap valuation; prefer SSIA over DMAS due to stronger non-land revenue to offset risks of weak FDI and pre-sales.

Land Sales Rose During 2018-19 Trade War

Our analysis shows that during the FY18-19 trade war, industrial estate companies (SSIA, DMAS, BEST, KIJA) experienced an increase in land sales, even though bulk purchases (≥ 20 ha) were primarily driven by non-Chinese customers (**Exhibit 1**). SSIA-DMAS also noted that FY18-19 period is the start of Indonesia attracting data center players. While future trade war events could benefit industrial estate players by prompting Chinese manufacturers to seek alternative factory locations—an incentive further reinforced by China's economic stagnation—we believe that overall FDI flows, not just those from China, will remain a stronger determinant of land inquiries.

Macro Risks Prevails: Competition to Attract FDI

Overall FDI flow reflects a country's attractiveness as a destination for factory relocations and new establishments. However, Indonesia faces challenges compared to its Southeast Asian peers, primarily due to: 1) Talent competitiveness issues (**Exhibit 9**) 2) Legal uncertainty, particularly concerning intellectual property rights. 3) Local content requirements. 4) Fraud cases. We believe these challenges are already reflected in Indonesia's relatively modest Net Inflow FDI as a percentage of GDP (**Exhibit 12**), despite the country receiving the highest nominal inflows among its peers. However, much of these new investments are concentrated in the energy-related sector (**Exhibit 13**).

Channel Check: No Clear Signs of Inquiries Driven Solely by Relocation

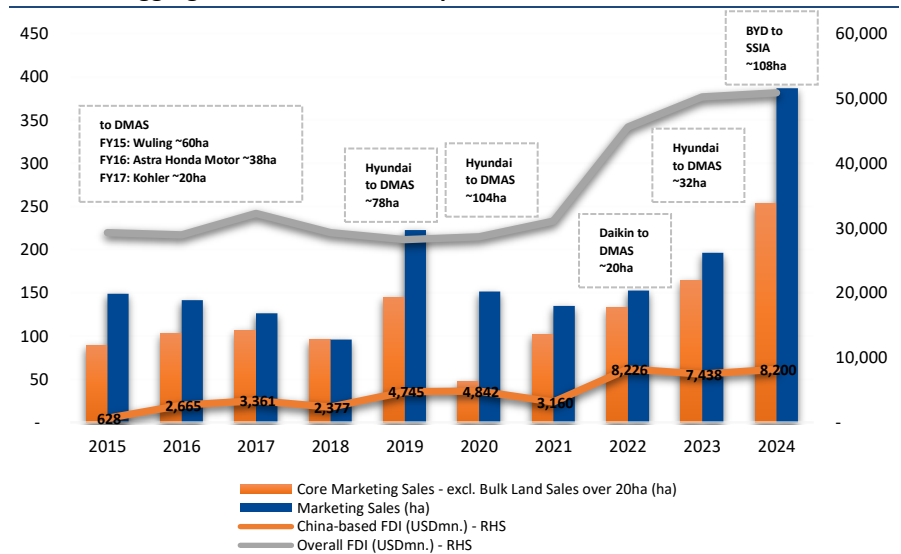
Our discussion with SSIA reveals that the emerging inquiries primarily come from a Chinese-based variety of industries, yet the majority of them are still connected to their existing pipeline, i.e., Automotives and EV-related ecosystem. Meanwhile, DMAS remains focused on Data Centers. While companies found it difficult to ascertain whether the inquiries were primarily driven by relocation, they acknowledged this as a possible factor, alongside Chinese players' aim to enter the Indonesian market.

Maintain OW rating; SSIA as Top Picks due to Stronger Non-Land Revenue

We maintain OW rating for the sector as we view that valuations are currently at a depressed level, with improving fundamentals (**Exhibit 21**). To mitigate the risk associated with FDI flow, we prefer SSIA (Buy, TP Rp1,300) over DMAS (Buy, TP Rp190) due to its higher contribution from non-land businesses (**Exhibit 17**), which potentially helps offset the risk of weak pre-sales. SSIA also holds a larger available landbank in Subang (~1,550 ha vs. DMAS at 151 ha), positioning it to capture bulk sales opportunities. Nevertheless, we still like DMAS due to its ability to attract tier-IV data center operators. Risk factors for SSIA: delays in toll-road access to Patimban Seaport; for DMAS: fewer dividend incentives caused by landbanking capex, with limited prospects of major bulk sales such as during Hyundai's FY19, which triggered a rally.

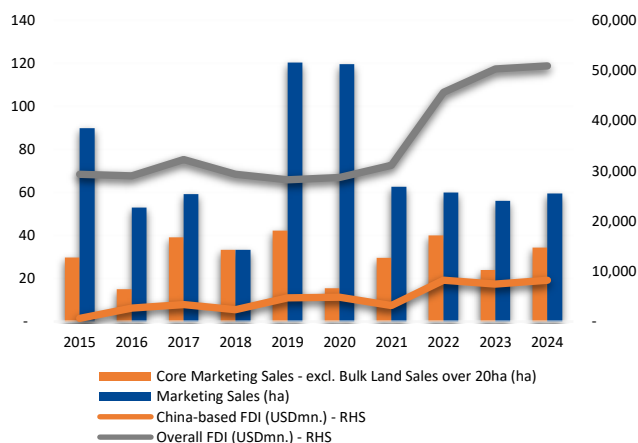
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (Rpbn)	P/E (x)		P/BV (x)		ROE (%) 2026F
					2025F	2026F	2025F	2026F	
Surya Semesta Internusa	SSIA IJ	BUY	1300	4,564.1	15.5	10.4	1.0	0.9	9.3
Puradelta Lestari	DMAS IJ	BUY	190	6,314.0	4.2	3.9	0.8	0.8	21.4

Exhibit 1. Aggregate Land Sales Development



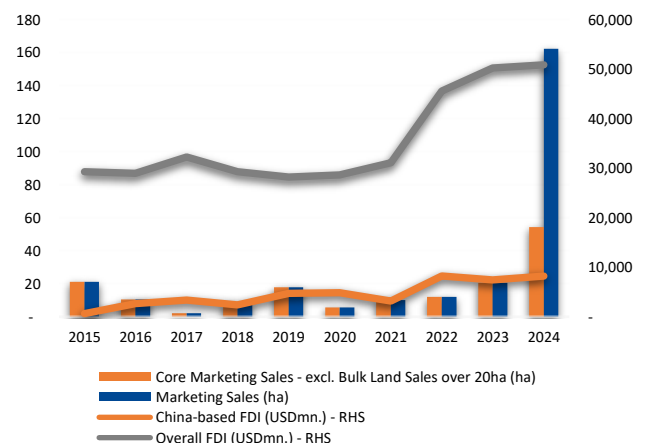
Source: Company, BRIDS

Exhibit 2. DMAS's Land Sales Development



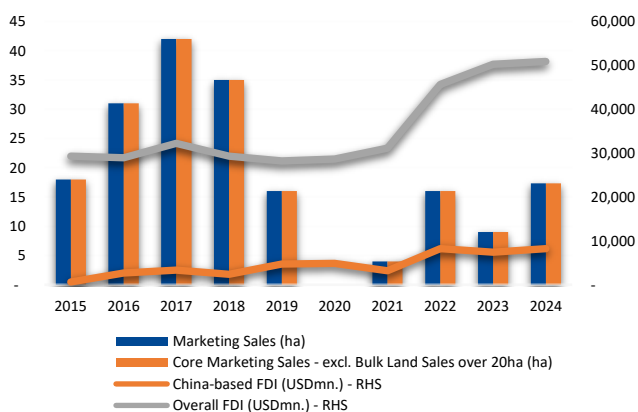
Source: Company, BRIDS

Exhibit 3. SSIA's Land Sales Development



Source: Company, BRIDS

Exhibit 4. BEST's Land Sales Development



Source: Company, BRIDS

Exhibit 5. KIJA's Land Sales Development



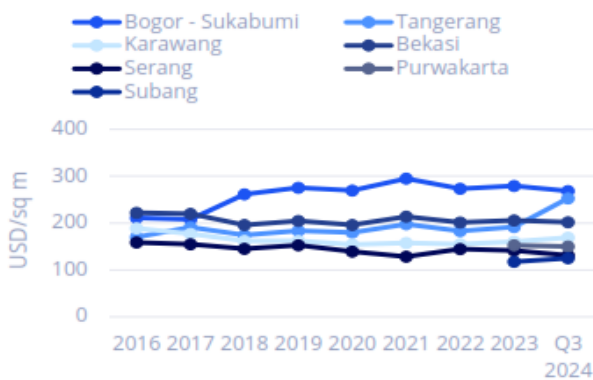
Source: Company, BRIDS

Beyond Trade Wars, Overall FDI Flow Remains A Key Driver

The ability to monetize FDI inflows will depend on each company's strategy in preparing landbanks, infrastructure, and key selling points. As listed industrial estate providers operate within Java's limited land supply, they face intense competition despite benefiting from relatively competitive ASPs and healthy land absorption rates.

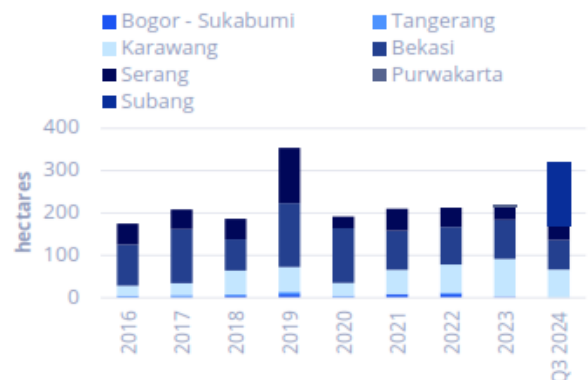
We believe the key macroeconomic metrics to monitor for SSIA and DMAS include FDI developments in the auto and data center sectors, as these align well with both companies' value propositions.

Exhibit 6. Relatively Stable and Competitive Land ASP



Source: Colliers

Exhibit 7. Healthy Land Absorption Rate



Source: Colliers

Exhibit 8. Map of Indonesia's Industrial Estate - Java



Source: Colliers

Macro Risks Prevails: Competition to Attract FDI

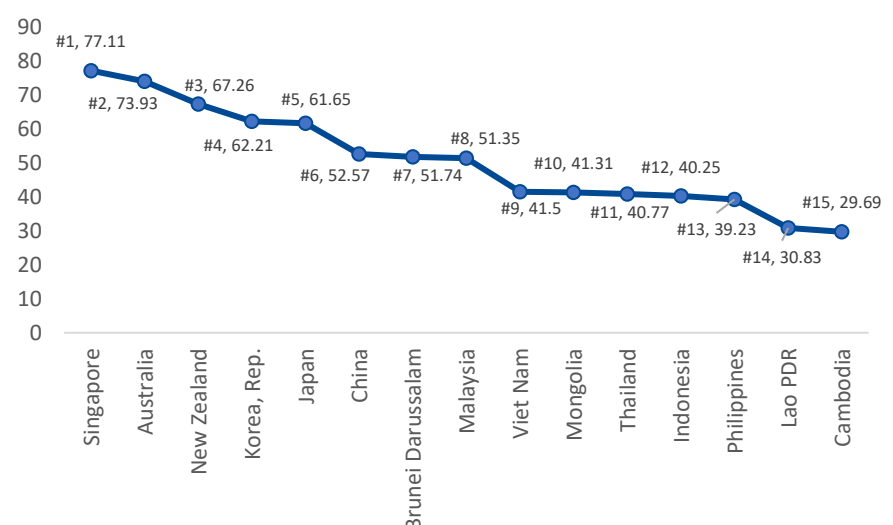
A recent case involving Apple's iPhone highlights the challenges of Indonesia's local content requirements. The government imposed a sales ban on iPhones after Apple failed to meet the 35% local content threshold, requiring the company to increase its domestic investment. Despite having already invested in an AirTag manufacturing facility in Batam, Apple remained subject to the ban as the investment was not directly related to iPhone production. Ultimately, Apple opted to expand its investments through R&D facilities rather than establishing a new manufacturing site.

Exhibit 9. Investment Climate Statement according to US Dept of State

Country	Key Strengths & Weaknesses Based on U.S. Dept of State	Key Sectors for Investment
Malaysia	Most open to foreign investment, relatively stable legal framework, improving labor laws, and strengthening IPR protection. Corruption remains a challenge but is being addressed.	Semiconductors, AI, green energy.
Vietnam	Actively attracting high-tech investments with strong incentives, improving regulatory environment, but IPR enforcement and corruption remain concerns.	Semiconductor manufacturing, AI, green energy.
Thailand	Regulatory alignment with international standards (OECD tax compliance), efforts to strengthen labor and IPR policies, but corruption remains a key issue.	Various sectors; aligning with global tax standards.
Indonesia	Recent reforms (Omnibus Law) improve competitiveness, but corruption, labor disputes, and weak IPR protection deter investors.	Manufacturing, digital technology, infrastructure, energy related.
Philippines	While recent reforms have opened up foreign ownership, corruption and inconsistent enforcement of laws remain major investment deterrents.	Telecommunications, railways, airports.

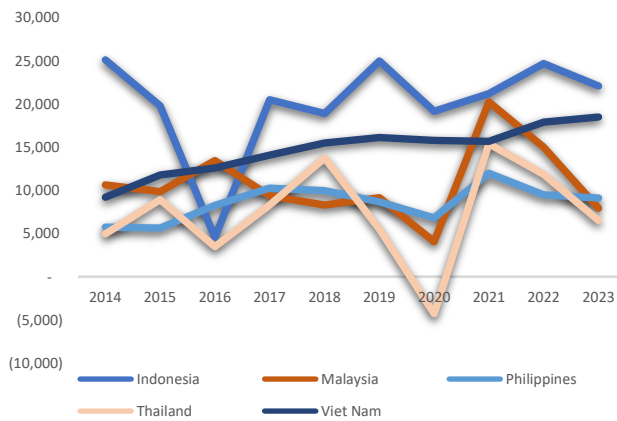
Source: US Dept of State

Exhibit 10. Global Talent Competitiveness Index INSEAD: East, Southeast Asia and Oceania Region Rank



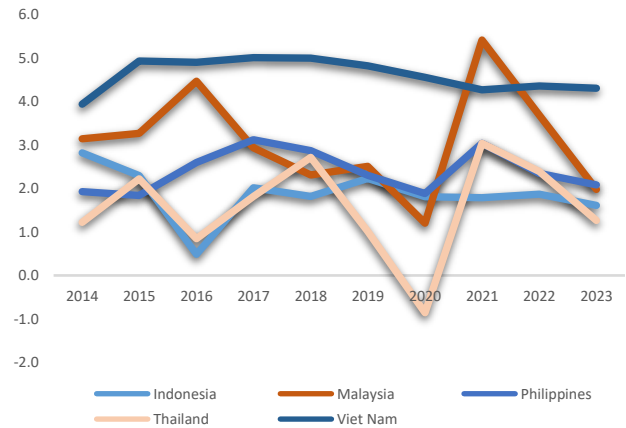
Source: INSEAD

Exhibit 11. Net Inflow FDI (USDmn.)



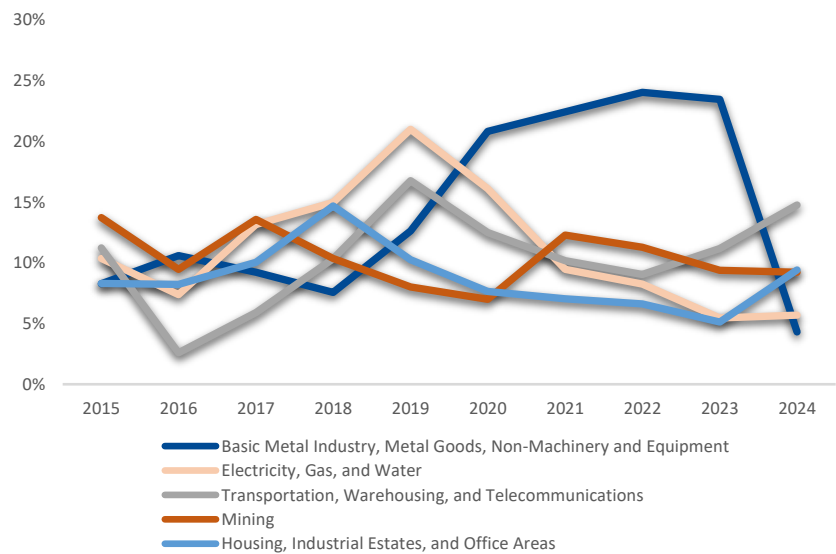
Source: WorldBank

Exhibit 12. Net Inflow FDI as % of GDP



Source: WorldBank

Exhibit 13. Indonesia's FDI Top Sector Contributors



Source: Colliers

DMAS (Maintain Buy, TP Rp190)

DMAS's differentiation lies in its Cikarang location, which meets three critical factors for industrial estate land selection: 1) Product Market Orientation (positioned to support the demand from Greater Jakarta's population), 2) Transportation Infrastructure (the only estate with three direct toll-road accesses), and 3) Skilled Labor Availability. DMAS also stands out as the only estate in the country that houses 15 tier-IV data center (DC) providers, reflecting its infrastructure maturity and ability to attract global DC players. The rise of AI and structural growth in internet usage and penetration in Indonesia, which we believe will sustain DC demand, will stimulate land sales for DMAS, making it as one of the most prepared zones.

Our last Note on DMAS:

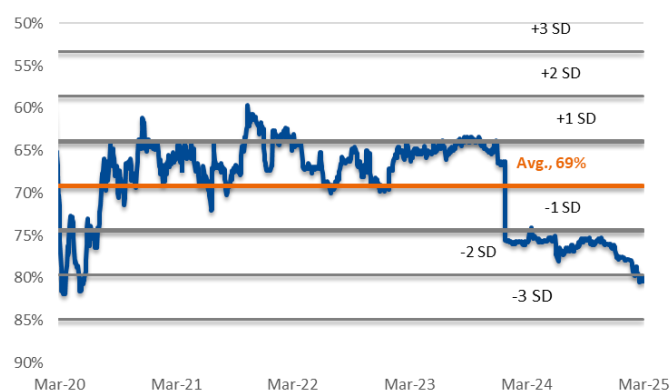
<https://link.brights.id/brids/storage/35082/20241014-DMAS.pdf>

Exhibit 14. DMAS's Valuation Summary

	Location	Stakes	Area (ha) - est. FY24F	Plot ratio	Price per sqm (Rp/mn/sqm)	Method	RNAV (Rp bn)	% to RNAV
Land bank								
Industrial	Cikarang, West Java	100.0%	176.3	80%	2.2	NAV	3,115	10%
Residential	Cikarang, West Java	100.0%	169.3	60%	9.8	NAV	9,974	31%
Commercial	Cikarang, West Java	100.0%	358.7	60%	6.8	NAV	14,610	45%
Hotels, Rental, Estate Mgmt	Cikarang, West Java	100.0%				DCF	1,973	6%
Total asset (Rpbn)							29,673	
Net debts (Rpbn) - end of FY24F							(3,030)	
Advance from customer (Rpbn) - end of FY24F							591	
Net asset value (Rpbn)							32,111	
Number of shares outstanding (bn shares)							48.2	
Discount to NAV							72%	
Target price							190	
NAV per share (IDR/share)							666	
Current price							131	
Current discount to NAV							80.3%	
Potential upside (downside)							45.0%	

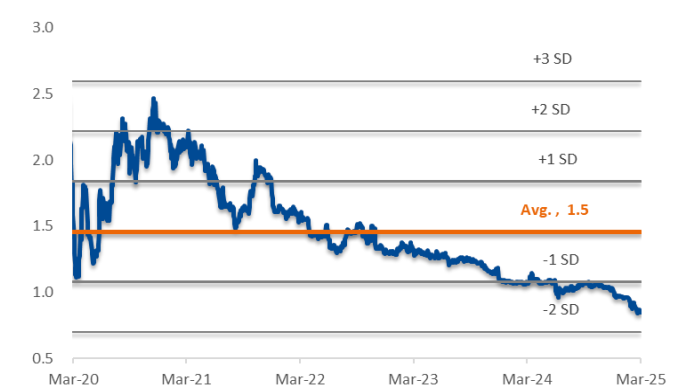
Source: BRIDS Estimates

Exhibit 15. DMAS's Disc. to RNAV



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 16. DMAS's PBV Band



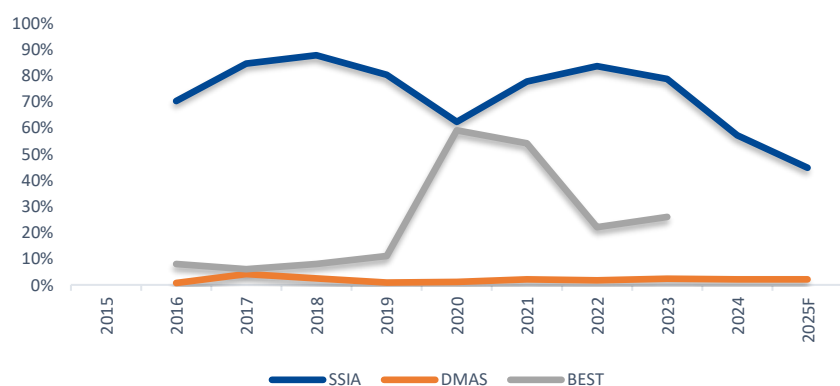
Source: Company, Bloomberg, BRIDS Estimates

SSIA (Maintain Buy, TP Rp1,300)

We believe that SSIA's key story will lie in its success in monetizing the potential of Subang to be the future hub of the EV ecosystem, with greater land availability compared to the Cikarang area. SSIA's differentiation from other industrial estate peers are: 1) stable recurring revenue franchise, through network of hotels (e.g. Umana and Melia Bali, Gran Melia Jakarta), which accounts for 15% of revenue; 2) NRCA as one of the leading private-construction companies in Indonesia, thus providing a cushion against any risks of weak marketing sales. Our last note on SSIA:

- <https://link.brights.id/brids/storage/35080/20241014-SSIA.pdf>
- <https://link.brights.id/brids/storage/37180/20250123-SSIA.pdf>

Exhibit 17. Gross Profit Contribution from Non-Land Business



Source: Company, BRIDS

Exhibit 18. SSIA's Valuation Summary

Current portfolio	Adj. Value (Rpbn)	% of total
Industrial estate & Property Development		
Suryacipta City of Industry	430	2%
Subang Smartpolitan	14,143	65%
Construction		
Nusa Raya Cipta	781	4%
Hospitalities & Others		
Luxury Hotels	3,007	14%
BATIQA Hotels	543	2%
Travelio	314	1%
Glodok Plaza	220	1%
Land Bank		
Bogor & Bajo & Kasablanka	345	2%
Kuningan	1,348	6%
Total Asset (Rpbn)	21.131	
Net Debt (Cash)	-638	
RNAV	21,769	
No. of outstanding shares (bn)	4.7	
RNAV/share	4,627	
TP discount to NAV	73%	
TP	1,300	

Source: BRIDS Estimates

Exhibit 19. SSIA's Disc. to RNAV



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 20. SSIA's PBV Band



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 21. Comparable Valuation

Company	Revenue (Rpbn)		Net Profit (Rpbn)		Net Profit Growth (%)		ROE (%)		Net Debt (Cash)	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
CTRA	10,977	11,797	2,257	2,636	14.7	16.8	10.0	10.7	-22%	-29%
BSDE	14,777	13,796	3,924	3,760	1.6	(4.2)	9.2	8.1	-7%	-13%
PWON	6,938	6,678	2,360	2,218	9.6	(6.0)	11.0	9.6	-11%	-12%
SMRA	7,329	7,380	853	792	(29.1)	(7.1)	7.6	6.7	33%	33%
DMAS	2,190	2,315	1,498	1,605	6.9	7.12	20.4	21.4	-42%	-42%
SSIA	6,117	6,890	294	438	1.5	48.99	6.7	9.3	-8%	-8%
Average					0.9	9.3	10.8	11.0	-9%	-12%
Growth Aggr.	1%	1%	3%	2%						

Company	P/E (x)		P/BV (x)		Mkt. Sales (Rpbn)		Price/Mkt. Sales		Disc.to RNAV		
	25F	26F	25F	26F	25F	26F	25F	26F	Current	Avg.5-Yr.	Diff.%
CTRA	6.9	5.9	0.7	0.6	11,515	12,038	1.4	1.3	76%	64%	12%
BSDE	4.5	4.7	0.4	0.4	9,690	8,691	1.8	2.0	83%	71%	11%
PWON	8.1	8.6	0.9	0.8	1,535	1,312	12.5	14.6	74%	64%	10%
SMRA	7.4	8.0	0.5	0.5	4,543	4,765	1.4	1.3	90%	78%	12%
DMAS	4.2	3.9	0.8	0.8	2,038	2,267	3.1	2.8	80%	69%	11%
SSIA	15.5	10.4	1.0	0.9	1,806	1,916	2.5	2.4	79%	79%	0%
Average	7.8	6.9	0.7	0.7	5,188	5,165	3.8	4.1	80%	71%	9%
Median	7.2	6.9	0.6	0.6	7,117	6,728	1.6	1.7	80%	68%	12%
Growth Aggr.					3%	0%					

Source: Bloomberg, BRIDS Estimates

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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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