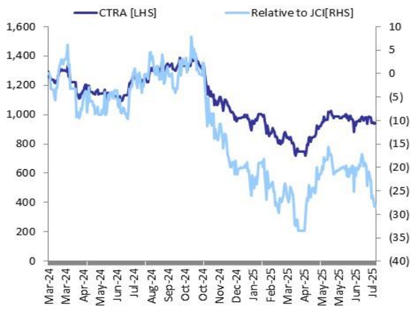
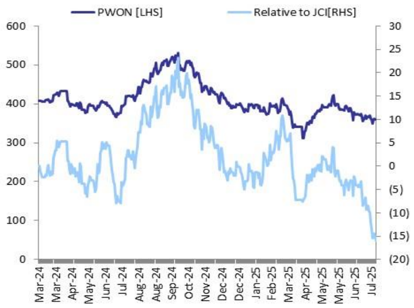
Overweight

(Maintained)

CTRA relative to JCI Index



PWON relative to JCI Index



Source: Bloomberg

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Property

VAT Discount Extension As Expected, Yet Still Supportive for 2H25 Pre-Sales; Maintain OW

- **100% VAT discounts for property <Rp5bn is extended until Dec25. We believe the policy is likely to be continued until 1H26F.**
- **We see the policy could offer upside in 2H25 pre-sales from higher-than-expected VAT-exempted product demand.**
- **Maintain our OW Rating with CTRA as our top pick, as it possesses key traits of winning developers.**

Supportive Fiscal Policy, Possible Extension to 1H26F

The gov't has extended the 100% VAT discount for 2H25 (previously 50% for Jul25–Dec25 handovers under PMK 13/2025). We had anticipated the extension earlier this year (refer to our FY25F outlook pg. 14), as the policy evidently supports affordability by cutting 11% from end-users' upfront costs **(Exhibit 2)**. This is reflected in VAT-exempted products' share in FY24/1H25 pre-sales of 28/31%. Given the similarity to Aug24's timeline **(Exhibit 1)**, we believe a further extension to 1H26F is plausible if macro conditions remain soft.

Supportive for 2H25 Pre-Sales

While market reaction was modest (CTRA 0%, PWON 0%, SMRA +2%, BSDE +2%), we believe the policy could offer potential upside from higher-than-expected VAT-exempted product pre-sales. Additionally, we expect gov't spending ramp-up in 2H25 to also help lift consumer confidence. Disruptions may arise from buyers who cancels their purchase in early Jul25 (with only 50% VAT discounts, and are now looking for other products with 100% discounts), but we see this as minor. Opex impact could also come from adjustments in marketing materials (though aggregate cost is relatively modest at ~5% of revenue per 1Q25).

Rp1-5bn Landed Developers with Diversified Location Remains Winner

CTRA has the largest VAT-exempt eligible inventory (Rp1.5–2.0tr), followed by PWON (Rp1.6tr), BSDE (Rp1–1.5tr), and SMRA (~Rp500bn). However, our broader sector pecking order also factors in: 1) Rp1–5bn pricing mix (reflects aspired pricing level of end-users demand), 2) landed-residential exposure, 3) location diversification, 4) retail asset strength to mitigate weak pre-sales. Based on these, our order remains: CTRA > PWON > SMRA > BSDE **(Exhibit 5)**.

Maintain our OW Rating with CTRA as Top Picks

We keep our OW rating as sector valuations remain at deep discounts vs. 5Y average **(Exhibit 8)**, with on-track FY25F pre-sales (at 49% run-rate), despite having growth subsiding from a record FY24 (1H25/1H24 at +1%/+3%yoy). Potential upside from stronger-than-expected VAT-driven pre-sales, coupled with potential catalysts from more BI rate cuts in late 3Q25/early 4Q25 and lower domestic positioning vs. Aug–Sep24 **(Exhibit 7)** could allow sectors' re-rating. Downside risks: weaker pre-sales and limited rate-cut impact. Upside risks: 5% BPHTB abolishment to further aid affordability. Top Picks: CTRA/PWON, with +10% FY25F EPS growth.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (Rp bn)	P/E (x) 2025F	P/E (x) 2026F	P/BV (x) 2025F	P/BV (x) 2026F	ROE (%) 2025F
Ciputra Development	CTRA IJ	BUY	1,600	17,423.6	7.5	7.1	0.7	0.7	10.2
Pakuwon Jati	PWON IJ	BUY	640	17,337.5	7.6	7.7	0.8	0.7	10.6
Summarecon Agung	SMRA IJ	BUY	800	6,834.5	6.0	6.5	0.6	0.5	9.9
Bumi Serpong Damai	BSDE IJ	BUY	1,450	18,101.5	7.0	6.5	0.4	0.4	6.1

Exhibit 1. VAT Discount Scheme According to PMK No.13/2025

VAT Scheme According to PMK No.13/2025	
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	*0%*
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%	Jan25-Jun25
100%	Jul25-Dec25

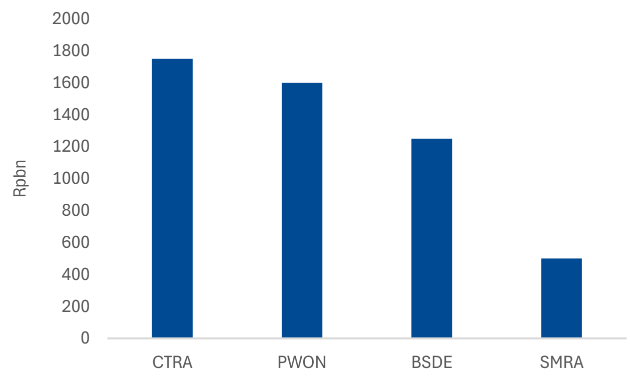
Source: PMK 13/2025, BRIDS

Exhibit 2. 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**
Estimates of other Initial Costs	
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%

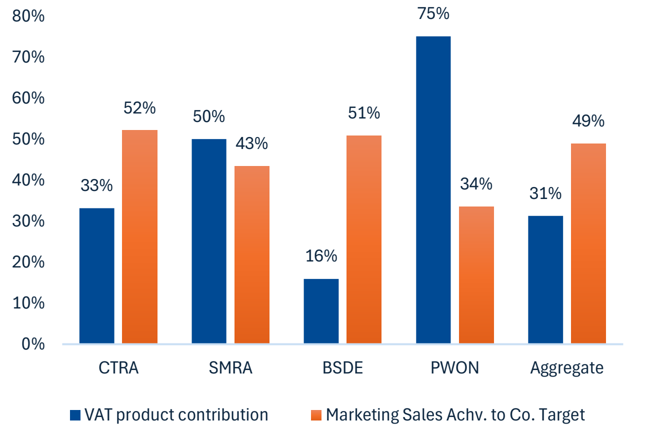
Source: BRIDS Estimates, Various

Exhibit 3. Inventory Eligible for VAT Exemption (1H25)



Source: Company, BRIDS

Exhibit 4. VAT Contribution to Marketing Sales



Source: Company, BRIDS.

Exhibit 5. 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	3	4	1	2
Tapping the Customer Base who utilize Wider Mortgage Access	Mortgage Payment Term	3	1	4	2
Location within Indo Major Cities	High Greater Jakarta Presence but Overall Well-Diversified Location (Max 50% Greater Jakarta is Ideal, to avoid overcontrentation risks)	4	2	1	2
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	3	1	3	2
Best Product Mix	Prefer Landed Houses, second choice on One-stop Living High-Rise	4	3	2	1
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		23	15	14	16
Stock Pick Order		*CTRA -->*	*PWON -->*	*SMRA -->*	*BSDE*

Source: BRIDS Estimates

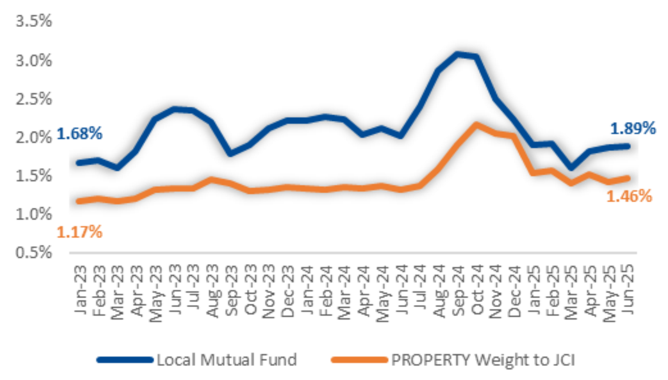
Exhibit 6. Valuation Overview

Company	Revenue (Rpbn)		Net Profit (Rpbn)		Net Profit Growth (%)		ROE (%)		Net Debt (Cash)	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
CTRA	11,697	11,730	2,337	2,471	9.9	5.7	10.2	10.0	-10%	-12%
BSDE	11,059	11,259	2,574	2,802	(41.0)	8.9	6.1	6.2	9%	10%
PWON	7,271	7,409	2,282	2,255	10.0	(1.2)	10.6	9.6	-11%	-10%
SMRA	8,673	8,747	1,141	1,058	(16.9)	(7.3)	9.9	8.6	53%	44%
Average					**(9.5)**	**1.5**	**9.2**	**8.6**	**10%**	**8%**
Growth Aggr.	**-8%**	**1%**	**-16%**	**3%**						

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	7.5	7.1	0.7	0.7	11,018	11,463	1.6	1.5	79%	65%	14%
BSDE	7.0	6.5	0.4	0.4	9,626	9,960	1.9	1.8	80%	72%	9%
PWON	7.6	7.7	0.8	0.7	1,536	1,583	11.3	11.0	77%	65%	11%
SMRA	6.0	6.5	0.6	0.5	4,054	4,190	1.7	1.6	90%	79%	12%
Average	**7.0**	**6.9**	**0.6**	**0.6**	**6,559**	**6,799**	**4.1**	**4.0**	**82%**	**70%**	**11%**
Median	**7.2**	**6.8**	**0.7**	**0.6**	**6,840**	**7,075**	**1.8**	**1.7**	**80%**	**68%**	**12%**
Growth Aggr.					**-2%**	**4%**					

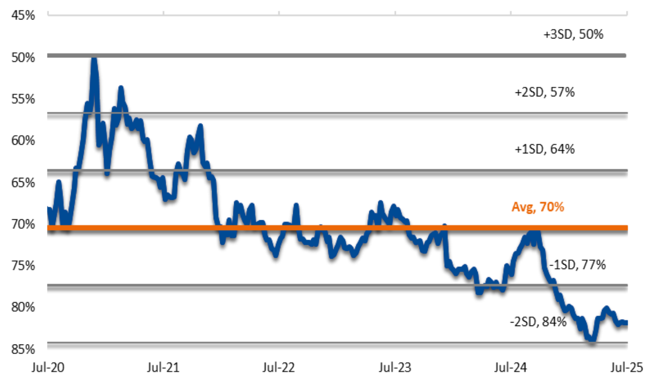
Source: Bloomberg, BRIDS Estimates

Exhibit 7. Lighter Domestic Fund Positioning



Source: KSEI, BRIDS

Exhibit 8. Sectoral Disc. to RNAV Band



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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