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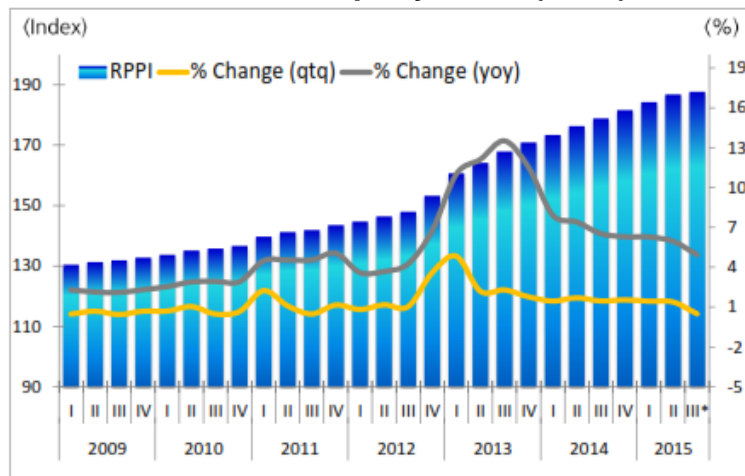
# **Property**

by Sinarmas Investment Research

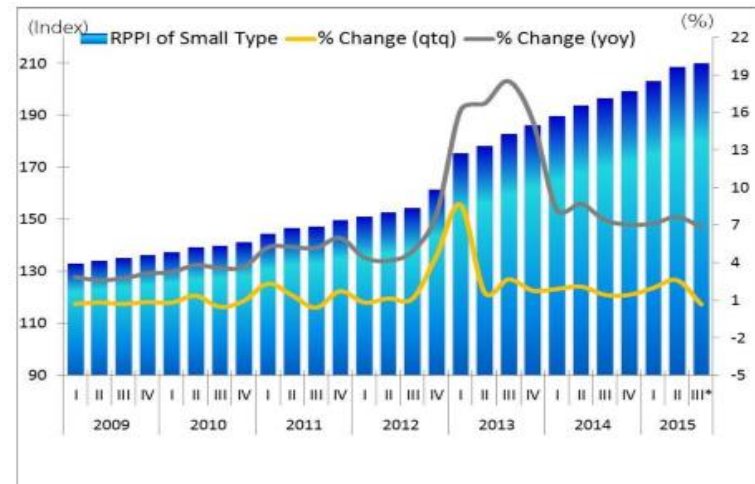
## Residential Property Prices Grew at Slower Pace

- Developers reported a deceleration of rising residential property price growth during 2Q15, with Residential Property Price Index slowing to 1.38% QoQ (prev 1.44% QoQ) or 5.95% YoY (prev 6.27% YoY). The situation is predicted to persist into 3Q15. Rising price, wages and fuel prices as the main determinants of higher residential property prices.
- Developers noted slower rising price growth to affect all house types, excluding small houses that encountered robust growth, accelerating from 1.98% QoQ to 2.60% QoQ.

**Residential Property Index (RPPI)**



**RPPI of Small Houses**

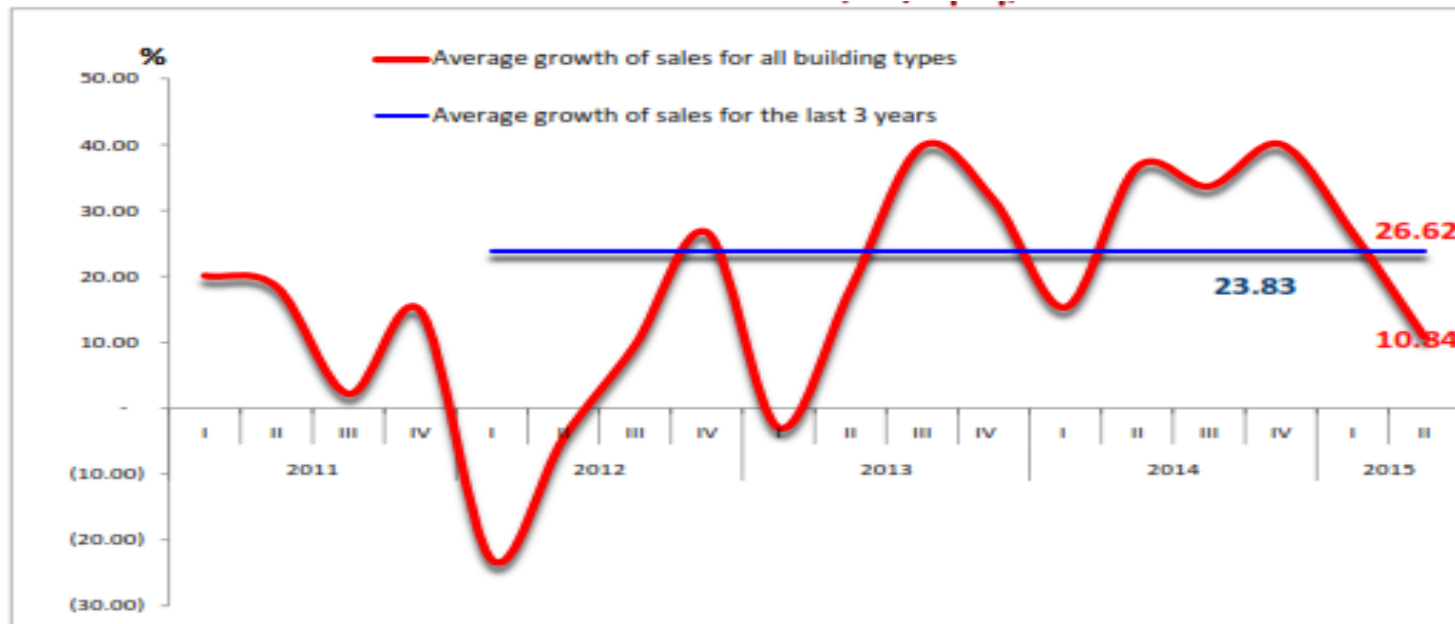


Source: Bank Indonesia, Sinarmas Investment Research

## Residential Property Sales Slowing Due to Lower Demand

- Developers confirmed a slump in residential property sales during 2Q15, revealing a downturn growth from 26.6% QoQ to 10.8% QoQ, affecting all house typers, especially medium size houses.

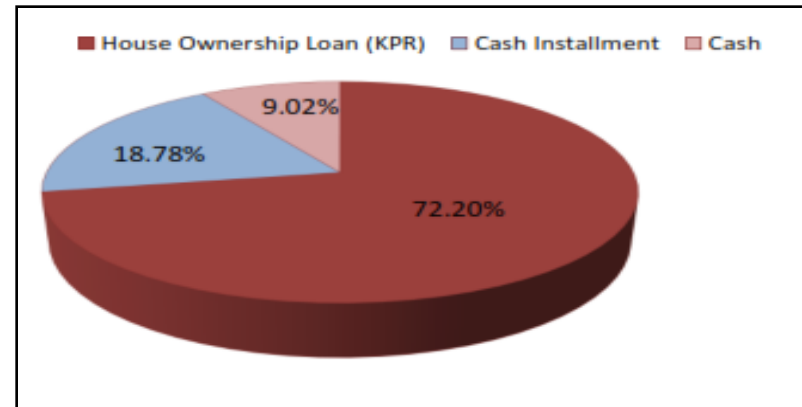
Sales Growth (% QoQ)



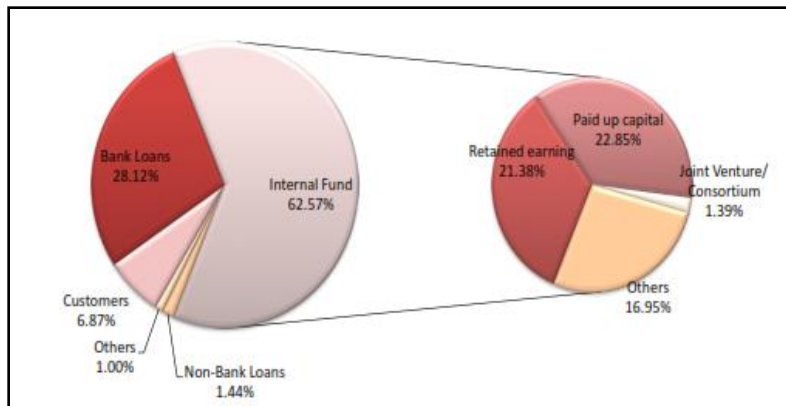
## Residential Property Financing Depends Heavily on KPR

- Developers acknowledged relying on internal funds to finance residential property development, while consumers continued to favour housing loan facilities.

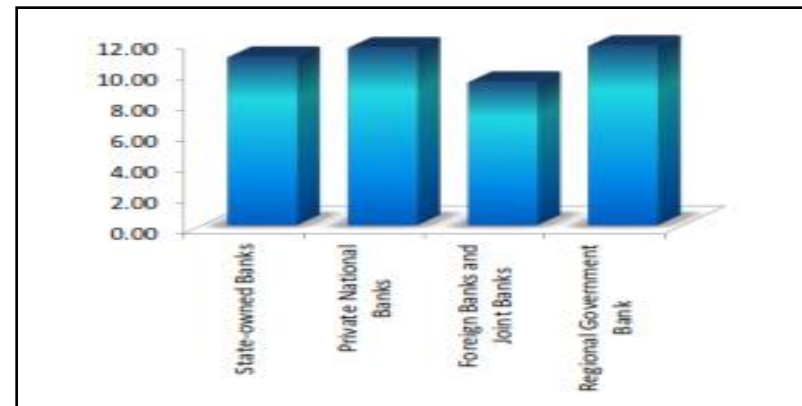
Source of Consumer Financing



Sources of Residential Property Financing (Developers)



Weighted Mortgage Rates

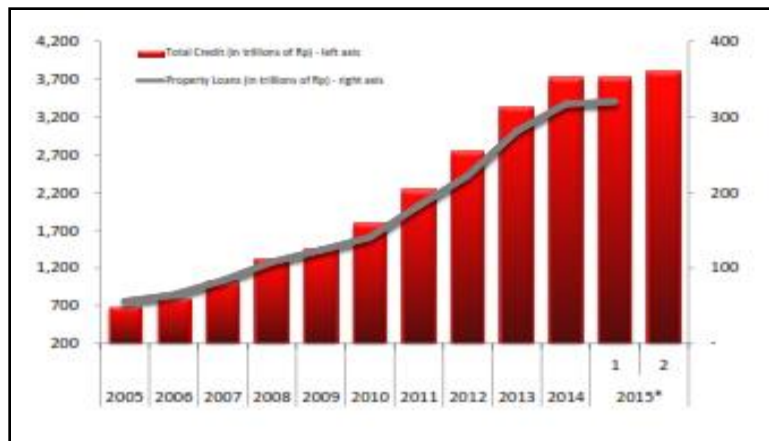


Source: Bank Indonesia, Sinarmas Investment Research

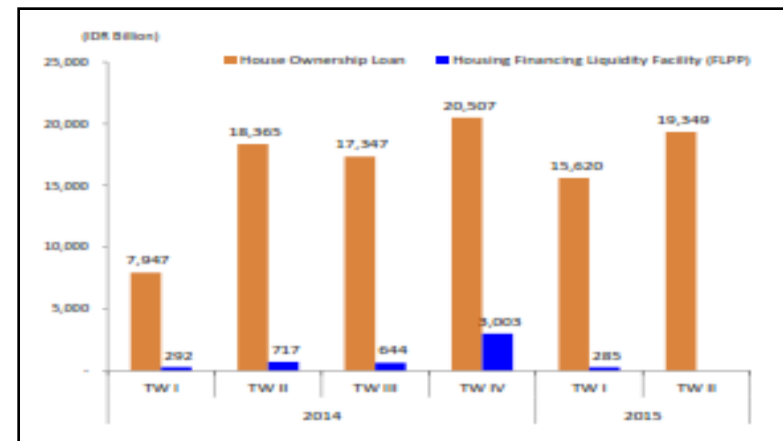
## Residential Property Loans Accelerates

- Housing loan growth at banks was observed to accelerate during 2Q15, amounting to Rp 324.85 trillion, equivalent to growth of 1.39% YoY.
- Of the total housing loan disbursed by banks in 1H15, low-income earners utilised 8.19% of the government's Housing Financing Liquidity Facility (FLPP).
- The benefits of FLPP for low-income earners include a fixed rate mortgage of 5% for a maximum 20 years.

**Property Loans and Total Loans**



**FLPP Share in the House Ownership Loan**



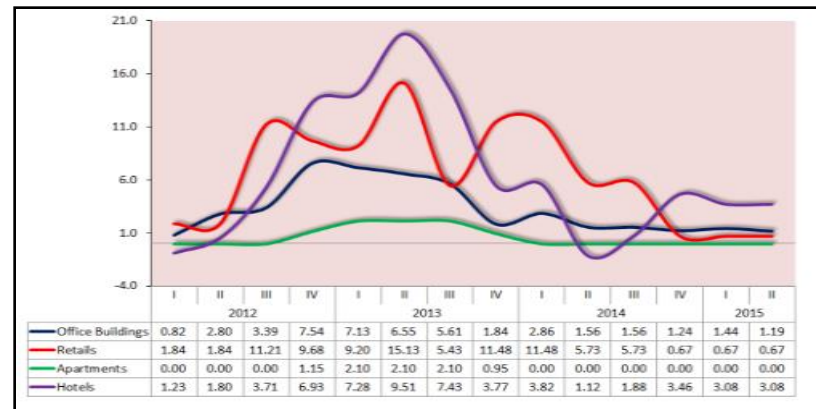
# Property & Real Estate Industry



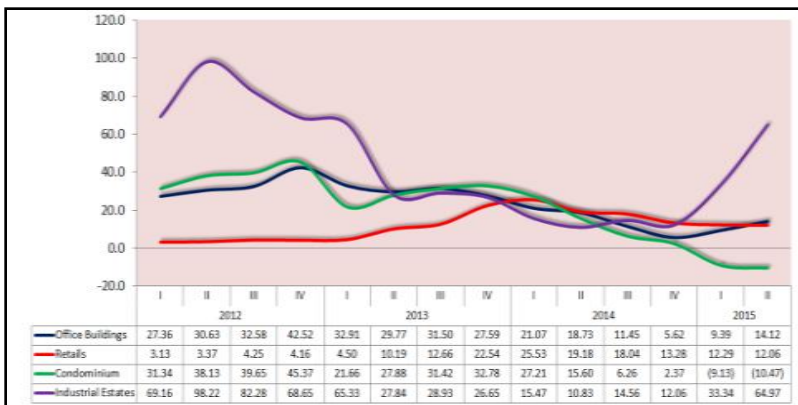
## Commercial Property Supply Stagnated

- The supply of commercial property stagnated in 2Q15, while occupancy/sales and rental rates/selling prices climbed moderately compared to previous quarter.

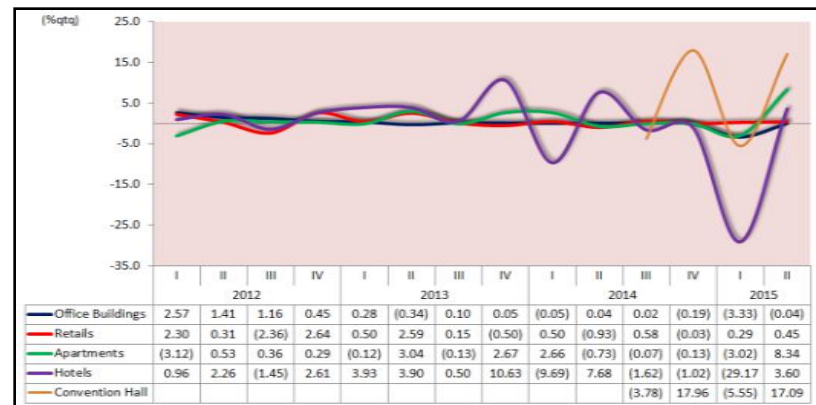
### Growth of Commercial Property Supply in Jabodetabek (YoY)



### Growth of Commercial Property Selling Price in Jabodetabek (YoY)



### Growth of Commercial Property Occupancy Rate in Jabodetabek (QoQ)



Source: Bank Indonesia, Sinarmas Investment Research

## Catalysts

- BI Rate to go lower from current level, with the assumptions of inflation accelerates to target and rupiah fluctuation stabilized, to support property industry growth as consumers' property financing profile relying more on housing loan (KPR).
- Tax amnesty.

# PT Bumi Serpong Damai Tbk (BSDE IJ)

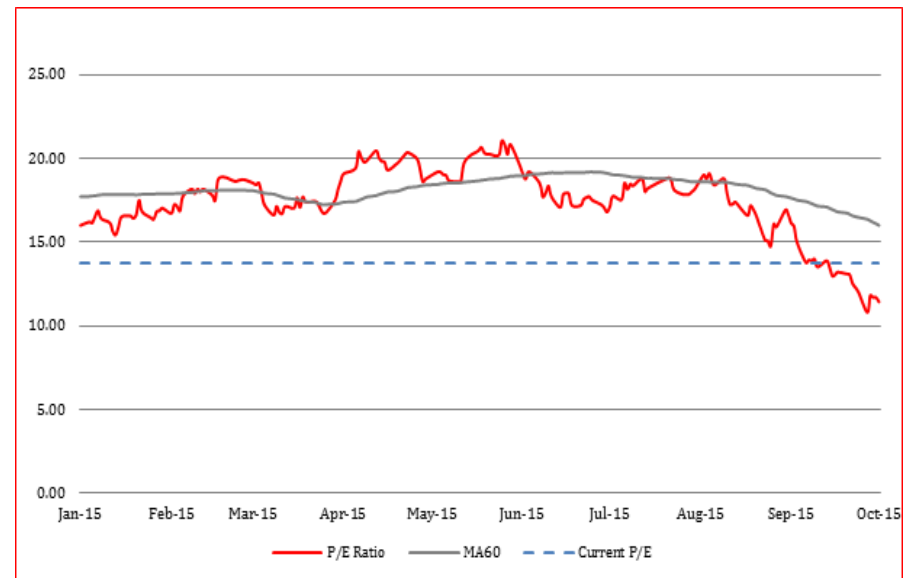
**NEUTRAL**

Current Price: IDR 1,575 / 52-Week Target Price: IDR 1,800

BSDE	1H15	1H14	% YoY
Revenues	3,367	2,443	38%
Cost of Revenues	856	634	35%
Gross Profit	2,510	1,809	39%
Operating Expenses	807	654	23%
Income from Operations	1,703	1,154	48%
Other Income (Expenses)	6	72	-91%
Share in Net Income of Investees	0	1,581	-100%
Income Before Tax	1,710	2,808	-39%
Current Tax Expense	188	141	33%
Net Income	1,415	2,576	-45%

(in IDR Billion)

Trailing PE VS MA60





# PT Bumi Serpong Damai Tbk (BSDE IJ)



## Overview

- Total saleable landbank 4,515 ha.
- 1H15 marketing sales reached IDR 3.5tn, equal to 46% of company's FY15E marketing sales target of IDR 7.5tn (+15% YoY from FY14).
- 1H15 net profit of IDR 1.42tn, a decrease by 45% YoY from IDR 2.58tn in 1H14, mainly due to a one-off gain of PLIN share purchased of IDR 1.6tn booked in 1H14. If we exclude that gain, the 1H15 net profit will have increased by 15% YoY.
- Benefited from LTV relaxation where as approximately 40% of its consumers were using mortgage loan and the most contribution were coming from housing sales less than IDR 5bn.

NAV	Saleable Area ha	Price IDR'000/sqm	Ownership %	Net Value IDR bn
<b><u>Developed Land</u></b>				
BSD City: Phase II	480	9,500	100%	43,320
Grand Wisata	323	4,000	46%	5,646
Kota Wisata	71	3,000	85%	1,720
Duri Pulo	16	9,000	85%	1,163
Balikipapan Baru	130	1,500	55%	1,019
Lenteng Agung	5	20,000	85%	808
Rasuna Epicentrum	5	17,000	100%	808
Taman Permata Buana	3	14,000	85%	339
Banjar Wijaya	13	1,500	85%	157
M.T. Haryono	1	14,000	100%	133
Legenda Wisata	5	2,500	85%	101
Kota Bunga	7	1,000	85%	57
<b><u>Landbank</u></b>				
BSD City Phase III	2,450	400	100%	9,310
Bale Tirta Warna	319	200	100%	606
Lakarsantri	40	1,500	100%	570
Cibubur	160	200	85%	258
Bekasi	83	200	85%	134
Benowo	260	100	85%	210
Tanjung Sari	2	5,500	100%	105
Karawang	107	100	55%	56
Samarinda	35	100	55%	18
Subtotal	4,515			66,537
Recurring Income				10,943
Total				77,480
Less Debt and Advances				6,665
Add Cash				2,967
NAV				73,781
No. of Shares (bn shares)				18
NAV/share (IDR)				4,016
Discount to NAV (%)				55%
Target Price—rounded (IDR/share)				1,800

Source: Company Data, Sinarmas Investment Research

# PT Summarecon Agung Tbk (SMRA IJ)

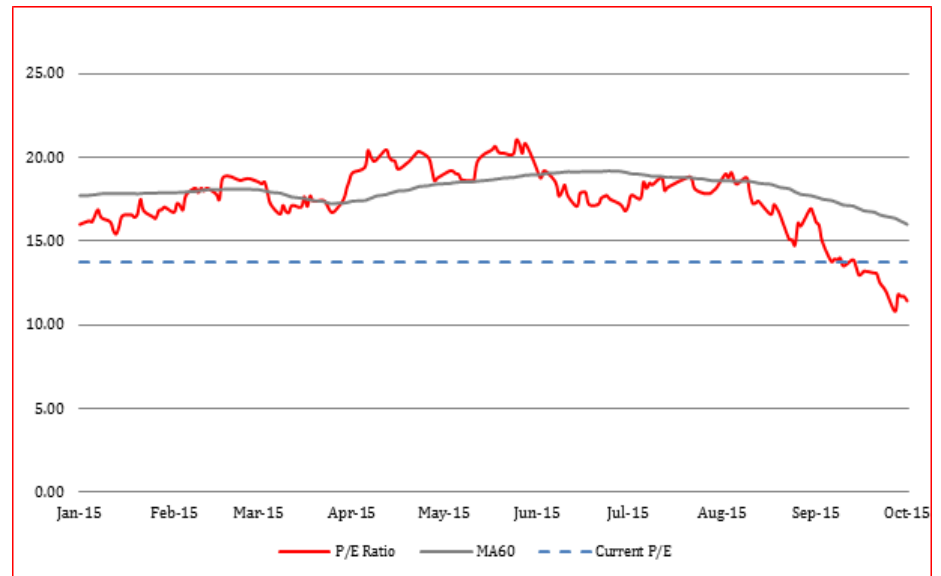
**BUY**

Current Price: IDR 1,085 / 52-Week Target Price: IDR 1,430

SMRA	1H15	1H14	% YoY
Revenue	2,596	2,092	24%
Cost of Revenue	1,203	1,019	18%
Gross Profit	1,393	1,073	29%
Operating Expenses	702	416	68%
Income from Operations	691	657	5%
Income before Income Tax	526	616	-15%
Income Tax Expense	1	0	100%
Net Profit	525	616	-15%

(in IDR Billion)

Trailing PE VS MA60



# PT Summarecon Agung Tbk (SMRA IJ)



## Overview

- Total saleable area of 1,847 ha.
- The company revised downward its marketing sales target from IDR 5.5tn to IDR 4.5tn (-2.2% YoY from FY14).
- In 8M15, marketing sales was booked IDR 2.8tn, equal to 62% of the new target.
- Summarecon Bandung will open in the last quarter this year for the first time, targeting sales of IDR 800bn.
- 1H15 consolidated revenue was increased by 24.1% YoY to IDR 2.6tn, consolidated net income was booked decrease by 14.8% YoY from IDR 616.3bn in 1H14 to IDR 525.1bn in 1H15, due to 108% YoY higher in interest expenses mainly from bank loans IDR 129.4bn (+96.9% YoY) and bonds IDR 68bn (+147.1% YoY).
- Minimal impact from luxury tax regulation as its sales contribution from development property sales of >IDR 10 bn is projected only by 2% of total sales.

NAV	Saleable Area ha	Utilization Ratio (%)	Price/sqm IDR'000	Net Value IDR bn
<b>Landbank</b>				
Summarecon Kelapa Gading	7	60%	25,000	863
Summarecon Serpong				
Own Land	307	60%	12,000	19,512
JO with PTJBC	150	60%	12,000	6,634
JO for The Springs	80	60%	12,000	2,780
Summarecon Bekasi				
Own Land	145	60%	11,000	8,339
JV with PT DSA	263	60%	1,860	1,188
Summarecon Bandung	331	60%	2,520	3,718
Summarecon Bali	20	60%	8,400	612
Summarecon Bogor	401	60%	1,820	1,822
Other Properties & Inventories	141	60%	840	602
<b>SUBTOTAL</b>	<b>1,846</b>			<b>46,070</b>
<b>Investment Properties</b>				
Sentral Kelapa Gading	15			4,243
Sentral Gading Serpong	17			1,784
Summarecon Mal Bekasi	15			1,078
Hotels	3			603
Other Operating Properties	17			504
<b>SUBTOTAL</b>	<b>67</b>			<b>8,212</b>
<b>TOTAL</b>				<b>54,282</b>
Add Cash				1,695
Less Debt				-4,382
<b>RNAV</b>				<b>51,595</b>
No. of Shares (bn shares)				14.43
<b>RNAV per Share (IDR)</b>				<b>3,576</b>
Discount to RNAV				60%
<b>Target Price (IDR/share)</b>				<b>1,430</b>

Source: Company Data, Sinarmas Investment Research

# PT Alam Sutera Realty Tbk (ASRI IJ)



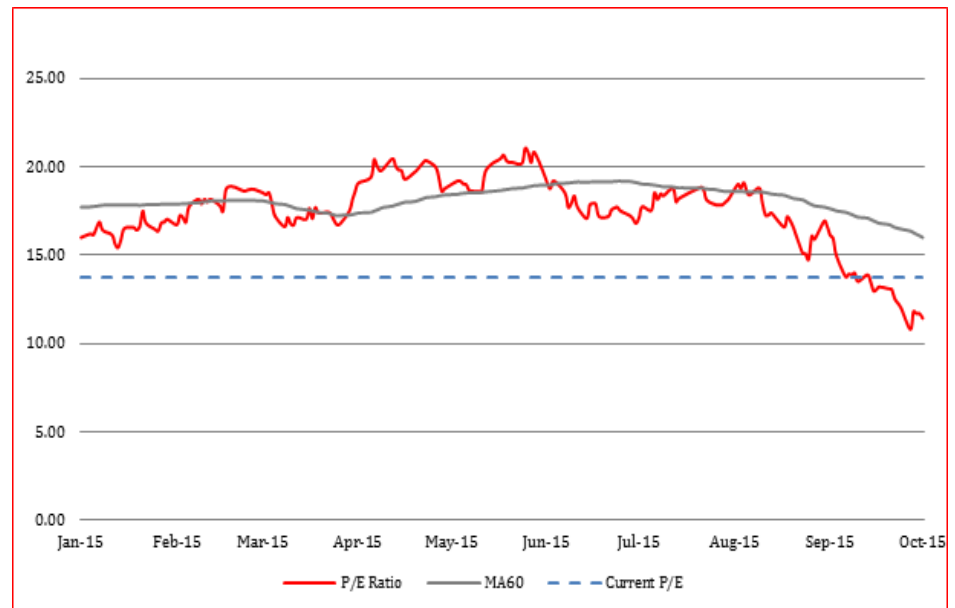
**BUY**

**Current Price: IDR 351 / 52-Week Target Price: IDR 540**

ASRI	1H15	1H14	% YoY
Revenue	1,732	1,944	-11%
Cost of Revenue	361	867	-58%
Gross Profit	1,371	1,077	27%
Operating Expenses	238	180	32%
Operating Income	1,132	896	26%
Other Income (Expenses)	-489	-219	123%
Income before tax Expenses	642	677	-5%
Tax Expense	107	97	10%
Net Profit	535	580	-8%

(in IDR Billion)

Trailing PE VS MA60



## Overview

- Total landbank area 2,374 ha.
- FY15E marketing sales target was revised down by 22% to IDR 4.5tn from the initial target of IDR 5.8tn.
- 1H15 consolidated net income decrease by 8% YoY from IDR 580bn in 1H14 to IDR 537bn in 1H15.
- FY15E capital expenditure plan for both land acquisition and construction was reduced by a total of 25% to IDR 2.25tn.
- Outstanding bonds totaled USD 460mn which will due in 2019 and 2020 with the flexibility to call the remaining bonds in 2017.
- 1H15 DER was decreased by 15% YoY from 108% to 93%.

NAV	Saleable Area ha	Utilization Ratio (%)	Price/sqm IDR'000	Net Value IDR bn	
<b>Landbank</b>					
Serpong, Tangerang					
	Residential	100	60%	13,000	7,410
	Commercial	82	60%	15,000	7,011
North Serpong, Tangerang					
		248	60%	5,000	7,068
Pasar Kemis, Tangerang					
		1,693	60%	1,500	14,475
Cikokol, Tangerang					
		17	60%	2,000	194
Cianjur, West Java					
		80	60%	400	182
Puncak, Cimaican					
		9	60%	500	26
Sanur, Bali					
		6	60%	4,000	137
Ungasan, South Kuta, Bali					
		63	60%	2,750	988
Tanjung Pinang, Riau					
		75	60%	100	43
Jakarta CBD					
		2	60%	50,000	570
<b>Subtotal</b>					
		<b>2,375</b>			<b>38,103</b>
Recurring Income					
					4,531
<b>Total</b>					
					<b>42,634</b>
Add Cash					
					890
Less Debts					
					4,542
Less Advance					
					3,588
<b>NAV</b>					
					<b>35,395</b>
NAV/share					
					1,801
Discount to NAV					
					70%
<b>Target Price</b>					
					<b>540</b>