



NORTH SUMATRA INVESTMENT BOOK

Quarter III of 2020



BANK INDONESIA



NORTH
SUMATRA
INVESTMENT
BOOK





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North Sumatra Representative Office

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REMARKS BY HEAD OF REGIONAL REPRESENTATIVE BANK INDONESIA NORTH SUMATRA PROVINCE

Investment is one of the most important channels to support regional and national economic growth. Mature investment realization can create new job opportunities and create a multiplier effect for the economy, explicitly supporting economic growth and improving people's welfare by reducing unemployment.

North Sumatra has successfully positioned itself as the largest contributor, with a contribution of 23.82%, to the economic growth of the island of Sumatra in the 3rd quarter of 2020. Supporting infrastructures for business is also continuously being developed by the Central and Regional Governments. These are certainly attractive aspects for investment.

North Sumatra has 7 clear and clean investment projects, which 3 of them are National Strategic Projects. Those projects are The Lake Toba Tourism Area, the Sei Mangkei Special Economic Zone, the Kuala Tanjung Industrial Area, the Mixed Use rental apartments within the Sei Mangkei SEZ area, the North Sumatra Sport Center, the Siantar-Parapat Train, and the Mebidang LRT. These projects are the focus of the government that continues to be developed intensively.

At the regional level, we continue to strive to support economic growth through investment. The North Sumatra Invest task force continues to explore many potentials that exists in the region and puts it into an integrated database thus making it easier for investors to choose projects that suit their respective business profiles. On the other hand, we are trying to make it simpler for investors in terms of business licensing through licensing digitization.

All of these efforts, cannot be separated from our spirit to advance the regional economy for the welfare of the people of North Sumatra. So, let's come and explore the potential of North Sumatra more closely. We are ready to facilitate you.

Medan, November 2020

Head of Bank Indonesia North Sumatra Representative Office

Wiwiek Sisto Widayat

Executive Director

REMARKS BY THE GOVERNOR OF NORTH SUMATRA PROVINCE

North Sumatra Province is one of the Indonesian economy pillars and with its historical economic growth is above the national economic growth. With a GDP per capita of IDR 55.05 million in 2019, North Sumatra has become one of the growth engine for the national economy outside Java.

Its geographical advantage, which is directly adjacent to the Malacca Strait, makes North Sumatra the center of trade and national connectivity hub in the western region of Indonesia. Not only that, from a demographic perspective, North Sumatra has a prospective market advantage. This is reflected in the population which is the 4th largest in Indonesia, where more than 50% is dominated by people of productive age.

The natural beauty of North Sumatra contains many potentials that also contributes greatly to the economy through the tourism sector. Our main attraction is Lake Toba, which has been designated as a national priority tourist destination.

To support in becoming an international standard tourist destination, infrastructure development continues to be developed, especially to advance connectivity. Various National Strategic Projects currently being developed include the eastern Sumatra route and the toll road from Medan to Lake Toba. To strengthen the connectivity of air transportation modes, North Sumatra also has 1 international airport that has direct flights to Singapore and Malaysia, among others, and 6 airports that serve domestic flights. In the sea transportation mode, there are 6 ports to strengthen the maritime side.

In line with our efforts to continue to develop the socio-economy of North Sumatra, our 7 strategic investment projects are expected to generate a sustainable economy.

The Regional Government of North Sumatra has never stopped providing support for the development of regional investment projects. We continue to strive for this support as a form of structural transformation and ease of licensing procedures that are more efficient. Ease of fiscal and non-fiscal for the business community, relatively cheaper wages for labor, and easy access to raw materials create an excellent investment climate in North Sumatra.

Medan, November 2020

H. Edy Rahmayadi

Governor of North Sumatra

A.
MACROECONOMIC
DEVELOPMENT





NORTH SUMATRA AT A GLANCE

NORTH SUMATRA is one of Indonesian economic proponent with economic growth above national economic growth historically and frequently. With GDRP per capita of Rp55,05 millions in 2019, North Sumatra was adequate to be the economic driving force outside Java region. The total population of North Sumatra is the fourth largest in Indonesia and still growing. Eight tribes and various religious beliefs in North Sumatra live in harmony, spread in 25 districts and 8 regencies in an area of 181.860,77 km².

Renowned for its' fertile soil, North Sumatra become one of Indonesian central producer of agricultural commodities; crops and horticulture. Rice production of 2.078.901,59 ton in 2019 propelled North Sumatra to have production surplus of 1,3 million tons in 2019. Fishery commodities such as shrimp and fish are two of superior exports with foreign exchange contribution of \$201,6 millions in 2018. It's total production is 427.218 ton/year.

Another superior potential of North Sumatra is the tourism sector. In abundance of vast natural resources and the existence of world's largest volcanic lake, the Lake Toba, North Sumatra offers indisputable tourism experience.

Directly adjacent with Malacca Strait has enacted North Sumatra as the center of trade and connectivity in western part of Indonesia. Such potentials are encouraged by central and regional governments to promote existing infrastructure in North Sumatra. Reciprocally, the governments have several priority investments projects in infrastructure and tourism sectors to support sustainable economic growth through investment.



North Sumatra Province is geographically positioned between 1°-4° North and 98°-100° East

GEOGRAPHIC ADVANTAGE



Located at the vast and prosperous area of Sumatra island, with total area of 73.000 km²



Strategically positioned along the Malacca Strait, it has long been a major trade center in west Indonesia



DEMOGRAPHIC ADVANTAGE

IPM Component	2014	2015	2016	2017	2018	2019
Life Expectancy	68,04	68,29	68,33	68,37	68,61	68,95
School Life Expectation	12,61	12,82	13,00	13,10	13,14	13,15
Average School Life	8,93	9,03	9,12	9,25	9,34	9,45
Per Capita Expenditure (Rp thousands)	9.391	9.563	9.744	10.036	10.391	10.649
IPM	68,87	69,51	70,00	70,57	71,18	71,74

GINI COEFFICIENT



IPM



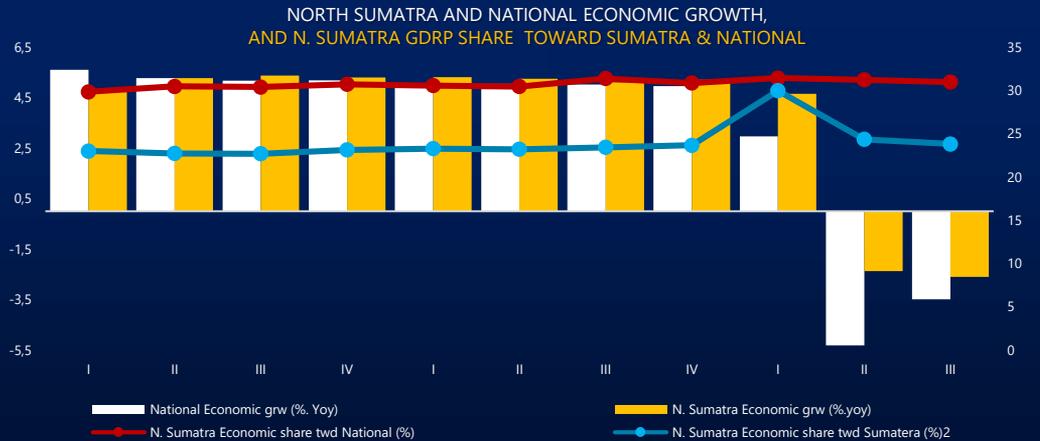
Source: Central Bureau of Statistics (BPS), processed

MACROECONOMIC INDICATORS

Economic performance of North Sumatra can fully support the acceleration of sustainable economic growth. Historically, annual economic growth of North Sumatra has always been above national growth rate since 2011 as supported by low and steady inflation rate. Banking performance is also measured as good that describes conducive financial system stability, supported by optimum real sector and investment on infrastructure in various lines.

Economic growth of North Sumatra is higher than national economic growth in the middle of global economic downturn due to COVID-19 outbreak. Agricultural sector spurs the economy through a positive growth rate. According to expenditure side, government consumption component can still sustain the rate of economic growth of 1,54%. Budget refocusing of regional government which has been done massively for COVID-19 countermeasures has contributed in increasing the economy. On the other hand, export volume of North Sumatra on quarterly basis is slowing down yet still growing positively. The leading CPO-producing industry of North Sumatra is contributing to withstand the impact of decreasing demand for export.

Sumatra Economic Growth

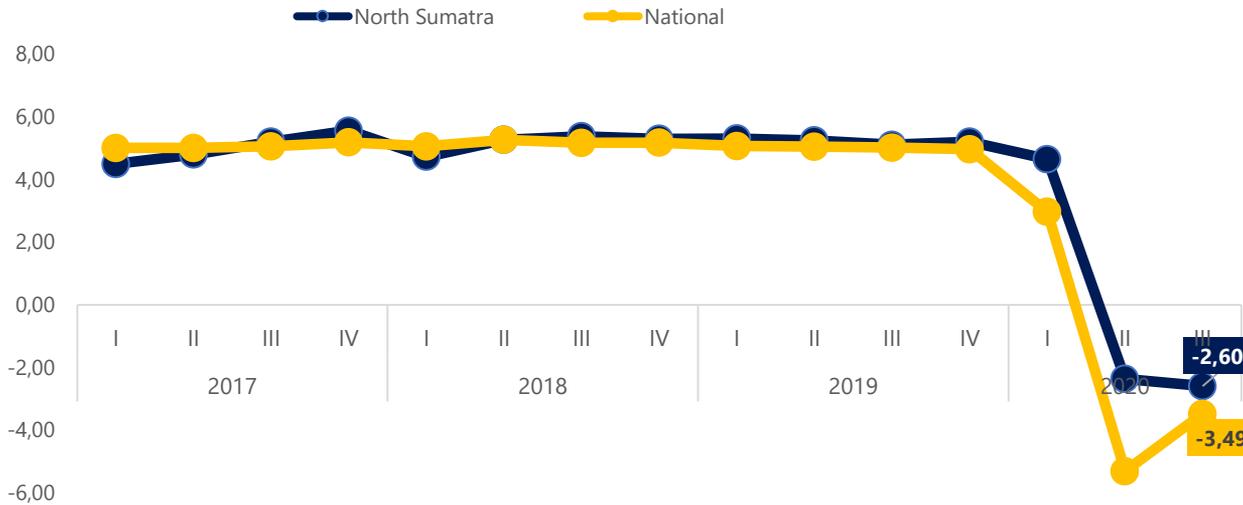


Source: Central Bureau of Statistics, processed

This resilient economic performance is in line with low and steady inflation rate of North Sumatra in national target which is 3,5% ± 1%. North Sumatra financial system is still conducive, reflected on positive growth of banking credit. Government efforts to boost real sector are welcomed by banks by optimizing credit restructuring for small business.

RECENT ECONOMIC DEVELOPMENT

Economic Growth of Indonesia and North Sumatra



Source: BPS, processed



North Sumatra Financial System Overview

Credit g.
(%; yoy)

Oct 2020

4,3%

Sept 2020: 4,1%
Oct 2019 : 2,5%

TPF g.
(%; yoy)

Oct 2020

11,2%

Sept 2020: 11,7%
Oct 2019: 5,19%

NPL
(%)

Oct 2020

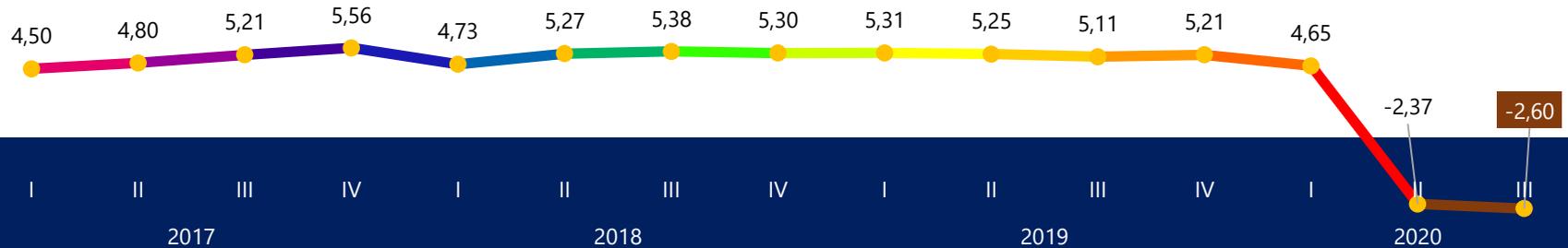
3,4%

Sept 2020: 3,5%
Okt 2019: 3,4%

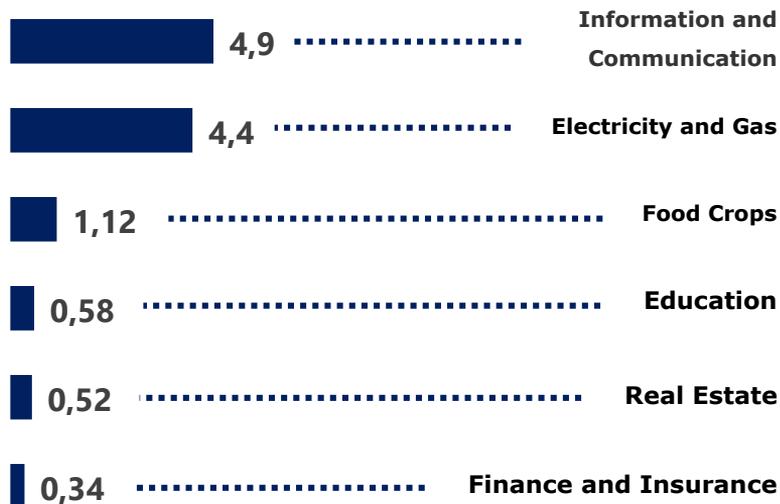
Source: Bank of Indonesia, processed

ECONOMIC PERFORMANCE

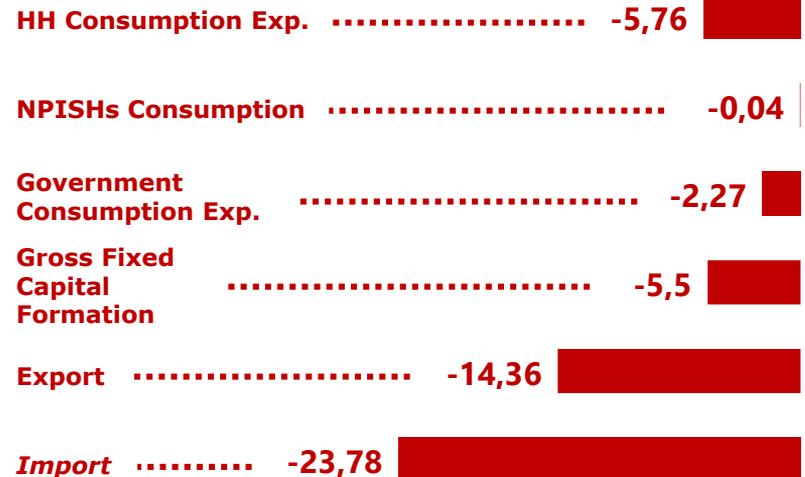
North Sumatra Economic growth in the third quarter of 2020 recorded at -2,60% (yoy), due to COVID-19 outbreak which disrupt the growth rate in almost all components (expenditure). However, it was higher and better compared than previous quarter, more over to Sumatra Region and national growth rate. Several industrial origin side was turning positive than before. While on expenditure side, all components were still trying to go out from negative achievement.



GRDP Growth (Industrial Origin)



GDRP Growth (Expenditure)

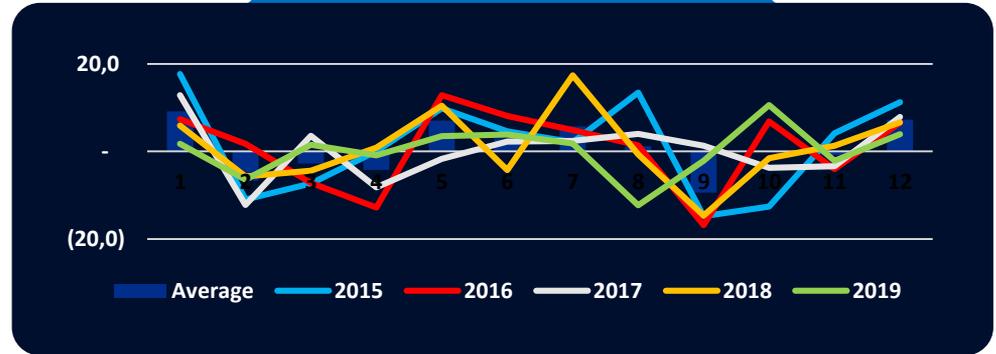


INFLATION

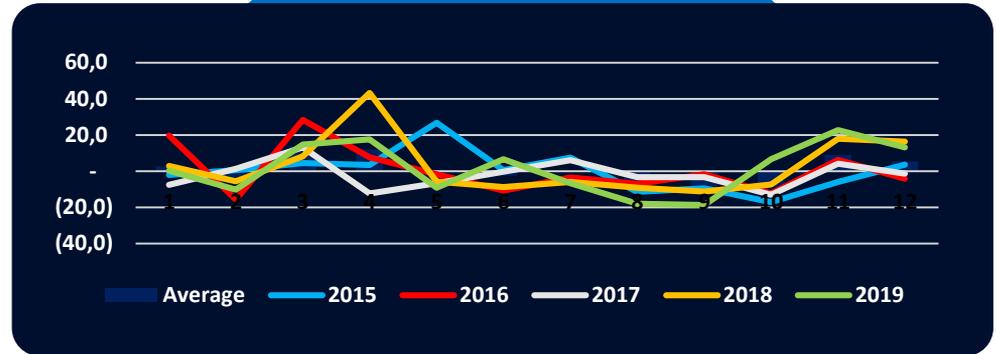


Inflation rate of North Sumatra in October 2020 was recorded on 0,47% (mtm) or 0,69% (yoy). Based on disaggregation of inflation, volatile food component is the major cause of inflation fluctuation in North Sumatra. Several major commodities causing inflation in North Sumatra are red chili pepper, shallot, and purebred chicken. However, coordination and collaboration on regional level through Regional Inflation Control Team participated in keeping low and steady inflation rate for public welfare.

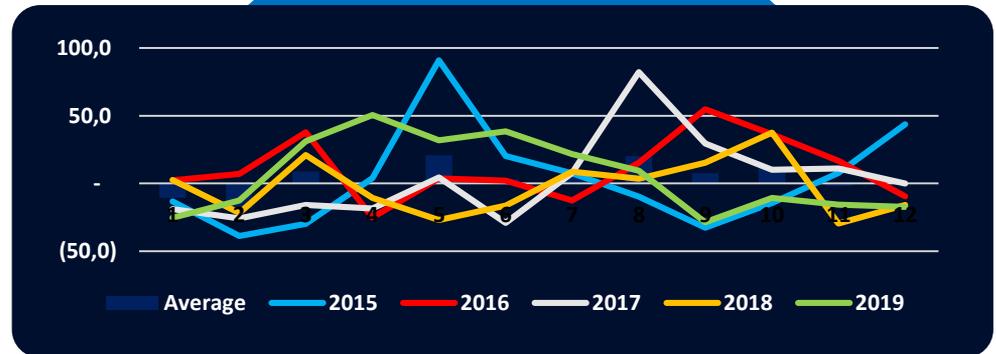
PUREBRED CHICKEN



SHALLOT



RED CHILI PEPPER

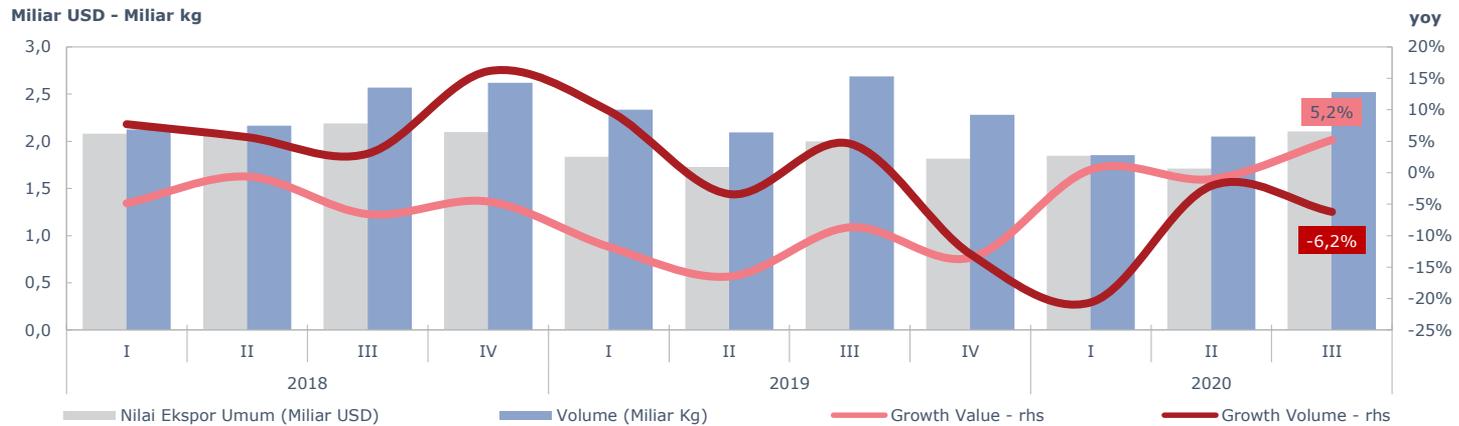


Source: Central Bureau of Statistics, processed

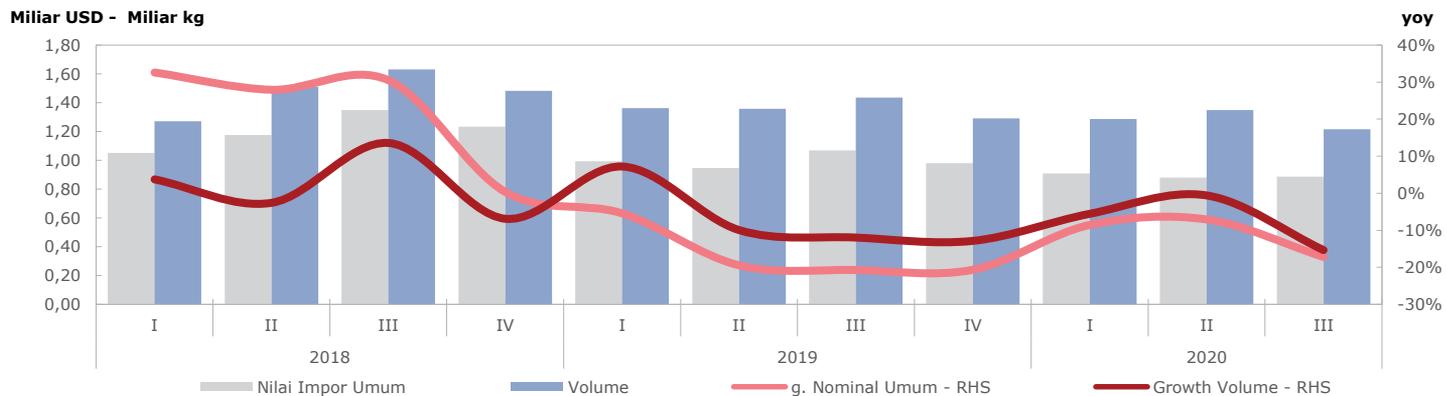
INTERNATIONAL TRADE

Located on world trade route, North Sumatra maintain its trade competitiveness amongst peer countries. Amidst the drop of export and import demand in the third quarter of 2020 due to COVID-19 outbreak, volume of export in North Sumatra is still stable and sustained as the major export commodity price relatively high. On import side, the downturn occurred due to the reduction of domestic and external demand, along with the agitated global supply chain.

EXPORT



IMPORT





PROVINCIAL MINIMUM WAGE

Rp 2.499.422 (2020)



UNEMPLOYMENT RATE

6.91%

(Aug 2020)



POVERTY RATE

9.14%

(Sept 2020)

North Sumatra provincial minimum wage level is on mid to low level, which could attract investors to employ domestic labors. In 2020, North Sumatra provincial minimum wage is Rp2.499.422,-

Unemployment Rate displayed an increased 2.18 points to 6.91% in August of 2020 which showed an improvement by caused the fact of Covid-19. It meant the number of labors in North Sumatra was having degradation of 170 thousands labors to 6.84 millions labors in August 2020.

On the other hand, poverty rate in North Sumatra has increased for 0,39 points. In September 2020, the percentage of poverty in North Sumatra was recorded for 9.14% due to COVID-19 outbreak. To overcome this situation, Regional Government keeps allocating budget for regional social safety net funds.

Sumber : Central Bureau of Statistics, processed

NORTH SUMATERA INVESTMENT PROFILE



North Sumatra is one of highly potential provinces for investment, especially outside Java region. With almost equally foreign and domestic investment proportion, North Sumatra is still the investment target of foreign and domestic business players. The realization of the second quarter of 2020 was IDR 6,67 trillions while the domestic investment reached IDR 3,45 trillions. Foreign Direct Investment is dominated by Singapore, Malaysia, Hong Kong, South Korea, and Netherland. In addition to its' relatively close geographical area, North Sumatra is considered as a highly prospective market.

Superior sectors of North Sumatra that becomes foreign investors' target includes electricity, gas, and water sector; food processing industry; chemical and pharmacy industry; plantation crops; and textile industry. By those superior and the other sectors, both foreign and domestic investments are able to absorb labor force as much 10.129 people and it's up to previous quarter that only 2.878 people.

Cooperation of business players and regional governments are continue to be implemented intensively to optimize performance and effectiveness of investment in North Sumatra. Incremental Capital Output Ratio (ICOR) of North Sumatra in 2019 was 5,68%, showing that North Sumatra still has the opportunity to increase the efficiency of incoming capital to North Sumatra.

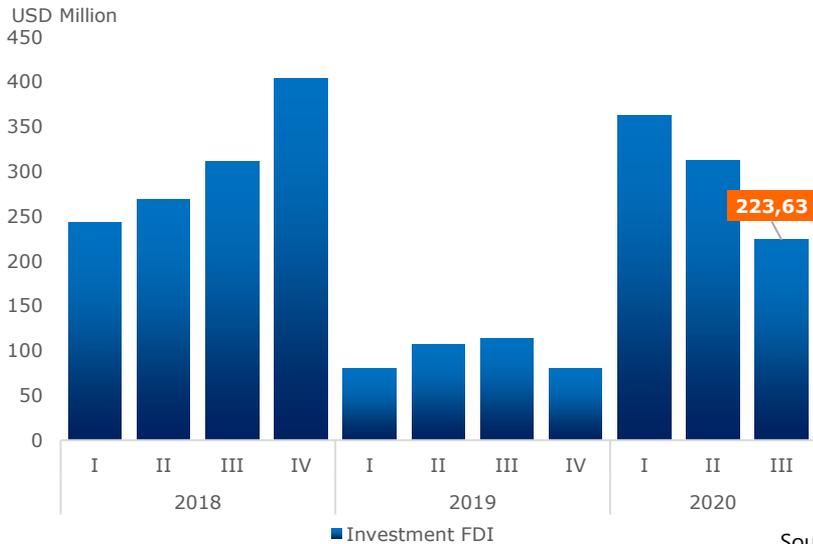
Spatially, foreign and domestic investments are distributed to 33 districts/municipalities in North Sumatra. In this quarter, Deli Serdang Regency became the highest in term of FDI realization for IDR 830.17 billions, followed by Mandailing Natal Regency with realization value of IDR 785.6 billions. Both districts focused on electricity, gas, and water sector. The highest DDI value is in Medan City with investment value of IDR 586.26 billions. Nevertheless, all districts and municipalities are very welcome for investments.

More specific investment sectors are expected to simplify development and optimize the new and business on industry, infrastructure, and tourism sectors. Within its stable economic condition, North Sumatra Province is ready for further collaboration with potential investors who wants to expand their businesses in North Sumatra. The authentic culture and openness of the government on investment activities make North Sumatra as the perfect place for investments.



ICOR 5,68%
in 2019

FDI Realization



Source : BKPM

DDI Realization



FDI based on countries in NORTH SUMATRA



Source : BKPM

Employment North Sumatra

Domestic

8.227 People

Employment (3rd quarter)

Investment sectors have done a good effort in absorbing labor force to squeeze domestic unemployment rate.

Foreigners

1.902 People

Source : BPS

NORTH SUMATRA SMALL AND MEDIUM ENTERPRISES' PROFILE

North Sumatra is not only known for its panoramic natural beauty and cultural diversity, but also enriched with its independent society in driving the economy through entrepreneurship.

Economic Census Results 2016

1.161.154 enterprises

Source: Central Bureau of Statistics (processed)

Highest Number of SME:

1. Medan City 226.233 enterprises
2. Deli Serdang Regency 135.007 enterprises

The development of small and medium enterprises in North Sumatra has increasingly become its economic pillar. This sector is capable to be the main labors absorption and significantly decline the unemployment rate. In North Sumatra, the number of labors absorption is up to 2.334.801 people (Central Bureau of Statistics, SE 2016)

The development policy of small and medium enterprises has been done to boost the economy in North Sumatra. Up until now, prime small and medium enterprises has been divisible into several clusters such as food sectors (rice) in Langkat Regency and Binjai City; red chili pepper and shallot cluster dominantly in Deli Serdang Regency, and export commodity such as coffee in Karo and Mandailing Natal Regency.

Presently, as an effort to promote prime small and medium enterprises in North Sumatra, North Sumatra Regional Government has been actively encourage the small and medium entrepreneurs activities to keep thriving amidst COVID-19 outbreak such as providing the equipments needed, and many kind of useful training for workers in both formal and informal sector. This huge potential of small and medium enterprises in North Sumatra can drive resilient economic growth.

B.
INVESTMENT
OPPORTUNITIES





MIXED USE RENTAL APARTMENT IN SEI MANGKEI

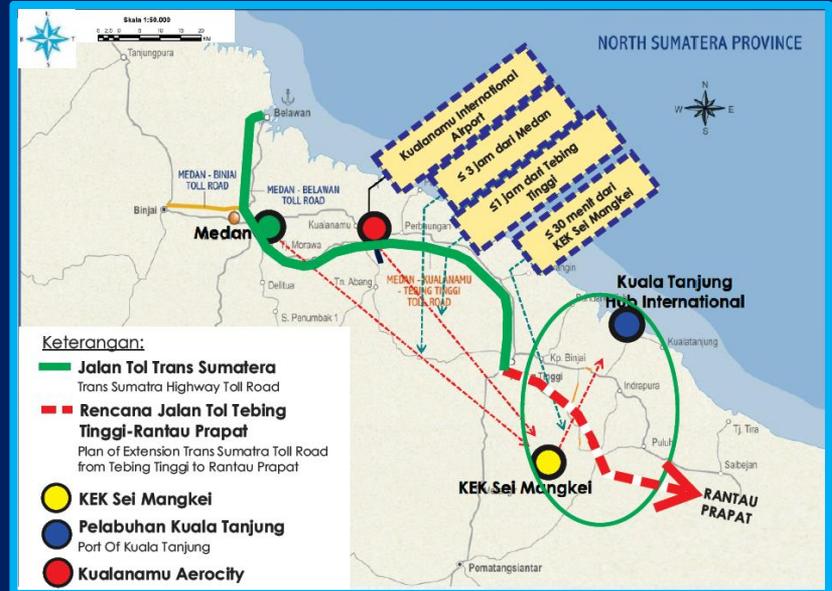
MIXED USE RENTAL APARTMENT IN SEI MANGKEI

PROFILE

Location	Sei Mangkei SEZ, Simalungun Regency
Investment Value	IDR 1.2 Trillion
Financing	Regional Gov't budget: IDR 53,78 Billion National budget: IDR 193,01 Billion PPP: IDR 965,5 Billion
Project Owner	Governor of North Sumatra
Project Developer	Housing and Residential Area Reg. Gov't Board
Main Activities	Building Apartment and Commercial Area
Project Scope	Design, Build, Finance, Maintenance, and Transfer (DBFMT)
Contract Period	20 years
Construction Periode	2 years
Project Status	1) OBC and FBC completed in 2020 2) 1st market sounding has been done in June 2020

PROJECT DESCRIPTION:

- ▶ Employment of labor in SEZ Sei Mangkei has reached 1800 labors and has the opportunity to keep increasing considering this area is the fifth biggest investment location in Indonesia. However, 45% of the labors still lives in rental houses while 35% of them lives in dormitories. This issue is the background to initiate integrated flat project..
- ▶ The Apartment in Sei Mangkei SEZ is not only targeting for labors (both domestic and foreign workers), but also low-income communities in the areas of Simalungun, Batubara, and Asahan.
- ▶ With convenience access of both highway and railway, integrated apartment in Sei Mangkei will be a prospective project.



Construction Planning (siteplan) :



Building Details :



Consisted of
3 towers (672 unit)



1 tower capacity : 224
unit



Number of floors: 18



14 residential floors
and 4 parking floors



In addition to urban area-designed residential area, Apartment project is planned to be equipped with mix use buildings consisting of:



Facilities:

1. Apartment

- Total Floor: 16
- Ground Floor-5th floor: room, rooftop
- 6th floor: various facilities, 7th – 16th floor: room, rooftop
- Studio Type Room (tipe 44): 77 unit
- Family Room (tipe 80): 55 unit

2. HOTEL

- Total Floor: 15
- 1st floor: lobby, 2nd - 3rd floor: core lift
- 4th – 6th floor: facilities, 7th floor: Hall
- 8th – 15th floor: room, rooftop+helipad
- Deluxe room (4x8m): 90 unit
- Suite room (5x9m): 27 unit

3. COMMERCIAL UNIT/HYPERMART

- Total Floor: 4
- 1st – 3rd floor: Hypermart and other retail store
- 4th floor: service

4. SWIMMING POOL

Other Supporting Facilities

1. Playground area of $\pm 1050 \text{ m}^2$



2. Mosque area of $\pm 550 \text{ m}^2$

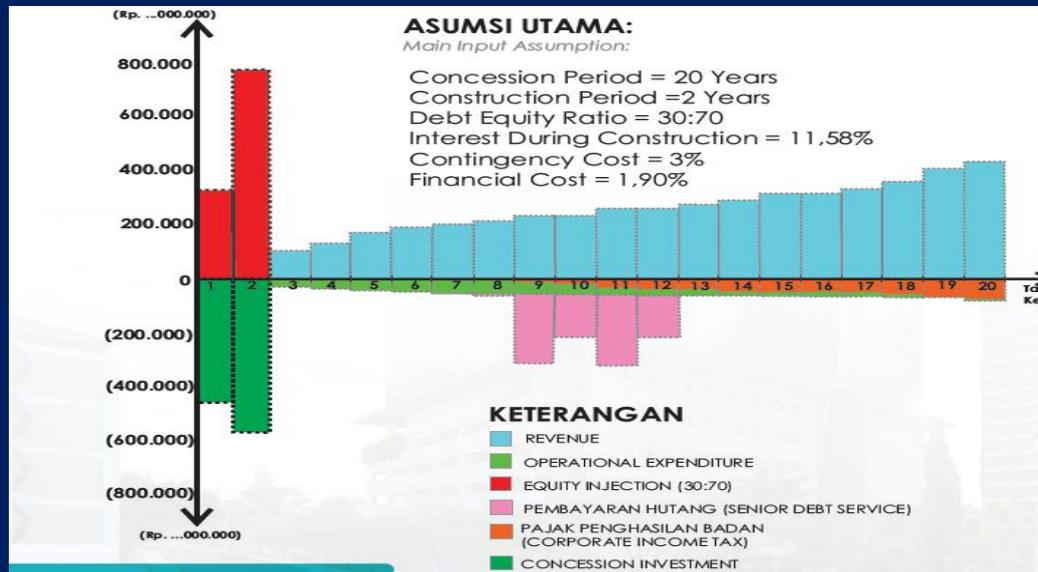


3. Gas station of $\pm 875 \text{ m}^2$



Financial Feasibility

Financial Summary



CAPEX
Rp1,134 Trillion

OPEX
Rp1,014 Trillion
*During cooperation period

IRR/WACC
11,14%/10,336%

NPV
RP59,022 Billion

PAYBACK PERIOD
8 years 7 months

Criteria

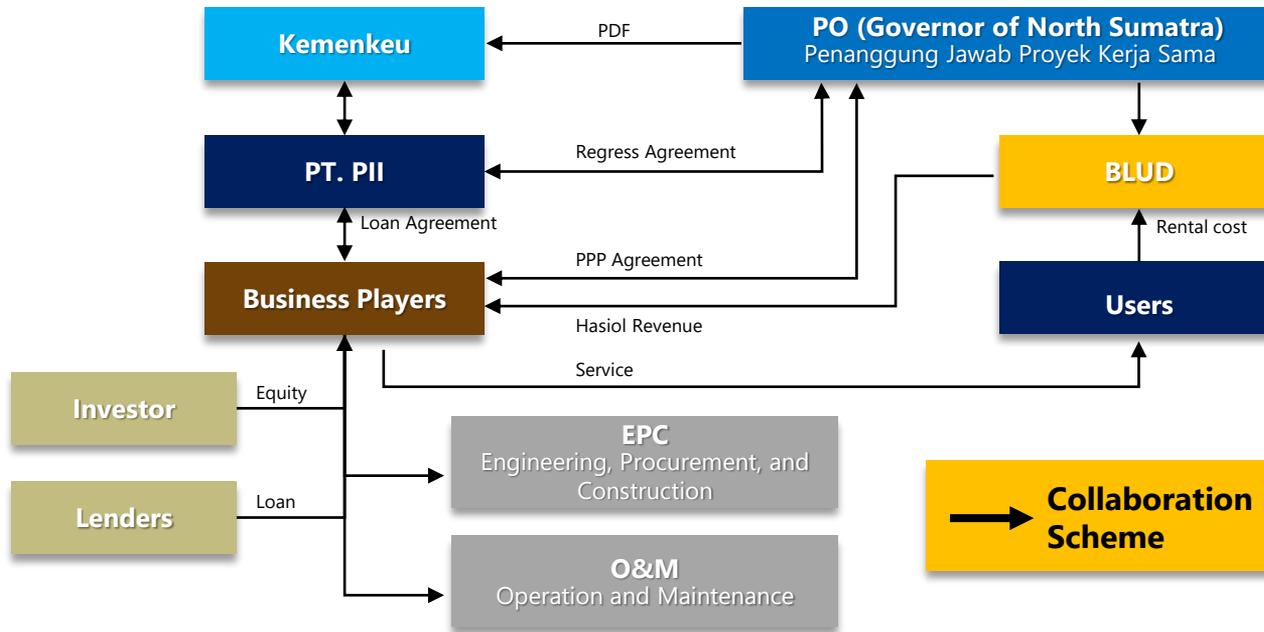
Debt Equity Ratio
Interest during construction
Contingency cost
Financial Cost
CAPEX
OPEX
IRR / WACC
NPV
Payback Period

Notes

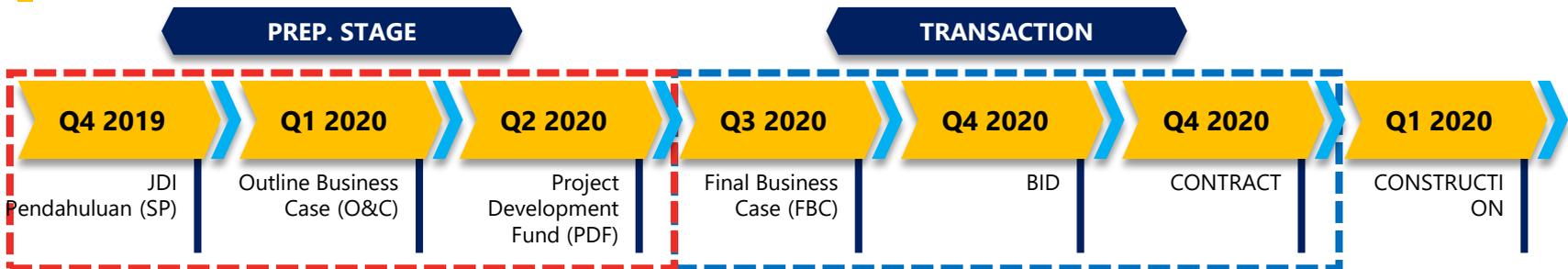
30 : 70
11,58%
3%
1,90%
IDR 1.134 Trillion
IDR 1.014 Trillion
11,14% / 10,36%
IDR 59.022 Billion
8 years and 7 months



Partnership Scheme



Project Timeline



NOTE : FBC DAN TENDER PROCESS WILL BE ARRANGED BY MINISTRY OF FINANCE



PPP PROCESS BY PROJECT OWNER



PPP PROCESS BY MINISTRY OF FINANCE



LIGHT RAPID TRANSIT MEBIDANG

LIGHT RAPID TRANSIT MEBIDANG



PROFILE

Location	Medan – Binjai – Deli Serdang (MEBIDANG) Regency
Track Distance	41.3 Km
Capacity	4.473.996 people/year
Concession Period	20 years

OBJECTIVE

- Reduce congestion in Medan and Surrounding areas especially heading to Binjai city and Deli Serdang Municipality
- Increasing Economic Growth
- LRT to Transit Oriented Development (TOD)

TARGET

- Development of integrated urban mass transportation in the Mebidang (Medan – Binjai – Deli Serdang)

SCOPE OF PROJECT

- Infrastructure Construction, Maintenance and Operation **41,3 Km**

OUTPUT

- Availability of passenger railway services on the Mebidang Light Rail Transit as urban mass transportation in Mebidang

Government Contracting Agency (GCA)

Governor of North Sumatera Province

Return of Investment Mechanism

Availability payment

Investment Value

LRT : IDR 20,3 Trillion

Capsule Metro : IDR 10,8 Trillion

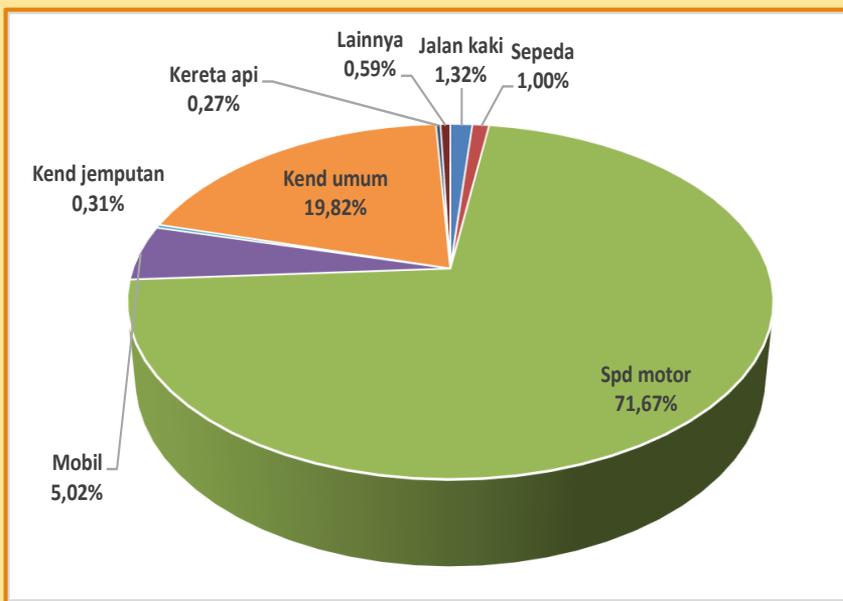
Business's Scheme

Public Private Partnership and Economic Development Partnership Facility

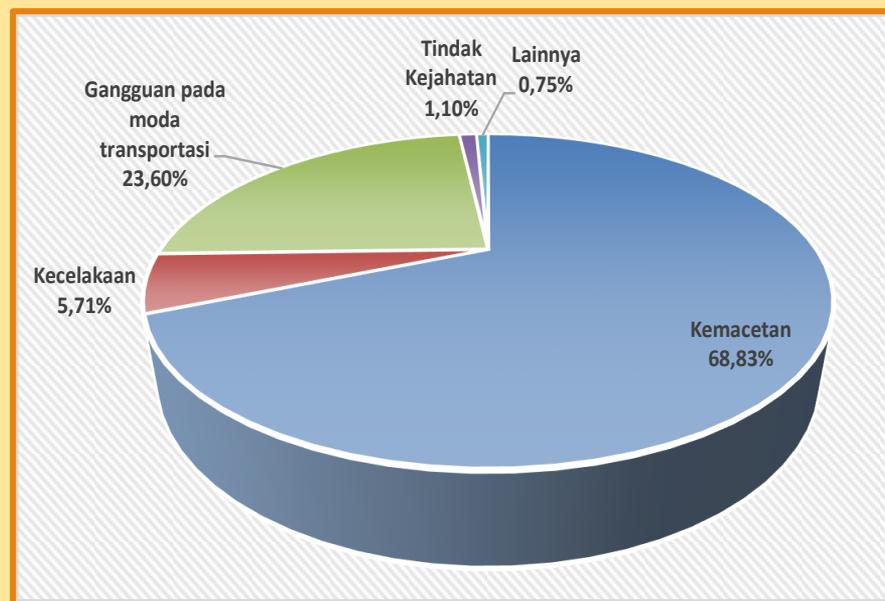
Project Status

- Outline Business Case completed in 2019
- Final Business Case will be conducted at the end of 2020

PASSENGER MOVEMENT CHARACTERISTIC (MEBIDANG AREA)



SHARE MODE



TRANSPORTATION PROBLEM

- ❑ **SHARE MODE** → Motor Cycle (71,67%), Public Transport (19,82%) → **Public transportation is not the main choice for people to move**
- ❑ **TRANSPORTATION PROBLEM** : Traffic Congestion 68,83% ; Transportation Distraction 23,60% ; Traffic ACCIDENT 5,71% → **POOR PEOPLE MOBILITY (SMALL CAR), UNCONVINIENT AND POOR QUALITY OF PUBLIC TRANSPORTATION**
- ❑ **TOTAL TRANSPORTATION ACCIDENT INVOLVED 7,094 M vehicles (Car 7,6% ; Bus 1,1% ; Freight 4,5% ; M.cycle 86,9%), average growth 2006-2019 = 10,35%/year.**
- ❑ **Commuter mobility tend to increase, total commuter in Mebidang area ± 800.000 People/Day**

PROJECT DESCRIPTION:

- Mebidang LRT and BRT are solutions for the communities' growing mobility in North Sumatra especially in Medan City, Deli Serdang District, and Binjai City.
- LRT is the main transportation, supported by feeder bus to support passengers' mobility.
- Mebidang LRT development is also as transportation mode to support Sport Center Project in Deli Serdang as one of its track is connected to the Sport Center.
- Mebidang LRT Track Plan Project:

Corridor 1:

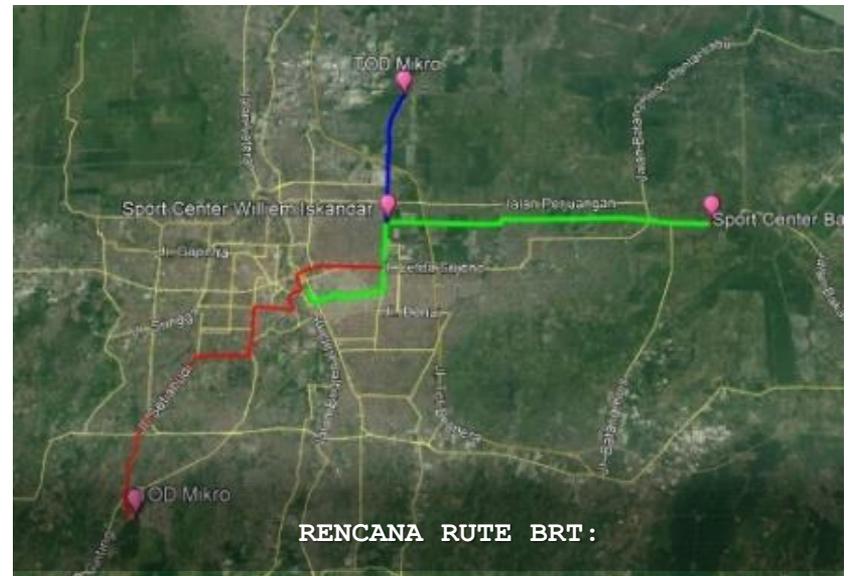
Medan Station – Batang Kuis Sport Center (distance: 20 km)

Corridor 2:

Aksara Street – Lau Cih Market (distance 17,21 km)

Corridor 3:

Pancing Station – Cemara Station (distance: 3,37 km)



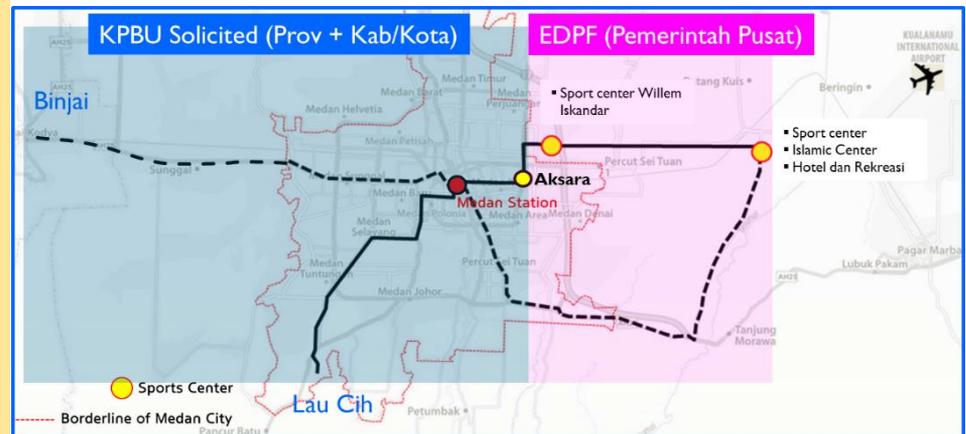
RENCANA RUTE BRT :



Route 1: Medan Rail Station– Binjai

Route 2: Medan Rail Station – Sport Center

LRT FUNDING PROJECT PLAN AND MEBIDANG BRT:



FUNDING

LRT						
No	Description	Price	Unit		IDR Amount	
1	Rolling Stock	IDR 24.400.800.000	20	unit	IDR 488.016.000.000	
2	Track per km	IDR 400.000.000.000	41,3	km	IDR 16.520.000.000.000	
3	Station	IDR 20.000.000.000	17	unit	IDR 340.000.000.000	
4	Depot	IDR 66.831.925.670	1	unit	IDR 66.831.925.670	
5	Operation Facilities	IDR 52.931.200.000	1	unit	IDR 52.931.200.000	
Total					IDR 17.467.779.125.670	

No	Additional Capital	Amount
1	Pre Operational Cost	IDR 210.635.769.000
2	Interest During Construction	IDR 55.607.843.000
3	Working Capital	IDR 2.569.756.388.000
Total		IDR 2.836.000.000.000

**Total Project Funding:
IDR 20.303.779.124.670**

Financial Feasibility

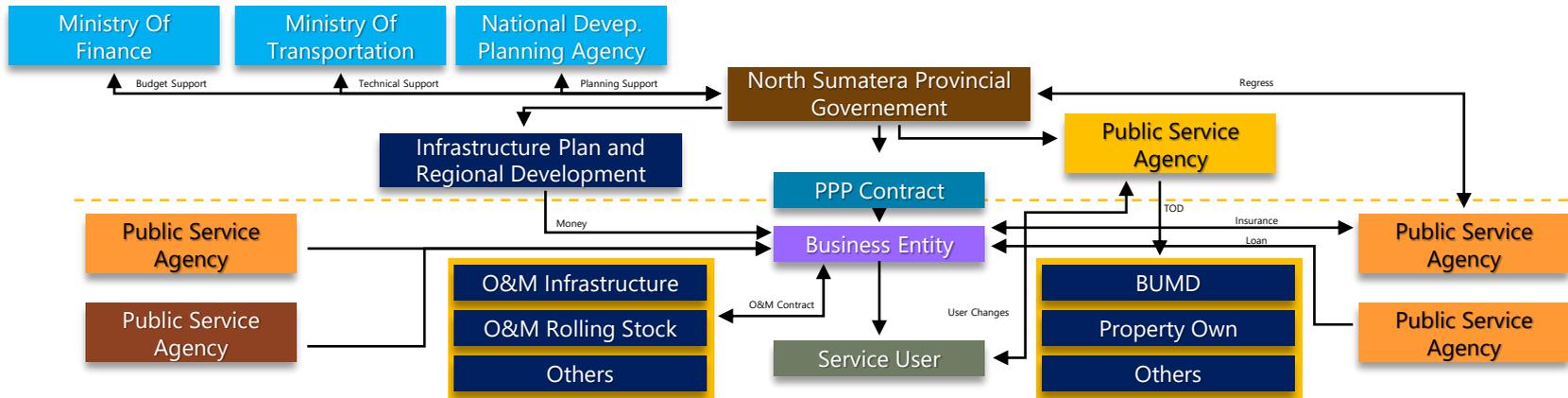
Financial Profile	IDR	USD
Ticket Price	IDR 12.000	
CAPEX	IDR 20.303.779 Million	\$ 1.440 Million
OPEX	IDR 306.951 Million/Annual	\$ 22 Million/Annual
DEBT : EQUITY	70 : 30	
EQUITY NPV	IDR. 1.496.884 Million	\$ 106 Million
PROJECT NPV	IDR . 487.872 Million	\$ 35 Million
EQUITY IRR	11,63 %	
PROJECT IRR	9,68 %	
AP VALUE ANNUAL	IDR 5.755.877 Million	\$ 408 Million
CONSESSION PERIOD	20 Years	



Project Timeline



Partnership Scheme





SIANTAR-PARAPAT RAILWAY

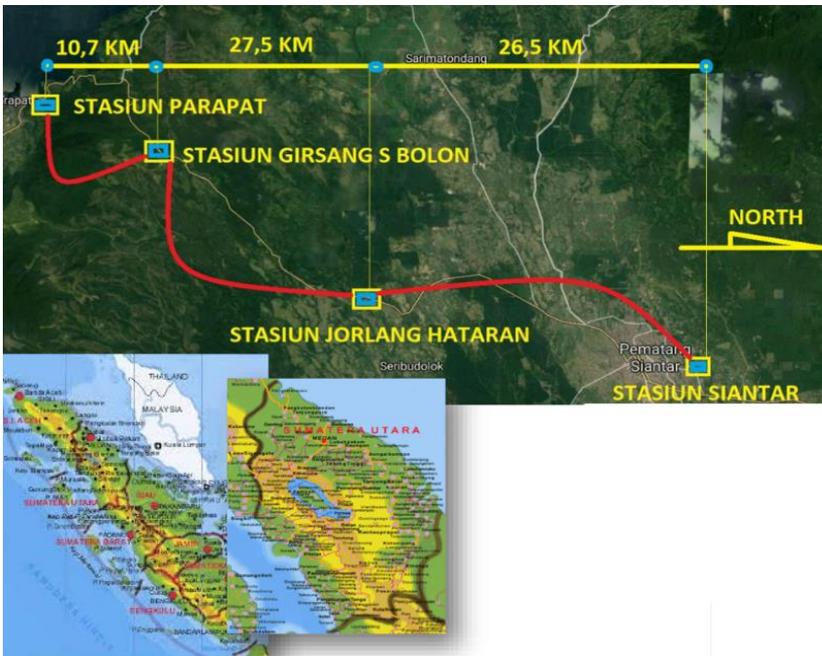
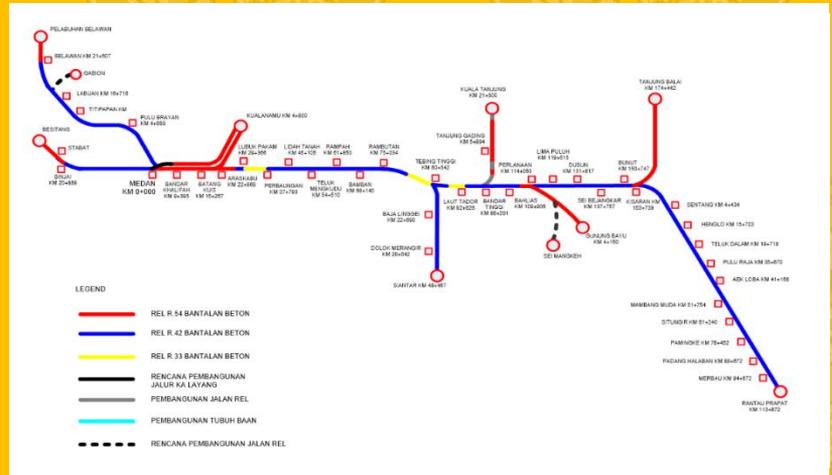
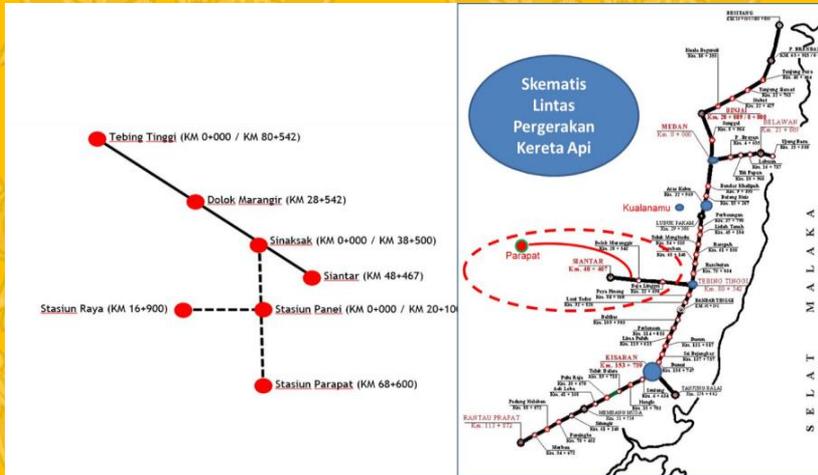
SIANTAR-PARAPAT RAILWAY

PROFILE

Location	Pematangsiantar City – Parapat (Simalungun)
Track Length	64.7 Km (Divided into 3 segment)
Capacity	4.473.996 people/year
Contract Period	20 years
Investment Value	IDR 12,100 Billion
Project Status	<ul style="list-style-type: none">▪ Feasibility Study completed in 2016▪ Outline Business Case completed in 2017▪ Survey Investigation Design in 2018▪ Detail Engineering Design in 2019

PROJECT DESCRIPTION:

- Railway has become essential to offset the mobility of communities from one area to another as it will drive economic growth.
- This project aims to increase accessibilities especially to national tourism strategic area of Lake Toba.
- Siantar-Parapat train track is an addition of existing railway lane in North Sumatra that crosses Langkat Districts, Medan City, and Rantau Parapat (Labuhan Batu Districts).



Siantar – Parapat train tracks will be divided into 3 segments:

- 01 Siantar Martoba – Jorlang Hataran (26.5 km)
- 02 Jorlang Hataran – Girsang S. Bolon (27.5 km)
- 03 Girsang S. Bolon – Parapat (10.7 km)

Financial Feasibility



01 Total CAPEX: IDR 12,100 Billion

02 OPEX: IDR 120.6 Billion/year

03 Availability Payment: IDR 1,057 Billion/year (concession period: 20 years)

04 IRR: 14%

Timeline proyek

2016



Feasibility

Conducted by the Ministry of Transportation

2017



Outline Business Case

Conducted by the Ministry of Transportation

2018



Survey Investigation Design

Conducted by the Ministry of Transportation

2019



Detail Engineering Design

Conducted by the Ministry of Transportation

2020



Land Acquisition

2021



Construction



SPORT CENTER



SPORT CENTER

PROFILE

Location Sena Village,
Deli Serdang Regency

Land 300 Ha

Sectors IDR 8 Trillion
Exc. commercial area : Hotel,
Shopping Mall, Recreation

**Business's
Scheme**

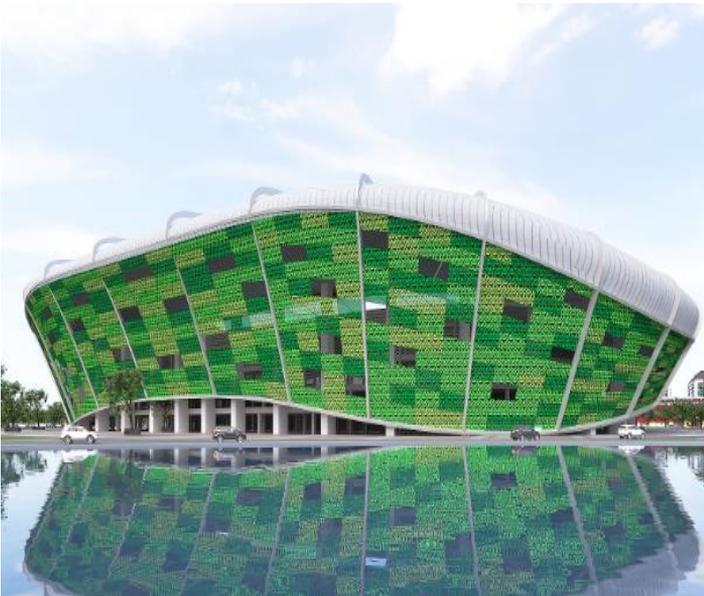
- Regional Budget, State Budget, PPP (construction of sports facilities and infrastructure)
- PPP/ B to B (construction of commercial area)

**Project
Status**

- Sports Center's Masterplan has been completed in 2019;
- Land acquisition and settlement process in 2020;
- Construction of area borders, gateway, security posts in 2020;
- DED Construction of 5 Venues in process starts in 2020 and the rest of 4 venues in 2021

PROJECT DESCRIPTION:

Sport center project is the main facility to support National Sports Week in 2024 in North Sumatera.



a.

MAIN FOOTBALL STADIUM DEVELOPMENT

Investment needs

Rp. 1.840.342.971.379

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District
Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)

b.

ISTORA BUILDING DEVELOPMENT



Investment needs

Rp. 136.798.569.124,-

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District
Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)

c.

AQUATIC BUILDING DEVELOPMENT



Investment needs

Rp. 330.985.444.494–

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District

Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)

d.

VOLLEY BUILDING DEVELOPMENT



Investment needs

Rp. 81.731.363.181, -

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District
Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)

e.

VELODROME BUILDING DEVELOPMENT



Investment needs

Rp. 12.595.865.807,-

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District

Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)

f.

BOWLING AND SQUASH BUILDING DEVELOPMENT

Investment needs

**Rp. 47.454.674.341- dan
Rp. 36.151.181.731,-**

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District

Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)



g.

ATHLETES GUEST HOUSE DEVELOPMENT (Male and Female)



Investment needs

Rp. 1.152.989.383.500,-

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Cooperation between Government and Business Entities

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District

Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)

h.

BUSINESS CENTER AND COMMERCIAL AREA DEVELOPMENT (Malls, Hotels, and Entertainment Centers)



Investment needs

BUSINESS CENTER DAN AREA COMMERCIAL
(SHOPPING CENTER, MALL, HOTEL,
ENTERTAINMENT FACILITIES)

Budget Year Plan

2020 s/d 2023 (*Multiyears*)

Source of Funds / Funding Scheme

Stakeholders, investors, third parties

Location

Sena Village, Batang Kuis Sub-District, Deli Serdang District

Accessibility: Alongside the main road to Kuala Namu Airport will be integrated with Highway and LRT/BRT development plan

Opportunity

Preparations to support the holding of PON XXI in 2024 and SEA GAMES in 2025 as well as the 2032 Olympics

Challenges

Limited budget of Provincial Government of North Sumatra to fund the development

Expected Endorsement

Financial support from third parties (KPBU, investors, and stakeholders mechanism)



TOBA CALDERA RESORT

INVESTMENT OPPORTUNITY

North Sumatra has 7 investment projects to offer, 3 National Strategic Projects and 4 Regional Investment Projects. Based on the sector, there is one project included in tourism sector that become part of National Strategic Tourism Area (KPSN) and 6 infrastructure projects..



5. Toba Caldera
Resort

PROFILE

Location	Ajibata District, Toba Regency, North Sumatera
Land	386.72 Ha
Sectors	Hospitality, Property, Tourism Attractions, Agro-Tourism
Project to Offer	Hospitality 121.67 Ha MICE 2.72 Ha Commercial 8.36 Ha Small and Medium Enterprise Center 0.9 Ha Geo Cultural Park 9.78 Ha Cultural Center 1.35 Ha Supporting Facilities 2.06 Ha Healthcare 1.66 Ha Botanical Garden 14.54 Ha Agro Farm 21.47 Ha Sustainable Golf Course 71.53 Ha
Investment Value	Total Infrastructure; Landscape Feature; Office and Supporting Building; Public Facility IDR 1,6 Trillion (Excluding PPN)
Business's Scheme	<ul style="list-style-type: none"> • Joint Operation / Long lease Agreement (30 + 15 years) • Other Agreeable Cooperation Form
Project Status	Managed by Lake Toba Tourism Authority



THEMATIC CONCEPT



North Ridge

Serene

Exclusive

Wellness



Central Village

Celebration

Vibrant

Integrated

Cultural



South Ridge

Leisure

Adventure

Active

Luxury

PROJECT DESCRIPTION:

- ▶ Lake Toba is one of the five **super priority destinations** assigned by the Government because of its beauty of nature.
- ▶ **The largest volcanic lake in the world** and the **largest lake in the South East Asia.**
- ▶ One out of ten deepest lakes in the world, reaching around 500 meters deep.
- ▶ The distinctive geographical of Lake Toba reserves a number of economic potentials for the benefit of the wide range of communities, especially as a source of bountiful fresh water and lush tropical forest which attract the interest of big industries to invest in the areas.
- ▶ Toba Caldera Resort would that incorporate nature, culture and technology into an **Integrated Eco Resort.**
- ▶ It also initiates a cutting-edge, engaging educational experience on the history of Lake Toba, a massive caldera created by a super-volcanic eruption 1.2 million years ago; together with its culturally rich communities that live around Lake Toba.

Breakdown of the Project

Brief Project Profile - FIVE-STAR HOTEL & LUXURY RESORT DEVELOPMENT



	Name of Project	: International Five-star Hotel & Luxury Resort
	Managed By	: Lake Toba Tourism Authority
	Sector	: Property Development
	Business Scheme	: <ul style="list-style-type: none"> ▪ Joint Operation / Land-lease agreement (30+15 years) ▪ Rate starts from ~USD 2/m2 /year ▪ Other agreeable cooperation form
	Key Project Highlights	: <ul style="list-style-type: none"> ▪ Investor will be provided with ease of permit approval from both central and regional government through online single submission (OSS) ▪ The estimated projection of the 10 year IRR for mid-class hotel investment in Lake Toba Area is between 10%-12% (subject to further financial analysis)
	Investment Size	: <ul style="list-style-type: none"> ▪ Subject to discussion with potential investors ▪ Example : estimated IDR 500 Billion (equals to USD 37 Million) for a Typical 250-300 Rooms of 5-Star Hotel Development

Brief Project Profile - COMMERCIAL FACILITIES



	Name of Project	: Supporting Amenities <ul style="list-style-type: none"> ▪ Golf Course & Facilities ▪ Commercial & Fine Dining
	Managed By	: Lake Toba Tourism Authority
	Sector	: Commercial & Facility Development
	Business Scheme	: <ul style="list-style-type: none"> ▪ Joint Operation / Land-lease agreement (30+15 years) ▪ Rate starts from ~USD 2/m2 /year ▪ Other agreeable cooperation form
	Key Project Highlights	: <ul style="list-style-type: none"> ▪ Located in Toba Caldera Resort of total 386,5 Ha ▪ Allocated area : <ul style="list-style-type: none"> ▪ 75 Ha of Golf Course & Facilities (18 Holes, International Standard) ▪ 10 Ha of Commercial & Fine Dining (8 Fine Dining Restaurants & 1 Integrated Retail Complex)
	Investment Size	: <ul style="list-style-type: none"> ▪ Subject to discussion with potential investors ▪ Example : estimated IDR 100 Billion (equals to USD 7.4 Million) for a Typical 18 holes within 60 Ha of land.

Brief Project Profile - GEO-CULTURAL PARK



-  Name of Project : Geo-Cultural Park
-  Managed By : Lake Toba Tourism Authority
-  Sector : Property Development
-  Business Scheme :
 - Joint Operation / Land-lease agreement (30+15 years)
 - Rate starts from ~USD 2/m2 /year
 - Other agreeable cooperation form
-  Key Project Highlights : Investor will be provided with ease of permit approval from both central and regional government through online single submission (OSS)
-  Investment Size : Subject to discussion with potential investors

Brief Project Profile - BASIC INFRASTRUCTURE



-  Name of Project : Basic Infrastructure Within Sibisa Integrated Resort
-  Managed By : Lake Toba Tourism Authority
-  Sector : Infrastructure Development
-  Business Scheme :
 - Joint Operation / Land-lease agreement (30+15 years)
 - Rate starts from ~USD 2/m2 /year
 - Revenue sharing
 - Other agreeable cooperation form
-  Key Project Highlights : Located in 386,5 Ha Sibisa Integrated Resort
-  Investment Size : Total Investment for Basic Infrastructure Development IDR 1.6 Trillion (equals to USD 118.5 Million) including road infrastructure, street furniture & landscape, etc
-  Individual Projects :
 - Electrical, ICT and Gas Network IDR 145 Billion (equals to USD 10.8 Million)
 - Clean Water Network IDR 154 Billion (equals to USD 11.4 Million)
 - Wastewater Network IDR 251 Billion (equals to USD 18.6 Million)

*subject to further study



SEI MANGKEI SPECIAL ECONOMIC ZONE (SEZ)

PROFILE

**Location**

Simalungun Regency

Investment Value

Infrastructure : IDR 5,1 Trillion
Investor/Tenant : IDR 129 Trillion

Total Area / Land Status

1933,80 Ha/ Land Management Rights (HPL)

Mode of Offer

Financing and Direct Investment

Project Owner

PT. Perkebunan Nusantara III

Project Developer

PT. Kawasan Industri Nusantara
(subsidiary of PT. Perkebunan Nusantara III)

Main Industries

- Palm Oil & Downstream Industries
- Rubber & Downstream Industries

Project Status

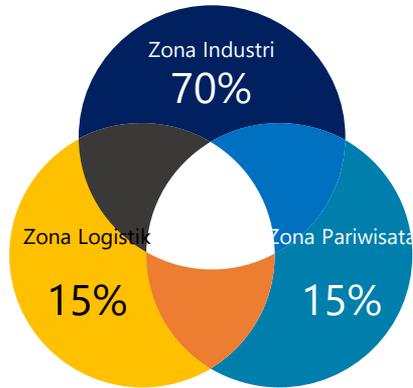
- 1) Infrastructure availability.
 - 2) Government provisions and support.
 - 3) Land used: 241,14 Ha / 12.57% from total area (updated July 2020).
 - 4) Investment realization : IDR 5,920 Billion (consist of IDR 793 Billion on infrastructure and
 - 5) IDR 5,127 Billion on Direct Investment)
 - 6) Direct investment is allowed to construct and own buildings or other structures on the land (max. 30 years and extendable for another 20 years).
- 6 companies (ongoing operation)

Existing tenants

PROJECT DESCRIPTION:

- ▶ Special Economic Zone (KEK) Sei Mangkei is the first KEK in Indonesia to be officially fully operated on 27 January 2015.
- ▶ Primary business are palm oil and rubber industries and focused to be the development epicentrum of large scale, international quality of palm oil and rubber downstream industry.
- ▶ Area expansion plans are divided into two. The major is palm oil, rubber, and other processings. The supporting businesses are logistic and tourism.





INDUSTRIAL ZONE

- Palm oil downstream (oleochemical, refinery, biodiesel)
- Rubber Downstream
- Production Support Facility (NPK fertilizer)
- Various industries (electronics, electricity)
- Small & Medium Industries

LOGISTIC ZONE

- Dry Port
- Tank Farm
- warehouse
- Packing

TOURISM ZONA

- Hotel
- Golf Course
- Commercial Area
- MICE (Meeting, Incentives, Convention & Exhibition)

CPO Derivative Products

- Cooking Oil
- Margarine
- Biodiesel
- Shortening
- Ice Cream
- Bakery Fats
- Soaps
- Emulsifier
- Chocolate & coatings
- Dry Soaps
- Lubrications
- Textiles
- Plastic

PKO Derivative Product

- Fatty Acid
- Surfactant
- Glycerine
- Soap granules
- Shampoo
- Biscuits cream fats
- Coffee Whitener
- Cocoa Butter Substitute
- Specialty Fats
- Sugar Confectionary
- Detergent
- Ice cream
- Shortening

Solid Waste Derivative Products (Shell, Tankos, Fibre, and palm trunk)

- Boiler Fuel (Shell, Tankos)
- Potassium Fertilizer Material
- Compost
- Bahan Furniture
- Fibre Board (Furniture raw materials)
- Fibre for car seats dan mattresses.
- Etc.



Rubber Industry Zone



Rubber Products
(two and four wheels tube and tire)



Automotive Products
(dockfender, conveyor belt, rubber roll, bridge bearing, rail pad)



Latex Goods
(Gloves, condoms, balloons, foams, catheter)



General Rubber Goods
(Carpet, footwear, sport apparel, household appliances)



Various Industry Zone



Electroonic Industry
(*Air conditioner, refrigerator, sewing machines, television, etc.*)



Chemical Industry
(obat-obatan, farmasi)



Industri Pangan
(wheat, sugar, tea, coffee, salt, packed food)



General and Building Materials Industry
(board, plywood, marble, ceramics)



Textile Industry
(yarn, fabric, finished clothes)



No.	Zones	Width	Industry	Percentage (%)		
				Facility	Road	Green Area
1	Palm Oil Industry	245,49	12,69			
2	Various Industry	579,50	29,97			
3	Production Supporting Facilities	85,06	4,40			
4	Rubber Industry	84,10	4,3x5			
5	Electronic Industry	155,40	8,04			
6	Commercial Zones	31,91	1,65			
7	Office Area	42,57	2,20			
8	Logistic and Warehouse	67,67	3,50			
9	Public Facilities	24,50		1,27		
10	Housing	11,80		5,78		
11	Tourism	117,50		0,61		
12	Electricity Industry	38,32	1,98			
13	Standard factory Enterprises	19,40	1,00			
14	Small & Medium Enterprises	16,30		0,84		
15	WWTP	13,24		0,68		
16	WTP	10,90		0,56		
17	ROW Road/Utility	185,10			9,58	
18	Green park	205,04				10,60
Total Area (Ha)		1.933,80				



Occupied Land:

12%

From SEZ Sei Mangkei total area

Supporting Infrastructure:



Special Economic Zone Sei Mangkei is supported with sufficient infrastructure so that tenants can improve their productivity optimally. Supporting infrastructure in Sei Mangkei:

Highway



Water Treatment Plan



CLEAN WATER

Capacity	<div style="width: 100%; height: 15px; background-color: white; border: 1px solid black;"></div>	250 m ³ / hour
Utilized	<div style="width: 50%; height: 15px; background-color: yellow; border: 1px solid black;"></div>	125 m ³ / hour
Cost		Rp7500 / m ³

Wastewater Treatment Plan



SEWAGE / LIQUID WASTE

Capacity	<div style="width: 100%; height: 15px; background-color: white; border: 1px solid black;"></div>	250 m ³ / hour
Utilized	<div style="width: 5%; height: 15px; background-color: yellow; border: 1px solid black;"></div>	20 m ³ / hour
Cost		Rp6425 / m ³



Electrical Installations



POWER

Capacity



60 MVA

Utilized



7 MVA

Cost

Rp1551 / kWh



Frequency

50 Hertz

Voltage

20.000 Volt

Flash Duration

<1000 milidetik

Tolerance

-10% s/d +10%

Gas Pipe



GAS

Capacity



75 MMSCFD

Utilized



4 MMSCFD



Solid Waste Dump Truck



LIMBAH PADAT

Capacity



24 m³

Utilized



12 m³

Cost

Rp. 725 / Kg



PT KINRA provides solid waste transport using Dump Truck for all tenants in Sei Mangkei SEZ

BRAND : TOYOTA
 TYPE : DYNA 130 HT
 MODEL : ARM ROLL
 CILYNDER CAPACITY : 4009
 FUEL CAPACITY : 100
 FUEL TYPE : DIESEL FUEL



Firefighter



FIREFIGHTER

Capacity



5 m³

Digunakan



Incidental



PT KINRA also provides fire engine service to always be on standby in Sei Mangkei SEZ area.

- BRAND : HINO
- TYPE : FL8JN1A – BGJ
- MODEL : PEMADAM KEBAKARAN
- CYLINDER CAPACITY : 7684
- FUEL CAPACITY : 200
- FUEL TYOE : DIESEL FUEL
- CONSISTED OF 3 SEGMENT : 1. AIR
2. FOAM
3. DRY CHEMICAL POWDER



FARM TANK



FARM TANK

Capacity

6000 Ton PKO

10000 Ton CPO



DRY PORT



DRY PORT & RAILWAY STATION

Capacity



2300 TEUs

Utilized



200 TEUs



Dry Port Remission:

1. Tax Breaks
2. Free Export and Import Tax
3. Convenient in Licensing
4. Land and Building Tax Breaks





As for supports outside area will get these facilities



Railway



International Airport



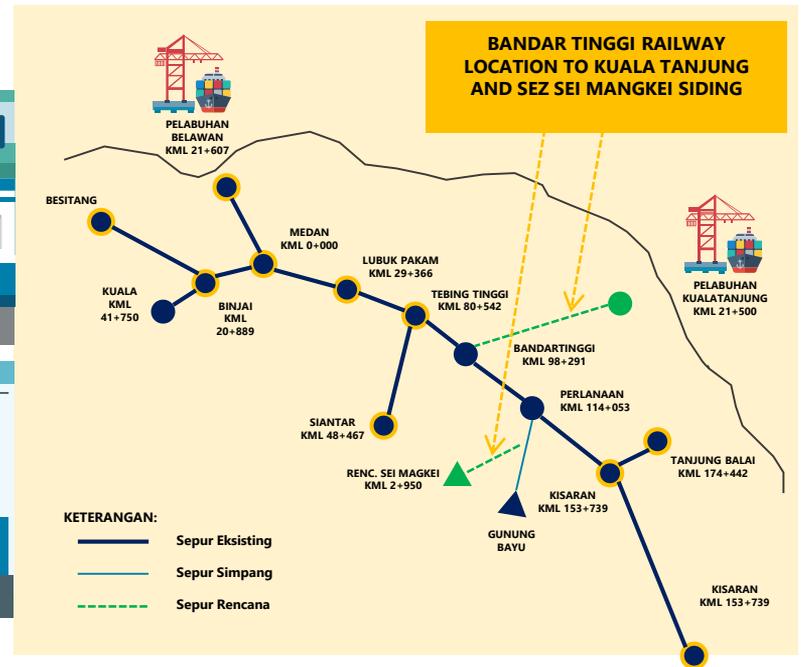
Highway:

- Medan – Tebing Tinggi
- Tebing Tinggi – Kisaran
- Tebing Tinggi – Pematang siantar



Kuala Tanjung Port

Access to Sei Mangkei:



Available Land Scheme



LAND

Capacity



Utilized



(ROW – 62)

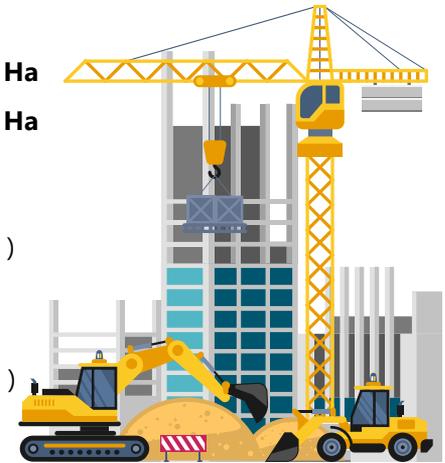
Cost (30 Tahun) IDR 1.000.000/m² (USD 71,4)

(Exclude ROW – 62)

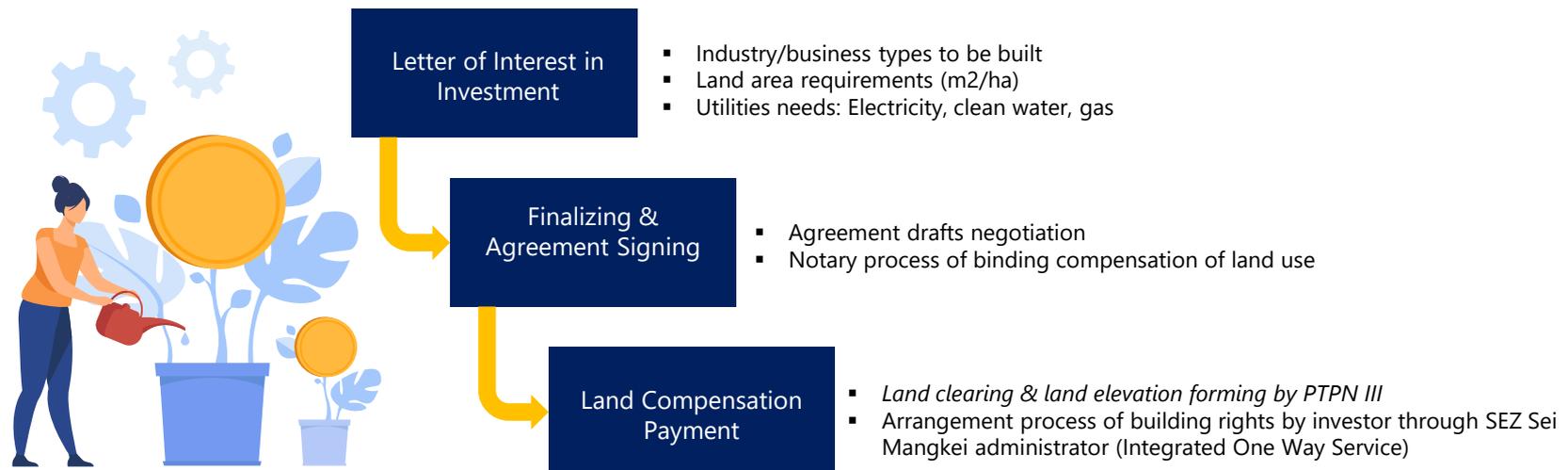
Cost (30 years) IDR 850.000/m² (USD 60,7)

Rent Cost

IDR 50.000/m² / year



Investment Mechanism in SEZ Sei Mangkei :



Facilities and Convenience

Fiscal

Field



Income Tax

- Main Activity (Tax Holiday)
 - Income Tax deduction for 20-100% over 10-25 years period with investment value more than Rp1 trillion
 - Income Tax deduction for 20-100% over 5-15 years period with investment value more than Rp500 billions
- Activity outside main activity (Tax Allowance)
 - Reduction of net income for 30% over a 6-year period
 - Accelerated depreciation
- 10 % income Tax on dividends to overseas taxpayers: 5-10 years loss compensation



Value-added Tax and PPNBM

- Import: free of charge
- Income from other area within customs area to SEZ is free of charge
- Value-added Tax and PPNBM
- Expenditure from SEZ to other area within customs area is free of charge
- Transaction between business practitioners in SEZ: free of charge



Customs

- From SEZ to domestic markets: import duty rates are subject to the policy in certificate of origin



Property Ownership for Foreigners

- Foreigners/foreign business entities can own residential/property in SEZ (Landed house or apartment unit)
- Residential/property owners are permitted to stay with SEZ Business Management Agency as guardian
- Given exemption of PPNBM and PPN for luxury goods



Main Tourism Activity

- Given development tax deduction I for 50-100%
- Given entertainment tax deduction for 50-100%

Non-Fiscal

Field

Facility and Convenience



Employment

- Formed Wage Council in SEZ and Special Tripartite LKS
- Only 1 SP/SB forum in each company
- Foreign Labor Employment Plan validation and renewal in SEZ
- Foreign Labor Employment Permit renewal in SEZ



Immigration

- Visa on Arrival facility for 30 days and can be extended 5 times for every 30 days
- Multiple visa applies for 1 year
- Residential permit for foreign property owners in SEZ
- Residential permit for foreign elders residing in tourism SEZ



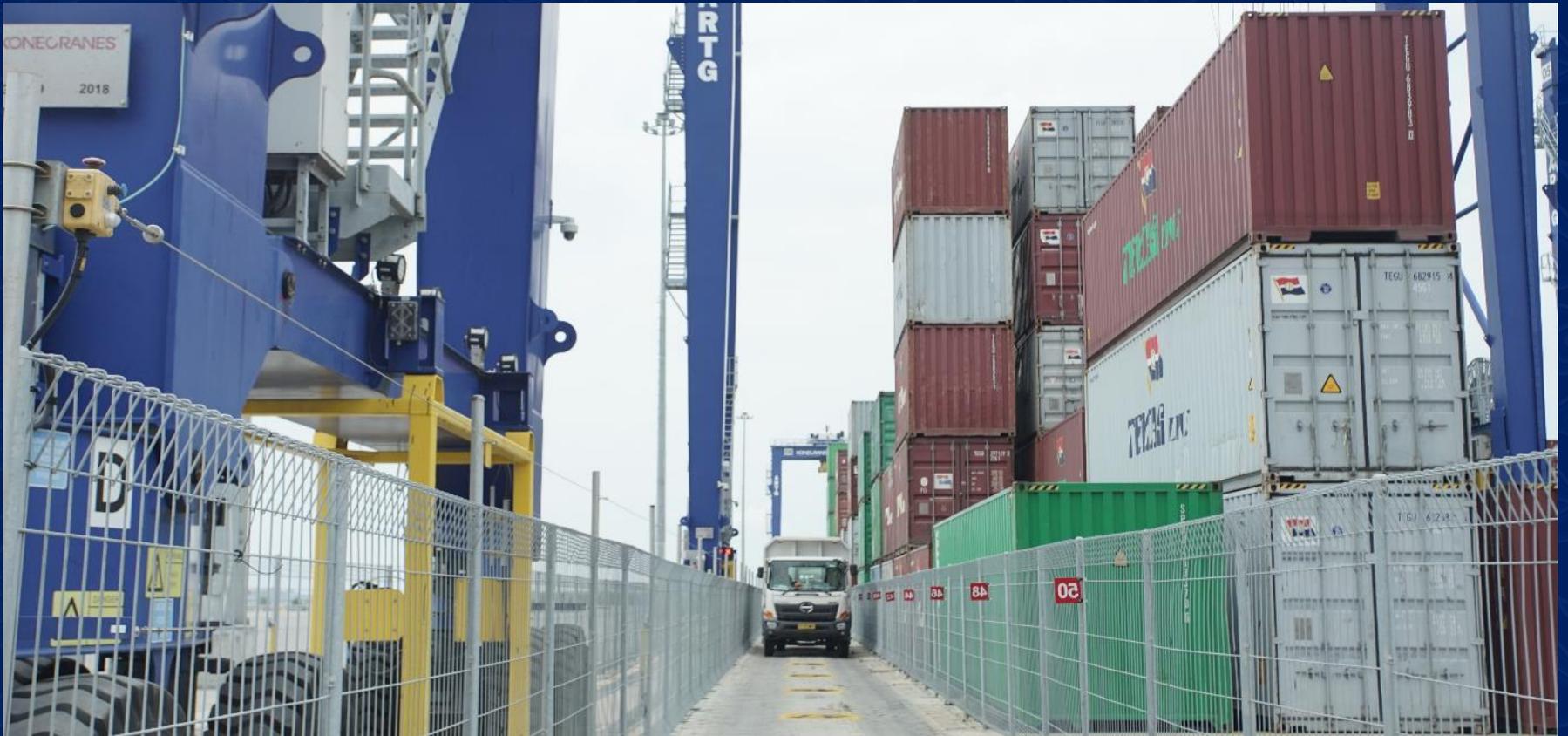
Land

- SEZ proposed by private enterprises is given HGB and the renewal is immediately given along with the granting of rights
- SEZ Administrators are capable to provide land service



Licensing

- SEZ Administrators are authorized to issue principle and business permit through one-way integrated service in SEZ
- Accelerated permit issuance is 3 hours at the latest (in terms of all requirements are met)
- Application of licensed and non-licensed list of requirements fulfilment (check list)
- Process and completion of licensed and non-licensed immigration, employment and land in SEZ Administrator



KUALA TANJUNG INDUSTRIAL ESTATE



KUALA TANJUNG INDUSTRIAL ESTATE

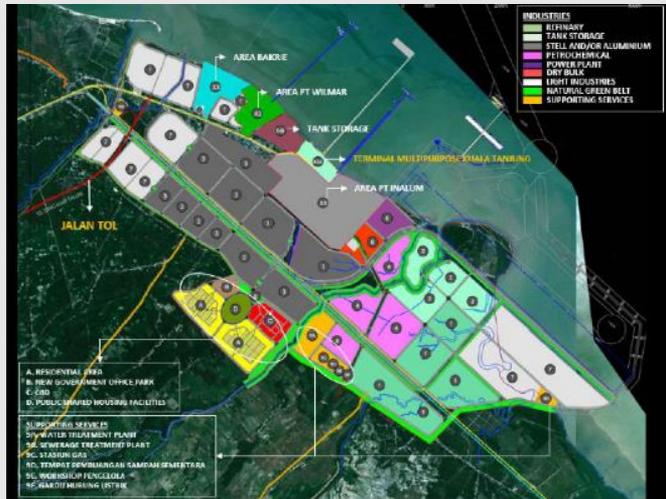
PROFILE

Location	Sei Suka Sub-District, Batubara Regency	Project Developer	PT. Prima Pengembangan Kawasan
Investment Value	IDR 28.87 Trillion	Main Industries	Industrial Estate
Total Area / Land Status	±3400 Ha	Project Status	<ol style="list-style-type: none"> 1) The Port as its supporting facilities has been opened for operation (2019) 2) Land acquisition (start from 2019) 3) Licensing process at regional level (2020)
Mode of Offer	Direct Investment		
Project Owner	PT. Pelabuhan Indonesia I (Persero)		

PROJECT DESCRIPTION:

- ▶ Kuala Tanjung Port is designated as international hub in western Indonesia as accordance in Presidential Decree of Republic Indonesia No. 26/2012, and has been designated as National Strategic Project.
- ▶ Integrated Industrial Estate Kuala Tanjung has several advantages such as strategic location, located in Malacca Strait, vast area to accommodate large scale industries, access to deep sea port that can accommodate largest ship size, and utilization of basic infrastructure and facilities collaboratively.
- ▶ As the gateway to Sumatra, Kuala Tanjung will increase regional economic hotspots by lowering logistic costs and increasing efficiency.
- ▶ Regional development is divided into 4 phases:
 1. Multipurpose Terminal Development (2015 – 2019)
 2. Industrial Estate Development (2015 – 2030)
 3. International Hub Development (2030 – 2040)
 4. Kuala Tanjung Development as Integrated Urban Area (2040 – 2050)
- ▶ KI basic infrastructure development (highway network, electrical installation, drainage, and raw and waste water processing) is planned to be initiated in 2021.
- ▶ Up until now, major industries in KI Kuala Tanjung includes palm oil, food products, beverage products, tire/other rubber products, steel, aluminium, cement, vehicle spare parts, and footwear.

Siteplan

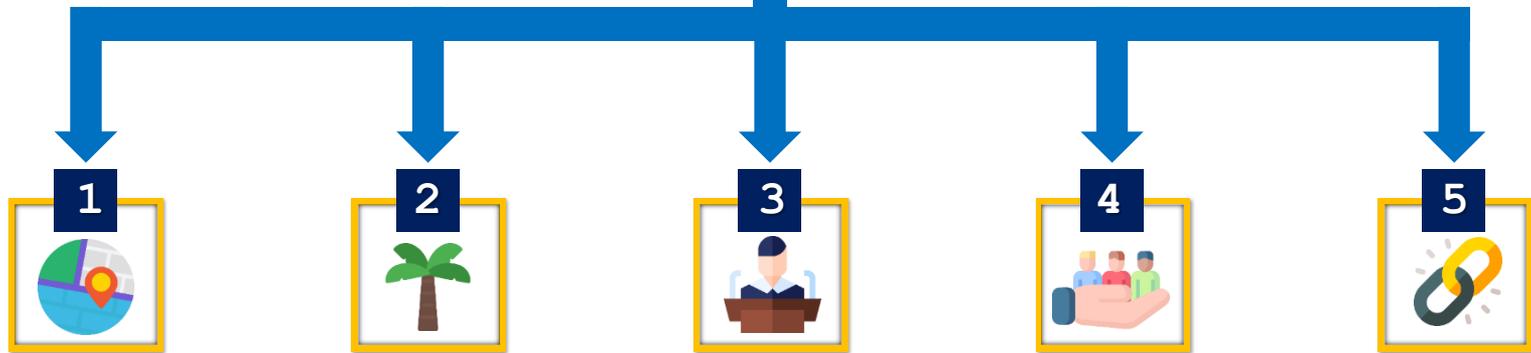


SEGMENT TARGET & VALUE PROPOSITION



ALUMINIUM

- Pure aluminium could be used directly for different industries
- Inalum is the major producer of aluminium raw materials which is ingot
- Trade flow will increase because of development, leading to higher GDP



Its strategic location

- ❖ Its proximity with the Mallaca Straits
- ❖ It has natural water depth up to 23 mLWS
- ❖ It has large space to develop
- ❖ It has existing industries, aluminium and palm oil

Abundant of Plantations

- ❖ Strong palm oil and rubber hinterlands
- ❖ Other agricultural products are adding more volume

Strong government support

- ❖ National Priority Projects
- ❖ One of the key industrial estate to be developed outside Java
- ❖ As west Indonesian hub

Availability of human resource

- ❖ It has abundant cheap and low skilled labor which is suitable for manufacturing
- ❖ Productive ages are dominated
- ❖ High skilled labor can easily travel to Kuala Tanjung

Intergrated with deep sea port and other infrastructures

- ❖ Supported by decent deep sea port
- ❖ Connected with hinterland access
- ❖ Gas and electricity access are provided

IRON & STEEL

- Existed aluminium facilities in the region
- High demand of iron and steel products
- Access to raw materials from Kalimantan or nearby import



PALM OIL FINAL PRODUCTS

- The final product used by multiple industries such as fertilizer, oil, paper and wood products
- More than 150 products resulted from palm oil will give significant impact to economy



TIRES

- Tire manufacturing listed as one of labor-intensive industry
- High integration with natural rubber, synthetic, chemical, plastic and recycling industries



AUTO PARTS & ACCESSORIES

- High integration with various industries such as rubber, plastic, textile, chemical, aluminium and iron steel
- Labor intensive process; high employment opportunities



PETROCHEMICAL

- Domestic demand for petrol products is already higher than domestic production capacity
- Domestic demand is expected to continue growing by at least 1% annually over the next 20 years



PROCESSED FOODS

- Large access and supply to livestock, plantation, and fisheries
- Limited of F&B downstream industries in the province and Sumatra yet high growth of demand, will create sizeable amount of market



CEMENT

- Indonesia cement demand expected to highly increase in average to 10%
- Rebound cement demand in industrialized market such as US & western further spur sales



RUBBER PRODUCTS

- High attractiveness due to underdeveloped downstream and high demand both global and Indonesia especially industrial rubber
- Rubber products are highly used in various kind of industries



FOOTWEAR

- One of the Indonesia labor-intensive industry reaching to 4.2% from total manufacture worker
- Footwear industry gives significant impact to Indonesian export



ALUMINIUM

- Pure aluminium could be used directly for different industries
- Inalum is the major producer of aluminium raw materials which is Ingot
- Trade flow will increase because of development, leading to higher GDP



HERE ARE SEVERAL INDUSTRIES BEST FIT IN OUR AREA



1. PETROCHEMICAL

- Domestic demand for petrol products is already higher than domestic production capacity
- Domestic demand is expected to continue growing by at least 1% annually over the next 20 years
- Without investment in capacity, Indonesia will become heavily reliant on imported petrol products
- Kuala Tanjung offering its strategic location for this large oil refinery since it has deep water sea port integrated with large industrial estate



Anchor
Tenant





2. ALUMINIUM



- Inalum has been producing Aluminium Ingot and Alloy in Kuala Tanjung
- As the feedstock is not available in the hinterland, a deep sea port is an excellent location to develop a smelter and its downstreams.
- Rising middle class throughout the entire country and large infrastructure projects in Indonesia demands more aluminium products
- Kuala Tanjung is located near Indonesia's fourth most populous city Medan with a big and growing consumer market
- Aluminium smelting is very labour intensive. There is a presence of cheap labor
- There is sufficient ample space to develop the expansion of Inalum

Anchor
Tenant





3. FOOD and BEVERAGES

- Population in Indonesia and on Sumatra continues to grow, and incomes are rising will be the potential market for this industries
- Consumer demand for (higher value) food & beverages increases
- Presence of cheap and low skilled labor for processing, packaging and bottling
- Abundant agricultural products for further development of value chain
- Favorable government policy to facilitate this type of manufacturing





4. CEMENT



- Close proximity with cement production plants in Aceh and Padang
- Continued urbanization and major infrastructure project in North Sumatra will drive cement demand
- Development of Kuala Tanjung itself will require a lot of cement/concrete
- Cement industry is labour intensive and does not require much skilled labour
- Existing port infrastructure and toll road between Medan and Kuala Tanjung will enable cement facilities in Kuala Tanjung to serve Medan
- There is sufficient space for cement activities

Potential
Anchor
Tenant



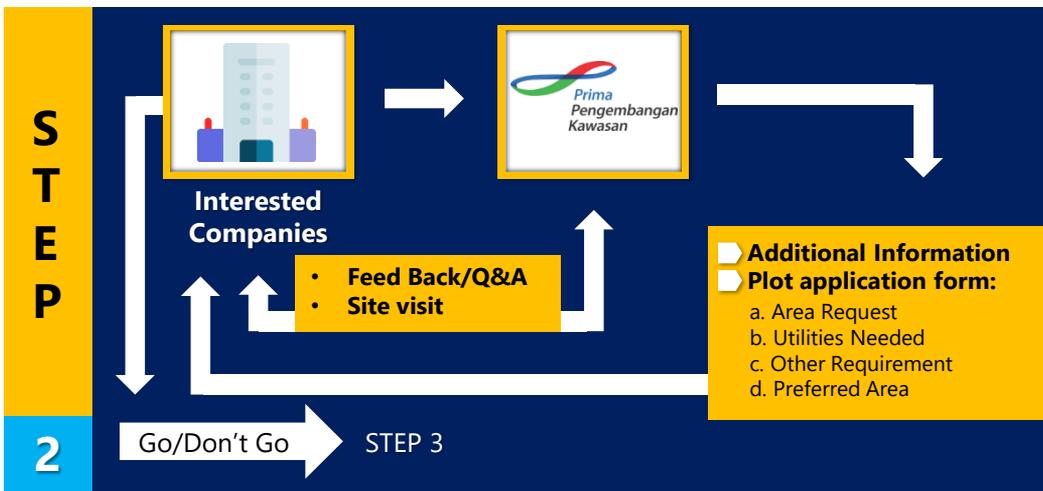
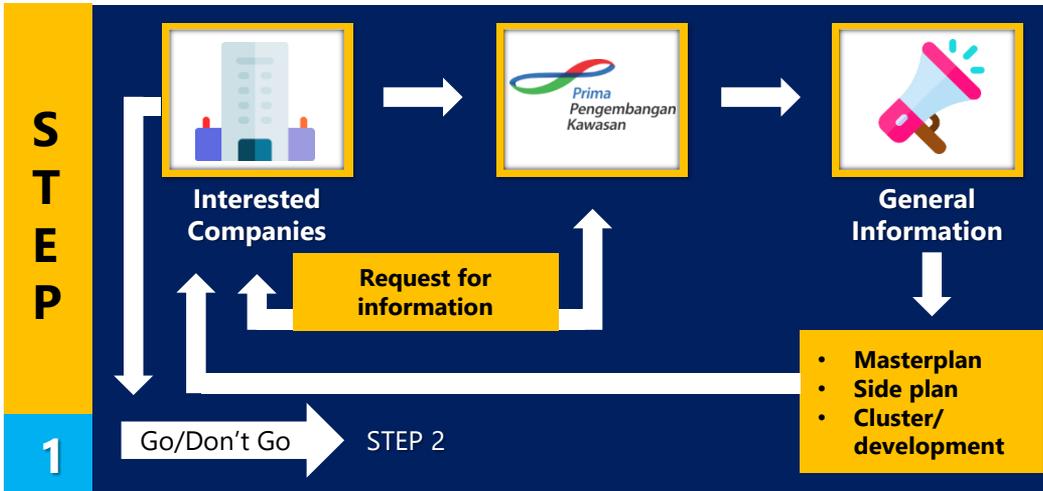


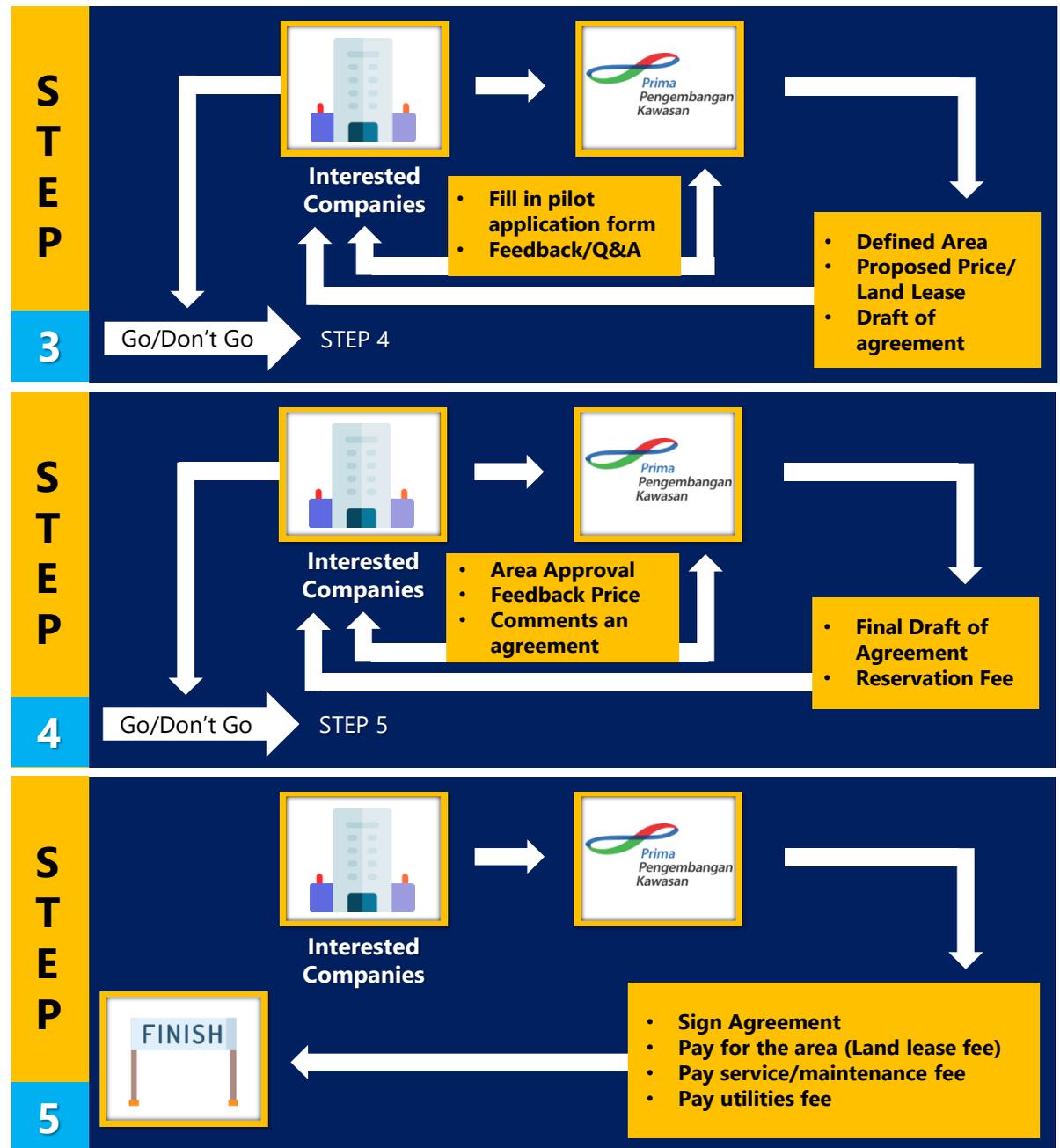
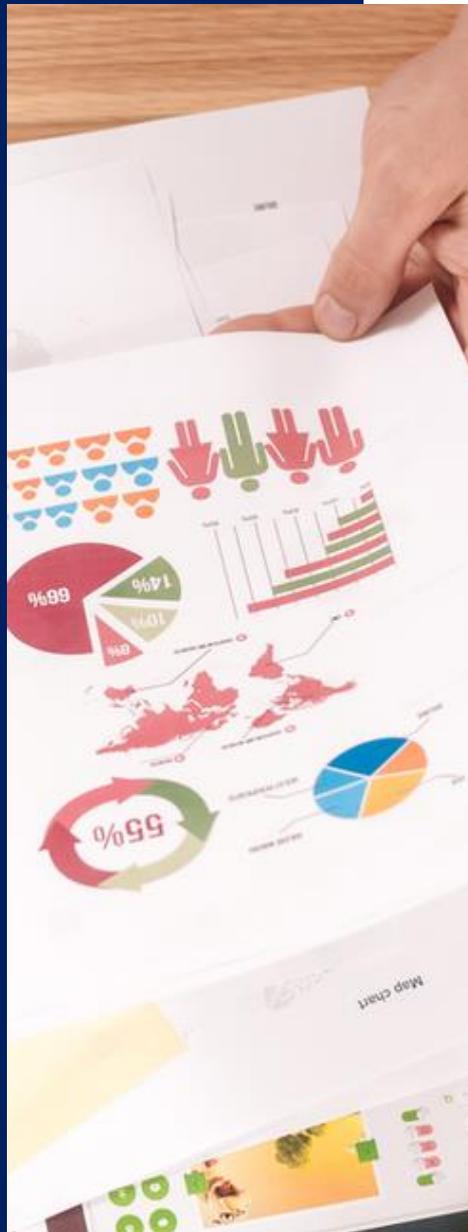
5. RUBBER PRODUCTS

- Presence of an abundant, natural rubber in North-Sumatra:
Significant natural rubber production in North Sumatra
- Rising middle class throughout the entire country. This is allowing more and more people the ability for vehicle ownership
- Strong growth in neighboring markets automotive sales
- Presence of cheap labor
- Projects in Indonesia boosting car-sales growth
- Attractive business climate: possibility for 100% foreign / private ownership of tire manufacturing business



How to Invest in our area







INVESTMENT SUPPORTING FACTORS

INVESTMENT SUPPORTING FACTORS

As one of the biggest provinces in Indonesia, North Sumatra holds various supporting facilities/factors to encourage improvement for investment. Starting from adequate infrastructure repairments, high quality human resources, facile transportations, ports, industries, and the beautiful scenery tourism destinations.

Due to its strategic location, it supports world trade route so that investment and trading flow are accelerated in North Sumatra.

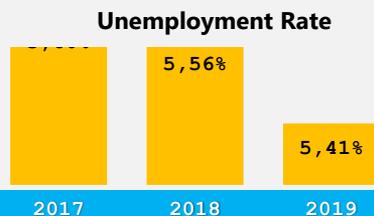


I. High Quality Human Resources

North Sumatra is known for one of regional in Indonesia with the most and highly qualified human resources. More than 50% of total population in North Sumatra are in productive age of 15-64 years old/millennials. Such number shows that we have creative, innovative, and competitive human resources.

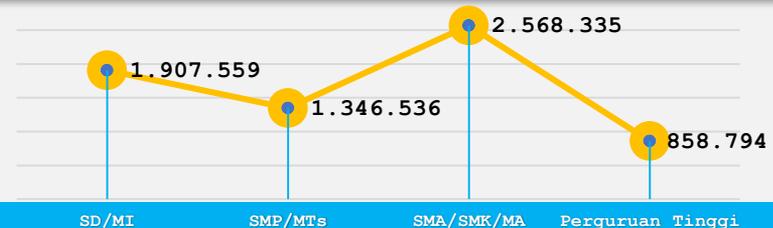
Those numbers indicated that North Sumatra is capable to supply local labors for regional development.

Population at the age 15 and over that are employed based on education level



EMPLOYMENT RATE (2019)
70.19%

Population at the age 15 and over that are employed based on education level



2019

II. Modern Industrial Zone

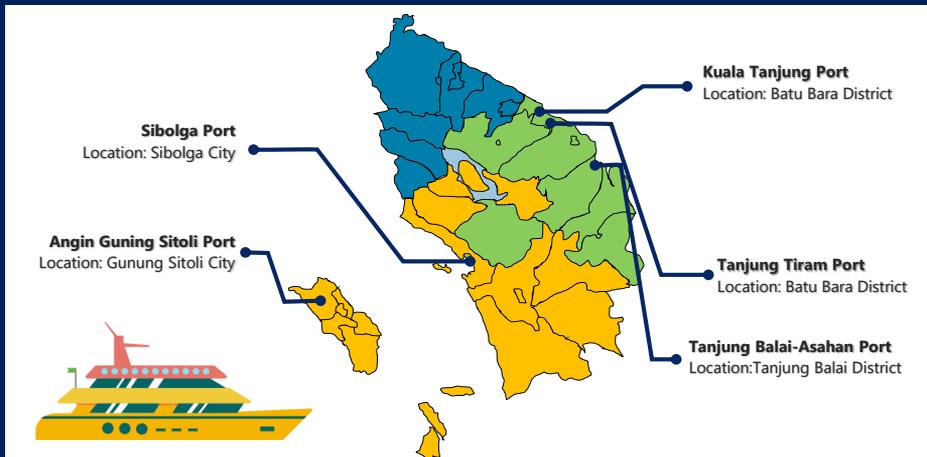


Location : Medan City & Deli Serdang Distict
Area : 1000 Ha
Activity : Industrial AreaManagement Service



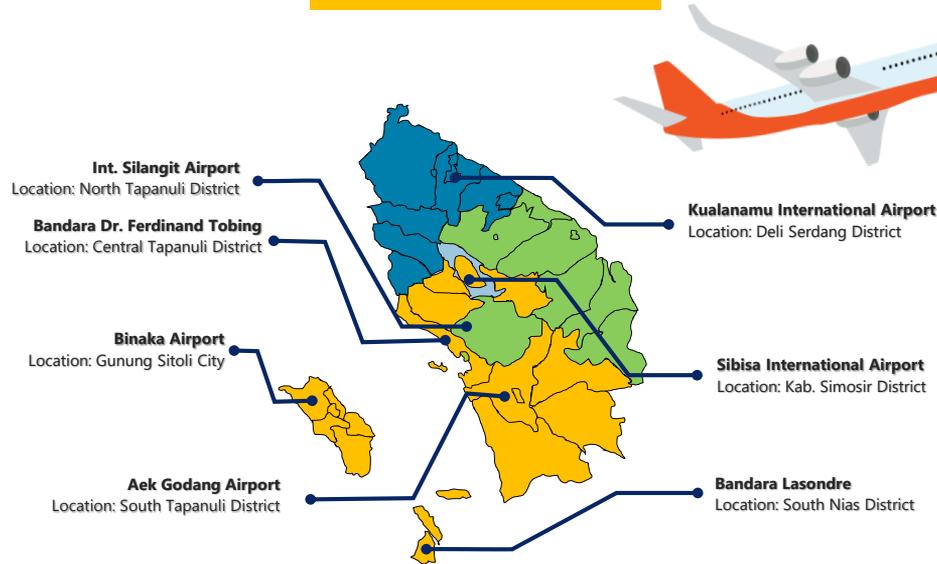
North Sumatra is open for industrial development. This is due to industrial opportunity in North Sumatra that can still develop further..

III. Port Connectivity



North Sumatra Province is enriched with accessible sea and open water lane through ports. Up until now, there are at least six ports in North Sumatra that are ready to operate and facilitate distribution of goods.

IV. Airport



Other supporting facilities are more complete with the availability of airports for domestic as well as international route. The existence of airport is strategically designed to be integrated with railway to increase the efficiency flow of goods and passengers.

V. Highway

North Sumatra on daily basis is always improving with adjustments on both facilities and infrastructures. It is to provide easy accessibility in investment.

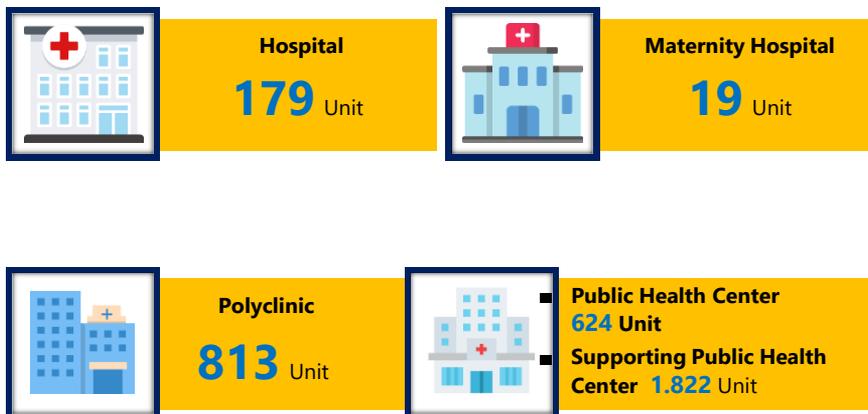


Province	Highway length (km)	Close Causeway	Central Causeway	West Causeway	Non Causeway	Connector Causeway	Bridge (unit)	Bridge (m)
		(km)	(km)	(km)	(km)	(km)		
Sumatera Utara	2.632,22	581,97	501,28	419,39	386,18	743,39	914	24.214

Sumber: Balai Besar Pelaksana Jalan Nasional II Medan

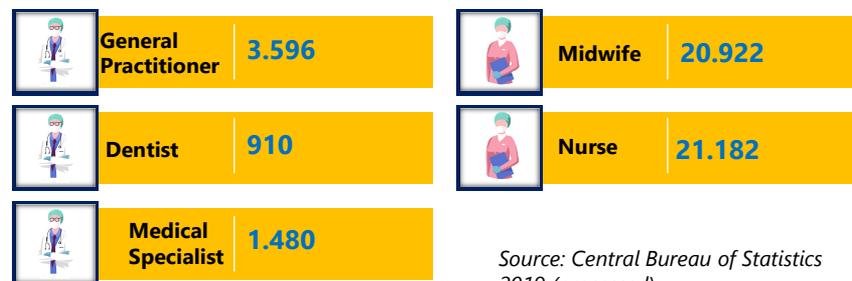
VI. Healthcare Facilities

The availability of healthcare facility such as hospitals is the main factor in bolstering improvement of life quality.



North Sumatra has healthcare facilities equipped with decent supporting means and technologies. Healthcare facilities in North Sumatra is sufficient with 179 units hospital and 813 units polyclinic spreaded in all districts/municipalities.

Nevertheless, with high projection population growth, North Sumatra is still open for hospital development especially in distant areas located outside Medan City.



Source: Central Bureau of Statistics 2019 (processed)

INVESTMENT INCENTIVE IN NORTH SUMATRA

I. Import Duty Facilities



Import duty exemption for 2 years or directly submit a request for 4 years for companies that use local production machinery (minimum 30%). This facility applies for goods and services producing companies, including :

- 1 Tourism and Culture
- 2 Public transportation
- 3 Public health Service
- 4 Mining
- 5 Construction
- 6 Telecommunication
- 7 Ports

Requirements

Importing machineries, goods, and raw materials

- 1 Not yet produced by local companies.
- 2 If local machineries are available but unable to meet required machineries requirements.
- 3 If local machineries are available but unable to meet required machineries numbers.

30% of investment value.

Government of Republic of Indonesia has issued a new regulation related to Tax Allowance policy, namely **Government Regulation No. 78 Year 2019** on 12 November 2019.

183 business fields meet the requirements to receive tax allowance, expanded from 145 segments on previous regulation.

With certain requirements including investment value or export orientation, labor absorption, Domestic Component Level (TKDN), and project location (especially outside Java island).

Deduction of companies' net income which amounts to 30% of total investment that will be done over a 6-year period (equivalent to 5% deduction per annum).

Illustration of Tax Allowance Calculation: PT ABC

Total Investment: \$10.000.000

Deduction per annum: $5\% \times \$10.000.000 = \500.000

Deduction over a 6-year period: $6 \times \$500.000 = \$3.000.000$

II. Tax Allowances



III. Tax Holiday Policy



Ministry of Finance of Republic of Indonesia has issued a new regulation related to Tax Holiday policy: Minister of Finance Regulation No. 150/PMK.010/2018 on 27 November 2018. "Deduction of Corporate Income Tax is to be granted within 5-20 years period"

- There are **18** pioneer industries who are eligible for this facility:
- 1 Base metal upstream industry (steel or non-steel) with or without its integrated derivative.
 - 2 Oil and natural gas refinery industry with or without its integrated derivative.
 - 3 Coal, natural gas, or crude oil based petrochemical industry with or without its integrated derivative.
 - 4 Organic-based chemical industry obtained from Agriculture, plantation, or forestry with or without its integrated derivative.
 - 5 Inorganic-based chemical industry with or without its integrated derivative.
 - 6 Pharmaceutical main raw materials industry with or without its integrated derivative.
 - 7 Irradiation, electromedical, or electrotherapy equipment manufacturing industry.
 - 8 Electronics or telematics main components manufacturing industry such as semiconductor wafer, backlight for Liquid Crystal Display (LCD), electrical driver, or display.
 - 9 Machineries and machineries components manufacturing industry.
 - 10 Robotics components manufacturing industry to support machinery manufacturing industry.
 - 11 Power plants main components machinery manufacturing industry.
 - 12 Vehicles and vehicles main components manufacturing industry.
 - 13 Ships main components manufacturing industry.
 - 14 Trains main components manufacturing industry.
 - 15 Aeroplane main components manufacturing and aerospace supporting activities industry.
 - 16 Agriculture, plantation, or forestry based pulp production industry with or without its derivative.
 - 17 Economic Infrastructure.
 - 18 Digital economy including data processing, hosting, and other related activities.

Source: BKPM.



HOW TO INVEST IN NORTH SUMATERA

HOW TO INVEST IN NORTH SUMATRA?

Business and investment potential will not be optimal without strong commitment from both central and regional governments. Our effort to keep improving the facilities for investors has been realized on national level by having Online Single Submission (OSS) system, a business licensing issued by OSS Institution for and on behalf of the minister, institution leader, governor, or regent/mayor to business practitioners through integrated electronic system.

On regional level, North Sumatra owns an application to simplify application-based licensing namely "SIAP LAYANI". This application will ease the investors in proposing business license on regional level, without face-to-face registration and documents submission. The efficiency of licensing services that has becoming more convenient is our commitment to increase the realization of regional investment.

KEMENTERIAN KOORDINATOR
BIDANG PEREKONOMIAN
REPUBLIK INDONESIA

www.oss.go.id

MEMPEROLEH NOMOR INDUK BERUSAHA (NIB)

Nomor Induk Berusaha (NIB) adalah identitas Pelaku Usaha dalam rangka pelaksanaan kegiatan berusaha sesuai bidang usahanya. NIB wajib dimiliki pelaku usaha yang ingin mengurus perizinan berusaha melalui OSS.

1. Login pada Sistem OSS menggunakan User-ID dan Password.

 - Mengisi data-data yang diperlukan, seperti : data perusahaan, pemegang saham, kepemilikan modal, nilai investasi, rencana penggunaan tenaga kerja, rencana permintaan fasilitas perpajakan dan kepastian.
2. Pelaku usaha akan menerima notifikasi dari OSS untuk mengubah jenis bidang usahanya, jika bidang investasi yang diinput tidak memenuhi ketentuan Daftar Negatif Investasi (DNI).
3. Sistem OSS menerbitkan Nomor Induk Berusaha (NIB) untuk pelaku usaha.

 - Pelaku usaha dapat memperoleh dokumen pendaftaran lainnya bersamaan dengan penerbitan NIB (jika diperlukan).

NPWP, RPTKA, BPJS KES & MAKER, FASILITAS FISKAL, IZIN USAHA

Catatan:
Khusus untuk BPJS Ketenagakerjaan dan BPJS Kesehatan, nomor kepesertaan yang diperoleh hanya akan diaktifkan menjadi Sertifikat Kepesertaan BPJS setelah dilakukan pembayaran premi bulan pertama berdasarkan pemberitahuan virtual account dari BPJS kepada pelaku usaha.

DPMPPTSP
Provinsi

MEKANISME PELAYANAN PERIZINAN PADA APLIKASI SIAPLAYANI

- MASUK**
Buka aplikasi SIAPLAYANI melalui laman <https://siaplayani.sumatprov.go.id>
- Masuk menggunakan username dan password
- Pilih perizinan/nonperizinan kemudian input data terkait dengan perizinan yang dipilih
- VERIFIKASI**
Anda dapat mengunduh resi jika berkas permohonan dinyatakan lengkap
- Tunggu hasil verifikasi dari Tim Teknis
- Unggah berkas persyaratan dalam bentuk file PDF
- SELESAI**
Jika permohonan disetujui, anda akan mendapatkan notifikasi melalui sms dan/atau email untuk mengunduh perizinan/nonperizinan pada akun SIAPLAYANI
- Cetak Resi**
- Cetak SK**

DPMPPTSP
Provinsi

MEKANISME PEMBUATAN AKUN PADA APLIKASI SIAPLAYANI

- DAFTAR**
Buka aplikasi SIAPLAYANI melalui laman <https://siaplayani.sumatprov.go.id>
- Klik Daftar
- Isi identitas pemohon (pastikan data yang diinput benar)
- INPUT TOKEN**
Anda akan menerima username dan password pada sms dan/atau email
- Input nomor token yang telah anda terima
- Nomor token pendaftaran anda akan dikirim melalui sms dan/atau email
- MASUK**
Masuk menggunakan username dan password yang telah anda terima
- Segera ganti password anda dengan password baru agar akun anda tetap aman

CONTACT US



Investor Relation

Rizki Rahmawati

Bank of Indonesia North Sumatra Representative Office



r_rahmawati@bi.go.id



+6287722887165



Investment Promotion Affairs

Renata B.

Regional One-stop Investment and Licensing Board



renatabutarbutar@gmail.com



+6281361116407



Economic, Maritime, and Resources Affairs

Rahmad Ziady

Regional Development and Planning Board



rahmadziady@gmail.com



+6282364116083



www.northsumatrainvest.id



NSI SECRETARIAT
BANK INDONESIA
Representative
Office of North Sumatra

Jl. Balai Kota No.4, Kesawan,
Medan, North Sumatra 20236