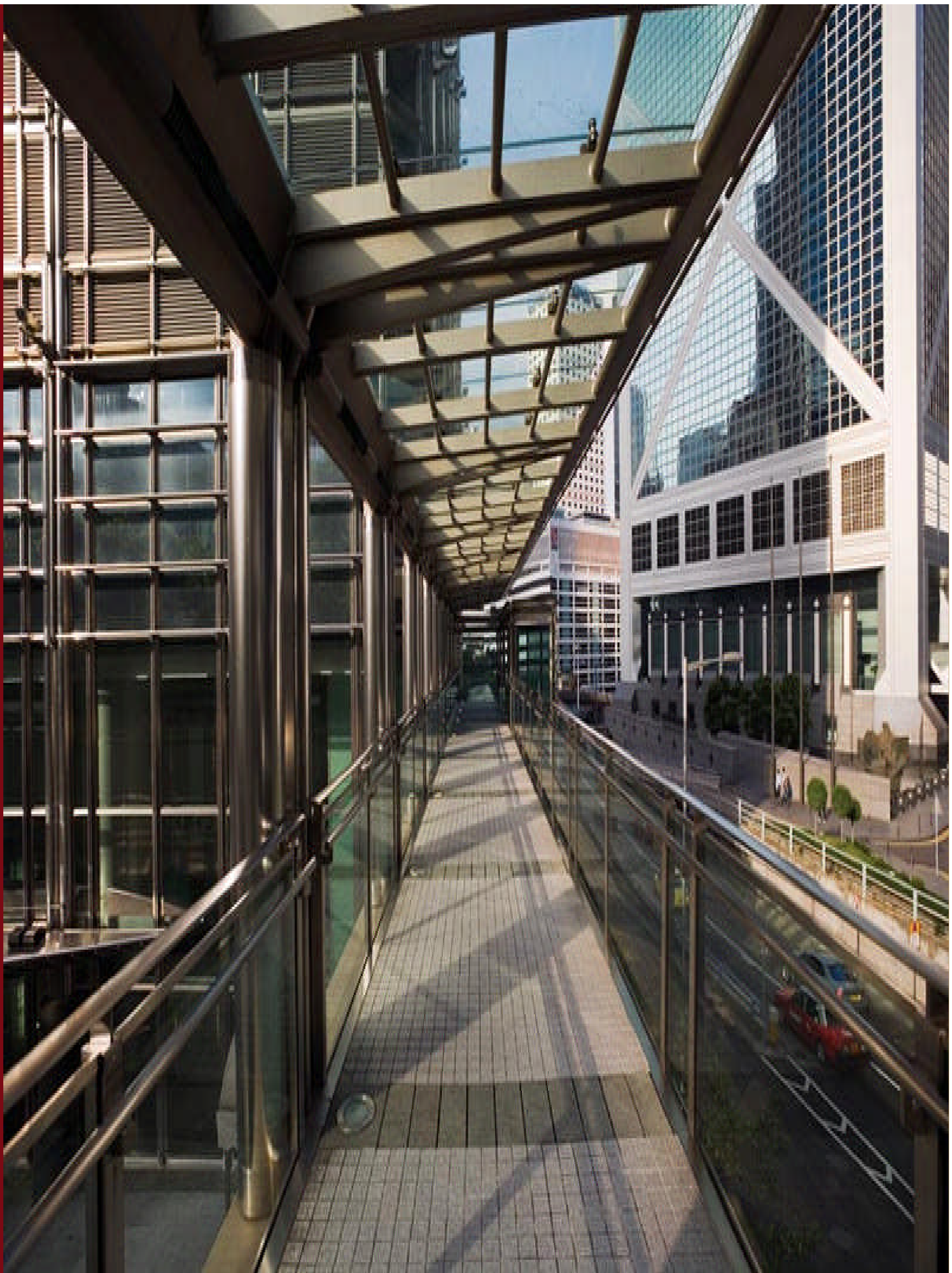
PRICEWATERHOUSECOOPERS

PT PricewaterhouseCoopers FAS

In association with
PT Paragon Property

2nd Quarter 2006

Jakarta Property Trends

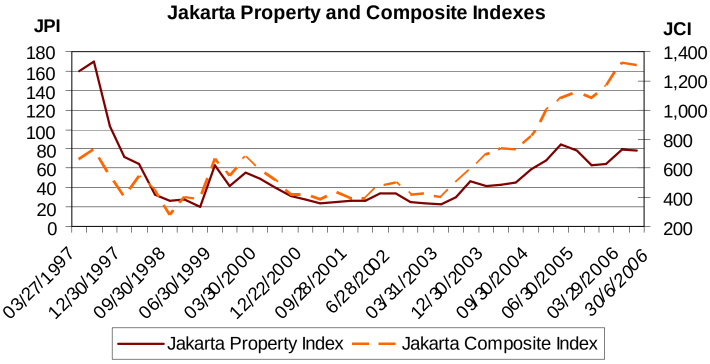


TRENDS SUMMARY

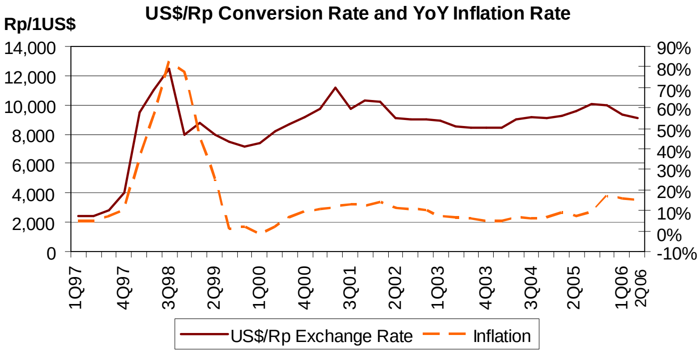
Office:	Over the long term, an over supply condition may develop as new space currently under development is the largest amount since 1998.
Retail:	The amount of new space under development will double the current stock over the next few years, which may put downward pressure on some retail centre locations.
Apartment:	Although local residents are now also driving lease demand, previously dominated by foreign residents, strata unit lease occupancies still remain low.
Hotel:	Performance has been mixed this year and remains below 1997 pre-crisis levels. More 5-star hotels are in the planning and development phase, in spite of the 50% occupancy rate.

overview economic

Inflation during 2Q06 was 0.87%, lower compared to 1.05% the same quarter last year. 2Q06 monthly inflation was at 0.05%, 0.37% and 0.45% in April, May and June, respectively. As of June, Year on Year inflation was 15.53% in 2006 compared to 7.42% the previous year.



The quarterly average exchange rate was Rp9,107:US$1.00; strengthening from Rp9,304:US$1.00 in 1Q06. The 3 month Bank Indonesia certificate (SBI) rate fell to 11.36% on 9 August 2006 from 12.15% on 10 May 2006 and 12.64% on 5 April 2006. The Jakarta Composite Index closed at 1,310 on 30 June 2006, compared to 1,323 on 29 March 2006 and 1,122 on 30 June 2005.



During the period of January – June 2006, Approved Domestic and Foreign Direct Investment was about Rp67.0 trillion and US$6.0 billion, an increase of 173.0% and 0.9% respectively from the same period last year.

During the same period, Realised Domestic and Foreign Direct Investment was about Rp11.2 trillion and US$3.5 billion, an increase of 42.5% and 4.6% respectively from the same period last year.

The value of exports and imports from January to June 2006 changed by 15.1% and 1.3% compared to the same period last year to US$46.9 billion and US$28.8 billion respectively.

GDP growth increased by 2.20% compared to the previous quarter and increased by 5.22% compared to the same quarter last year.

During this quarter, the Indonesia Business Index was 108.50 compared to 95.12 in the previous quarter and is expected to be 108.01 next quarter (Index 100 = no changes compared to the previous quarter).

office

Supply

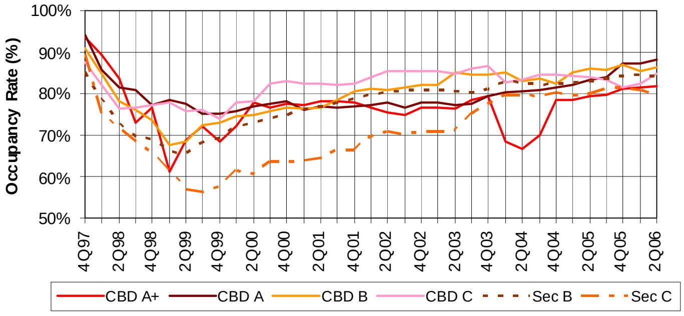
There was no new supply completed during 2Q06. Office stock remained at approximately 4.33 million square metres.

Buildings currently under construction in the CBD include: Menara Karya, Menara Kuningan, Plaza Sudirman I/II, Sentral Senayan II, Satrio Tower, Grand Indonesia, Pacific Place and The East.

Demand / Occupancy

Overall, occupancy of office buildings in Jakarta increased during this quarter to 86.1%. Occupancy rates increased to 87.0% in CBD but decreased to 83.8% in the secondary area. Total vacant space decreased to approximately 605,000 square metres.

Leased Office Occupancy Rates
CBD & Secondary Area 4Q97 - 2Q06

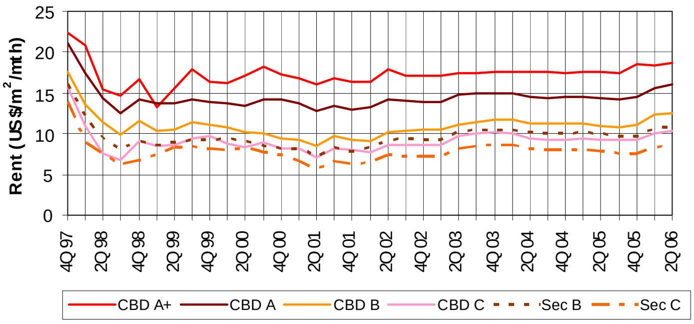


Occupancy rates for the various office grades in the CBD were 81.7%, 88.2%, 86.5% and 84.9% for Grades A+, A, B and C, respectively. In the secondary area, occupancy was 84.3% and 79.6% in Grades B and C.

Rents

Most CBD Grade A+ transacted gross rents were generally in the range of US$15.00 - US$19.00/m²/mth, mostly in US$ with floating exchange rates. For other grades most transactions were still in rupiah: Grade A Rp120,000–Rp140,000/m²/mth; Grade B Rp100,000–Rp120,000; and Grade C Rp80,000–Rp95,000.

Leased Office Gross Offering Rents
CBD & Secondary Area 4Q97 - 2Q06



Secondary area Grade B transacted gross rents ranged from Rp75,000–Rp85,000/m²/mth and Grade C from Rp65,000–Rp70,000.

Service charges (within gross rents) for the CBD ranged from Rp30,000–Rp70,000/m²/mth and, for secondary areas, Rp25,000–Rp60,000. The broad ranges are due, in part, to the inclusion/exclusion of tenant electric charges.

Trends

Gross rents continue to increase, but not expected to reach 1997 pre-crisis levels in the near or mid term. Over the long term, an over supply condition may develop as new space currently under development is the largest amount since 1998. About 50% of the new space is strata title (units for sale).

retail

Supply

There was new supply of about 20,000 m^2 from the operation of Serpong Town Square and Cibubur Poins (strata title kiosks) during 2Q06. In this quarter, total Jakarta lease and strata title stock remained at approximately 1.44 million m^2 and 947,000 m^2, respectively. Debotabek lease stock remained at approximately 444,000 m^2 and strata title stock increased to 323,000 m^2.

Soft openings in this quarter included: Senayan City Mall, Bellagio Boutique Mall and Pondok Indah Square.

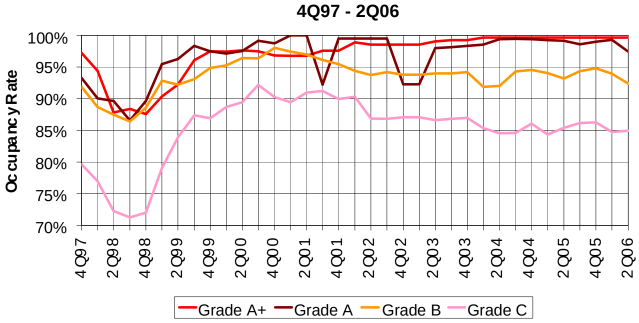
Subject to timely completion, new supply up to year 2008 is estimated at about 1.5 million m^2. A partial list of the future supply includes: Mall of Indonesia, Kota Casablanca, Grand Indonesia and Pacific Place.

Demand / Occupancy

Jadebotabek shopping centre occupancy rates decreased to 92.9%. Jakarta and Debotabek occupancies decreased to 92.8% and 93.3%, respectively.

Occupancy of all Grades in Jakarta decreased, except Grade C. Occupancies were 97.9%, 92.4%, 84.9% and 91.8% for Grades A+/A, B, C and D respectively.

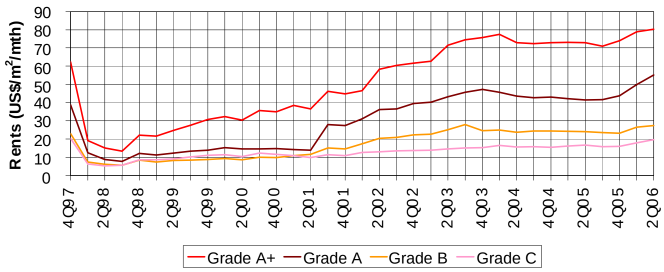
Shopping Centre Occupancy Rates
4Q97 - 2Q06



Rent

Overall, offering contract rents, fixed exchange rates and effective rents increased in Jakarta and Debotabek during the quarter compared to the previous quarter.

Shopping Centre US$ Offering Effective 'Typical Floor' Rent
(excludes Ground Floor and Anchor Tenants)
4Q97 - 2Q06



Offering contract rents for typical floors increased to US$49.30/m²/mth in Jakarta and US$26.50/m²/mth in the Debotabek area. The 2Q06 fixed exchange rates generally ranged between Rp9,000 (Grade A+) and Rp5,000 (Grade C) across Jadebotabek. Offering contract service charges remained at the range of US$7.00 to US$14.50/m^2/mth for Jadebotabek. Strata title kiosk units and long lease prices generally range from Rp30 million/m^2 to Rp250 million/m^2.

Trends

The amount of new space under development will double the current stock over the next few years, which may put downward pressure on some retail centre locations.

The overall depth of the retail market will be tested as additional supply enters the market.

apartment

Supply

There was new supply of approximately 340 strata title units from the operation of Mediterania Lagoon Residences in the secondary area.

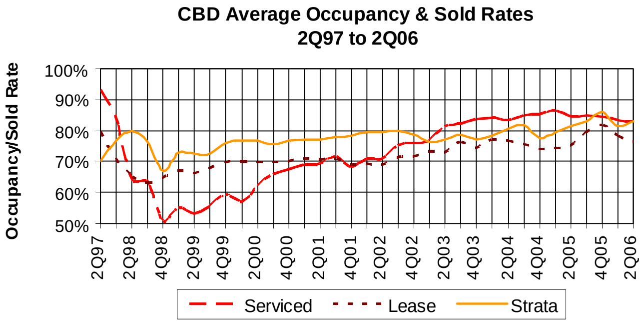
Total stock of apartments remained at about 12,400 units in the CBD and increased to about 32,900 units in the secondary area. Leased (non strata title) and serviced apartments account for about 5,370 units (49% CBD and 51% secondary) and strata title approximately 39,900 units (24% CBD and 76% secondary).

New supply up to year 2009 is estimated at about 46,000 units. A partial list of future supply includes: Setiabudi Residences, Pearl Garden, Marriot Executive Apartments, Hollywood Residences, Oakwook Premier, The Peak, Four Seasons Towers 3 & 4, The Bellagio Mansions, Sudirman Park, Senayan City and The Pinnacle.

Occupancy / Sold Rate

Overall occupancy of lease/serviced apartments of all grades decreased in the CBD and secondary areas by 1.1% and 0.5%, respectively.

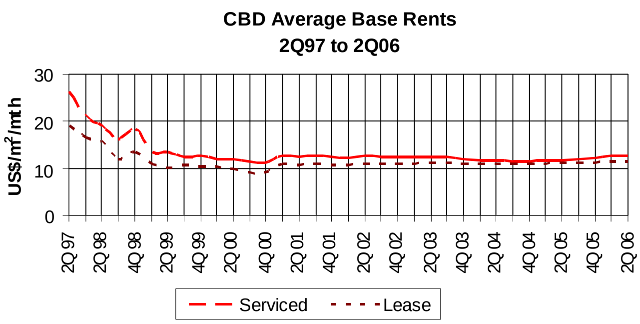
The average lease/serviced apartment occupancy was about 80% in the CBD and 74% in secondary areas. In the strata market, 83% of the CBD supply (current stock and projects under construction/launched) and 85% in secondary areas was stated by developers as sold. Occupancy rate of the current stock was 63% and 66%, respectively.



Rent / Prices

On average, rents for lease/serviced in the CBD and secondary areas remained the same compared to the previous quarter. Strata apartment offering prices increased in the CBD and in the secondary areas by 9% and 6%, respectively.

Average 2Q06 transaction base rents for CBD Upper and Middle Grade lease apartments were US$14.10 and US$8.10 respectively and for serviced apartments were US$15.60 and US$9.70 respectively. Average service charges were around US$3.10 and US$1.60 for lease apartments and US$4.70 and US$3.80 for service apartments. Average transaction prices for strata title apartments were US$1,840/m^2 for Upper and effectively US$895/m^2 for Middle Grade apartments.



apartment

Trends

Although local residents are now also driving lease demand, previously dominated by foreign residents, strata unit lease occupancies still remain low.

The supply of new strata units continues to exceed lease demand and testing the depth of the investor market.

hotel

Supply

There was no new supply during 2Q06. Jakarta hotel supply totals 22,297 rooms, consisting of 8,890 5-star, 8,152 4-star and 5,255 3-star rooms.

New hotels under development include: Ritz Carlton Pacific Place and Sofitel hotel in Senayan City.

Debotabek hotel supply remains at approximately 1,030 rooms, consisting of 370 5-star, 490 4-star and 170 3-star rooms. Overall, Jadebotabek hotel supply was 23,327 rooms.

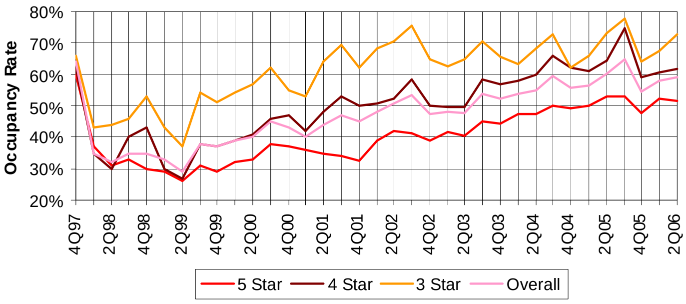
Hotel Ancol was converted to an entertainment centre during this quarter.

Demand / Occupancy

Overall, occupancy rose by 1.1% to 59.0% from the previous quarter. The changes were -0.6%, 1.1% and 5.5% for 5-star, 4-star and 3-star hotels. The occupancies were 51.5%, 61.6% and 72.8%, respectively.

Compared to the same quarter last year, the changes were -1.6%, -2.7% and -0.3% for 5-star, 4-star and 3-star hotels, respectively. Overall same quarter year on year occupancy decreased by 1.4%.

Jadebotabek Hotel Occupancy Rates
4Q97 to 2Q06

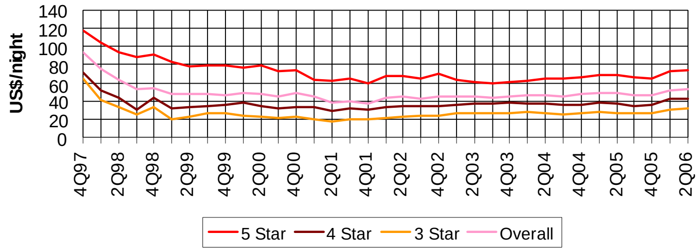


Room Rates

The overall rate increased from the previous quarter by 0.8% to US$52.50 per night. The changes were 2.8%, 0.9% and 3.4% for 5-star, 4-star and 3-star hotels. US$ room rates were US$74.20, US$42.80 and US$31.60 per night, respectively.

Compared to the same quarter last year, room rates changed by 7.5% for 5-star, 17.6% for 4-star and 17.1% for 3-star hotels. Overall, room rates increased by 8.8%.

Jadebotabek Hotel Average Room Rates
4Q97 to 2Q06

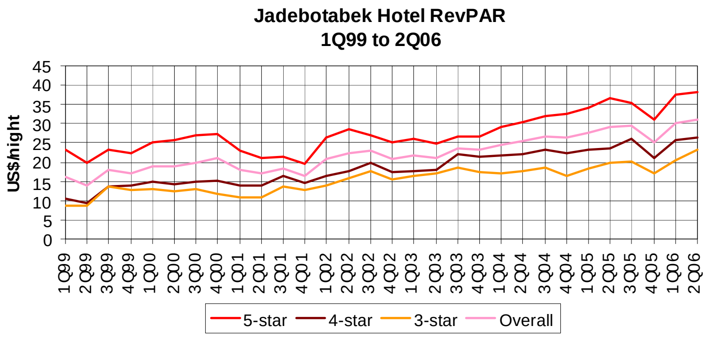


Revenue Per Available Room

Overall RevPAR this quarter was US$31.10 per night or about 3.0% higher than the previous quarter. Compared to the previous quarter, all-star hotel categories RevPAR increased. The changes were 1.5%, 2.8% and 13.3% for 5-star, 4-star and 3-star hotels. RevPAR was US$38.20, US$26.40 and US$23.30 per night, respectively.

Compared to the same quarter last year, RevPAR changed by 4.2%, 11.9% and 18.2% for each star-category and 6.3% overall.

hotel



Trends

Performance has been mixed this year and remains below 1997 pre-crisis levels.

More 5-star hotels are in the planning and development phase, in spite of the 50% occupancy rate.

ABBREVIATIONS

PwC	:	PricewaterhouseCoopers
CBD	:	Central Business District
Jadebotabek	:	includes Jakarta, Depok, Bogor, Tangerang and Bekasi
Debotabek	:	includes Depok, Bogor, Tangerang and Bekasi
GDP	:	Gross Domestic Product
E	:	estimated
m^2	:	square metres
$/m^2$/mth	:	per square metre per month
s-g area	:	semi-gross area
pa	:	per annum
2Q06	:	2nd Quarter 2006 (each quarter abbreviated similarly)
s/c	:	service charge
US$	:	US dollar
Rp.	:	Rupiah

DEFINITIONS

General

Central Business District	:	bounded by Jl Sudirman, Jl Rasuna Said and Jl Gatot Subroto (the 'Golden Triangle' of Jakarta)
Secondary area	:	area outside the CBD
et area	:	space occupied solely by tenant (or available for the tenant's sole use)
Semi-gross area	:	net area plus proportion of common space
Rents and service charge	:	are stated per m^2 according to the relevant basis of lease in each sector (such as on s-g area for offices, see below)

Sectors
Offices

Grade A+	:	A high quality and well maintained office building located in CBD area, generally more than 20,000m^2
Grade A	:	A standard quality office building, generally more than 20,000 m^2
Grade B	:	A medium quality office building, generally 6,000 –20,000 m^2
Grade C	:	A low quality office building, generally less than 6,000 m^2 and usually more than 20 years old

Retail (Shopping centres)

Grade A+	:	High specification with quality finishes, located in prime CBD area, generally more than 40,000 m^2. Mainly upper class retailers and international department stores
Grade A	:	Modern specification with quality finishes located in CBD and secondary area, generally more than 40,000m^2. Mainly middle to upper class retailers and international department stores
Grade B	:	Medium specification of generally more than 20,000 m^2. Mainly middle class local retailers and department stores
Grade C	:	Basic to medium quality building generally less than 20,000m^2
Basis of lease	:	Retail units are let on a net area basis

Hotels

Star Categorization	:	The 5, 4 and 3 categories used in our survey are in accordance with the Government licenses awarded to each individual hotel

Apartment

Upper Grade	:	High specification building with larger units (3BR>150 m^2), and range of sport and leisure activities
Middle Grade	:	Medium specification building with smaller units (3BR<150 m^2), and standard sports facilities
Basis of lease	:	Apartments are let on a net area basis
Apartment size surveyed	:	Average base rents and service charge are derived from rentals of 3 bedroom units
Sold Unit	:	A unit is considered 'sold' after a deposit has been paid

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Clifford D Rees
PT PricewaterhouseCoopers FAS

In association with
Jay Smith
PT Paragon Property

PricewaterhouseCoopers
Jl. HR. Rasuna Said Kav. X-7 No.6
Jakarta 12940
Tel: +62(21) 521 2901
Fax: +62(21) 521 3926
www.pwc.com/id