

Jakarta Property Trends



TRENDS SUMMARY

Office: Demand for new buildings is increasing from existing companies, but occupancy growth is modest as companies vacate older buildings.

Retail: Leased occupancies are generally high, but landlords still find it necessary to peg US\$ rents at lower IDR rates to accommodate retailers.

Apartment: Occupancy levels for both for leased and strata units remain below healthy levels, yet building continues. The existing stock base will almost double over the next few years.

Hotel: The continued improvement of hotel occupancies, room rates and RevPar is hopefully a sign that the market will soon approach industry performance benchmark levels.

overview economic



Inflation during 2Q07 was 0.17% compared to 0.87% in the same quarter last year. 2Q07 monthly inflation was at -0.16%, 0.10% and 0.23% in April, May and June, respectively. As of June, Year on Year inflation was 5.77% in 2007 compared to 15.53% the previous year.

The quarterly average exchange rate was Rp8,973:US\$1.00; strengthening from Rp9,099:US\$1.00 in 1Q07. The three month Bank Indonesia certificate (SBI) rate fell to 7.83% on 9 May 2007 from 8.10% on 7 February 2007 and 12.15% on 10 May 2006. The Jakarta Composite Index closed at 2,139 on 29 June 2007, compared to 1,831 on 30 March 2007 and 1,310 on 30 June 2006.

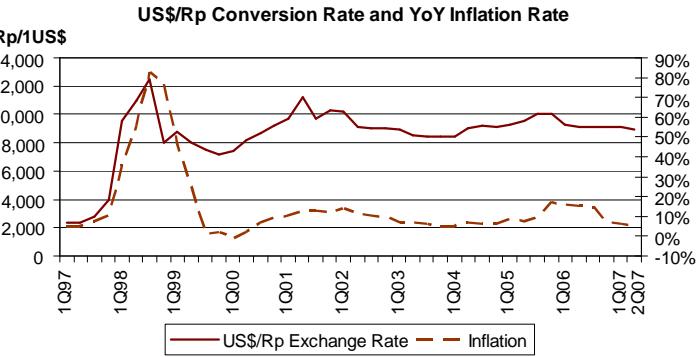
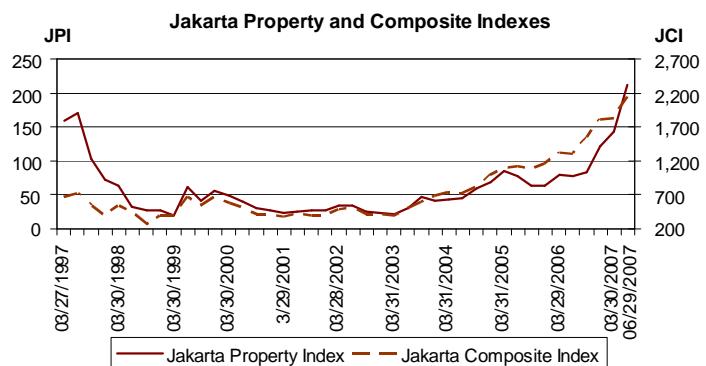
During the period January – May 2007, Approved Domestic and Foreign Direct Investment was about Rp110.6 trillion and US\$22.0 billion, an increase of 94.6% and 501.0% respectively from the same period last year.

During the same period, Realised Domestic and Foreign Direct Investment was about Rp18.6 trillion and US\$3.7 billion, an increase of 77.9% and 18.2% respectively from the same period last year.

The value of exports and imports from January to June 2007 increased by 14.3% and 16.3% compared to the same period last year to US\$53.6 billion and US\$33.7 billion, respectively.

GDP growth increased by 2.4% compared to the previous quarter and increased by 6.3% compared to the same quarter last year. Overall, first semester 2007 GDP grew by 6.1% compared to 2006.

During this quarter, the Indonesia Business Index was 110.96 compared to 100.19 in the previous quarter and is expected to be 111.43 next quarter (Index 100 = no changes compared to the previous quarter).



office



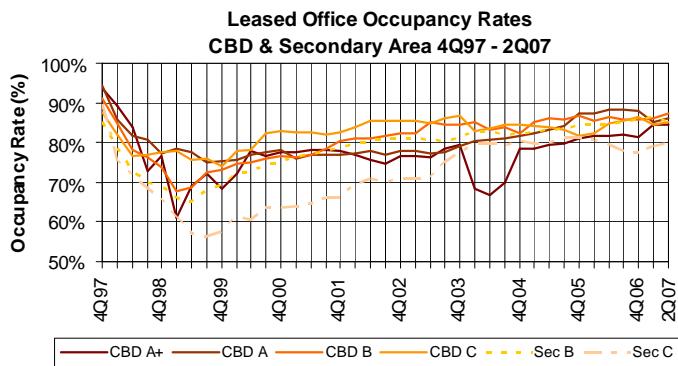
Supply

There was new supply of about 48,000 m² from the operation of Wisma Pondok Indah 2 and Gapura Prima Tower (previously Bellezza De Ufficio) in the secondary area during 2Q07. Office stock increased to approximately 4.6 million m².

Buildings currently under construction in the CBD include: Sentral Senayan II, Menara Satrio, Grand Indonesia, Pacific Place and The East.

Demand / Occupancy

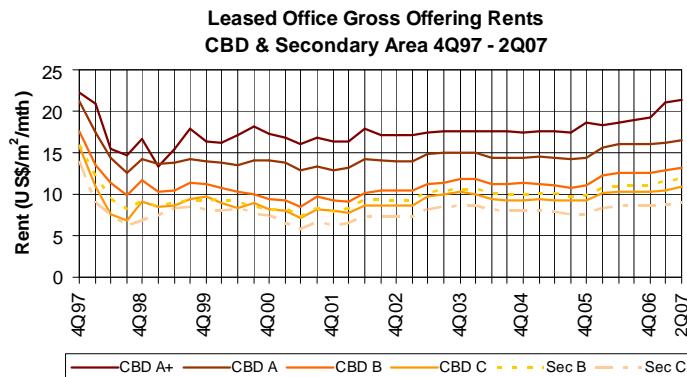
Overall, occupancy of office buildings in Jakarta increased during this quarter to 85.8%. Occupancy rates increased to 86.1% in the CBD but decreased to 84.6% in the secondary area. Total vacant space decreased to approximately 654,000 m².



Occupancy rates for the various office grades in the CBD were 84.6%, 86.1%, 87.2% and 85.1% for Grades A+, A, B and C, respectively. In the secondary area, occupancy was 85.3% and 79.8% in Grades B and C.

Rents

Most CBD Grade A+ transacted gross rents generally remained in the range of US\$17.00 - US\$19.00/m²/mth, mostly in US\$ with floating exchange rates. For other grades, most transactions were still in Rupiah: Grade A Rp130,000-Rp145,000/m²/mth; Grade B Rp100,000-Rp125,000; and Grade C Rp80,000-Rp95,000.



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 electricity charges.

Trends

Demand for new buildings is increasing from existing companies, but occupancy growth is modest as companies vacate older buildings. More growth from new companies is required to substantially increase take up.

retail



Supply

There was a new supply of about 65,000 m² from the operation of Summarecon Mal Serpong (lease) during 2Q07. Total Jakarta leased and strata title stock remained at approximately 1.53 million m² and 1.19 million m², respectively. Bodetabek leased stock increased to approximately 510,000 m² and strata title stock remained at 371,000 m².

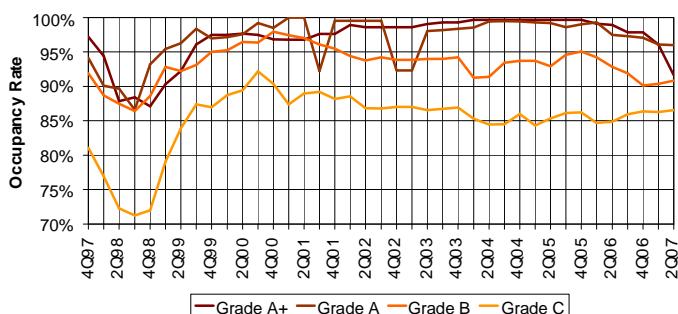
Subject to timely completion, new supply up to 2009 is estimated at about 1.1 million m². A partial list of future supply includes: Mall of Indonesia, Kemang Village, Kota Casablanca, Grand Indonesia and Pacific Place.

Demand / Occupancy

Jabodetabek for leased shopping centre occupancy rates decreased to 91.7% in this quarter. Jakarta occupancy decreased to 91.5% and Bodetabek increased to 92.2%.

Occupancies were 94.9%, 90.8%, 86.6% and 92.0% for Grades A+/A, B, C and D respectively in Jakarta.

For Lease Shopping Centre Occupancy Rates
4Q97 - 2Q07



Rent

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

For Lease Shopping Centre US\$ Offering Effective 'Typical Floor' Rent (excludes Ground Floor and Anchor Tenants) 4Q97 - 2Q07

Quarter	Grade A+	Grade A	Grade B	Grade C
4Q97	70	30	10	5
2Q98	65	25	8	4
4Q98	60	20	7	3
2Q99	55	18	6	3
4Q99	50	15	5	3
2Q00	45	12	4	3
4Q00	40	10	3	3
2Q01	35	8	2	3
4Q01	30	7	2	3
2Q02	25	6	2	3
4Q02	20	5	2	3
2Q03	18	4	2	3
4Q03	16	3	2	3
2Q04	15	3	2	3
4Q04	14	3	2	3
2Q05	13	3	2	3
4Q05	12	3	2	3
2Q06	11	3	2	3
4Q06	10	3	2	3
2Q07	9	3	2	3

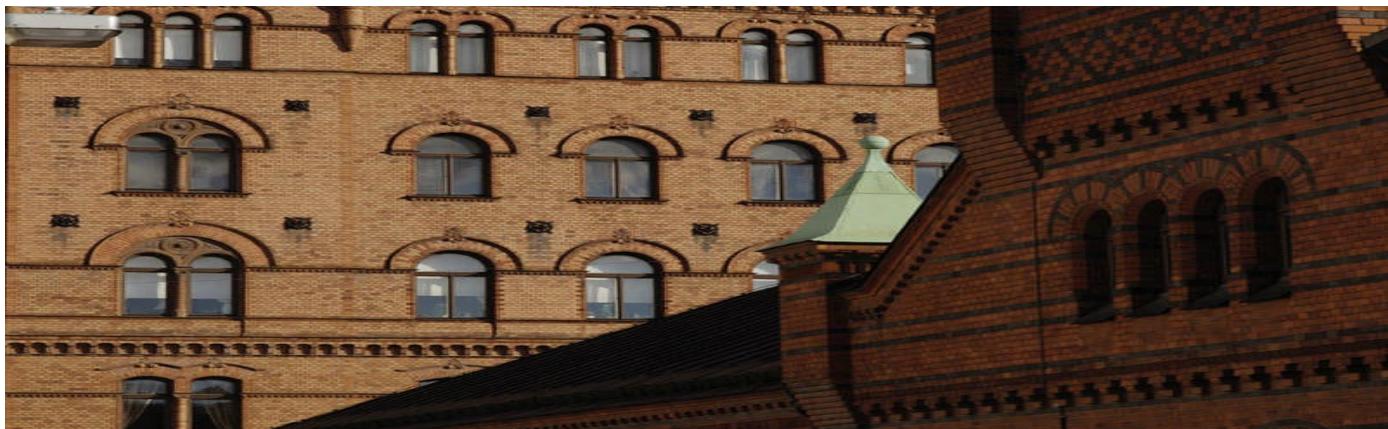
Offering contract rents for typical floors increased to US\$53.50/m²/mth in Jakarta and US\$30.50/m²/mth in the Bodetabek area. The 2Q07 fixed exchange rates generally ranged between Rp9,000 (Grade A+) and Rp5,000 (Grade C) across Jabodetabek. Offering contract service charges remained at the range of US\$7.00 to US\$14.50/m²/mth for Jadebotabek. Strata title kiosk units and long lease prices generally range from Rp30 million/m² to Rp250 million/m².

Trends

Leased occupancies are generally high, but landlords still find it necessary to peg US\$ rents at lower IDR rates to accommodate retailers.

Over the next

apartment



Supply

There was a new supply of approximately 1,070 strata title units from the operation of Pearl Garden and The Jakarta Residences Tower Cosmo in the CBD, and The Belleza at Permata Hijau Tower Louvree and Versailles and Paladian Park Tower F in the secondary area.

The total stock of apartments increased to about 14,670 units in the CBD and 36,400 units in the secondary area. Leased (non strata title) and serviced apartments account for about 5,640 units (48% CBD and 52% secondary) and strata title approximately 45,430 units (26% CBD and 74% secondary).

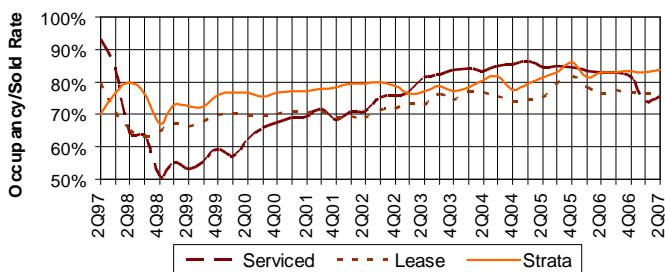
New supply up to 2009 is estimated at about 44,100 units. A partial list of future supply includes: Shangri-la Residences, Hollywood Residences, Oakwook Premier, Four Seasons Towers 3 & 4, Senayan City Residences and Kemang Village Condominium.

Occupancy / Sold Rate

Overall occupancy of leased/serviced apartments of all grades increased in the CBD by 0.6% but decreased in the secondary areas by 0.3%.

The average leased/serviced apartment occupancy was about 75.6% in the CBD and 72.4% in secondary areas. In the strata market, 83.6% of the CBD supply (current stock and projects under construction/launched) and 88.2% in secondary areas was stated by developers as sold. The occupancy rate of the current stock was 66% and 67%, respectively.

CBD Average Occupancy & Sold Rates
2Q97 to 2Q07

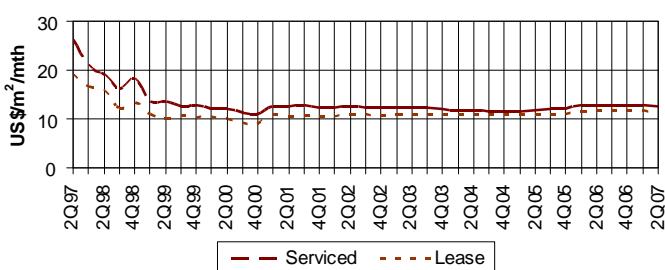


Rent / Prices

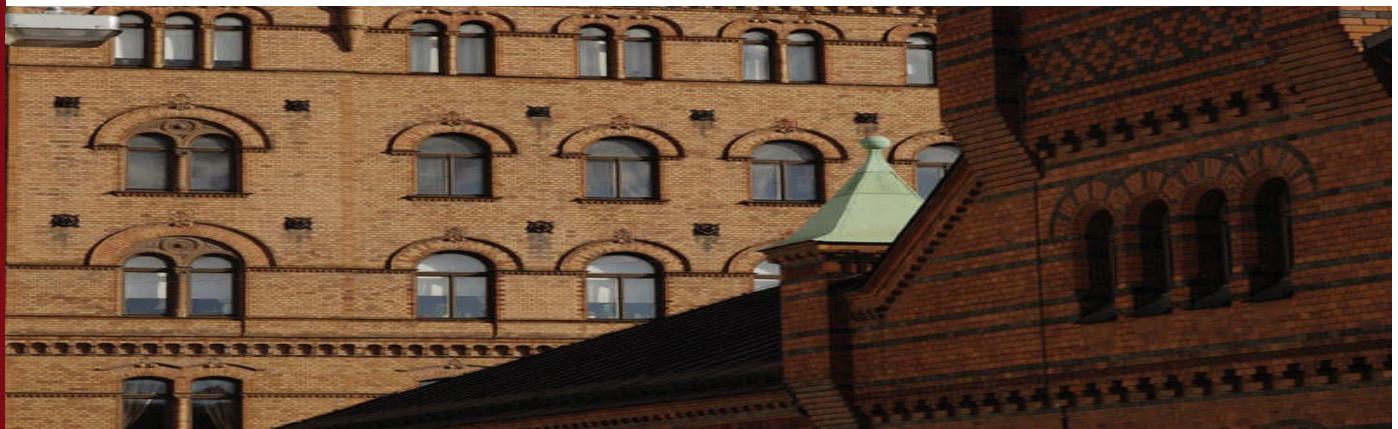
On average, rents for leased/serviced decreased in the CBD and remained the same in the secondary areas compared to the previous quarter. Strata apartment offering prices increased in the CBD and in the secondary areas by 3.0% and 9.0%, respectively.

Average 2Q07 transaction base rents for CBD Upper and Middle Grade leased apartments were US\$13.20 and US\$8.20 respectively and for serviced apartments were US\$15.70 and US\$9.30 respectively. Average service charges were around US\$3.20 and US\$1.60 for leased apartments and US\$4.70 and US\$3.80 for serviced apartments. Average transaction prices for strata title apartments were US\$1,860/m² for Upper and effectively US\$1,030/m² for Middle Grade apartments.

CBD Average Base Rents
2Q97 to 2Q07



apartment



Trends

Occupancy levels for both for leased and strata units remain below healthy levels, yet building continues. The existing stock base will almost double over the next few years.

The demand for the leased and sale market will need a boost from expatriate rentals and ideally off-shore buyers, should foreign ownership laws be relaxed.

hotel



Supply

There was no new supply during 2Q07. Hotel Raddin Ancol was closed in May 2007. Jakarta hotel supply decreased to 22,188 rooms, consisting of 8,910 5-star, 8,009 4-star and 5,269 3-star rooms.

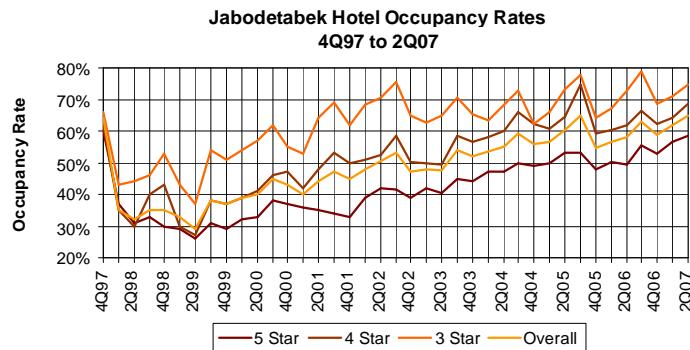
New hotels under development include: Ritz Carlton Pacific Place and Hotel Indonesia - Kempinski.

Bodetabek 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.

Demand / Occupancy

Overall, occupancy increased by 3.3% to 65.0% from the previous quarter. The changes were 1.5%, 5.0% and 3.8% for 5-star, 4-star and 3-star hotels. The occupancies were 58.2%, 69.1% and 74.8%, respectively.

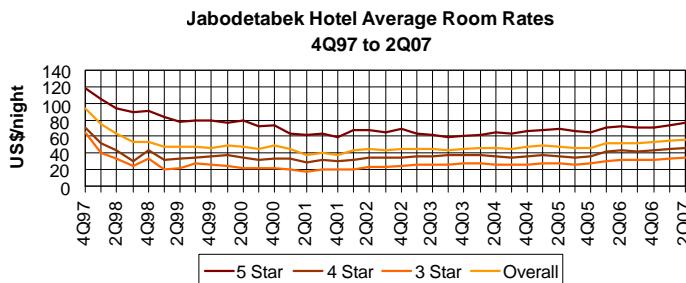
Compared to the same quarter last year, the changes were 8.6%, 7.1% and 2.0% for 5-star, 4-star and 3-star hotels, respectively. Overall same quarter year on year occupancy increased by 7.1%.



Room Rates

The overall rate increased from the previous quarter by 1.7% to US\$56.00 per night. The changes were 2.7%, 1.1% and 5.0% for 5-star, 4-star and 3-star hotels. US\$ room rates were US\$76.00, US\$45.40 and US\$34.90 per night, respectively.

Compared to the same quarter last year, room rates changed by 5.4% for 5-star, 6.1% for 4-star and 10.6% for 3-star hotels. Overall, room rates increased by 7.4%.



Revenue Per Available Room

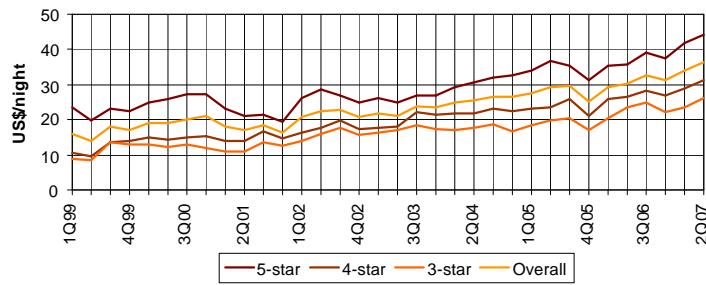
Overall RevPAR this quarter was US\$36.40 per night or about 7.1% higher than the previous quarter. Compared to the previous quarter, all-star hotel categories RevPAR increased. The changes were 5.4%, 9.0% and 10.6% for 5-star, 4-star and 3-star hotels. RevPAR was US\$44.20, US\$31.40 and US\$26.10 per night, respectively.

Compared to the same quarter last year, RevPAR changed by 23.7%, 18.2% and 12.1% for each star-category and 20.2% overall.

hotel



Jabodetabek Hotel RevPAR
1Q99 to 2Q07



Trends

The continued improvement of hotel occupancies, room rates and RevPar is hopefully a sign that the market will soon approach industry performance benchmark levels.

ABBREVIATIONS

PwC	: PricewaterhouseCoopers	Grade B	: Medium specification of generally more than 20,000 m ² . Mainly middle class local retailers and department stores
CBD	: Central Business District	Grade C	: Basic to medium quality building generally less than 20,000m ²
Jadebotabek	: includes Jakarta, Depok, Bogor, Tangerang and Bekasi	Basis of lease	: Retail units are let on a net area basis
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		
2Q07	: 2 nd Quarter 2007 (each quarter abbreviated similarly)		
s/c	: service charge		
US\$: US dollar		
Rp.	: Rupiah		

DEFINITIONS

General

Central Business District	: bounded by JI Sudirman, JI Rasuna Said and JI 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

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 three-bedroom units
Sold Unit	: A unit is considered <i>sold</i> after a deposit has been paid

Jakarta Property Trends

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