

Jakarta Property Trends

PRICEWATERHOUSECOOPERS 

PT PricewaterhouseCoopers FAS

In association with

PT Paragon Property

4th Quarter 2006



TRENDS SUMMARY

Office: There is evidence that demand is increasing for both for lease and strata title spaces. Demand for strata title spaces is driven by both users and investors.

Retail: Occupancies are beginning to decrease as increasing amounts of new for lease centre space is completed. Rents will come under pressure as additional supply enters the market.

Apartment: The for lease/serviced apartment occupancies are still below ideal levels. Occupancy of for lease strata units still remains at very low levels with more units under development.

Hotel: Hotel results are improving but still a long way from 1997 levels. 5-star hotel occupancies are still low, hovering around 50%, but new developments are underway.

overview economic



Inflation during 4Q06 was 2.44%, lower compared to 10.08% in the same quarter last year. 4Q06 monthly inflation was at 0.86%, 0.34% and 1.21% in October, November and December, respectively. As of December, Year on Year inflation was 6.60% in 2006 compared to 17.11% the previous year.

The quarterly average exchange rate was Rp9,134:US\$1.00; weakening from Rp9,121:US\$1.00 in 3Q06. The three month Bank Indonesia certificate (SBI) rate fell to 8.10% on 7 February 2007 from 9.50% on 8 November 2006 and 11.36% on 9 August 2006. The Jakarta Composite Index closed at 1,803 on 27 December 2006, compared to 1,535 on 29 September 2006, and 1,163 on 29 December 2005.

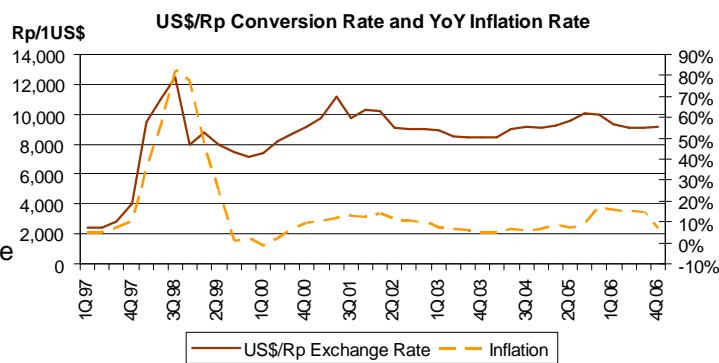
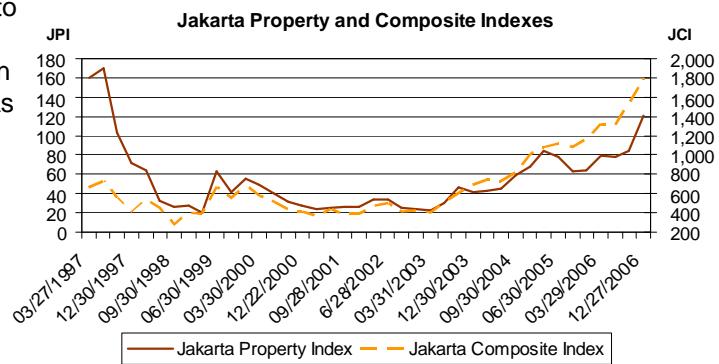
During the period January – November 2006, Approved Domestic and Foreign Direct Investment was about Rp157.5 trillion and US\$13.9 billion, an increase of 244.5% and 18.8% respectively from the same period last year.

During the same period, Realised Domestic and Foreign Direct Investment was about Rp16.9 trillion and US\$4.7 billion, a decrease of 37.1% and 45.8% respectively from the same period last year.

The value of exports and imports from January to December 2006 increased by 17.5% and 5.9% compared to the same period last year to US\$100.7 billion and US\$61.1 billion respectively.

GDP growth decreased by 1.9% compared to the previous quarter and increased by 6.1% compared to the same quarter last year. Overall, 2006 GDP grew by 5.5% compared to 2005.

During this quarter, the Indonesia Business Index was 107.43 compared to 108.72 in the previous quarter and is expected to be 108.79 next quarter (Index 100 = no changes compared to the previous quarter).



office



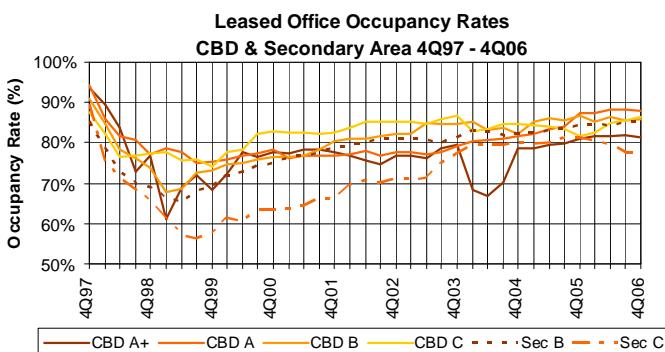
Supply

There was no new supply completed during 4Q06. Office stock remained at approximately 4.4 million square metres.

Buildings currently under construction in the CBD include: Menara Karya, Plaza Sudirman Tower 1 & 2, Sentral Senayan II, Menara Satrio, Grand Indonesia, Pacific Place and The East.

Demand / Occupancy

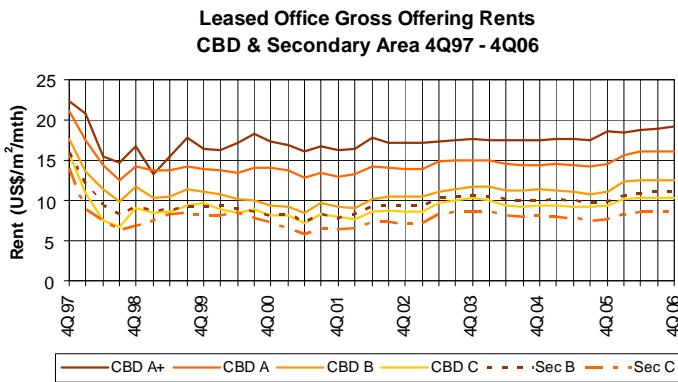
Overall, occupancy of office buildings in Jakarta decreased during this quarter to 86.1%. Occupancy rates decreased to 86.8% in the CBD but increased to 84.3% in the secondary area. Total vacant space increased to approximately 615,000 square metres.



Occupancy rates for the various office grades in the CBD were 81.3%, 87.9%, 85.9% and 86.4% for Grades A+, A, B and C, respectively. In the secondary area, occupancy was 85.7% and 77.4% 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

There is evidence that demand is increasing for both for lease and strata title spaces. Demand for strata title spaces is driven by both users and investors.

retail



Supply

There was a new supply of about 192,000 m² from the operation of Pondok Indah Square, Bellanova Country Mall, Lindeteves Trade Centre and Mega Glodok Kemayoran (strata title kiosks), and about 33,000 m² from Bellezza De Heritage and Bellagio Boutique Mall (lease) during 4Q06. In this quarter, total Jakarta lease and strata title stock increased to approximately 1.53 million m² and 1.19 million m², respectively. Debotabek lease stock remained at approximately 444,000 m² and strata title stock increased to 371,000 m².

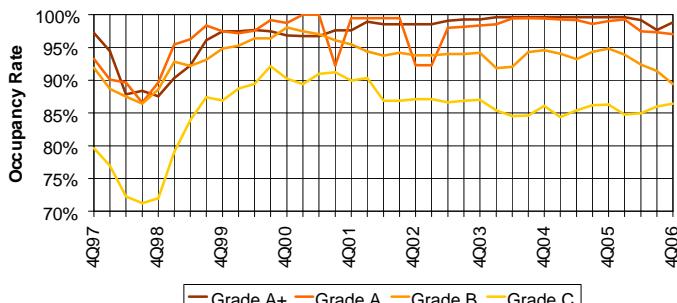
Subject to timely completion, new supply up to 2008 is estimated at about 1.1 million m². A partial list of future supply includes: Mall of Indonesia, Kota Casablanca, Grand Indonesia and Pacific Place.

Demand / Occupancy

Jabodetabek shopping centre occupancy rates decreased to 92.1% in this quarter. Jakarta and Debotabek occupancies decreased to 92.1% and 92.0%, respectively.

Occupancies were 97.4%, 89.4%, 86.4% and 91.9% for Grades A+/A, B, C and D respectively in Jakarta.

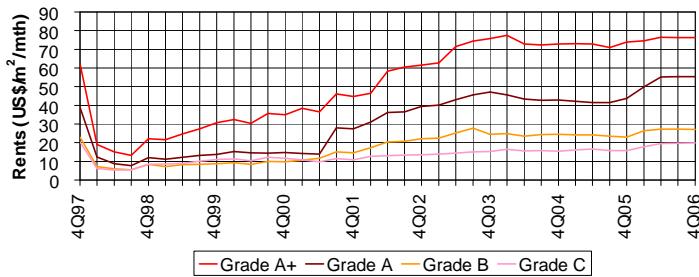
Shopping Centre Occupancy Rates
4Q97 - 4Q06



Rent

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

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



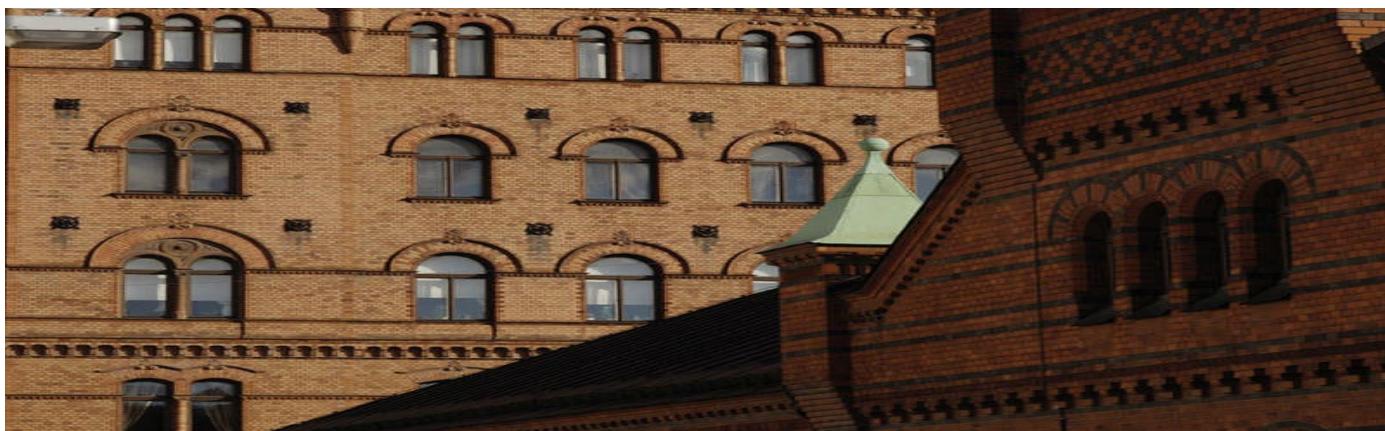
Offering contract rents for typical floors remained at US\$50.00/m²/mth in Jakarta and US\$26.50/m²/mth in the Debotabek area. The 4Q06 fixed exchange rates generally ranged between Rp9,000 (Grade A+) and Rp5,000 (Grade C) across Jadebotabek. Offering contract service charges remained at the range of US\$7.00 to US\$14.50/m²/mth for Jadebotabek. Strata title kiosk units and long lease prices generally range from Rp30 million/m² to Rp250 million/m².

Trends

Occupancies are beginning to decrease as increasing amounts of new for lease centre space is completed. Rents will come under pressure as additional supply enters the market.

It appears that strata title kiosk developments are reaching saturation point as demand is weakening.

apartment



Supply

There was a new supply of approximately 76 service apartment units from the operation of The Peak Beaufort Residence in the CBD; and 1,230 strata title units from the operation of Sudirman Park Tower B in the CBD and Mediterania Boulevard Residences in the secondary area.

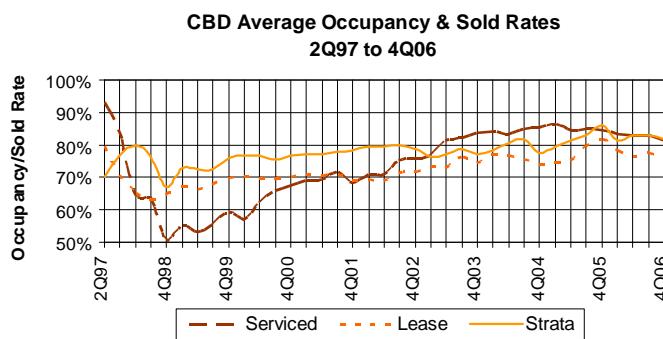
The total stock of apartments increased to about 13,660 units in the CBD and 34,570 units in the secondary area. Leased (non strata title) and serviced apartments account for about 5,640 units (48% CBD and 52% secondary) and strata title approximately 42,590 units (26% CBD and 74% secondary).

New supply up to 2009 is estimated at about 44,000 units. A partial list of future supply includes: Shangri-la Residences, Setiabudi Residences, Pearl Garden, Marriot Executive Apartments, Hollywood Residences, Oakwook Premier, Four Seasons Towers 3 & 4 and Senayan City.

Occupancy / Sold Rate

Overall occupancy of lease/serviced apartments of all grades decreased in the CBD and secondary areas by 1.0% and 1.6%, respectively.

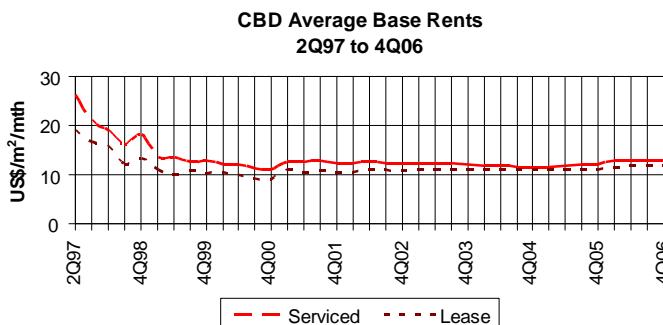
The average lease/serviced apartment occupancy was about 79.5% in the CBD and 71.1% in secondary areas. In the strata market, 81.7% of the CBD supply (current stock and projects under construction/launched) and 87.6% in secondary areas was stated by developers as sold. The occupancy rate of the current stock was 63% and 67%, respectively.



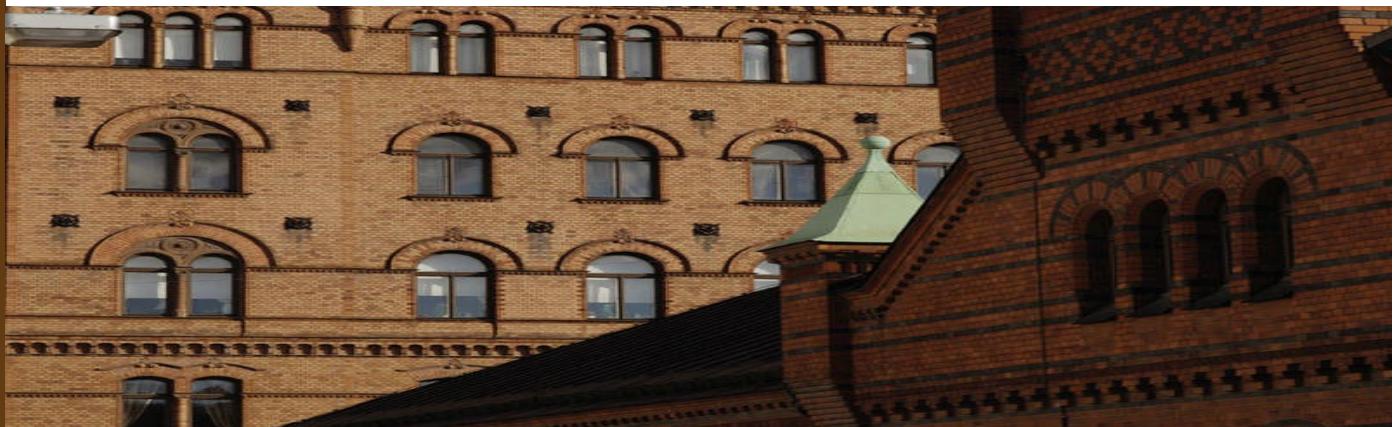
Rent / Prices

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 0.7% and 1.0%, respectively.

Average 4Q06 transaction base rents for CBD Upper and Middle Grade lease apartments were US\$14.60 and US\$8.10 respectively and for serviced apartments were US\$15.70 and US\$9.80 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\$1,820/m² for Upper and effectively US\$960/m² for Middle Grade apartments.



apartment

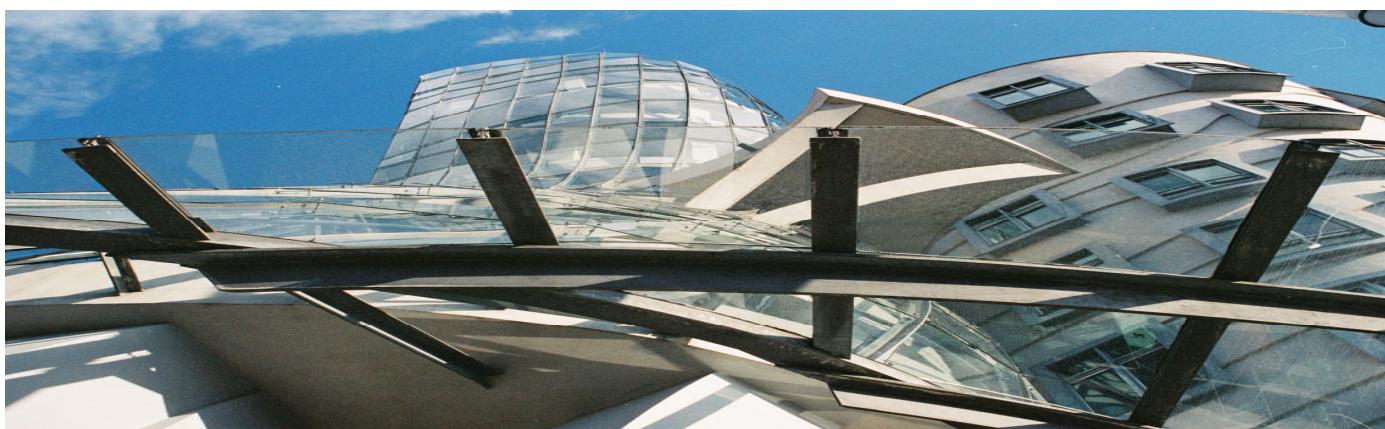


Trends

Significant new strata supply under development will most likely exceed investor demand.

The for lease/serviced apartment occupancies are still below ideal levels. Occupancy of for lease strata units still remains at very low levels with more units under development.

hotel



Supply

There was no new supply during 4Q06. 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.

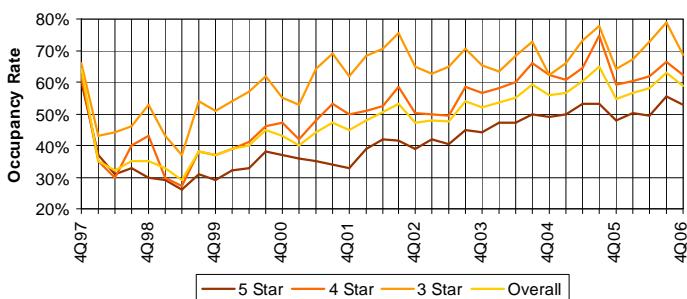
Debotabek hotel supply remains at approximately 1,030 rooms, consisting of 370 5-star, 490 4-star and 170 3-star rooms. Overall, Jadebotabek hotel supply was 23,327 rooms.

Demand / Occupancy

Overall, occupancy fell by 4.1% to 58.9% from the previous quarter. The changes were -2.5%, -3.9% and -10.1% for 5-star, 4-star and 3-star hotels. The occupancies were 52.8%, 62.4% and 68.7%, respectively.

Compared to the same quarter last year, the changes were 4.9%, 3.1% and 4.8% for 5-star, 4-star and 3-star hotels, respectively. Overall same quarter year on year occupancy increased by 4.3%.

Jadebotabek Hotel Occupancy Rates
4Q97 to 4Q06

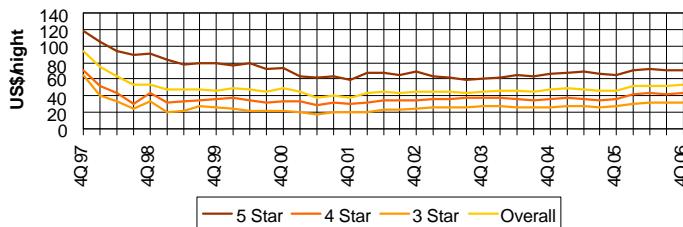


Room Rates

The overall rate increased from the previous quarter by 1.7% to US\$52.70 per night. The changes were 0.5%, 2.2% and 2.6% for 5-star, 4-star and 3-star hotels. US\$ room rates were US\$71.00, US\$43.20 and US\$32.20 per night, respectively.

Compared to the same quarter last year, room rates changed by 9.0% for 5-star, 21.4% for 4-star and 20.3% for 3-star hotels. Overall, room rates increased by 14.0%.

Jadebotabek Hotel Average Room Rates
4Q97 to 4Q06



Revenue Per Available Room

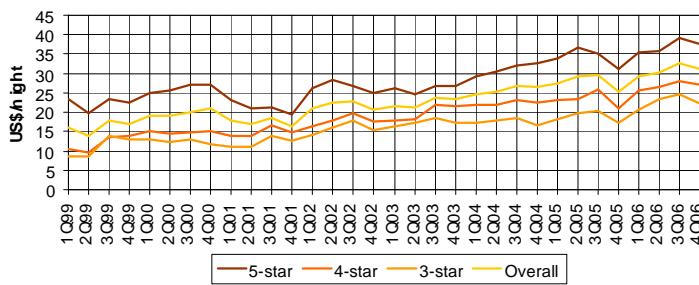
Overall RevPAR this quarter was US\$31.20 per night or about 4.9% lower than the previous quarter. Compared to the previous quarter, all-star hotel categories RevPAR decreased. The changes were -4.0%, -3.9% and -10.1% for 5-star, 4-star and 3-star hotels. RevPAR was US\$37.50, US\$27.00 and US\$22.30 per night, respectively.

Compared to the same quarter last year, RevPAR changed by 20.2%, 28.4% and 29.9% for each star-category and 23.4% overall.

hotel



Jadebotabek Hotel RevPAR
1Q99 to 4Q06



Trends

Hotel results are improving but still a long way from 1997 levels.

5-star hotel occupancies are still low, hovering around 50%, but new developments are underway.

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		
4Q06	: 4 th Quarter 2006 (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 3 bedroom units
Sold Unit	: A unit is considered 'sold' after a deposit has been paid

Jakarta Property Trends

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