

# INDONESIA

## PROPERTY INVESTMENT GUIDE







## WELCOME

We are very glad to release the third issue of Investment Guide jointly with Makes & Partners. The previous two publications in 2015 and 2017 had been a great benefit to our foreign investor clients by guiding them to understand the property, legal and tax regulations in Indonesia.

Despite the Covid-19 pandemic crisis since early 2020, the Indonesian government remains strongly committed to sustain growth by focusing on new infrastructure, human capital development and structural reforms to attract investment and fiscal support. With long-term confidence and pent-up demand accumulating, Indonesia's property market is also expected to recover gradually once a vaccine becomes widely available.



We hope that this updated publication will continue to be a great benefit to our clients. Please do feel free to contact Knight Frank should we be able to assist you in your investment plan.

**Willson Kalip**  
Country Head, Knight Frank Indonesia  
willson.kalip@id.knightfrank.com

Warm greetings to all.

We at Makes & Partners are delighted to be working once again with Knight Frank for the 2021 edition of the Indonesia Property Investment Guide Book.

The Indonesian legal landscape, in particular, on construction and real estate has been very dynamic and robust in the past years, providing for a conducive environment to foreign and local investors alike. With our known market strength in property, construction and real estate laws, Makes & Partners is very pleased to share with you valuable and practical general legal insights to take into consideration when crafting an informed decision to invest in and/ or buy real property in Indonesia.



We hope that you will find the 2021 Indonesia Property Investment Guide Book useful and informative. We wish you all the best in your real property investments in Indonesia.

**Yozua Makes**  
Founding and Managing Partner  
Makes & Partners Law Firm

## CONTENTS

Welcome note
Section One Property
Section Two Legal Requirements
Section Three Tax Information
Section Four Our Services

Indonesia  
Property Investment Guide  
Team

Editor  
Hasan Pamudji

Research  
Syarifah Syaukat  
Muthiannisa  
Gabriela Bunga

Marketing & Communications  
Miranti Paramita

Creative Designer  
Candra

3rd Edition - 2021





**INDONESIA  
PROPERTY**



## INDONESIA OVERVIEW

The world's largest archipelago of approximately **17,000 islands**



**Over Half** of all international shipping goes through Indonesian waters



The world's fourth most populous country of more than **260 million people**



The world's **14th-largest country** in terms of land area about 1,919,440 square kilometers



Close to **583 languages and dialects** are spoken in the archipelago



Official language is Bahasa Indonesia, while **English is widely used in the trade**



The nation's capital and largest city is Jakarta which has **10.5 million of population**



**The world's largest population of Muslims** with other minority religious groups being Christians, Hindus and Buddhists



Indonesia is a Republic with an elected legislature and president. Indonesia is now **the world's third-largest democracy**



A founding member of ASEAN and **a member of G-20 major economies**



Indonesian High Net Worth Individuals (HNWIs) is forecast to **grow by 57% to 33,057 people in 2024**



Indonesia's productive age group is forecast to reach **70 percent of the total population by 2030**



Indonesia is forecast to be **the world's fourth largest economy at US\$10.5 Trillion by 2050**



### Fact Sheet

Capital City	DKI Jakarta
Type of Government	Unitary Presidential Republic
Population	268,074,600
President	Joko Widodo
Main Ethnic Groups	Javanese 42.7%, Sundanese 15.4%, Madurese 3.4%, Minangkabau 2.7%, Betawi 2.5%, Bugis 2.5%, Banten 2.1%, Banjar 1.7%, Balinese 1.5% and others/unspecified 25.5%
Main Religions	Muslim 87.2%, Christian 9.9%, Hindu 1.7%, Buddhist 0.7% and others/unspecified 0.5% (2010 census)
Total Area	5,193,250 square kilometers
Land Area	1,919,440 square kilometers
Water Area	3,273,810 square kilometers
Currency	Rupiah (IDR)
Climate	Tropical, hot, humid; more moderate in highlands
Terrain	Largely coastal lowlands; larger islands have interior mountains
Population Growth Rate (%)	1.31%
Major Agricultural Products	Rice, coconuts, soy beans, bananas, coffee, tea, palm, rubber, sugar cane
Major Industries	Fishing, petroleum, timber, paper products, cotton cloth, tourism, mining of petroleum, natural gas, auxite, coal and tin

Source: Processed from Multiple Sources by Knight Frank / PT. Willson Properti Advisindo





Source: Knight Frank / PT Willson Properti Advisindo

## Growth Centers and Opportunities

In the inception, major cities in Indonesia were developed based on services and commercial trading activity patterns. The growth of the cities was influenced by business sectors that provided dominant economic contribution to the region. Today the majority of cities in Java are still dominated by trading and industrial activities, while major cities in Sumatera, Kalimantan and Sulawesi are largely supported by plantation, oil and mining sector activities. Moreover, some other key cities such as Denpasar, Bandung, Bogor and Yogyakarta still rely heavily on the tourism industry.

### 📍 Major Urban Centers

(Metropolitan Cities with Population of over 1 Million)

#	City	Province	Population
1	Jakarta	DKI Jakarta	10,557,810
2	Surabaya	East Java	3,158,943
3	Bandung	West Java	2,480,460
4	Bekasi	West Java	2,448,830
5	Medan	North Sumatera	2,279,894
6	Depok	West Java	1,857,734
7	Semarang	Central Java	1,814,110
8	Tangerang	Banten	1,771,092
9	Palembang	South Sumatera	1,619,533
10	Makassar	South Sulawesi	1,480,480
11	South Tangerang	Banten	1,279,052
12	Batam	Riau Islands	1,107,551
13	Bandar Lampung	Lampung	1,051,500
14	Bogor	West Java	1,048,610

Source: BPS, 2020

### 📍 Important Growth Centers

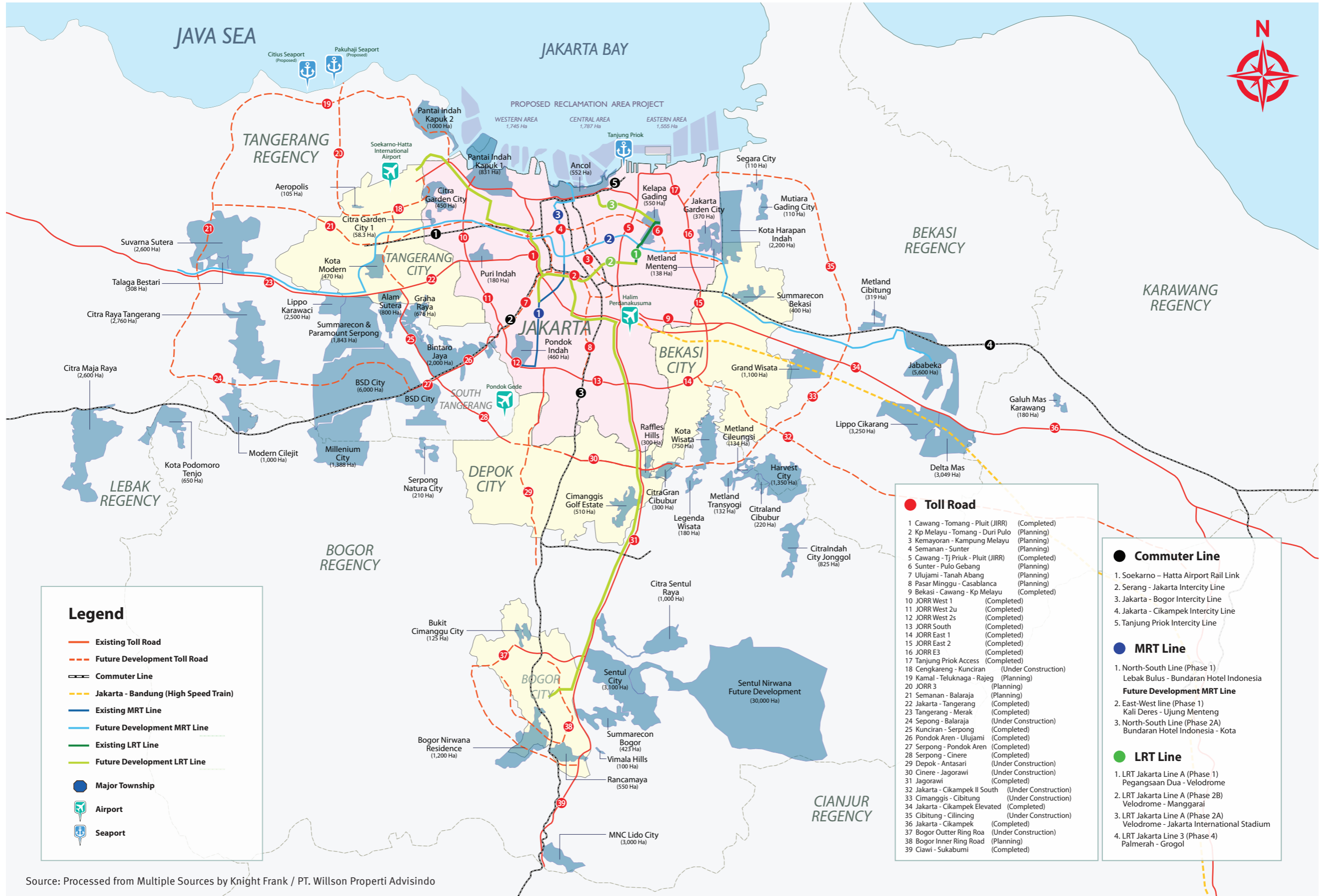
(Cities with Population of between 500,000 and 1 million)

#	City	Province	Population
1	Pekanbaru	Riau	954,373
2	Padang	West Sumatera	950,871
3	Denpasar	Bali	947,100
4	Malang	East Java	927,285
5	Samarinda	East Kalimantan	793,580
6	Tasikmalaya	West Java	719,882
7	Banjarmasin	South Kalimantan	708,606
8	Balikpapan	East Kalimantan	655,178
9	Serang	Banten	652,192
10	Pontianak	West Kalimantan	646,661
11	Cimahi	West Java	614,304
12	Jambi	Jambi	591,134

Source: BPS, 2020



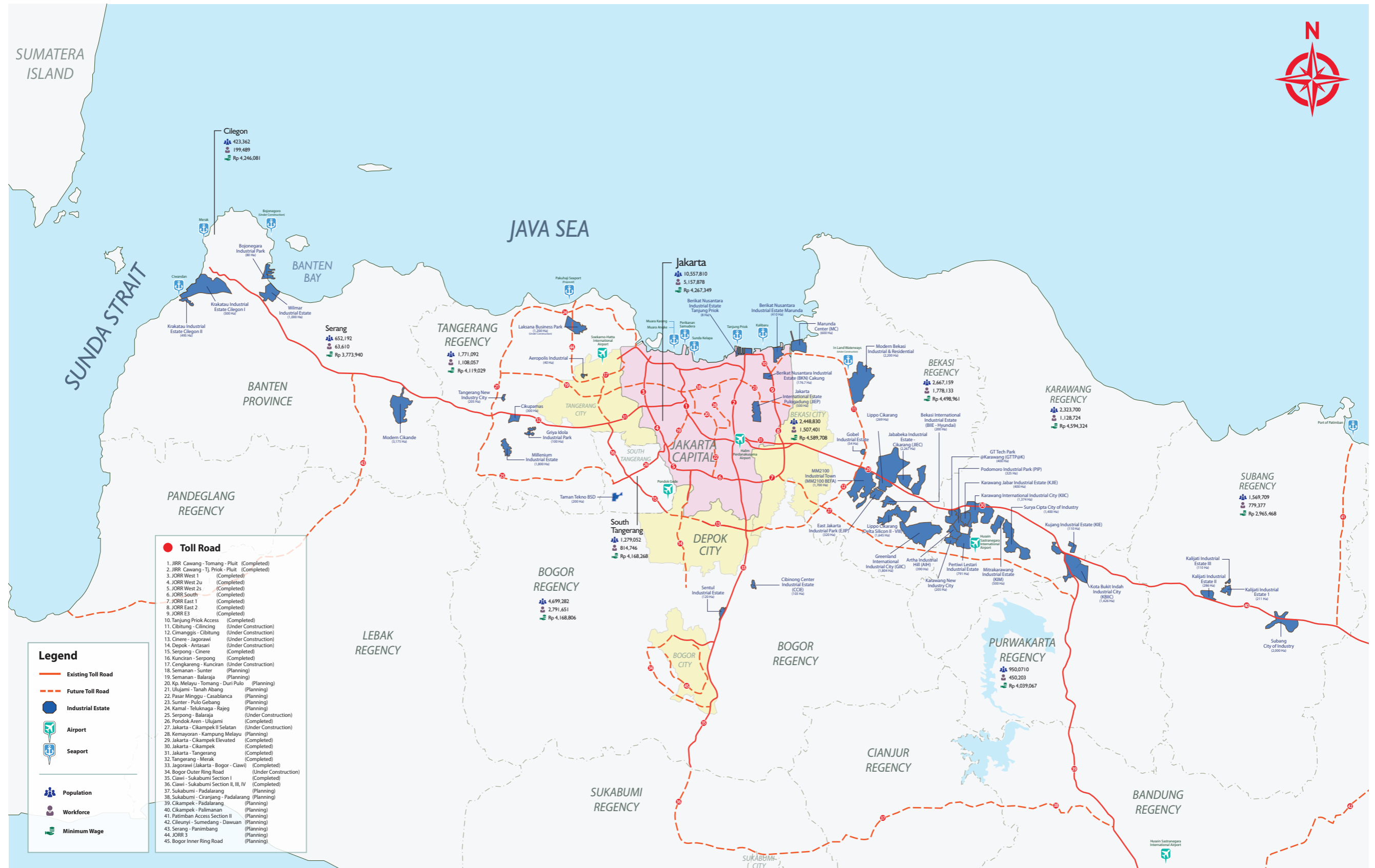
## Map of Major Townships in Greater Jakarta



Source: Processed from Multiple Sources by Knight Frank / PT. Willson Properti Advindo



## Map of Greater Jakarta Industrial Estate



Source: Processed from Multiple Sources by Knight Frank / PT. Willson Properti Advisindo



## Major Infrastructure Development Programs

Despite the Covid-19 pandemic crisis, President Joko Widodo remains strongly committed to continue focusing on connectivity as one of the crucial themes to drive the economy for infrastructure development in the 2020-2024 National Medium-Term Development Plan (RPJMN). The 2020-2024 RPJMN comprises 41 major strategic projects with a combined estimated total cost of Rp 7.4 quadrillion (US\$540 billion).

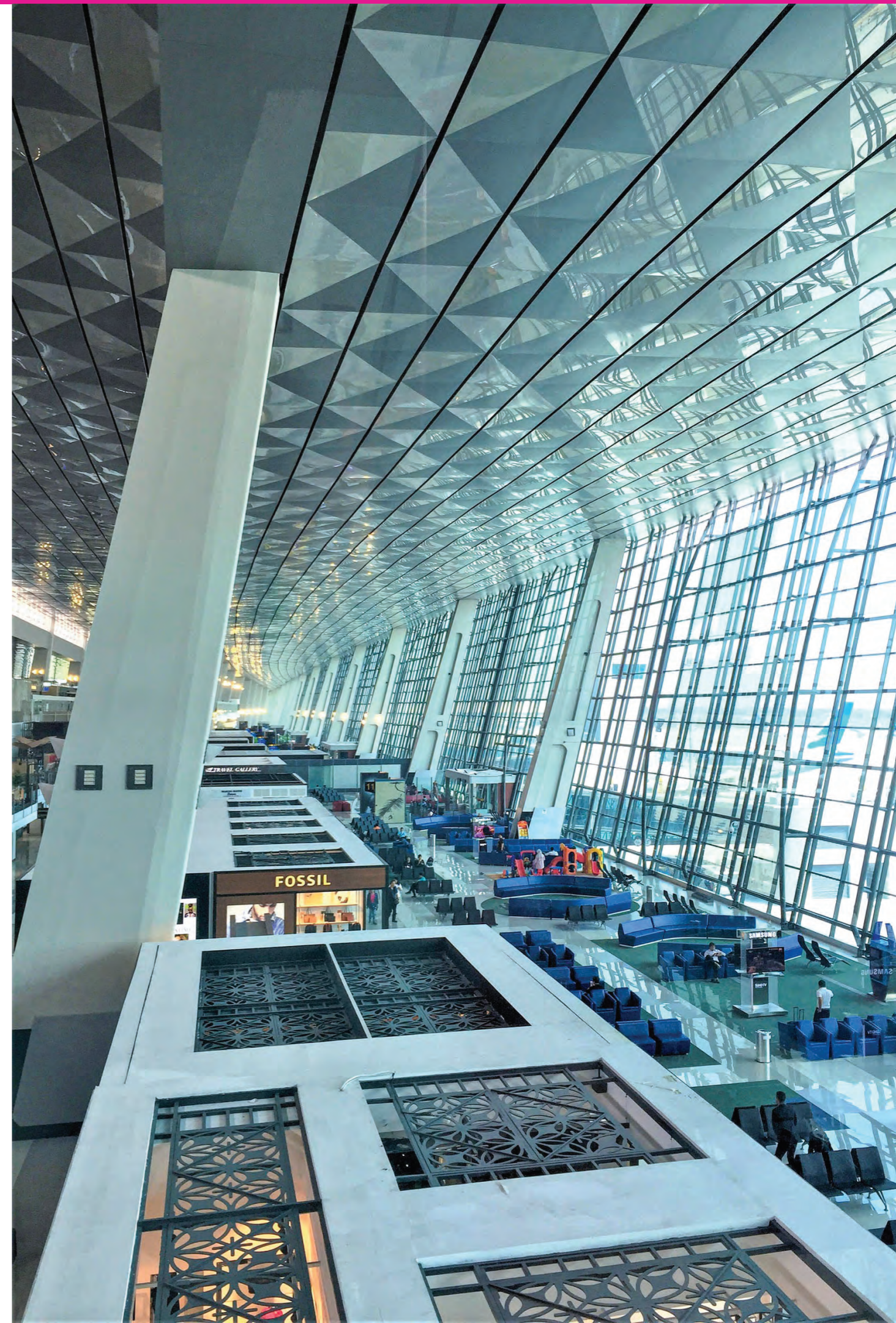
## Infrastructure Investment Requirements (RPJMN) 2020-2024 (in Rupiah Trillion)

Sector	National Development Budget (APBN)	Local Development Budget (APBD)	State-Owned Enterprises (SOE)	Private (BUMN)	Total
Roads	133.3	-	-	-	336.3
Railways	25.4	-	-	-	70.0
Sea Transports	7.2	-	-	-	143.0
Air Transports	7.7	-	-	-	7.7
Land Transports	-	-	-	-	-
Urban Transports	-	-	-	-	118.8
Electricity	1.1	-	-	-	1.1
Oil and Gas	5.2	-	18.8	19	743.8
Information and Communication Technology	45.2	-	-	-	483.2
Water Resources	77.9	15.6	-	-	123.4
Clean Water and Sewage	79.1	1.7	-	1	155.5
Public Housing	109.3	109.2	28.0	237.5	655.5
Urban Development	15.7	-	111.4	176	540.3
<b>Total Infrastructure Spending</b>	<b>507.1</b>	<b>126.5</b>	<b>158.2</b>	<b>433.5</b>	<b>3,378.6</b>

## Major Sectors in Selected Major Cities

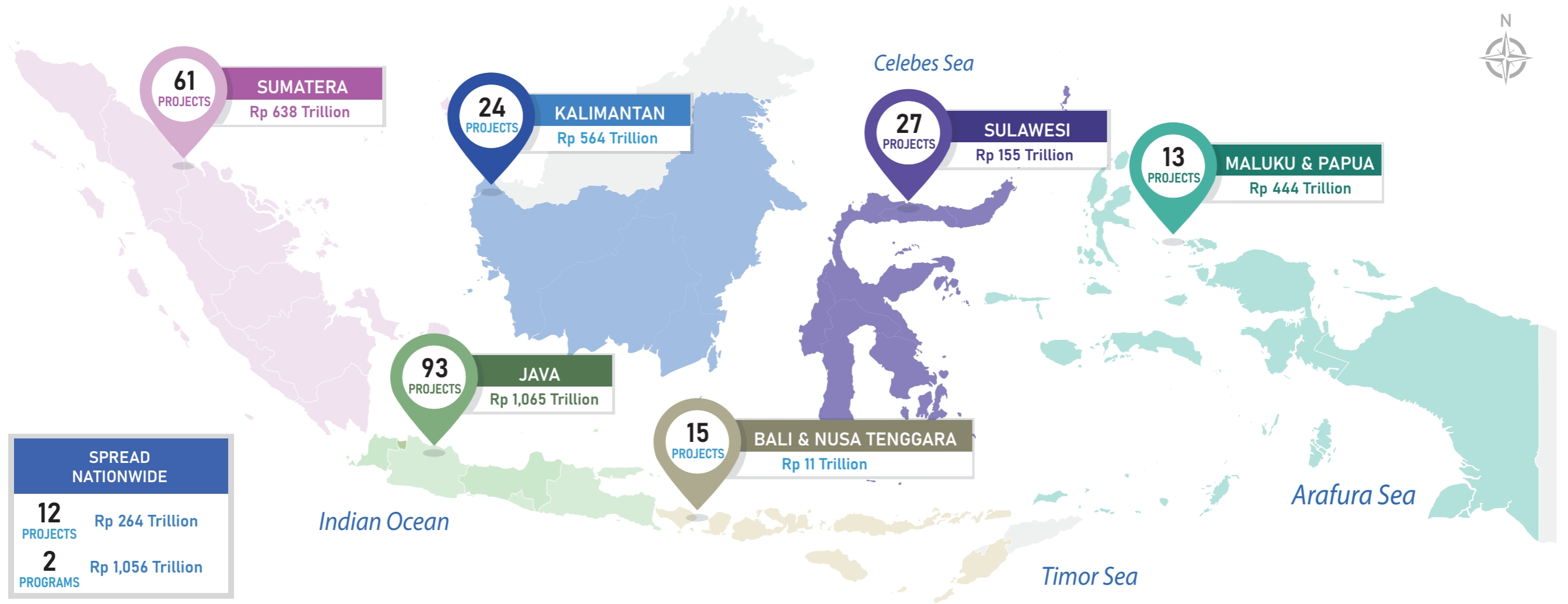
City	Economic Base	Landed House	Office	Condo	Retail	Hotel	Industrial
Greater Jakarta	Business, Services, Trading & Industrial	✓	✓	✓	✓	✓	✓
Surabaya	Business and Trading	✓	✓	✓	✓	✓	✓
Medan	Trading	✓		✓	✓	✓	✓
Bandung	Business and Tourism	✓		✓	✓	✓	
Bali	Cultural and Tourism	✓		✓		✓	
Balikpapan	Trading (Oil and Gas)	✓		✓	✓	✓	✓
Makassar	Trading	✓		✓	✓	✓	
Yogyakarta	Cultural and Tourism	✓		✓	✓	✓	
Palembang	Trading	✓			✓	✓	
Batam	Trading and Industrial	✓		✓	✓	✓	✓
Pekanbaru	Trading (Oil and Gas)	✓			✓	✓	
Manado	Trading	✓			✓	✓	
Lombok	Cultural and Tourism	✓		✓		✓	

Source: Knight Frank / PT Willson Properti Advisindo

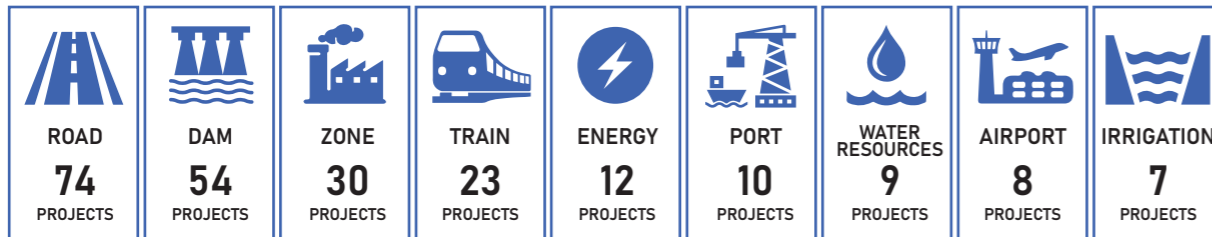




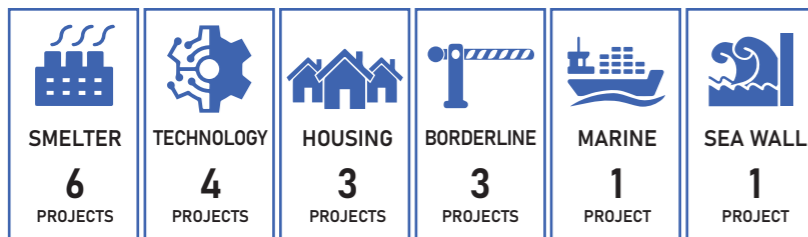
## Map of National Strategic Projects and Programs



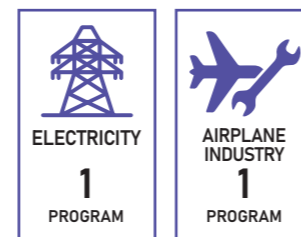
### PROJECTS



### PROJECTS



### PROGRAMS



Source: The Committee for Acceleration of Priority Infrastructure Delivery (KPPIP), 2020





## Office Sector

Rental Payments	
Base Rentals	In Rupiah/sqm/month. Rents are usually quoted as net of service charges and other outgoings.
Typical Lease Terms	2 to 3 years. Some large space users opt for 5+5-year leases.
Frequency of Rent Payable (In Advance)	Quarterly.
Typical Security Deposit	3 months gross rent as Security Deposit (gross rent comprises base rental plus service charge).
Tenant Statutory Rights for Renewal	Can be accommodated as Option to Renew, subject to prior written notice to the Lessor and Lessor's approval.
Basis of Rental Increases or Rental Review	Unless an option to renew and a renewal cap is agreed at the outset and specified in the lease, rental increment upon renewal will be based on prevailing market rents.
Frequency of Rental Increases or Rental Review	Will be reviewed after the lease expiry of initial period. Open market rental venue or pre-agreed levels.
Basis of Service Charge Increases or Review	Government Regulations on changes of national electricity charges, fuel prices, increase of minimum labor cost, maintenance, permits, repairs, supervision, spare and replacement parts and materials for the building and equipment, cost of building management, land and building tax, energy and water supply cost, depreciation of mechanical and electrical, any other costs that the Landlord reasonably thinks appropriate for the benefit of the building, its facilities and amenities, building insurance and increment of other costs related to office building operations.
Frequency of Service Charge Increases or Review	Normally on annual basis, but subject to changes of Government Regulations on costs related to building operations.
Tenant Improvements	Tenant is responsible for the fitting cost.
Building Signage Cost	Tenant is responsible to pay for the fee. It may sometimes be included in the rental payment subject to negotiations and bargaining power.

### Service Charges, Operating Cost, Repair and Insurance

Service Charges	Mostly quoted in Rupiah/sqm/month. Covers general maintenance cost, and may either include or exclude AC and electricity cost during normal office hours.
Tenant Statutory Rights for Renewal	Can be accommodated as Option to Renew, subject to prior written notice to the Lessor and Lessor's approval.
Utilities Payment	Water consumption during normal office hours is included in the service charge. Some buildings include AC and electricity cost during normal office hours in the service charge, whilst other buildings charge AC and electricity cost based on usage, measured by separate meters.

Utilities Payment	Separate metering for AC and electricity consumption is becoming the common market practice.
Car Parking	Car parking charges are payable annually in advance in addition to gross rents. Parking lots are generally allocated based on a ratio of approximately one lot per 100-250 sqm of office space leased. However, due to scarcity of space and increasing number of cars, many building owners are unable to meet the above parking ratio.
Internal Repairs	Tenant is responsible.
Repairs of Common Areas (Lobby, Lifts, Stairs)	Landlord is responsible, but costs may be charged back to tenants through service charges.
External/Structural Repairs	Landlord is responsible.
Building Insurance	Landlord is responsible, but costs may be charged back to tenants through service charges.
Overtime Charges	After working hours or 6:00 pm, some buildings calculated overtime charges for Saturday and public holiday, additional hourly rates apply.

### Disposal of Lease

Tenant Subleasing and Assignment Rights	Generally accepted, subject to 3 (three)-6 (six) months prior written notice and landlord's approval.
Tenant Early Termination Rights	Only by break clause (not common).
Tenant's Building Reinstatement Responsibilities at Lease End	Original condition, allowing for normal wear and tear.

## Retail Sector

Rental Payments	
Base Rentals	in Rupiah/sq-m/month. Rents are usually quoted as net of service charges and other outgoing. Percentage Rent Leases are commonly applied.
Typical Lease Terms	3 years and 5+5 years for larger space users.
Frequency of Rent Payable (In Advance)	Normally a down payment to be payable before the lease commencement date and divided into 24 months installment or yearly basis.
Typical Rental Deposit	3 months gross rent (base rental + service charge) paid as Security Deposit.
Tenant Statutory Rights for Renewal	Can be accommodated as Option to Renew, subject to prior written notice to the Lessor and Lessor's approval.
Basis of Rental Increases or Rental Review	Unless an option to renew and renewal cap is agreed at the outset and specified in the lease, rental increment upon renewal will be based on prevailing market rents.
Frequency of Rental Increases or Rental Review	Will be reviewed after the lease expiry of initial period.



Basis of Service Charge Increases or Review	Government Regulations of national electricity charges, increase of minimum labor cost, fuel prices and increment of other cost related to retail center operations and any other cost that the Landlord reasonably thinks appropriate for the benefit of the building, its facilities and amenities.
Frequency of Service Charge Increases or Review	Normally on annual basis, but subject to changes of Government Regulations on costs related to building operations.
Tenant Improvements	Tenant is responsible to pay for fitting out.
Building Signages	Tenant is responsible to pay for the fee; It may sometime be included in the rental payment subject to negotiations and bargaining power.

Service Charges, Operating Costs, Repairs and Insurance	
Service Charges	In Rupiah/sq-m/month.
Utilities Payment	AC, electricity, water and gas consumptions are is excluded from service charge and separately metered.
Car Parking	Car parking lots are provided for shoppers who will be charged on hourly basis. No dedicated reserved car parking lots for retail tenants.
Internal Repairs	Tenant is responsible.
Repairs of Common Areas (Lobby, Lifts, Stairs)	Landlord is responsible, but costs may be charged back to tenants through service charges.
External/Structural Repairs	Landlord is responsible.
Building Insurance	Landlord is responsible, but costs may be charged back to tenants through service charges.
Overtime Charges	None.

Disposal of Leases	
Tenant Subleasing and Assignment Rights	Subject to 6 (six) months prior written notice and landlord's approval.
Tenant Early Termination Rights	Only by break clause (not common).
Tenant's Building Reinstatement Responsibilities at Lease End	Original condition, allowing for normal wear and tear.

## Single-Factory Building (SFB)

Rental Payments	
Base Rentals	In Rupiah/sq-m/month. Rents are usually quoted as net of service charges and other outgoings.
Typical Lease Terms	Minimum of 2 years.
Frequency of Rent Payable (In Advance)	Annually, some semi-annually.
Typical Rental Deposit	3 months gross rental (base rental ) paid as Security Deposit.
Tenant Statutory Rights for Renewal	Can be accommodated as Option to Renew, subject to prior written notice to the Lessor and Lessor's approval.
Basis of Rental Increases or Rental Review	Unless an option to renew and renewal cap is agreed at the outset and specified in the lease, rental increment upon renewal will be based on prevailing market rents.

Frequency of Rental Increases or Rental Review	Open market rental venue or pre-agreed levels.
Basis of Service Charge Increases or Review	Government Regulations on changes of manpower costs, fuel prices and increment of other costs related to industrial estate operations.
Frequency of Service Charge Increases or Review	Normally on annual basis, but subject to changes of Government Regulations on costs related to industrial estate operations.
Tenant Improvements	SFB's are offered on as-is basis, typically equipped with small office on the mezzanine floor. Normally no tenant improvements are required.
Building Signages	Tenant is responsible.

Service Charges, Operating Costs, Repairs and Insurance	
Service Charges, Operating Costs, Repairs and Insurance	Rupiah per sqm per month.
Utilities Payment	Electricity is separately metered.
Car Parking	No specific parking charges, free parking charges.
Internal Repairs	Tenant is responsible.
Repairs of Common Areas (Lobby, Lifts, Stairs)	Not applicable.
External/Structural Repairs	Landlord is responsible.
Building Insurance	Landlord is responsible.
Overtime Charges	Not applicable.

Disposal of Leases	
Tenant Subleasing and Assignment Rights	Subject to prior written notice and landlord's approval.
Tenant Early Termination Rights	Only by break clause (not common).
Tenant's Building Reinstatement Responsibilities at Lease End	Original condition, allowing for normal wear and tear.

## Residential Sector (Apartment)

Rental Payments	
Base Rentals	In Rupiah/sq-m/month and in U.S. Dollar. Rents are usually quoted as net of service charges and other outgoings.
Typical Lease Terms	Minimum of 1 year.
Frequency of Rent Payable (In Advance)	Annually or sometime according to the lease term.
Typical Rental Deposit	1 month gross rental (base rental) paid as Security Deposit and it depends on the lease term.
Tenant Statutory Rights for Renewal	Subject to prior written notices to the Landlord and Landlord's approval. Typically, a minimum of 3-6 months notification to the Landlord may be required.
Basis of Service Charge Increases or Review	Tenant is responsible.
Tenant Improvements	Typically, it comes with semi or full furnished. If not, tenant is responsible subject to the Landlord's approval.



## Service Charges, Operating Costs, Repairs and Insurance

Service Charges	In Rupiah per sq-m per month. Typically, tenant pays for service charge or may be included in the rental fee.
Utilities Payment	Electricity and water are separately metered. Tenant's responsibility.
Car Parking	No specific parking charges; Subject to Landlord's availability and negotiations.
Internal Repairs	Tenant is responsible if it is a small sum of costs/repairs. Landlord will pay for larger sum of costs/repairs.
Repairs of Common Areas (Lobby, Lifts, Stairs)	Not applicable.
External/Structural Repairs	Property Management is responsible.
Building Insurance	Property Management is responsible.
Overtime Charges	Not applicable.

## Disposal of Leases

Tenant Subleasing and Assignment Rights	Subject to prior written notice and landlord is approval.
Tenant Early Termination Rights	Only by break clause (not common).
Tenant's Building Reinstatement Responsibilities at Lease End	Original condition, allowing for normal wear and tear.

## Residential Sector (Landed House)

### Rental Payments

Base Rentals	In Rupiah/sq-m/month and in U.S. Dollar. Rents are usually quoted as net of service charges and other outgoings.
Typical Lease Terms	Minimum of 1-2 year.
Frequency of Rent Payable (In Advance)	Annually or sometime according to the lease term.
Typical Rental Deposit	1 month gross rental (base rental) paid as Security Deposit and it depends on the lease term.
Tenant Statutory Rights for Renewal	Subject to prior written notices to the Landlord and Landlord's approval. Typically, a minimum of 3-6 months notification may be required.
Basis of Service Charge Increases or Review	Not Applicable.
Tenant Improvements	Typically, it comes with semi or full furnished. If not, tenant's responsible with the Landlord's approval.

### Service Charges, Operating Costs, Repairs and Insurance

Service Charges	Not Applicable.
Utilities Payment	Tenant is responsible for electricity and water payments.
Car Parking	Included.
Internal Repairs	Tenant's responsibility if it is a small sum of costs/repairs.
Repairs of Common Areas (Lobby, Lifts, Stairs)	Not applicable.
External/Structural Repairs	Landlord is responsible.
Building Insurance	Landlord is responsible.
Overtime Charges	Not applicable.

### Disposal of Leases

Tenant Subleasing and Assignment Rights	Subject to prior written notice and landlord's approval.
Tenant Early Termination Rights	Only by break clause (not common).
Tenant's Building Reinstatement Responsibilities at Lease End	Original condition, allowing for normal wear and tear.

## Industrial Land Sales

### Rental Payments

Sales Price	In Rupiah; It does not include 10% VAT, charges of maintenance, clean water consumption, waste water, connection fees of clean and waste water, electricity, telephone, building permit, transfer of title fee, applicable transaction taxes, levies and duties.
Down Payment	Up to 20%; Subject to negotiation.
Balance of Payment	Generally, within One Month from Down Payment; Subject to negotiation.
Handover and Construction	Allowed after 100% Payment and the Signing of the Binding Agreement for Sale and Purchase Agreement (SPA/AJB). Subject to negotiation.
Cost of the Deed of Sales & Purchase (PPAT)	Buyer is responsible
Building Permit License	Buyer is responsible
Any future expenses, utilities charges and fees in accordance with the prevailing Rules and Regulations	Buyer is responsible

## Single-Factory Building Leases

### Rental Payments

Base Rentals	In Rupiah/sq-m/month. Rents are usually quoted as net of service charges and other outgoings.
Typical Lease Terms	Minimum of 2 years.
Frequency of Rent Payable (In Advance)	Pay in advance, some annually.
Typical Rental Deposit	3 months gross rental (base rental) paid as Security Deposit.
Tenant Statutory Rights for Renewal	Can be accommodated as option to renew, subject to prior written notice to the Lessor and Lessor's approval.
Basis of Rental Increases or Rental Review	Unless an option to renew and renewal cap is agreed at the outset and specified in the lease, rental increment upon renewal will be based on prevailing market rents.
Frequency of Rental Increases or Rental Review	Open market rental venue or pre-agreed levels.
Basis of Service Charge Increases or Review	Government Regulations on changes of manpower costs, fuel prices and increment of other costs related to industrial estate operations.
Frequency of Service Charge Increases or Review	Normally on annual basis, but subject to changes of government regulations on costs related to industrial estate operations.
Tenant Improvements	SFB's are offered on as-is basis, typically equipped with small office on the mezzanine floor. Normally no tenant improvements are required.
Building Signages	Tenant is responsible.



## Service Charges, Operating Costs, Repairs and Insurance

Service Charges, Operating Costs, Repairs and Insurance	Rupiah per sqm per month; Typically for premises within estate, service charge is quoted in Rupiah per sqm land size per month.
Utilities Payment	Electricity, Gas is separately metered; Clean water and waste water are charged separately
Car Parking	No specific parking charges; Generally free parking charges.
Internal Repairs	Tenant is responsible.
Repairs of Common Areas (Lobby, Lifts, Stairs)	Not applicable.
External/Structural Repairs	Landlord is responsible.
Building Insurance	Landlord is responsible.
Overtime Charges	Not applicable.

## Disposal of Leases

Tenant Subleasing and Assignment Rights	Subject to prior written notice and landlord's approval.
Tenant Early Termination Rights	Only by break clause (not common).
Tenant's Building Reinstatement Responsibilities at Lease End	Original condition, allowing for normal wear and tear.

Note: on March 31, 2015, Bank Indonesia issued regulation number 17/3/PBI/2015 concerning Mandatory Use of Rupiah for all cash and non-cash transactions in the Territory of Indonesia (BI Regulation).







**LEGAL  
REQUIREMENTS**



## FOREIGN INVESTMENT IN INDONESIA'S PROPERTY SECTOR - 2021

### A. INTRODUCTION

Comprehensive understanding of Indonesia's regulatory environment is a key to success in making foreign investments in the property sector. This summary covers the basic legal framework that potential investors must take into consideration, namely on foreign direct investments and the land ownership rights pursuant to the agrarian laws and regulations. In addition, potential investors must also be aware of the sector-specific regulations at the ministerial and local government levels, for instance in relation to zoning allocation and possible local permits.

On 2 November 2020, the Indonesian government promulgated Law No. 11 of 2020 on Job Creation ("**Job Creation Law**") to increase Indonesia's competitiveness and create more job opportunities amid the rising competitive economy and globalization. To achieve these objectives, the Job Creation Law introduces new systems for improving investments and the business ecosystem, and adjusts and modifies several aspects of various regulations to provide ease of doing business and business licensing. The Job Creation Law is effective as of its promulgation date. However, there are a number of provisions under the Job Creation Law that require further implementing regulations.

### B. LEGAL FRAMEWORK FOR FOREIGN DIRECT INVESTMENT

#### 1. Basic Legal Framework

Foreign direct investment in Indonesia is regulated by Law No. 25 of 2007 on Capital Investment (the "**Investment Law**") and its implementing regulations issued by the Indonesian Investment Coordination Board (Badan Koordinasi Penanaman Modal, or "**BKPM**").

As an integral part of the government's recent economic-policy packages, BKPM enacted Head of BKPM Regulation No. 6 of 2018, as lastly amended by Head of BKPM Regulation No. 5 of 2019 on Guidelines and Procedures of Licensing and Investment Facility, and Head of BKPM Regulation No. 1 of 2020 on Guidelines for the Electronically Integrated Licensing Services ("**BKPM Regulation No. 1/2020**"), to reduce licensing requirements and simplify procedures for investing in Indonesia.

#### 2. Eligible Corporate Entity

Pursuant to the Investment Law, any form of foreign direct investment in Indonesia must be in the form of a limited liability company (*perseroan terbatas*, or "**PT**"), in which the foreign investors will hold some or all stakes in the PT. A company with foreign shareholding is known as a "Foreign Investment Company" (*Perusahaan Penanaman Modal Asing* or **PMA Company**). The establishment of a PT will follow the general company law as guided under Law No. 40 of 2007 on Limited Liability Company (the "**Company Law**"). The Company Law requires a minimum of 2 (two) shareholders in the PT, and also adopts a two-tier board approach (board of directors and board of commissioners). The Job Creation Law now provides an exception to this (two) shareholders rule in favor of micro and small enterprises ("**MSE**"), which can be established by only 1 (one) shareholder. However, this exception is not applicable to foreign investment.

As an alternative to setting up a fully operational PMA Company in Indonesia, it is possible for a foreign investor to set up a representative office (the "**Rep Office**"). However, bear in mind that, given the limitation, having a Rep Office is not meant to be a substitute to a fully operational PMA Company. Pursuant to BKPM Regulation No. 6 of 2018 on Guidelines and Procedures of Investment Licensing and Facility, as lastly amended by BKPM Regulation No. 5 of 2019, the role of a Rep Office is limited to: (i) acting as the supervisor, coordinator and administrator of the foreign company that established the Rep Office or its affiliates; and (ii) conducting the necessary preparation work to expand the business of a PMA Company in Indonesia, including to prepare the establishment of such PMA Company. The Rep Office is not allowed to (i) generate revenue from any source in Indonesia; (ii) conduct any business activity, sale or purchase; (iii) enter into any agreement or transaction in connection with the sale or purchase of any good or service for commercial purposes with any party in Indonesia; and (iv) participate in the management or operation of any company in Indonesia. It is mostly used by multinational companies looking to oversee and coordinate its Indonesia operations with its regional head office.

#### 3. Shareholding Limitation

A crucial policy that affects the foreign direct investment environment in Indonesia is the "Negative Investments List", embodied in Presidential Regulation No. 44 of 2016 on the List of Business Fields Closed for Investment and List of Business Fields Open for Investment with Certain Conditions ("**Negative Investments List**"). The Negative Investments List determines the business sectors that are open or closed for foreign investors and if open, to what extent foreign direct investment is permitted. For businesses that are open for foreign investment, the Negative Investments List reserves a maximum percentage of foreign shareholding ranging from 49% up to 95%. Lines of business that are not listed in the Negative Investments List are generally construed as 100% open to foreign investment. For certain business activities (e.g., healthcare and telecommunication/network services), the foreign investment limitation or restriction may also be regulated in the prevailing laws and regulations issued specifically for such business activities.

Business sectors in Indonesia are codified according to the Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or "**KBLI**") with a KBLI Number for each recognized business activity. These KBLI Numbers are also used in the foreign investment law regime setting out the applicable foreign ownership limitations for an Indonesian limited liability foreign investment company, as reflected in the Negative Investments List. A PMA Company may have more than one KBLI Number for its business activity unless the relevant laws and regulations stipulate otherwise.

The Negative Investments List does not apply to shares held or acquired by foreign investors in portfolio investment made through the stock exchange. However, the exemption should only apply if the shareholding involves passive portfolio foreign investment and not strategic or controlling foreign investment.

In connection with property investment, some relevant provisions in the Negative Investments List are among others:

Business Activity	Negative Investments List
Owned or rented real estate	Not regulated, allowing up to 100% foreign shareholding
Hotel with three up to five stars classification	Not regulated, allowing up to 100% foreign shareholding
Hotel with non star or up to two stars classification	Maximum foreign shareholding of 67%
Apartment hotel (condominium hotel)	Not regulated, allowing up to 100% foreign shareholding

Under the Job Creation Law, all business fields are open to foreign investment except those that are expressly closed to foreign investment or can only be conducted by the central government. Unlike the previous Investment Law, there are no business fields that are open to foreign investments that are subject to specific requirements. Many are of the view that the Job Creation Law "eradicates" the concept of the negative list of investments. However, clarity on this matter would only be available once the relevant presidential regulation (*peraturan presiden*) is in place.



Plataran at Komodo





Plataran at Ubud

#### 4. Procedures for setting up a PMA Company in Indonesia

Foreign direct investment procedures in Indonesia consist of liaising with several different institutions, with BKPM as the focal point. The procedures below describe the most essential steps to setting up a PMA Company in Indonesia. However, BKPM and other relevant government authorities may request additional information or documents to be provided by the relevant parties to complete the relevant applications to set up the PMA Company. When the investment has become fully operational, the PMA Company must then apply for a business license through the Online Single Submission (“OSS”) system in accordance with BKPM Regulation No. 1/2020, unless another specific technical license prevails. The OSS system was established by the government to simplify business licensing in Indonesia.

Below are the general steps for establishing a PMA Company:

- a. preparing documents required from the founders;
- b. preparing and signing of the Deed of Establishment;
- c. applying for and obtaining a Certificate of Domicile from the Sub-District (*Kelurahan*) (if required);
- d. applying for and obtaining a Taxpayer Registration Number (*Nomor Pokok Wajib Pajak* or NPWP) of PMA Company;
- e. applying for and obtaining an approval from the Ministry of Law and Human Rights (MOLHR);
- f. online submission for the obtainment of a Business Identification Number (*Nomor Induk Berusaha* or “NIB”) issued by the OSS system; and
- g. online submission for the obtainment of the business license and/or commercial or operational license. Commonly, a business license will contain certain commitments and/or requirements to be fulfilled by the holder. The commitments and/or requirements may vary depending on the specific requirements applicable to the relevant business sectors.

Further, BKPM Regulation No. 1/2020 stipulates the following general minimum capital requirement and investment value for a PMA Company:

- a. a PMA Company should maintain a minimum issued and paid-up capital of IDR2,500,000,000 (two billion five hundred million Rupiah), and the minimum total value of shares that a share holder should hold is IDR10,000,000 (ten million Rupiah). For the avoidance of doubt, this amount is *not* a minimum value per share; and
- b. a PMA Company should have a minimum investment value of more than IDR10,000,000,000 (ten billion Rupiah) for each 5-digits KBLI number applicable to its business and for each project location. In this connection, the minimum investment value of a PMA Company should be more than (IDR10,000,000,000.00 x (the total KBLI as set out in the NIB)).

#### **C. EASE OF BUSINESS UNDER THE JOB CREATION LAW**

Job Creation Law aims to increase investment and business ecosystems through (i) implementing risk-based business licensing, (ii) simplifying primary business licensing, (iii) simplifying sectoral business licensing, and (iv) simplifying investment requirements.

Business licensing requirement is now determined based on the following categories:

1. **Low Risk** – only requires an NIB;
2. **Medium Risk** – requires a Standard Certification in addition to NIB, which is further differentiated into:
  - Medium to low risk: in a form of a statement by the business owner that it has fulfilled the requirements to conduct its business activities; and
  - Medium to high risk: issued by the Central or Regional Government based on verification on the fulfillment of the requirements to operate business activities; and
3. **High Risk** – requires a Business License and Standard Certification, if applicable, in addition to NIB to operate.



In addition, primary requirements for business licensing are now simplified, as follows:

1. Conformity of spatial utilization – Certain spatial utilization licenses, such as location permit, land utilization permit and principle license, are no longer necessary under Job Creation Law. Instead, businesses have to obtain confirmation on spatial utilization activity compatibility (*kesesuaian kegiatan pemanfaatan ruang*) from the Central Government based on the detailed spatial plan (*Rencana Detil Tata Ruang*) provided by the Regional Government in a digital form. Such a confirmation would be uploaded and integrated in the business licensing system (OSS);
2. Environmental approval – Environmental license, which was mandatory under Environmental Law as the prerequisite to obtain a business license is no longer a requirement. To obtain a business license under Job Creation Law, businesses that are significantly impacting the environment only require to obtain Environmental Feasibility Decree issued by the Central or Regional Government based on the Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan Hidup* or “**AMDAL**”). As for businesses with no significant effect to the environment, they shall only provide a statement letter regarding their commitments to conduct environmental management and monitoring as fulfillment of the Environmental Management Effort and Environmental Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup – Upaya Pemantauan Lingkungan Hidup* or UKL-UPL) standard; and
3. Approval of building and eligibility to function certificate – The former building construction permit (*Izin Mendirikan Bangunan*) is now replaced with building approval (*Persetujuan Bangunan Gedung*), while the certificate of worthiness (*Sertifikat Laik Fungsi*) is still required. Under Job Creation Law, both building approval and certificate of worthiness would be issued by the electronic business licensing system (OSS).

## D. BASIC FRAMEWORK FOR LAND OWNERSHIP

### I. General Framework for Land Title

Ownership of land in Indonesia is principally regulated under Law No. 5 of 1960 on Basic Agrarian Law (“**Basic Agrarian Law**”). The Basic Agrarian Law and its implementing regulations (including Government Regulation No. 24 of 1997 on Land Registration (the “**GR No. 24/1997**”) and Government Regulation No. 40 of 1996 on Right to Cultivate (Hak Guna Usaha or “**HGU Title**”), Right to Build (Hak Guna Bangunan or “**HGB Title**”), Right to Use (Hak Pakai or “**HP Title**”) (“**GR No. 40/1996**”) provide various forms of land titles and a registration system to protect legal ownership.

The highest form of land title available in Indonesia is a right of ownership (Hak Milik or “**HM Title**”). HM Title is available only to Indonesian individuals and certain religious and social organizations and government bodies in Indonesia. The HM Title is not available to companies (whether Indonesian or foreign company) or foreign individuals. Further, GR No. 40/1996 stipulates that a foreign company or foreign individual may not acquire a HGB title. However, a PMA Company can hold a HGB Title.

The Basic Agrarian Law also recognizes a form of title based on traditional Indonesian law commonly referred to as Hak Milik Adat (or other name depending on the region) or Communal Right or Girik. A Girik is a result of occupation or residence on land and payment of taxes and retributions with respect to the land, or by renouncement of rights by the previous holder(s) of land covered by Girik. Therefore, in general, Girik is a reference letter/certificate issued by the local government that indicates that the Girik holder is the actual person who occupies the unregistered land and pays the taxes related to such unregistered land. However, the Girik should not be considered as valid ownership over the unregistered land.

There is also another land title, the Right to Manage (Hak Pengelolaan or “**HPL Title**”), that can only be held by state owned companies or governmental/public bodies. An HPL Title can become relevant to those wishing to enter into a cooperation agreement with those bodies under the framework of a Build-Operate-Transfer Scheme (the “**BOT Scheme**”). In a typical BOT Scheme, the Government, as landowner and BOT Grantor, grants certain rights over the land to a private party (or a BOT grantee). The BOT grantee may be granted with an HGB Title over the HPL Title, while the HPL Title remains within the relevant BOT Grantor. The BOT Scheme shall have a maximum term of 30 (thirty) years and following the expiration of the cooperation, the BOT Grantee shall handover the HGB Title and other objects of the relevant BOT agreement to the BOT Grantor.

For companies that have obtained a business license, the Minister of Agrarian Affairs and Spatial Layout/Head of National Land Agency Regulation No. 17 of 2019 on Location Permit (“**MoA Regulation No. 17/2019**”), requires that a company whether a PMA Company or a domestic capital investment company intending to acquire land for investment purposes, must obtain a Location Permit (“**Location Permit**”) from the local government before purchasing the land.

However, the procedure for obtaining a Location Permit is no longer mandatory under the Job Creation Law as mentioned in Chapter C above.



Plataran at Canggu



## 2. Relevant Land Titles for Property Investment

### Right to Build (*Hak Guna Bangunan* or “HGB Title”)

HGB Title can only be obtained by an Indonesian citizen, or by a legal entity incorporated under Indonesian law and located in Indonesia including a PMA Company established in the framework of direct foreign investment. A holder of an HGB Title to a parcel of land has the right to use to build and to own any buildings on such parcel of land, including on land owned by another party, and to transfer and encumber all or part of such land. Pursuant to GR No. 40/1996, an HGB Title can only be granted over the following lands: (a) land with HM certificate; (b) land with HPL Title; and (c) State Land. If the HGB Title over a parcel of land is granted over an HPL Title pursuant to a BOT agreement, such land cannot be sold or encumbered to another party.

In general, an HGB Title is granted for a maximum initial term of 30 (thirty) years. It may be extended for an additional term not exceeding 20 (twenty) years by submitting an application to the relevant local land office no later than 2 (two) years prior to the expiration of the initial term. It is also common that upon the expiration of the extension, the HGB Title holder may apply for renewal and a new HGB Title may be granted on the same land to the same holder by fulfilling certain requirements under prevailing laws and regulations. The application for the new HGB Title should also be submitted no later than 2 (two) years prior to the expiration of the extension. Although currently, GR No. 40/1996 does not provide for any limitation on the number of extensions and renewals for HGB titles, in practice, the land office has the discretion to grant various extensions. The cost of extension is determined based on a certain formula as stipulated by the National Land Office. The approval from the relevant local land office tends to grant an extension or renewal of HGB Title, and will be subject to, among others, there being no: (i) change in zoning policies by the government, (ii) abandonment of the land, (iii) destruction of land, (iv) breach of conditions of the current HGB Title by the HGB Title holder, and (v) revocation of the HGB Title due to public interest considerations. Pursuant to the Job Creation Law, for the HGB Title over HPL Title, the extension or renewal shall be given if the land has been utilized in accordance with the purposes of the grant of rights and the approval for extension or renewal would be subject to the terms of the BOT Agreement. approval for extension or renewal would be subject to the terms of the BOT Agreement.

Pursuant to Article 35 of GR No. 40/1996, an HGB Title will terminate, among others:

- (i) upon expiry of the HGB Title period stated in the relevant decision or agreement with respect to the grant or extension of the HGB Title;
- (ii) if revoked by the authorized government authority or the HPL Title holder prior to its expiry due to, among others,
  - (a) non-fulfilment of the obligations of the HGB Title holder,
  - (b) non-compliance with the requirements or obligations stated in the agreement with respect to the use of HPL Title land, or
  - (c) a final and binding court decision;
- (iii) if voluntarily released by the HGB Title holder prior to its expiry;
- (iv) if abandoned;
- (v) if the land vanishes; or
- (vi) if the HGB Title holder is no longer eligible to hold the HGB Title based on the requirements set out in Article 19 of GR No.40/1996, and fails to transfer its rights over the HGB Title to an eligible party within one year.

If the HGB Title of a parcel of land is granted over an HPL Title pursuant to a BOT agreement, upon expiry or termination of the BOT agreement, although the HGB Title is still valid, the holder of the HGB Title (as BOT Grantee) would need to hand over the BOT objects (including the land) to the relevant Government body (as BOT Grantor).

### Right to Cultivate (*Hak Guna Usaha* or “HGU Title”)

An HGU Title is applicable when the land is to be utilized for plantation, fisheries, or animal farming. An HGU Title may only be granted over the State Land. Under the Basic Agrarian Law, the grant of an HGU Title is effective for 35 (thirty five) years, and may be extended once, for no more than 25 (twenty five) years, subject to the fulfillment of relevant obligations and operation of the business in accordance with the prevailing regulations. Thus, the holder of an HGU Title can generally obtain title to the land for a maximum period of 60 (sixty) years under the Basic Agrarian Law. Only Indonesian nationals and legal entities (including Indonesian joint-venture companies) may be granted an HGU Title.

Under GR No. 40/1996, an application for the extension of an HGU Title must be filed at least 2 (two) years prior to the title’s expiration.

An HGU Title may be granted in respect of both State Land and designated forest land by offices of the National Land Agency at the local, provincial or national level, depending on the extent of the land area concerned and the duration of the title.

An application for an HGU Title involves a number of stages, and the general principal stages are as follows:

1. Land acquisition from the landowners;
2. Cadastral process;
3. Inspection, survey and verification of physical and legal data by Committee B (*Panitia B*); and
4. Granting of the HGU Title.



Plataran at Labuan Bajo



## Right to Use (*Hak Pakai* or “HP Title”)

An HP Title may be granted to (a) Indonesian citizens; (b) legal entity incorporated under Indonesian law and located in Indonesia; (c) government institutions; (d) religious and social organizations; (e) foreign citizens domiciled in Indonesia; (f) foreign legal entity which has a representative in Indonesia; or (g) representative of a foreign country and international organization. An HP Title may be granted over the following lands (a) State Land; (b) HPL Land; (c) HM Land. Pursuant to GR No. 40/1996, the grant of HP Title is effective for 25 (twenty-five) years and may be extended for no more than 20 (twenty) years.

Similar with HGB Title and HGU Title, the application for extension and renewal of an HP Title should be made no later than 2 (two) years prior to the expiration of its period. The land office tends to grant extensions and renewals of HP Title resulting from the State Land, if the required conditions are fulfilled, including the following: (a) the land is still being utilized in accordance with its condition; (b) characteristics and purposes of granting of rights; (c) the requirements needed for the grant of rights are fulfilled by the holder; (d) the holder of rights has fulfilled its requirement as rights holder. The HP Title resulting from the HPL Title may be extended or renewed by the request of the HPL Title holder. However, pursuant to GR No. 40/1996, the HP Title resulting from the HM Title may only be granted for a period of 25 (twenty-five) years and shall not be extended.

## Strata Title

The development of a multi-storey strata-title residential, retail and office buildings are regulated by Law No. 20 of 2011 on Multi-Storey House which was enacted on November 10, 2011 (the “**Law No. 20/2011**”) and amended by the Job Creation Law.

Law No. 20/2011 classifies several types of multi-storey house, namely (i) public multi-storey house (*rumah susun umum*) provided for low income persons, (ii) special multi-storey house (*rumah susun khusus*) provided for special needs, (iii) state multi-storey house (*rumah susun negara*) which are owned and provided by the state for residential purposes and other support services for state officials, and (iv) commercial multi-storey house (*rumah susun komersial*) for commercial purposes.

Pursuant to Law No. 20/2011, the developer of commercial multi-storey house must provide public multi-storey house with a floor area of at least 20% of the total floor area of its commercial multi-storey house. Such public multi-storey house may be located outside the premises of the commercial multi-storey house but is required to be located within the same regency or city where the commercial multi-storey house is located. In addition, the Job Creation Law further regulates that the obligation to develop a public multi-storey house is subject to compliance with the obligation to pay certain funds to the housing acceleration agency (*badan percepatan penyelenggaraan perumahan*).

A multi-storey house may be constructed on a parcel of land where the developer has (i) an HM Title over a land; (ii) an HGB Title or HP Title over a State Land, and (iii) an HGB Title or HP Title over HPL Title. In addition, a public multi-storey house and/or special multi-storey house can be constructed by utilizing state or region-owned land (by way of lease or cooperation for the utilization) or utilization of donated land (*wakaf*) (by way of lease or cooperation for the utilization pursuant to *ikrar wakaf*). However, the Job Creation Law regulates that the multi-storey house may only be constructed on (1) a HGB title or HP over state-owned land; or (2) HGB or HP over HPL. Further, the HGB for a multi-storey house that has obtained a feasibility certificate (*sertifikat laik fungsi*) can be issued together with its extension period, meaning may be given for a period of 50 years at once.

Foreign investment for the construction of a multi-storey house is permitted under Law No. 20/2011 provided that the prevailing regulations in the foreign investment sector are complied with.

Under Indonesian Law, the owner of a strata title unit in a multi storey house would acquire:

- (i) a separate title to the strata title unit itself;

- (ii) an undivided proportionate right to the land on which the multi storey house is constructed (the “**Common Land**”); and
- (iii) an undivided proportionate right to the common area and common property of the multi storey house (in Law No. 20/2011 defined as common part and common thing).

Pursuant to Article 50 of Government Regulation No. 4 of 1988 on Multi-Storey House (“**GR No. 4/1988**”) and its elucidation, the strata title rights over the strata title unit will cease to exist/terminate following the expiration of the relevant land title (e.g., HGB Title) on which the strata title unit is constructed. Further, before the respective land title expires, the owners through the Association (*Perhimpunan Pemilik dan Penghuni Satuan Rumah Susun* or the “**Association**”) should apply for extension or renewal of the HGB Title in accordance with prevailing laws and regulations.

A developer may market the multi-storey house before the commencement of construction. However, prior to marketing, the developer is required to satisfy certain requirements including the following: (i) the certainty of the space allotment; (ii) the certainty of the right over the land; (iii) the certainty of the status of the possession over the multi-storey house; (iv) construction license; and (v) guarantee over the construction from the relevant surety institution. The developer may enter into a preliminary sale and purchase agreement with purchasers before a notary prior to completion of the construction of the multi-storey house. The preliminary sale and purchase agreement can only be entered into if : (i) the certainty on the ownership of the land has been obtained, (ii) the building construction permit has been obtained, (iii) when the infrastructure, facilities and public utilities are available, the construction progress of the respective multi-storey house have reached at least 20% of the total construction, (iv) and the object of the agreement is clear. In the event the multi-storey house is built over an HGB Title, an HP Title or an HPL Title, the developer shall settle the ownership title of such land prior to the sale and purchase of the multi-storey house units.

The Minister of Agrarian Affairs and Spatial Layout/Head of National Land Agency issued Regulation No. 29 of 2016 on Procedures for Granting, Relinquishing and Transferring Ownership of Residential Property for Foreign Citizens Domiciled in Indonesia (“**MoA Regulation No. 29/2016**”) which regulates that foreigners who live, work or invest in Indonesia, or who are generally deemed to be of benefit to the country, may now take possession of property under an HP Title which can also be inherited, provided that the foreigner in question is in possession of a valid residential permit.



Plataran at Bromo



Previously, foreigners were not required to possess residency permits in order to: (i) build or obtain a house on land designated with either an HGU Title or an HM Title, leasehold-right-for-building (*hak sewa untuk bangunan*) title; or (ii) obtain an apartment unit on land designated with an HGU Title. The Job Creation Law now allows: (i) foreign citizens with the relevant permit, (ii) foreign legal entities with a representative office in Indonesia, (iii) representatives of foreign countries and international institutions in Indonesia, to own strata title right of ownership (*hak milik atas satuan rumah susun* or “HMSRS”) of apartment unit, where previously, foreigners (with stay permits) were only able to own HPSRS of an apartment unit (i.e. strata title on top of a HP (Hak Pakai) of the land where the apartments are constructed), provided that, the HMSRS for foreign citizens and foreign legal entities will only be granted in special economic zones, free trade zones, industrial zones and other economic zones.

It is also important to note that foreigners may only purchase house or apartment units directly from developers or landowners. In other words, foreigners are prohibited from buying secondhand houses. Additionally, foreigners may only purchase property which meets certain minimum-price thresholds which differ, depending on the type of location of the property in question.

Pursuant to MoA Regulation No. 29/2016, property bought by foreigners may also be mortgaged (*hak tanggungan*) in accordance with applicable laws and regulations.

### 3. Development and the Use of Land

Following the acquisition of land and prior to construction, a developer should obtain certain licenses or permits from the relevant Government institution or body including an environmental impact analysis for the proposed project. Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including Law No. 32 of 2009 on Environmental Protection and Management, which was enacted on 3 October 2009 and Government Regulation No. 27 of 2012 on Environmental Licenses and its respective amendments stipulated under the Job Creation Law (“**Environmental Law**”). The Environmental Law stipulates that businesses which have a significant impact on the environment are required to obtain Environmental Feasibility Decree issued by the central or regional Government based on the AMDAL. For businesses with no significant effect to the environment, they should provide a Capability Statement regarding their commitments to conduct environmental management and compliance with the standards of the Environment Management Effort and Environment Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup*, or “**UKL & UPL**”).

‘Environmental Feasibility Decree and Capability Statement’ or UKL & UPL is a pre-requisite for the issuance of a business license (*perizinan berusaha*) or the central or regional government’s approval. The business license may be annulled in case of these following conditions: (i) the requirements filed in the business licensing application contain legal flaws, errors, misuse as well as untruth and/or falsification of document, data and/or information; (ii) the issuance of the license doesn’t comply with the requirements set out under the Environmental Feasibility Decree or Capability Statement; or (iii) the obligations set out under are AMDAL or UKL-UPL are not complied with by the relevant parties.

Based on the Minister of Environment and Forestry Regulation No. P.38/MENLHK/SETJEN/KUM.1/7/2019 of 2019 on Types of Business Plan and/or Activity That Requires an AMDAL, any business and/or activity that may cause significant environmental impact must obtain an AMDAL, including, among others:

- (a) construction of building (*bangunan gedung*) which occupies 5 hectares or more of land or has a building area of 10,000 square meters or more;
- (b) construction of Housing Development and Residential areas in: (i) metropolitan cities occupying 5 hectares or more of land; (ii) rural areas occupying 50 hectares or more of land; and (iii) for transmigration settlement purposes occupying 2,000 hectares or more of land; and
- (c) expansion of Housing Development and Residential Areas: (i) the expansion of housing development in metropolitan cities occupying 2 hectares or more of land; (ii) the expansion of housing development in rural areas occupying 10 hectares or more of land; and (iii) the rejuvenation of Residential Areas in metropolitan cities occupying 5 hectares or more of land.

However, it should be noted that the above type of businesses and/or activities which are required to obtain an AMDAL would possibly be amended after the implementing regulation of the Environmental Law takes effect.

Pursuant to the Job Creation Law, the developer (or contractor responsible for construction) must obtain approval (*Persetujuan Bangunan Gedung* or “**PBG**”) to commence the construction activity, which would be issued through the electronic business licensing system (OSS). As a pre-requisite of the PBG, the developer should obtain the statement of fulfillment of the building technical standards issued by the central or regional government (in accordance with their respective authorities). PBG may only be granted if the purpose of the development is in line with the zoning classification, as contemplated in the respective regional spatial planning. After obtaining the PBG, the development and construction of the building may be conducted, including clearing and preparing land, and constructing infrastructure such as drainage systems, roads, landscaping, street lighting, electricity and telephone cables. If construction is conducted in various phases, the PBG must be obtained for each phase of the construction. Further, in order to utilize the building, it should also have a certificate of worthiness (*Sertifikat Laik Fungsi*) issued by the central or regional government (in accordance with their respective authorities).

The development of residential properties should also comply with regulatory requirements relating to the provision of social facilities benefitting the community, including schools, sports facilities, houses of worship, markets, parks and playgrounds.

### 4. Land Acquisition for Public Interest Purpose

Land acquisition for public interest purpose is governed under Law No. 2 of 2012 on Land Procurement for Public Interest (the “**Land Procurement Law**”) and its implementing Presidential Regulation No. 71 of 2012 on Implementation of Land Procurement for Public Interest was enacted and came into force on August 7, 2012, as lastly amended by Presidential Regulation No. 148 of 2015 dated 28 December 2015 (“**Land Procurement Implementation Regulation**”). Under the Land Procurement Law, the Government and/or the regional government are given the task of ensuring the availability of land required for the public interest. The Land Procurement Law also clearly stipulates that a party who owns or otherwise controls designated land is obliged to release its rights for the purpose of public interest land procurement, following the provision of fair and reasonable compensation or a legally binding court decision. After such land is released, it becomes the property of the Government, the regional government or a state-owned enterprise, as the case may be.



Plataran at Menteng



The Land Procurement Law specifically stipulates the development projects for public interest as follows:

- (1) national defense and security;
- (2) public road, toll road, tunnel, railway, train station, and train operating facilities;
- (3) water embankment, reservoir, irrigation, drinking water channel, water disposal channel and sanitation and other water resource management construction;
- (4) seaport, airport, and terminals;
- (5) oil, gas, and geothermal infrastructure;
- (6) power plant, power transmission, switch yard, power network and distribution;
- (7) government telecommunication and informatics network;
- (8) waste disposal and processing place;
- (9) hospitals owned by the Government or regional government;
- (10) public safety facilities;
- (11) cemetery owned by the Government or regional government;
- (12) social facilities, public facilities and public open green space;
- (13) wildlife and culture preservation area;
- (14) office area for the Government, regional government or sub-districts/villages;
- (15) structuring of urban slums area and/or land consolidation, and rented residential for low-income communities;
- (16) education facilities or schools under the Government or regional government;
- (17) sport facilities owned by Government or regional government; and
- (18) public market and public car park.

Initially, a government institution that plans to procure land for the public interest should have a public consultation with the relevant entitled parties (the land owners). In the event that no consensus can be reached or there is an objection to the proposed development plan, the governor will establish a team to examine the reasons for the objections. Based on this, the governor will decide whether the objections are valid. To the extent that such objections are denied, the entitled party may file a legal claim to the State Administrative Court (*Pengadilan Tata Usaha Negara*), whose decision can thereafter be subject to final appeal at the Supreme Court.

If by virtue of a legally binding court decision, the land has been approved to be procured for the public interest, then the Head of Regional Office of the National Land Agency, as the Chief Executive of Land Procurement appointed under Land Procurement Implementation Regulation, shall determine the compensation value to be paid in Rupiah to the entitled party based on appraisal report made by an independent public appraiser. To challenge the compensation value, if required, the entitled party may file a legal claim to a District Court and if required, the decision of the District Court can be filed for final appeal at the Supreme Court.

Further, the requirement for the development of public interest for an area which is less than 5 (five) hectares has been simplified under the Job Creation Law. Subject to the regional spatial plan (*tata ruang wilayah*), the procurement of land for public interest for an area of less than 5 (five) hectares may be carried out directly by the relevant government institutions that wish to purchase such land to the land owner. The relevant government institutions should obtain a determination of the location (*penetapan lokasi*) by the relevant Regent or Mayor. After this has been obtained, the relevant government institutions should not be required to fulfil the following requirements: (a) suitability of space utilization activities (i.e. previously, spatial planning permit); (b) technical considerations; (c) outside forest area and outside mining area; (d) outside peat area (*kawasan gambut*)/coastal borders; and (e) environmental impact analysis (*analisis mengendai dampak lingkungan*).

## E. CLOSING

The first step to investing in Indonesia's property sector for foreign investors is to establish a corporate presence by virtue of a PMA company. Requirements on maximum foreign shareholding and minimum investment value will follow, so investors need to decide on the line of business carefully. The type of land title is another concern for investors, as different lines of business require different land titles, and the eligibility requirements (including in relation to environmental matters) for each title are also different.

Before making any decision to enter into property transaction, there are many local regulatory aspects that investors need to comprehend. These regulations may come in different names and forms, but generally, they deal with spatial planning or location approval, community approval, and land clearance permit. Prior to acquiring those permits, the investors need to carry out environmental assessment and obtain environmental approval, depending on the line of business. Navigating around these complexities requires insight and understanding of the local regulatory dynamics.



Plataran at Menjangan





**TAX  
INFORMATION**



# BUSINESS PROPERTY AND DEVELOPMENT IN INDONESIA

## Business Overview

Business properties have always be one of the major target investments for both international and local investors in Indonesia and cover all kinds of property types, from residential real estate, including apartments, to commercial buildings, industrial estates and hospitality properties, such as villas and hotels. It is undeniable that generally investing in Indonesian properties has provided a good return in the long term.

## Business Structure

Generally, an investment in business property in Indonesia is done through a limited liability company. Please refer to the Legal Section for limitations on foreign investors investing in properties in Indonesia.

Due to Indonesian license requirements, a property company's activities are limited to developing, managing, renting and/or selling properties. Construction activities are done by construction companies, which have different licenses and tax rates than real estate companies and also have a different limitation on foreign ownership.

## Income taxes on property businesses

In general, the corporate income tax rate is 22% for FY2020 and 2021 which will be reduced to 20% starts in force FY2022 and 30% maximum for individuals<sup>1</sup>. However, real estate companies are only subject to a final tax, which is based on their revenue. Therefore, real estate companies are not subject to the normal tax rate on any gains, except for non-business (other than the property business) income, such as interest for late payment, etc. Although this final tax provides for a simpler corporate tax calculation, the downside is that companies must pay this tax even if they incur a loss. Deductibility of expenses for corporate tax purposes is not relevant for real estate companies.

The final tax rates are:

- 2.5% for companies and individuals selling properties<sup>2</sup>, and
- 10% for companies and individuals leasing/renting properties<sup>3</sup> (this final tax also applies to service and any other charges made to tenants).

The transfer value of land and/or buildings used to calculate the 2.5% final tax payable is as follows:

- If the transfer is made to a government institution, it is based on the decision of the authorized official;
- If an auction, the value is based on the auction report;
- If the transfer involves related parties, the value must be determined on an arm's length basis (i.e., the value that would be received based on its market value);
- If the transfer involves non-related parties, the value is the actual value received; or
- If an exchange/swap, rights release or surrender, a gift, an inheritance or any other arrangement that is agreed to between the parties, the value must be the value that would be received based on market value.



## Final Tax Payment Obligations

1. Individuals and entities receiving or earning income from the transfer of land and/or building rights must pay the tax themselves, before an authorized official, normally a notary or auction official, who signs the documents (deeds, decisions, agreements or tender summaries) regarding the transfer of rights.
  - These documents can only be signed after the payment of the tax payable.
  - The Tax Payment Slip (SSP) or other forms which are equivalent to a SSP must be attached.
2. For individuals and entities whose main income comes from the transfer of land and/or building rights (i.e., developers or real estate companies), revenue is taxable when payments are received, either in full or partially, such as a down payment, interest and any other levies that must be paid by the buyer.
3. Individuals and entities receiving or earning income from the transfer of land and/or building rights through a sale and purchase or swap arrangement with the Government are subject to this income tax obligation. The final tax payable is imposed by the State Treasurer, the Authorized Official who makes the payment or the Authorized Official who approves the swap arrangement.
4. Settlement of the final tax payable for any changes or amendments to a binding sale and purchase agreement (*perjanjian pengikatan jual beli*) on land and/or buildings must be made by the individuals or entities listed in the initial binding sale and purchase agreement before the finalization of the amendment or addendum of the binding sale and purchase agreement.
5. The sale of a Simple House (RS) and/or a Simple Flat (RSS), is subject to a final 1% income tax<sup>4</sup>.

For leased properties, a company must pay the 10% final tax on a self-assessment basis if the tenants do not withhold this final income tax. This especially applies to individual tenants, as they are not licensed withholding tax agents.

<sup>1</sup> Income Tax Law Article 17 and Government Regulation in Lieu of Law No. 1 Year 2020

<sup>2</sup> Government Regulation No. 34 Year 2016

<sup>3</sup> Income Tax Law Article 4(2)

<sup>4</sup> 0% if the transfer is made to government, state owned companies, etc. for public utilities



## Title Transfer Tax Obligations for the Buyer (“BPHTB”)

BPHTB is imposed on the buyer in all land and/or building property acquisitions, for both new and existing properties. The BPHTB rate is 5%<sup>5</sup>. Unlike the final tax, the basis to calculate this tax is the higher value of the actual transaction price, as stated in the sale and purchase agreement (provided that this is not a related party transaction) or the deemed market value for Land and Building Tax purposes (“NJOP”). There is a non-taxable band, but it is minimal. The BPHTB 5% tax rate is expected to be reduced following the reduction of the final tax rate on selling properties from 5% in 2015 to 2.5% currently.

## Value Added Tax (“VAT”) obligations

All property companies are required to register as a VAT-able Company and it is mandatory to impose a 10% VAT on the value of transfers of land and/or buildings, including houses, apartments and townhouses, to a buyer. If the buyer is also a VAT-able Company, theoretically this VAT can be claimed as a credit, provided that the property is used for business purposes. This does not apply to individual buyers, as they are not typically VAT registrants.

This VAT obligation also applies to property companies that rent/lease properties, based on the value of their total charges to tenants, including not only rental charges, but also service and any other charges.

One thing that significant about VAT for the property investor is about the input VAT on land where the new investor normally start the business in Indonesia with purchasing a piece of land via Indonesia newly established company (“company”). Land is subject to 10% VAT at the time of purchase from the landowner and under VAT Law No. 42 Year 2009, input VAT from land cannot be claimed as credit VAT prior the company enter commercial production. This is now creating dispute not only for property player but also other industries as they are expecting input VAT from land can be claimed as VAT credit because it is related to run the business in Indonesia. The good news is under Omnibus Law that is just signed by Indonesia President on 2 November 2020 and already in force by this date, this input VAT now can be claimed by the company prior entering commercial production<sup>6</sup>.

## Sales Tax on Luxury Goods (“STLG”) obligations

In addition, a 20% STLG (or “PPnBM” in Bahasa Indonesia) is imposed on the value of transfers of luxury houses, apartments, condominiums, town house and the like with a selling price of IDR 30billion or higher<sup>7</sup>. According to the VAT law, the PPnBM is only imposed one time, which is at the delivery by the manufacturer or producer of the luxury taxable goods.

No STLG is payable on renting properties.

## Withholding Tax Art. 22 on the sale of luxury goods

In addition to VAT and SLTG, sales of the following luxury goods are subject to withholding tax Article 22 (WHT Art. 22) at 5% of the sales value (excluding VAT and STLG):

- (i) land and buildings, with a minimum sales value of IDR5billion or 400m<sup>2</sup> and
- (ii) apartments, condominiums and the like, with a minimum sales value of IDR5billion or 150m<sup>2</sup>(<sup>8</sup>). This WHT Art. 22 is a prepaid tax and can be claimed in annual tax returns to reduce the annual tax payable.

<sup>5</sup> Law No. 21 Year 1997

<sup>6</sup> Subject to further detail on Implementing Regulation which is expected to be issued by the MoF before end of 2020

<sup>7</sup> Minister of Finance Regulation No. 86/PMK.010/2019

<sup>8</sup> Minister of Finance Regulation No. 90/PMK.03/2015

<sup>9</sup> Law No. 12 Year 1994

## Tax on Land and Building (“PBB”) obligations

There is also a PBB obligation of 0.1% of the NJOP value payable by property owners annually<sup>9</sup>. Normally, the PBB amount is not significant in terms of the value of the property.

## Distribution of Profits – Dividends

Gross dividends paid or payable are subject to Withholding Income Tax (“WHT”); the WHT rates are:

- None, if the recipient is a local company having a share ownership of at least 25% of the paid-up capital of the company paying the dividends;
- 10% final tax if the recipient is a local individual;
- 15% withholding tax if the recipient is a local company having share ownership of less than 25% (which means the dividend income is subject to the normal 25% corporate tax and the 15% with held tax is a prepaid corporate tax); and
- 20% withholding tax if the recipient is a non-resident of Indonesia. This 20% WHT rate can be reduced by utilizing available tax treaty protections (subject to certain requirements, which include the recipient providing a Certificate of Domicile using Form DGT and qualifying under the beneficial owner test).

## Schedule for tax payments and reporting

Tax	Tax Payment Due	Monthly Reporting	Annual Reporting
Title transfer tax (BPHTB)	Prior to Notary signing the deed	NA	NA
VAT/SLTG	Prior to filing monthly VAT Returns	End of following month	NA
Corporate Income Tax (CIT)	Prior to filing Annual Returns	NA	4 months after end of taxable year
Individual Income Tax	Prior to filing Annual Returns	NA	End of March of the following calendar year

<sup>9</sup> Law No. 12 Year 1994





## Duty Stamp

Agreements related to sale and purchase transactions are subject to a duty stamp (“*bea meterai*”) of Rp 6,000 for transaction amounts above Rp 1,000,000.- and starting 1 January 2021<sup>10</sup>, this duty stamp will be Rp 10,000 and will become payable for any document that states nominal amount minimum of Rp 5,000,000.- or above.

## Exiting

If an owner wants to exit a business, there are two general options:

- Sell its shares to another investor; or
- Liquidate the company.

## Sale of shares

The tax obligations on the sale of shares in an unlisted Indonesian company are:

- If the seller (shareholder) is an Indonesian tax resident: any gain on the sale of local shares is subject to normal corporate or individual income taxes. A loss would be a deductible expense only for a corporate taxpayer.
- If the seller (shareholder) is a non-resident: the sale is subject to a 5% withholding tax based on the gross transaction value, even if the transaction is made at a loss. This 5% withholding tax may be exempted, subject to available tax treaty provisions and the availability of Form DGT to utilize the tax treaty benefits.

## Liquidation of a company

In addition to the legal process to liquidate a company, it must submit an application to the Indonesian Tax Office (“ITO”) to cancel its tax registration. Before providing approval, the ITO will conduct an audit of all open tax years. Any resulting tax due must be paid before tax registration cancellation approval can be obtained from the ITO.

In a liquidation, any remaining retained earnings are deemed by the ITO to be distributed as a dividend and therefore is subject to withholding tax obligations. Outstanding payables regarded as forgiven are subject to normal corporate income taxes.

## Real Estate Investment Trusts (“REITs”) – Tax Facility

To provide more alternatives in financial investment instruments and also to attract investments in the real estate business, the Government has introduced a tax facility scheme for Indonesian REITs (in Bahasa called *Dana Investasi Real Estat/DIRE*)<sup>11</sup>. Please note that the definition of a REIT-/DIRE differs in many countries and in this case we only refer to the Indonesian regulation.

The requirements to establish an Indonesian REIT are:

- It must be in the form of a Collective Investment Contract (*Kontrak Investasi Kolektif*) in accordance with the capital markets law; and
- It can only invest in real estate assets and/or cash and cash equivalents.

A REIT can also establish a special purpose company (“SPC”) for a qualifying investment, but it must be owned at least 99.9% by the REIT and its purpose can only be to support the REIT.

The facility provided is a reduced final income tax rate of 0.5%, instead of the 2.5% rate described above, on the total transaction value of properties transferred to the REIT and/or SPC. If the transferor is a related party, the transaction value must reflect the arm’s length value of the properties.

Other than the final income tax rate reduction on the transfer of properties, all of other tax obligations described above apply to a REIT.

## Conclusion

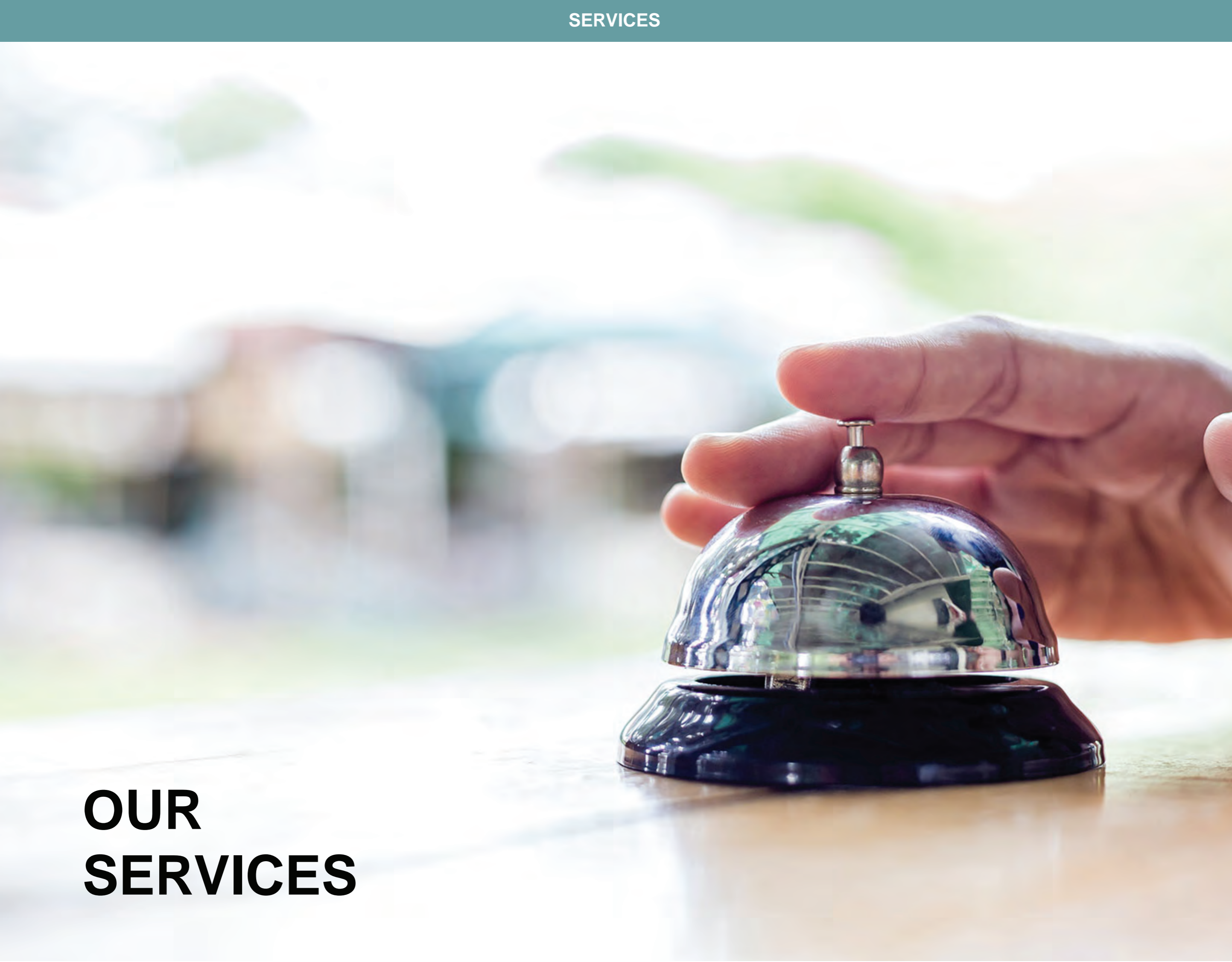
While the Indonesian taxation requirements on business property investments are numerous, they clearly do not out-weigh the potential returns that may be realized from these investments.



<sup>10</sup> Law No. 10 Year 2020

<sup>11</sup> Government Regulation No. 40 Year 2016





**OUR  
SERVICES**



## KNIGHT FRANK SERVICES IN INDONESIA

Knight Frank has strengthened its Indonesian presence with a collaboration with PT. Willson Properti Advisindo, Indonesia. A strong track record of impressive local and regional MNC clients have already been built since its establishment. Knight Frank in Indonesia is part of an integrated global property advisory firm, which has a powerful network of over 488 offices in 57 countries in six continents in established and emerging property markets. Our clients have access to the most up-to-date intelligence on local, national and regional residential and commercial property markets worldwide. This information, coupled with the experience and expertise of Knight Frank's professionals, enable us to help our clients achieve their property aims. We assist the creators, owners and users of property to enhance the value of their residential and commercial spaces as investments, and as effective and attractive places in which to live, work and play.



### Consultancy & Research

Market and feasibility studies, highest and best use studies, site research, township service charge/ maintenance cost studies, market repositioning analysis, strategic portfolio review, investment strategy and due diligence, value enhancement strategy.



### Valuation Advisory

Valuation of all property types throughout Indonesia for mortgage, financial reporting, acquisition & disposal, insurance and loan workout. Valuation is an important element in IPO and REIT listing, mergers & acquisitions, corporate restructuring & Investment decision.



### Investment Sales

Assist in the acquisition and disposal of all types of investment grade real estate, which include entire residential, office, retail and industrial properties or part thereof, hotels, golf courses, luxury bungalows as well as development land. Provide advice on acquisition and divestment strategies to help optimize returns and values of the new rising stars in Asia.



### Residential Project Sales and Leasing

Project consultancy, marketing and sales of new local and overseas residential developments. Our experienced marketing team will tap on innovative ideas, good understanding of the local market & property trends, and capitalize on its strong networking to ensure successful project launches.



### Commercial Sales and Leasing

Advisory and tenant representation services for offices investors and occupiers. Corporate consultancy and advisory services on an organisation's occupation needs. Creation and implementation of marketing strategies for new commercial projects.



### Property Management and Building Engineering Services

Market and feasibility studies, highest and best use studies, site research, township service charge/ maintenance cost studies, market repositioning analysis, strategic portfolio review, investment strategy and due diligence, value enhancement strategy.

### Indonesia Contact

Willson Kalip  
willson.kalip@id.knightfrank.com

### Capital Markets

Willson Kalip  
willson.kalip@id.knightfrank.com

Hasan Pamudji  
hasan.pamudji@id.knightfrank.com

### Research & Consultancy

Sindiani Surya Adinata  
sindiani.adinata@id.knightfrank.com

Syarifah Syaukat  
syarifah@id.knightfrank.com

### Residential

Hasan Pamudji  
hasan.pamudji@id.knightfrank.com

### Valuation (KJPP Willson & Rekan)

Mosalina Dewi  
mosalina.dewi@id.knightfrank.com

Wisnu Wardhana  
wisnu.wardhana@id.knightfrank.com

### Commercial & Industrial

Christianto Budiman  
christianto.budiman@id.knightfrank.com

Rina Martianti  
rina.martianti@id.knightfrank.com

Ipung Rachmaningtyas  
ipung.rachmaningtyas@id.knightfrank.com

### Property Management Services

Lioni Sugiarto  
lioni.sugiarto@id.knightfrank.com

Asep Sujiana  
asep.sujiana@id.knightfrank.com





## MAKES & PARTNERS

**Makes & Partners** is a leading, innovative and creative Indonesian law firm and a trend-setter in the Indonesian corporate and commercial legal services market. It adopts a practical business approach in handling deals to provide meaningful legal solutions to its clients

Established in 1993 by Yozua Makes, Makes & Partners provides high quality and aggressive services to Indonesian and international clients. It is a heavyweight in the capital markets scene, and boasts of an impressive transaction portfolio of corporate, commercial, mergers & acquisitions, restructuring, banking & finance, property & real estate, investments, and private equity deals. Makes & Partners was recently recognised at the 2020 Asian Law Business Journal Awards as **Indonesia Top Tier Law Firm for Real Estate and Indonesia Top Tier Law Firm for Capital Markets**.

The Indonesian market recognizes Makes & Partners as a strategic leader for integrated commercial business and legal solutions. Since its inception, Makes & Partners has adopted and inculcated the philosophy: "solving a legal problem means more than knowing the law", to achieve a result-oriented commercial approach and high completion rate for its transactions. Makes & Partners is also sought after for its extensive knowledge and experience in strategy formulation and contract negotiation. It boasts of more than 95% completion success rate for transactions handled. This success is largely due to its signature strategic structures, negotiation tactics, and innovative and detailed approach. In many transactions, Makes & Partners' role has been extended to transaction counsel to the parties due to its recognized track record and ability as competent mediators. In 2014, Makes & Partners entered into a strategic alliance with top Singapore law firm WongPartnership LLP for seamless integrated legal services across Asia.

From its establishment, Makes & Partners has maintained solid relationships with the government and legal and business communities in Indonesia. Currently, Makes & Partners has 40 lawyers, including foreign attorneys. Its lawyers are assisted by special counsels who have previously served in senior capacities in the academe, private practice and/or in various government ministries and institutions including the Indonesian Supreme Court. Its partners are also esteemed lecturers at top Indonesian universities, such as the University of Indonesia and University of Pelita Harapan.

To meet the full spectrum of its clients' legal needs, Makes & Partners, in partnership WongPartnership LLP, has also launched a Litigation and Dispute Resolution Practice to further assist its clients.



For further information about Makes & Partners please visit their website at <http://www.makeslaw.com>

Mr. Yozua Makes, S.H., LL.M, MM. Ph.D.  
E: ymakes@makeslaw.com

Mr. Iwan Setiawan, S.H.  
E: setiawan@makeslaw.com

Ms. Fransisca, S.H.  
E: fransisca@makeslaw.com

Mr. Bernardus Billy  
E: billy@makeslaw.com

Address:  
Menara Batavia, 7th Floor,  
Jl. KH. Mas Mansyur Kav. 126,  
Jakarta 10220  
Indonesia

T: (62 21) 574 7181  
F: (62 21) 574 7180  
E: makes@makeslaw.com  
W: www.makeslaw.com





[KnightFrank.co.id](https://www.knightfrank.co.id)

[makeslaw.com](https://www.makeslaw.com)

© Knight Frank / PT. Willson Properti Advisindo and Makes & Partners 2021

**COPYRIGHT NOTICE AND DISCLAIMER**

This Indonesia Property Investment Guide (IPIG) report has been jointly prepared by Knight Frank / PT. Willson Properti Advisindo and Makes & Partners. It is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank / PT. Willson Properti Advisindo and Makes & Partners for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. We make no express or implied guarantee of its accuracy.

As a general report, this material does not necessarily represent the view of by Knight Frank / PT. Willson Properti Advisindo and Makes & Partners in relation to particular properties or projects.

While every effort has been made to ensure the accuracy of the information provided in this guide, it is not intended, nor should it be interpreted as being, a substitute for professional advice.

Reproduction of this report in whole or in part is not allowed without prior written approval of by Knight Frank / PT. Willson Properti Advisindo and Makes & Partners to the form and content within which it appears.