



AVA VIETNAM
Price Control Department
Ministry of Finance

16th AVA PRE-CONGRESS

INDONESIA COUNTRY REPORT

By:
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On behalf of Indonesian Delegate

**Palm Garden Resort
Hoi An, Quang Nam, Vietnam
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INDONESIA COUNTRY REPORT 2009

Presented at:
**16th Pre-AVA Congress
In Hoi An City, Vietnam**

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AGENDA

- I. ECONOMY AT A GLANCE**
- II. JAKARTA PROPERTY MARKET**
- III. ISSUES ON VALUATION**

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I. ECONOMY AT A GLANCE

The global financial crisis begun to take effect in the end of 2008, but the Indonesian economy still managed to grow by 6.10%. However, rising interest rates and weakened rupiah raise concern over sustaining business momentum.

Indicator	2004	2005	2006	2007	2008
GDP	5.03%	5.60%	5.50%	6.32%	6.10%
Inflation	6.40%	17.11%	6.60%	6.59%	11.06%
Bank of Indonesia Rate	7.43%	12.75%	9.75%	8.00%	9.25%
Exchange Rate (per US\$ end of year)	Rp 9,290	Rp 9,830	Rp 9,020	Rp 9,419	Rp 10,950
Foreign Investment Planning Realization					
No. Of Projects	544	909	801	982	1,138
Value (US\$ Million)	4,601	8,915	5,977	10,341	14,871
Domestic Investment Planning Realization					
No. Of Projects	129	214	145	159	239
Value (US\$ Million)	15,265	30,665	20,788	34,879	20,363

Source: Central Bank of Indonesia

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I. ECONOMY AT A GLANCE

Indicator	2004	2005	2006	2007	2008
Bank Deposit Rate					
1-month Time Deposit	6.20%	8.36%	8.96%	7.19%	8.01%
Saving Deposit	4.47%	4.32%	4.38%	3.48%	3.59%
Credit Interest Rate					
Investment	14.05%	15.66%	15.10%	13.01%	13.33%
Consumption	16.57%	16.83%	17.58%	16.13%	14.12%
Housing Ownership	11.5% - 14%	13.5% - 16.7%	12.5% - 16%	10% - 13.5%	11% - 15%
Property Credit (US\$ million)					
Construction	1,453	1,846	2,538	3,135	4,390
Real Estate	845	984	1,477	1,884	2,538
Housing Ownership	4,505	5,695	8,055	9,995	11,214

Source: Central Bank of Indonesia

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I. ECONOMY AT A GLANCE

Proposed Government Actions to Stimulate Economic Growth

BI Rate
 The Central Bank of Indonesia is planning to further reduce the BI rate to stimulate growth. The Government is expected to lower the BI rate by 150 bps in the first semester of 2009. The action will have a great impact if supported by other policies such as domestic market protection and restructuring non performing loans.

Infrastructure Projects
 The Government has budgeted up to Rp 100 trillion (about US\$ 9.95 billion) to finance infrastructure projects as a way to safeguard the economy from the impact of the global crisis. The funds will be used to develop ports, railways, water irrigation systems, bridges, and so.

VAT Exemption & Import Duty Relief
 The Government has determined 31 sectors to allocate fiscal stimulus. Seventeen sectors will get VAT exemption to a total value of Rp 9.02 trillion. Meanwhile, another 9 sectors will get import duty relief with the total value of Rp 2.4 trillion.

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II. JAKARTA PROPERTY MARKET

CBD Office Space Market

After experiencing a record high in the first half of 2008 since the onset of the economic crisis in 1998, office demand softened in the second half of the year, although overall occupancy remains stable. Rental rates, as well as price of strata-title offices, increased in Rupiah terms as a result of the currency weakening.

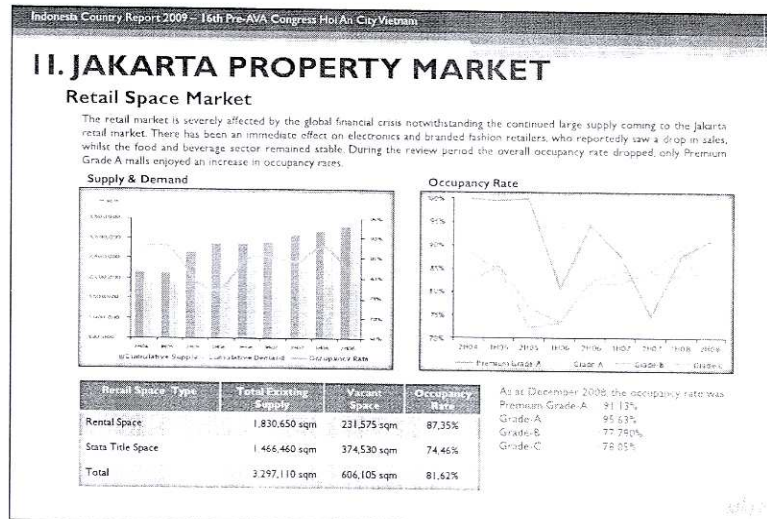
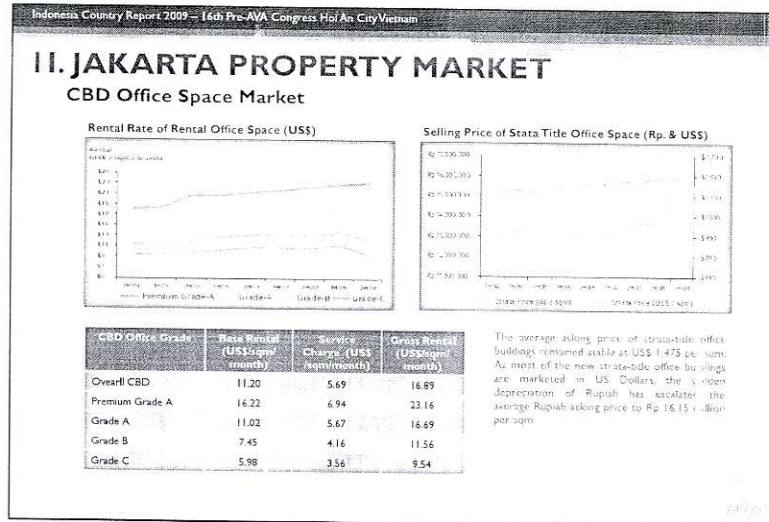
Supply & Demand

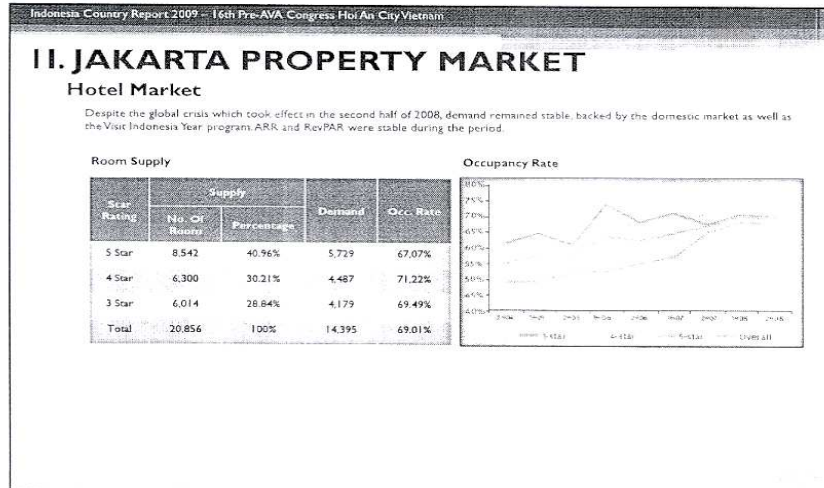
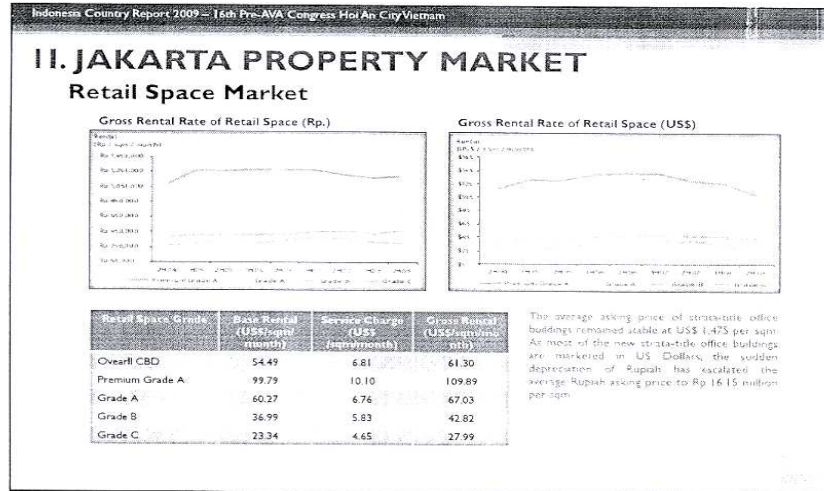
Occupancy Rate

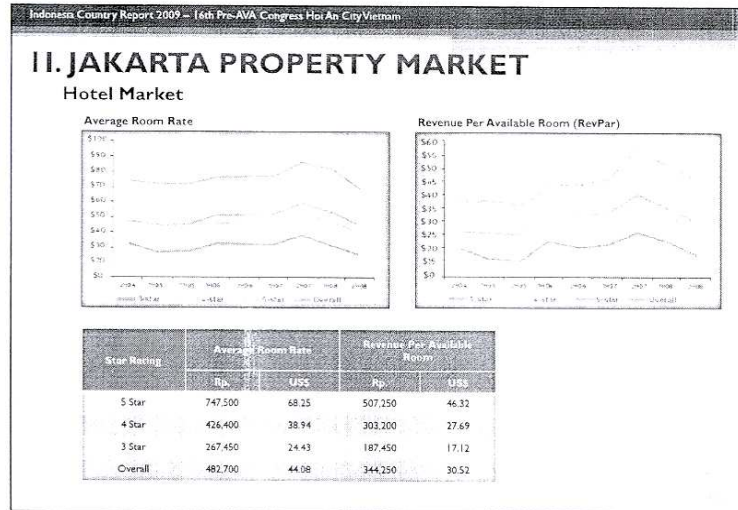
Office Type	Total Existing Supply	Vacant Space	Occupancy Rate
Rental Office	3,173,400 sqm	326,540 sqm	89.72%
Strata Title Office	454,850 sqm	65,240 sqm	85.64%
Owner Occupied Office	155,200 sqm	1,570 sqm	98.99%
Total	3,783,450 sqm	393,350 sqm	89.61%

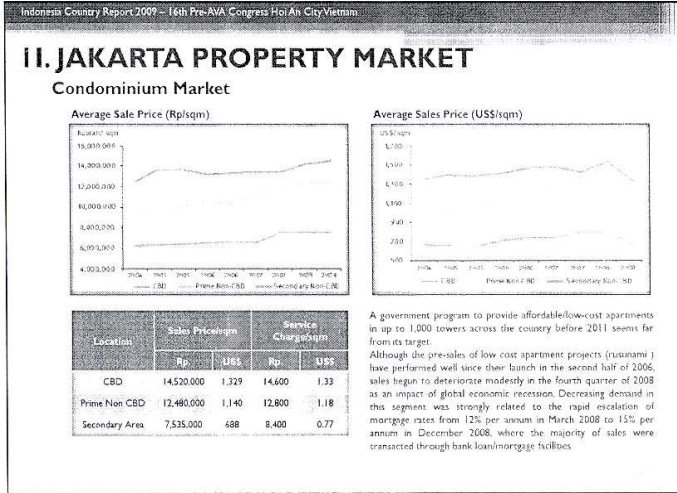
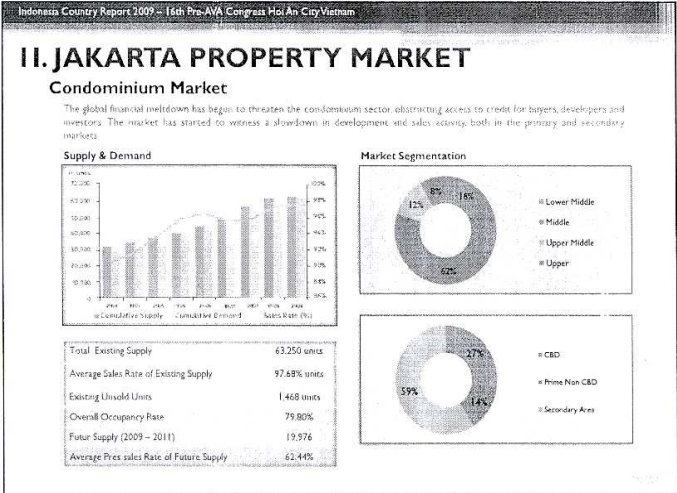
As at December 2008, the occupancy rate was:

- Premium Grade-A : 96.42%
- Grade-A : 88.53%
- Grade-B : 92.86%
- Grade-C : 87.17%









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III. ISSUES ON VALUATION

Regulation

- ❖ Minister of Finance Decree No. 406/KMK.06/2004 : the valuation services formed as Perseroan Terbatas (limited company) will be valid until December 31, 2009
- ❖ Minister of Finance Regulation No. 135/PKM.01/2008 dated September 3, 2008 about Public Valuer Services :
 - Public Valuer License :
 - Real Property Valuer
 - Business Valuer
 - Scope of Services of Public Valuer :
 - Real Property Valuation Services :
 - ⊗ Land, building and development on it
 - ⊗ Installation and equipment in production process
 - ⊗ Heavy equipment, vehicle, transportation vehicle and other utility & equipment
 - ⊗ Agriculture, plantation, fishery, diary, and forestry
 - ⊗ Mining
 - Business Property Valuation Services :
 - ⊗ Business entity
 - ⊗ Share
 - ⊗ Right and obligation of company
 - ⊗ Derivatives
 - ⊗ Intangible assets
 - ⊗ Economic damage
 - ⊗ Fairness Opinion

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III. ISSUES ON VALUATION

Regulation (continued)

- Other Services :
 - ⊗ Property Development Consultancy
 - ⊗ Designing Asset Information System
 - ⊗ Property Management
 - ⊗ Feasibility Study
 - ⊗ Property Agent
 - ⊗ Project Financing Monitoring
- Re-classification and Re-registration of Public Valuer
- Business Entity for Valuer :
 - ⊗ Individual
 - ⊗ Partnership (60% of partner is Public Valuer)
- Requirement for licensing, deactivation, re-activation and retire of public valuer
- Restriction in double occupation for public valuer
- Development, monitoring and law enforcement
- Transition Regulation

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III. ISSUES ON VALUATION

Regulation

- ❖ Bapepam LK (Indonesia n Capital Market and Financial Institutions Supervisory Agency) Regulation
 - Bapepam Regulation No. VIII.C.1 about Registration of Valuer Practising in Capital Market :
 - Procedure and requirement of registration
 - Type of Registration :
 - Registered Real Property Valuer
 - Registered Business Valuer
 - Valuer obligation to have a SOP in Quality Control :
 - Guidance on client acceptance
 - Quality assurance policy and ethics
 - Guidance on valuation risk management
 - Valuation Quality Control
 - Guidance on valuer and valuation services business independency
 - Quality Review
 - Valuation Procedure
 - Bapepam Regulation No. VIII.C.2 about Valuer Independency in Practising in Capital Market :
 - Valuer independency
 - Conflict of interest
 - Valuer and client relationship
 - Quality control system
 - Limiting condition
 - Law enforcement

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III. ISSUES ON VALUATION

Regulation

- ❖ Bapepam LK (Indonesia n Capital Market and Financial Institutions Supervisory Agency) Regulation
 - Bapepam Regulation No. XJ.2 about Reporting of Valuers Activity:
 - Valuer obligation to submit Valuer Activity Report
 - Procedure of reporting and submission
 - Law Enforcement
 - Draft Bapepam Regulation about Valuation Guidance and Presentation of Property Valuation Report
 - Valuer obligation to comply with the standard in the regulation
 - Consideration in valuation task :
 - Acceptance of task
 - Choosing and defining the suitable approach and method of valuation
 - Assumptions
 - Material consideration in valuation and reporting
 - Disclosure in reporting
 - Law Enforcement

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III. ISSUES ON VALUATION

Valuation Standard

- ❖ Latest Version: Standar Penilaian Indonesia 2007
- ❖ Comply with International Valuation Standard 5th Edition 2005
- ❖ Phase I (Released in June 26, 2007 and will be effective in December 27, 2007)
 - Introduction
 - Code of Ethics
 - Concept and General Principle of Valuation
 - Valuation Standard
 - VS1 Market Value Valuation
 - VS2 Non-Market Value Valuation
 - VS3 Valuation Reporting
 - Valuation Application
 - VA 1 Valuation for Financial Reporting
 - VA 2 Valuation for Lending Purpose
- ❖ Phase II (Released in December 19, 2008 and will be effective in June 20, 2009)
 - Valuation Application
 - VA 3 Valuation of Public Sector Assets for Financial Reporting
 - Valuation Application Guidance
 - VAG 1 Real Property Valuation
 - VAG 2 Rental Right Valuation
 - VAG 3 Plant & Machinery Valuation
 - VAG 4 Intangible Asset Valuation
 - VAG 5 Personal Property Valuation
 - VAG 6 Business Valuation
 - VAG 7 Agriculture Property Valuation
 - VAG 8 Cost Approach for Financial Reporting
 - VAG 9 DCF Analysis
 - VAG 10 Qualification, Status of Valuer and Conflict of Interest
 - VAG 11 Purpose and Basis of Valuation Applied
 - VAG 12 Assignment Requirement
 - VAG 13 Inspection and Consideration Aspects
 - VAG 14 Valuation Review
 - VAG 15 Valuation of Trading Property
 - VAG 16 Mass Appraisal
 - VAG 17 Mining Industry Property Valuation

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III. ISSUES ON VALUATION

Valuer Update

- ❖ Association
 - Professional Association with total member more than 3,000 members
 - Company association with total member about 120 members (limited company, individual and partnership)
- ❖ Licensed Public Valuers are more than 280 valuers
- ❖ Licensed Valuation Offices are more than 100 offices

Others Issues

- ❖ Diversification of Valuation Service:
 - Business valuation, intangible assets valuation and fairness opinion.
 - Valuation for compulsory acquisition of land for public infrastructures.
 - Expert witness in corruption cases.
- ❖ Valuation service for State Owned Enterprises and Local Governments:
 - Optimization of Assets
 - Financial Reporting
 - Inventory Valuation and Assets Management Information System
- ❖ Huge market of valuation service for bank consumer loan with low valuation fee and high risk
- ❖ In need of Valuation Law. Estimated to be legislated in 2011.

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III. ISSUES ON VALUATION

25th Pan Pacific Congress 2010

- ◊ **Theme :** Financial Crisis, Global Uncertainty and Borderless Competition - The Professionals' Challenges in The Next Decade.
- ◊ **Date :** October 4 – 7, 2010
- ◊ **Venue :** InterContinental Bali Resort, Jimbaran Bali, Indonesia
- ◊ **Technical Tour :**
 - **Bali Nirwana Resort**, an integrated resort development of five star hotel, 18 holes golf course, spa, leisure resorts and exclusive residential in 110 hectares of land. Many times received an award as best resort in the world.
 - **Garda Wisnu Kencana**, a mix development of cultural park and commercial property with 240 hectares of development area. A new landmark of Bali.
 - **Desa Tenganan**, a unique Balinese traditional village. In the modern era Tenganan is still conserve their culture and traditional living.
 - **Desa Ubud**, an art and cultural village in Bali. Ubud is surrounded by most of the things that bring people to Bali - scenic view, folk, small villages, art and craft communities, ancient temples, palaces, rivers, museum and traditional markets.
- ◊ **Registration Fee :**
 - Delegate : USD 500 (Early Bird) or USD 600 (Regular)
 - Accompanying Person : USD 250 (Early Bird) or USD 350 (Regular)
 - Registration fees for delegates include welcome reception, lunches, tea breaks, technical tour, travel costs and congress proceedings.
- ◊ **Sub Theme :**
 - **Real Estate Appraisal**
 - ◊ Property Valuation in Uncertainty Economic Condition
 - ◊ Public Sector Asset Valuation
 - ◊ New Paradigm in Valuation for Financing - Mortgage Lending Value
 - ◊ Green Valuation
 - ◊ Land Appraisal Technique and Case Studies
 - **Finance and Business Valuation**
 - ◊ Fair Value Accounting
 - ◊ Purchase Price Allocation
 - ◊ Intangible Asset Valuation
 - ◊ Business Enterprise Valuation
 - **Ethics, Law and Standards**
 - ◊ Business Practices vs. Ethics
 - ◊ Valuation Standards
 - ◊ Property Title
 - ◊ Foreign Investment Law
 - **Development Consulting**
 - ◊ Green Development Concept and Market Response
 - ◊ Energy Conservation in Green Construction
 - ◊ Property Financing from The Capital Market
 - **Real Estate Industry**
 - ◊ Trend in International Market
 - ◊ Real Estate Financing through Capital Market

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THANK YOU

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