The Real Estate Law Review

Sixth Edition

Editor
John Nevin

Law Business Research

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For further information please email
Nick.Barette@lbresearch.com

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Editor
John Nevin

Law Business Research Ltd

PUBLISHER
Gideon Roberton

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Nick Barette

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EDITOR'S PREFACE

Real estate is a truly global industry. The worldwide impact of events of the preceding 12 months has confirmed that it is no longer possible to look at domestic markets in isolation. It is hoped that *The Real Estate Law Review* reflects this position. An evolving awareness of the global real estate market and an understanding of the practices, requirements and concerns of overseas investors is essential if practitioners and their clients are to take full advantage of investment trends as they develop.

The *Review* seeks to provide an overview of the state of the global real estate market. The theme this year has been one of uncertainty. First we had Brexit, as the UK voted to leave the EU, and then the result of the US election. It is probably fair to say that neither was expected, and while the significance of Brexit diminishes in a global context, the same cannot be said of Donald Trump's victory. It will be very interesting to see how the global real estate market evolves over the coming months. While there will undoubtedly be risks, there will also be opportunities. Investors and their professional advisers will need to develop an appropriate strategy to ensure that risks are assessed and opportunities are taken. By and large, markets do not like uncertainty and some of the positive outlook reflected in last year's edition has undoubtedly diminished.

The continued success of the *Review* is a true testament to its validity in the global real estate market. The sixth edition covers 37 jurisdictions, and we are delighted to welcome new contributions from around the world. Each contributor is a distinguished practitioner in his or her own jurisdiction and has provided invaluable insight into the issues pertinent to that jurisdiction in a global context.

Once again, I wish to express my deep and sincere gratitude to all my distinguished colleagues who have contributed to this edition of the *Review*. I would also like to thank Gideon Roberton and his publishing team for coordinating the contributions and compiling the sixth edition.

John Nevin
Slaughter and May
London
February 2017

Chapter 17

INDONESIA

Luky I Walalangi, Miriam Andreta, Fiesta Victoria and T Anggra Syah Reza[1]

I INTRODUCTION TO THE LEGAL FRAMEWORK

Land and properties in Indonesia are generally governed by the Indonesian Agrarian Law,[2] which is quite a complex Law reflecting and adopting customary (*adat*) law developed over hundreds of years at rural village level, and as further modified by Dutch colonial rule. Prior to the issuance of the Agrarian Law, *adat* law and Western law coexisted, governing land registration for Indonesians and foreigners respectively. The Agrarian Law aimed to create a uniform regime and end the dualism on land matters, while still maintaining the communal concepts applicable to land under *adat* law.

Under the Agrarian Law, the state is authorised to determine the proper use of land, the relationship between land and individuals or groups of individuals, and the consequences of legal actions concerning land.[3]

In general, land status can be divided into two groups, namely state land and private land. For the latter, the Agrarian Law introduced the classification of land rights and a registration system, which has resulted in the issuance of land certificates by the National Land Agency (BPN). A land certificate is considered the strongest evidence of a land title right under Indonesian law, and records, among others, the land title right, name of the title holder, the land area, the title period, the issuance date and security interests created upon the land. Regardless of the land registration system introduced by the Agrarian Law, significant parts of private land in Indonesia remain unregistered and thus uncertificated. Often the only documentation available to support a claim of right is the *girik* right, which is not evidence of title but rather a land tax receipt evidencing that the 'holder or possessor' of the land has paid the tax for the land in question. While this often creates certain deficiencies in terms

1 Luky I Walalangi is a partner, Miriam Andreta and Fiesta Victoria are senior associates, and T Anggra Syah Reza is an associate at Ali Budiardjo, Nugroho, Reksodiputro.

2 Law No. 5 of 1960 on Agrarian Law (the Agrarian Law).

3 Article 2 Paragraph 2 of the Agrarian Law.

of legal certainty, in practice, in the absence of a valid land right certificate, the *girik* letter, supported by certain other supporting documents (such as statement letters issued by the local sub-district head, district head or village head confirming the history of the land) are accepted as an indication of 'ownership by possession' to such uncertificated land.

The most common land title rights in Indonesian practice are as follows.

i Right of ownership (Hak Milik or freehold)

Hak Milik is a right that gives the holder the fullest right a person can possess over land in Indonesia.[4] There is no time limit on the land. Only Indonesian citizens and certain limited Indonesian legal persons or entities may hold a Hak Milik.[5] A limited liability company (PT), including a foreign investment company (PMA company), is not allowed to hold a Hak Milik. If under certain circumstances the holders of a Hak Milik are foreigners including PMA companies, they must convert the Hak Milik into other rights; for example, a HGU or HGB (as explained below).[6]

ii Right to build (Hak Guna Bangunan)

The Hak Guna Bangunan (HGB) is the most common and typical land title held by a PMA company conducting real estate business in Indonesia. A HGB is a right created over state land, a Hak Milik or a Hak Pengelolaan authorising the holder to utilise the land, specifically to construct buildings or facilities (as opposed to land specifically intended for agricultural purposes; see the HGU, explained below).[7] A HGB can be granted for a maximum period of 30 years, with possible extension of 20 years[8] and renewal.[9] A HGB may be held by Indonesian individuals and Indonesian legal entities, including a PMA company,[10] and is transferable to other eligible third parties during the term of its existence and can be encumbered with a mortgage, all of which are subject to registration with the relevant land office.[11]

iii Right to cultivate (Hak Guna Usaha (HGU))

The HGU is a right created over state land, authorising the holder to utilise the land for agriculture or plantation purposes.[12] Like the HGB, the HGU is limited in duration, and is usually for 25 years but can be for a maximum of 35 years, with the option of extension for a maximum of 25 years[13] and renewal.[14] A HGU may be held only by Indonesian individuals

4 Article 20 Paragraph 1 of the Agrarian Law.

5 Article 21 Paragraphs 1 and 2 of the Agrarian Law.

6 Article 21 Paragraph 3 of the Agrarian Law.

7 Article 35 Paragraph 1 of the Agrarian Law in conjunction with Article 21 of Government Regulation No. 40 of 1996 on the Right To Cultivate, Right To Build and Right To Use Land (GR No. 40/1996).

8 Article 35 Paragraphs 1 and 2 of the Agrarian Law.

9 Article 25 Paragraph 2 of GR No. 40/1996.

10 Article 36 Paragraph 1 point b of the Agrarian Law.

11 Article 33 Paragraph 1 of GR No. 40/1996.

12 Article 28 Paragraph 1 of the Agrarian Law.

13 Article 29 Paragraphs 1 and 2 of the Agrarian Law.

14 Article 8 Paragraph 2 of GR No. 40/1996.

or Indonesian legal entities, including PMA companies,[15] and is transferable to other eligible third parties during the term of its existence[16] and can be encumbered with a mortgage as a security.[17] The transfer and the creation of a mortgage upon a HGU must be registered with the relevant land office.[18]

iv Right of management (Hak Pengelolaan)

A Hak Pengelolaan is a right obtained from the state to control land. A Hak Pengelolaan can be granted only to the following agencies or bodies: (1) government agencies including regional governments; (2) state-owned companies; (3) regional government-owned companies; (4) limited liability state-owned companies; (5) special-authority agencies; and (6) other governmental legal entities appointed by the government.

Some state-owned companies manage industrial estate compounds with a Hak Pengelolaan. When such state-owned companies 'sell' Hak Pengelolaan land to PMA companies, the state-owned company as the seller and the PMA company as the buyer will enter into a cooperation agreement, by which the PMA company is granted the right to 'use or utilise land' and to apply for a HGB title over the Hak Pengelolaan land. A HGB created over Hak Pengelolaan land may be mortgaged to a third party, provided that consent is given by the state-owned company. In practice, the consent is usually given in advance and included in the above-mentioned cooperation agreement.

v Right to use (Hak Pakai)

The Hak Pakai is a right to utilise land or to collect the products from such land. It may be granted over: (1) state-owned land, (2) Hak Milik or (3) Hak Pengelolaan.[19] Hak Pakai is available to Indonesian citizens and Indonesian legal entities, foreign citizens who reside in Indonesia and foreign legal entities having representation in Indonesia, representatives of foreign countries and representatives of international institutions, departments and non-departmental government institutions, regional government, and religious and social institutions.[20] Hak Pakai is limited in duration (i.e., it is based on either (1) a decree of the BPN or (2) a contract between the Hak Milik holder and the Hak Pakai holder. A Hak Pakai is transferable and may be granted as security by way of a mortgage[21] but is in any case subject to consent from the state or the holder of the Hak Pengelolaan or Hak Milik (as the case may be).[22]

15 Article 30 Paragraph 1 of the Agrarian Law.

16 Article 28 Paragraph 3 of the Agrarian Law.

17 Article 33 of the Agrarian Law.

18 Article 15 Paragraph 1 and Article 16 Paragraph 3 of GR No. 40/1996.

19 Article 41 of GR No. 40/1996.

20 Article 39 of GR No. 40/1996.

21 Article 53 Paragraph 1 and Article 54 Paragraph 2 of GR No. 40/1996.

22 Article 43 of the Agrarian Law.

II OVERVIEW OF REAL ESTATE ACTIVITY (APARTMENTS AND CONDOMINIUMS)

i General

Statistics show that the real estate sector ranked the highest for investment in Indonesia's tertiary sector during the first quarter of 2016,[23] indicating that real estate business is an attractive sector for investors in Indonesia. Unfortunately, this positive trend is not yet fully supported by a well-established regulatory system, as certain real estate or licensing provisions may be subject to multiple interpretations, leading to uncertainty in some areas. The practice of 'unwritten policies' adds to the complexity of the licensing requirements for real estate business in Indonesia.

The following discussions elaborate, from a legal perspective, the basic requirements and some of the challenges that investors need to anticipate in the real estate sector in Indonesia, particularly in relation to apartment and condominium business in Jakarta.[24]

ii Land acquisition

Land acquisition is one of the most problematic issues in real estate activities in Indonesia.

Indonesian law recognises two types of land acquisition: acquisition of unregistered and uncertified land, and acquisition of registered land. To acquire land, a PMA company is required to first obtain a location permit (except under certain circumstances whereby the PMA company is exempted from the requirement). A location permit basically authorises the PMA company to acquire the land and to obtain a land title (to be completed within three years, with the possibility of a one-year extension provided that at least 50 per cent of the total area has been acquired). A location permit merely provides a right for the PMA company to acquire the land; it does not, therefore, oblige the PMA company to acquire all of the land set by the location permit, nor does it oblige the landowner to sell his or her land to the PMA company. The maximum area of land that the PMA company is permitted to acquire is stated in the location permit.[25]

Specifically for the Jakarta area, there is an additional regulation, Decree No. 138/1998,[26] issued by the DKI Jakarta Governor, which, in principle, requires a company planning to acquire land to obtain an SP3L permit. Like the location permit, an SP3L grants a right to its holder to acquire the land and obtain title over the land. The SP3L is granted for maximum of one year and is extendable up to two times.[27]

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23 Indonesia Investment Coordinating Board, 'Statistic of Foreign Direct Investment Realisation Based on Capital Investment Activity Report (LKPM) by Business Sector, Q1 – 2016'.

24 Note that outside Jakarta other regional governments may impose different or additional requirements or different policies.

25 Regulation of the Minister of Agrarian and Spatial Planning/Head of National Land Office No. 5 of 2015 on Location Permit.

26 Governor of DKI Jakarta Decree No. 138 of 1998 on the Procedures for Application and Completion of Principle Licence for Land Relinquishment Perfection of the Procedures for Application of Land Relinquishment Permit for Foreign and Domestic Investment Companies in DKI Jakarta (Decree No. 138/1998).

27 Article 5 of Decree No. 138/1998.

Acquisition of unregistered land is more challenging than acquisition of registered land because it is difficult for investors to run a complete and thorough background check of the history of the land, including its history of legal ownership and environmental documents. Acquisition of unregistered land is completed through a private sale between the landowner and the purchaser, while acquisition of registered land is completed through a deed of transfer before a certified land-deed official (PPAT) at the location of the land, followed by the registration and recordation of the transfer with the BPN office where the land is located. For registered land, investors usually conduct a land check or due diligence review at the district courts and the relevant BPN office prior to completion of the transaction, to enable them to identify any existing disputes and encumbrances, and to review the history of transfer of the land.

iii Material building and utilisation permits

Land nomination and utilisation permit (SIPPT)

An SIPPT is a specific permit issued by the Jakarta regional government for the acquisition or utilisation of land exceeding 5,000 square metres in the Jakarta area, including for the construction of an apartment building. An SIPPT normally imposes obligations on the holder to construct social facilities and pay a contribution to the local government.[28]

As a general rule, a licence or permit, including an SIPPT, is an individual document granted specifically to its holder based on the assessment made by the governmental authority. Given its 'individual nature', from a regulatory perspective such a permit or licence is strictly non-transferable and may not be used by any person other than its registered holder.[29] However, in practice, it is not uncommon that an SIPPT is used by several companies with respect to land located in the same area. From the legal perspective, ideally a new SIPPT or amendment to the existing SIPPT is obtained to reflect the 'new' owners of the land whenever the land is transferred. Such a case, however, raises the legal question of whether the new owner is obliged to construct new social facilities and pay an additional contribution to the local government; this question is particularly relevant where the previous owner has already fulfilled all of these requirements.

Building permit (IMB)

The IMB Regulations[30] require all parties to obtain an IMB before constructing a building. An IMB authorises its holder to construct, alter, expand, reduce in size or maintain a building

28 Decree of Governor DKI Jakarta No. 41 of 2001 on Receipt of Obligation Procedures for SIPPT Holders in DKI Jakarta, and Decree of Governor of DKI Jakarta No. 139 of 1998 on the Procedures for Application and Completion of Land Nomination and Utilisation Permit for Foreign and Domestic Investment Companies in DKI Jakarta in conjunction with Decree of Governor of DKI Jakarta No. Da.11/3/11/1972.

29 Article 19 Paragraph 3 of Decree of Governor of DKI Jakarta No. Da.11/3/11/1972 concerning Procedural Perfection of Application of Land Relinquishment Licence and Nomination/Utilisation of Land including the Procedures of Land Relinquishment for the Private/Government Interest in DKI Jakarta explicitly provides that an SIPPT is not transferable.

30 Law No. 28 of 2002 on Building Structure (Law No. 28/2002) and its implementing regulation, Government Regulation No. 36 of 2005 on the Implementing Regulation of Law

structure in accordance with the applicable administrative and technical requirements.[31] It is stated in the text of the IMB Regulations that the IMB will be issued within 25–30 business days of the payment of a contribution fee being made.

In the Jakarta area, to facilitate a speedy licensing process, the Jakarta local government now issues a 'preliminary licence', which serves as a temporary licence for the construction of certain parts of the building while awaiting the actual IMB to be issued.[32]

Occupancy permit and certificate of 'good function'

There are two existing regulations requiring a developer to obtain a specific permit before operating or utilising an apartment. The Apartment Regulations[33] require developers to obtain an occupancy permit and Regulation No. 7/2010 requires developers to obtain a certificate of good function,[34] both issued by the DKI Jakarta government. Neither the Apartment Regulations nor Regulation No. 7/2010 have been revoked, and, therefore, legally speaking, both requirements are still valid. In practice, however, the DKI Jakarta government seems not to implement the Apartment Regulations. An official of the DKI Jakarta regional government has explained that the DKI Jakarta government currently only issues the certificate of good function and not the occupancy permit.

Environmental permit

All building constructions, including condominiums, require the preparation of certain environmental documents.[35] The Indonesian Environmental Law[36] distinguishes several categories of documents and permits, depending on the impact of the construction. For those deemed to have a significant impact on the environment, the PMA company must prepare an environmental impact analysis report (AMDAL), while for constructions deemed to have a less significant impact on the environment, an environmental management and monitoring efforts report (UKL/UPL) or a statement of environmental management and monitoring

No. 28 of 2002 on Building Structure (GR No. 36/2005); Regulation of Minister of Internal Affairs No. 32 of 2010 on Guidelines for the Issuance of Building Construction Permits (MR No. 32/2010); DKI Jakarta Regional Government Regulation No. 7 of 2010 on Building Structure (Regulation No. 7/2010); and Regulation of Governor of DKI Jakarta No. 128 of 2012 on Sanctions for the Implementation of Building Structure (Governor Regulation No. 128/2012); Law No. 28/2002, GR No. 36/2005, MR No. 32/2010, Regulation No. 7/2010, and Governor Regulation No. 128/2012 collectively, the IMB Regulations.

31 The IMB Regulations.

32 Article 44 of Regulation of the Governor of DKI Jakarta No. 129 of 2012.

33 Government Regulation No. 4 of 1988 on Apartments; Jakarta Regional Government Regulation No. 1 of 1991 on Apartments in DKI Jakarta; and Governor of DKI Jakarta Decree No. 942 of 1991 on the Implementing Regulation for Apartments in DKI Jakarta; collectively, the Apartment Regulations.

34 Article 148 of Regulation No. 7/2010.

35 Article 52 of Regulation No. 7/2010.

36 Law No. 32 of 2009 on Environmental Management and Protection (Law No. 32/2009).

undertaken (SPPL) is needed. In addition, those required to prepare an AMDAL or UKL/UPL must also obtain an environmental licence. For condominiums, depending on their size and location, the requirement is to obtain either an AMDAL or a UKL/UPL.[37]

Requirement to construct a general condominium

Law No. 20 of 2011 on Condominium, and Regulation of Minister of Public Housing No. 10 of 2012 on Implementation of Housing and Settlement Area with Balanced Occupancy (as further amended)[38] (the Condominium Regulations) requires every developer constructing a commercial condominium[39] to construct also a general condominium.[40] The total floor area of the general condominium must be at least 20 per cent of the total floor area of the commercial condominium.[41] This requirement significantly affects investors, and their investments, in Indonesia.

III STRUCTURING THE INVESTMENT

Foreign citizens and foreign companies are not allowed to conduct business activities directly in Indonesia. Indonesian investment law requires foreign investment to be conducted through direct capital participation in a PMA company.[42] Therefore, the most common practice for investment in real estate business is to set up a joint venture project company in the form of a PMA company in Indonesia.

General foreign investment in Indonesia is subject to certain limitations under the Negative Investment List[43] (a list of the business areas that are closed to investment, including those reserved for small and medium-sized enterprises), which is updated periodically by the government. Based on the prevailing Negative Investment List, real estate business (i.e., purchasing, selling, renting and operating either owned or rented real estate, as well as land sales and operational activities in residential areas) is open to 100 per cent foreign participation. The Indonesia Investment Coordinating Board, the government institution

37 Decree of Governor of DKI Jakarta No. 189 of 2002 on Business That Requires UKL/UPL in DKI Jakarta; and Decree of Governor of DKI Jakarta No. 2863 of 2001 on Business That Requires AMDAL in DKI Jakarta.

38 Regulation of Minister of Public Housing No. 07 of 2013 on the Amendment to Regulation of Minister of Public Housing No. 10 of 2012 on Implementation of Housing and Settlement Area with Balanced Occupancy (Minister Regulation No. 7/2013).

39 A commercial condominium is defined as a condominium developed for the purpose of gaining profit, with a value exceeding the value of a general condominium.

40 A general condominium is defined as a condominium developed for people on low incomes, the rate of the sales value for which – for the Jakarta Selatan area, for example – is a maximum of 331.2 million rupiah per unit or 9.2 million rupiah per square metre.

41 Article 9a Paragraph 5 of Minister Regulation No. 7/2013.

42 Article 5 Paragraph 2 of Law No. 25 of 2007 on Investment (the Investment Law).

43 Presidential Regulation No. 44 of 2016 on List of Business Fields Closed and Business Fields Open with Conditions to Investment (the Negative Investment List).

authorised to supervise investment in Indonesian,[44] has very broad discretionary power to grant investment licences to PMA companies, which extends to applying unwritten policies with respect to investments.

IV REAL ESTATE OWNERSHIP

i Planning

Every building must have a function and classification. The law divides function and classification of a building into five types, namely residential function, religious function, business function, social and cultural function, and special function.[45] When planning an apartment or condominium development, the PMA company must ensure that the function and classification of the apartment building is in line with the zoning regulation or the city plan guidelines.[46] Amendments to the apartment function and classification can be made so long as the new function and classification are in line with the zoning regulation or the city plan guidelines and must be reflected in the PMA company's IMB.[47]

ii Tax

Any acquisition of a land title is subject to 5 per cent tax, payable by the acquirer promptly upon the execution of the transaction (for example, in a sale and purchase of land, the acquisition tax is payable upon the signing of the land title transfer deed before a PPAT).[48] For any income received from a transferof land or buildings, the transferor is also subject to 2.5 per cent tax of the transaction price.[49] In practice, it is common that a PPAT will consummate the transaction, but the BPN will not accept the land registration until both acquisition tax and income tax are paid to the government.

iii Finance and security

Security interests in Indonesia are limited to those prescribed by Indonesian law. For land and buildings (including apartments), the type of security interests prescribed by law is the Hak Tanggungan (often translated as 'mortgage'). A Hak Tanggungan is created through the signing of a mortgage deed in the Indonesian language before a PPAT and registration with the BPN office[50] where the land is located.

A Hak Tanggungan only secures debts up to the amount specified in the mortgage deed (secured amount). The secured amount affects the PPAT fee payable by the mortgagor. The higher the secured amount, the higher the PPAT fee (in practice, normally, a PPAT

44 Article 27 Paragraph 2 of the Investment Law.

45 Article 6 Paragraph 2 of Regulation No. 7 of 2010.

46 Article 7 of Regulation No. 7/2010.

47 Article 11 of Regulation No. 7 of 2010.

48 Law No. 21 of 1997 on the Acquisition of Land Title Tax (as amended).

49 Government Regulation No. 34 of 2016 on Income Tax from the Income of Land and/or Building Transfer, and Conditional Sale and Purchase Agreement of Land/or Building including its amendment.

50 Article 10 Paragraph 2 and Article 13 Paragraph 1 of Law No. 4 of 1996 on Mortgage (the Mortgage Law).

charges 0.1 per cent of the secure amount as his or her fee). Because of its significant impact, the secured amount of a Hak Tanggungan often becomes a major issue in financing transactions, as the creditor will try to push the secured amount to be as high as possible (normally between 120 per cent and 150 per cent of the total outstanding debt), while, in contrast, the debtor will try have the secured amount fixed as low as possible.

A Hak Tanggungan grants a preference right to the holder[51] in the event of the bankruptcy of the mortgagor, and it follows the encumbered property, notwithstanding any transfer of the property, until the debt secured has been paid. Enforcement of a Hak Tanggungan must be done by way of a sale by public auction or private sale. In a public sale or auction, the mortgagee is entitled to apply the proceeds of the auction towards the repayment of any debt.[52] Private sale is allowed if a higher sale price can be achieved. A Hak Tanggungan may not include a provision allowing the creditor to take possession of the property if the debtor is in default.[53]

V LEASES OF APARTMENT PREMISES

With the exception of the lease of general (low-budget) apartments or apartments constructed using the state or a regional budget, there are no specific requirements for lease and rent of apartments in Jakarta. Therefore, under Indonesian law, an apartment lease is generally a contractual matter.

It has been reported in the news that there is a trend for short-term apartment leases (daily or monthly) in the Jakarta area, as opposed to long-term leases (yearly), which were previously the preferred choice of most apartment lessors. One of the reasons for this is that lessors find short-term leases more profitable as they can charge customers up to twice the average daily price of a yearly lease.[54]

Lessors normally also charge a security deposit to the customer. The amount of the security deposit varies between apartments, depending solely on the lessor's discretion. In one case, a lessor charged 100 per cent of the rent (for a short-term lease) for the security deposit.[55] The security deposit is returned to the customer at the end of the lease period should there be no damage to the premises.[56]

We note that, prior to March 2015, many apartment rents were charged in foreign currency. However, in light of the recent issuance of the Indonesian central bank's regulation requiring all payment transactions in Indonesia to be conducted in Indonesian currency,[57] effective as of March 2015 (for cash transactions) and July 2015 (for non-cash) transactions,

51 Article 1 point 1 of the Mortgage Law.

52 Article 6 and Article 20 of the Mortgage Law.

53 Article 12 of the Mortgage Law.

54 http://properti.bisnis.com/read/20130901/49/160025/bisnis-sewa-apartemen-harian-lebih-menguntungkan, published on 1 September 2013.

55 Ibid.

56 Ibid.

57 Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah in the Republic of Indonesia and its Circular Letter No. 17/11/DKSP, dated 1 June 2015.

all apartment rents must be charged in rupiah. This recent development has had quite a significant impact on the many property companies who receive offshore financing in US dollars, and who were reliant on customers' rent for their financing repayments.

VI DEVELOPMENTS IN PRACTICE

On 10 November 2015, the Minister of Finance issued MOF Regulation No. 200[58] as part of the implementation of the government's fifth economic policy package. MOF Regulation No. 200 aims to attract more investment in the real estate sector by giving incentives to investors by way of reducing and eliminating taxes.[59]

VII OUTLOOK AND CONCLUSIONS

Despite growing investment in real estate in Indonesia, the complexity of the regulatory framework, on account of the inconsistencies and unclear regulatory provisions in many aspects of the industry, makes the real estate sector in Indonesia a rather challenging business.

The government's attempts to boost investment in the real estate sector by giving incentives to investors must be done in line with further improvements to the regulatory and enforcement system, by eliminating unclear requirements and unwritten policies. The government needs to synchronise all relevant regulations and implement strictly uniform conduct in relation to regulatory enforcement throughout the various government institutions, from the level of central to regional governments, to create an investment-friendly environment for investors.

58 Minister of Finance Regulation No. 200/PMA.03/2015 on Tax Incentives for Taxpayers and Taxpayer Entrepreneurs Using Certain Portfolio Investment Contracts for Economic Enhancement.

59 www.voaindonesia.com/content/insentif-pajak-jadi-fokus-pakai-kebijakan-ekonomi-v/3019676.html, published on 23 October 2015.

Appendix 1

ABOUT THE AUTHORS

LUKY I WALALANGI

Ali Budiardjo, Nugroho, Reksodiputro

Mr Luky I Walalangi joined ABNR in 2001 and became a partner in 2009. He graduated from the Parahyangan Catholic University Faculty of Law and earned his LLM degree in the Netherlands in 2000. Luky has been involved in a number of major investment and real property projects, including representing the following Japanese companies: Mitsui Co, Ltd, Mitsubishi Corporation, Mitsubishi Heavy Industries, Nippon Steel & Sumitomo Metal Corporation, Osaka Steel Corporation, Toyota Tsusho Corporation, Itochu Corporation, Marubeni Corporation, JICA and JACCS Corporation. He also been involved in electricity projects in Indonesia, including the noteworthy Cirebon Project, Paiton Projects, Sengkang, Tanjung Jati, Central Java Project and Jawa Power. He has also been involved in number of major financings, including in PT Pertamina's US$1.5 billion, US$2.5 billion and US$5 billion bonds issuances. His expertise covers antimonopoly issues, corporate restructurings, project and debt financing, land and property, and investment projects, as well as oil and gas projects.

MIRIAM ANDRETA

Ali Budiardjo, Nugroho, Reksodiputro

Ms Miriam Andreta joined ABNR in 2007 and became a partner in 2017. She graduated in 2006 from the Gadjah Mada University Faculty of Law, majoring in civil law. At ABNR, she has been involved in major financing transactions (including the PT Pertamina US$1.5 billion and US$2.5 billion bonds issuances, and the PT Elnusa Tbk bonds issuance), and M&A (including representing Bakrie Group in acquiring a number of Indonesian plantation companies). Her expertise includes antitrust matters, oil and gas, infrastructure projects, real estate, corporate matters, investment, banking and financing, finance companies and debt restructuring.

FIESTA VICTORIA

Ali Budiardjo, Nugroho, Reksodiputro

Ms Fiesta Victoria joined ABNR as an associate in January 2008. She graduated from the University of Pelita Harapan Faculty of Law in 2007, where she majored in business law and won the award for Best Graduate Student of the year. At ABNR, she has been involved in various corporate, M&A, foreign direct investment and banking and finance matters, and she has extensive regulatory knowledge in these practice areas. She has also been involved in numerous projects and cross-border transactions in the fields of tourism, infrastructure, real estate and property, trading, industrial and multifinance companies, including acting as counsel to PT Pertamina in such major transactions as the US$1.5 billion, US$2.5 billion and US$10 billion bonds issuances.

T ANGGRA SYAH REZA

Ali Budiardjo, Nugroho, Reksodiputro

Mr T Anggra Syah Reza joined ABNR as an associate in January 2012. He graduated in 2010 from the University of Indonesia Faculty of Law, majoring in business law. As a student, he was a member of Asian Law Student Association (ALSA) and the student executive body. Prior to joining ABNR he worked for two other prominent law firms in Jakarta. Since joining ABNR, he has been involved in various transactions related to financing, domestic and foreign investment, mining, and general corporate matters. He has also gained extensive experience and regulatory knowledge in these areas.

ALI BUDIARDJO, NUGROHO, REKSODIPUTRO

Graha CIMB Niaga 24th Floor
Jl. Jend. Sudirman Kav. 58
Jakarta 12190
Tel: +62 21 250 5125
Tel: +62 21 250 5136
Fax: +62 21 250 5001
Fax: +62 21 250 5121
lwalalangi@abnrlaw.com
mandreta@abnrlaw.com
fvictoria@abnrlaw.com
treza@abnrlaw.com
www.abnrlaw.com