

Indonesia Construction Highlights

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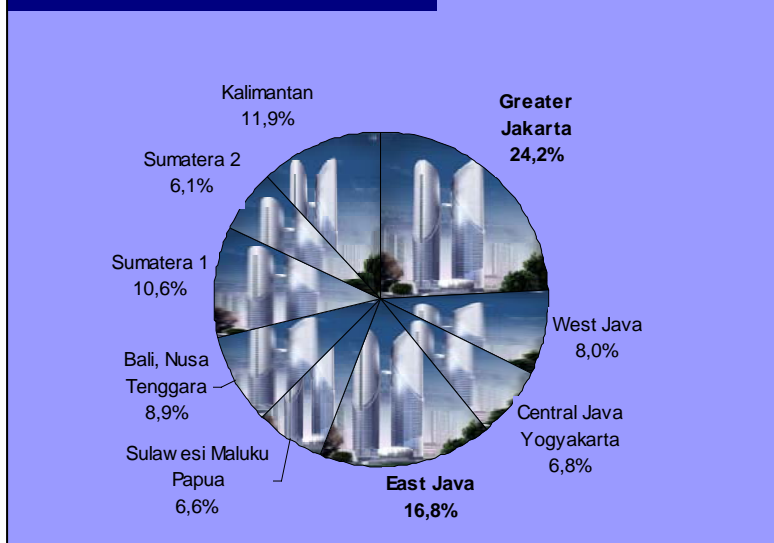
BCI ASIA



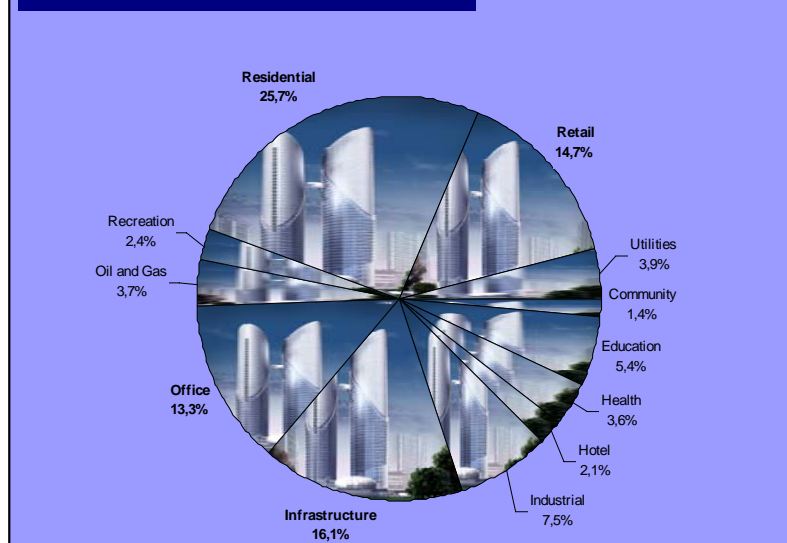
- **BCI Asia, The leading source of information on future building and construction projects in Southeast Asia and Greater China.**
- **Our core business is reporting on the planning, design, tendering and contracting of building and construction projects**
- **Total number of projects reported in Indonesia average 900 projects per month**
- **Projects be classified in Building, Residential, Industrial & Infrastructure projects**

Projects Distribution

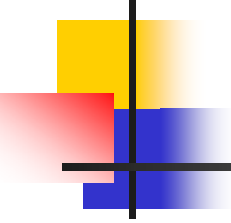
Distribution of Projects by Region



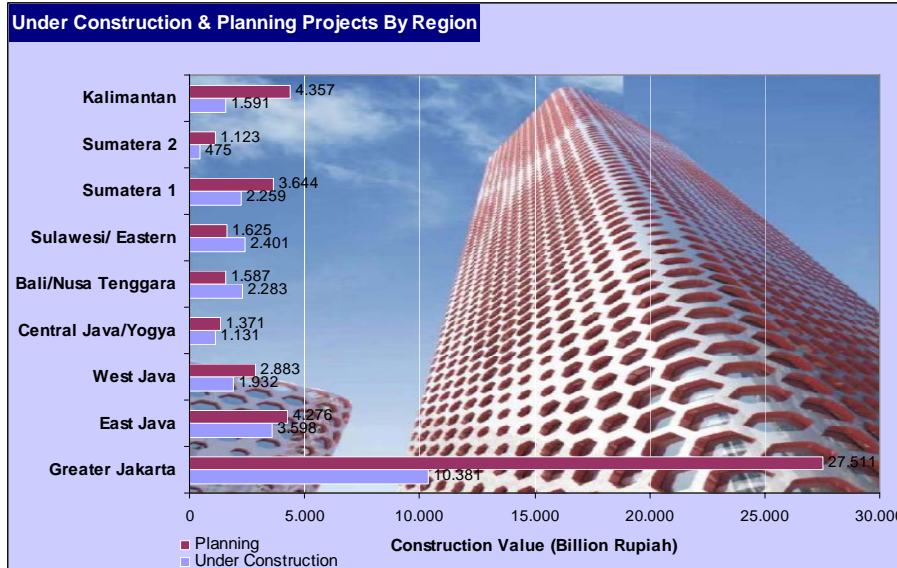
Distribution of Projects by Category



- Based on number of projects reported, Greater Jakarta contribute 24,2% of the total projects, followed by East Java at 16,8%.
- The projects distribution of residential, infrastructure, retail, and office projects at 25,7%, 16,1%, 14,7% and 13,3%, respectively.

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- This forecast focusing on new large buildings, is not intended to describe total market size. Rather it indicates future building supply trends by geography and category
 - Forecast based on project reported in BCI Asia during 2007
 - **Construction realization** defined as estimated construction value of all building & residential projects in *construction stage* were scheduled to start construction in *January – December 2007*.
 - **Construction forecast** defined as estimated construction value of all building & residential projects in *planning stage* were scheduled to start construction in *fourth quarter 2007 – December 2008*.

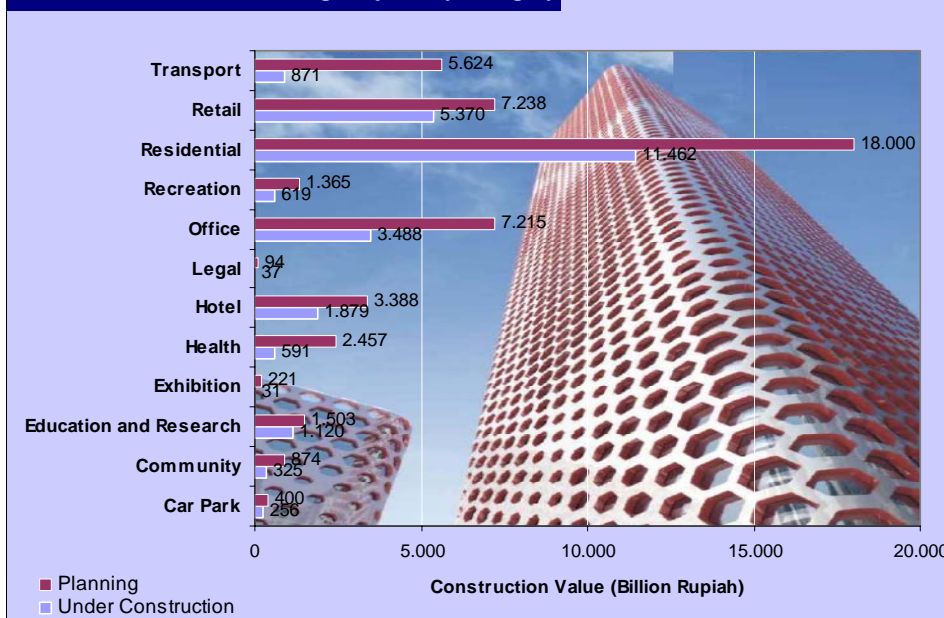
Construction Realization & Forecast



- **Construction realization:** estimated construction value for ongoing construction project is expected to reach Rp26,05 trillion
- **Construction Forecast:** estimated construction value for planning project is expected to reach Rp48,37 trillion
- There were no major change in the average construction share, Jabotabek projects dominate the construction market with a share of 39,85% (Rp10,38 trillion), followed by East Java at 13,81% (Rp3,58 Trillion).
- The outlook for the construction market remains positive in 2008, as result of the high number of projects in planning stage, in all regions of Indonesia.

Construction Realization & Forecast

Under Construction & Planning Projects By Category

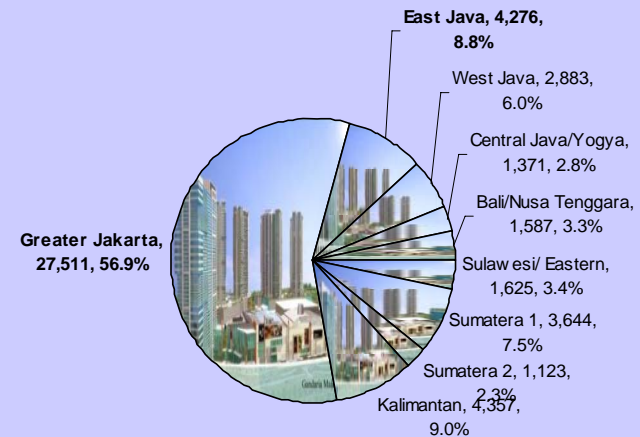


- By building category, the biggest construction value in under-construction projects was recorded in the residential category with Rp11,46 trillion (43,99%), followed by retail category with 5,37 trillion (20,61%).
- We expect new office building and hotel supply will significant increase In 2008. The estimated construction value for office and hotel projects to reach Rp7,21 trillion and Rp 3,38 trillion.
- Within the transport category, new airport development/relocation to suburb area in several cities, will boost the property sector (high-rise building) in downtown.

Forecast by Region

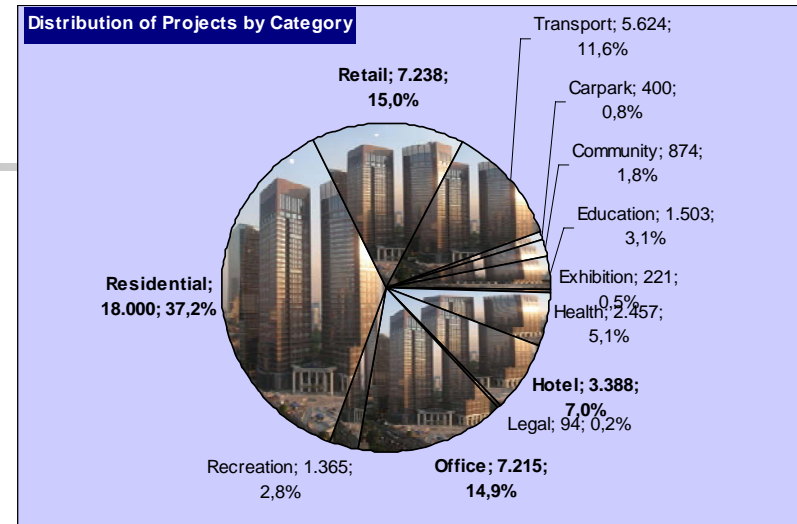
- Greater Jakarta enjoying the biggest construction bounce. Mature infrastructure & huge potential market to drive the developer to launch their major projects.
- Big developer penetration to the potential cities will continue
- Construction growing in East Java led by existing local developers such as Pakuwon Indah, Ciputra, Bukit Darmo, Lamicitra. West Surabaya continue to grow at a rapid pace to service strong middle-up property demand.
- In Makassar, Tanjung Bunga to be the center of construction growth. Local developer as market leader tend to joint with big national developer.
- In Bali, property stimulated by tourism sector related with accommodation projects (villa/hotel/estate), particularly in southern Bali.

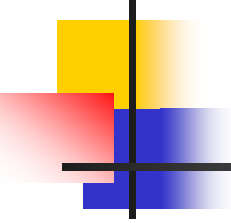
Distribution of Projects by Region



Forecast by Category

- Trend of superblock project (apartment, hotel, office, retail) as integrated solution for market needs & land using in downtown.
- Stable residential (landed house) share will continue in all regions of Indonesia. Most of the vertical housing is located in Jakarta & selected big cities (Surabaya, Medan, Makassar, Balikpapan, Bali, Bandung).
- Joint operation between government & investor to redevelop the traditional market will make very competitive due to the increasing in retail supply.
- Hypermarket (anchor tenant) to be the most active demand generators for retail space. Changing in retail project from a shopping concept to a lifestyle retail concept.
- The proposed new office building is occurring in the superblock area & particularly toward southern Jakarta, Jalan TB Simatupang.
- Hotel operator more active to manage new hotel outside Jakarta. Mushrooming serviced apartment in Jakarta needs good services & managed by qualified (hotel) operator.



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- **Almost all the macro-economic indicators suggest a positive outlook. (stable currency, low inflation, single-digit interest rate & moderate economic growth)**
 - **A declining trend in interest rates, particularly the lending rate, has prompted developers to build new projects.**
 - **Variety of marketing gimmicks offered developers will increase consumer buying power & open larger opportunity to own a property unit.**

Building Starts Forecast

3rd Quarter 2007



About this forecast

BCI Asia's *Building Starts Forecast* provides advanced insight on trends in the building industry. The quarterly forecast is based on floor area data for 10,000 projects collected by BCI Asia researchers in interviews with developers, project managers, architects or engineers. Projects from the interviews were included in this survey if they were scheduled to start construction in the forecast quarter as of 30 June 2007 or if they had been scheduled to start construction similarly in the same quarter of the prior year.

This forecast, focussing on new large buildings, is not intended to describe total market size. Rather, it indicates future building supply trends by geography and category.

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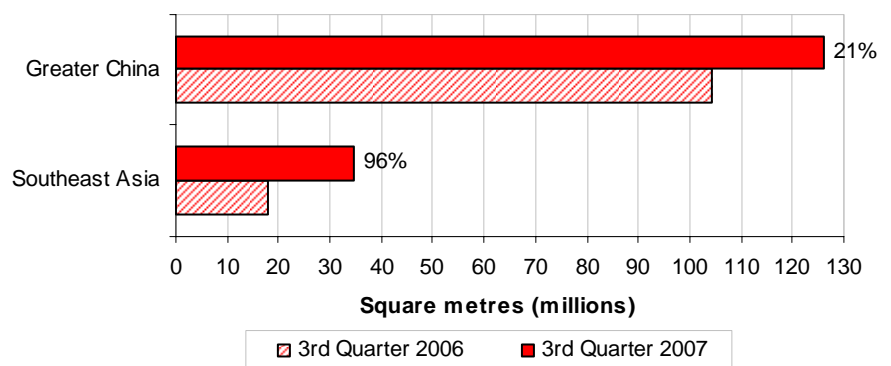
3rd quarter starts to jump 32%

BCI Asia forecasts a 32% rise in building starts for China and Southeast Asia this quarter, with Philippines enjoying the biggest bounce.

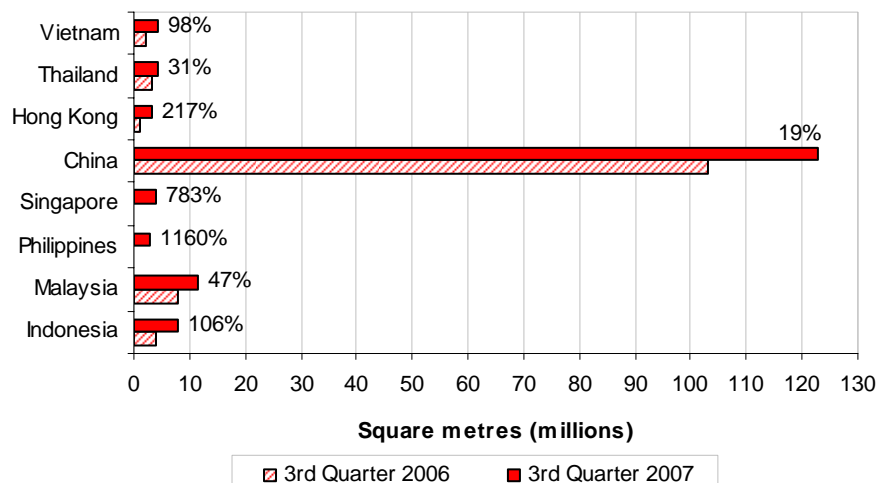
Scheduled building starts in China and Southeast Asia have surged 32% for the 3rd quarter 2007 compared to the same quarter last year, according to BCI Asia.

Property developers in the Philippines have regained their once-shattered confidence, scheduling more than 10 times the volume of building starts by floor space than in 3rd quarter 2006.

Change in 3rd quarter building starts by floor area by region



Change in 3rd quarter building starts by floor area by country



The floor area of scheduled building starts for the 3rd quarter 2007 is up 783% in Singapore with major building works about to get underway at the Marina Bay Integrated Resort. Starts are up 217% in Hong Kong, up 106% in Indonesia, up 47% in Malaysia, up 98% in Vietnam, up 31% in Thailand and up 19% from a massive base in China.

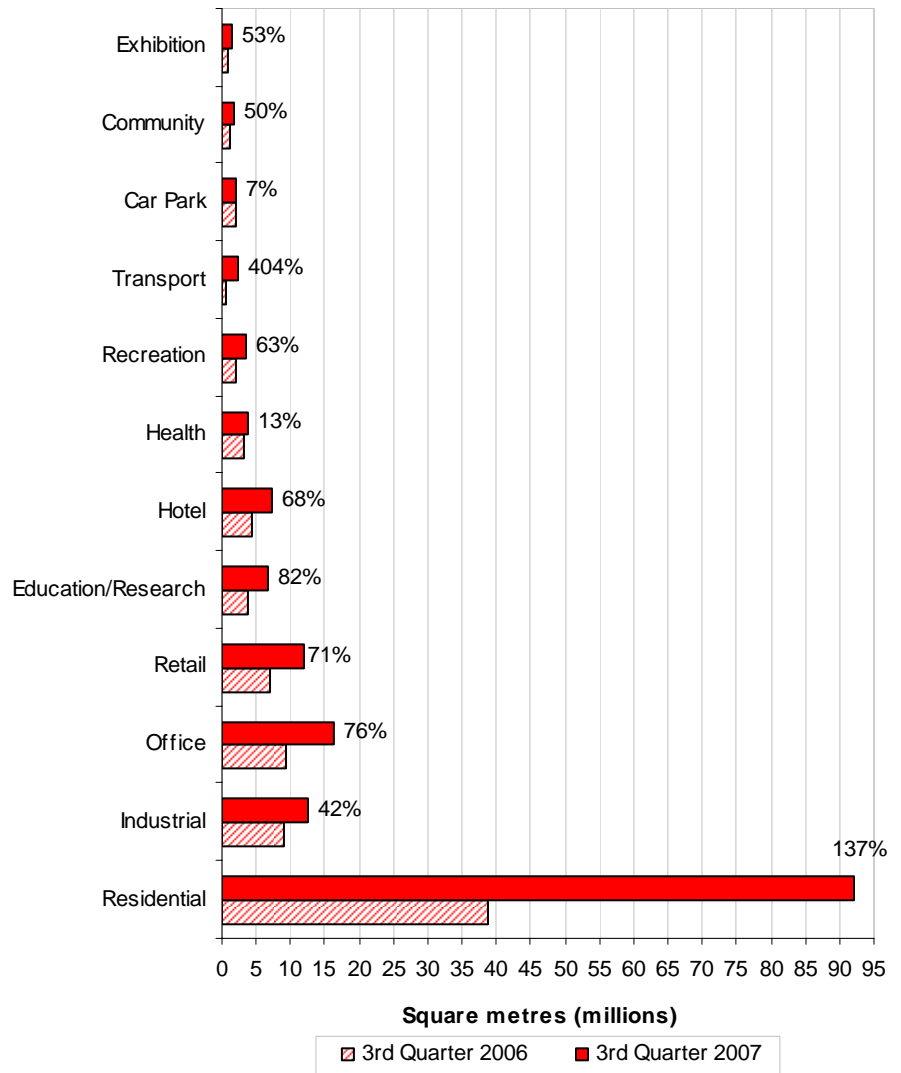
By building category, the fastest year-on-year growth in scheduled building starts for the 3rd quarter was recorded in the Transport category, which shot up 404% mainly because of the large airport terminals and other transport facilities in China. For example, the New Baiyun International Airport Terminal in Guangzhou, scheduled to start in the 3rd quarter, has a floor area of 580,000 square meters.

The second fastest growing category is residential, which is being spurred on by migration to China's cities as well as demand there for better, privately owned accommodation. The Qinhuangdao Orient Bright Pearl City project in Hebei province alone will contribute a million square metres of residential space spread through its 70 buildings of six to 28 storeys.

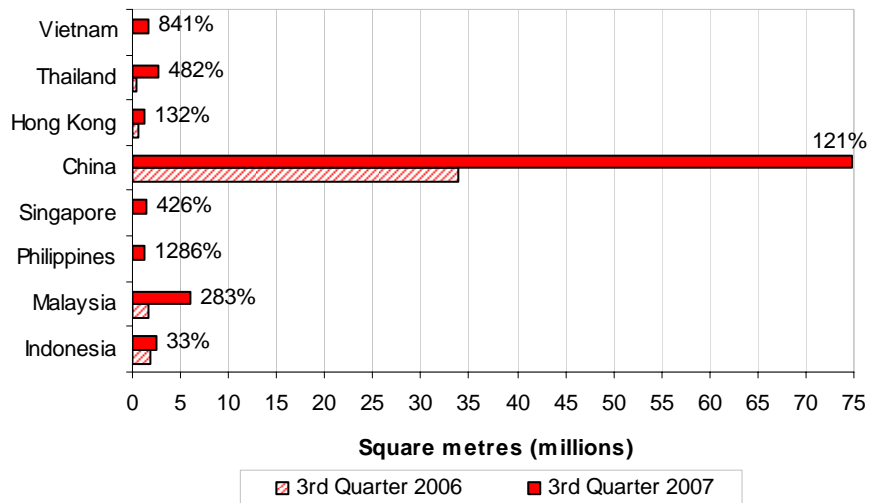
Within the residential category, the fastest rate of growth is occurring in the Philippines; where scheduled starts for large residential projects have surged 1286%. Ponte Firenze, an 18-storey development of four residential towers, is typical of the Philippines' large residential project starts. The Philippines' starts are forecast to rise in all building categories in the third quarter 2007 after a five-year contraction in the construction sector caused by economic and political instability.

The floor area for scheduled residential starts in Vietnam surged 841% in the 3rd quarter on strong demand. In Thailand, while planned starts for other categories are shrinking, scheduled construction starts for residential buildings were up 482%. Singapore was up 426%, Malaysia was up 283%, Hong Kong was up 132% and China was up 121%. The lowest rate of growth for large residential projects was recorded in Indonesia, where the speed of residential development has decelerated to 33% with property developers less bullish than a year ago.

Building category trends for Southeast Asia & China



Change in 3rd quarter starts for large residential projects



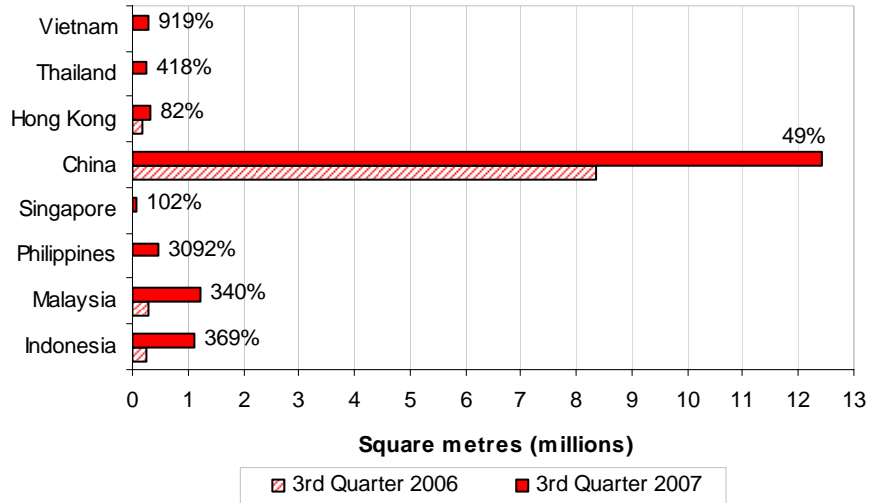
Office building starts are continuing to grow at a rapid pace in China to service strong corporate demand. Four times more office space is scheduled to start construction in the third quarter in China than in the whole of Southeast Asia. Although it may be difficult to secure a building permit in Beijing before the Olympic Games, there are still plenty of works starting on the outskirts of the capital. The Huilongsen International Business Incubator Base No.3 Park in Beijing's Economic Technology Development Zone, Beijing, will yield 100,000 square metres mainly for offices.

There have been major increases in scheduled building starts for office space across Southeast Asia. Rising demand for office space in the Philippines is being met by projects like Net Plaza, which is due to start construction in Fort Bonifacio Global City, Greater Manila. Other new office projects are moving off the drawing board in Manila after little movement in this segment since 2002. Vietnam is also experiencing a surge in scheduled starts for office buildings.

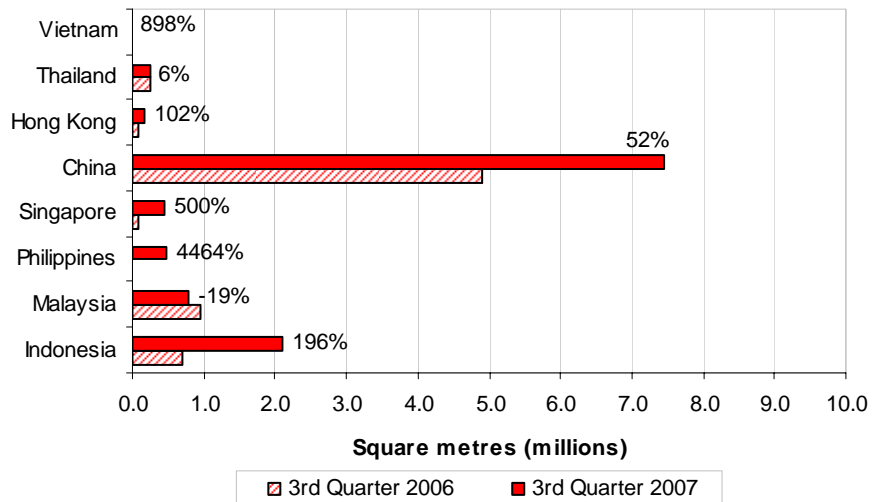
Scheduled starts for retail spaces have contracted in Malaysia and peaked in Thailand, but they are rising incredibly fast in Philippines with new projects such as Angeles Mall coming on stream with 56,000 square metres of retail space. The sector remains strong in Indonesia, where 196% growth was recorded by BCI Asia. Indonesia's new retail projects include a 10-storey automotive retail building, known as Pusat Mobil Kemayoran, in Jakarta with a total floor area of 200,000 square metres. Scheduled starts are strong in other provinces of the archipelago such as East Kalimantan, where construction is due to start on the five-storey Plaza Balikpapan mall with 85,000 square metres of retail space.

For Industrial projects, scheduled starts for the third quarter have been adjusted steeply downwards in Vietnam, where investment for new buildings is shifting towards the services sector and the committees planning new industrial projects are becoming more realistic about schedules for designing, raising funds and building industrial facilities. Vietnam remains the hottest country for industrial starts in Southeast Asia. Singapore is up 3199% with biotechnology plants and strong demand for flatted factories.

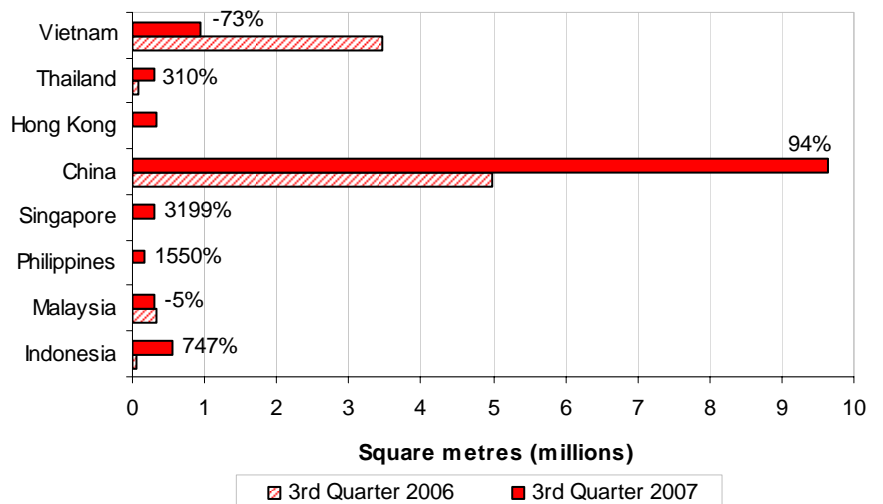
Change in 3rd quarter starts for office projects



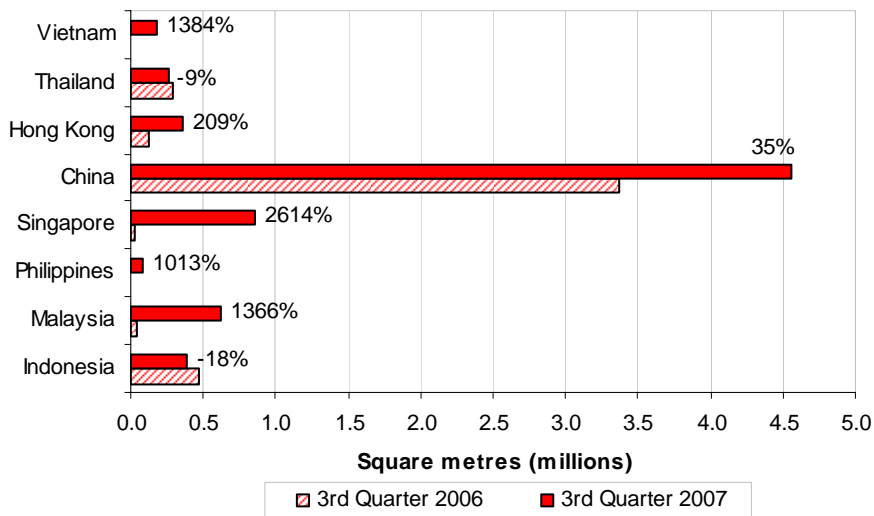
Change in 3rd quarter starts for retail projects



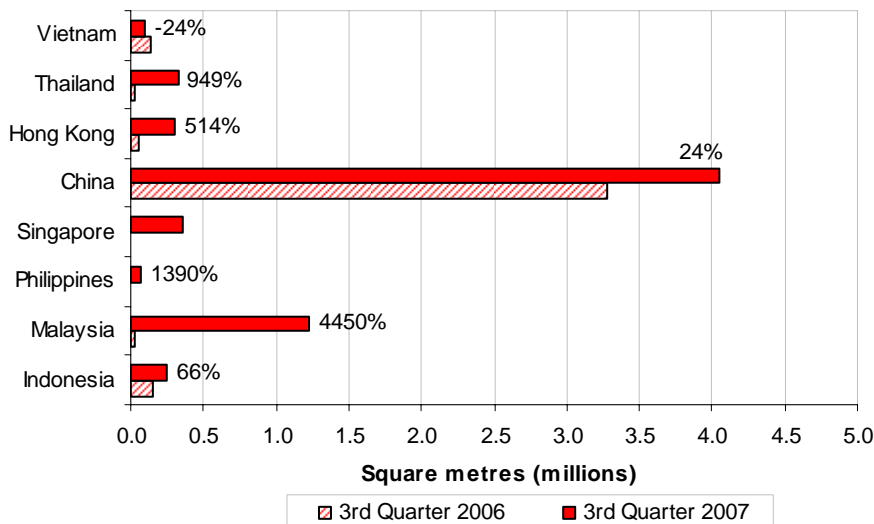
Change in 3rd quarter starts for industrial projects



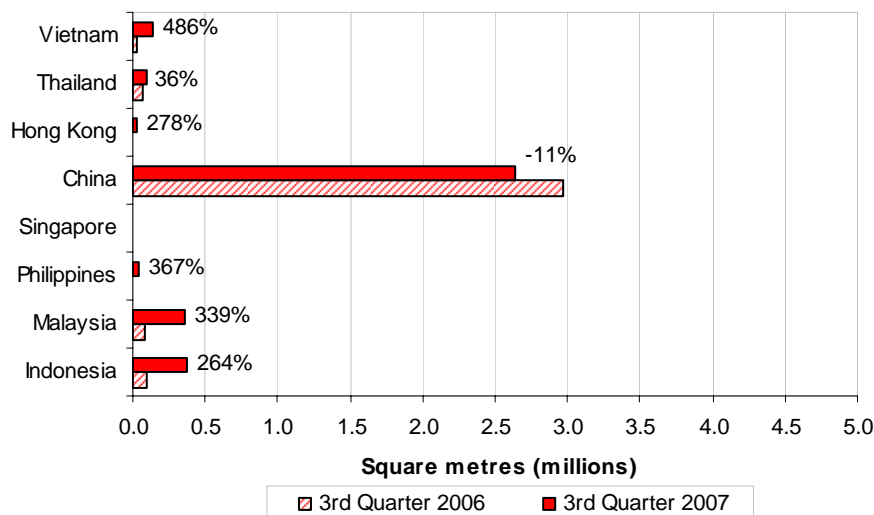
Change in 3rd quarter starts for hotel projects



Change in 3rd quarter starts for education/research projects



Change in 3rd quarter starts for health projects



China will remain the centre of the world for investment in manufacturing facilities and in buildings housing electrical and other utilities to support its powerhouse economy.

In the hotel sector, there has been a massive upward shift in scheduled building starts for Singapore, Vietnam, Malaysia and Hong Kong. Singapore's Marina Bay Integrated Resort is expected to yield three thousand hotel rooms within three 57-storey towers. In East Malaysia several large hotels are coming up including the Sutera Vista Business Suites and Novotel Interhill Kuching. While in Peninsular Malaysia there is Phase 2 of the The Bayan Curve, the Penang Hard Rock Hotel and the 470-room hotel in Phase 2 of Putra Square. In Vietnam, the 630-room Hanoi Plaza Hotel and the 21-storey Crown Plaza are among the hotels scheduled to start construction in the 3rd quarter of 2007. Scheduled starts for hotel space are contracting in Indonesia and Thailand, albeit from a high base.

Forecast education/research starts for the third quarter 2007 are up in all countries except Vietnam. In the health category, building starts are up in all countries except China and Singapore.

Contact BCI Asia

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