
THE REAL ESTATE LAW REVIEW

FOURTH EDITION

EDITOR
DAVID WATERFIELD

LAW BUSINESS RESEARCH

THE REAL ESTATE LAW REVIEW

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THE REAL ESTATE LAW REVIEW

Fourth Edition

Editor
DAVID WATERFIELD

LAW BUSINESS RESEARCH LTD

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EDITOR'S PREFACE

The fourth edition of *The Real Estate Law Review* is testament to the book's success and the significance of real estate as a global asset class. A great deal has happened since the first edition appeared in 2012, and this fourth edition coincides with renewed confidence in the real estate market. The real estate market is often described as cyclical, and there is no doubt that we are now seeing positive investor sentiment in a market enjoying upward momentum.

The fourth edition of *The Real Estate Law Review* features 35 jurisdictions, and we are delighted to welcome a number of new notable practitioners who have helped bolster the strength and depth of this invaluable publication. Each chapter of *The Real Estate Law Review* has been updated to focus on key developments in that jurisdiction and their impact on the relevant domestic and wider global real estate market. *The Real Estate Law Review* offers real estate practitioners and their clients an immediate and accessible summary of the position in the many countries covered, as well as the global real estate market as a whole. The globalisation of the real estate market continues apace, and it is fundamentally important to develop an understanding of the legal and commercial opportunities and challenges pertinent to each country, and how each local market forms an integral part of the global picture.

This fourth edition seeks to provide an overview of the state of the global real estate investment market. Although there is without question significantly more good news around, the financial and economic turmoil of recent years serves as a reminder of how fragile markets can be, and a number of obstacles remain on what may prove to be a bumpy road to global recovery. Sustainable growth across the eurozone remains illusory, Japan continues to flirt with recession, the fear of a hard landing in China and other developing economies remains, there is continuing instability in Ukraine and the Middle East, and the Ebola outbreak in West Africa is a global concern.

Once again, I wish to express my deep and sincere thanks to all my distinguished colleagues who have contributed to this edition and the success of *The Real Estate Law Review*. I would also like to thank Gideon Robertson and his publishing team for their tireless work in coordinating the contributions and compiling this fourth edition.

David Waterfield

Slaughter and May

London

February 2015

Chapter 14

INDONESIA

Eddy Marek Leks¹

I INTRODUCTION TO THE LEGAL FRAMEWORK

i Ownership of real estate

Under Indonesia's Basic Agrarian Law, land rights are divided into the following types of right:

- a* right of ownership: this inherited land right is the strongest and fullest right that can be obtained by a party. Only an Indonesian citizen, and some legal entities determined by the government, can obtain right of ownership;
- b* right to build: the right to build and own buildings over another party's land for a term of up to 30 years, which term can be extended for a term of up to 20 years and can be renewed. An Indonesian citizen or Indonesian legal entity can obtain this right. The right to build can be granted over state land, right of management and right of ownership;
- c* right to cultivate: the right to cultivate land controlled by the state for farming, fisheries or animal husbandry. The right to cultivate is granted for a term of up to 25 years, or up to 35 years if required by a company, and can be extended for a term of up to 25 years. An Indonesian citizen or Indonesian legal entity can obtain this right;
- d* right of use: the right to use and take the fruits of, or simply take the fruits of, land that is directly controlled by the state, or of another party's land. Right of use can be granted for a definite term or indefinitely as long as the land is used for a specific purpose. An Indonesian citizen, a foreign national domiciled in Indonesia, an Indonesian legal entity or a foreign legal entity having its representative office in Indonesia can obtain this right. Right of use is granted for up to 25 years and can be extended for up to 20 years; and

1 Eddy Marek Leks is the founder and managing partner of Leks & Co.

e right of lease: the right to use another party's land for building purposes by paying the owner a sum of money as rent. An Indonesian citizen, a foreign national domiciled in Indonesia, an Indonesian legal entity or a foreign legal entity having its representative office in Indonesia can obtain this right.

ii System of registration

The purposes of land registration are as follows:

- a* to provide legal certainty and legal protection to the holder of a land right, right of ownership of condominiums and other rights by facilitating secure and easy identification of the right holder. The right holder will receive a land title certificate;
- b* to provide access to information to interested parties who require data or to perform a legal action over registered land and condominiums. The registers of land and condominiums are accessible by the general public; and
- c* to provide for the proper administration of land and condominiums, including their transfer, encumbrance and removal.

The state does not guarantee the accuracy of the data in the Indonesian land registration system, and in that respect it is a negative system. However, the system has a positive element: if a land title certificate has been issued properly and registered under the name of an individual or legal entity that obtains the land in good faith and actually controls the land, any party wishing to claim a right over land and claim the use of that land must make an objection in writing to the title certificate holder and the head of the Land Office, or file a claim to the court in relation to the control over the land or issuance of the land title certificate, within five years of the issuance of the title certificate.

iii Choice of law

Land transactions in Indonesia are governed by Indonesian law. Every transfer of a land right and right of ownership of a condominium through sale and purchase, exchange, bequest and other legal action to transfer the right, except for the transfer of the right through auction, can only be registered if it is evidenced with a deed from an authorised land conveyancing officer (PPAT) appointed by the national Land Office. The formation of this deed is witnessed by all parties concerned and at least two qualified witnesses. The form, contents and manner of preparation of the deed are stipulated by law.

II OVERVIEW OF REAL ESTATE ACTIVITY

2014 was an important year for Indonesia: a new president and legislators were elected, along with members of the regional representative council. Two coalition groups – the Great Indonesia Coalition and the Red-White Coalition KMP – now form the Parliament.

Growth in the real estate market slowed slightly in 2014. This was due to many factors, including the general economic slowdown; an increase in the Bank of Indonesia rate; the progressive loan-to-value ratio for second home ownership loans and limitations on home ownership loans for properties yet to be built; and participants in the market

waiting for the results of the presidential and parliamentary elections. A macroeconomic indicator forecasting survey conducted by the Bank Indonesia in the third quarter of 2014 predicted that the economy would grow by 5.14 per cent year on year (yoy) in 2014, which is below the economic growth achieved in 2013 (5.78 per cent yoy). Further, the residential property price index for the third quarter of 2014 also predicted deceleration on both a quarterly and an annual basis, and this downward trend in housing prices was expected to continue until the fourth quarter of 2014. Factors that affected the deceleration in housing prices included escalating prices for construction materials and wage increases. A Bank Indonesia survey on commercial property development in the third quarter of 2014 predicted that commercial property (comprising leased commercial property and strata title commercial property) activity would continue to be sluggish. In addition, in November 2014, the Bank of Indonesia increased its rate to 7.75 per cent, which may further slow growth on the real estate market.

The newly appointed legislators will continue to debate the draft bill on land, which has still not been promulgated. The draft bill has many problems that need to be discussed with different organisations and the public at large. The public is still waiting for the implementation of the condominium law regulations, and particularly mechanisms to oblige real estate developers of commercial condominiums to also build public condominiums. Even though the ministerial regulation on balanced occupancy also regulates the obligation to build public condominiums, many questions remain unanswered. For example, the government currently tends to enforce these provisions by filing criminal reports against real estate developers with the district attorney on the basis of a breach of condominium law.

III FOREIGN INVESTMENT

Under the current regulations, a foreign national whose presence is in the national interest can own a house that is built over a right of use over state land, or that is subject to an agreement with the holder of a land right, and own a condominium that is built over a right of use over state land. The law further stipulates that ownership of a house and means to acquire land rights by a foreign national can be realised by the following means:

- a* construction or purchase of a house over land with a right of use over state land or a right of use over a right of ownership;
- b* purchase of a condominium that is built under a right of use over state land; and
- c* construction or purchase of a house under a right of ownership or right of lease by written agreement with the holder of a land right.

To conduct real estate business in Indonesia under the current law, a foreign national or foreign legal entity must establish a limited liability company (PMA). Currently, there is no restriction on a foreign national or foreign legal entity establishing a wholly foreign-owned PMA company in the real estate sector.

Facilities and incentives are available to foreign investors under Indonesian investment law, including:

- a* income tax relief through a reduction of net income up to a certain stage in a certain period;

- b* import duty relief or exemption on imports of capital goods, machinery or equipment for production processes not yet developed in Indonesia;
- c* import duty relief or exemption on imports of raw or auxiliary materials for the purpose of production for a certain period and subject to certain conditions;
- d* exemption or postponement, for a certain period, of VAT on imports of capital goods, machinery or equipment for production processes not yet developed in Indonesia; and
- e* accelerated depreciation or amortisation and relief on land and building tax for certain business sectors in certain regions, areas or zones.

Regulation BKPM No. 5/2013, promulgated in May 2013 as amended by Regulation No. 12 of 2013, issued by the Indonesia Investment Coordinating Board (BKPM), sets forth new investment requirements for PMAs. According to the Regulation, PMAs must have a minimum investment (i.e., capital, loans and retained profits) of 10 billion rupiahs with issued and paid-up capital of at least 2.5 billion rupiahs. While the Regulation does not impose any capital-to-loan ratios, in practice the BKPM has often required that in addition to the 2.5 billion rupiah reserve minimum, the capital reserves be increased in proportion to loan risks. The result of the Regulation is that PMAs with low equity are unable to enter Indonesia. This Regulation straightens out the capital requirement and also emphasises that a low-equity PMA may no longer enter Indonesia.

Law No. 40 of 2007 on Limited Liability Companies imposes different capital requirements that should also be taken into consideration and complied with. Under this Law, companies must have a minimum authorised capital of at least 50 million rupiahs with a minimum 25 per cent as issued and paid-up capital.

Regulation BKPM No. 5/2013 also introduces a three-year time frame for completion of projects set out in foreign investors' business plans. Longer timescales may apply for certain specific business sectors. In the event of failure to complete a project within the applicable time frame, the BKPM will grant an audit, following which the licence will either be extended for another single term of three years or revoked.

Commencing on 15 December 2014, the BKPM initiated an online application process for most types of licences. Applicants will have to register to use the system, and will be able to upload all the documents required for their application onto the BKPM system. The new system is expected to ease the application process, and to accelerate the issuance of approvals and licences to conduct business in Indonesia, including any corporate actions performed by PMAs.

IV STRUCTURING THE INVESTMENT

PMAs may be structured in several ways; no one set structure suits all. In practice, the PMA may be structured as a wholly foreign-owned incorporated joint venture company, as an incorporated joint venture company with a local party, or through strategic cooperation between the PMA and an Indonesian legal entity in Indonesia.

i Incorporated wholly foreign-owned PMAs

PMAs are subject to Law No. 40 of 2007 on Limited Liability Companies. Under the Law, the company must be established by at least two shareholders. The PMA, therefore, must be established by two foreign shareholders, with at least one nominated and appointed member on the board of directors and one on the board of commissioners.

The distribution of shares in the PMA is determined by the foreign shareholders, but is not important so long as the two foreign shareholders are affiliated or within one group.

The advantages of this type of structure are that the foreign shareholders have full control over the management of the PMA, and that they will receive 100 per cent of the profits since they fully own the PMA. As the controller, the foreign shareholders may choose and appoint the members of the PMA's board of directors and board of commissioners. Since, however, they fully own the PMA, the foreign shareholders have to bear in full the high risk of starting a real estate investment in Indonesia; foreign shareholders may not be aware of the current laws and regulations in Indonesia, especially those relating to real estate business.

ii Incorporated PMAs part-owned by a foreign national or foreign legal entity and partly by a local party

Foreign shareholders may fully own the PMA, but they may choose to invite local partners to be shareholders. Generally, local partners have a minority shareholding, while the foreign shareholders hold the majority shareholding and retain management control.

The advantages of this structure to foreign shareholders are clear: they obtain local expertise on Indonesian real estate, particularly aspects of licensing that are, initially, potentially confusing for foreign shareholders. Most real estate licences are issued by the largely autonomous local government. Although licensing procedures and regulations are determined at the national level, they are implemented under local government regulations. Local expertise is, therefore, very important for foreign shareholders: as well as reducing the risk of business failure, the local partner may assist in identifying suitable land for development or may itself own property that it can inject as capital into the newly established PMA. In this way, the PMA may be established with assets ready to be developed. On the other hand, the profits of the PMA must be shared with the local partner.

iii Strategic cooperation between PMAs and local partners

The other structure used by foreign shareholders is one of strategic cooperation with a local partner already established in the Indonesian real estate market. The foreign shareholders can establish a PMA, fully owned by them, and then enter into a strategic cooperation with the *bona fide* local party. The foreign shareholders obtain local expertise and access to local markets, while the local party may obtain international recognition for its Indonesian real estate brand. This cooperation may result in co-branding of two companies. A strategic cooperation between eligible, *bona fide* parties produces a win-win situation.

V REAL ESTATE OWNERSHIP

i Planning

The applicable regulation is clear that, prior to development or use of land, parties must obtain a spatial utilisation licence. Spatial utilisation licences are given to guarantee that spatial use is in accordance with spatial planning and zoning regulations, and to prevent any negative impact from spatial utilisation and to protect the public interest.

The following different forms of spatial utilisation licence are all issued by local government:

- a* in-principle licence: a licence issued by the local government allowing, in principle, a certain activity. This type of licence may be in the form of a land utilisation appointment letter;
- b* location licence: a licence permitting the applicant to obtain the required space to perform its activities. This licence is required for the performance of relinquishment of a land right. Local regulations may require a location licence to be based on an in-principle licence;
- c* land utilisation usage licence: this licence is required to apply for a building construction licence; and
- d* building construction licence: this licence is required to construct buildings (additional types of licences may be required by local laws).

A location licence may not be required if certain conditions are met under the applicable regulation (e.g., if the required land is not more than 25 hectares for farming business or not more than 10,000 square metres for business other than farming).

ii Environment

The party responsible for the business and its activities is obliged to recover contaminated land from hazardous and toxic material waste (B3). The recovery procedure for contaminated land comprises a contaminated land survey, determining a source location to obtain a contaminated land sample and recovery of the contaminated land.

The stages of the recovery process are as follows:

- a* mapping of contaminated land;
- b* isolation of contaminated land;
- c* display of warning signs;
- d* sampling of contaminated land;
- e* lifting and transport of contaminated land;
- f* recovery of contaminated land;
- g* monitoring of contaminated land; and
- h* backfill, then restoration of vegetation.

The land will be passed as clean from B3 contamination after evaluation according to the procedures set out in the regulations. The party responsible for the business and its activities must monitor the contaminated land at least once every six months for one year. The results of this supervision are submitted to the relevant government minister with copies to the governor of the province and the relevant mayor or regent.

iii Tax

The following taxes or stamp duty apply on the acquisition of real estate in Indonesia:

- a* land and building acquisition levy of not more than 5 per cent, paid by the purchaser, calculated on the transaction value or taxable object value, whichever is higher;
- c* income tax at a rate of 5 per cent, paid by the seller, calculated on the transaction value or taxable object value, whichever is higher;
- d* VAT of 10 per cent, paid by the purchaser (VAT on transfer of modest housing and modest condominiums is exempt);
- e* sales tax on luxury goods of 20 per cent, limited to luxury residences such as luxury housing, condominiums, apartments, town houses and similar for non-strata titles with a building area of 350 square metres or more and for strata titles with a building area of 150 square metres or more;
- f* land and building tax of not more than 0.3 per cent calculated from the taxable object value, paid annually;
- g* stamp duty of 6,000 rupiahs;
- h* PPAT handling fees for land transfers, which are negotiable; and
- i* state contribution expense, which depends on the size of the land.

iv Finance and security

Under Indonesian law, a mortgage, which is the most common security granted over real estate, is a security right over rights of land, with or without other properties forming an integral part of the land, for the payment of certain debts, and that gives preference over other creditors.

Land rights that can be secured with a mortgage are:

- a* right of ownership;
- b* right to cultivate;
- c* right to build;
- d* right of use over state land; and
- e* right of use over right of ownership land.

A mortgage may be pledged over a land right jointly with the building, plant and existing or future property that forms an integral part of that land owned by the holder of a land right through deed of granting of mortgage. If the building, plant and property are not owned by the holder of the land right, the pledge of mortgage over those objects may only be performed through the signing in the deed of granting of mortgage by their owner (or by proxy through a deed). The deed of granting of mortgage must be made before a PPAT. The granting of a mortgage must be registered with the Land Office, which will issue a certificate of mortgage as evidence.

If the debtor is in default, the first mortgage holder may sell the object at his or her sole discretion through public auction and recover his or her receivables from the auction. If the grantor of the mortgage (debtor) is bankrupt, the mortgage holder (creditor) is still able to execute his or her mortgage.

VI LEASES OF BUSINESS PREMISES

Leases are regulated by the Civil Code. Under Indonesian law, a lease means an agreement by which one party binds itself to give the other the enjoyment of goods for a definite period in exchange for payment of a price agreed by the latter party.

While regulated by the Civil Code, two government regulations (Commercial Lease Regulations)² also apply to commercial leases.

The law does not stipulate any maximum term for a lease of land or a commercial building lease in Indonesia; however, the parties to a lease must take into account the duration of the lessor's relevant land title. For example, if the land right to be leased is a right to build, the term of the lease should take into account the term of the right to build. If the parties agree to a lease term longer than the land title term, provision for the extension of the land title must be made in the agreement.

With regard to rent and rent increases, the law provides that if there is disagreement on the rent price, the owner or lessee may submit a stipulation of rent price to the housing department. While this procedure is specifically set for use in cases where the lessee does not agree with a rent increase, it is rarely used. The parties generally agree terms regarding rent and rent increase in the lease agreement.

By law, and also usually stipulated in the lease agreement, the lessee may not sublease the property or assign the lease to a third party, unless permitted by the lessor. The lessee has two main obligations: to use the leased property as a good *paterfamilias* would, according to its purpose as set out in the lease agreement, and to pay the rent. If the lessee uses the property for purposes other than those intended, or for purposes such that the lessor may suffer a loss, then the lessor, according to the circumstances, may request termination of the lease. Further, the lessee shall be responsible for any damage to the leased property during the lease period, unless he or she proves that the damage has occurred without fault. The aforementioned responsibility extends to the lessee's successors or assignees.

Regarding security of tenure, the law clearly states that the lessor must give the lessee peaceful enjoyment of the property during the lease period, and stipulates that the lease agreement is not terminated by the death of the lessor or the lessee. Unless agreed at the time of leasing the property, a lease agreement made prior to the sale of the property does not terminate with the sale.

The Commercial Lease Regulations provide that the termination of a lease may only be performed through an agreement by the parties. If no agreement is reached by the parties on termination of the lease, it may only be performed through a court decision. This provision limits the authority of the lessor to terminate the lease unilaterally if the lessee is in breach of the agreement; therefore, in practice, the lessor requests that the Commercial Lease Regulations provisions be waived.

2 Government Regulation No. 49 of 1963 as amended by Government Regulation No. 55 of 1981.

VII DEVELOPMENTS IN PRACTICE

The following provides a brief summary of new laws directly related to real estate development and investment, and that are influential on the development of real estate law in Indonesia.

i Housing law

The new housing law, which revokes the old law of 1992, was promulgated in January 2011. This legislation stipulates housing and occupancy areas:

- a* to provide legal certainty on the implementation of housing and occupancy areas;
- b* to support the synchronisation and development of areas and proportional distribution of residents;
- c* to improve utilisation of natural resources for housing development in cities and villages;
- d* to develop all stakeholders in the housing development and occupancy areas;
- e* to support economic, social and cultural development; and
- f* to guarantee viable, accessible housing.

One provision of the legislation that created debate among real estate developers specified 36 square metres as the minimum floor area for single and joint houses. This created problems, since many developers construct modest housing with a smaller floor area. However, this clause was revoked by the Constitutional Court in October 2012, and real estate developers may construct and sell houses with a floor area of less than 36 square metres.

A single house, joint house or condominium still in development may be marketed through an officially authorised conditional sale and purchase agreement (CSPA). The CSPA is conditional on:

- a* land ownership status;
- b* agreed terms such as location, condition of land, shape, specification, price, facilities, amenities, public utilities, other facilities, delivery time and dispute settlement;
- c* obtainment of a building construction master licence;
- d* availability of facilities, amenities and public utilities; and
- e* the construction of at least 20 per cent of all planned housing. A legal entity is prohibited from delivering or receiving more than 80 per cent of the consideration before fulfilling this condition. Developers in breach of this provision will be criminally liable and subject to a maximum of one year's imprisonment or a maximum fine of 1 billion rupiahs.

ii Condominium law

The new condominium law, which revokes the old law of 1985, was promulgated in November 2011 and provides that commercial condominiums may be developed by any person, including through foreign investment. However, developers of commercial condominiums must provide public condominiums of at least 20 per cent of the total floor area of the commercial condominiums that are built.

A condominium may be built under a right of ownership, a right to build or a right of use over state land, and a right to build or a right of use over right of management. If the construction of the condominium unit is performed on a right to build or a right of use over right of management, the developer must obtain the right to build or right of use over right of management status before selling the condominiums. As evidence of condominium ownership, a title certificate of right of ownership of condominium will be issued.

A developer may perform marketing prior to the construction provided that the developer already possesses:

- a* certainty of usage area;
- b* certainty of land right;
- c* legalised title of division showing the boundaries of each condominium;
- d* a building construction licence; and
- e* a warranty on the construction of condominiums from a bank or other institution.

Everything promised by the developer or its marketing agent is deemed as the CSPA to the parties. The CSPA is made before a notary. The signing of the CSPA is performed after the fulfilment of conditions on:

- a* land ownership status;
- b* obtainment of building construction licences;
- c* availability of facilities, amenities and public utilities;
- d* construction of at least 20 per cent of the volume that is currently marketed; and
- e* agreed terms such as location, shape, specification, price, facilities, amenities and public utilities, other facilities and delivery time.

iii Land procurement law

In January 2012, the land procurement law was passed to accelerate the land procurement process in the public interest, while also prioritising economically fair and democratic principles, thereby providing for landowners to receive fair and proper compensation. This law also aims to improve the previous regulations on land procurement, which are outdated and inappropriate.

iv Environmental permit

Issued in February 2012, Government Regulation No. 27 of 2012 on Environmental Permits is the implementation of the law on environmental protection and management that was issued in 2009. Under the Regulation, every business or activity that requires an environmental impact assessment (AMDAL) or an environmental management and monitoring plan must obtain an environmental permit. The environmental permit is a prerequisite to obtaining a business or activity licence. The environmental licence will expire along with the expiry of the business or activity licence. Any person conducting business or an activity without an environmental permit will be liable to conviction and imprisonment for a minimum of one year and a maximum of three years, and a minimum fine of 1 billion rupiahs and a maximum fine of 3 billion rupiahs.

Real estate businesses require an AMDAL according to the size of the housing or occupancy area and the location of the proposed development. The criteria for requirement of an AMDAL for real estate developments are a development of 25 hectares

or more in a metropolitan area; a development of 50 hectares or more in a large city; and a development of 100 hectares or more in a medium-sized or small city.

An AMDAL is also required for offices, places of worship, educational, sport and art centres, and commercial or shopping-centre facilities with a land area of 5 hectares or more, or a building area of 10,000 square metres or more.

v Building ownership evidence

Under current building law and regulations, and the Indonesian land title system, the ownership of land may be separate from the ownership of buildings. By law, buildings must be constructed over land with clear land ownership status, whether it is self-owned or belongs to another party. If the land is owned by another party, a building can only be constructed after obtaining a written agreement to use the land from the landowner. This agreement shall at least set out the rights and obligations of the parties, the land area, location, land boundaries, building function and term of the land use.

The building ownership status is evidenced with a building ownership-evidence letter issued by local government. The ownership of a building may be transferred to another party. If the building owner is not the landowner, the transfer of the right may only be performed upon the approval of the landowner. A presidential regulation expected to provide more detailed provisions on building ownership evidence letters has yet to be promulgated. However, since 2010, Jakarta has issued a local government regulation on building to provide detailed provisions on building ownership evidence letters.

vi Traffic impact analysis requirement

The law on traffic and road transport was promulgated in 2009 and its implementing regulation issued two years later. One of the provisions in the law, regarding traffic impact analysis, stipulates that all development plans for activity centres, housing and infrastructure that will affect security, safety, order and ease of traffic and road transportation require a traffic-impact analysis. The provision of a traffic impact analysis report is one of the conditions for developers to obtain a location licence and a building construction licence.

vii Green-building requirements

A regulation on green building (Green Building Regulation) specific to Jakarta³ was issued by its governor in April 2012, and although it is a local government governor regulation, it is intended to serve as a national benchmark for green-building requirements covering new and existing buildings; however, not all types of buildings are required to comply. The Regulation governs the following types and sizes of buildings in Jakarta:

- a* condominiums, offices, shopping centres and buildings with more than one function and with a floor area greater than 50,000 square metres;
- b* hotels and health-care facilities with a floor area greater than 20,000 square metres; and
- c* educational facilities with a floor area greater than 10,000 square metres.

3 Governor Regulation of DKI Jakarta No. 38 of 2012 on Green Building.

Broadly, the technical aspects of the requirements cover energy efficiency, water efficiency, indoor air quality, land and waste management, and construction practices. Moreover, the technical requirements for existing buildings relate to energy efficiency and conservation, water efficiency and conservation, indoor air quality, and operational or maintenance management.

The local government will not issue a construction licence or feasible use certificate for the relevant building if a developer fails to comply with the Green Building Regulation.

VIII OUTLOOK AND CONCLUSIONS

Despite slow growth in the real estate market during 2014, many parties remain optimistic that growth in the market will slightly improve in 2015. On the legal side, draft bills on land and the acknowledgment and protection of the customary law rights of indigenous communities are expected to be promulgated either in 2015 or thereafter.

Appendix 1

ABOUT THE AUTHORS

EDDY MAREK LEKS

Leks & Co

Eddy Leks is the founder and managing partner of Leks & Co, a multi-services law firm filled with young, energetic, creative lawyers providing high-quality legal services and quality management, and delivering services based on definite core values. With a legal career in mind, he started his experience in the practice areas of general corporate-commercial and general litigation. Afterwards, he joined Hadiputranto, Hadinoto & Partners (HHP), an affiliated law office of Baker & McKenzie. There he worked in the practice areas of capital markets, general corporate-commercial, taxation, foreign investment and customs. He left HHP to join PT Lippo Karawaci Tbk, one of the biggest property and real estate development and investment companies in Indonesia, where he rose to become a legal senior manager. His main responsibilities were managing the company's general corporate-commercial issues, build-operate-transfer projects, and acquisition of shares and assets for property projects. He was one of the company's youngest legal managers when he joined.

Mr Leks specialises in mergers acquisitions and real estate law. His writings have been published in many prominent publications locally and internationally, such as *Forbes Indonesia*, *Property & Bank*, *Kontan*, *LAWASIA Journal*, the International Bar Association *Real Estate Newsletter* and *Jurnal Hukum Bisnis*. He is also invited to speak at many events, locally and internationally, on real estate law and other law matters. Mr Leks and his firm Leks & Co are recommended by *Legal 500*, *Asialaw Profiles*, *Chambers and Partners* and *IFLR1000* in the fields of corporate and mergers acquisitions and real estate in Indonesia. Recently, he was identified as the first and the only Indonesian lawyer in *Who's Who Legal 2014* in the field of real estate. He is currently pursuing his second master's of law in international dispute resolution from the University of London.

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