

Property Sector



BATAVIA
PROSPERINDO
SEKURITAS

Research Team

bps.research@bps.co.id
62-21 5207374

Upward Momentum

- Solid Domestic Economy**

Indonesia is still on the track of positive economic development, with a stable current GDP growth of 6.5%. Driven mainly by strong domestic consumption, Indonesia has become an attractive investment destination. Foreign Direct Investment for nine month of 2011 stood at US\$9.1 billion, and portfolio investment totaling to US\$4.4 billion. Year on year inflation rate at November 2011 remain stable at 4.44%, meanwhile BI rate kept at 6%.

- Sector current facts**

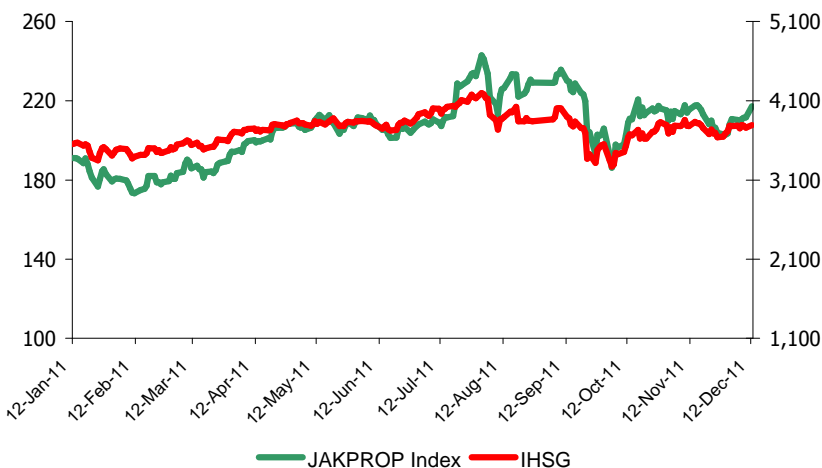
Adhere to domestic economy, property sector also experiencing positive growth. As the nation centre of economic growth, Jabodetabek region gave an appealing attraction for property companies to build more projects. Office space, residential, hotel, retail, and industrial estates are overriding projects in Jabodetabek region.

Bank Indonesia in its Property Survey for 3Q11 revealed that almost all property projects in Jabodetabek and Banten region rose in terms of occupancy / take up rate, supply, and rental / selling price. Business expansion, new companies, lifestyle shifting, and high consumption rate are the key factors which drove the property sector increment in Jabodetabek region. Important note for retail (malls) was the moratorium of shopping centre development in DKI Jakarta, due to the overloaded supply in DKI Jakarta.

- Property Index**

Property sector index has been able to keep up with JCI, as of December 12, 2011. The index tend to rise in the recent week, following the news of the land bill approval. We perceive this as a short term fluctuation, and a good opportunity for investing in property companies.

JAKPROP VS JCI



Source: Bloomberg, Batavia Prosperindo Sekuritas

ECONOMIC INDICATORS			
	2010	2011F	2012F
GDP Growth	6.1%	6.5%	6.7%
Inflation	5.1%	5.0%	5.3%
BI Rate	6.5%	6.0%	7.3%
USD/IDR	8,996	8,700	8,800

Source: Bloomberg, Government

Property Data Summary

Jabodetabek and Banten	2010	3Q11	YTD Change
Leased Office			
Available Area (m2)	6,141,335	6,243,985	1.67%
Occupancy / Take Up Rate	89.89%	92.16%	2.53%
Rental Rate (Rp/m2/month)	157,117	161,172	2.58%
Strata Title Office			
Available Area (m2)	952,442	1,015,107	6.58%
Sales rate	94.94%	95.64%	0.74%
Selling Price (Rp/m2)	15,221,742	16,433,352	7.96%
Leased Retail (Malls)			
Available Area (m2)	3,369,651	3,383,681	0.42%
Occupancy / Take Up Rate	88.30%	92.15%	4.36%
Rental Rate (Rp/m2/month)	492,523	510,376	3.62%
Strata Title Retail (Malls)			
Available Area (m2)	1,721,582	1,721,582	0.00%
Sales rate	77.18%	79.74%	3.32%
Selling Price (Rp/m2)	43,043,103	43,700,245	1.53%
Hotels			
Available Area (m2)	24,427	24,627	0.82%
Occupancy / Take Up Rate	63.42%	65.41%	3.14%
Room Rate (Rp/night)	15,221,742	16,433,352	7.96%
Industrial Estates			
Available Area (m2)	6,197	6,504	4.95%
Sales rate	71.97%	72.75%	1.08%
Occupancy / Take Up Rate	68.55%	65.99%	-3.73%
Selling Price (Rp/m2)	730,315	1,107,245	51.61%
Rental Rate (Rp/m2/month)	36,390	36,488	0.27%

Source: Bank Indonesia, Batavia Prosperindo Sekuritas

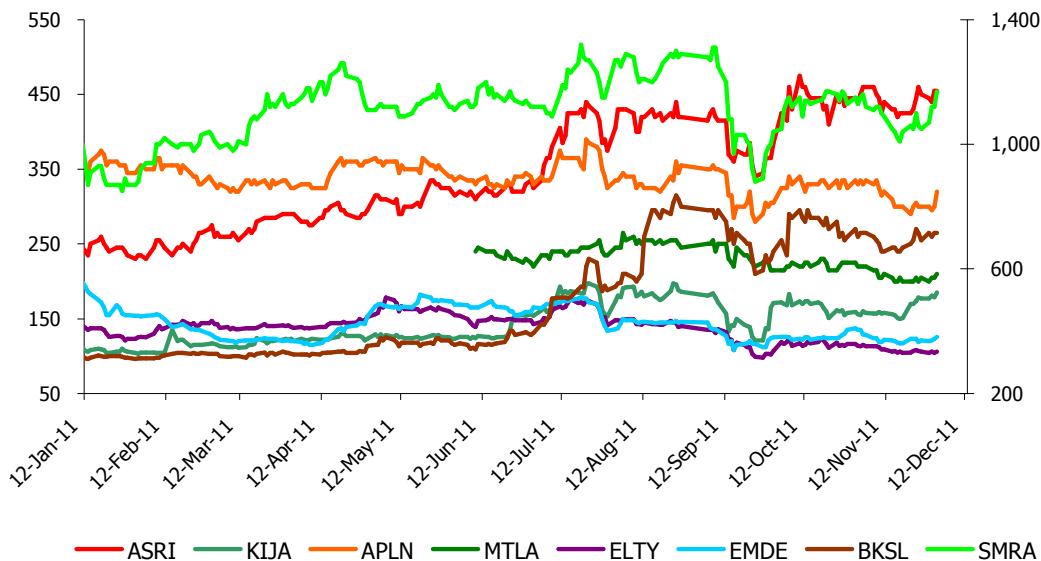
Companies Selection

We have gathered six property companies for our comparison. Among those companies, we picked KIJA (NAV/Shares Rp734), ELTY (NAV/Shares Rp341), and BKSL (NAV/Shares Rp405). These companies's shares recently traded at cheap prices, and had interesting potential upside to their target prices. They also possess potential projects that could boost revenue in the future.

Conclusion

Solid economy and high consumption rate will bolster the property sector of Indonesia, as more property projects will be absorbed by the market. Recent upgrade of Indonesian credit rating by Fitch Ratings to BBB-, and greater possibility of foreigners to possess properties in Indonesia will be major points for property sector escalation.

COMPANIES PRICE MOVEMENT



Source: Bloomberg, Batavia Prosperindo Sekuritas

Property Companies Comparison

Code	Last Price 16-Dec-11	NAV Last Update	NAV Per share	Market Cap (Rp bn)	Discount to NAV	PER(X) 2011F 2012F	PBV(X) 2011F 2012F	Target Price*	Potential Upside
SMRA	1,220	2-Feb-10	1,628	8,042	25%	24.6 19.9	3.3 3.0	1,420	16%
KIJA	189	31-Dec-10	734	3,569	74%	21.6 13.3	1.5 1.3	253	34%
APLN	350	30-Jun-10	473	6,560	26%	12.3 9.7	1.4 1.3	418	19%
MTLA	210	31-Dec-10	652	1,592	68%	N/A N/A	N/A N/A	N/A	N/A
ELTY	124	31-Dec-10	341	4,231	64%	31.3 25.2	0.6 0.5	163	31%
EMDE	130	30-Jun-10	412	422	68%	N/A N/A	N/A N/A	N/A	N/A
BKSL	260	31-Dec-10	405	8,163	36%	65.0 52.0	1.8 1.7	400	54%

*Bloomberg consensus

Average Discount to NAV

52%

Source: Company, Batavia Prosperindo Sekuritas



BATAVIA
PROSPERINDO
SEKURITAS

Head Office

Chase Plaza, 12th Floor
Jl.Jend.Sudirman Kav 21, Jakarta 12920
Tel : +62-21 520 7374
Fax : +62-21 2598 9821
www.bps.co.id

Research Team

Andy Ferdinand	Senior Analyst	andy@bps.co.id
Ivan Hadinata	Analyst	ivan@bps.co.id
Parningotan Julio	Analyst	julio@bps.co.id
Billy Budiman	Head of Technical Analyst	billy@bps.co.id
Leticia Seviraneta	Technical Analyst	leticia@bps.co.id
William Hutapea	Research Associate	william@bps.co.id

Branches

Jakarta	Rukan Grand Puri Niaga Jl. Puri Kencana Blok K6 No.2P Jakarta Barat 11610 Tel: +62 21 58351562 Fax: +62 21 58351563	Palembang	Jl.Rajawali No. 1174 D Palembang 30113 Tel : +62 711 375600 Fax : +62 711 376855
Bandung	Jl.Jend Gatot Subroto No.47 C Bandung 40262 Tel : +62 22 87340273 Fax : +62 22 87340274	Yogyakarta	Jl Magelang No 91 Yogyakarta 55242 Tel : +62 274 580 299 Fax : +62 274 544 800
Medan	Jl.Ir Djuanda No.16-J Medan 20157 Tel : +62 61 4562262 Fax : +62 61 4523013	Makassar	Ruko Ruby I No.9 Jl. Boulevard Panakukang Mas Makassar 90222 Tel : +62 411 430959 (hunting) 455038 (sales) Fax : +62 411 432376
Surabaya	Ruko Darmo Square Blok B No.8 Jl.Raya Darmo 54-56 Surabaya 60281 Tel : +62 31 5623445 Fax : +62 31 5689568	Semarang	Jl. Menteri Supeno No.15 Semarang 50244 Tel : +62 24 8419445 Fax : +62 24 8419443
Malang	Jl.Kahuripan No.5 Malang 65119 Tel : +62 341 358889 Fax : +62 341 353797	Solo	Jl. Slamet Riyadi No.217 Tel : +62 71 662425 Fax : +62 71 662424

Batavia Prosperindo Sekuritas Investment Ratings: BUY – expected total return of 10% or more; HOLD – expected total return of -10% to 10%; SELL – expected total return of -10% or more. Expected total return is defined as 12-month total return (including dividends).

DISCLAIMER

The information contained in this report has been taken from sources we deem reliable, however, PT. Batavia Prosperindo Sekuritas or its affiliates, cannot guarantee its accuracy and completeness.

The views expressed in this report accurately reflect personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations and/or views in this report. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. This report is published solely for information purposes and should not be considered as a solicitation or an offer to buy or sell any securities.

Neither PT. Batavia Prosperindo Sekuritas nor any of its affiliates and/or employees accepts any liability for any direct or consequential losses arising from any use of this publication. Copyright and database rights protection exists in this publication and it may not be reproduced, distributed and/or published by any person for any purpose without prior consent of PT. Batavia Prosperindo Sekuritas. All rights are reserved.