

# New Land Rights Provisions in Batam and IKN: Granting of HGB Now Allowed for Areas of up to 2 Million Square Meters

In 2022, the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency (“**Minister**”) issued Regulation No. 16 of 2022 on the Delegation of Authority for Determinations of Land Rights and Land Registration Activities, as amended by Regulation No. 2 of 2025 (collectively referred to as “**Regulation 16/2022**”). Broadly speaking, Regulation 16/2022 sets out the Minister’s authority as regards determinations and registrations of land rights, including the Right to Cultivate (*Hak Guna Usaha* – “**HGU**”), Right to Build (*Hak Guna Bangunan* – “**HGB**”) and Right of Use (*Hak Pakai* – “**HP**”).

However, in an effort to ensure the effectiveness and efficiency of land services, as well as improve ease of investment within the Batam Free Trade and Free Port Zone (“**Batam Free Zone**”), as well as the Capital City of Nusantara (*Ibu Kota Nusantara* – “**IKN**”), the Minister recently issued Regulation No. 5 of 2025, which bears the same title as Regulation 16/2022 and which has been in force since 28 April 2025. Upon entering into force, Regulation 5/2025 simultaneously repealed and replaced the previous framework of Regulation 16/2022.

In line with its objectives, Regulation 5/2025 now establishes special provisions for the granting of land rights within the Batam Free Zone and IKN. In addition, the new framework has revised the applicable categories and maximum area thresholds that are used as the basis during determinations of land rights. It should also be noted that any HGU, HGB and HP that were granted prior to the enactment of Regulation 5/2025 will remain valid until their relevant expiration dates. However, any extensions, renewals or pending applications, including for determinations of land rights and conversions of ownership rights to HGB, will now be processed in line with the provisions set out under the new framework of Regulation 5/2025.

Against the above backdrop, this edition offers a summary of the new provisions that have been introduced under Regulation 5/2025 and compares them with the previous framework of Regulation 16/2022, specifically as the two Regulations relate to the following matters:

1. Adjusted Categories and Maximum Areas for Determinations of Land Rights; and
2. Newly Applicable Provisions for the Batam Free Zone and IKN.

### *Adjusted Categories and Maximum Areas for Determinations of Land Rights*

As mentioned above, the Minister was previously authorized to determine land rights, including issuing recommendations and processing registrations. Furthermore, this authority could be delegated based on various indicators (e.g. geographic and social conditions, potential for disputes, land value, etc.) and regional classifications. Under Regulation 16/2022, these classifications, which applied to the granting of HGU, HGB and HP, were divided into three categories: I, II and III.

However, Regulation 5/2025 now revised and expanded these classifications by providing a more detailed set of categories for each type of land right, as outlined in the table below:

HGU	HGB and HP
<ol style="list-style-type: none"><li>1. Category I - High indicator value</li><li>2. Category II - Medium indicator value</li><li>3. Category III - Low indicator value</li></ol>	<ol style="list-style-type: none"><li>1. Category I - Very high indicator value</li><li>2. Category II - High indicator value</li><li>3. Category III - Medium indicator value</li><li>4. Category IV - Low indicator value</li></ol>

The authority to grant HGU, HGB and HP may be delegated to the Head of the Regional Office or the Head of the Land Office. In particular, it should be noted that the Head of the Regional Office was previously authorized to issue HGB and HP to legal entities for land located on state-owned property or land under management rights (*Hak Pengelolaan* - “HPL”) based on specific classifications that were tied to land area thresholds.

While retaining the above provision, Regulation 5/2025 has now introduced an updated classification system that adjusts the maximum land area thresholds permitted under this delegated authority. The table below outlines the differences in land area categories under the two frameworks:

Categories	Maximum Land Area	
	Regulation 16/2022	Regulation 5/2025
I	Up to 20,000 m <sup>2</sup>	Up to 30,000 m <sup>2</sup>
II	Up to 30,000 m <sup>2</sup>	Up to 50,000 m <sup>2</sup>
III	Up to 50,000 m <sup>2</sup>	Up to 100,000 m <sup>2</sup>

IV	Not previously regulated	Up to 250,000 m <sup>2</sup>
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*Newly Applicable Provisions for the Batam Free Zone and IKN*

Regulation 5/2025 further clarifies that the authority to grant HP or HGB to legal entities that lies with the Head of the Regional Office and the Head of the Land Office within the Batam Free Zone or the IKN area will now be subject to certain special arrangements, as summarized in the table below:

Authority Holder	Relevant Area	
	Batam Free Zone	IKN
Head of the Regional Office	<p>May issue determinations regarding:</p> <ol style="list-style-type: none"> <li>1. HGB for legal entities located on state land with areas of up to 250,000 m<sup>2</sup>; and</li> <li>2. HGB for legal entities located on HPL with areas of between 1 million m<sup>2</sup> and 2 million m<sup>2</sup>.</li> </ol>	Authorized to issue all determinations on HGB to legal entities located on land under IKN HPL
Head of the Land Office	<p>May issue determinations regarding:</p> <ol style="list-style-type: none"> <li>1. HGB for legal entities located on HPL with areas of up to 1 million m<sup>2</sup>; and</li> <li>2. HP for legal entities located on HPL for non-agricultural purposes with</li> </ol>	Not specifically regulated

	areas of up to 1 million m <sup>2</sup> .	
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### *Key Takeaways*

Regulation 5/2025 has now revised the classification system previously set out under Regulation 16/2022 by expanding the categories used to determine HGU, HGB and HP and increasing the maximum land area thresholds that can be granted by the Head of the Regional Office and the Head of the Land Office. Additionally, this new framework has introduced a number of specific provisions that apply within the Batam Free Zone and the IKN area. In this regard, various special rules for the granting of HGB or HP apply under the authority of the Head of the Regional Office and Head of the Land Office.