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# RISK-BASED HBU ANALYSIS FOR COOPERATIVE ASSET UTILIZATION OF CULTURAL HERITAGE BUILDINGS

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**ABSTRACT**

*This study addresses the challenge of optimizing the utilization of Dutch colonial heritage buildings in Indonesia, focusing on the Philately Building owned by PT Pos Indonesia (Persero). The research problem revolves around identifying an ideal business model for asset utilization through operational cooperation (KSO) while assessing investment feasibility and risk mitigation. The objectives are to analyze the optimal business model and evaluate the financial and operational viability of repurposing the building for cultural, culinary, or integrated tourism. A mixed-methods approach was employed, combining qualitative data from interviews, documentation, and observations with quantitative financial analysis (NPV, IRR, Payback Period). The Highest and Best Use (HBU) framework was applied to evaluate legal, physical, and financial aspects, alongside risk analysis using root cause assessment. Findings reveal that an integrated tourism model, combining cultural preservation, entertainment, and recreation, is the most financially viable option, with an IRR of 16.7% and a payback period of 8.14 years. The KSO model emerged as optimal, enabling risk-sharing, professional management, and diversified revenue streams while preserving historical value. Key risks include regulatory compliance and operational challenges, mitigated through detailed planning and partnerships. The research implications highlight the importance of HBU analysis in decision-making for heritage asset utilization, offering a replicable framework for similar projects. Practically, it provides PT Pos Indonesia and other stakeholders with actionable insights to balance preservation and profitability, fostering sustainable development of cultural heritage assets.*

***KEYWORDS*** *heritage buildings, asset utilization, KSO, HBU analysis, risk mitigation*



## INTRODUCTION

Indonesia is one of the countries with many historical relics, one of which is in its architecture (Blasco, 2021; D. K. Kurniawan et al., 2023; W. Liu et al., 2024). Many buildings in Indonesia are Dutch colonial relics and represent a form of architectural progress in the country. The architecture of colonial heritage in Indonesia is unique because it reflects a cultural mixture between immigrants and indigenous Indonesian culture. The cultural fusion brought by the Dutch to Indonesia represents an architectural style developing in Europe (Antonius et al., 2014; Chanrasari et al., 2018; Hsu, 2023; A. Kurniawan et al., 2019).

The architecture of the buildings adapts to the climate and materials in Indonesia, creating a fusion between European and Eastern influences. To this day, these architectural relics are known as colonial heritage buildings. Dutch architecture is almost widespread throughout Indonesia, in the form of buildings or fortresses used for supporting activities such as communication or trade.

One of the Dutch heritage buildings is the Post Office. Pos Indonesia is a state-owned enterprise (BUMN) in the form of a Limited Liability Company (PT). Pos Indonesia can be said to be older than the Republic of Indonesia itself and is considered the oldest State-Owned Entity (BUMN) in the country. This is because Pos Indonesia was established during the Dutch

colonial period on August 26, 1746, in Batavia (Jakarta), initially for sending mail to facilitate trade (Cohen, 2015; Rukayah et al., 2019).

In an effort to improve communication and security during the time of Governor General William Daendles (1808-1811), the construction of a road stretching from Anyar at the west end to Panarukan at the east end was carried out to ensure political security and build communication and transportation facilities. The road, known in Dutch as *de Groote Postweg*, spans 1,000 kilometers. Along this road, a post office building was constructed to mark the cities that the line passed through. To this day, the Dutch colonial heritage post office buildings remain rare and unique due to their architectural character, making them important cultural heritage sites that must be preserved and developed (Ayçam et al., 2022; Duran & Lomas, 2021; Halim & Abdullah Halim, 2010).

Dutch colonial architectural relics are buildings that still hold historical value today. These buildings feature magnificent and beautiful architecture, characterized by thick, tall, and sturdy structures adorned with artistic ornaments on each building. According to Law Number 11 of 2010, which regulates cultural heritage buildings, these structures can be utilized for purposes such as culture, education, tourism, religion, social, and science and technology. Therefore, the government must give special attention to the use of these historical buildings as forms of business that can serve as tourist attractions, ensuring their maintenance and preservation (Foster, 2020; Foster et al., 2020; Gravagnuolo et al., 2021; Z. Liu et al., 2023).

When utilizing cultural heritage buildings for various purposes that benefit the state or companies, attention must also be paid to the funding for maintaining these buildings. This is because, in addition to being cultural heritage, historical buildings also carry significant historical value and are very old. The maintenance of these buildings is costly, so planned financial resources are required.

The physical condition of a building may degrade over time, and maintaining and repairing its condition is crucial to prolonging its life. Due to limited maintenance funds, many post office heritage buildings are not properly maintained and tend to suffer from damage to certain parts. This situation prompts the management of Pos Indonesia to utilize its assets in a way that generates added value to finance the building's operational needs.

Asset utilization, according to Siregar (2004), is a systematic process that maintains, improves, and operates assets by using cost-effective methods for operation, acquisition, creation, maintenance, rehabilitation, and disposal of assets. Asset utilization is a strategy for companies to manage their assets by applying technical and managerial assessments to determine what is necessary for maintaining these assets for a longer period. This practice is also aligned with the Regulation of the Minister of State-Owned Enterprises (SOEs) Number PER-13/MBU/2014, which aims to optimize the value of the company and facilitate the asset utilization process. The intent behind the establishment of asset utilization policies by the Minister of SOEs is to optimize asset use and improve the company's performance and value.

One option for asset utilization is through Operational Cooperation (KSO) with other business entities, where both parties agree to jointly operate a business using the assets and/or business rights owned and to share the risks involved. This cooperation must be managed jointly to achieve shared profits. Thus, the function of the building, initially used solely for Pos

Indonesia's business operations, has been adapted into a commercial building in accordance with current needs.

The research problem is formulated through two main questions: What is the ideal business model to be developed for the operational asset utilization cooperation of cultural heritage buildings? And, how feasible is the investment cooperation pattern, along with risk analysis, in the business model for utilizing the post office cultural heritage building? This study aims to analyze the appropriate business model and the feasibility of investment cooperation patterns and business model risks for utilizing cultural heritage buildings. Theoretically, this research is expected to provide valuable insights as a reference for future studies related to business models for the asset utilization of cultural heritage buildings. Practically, it may identify an ideal business model for utilizing the cultural heritage buildings owned by Pos Indonesia (Persero), which can serve as a reference for individuals, private companies, state-owned enterprises, and the government.

## RESEARCH METHODS

This study uses a mixed-methods approach (qualitative and quantitative) to analyze the appropriate business model for the utilization of cultural heritage buildings owned by PT Pos Indonesia (Persero). Qualitative data is obtained through documentation, interviews, and observations, while quantitative data involves financial analysis such as NPV, IRR, and Payback Period. Data collection techniques include documentation (historical records and building layout), interviews with asset owners or managers, and direct observation of the building's condition and its environment. The analysis was carried out comprehensively using the Highest and Best Use (HBU) method, which considers legal, physical, and financial aspects.

Triangulation was achieved by cross-verifying interview findings with archival documentation (historical records, building layouts, and regulatory permits) and direct observations of the *Philately Building*'s physical and operational conditions. Ethical considerations were addressed by obtaining informed consent from all participants, ensuring confidentiality and voluntary participation.

In addition, the current business model—both the utilization of assets independently and through *operational cooperation* (*KSO*)—is analyzed to assess the feasibility and risks of the business. Risk analysis is carried out using the *Root Cause* method to identify, analyze, and evaluate potential risks, with the goal that the results of this study will provide a guideline for asset owners in developing an optimal and sustainable utilization strategy for cultural heritage buildings.

## RESULTS AND DISCUSSION

The application of the HBU analysis model is very important at PT Pos Indonesia (Persero) because many cultural heritage building assets with very potential utilization potential. Based on the initial data collection interview conducted with the Asset Maintenance Manager in the *Asset Management Division* of PT Pos Indonesia (Persero) as the division responsible for managing and developing the Company's cultural heritage assets, there are three alternative business options for the asset utilization of the Philately Building that may be carried out but still require further feasibility analysis, namely:

a. As a cultural heritage tourist destination.
b. As a modern culinary tourism destination.
c. As an integrated tourist destination by combining cultural preservation, entertainment, and recreation.

The above business alternatives will be used for analysis in the application of the cooperative model of operations for the utilization of cultural heritage assets of the PT Pos Indonesia (Persero) Philateli Building. From the results of the interview, information was also obtained that at PT Pos Indonesia, only an analysis of financial indicators was carried out in utilizing the Company's assets, namely the value of NPV, IRR, and *Payback Period*. However, during the execution of the project in the field, there were obstacles in the legal aspect and sealing was carried out because there was no recommendation from the Cultural Office through the local cultural heritage for the revitalization process to be carried out. The following is a revitalization project for the utilization of cultural heritage buildings that has experienced delays and delays in its completion at the state-owned company Pos Indonesia.

In Table 1, delays due to sealing and delays in work from the local Provincial Cultural Office result in delays in the implementation of the project, resulting in losses to interested parties. To avoid these negative impacts, it is important for parties involved in cultural heritage building revitalization projects to ensure that all legal and regulatory requirements are met before starting the project. Good communication with the authorities and the surrounding community is also very important to ensure the smooth running of the project. Thus, a business model analysis is needed that discusses all aspects in the process of utilizing cultural heritage buildings.

**Table 1. Pos Indonesia (Persero) Cultural Heritage Asset Utilization Project**

| It | Name of Cultural Heritage Building | Location | Project year | Building Function | | Reason for Suspension | Length of Delay |
|---|---|---|---|---|---|---|---|
| | | | | Before | After | | |
| 1 | Fatahilah Post Building | Jalan Jembatan Batu, Taman Sari, West Jakarta | 2018 | Post office | *Mix Use* | Sealing was carried out by the DKI Jakarta Provincial Cultural Office because the planning drawings were never certified through the DKI Jakarta Provincial Cultural Heritage Restoration Session Team (TSP) | 6 months |
| 2 | Cipaganti Post Building | Jalan Cipaganti No.143 Bandung City | 2019 | Post office | Addition of rental buildings for boarding houses in the back area | The sealing was carried out because there was no permit and recommendation from the West Java Provincial Cultural Heritage for the addition of new buildings in the cultural heritage area of the Cipaganti Post Office Building | 1 year |

**HBU Analysis**

HBU analysis is an important approach used to determine the optimal use of the Philately Building owned by PT Pos Indonesia (Persero). This analysis considers legal, physical, and financial aspects to ensure that the use of the building provides maximum benefits while maintaining its historical and architectural value.

**a. Legal Aspects**

The legal aspect in the analysis of the HBU Philately Building refers to the regulations that govern the preservation, maintenance, and utilization of cultural heritage buildings. The main foundation is Law No. 11 of 2010 concerning Cultural Heritage, which protects the authenticity of building structures and architecture, as well as regulates the licensing process through related agencies such as the Cultural Heritage Preservation Center (BPCB). In addition, regional regulations, including the DKI Jakarta RTRW 2030 and RDTR, ensure that the use of land and buildings is in accordance with zoning provisions.

The utilization of the Philately Building is planned without changing the original shape and façade, with renovations that maintain historical elements. The strategic area around the building, which is bustling with economic activity, offers an opportunity to develop co-working spaces, which are relevant to the needs of flexible workspaces in Jakarta. In addition, the building has the potential to serve as an entertainment stage for art and cultural events, attracting audiences from all walks of life, and as a cultural preservation center for art exhibitions, traditional workshops, and historical tours.

The development of the Philately Building is also in accordance with zoning regulations that allow multifunctionality, such as tourism, culture, and commercial. By utilizing its classical architecture, the Philateli Building can become an iconic destination that combines cultural heritage preservation with modern innovations, supporting the government's efforts to preserve historical heritage and enhance the region's appeal.


Figure 1. View of the location of the Jakarta Philatelic Building

In addition, according to the Spatial Plan and Regional Plan (RT RW) No.1 of 2012 concerning the Jakarta Regional Spatial Plan 2030 of DKI Jakarta Province, this area has indeed been planned to support culturally friendly commercial and tourism activities. In Figure 4.1, it can be seen that the use of the Philately Building is in accordance with the development goals of the area, which prioritizes the balance between modernization and the preservation of historical values. The development of this building into a tourist destination, *co-working space*, entertainment stage, and cultural preservation center will enrich the city's ecosystem and make a positive contribution to the economy and socio-cultural life of the surrounding community.

The legal aspect of the utilization of the Philately Building will be obtained after going through a hearing with the Restoration Session Team (TSP) of the DKI Jakarta Cultural Office by submitting or presenting the working drawings of the planning results made by the appointed planning consultant. The appointed planning consultant must also meet the requirements in accordance with the Regulation of the Minister of Public Works and Public Housing of the Republic of Indonesia No. 01/PRT/M/2015 Article 11 paragraph (3) concerning

Preserved Cultural Heritage Building is a Service Provider in the form of a business entity must have experts including architectural, civil, mechanical, electrical, and/or environmental planning experts. The results of the session with the Restoration Session Team (TSP) of the DKI Jakarta Cultural Office are in the form of recommendations and improvements to the restoration, adaptation, and revitalization plans for cultural heritage buildings in accordance with the rules and principles of cultural heritage preservation. The area analysis carried out on the Philately Building can be detailed in table 2.

**Table 2. Philately Building Area Analysis**

| Number | Factor | Area Analysis |
|---|---|---|
| 1 | Location and accessibility | Strategic location: located in the Pasar Baru area, Central Jakarta, the Philately Building is easily accessible from various parts of the city, close to Gambir Station, Juanda Station, Transjakarta Bus Stop, and office centers. |
| | | Traffic and pedestrian flow: this area is crowded with workers, tourists and visitors to places of worship (Istiqlal Mosque, Cathedral Church), so it has a high potential to attract visitors. |
| 2 | Market segmentation | Local and international tourists: many tourists visit this area because of the cultural heritage buildings and *historical landmarks* around it (Monas Monument, Istiqlal Mosque, Cathedral Church, Jakarta Arts Building, and Pasar Baru). According to data from the Jakarta Tourism and Creative Economy Office, foreign tourist visits in 2023 amounted to 1.9 million, doubling compared to 2022 with the flagship tourist attraction being the National Monument located in the Central Jakarta area close to the Philately Building. |
| | | Office workers and students: close to office areas and educational institutions. |

According to the Jakarta Central Statistics Agency, one of the sources of Gross Regional Domestic Product (GDP) growth in 2022 to the third quarter of 2024 is large and retail trade activities, with household consumption as the largest source of expenditure. Based on the analysis of the area and economic potential, the Philateli Building has three main alternative uses: as a cultural heritage tourism destination, modern culinary tourism, and an integrated regional destination that combines cultural preservation, entertainment, and recreation.

As a cultural heritage tourist destination, the Philately Building will maintain its architectural authenticity with minimal renovations to improve modern facilities, such as lighting, air conditioning, and security systems, without changing its historical structure. These alternatives include the development of educational tour programs, temporary exhibitions, and

collaborations with cultural institutions to support historical preservation. The main income is generated from entrance tickets, donations, and educational activities.

As a modern culinary tourism destination, the Philateli Building can be transformed into a culinary center with culturally themed restaurants, culinary events, and supporting facilities such as multifunctional spaces. Promotion through social media and collaboration with influencers will increase the visibility of the building as a culinary tourism destination. This alternative aims to attract visitors from different backgrounds and increase revenue through space rental and event ticket sales.

The last alternative is to develop the Philately Building as an integrated regional destination that combines cultural preservation, entertainment, and recreation. The concept includes co-working spaces, themed restaurants, and arts and cultural events. Cultural preservation remains a focus with cultural exhibitions, educational tours, and modern facilities to support recreation. Revenue is generated from admission, space rentals, and paid events.

Assessment of the physical aspects of a building is also important in determining the feasibility of adaptation for commercial use. The evaluation includes an analysis of basic structures, architectures, and utilities to ensure safety, maintain aesthetic value, and support operational efficiency. This is the basis for the management of the Certificate of Functional Fitness (SLF) in accordance with applicable regulations, supporting the development of the Philately Building as a strategic asset in the Jakarta area.

**b. Financial Aspects**

The study considered three different utility alternatives, each with a unique approach and marketing strategy. In the case study of the Philately Building, before calculating the financial aspect, the area that will be used for the calculation of income and operational costs is carried out first. The front view of the Philately Building can be seen in Figure 4.2.

**Figure 2. Front view of the Philateli Building.**

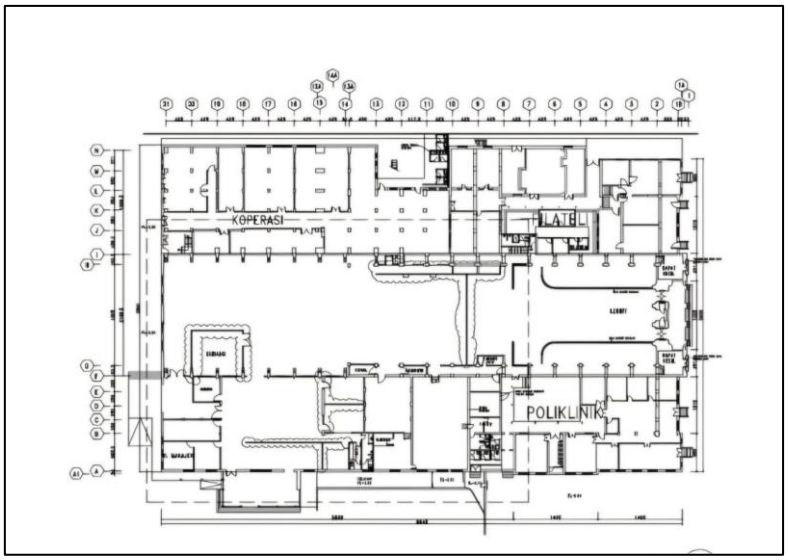


**Figure 3. Philateli Building Plan**

According to Figure 3, the Jakarta Philately Building has an area of 7,000 m2. After calculating the area, zone qualifications are made on the building such as *co-working zones*, restaurants, cultural heritage tours, as well as public areas and visitor circulation.

The following is an example of the implementation of the business model of utilizing the PT Pos Indonesia (Persero) Philately Building.

**a. Financial Assumptions**

In conducting an analysis on the financial aspect, several assumptions are used contained in Table 3.

**Table 3. Financial Assumptions**

| Assumption | Alternative | | | Information |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| Ticket revenue | IDR 25,000 / ticket | IDR 0 | IDR 0 | Entrance ticket prices are based on *benchmarking* against the price of entrance tickets to museums and similar tourist attractions in Indonesia. |
| Visitors per year | 50,000 people | 200,000 people | 150,000 people | Alternative 1 is 50,000 visitors per year. Based on historical data on visits to the National Museum which records an average of 100,000 visitors per year. Alternative 3 is 150,000 visitors per year. These estimates are based on a combination of |

| Assumption | Alternative | | | Information |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| | | | | programs that attract more visitors from different segments, including local and international tourists. |
| Revenue from space rental | IDR 0 | IDR 2,100,000,000 | IDR 1,800,000,000 | Space rental income based on the potential use of space for other commercial activities. For alternative 2, the assumption of rent is obtained from the lease of the entire building area by another party to be managed with rental fees following the commercial lease rules set by PT Pos Indonesia (Persero), which is Rp 300,000/m2. |
| Revenue from Paid Activities | IDR 0 | IDR 0 | IDR 30,000,000/ event | Assuming that there are 52 events that can be held per year. |
| Total Annual Revenue | IDR 1,250,000,000 | IDR 2,100,000,000 | IDR 3,600,000,000 | Assuming a target of 10% annual revenue increase |

b. Capital and Investment

The investment cost for the development of the Philately Building uses operational assumptions within one year. Investment needs are allocated for the main activities, namely building construction, interior and equipment, as well as working capital are presented in Table 4.

**Table 4. Investment Needs**

| It | Investment Needs | Fee (Rp) | | | Information |
|---|---|---|---|---|---|
| | | Alternative 1 | Alternative 2 | Alternative 3 | |
| 1 | Building renovation | 14,900,000,000 | 14,900,000,000 | 14,900,000,000 | Using the assumption of a light repair multiplier coefficient according to PERMEN PU No. 45 of 2007, which is the assumption of a maximum cost of 30% of the highest unit price for the construction of a new building. The highest unit price set by the Jakarta Governor Regulation in 2023 is IDR 7,100,000. |
| 2 | Interior | 2,235,000,000 | - | - | Using the assumption of the multiplier coefficient according to PERMEN PU No.45 of 2007, namely the assumption of interior costs of 15% to 30%. |
| 3 | Audio and visual system | 298,000,000 | - | 298,000,000 | Using the assumption of the multiplier coefficient according to PERMEN PU No. 45 of 2007, namely the assumption of the cost of the voting system of 2% to 4%. |

| It | Investment Needs | Fee (Rp) | | | Information |
|---|---|---|---|---|---|
| | | Alternative 1 | Alternative 2 | Alternative 3 | |
| 4 | Environmental facilities and infrastructure | 447,000,000 | 447,000,000 | 447,000,000 | Using the assumption of the multiplier coefficient according to PERMEN PU No. 45 of 2007, which is the assumption of the cost of environmental facilities and infrastructure of 3% to 8%. |
| 5 | Wastewater treatment system | - | 149,000,000 | 149,000,000 | Using the assumption of a multiplier coefficient according to PERMEN PU No.45 of 2007, which is the assumption of wastewater treatment costs of 1% to 2%. |
| 6 | Co-working space *equipment* | - | - | 2,235,000,000 | Using the assumption of the multiplier coefficient according to PERMEN PU No.45 of 2007, namely the assumption of interior costs of 15% to 30%. |
| 7 | Licensing | 149,000,000 | 149,000,000 | 149,000,000 | Using the assumption of the multiplier coefficient according to PERMEN PU No.45 of 2007, which is the |

| It | Investment Needs | Fee (Rp) | | | Information |
|---|---|---|---|---|---|
| | | Alternative 1 | Alternative 2 | Alternative 3 | |
| | | | | | assumption of a maximum licensing fee of 1% |
| Total initial investment | | 18,029,000,000 | 15,645,000,000 | 18,178,000,000 | |
| Total cost after VAT 11% | | 20,012,190,000 | 17,365,950,000 | 20,177,580,000 | |

c. Financial Feasibility Analysis

Table 5 summarizes the *Payback Period*, NPV, and IRR comparisons of the three alternatives.

**Table 5. Comparison of Financial Analysis**

| **Eligibility Indicators** | **Alternative** | | |
|---|---|---|---|
| | **1: Cultural heritage** | **2: Culinary** | **3: Integrated** |
| *Payback Period* | >10 years | 7.8 years | 8.14 years |
| NPV (10 Years, 16%) The value of MARR is assumed to be above the interest rate on PT Pos Indonesia (Persero) Grade A bonds with a tenor of 10 years. | Rp (12,183,22) million | Rp (4,241,49) million | IDR 2,320.44 million |
| IRR | -1,51% | 10,01% | 16,70% |

Based on this financial feasibility analysis, Alternative 3 (Integrated) is the best option**.** This alternative offers the fastest payback time, the highest NPV and IRR. While it requires a larger initial investment, the potential for revenue and profits generated is higher compared to other alternatives, making it the most financially viable investment.

**Business Model Analysis**

Business model analysis is an important stage in evaluating various models that can be applied to utilize the Philately Building. This involves evaluating existing business models and developing new business models that are in line with the strategic goals of PT Pos Indonesia (Persero). Choosing the right business model will ensure that the Philately Building is utilized optimally, sustainably, and provides maximum profits. Business model analysis is a crucial step in maximizing the potential use of the Philateli cultural heritage building. As highlighted by Jones et al. (2021), the proper evaluation of a business model can ensure that limited resources are allocated effectively to achieve the company's strategic goals. This assessment is

also enriched with the development of innovative business models, as suggested by Smith (2023), to adapt to the changing business environment and ensure long-term sustainability.

PT Pos Indonesia utilizes the Philately Building through two main business models: the utilization of its own assets and operational cooperation (KSO). The utilization of the assets itself gives PT Pos Indonesia full control over the use of the building, but bears all renovation and operational costs, with high financial risks. An example of its application is to make the building a museum or exhibition room for postal and philatelic history. In contrast, the KSO model involves cooperation with other parties, both administratively and non-administratively, allowing for the sharing of risks and benefits. This model leverages the expertise and resources of partners to increase efficiency and potential asset utilization, making KSO a more flexible alternative for the development of Philately Buildings.

**Business Risk Analysis**

Risk analysis is carried out based on the identification of risks in the business using *root cause* analysis, namely identifying the root cause of a risk or problem.

After all potential risks have been identified, a risk assessment is carried out based on two main aspects of the risk, namely the likelihood of how much the risk occurs and how much influence or impact of the risk if it occurs using the matrix in Figure 4.

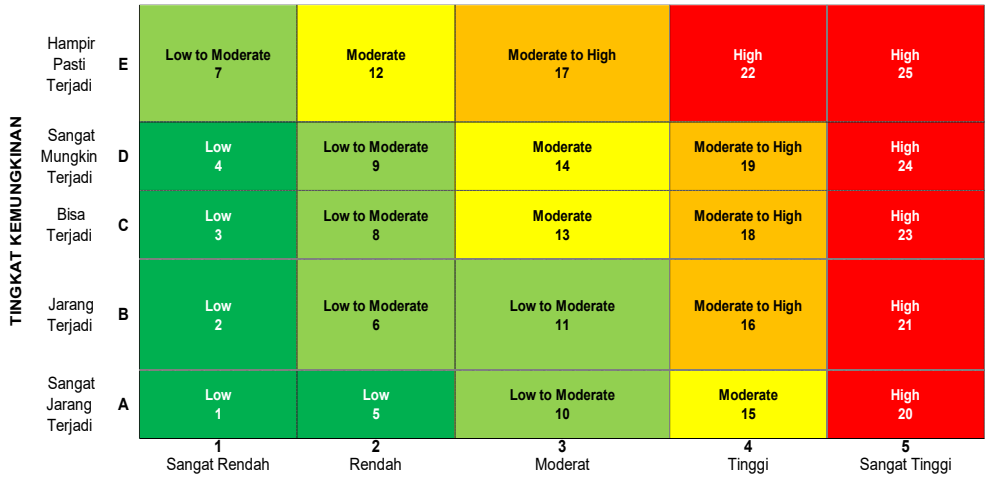


**Figure 4. Risk Assessment Matrix**

This assessment is carried out on a numerical scale or category, namely:

a. Likely: very low (1), low (2), moderate (3), high (4), very high (5).
b. Impact: very low (1), low (2), medium (3), high (4), very high (5).

Next, visualize the risk using *a heat map* in a matrix to evaluate the level of risk based on likelihood and impact . *The heat map* shows which risk priorities should be addressed first shown in Figure 5.

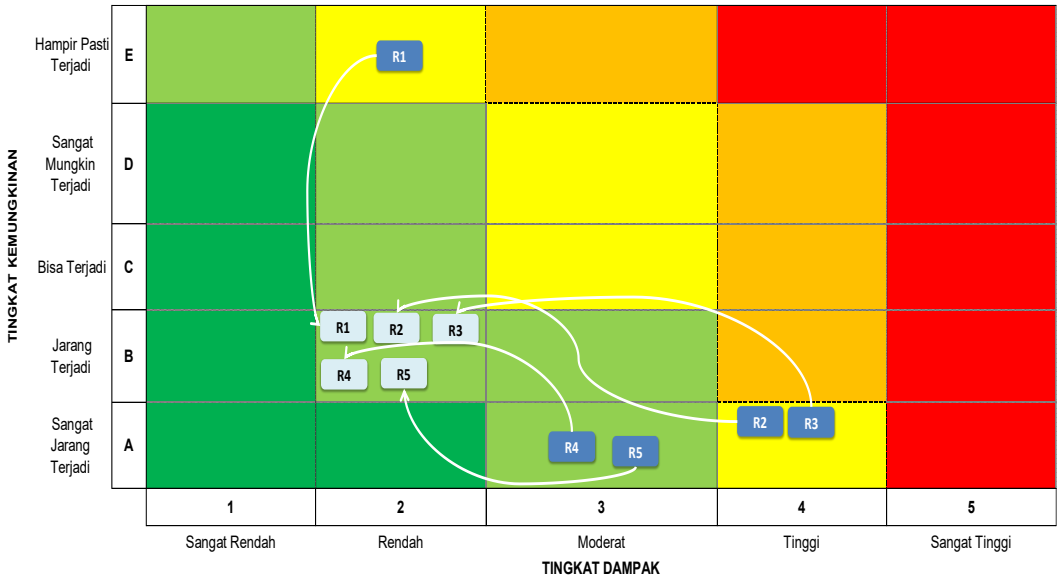


**Figure 5. *Heat Map* of risks in the KSO business of asset utilization of Philately Building**

In the heat *map matrix* there are zones or colors based on the level of urgency:

a. Green (low): risk with little impact and low probability.
b. Yellow (moderate): risk with moderate levels.
c. Red (high): risk with a high probability and large impact.

The risks that are prioritized in the *heat map* matrix above are the risks that are in the yellow zone and then the risks that are in the green zone. The final step is to implement risk mitigation designed based on the priorities shown in table 4.6.

**Table 6. Risk Mitigation**

| Number | Risk Categories | Risk Management | Risk Mitigation | Unit/*Person in Charge* |
|---|---|---|---|---|
| 1 | Operational and Regulatory Risks | Reduce risk opportunities | Planning the project in detail and on a scheduled basis and coordinating with all parties involved | *Owner*/ Mitra KSO |
| 2 | Market Risk | Avoiding risk opportunities | Contract with potential partners on an annual basis and provide discounts if direct payment is made in advance for more than one year | *Owner*/ Mitra KSO |
| 3 | Strategic Risk | Reduce risk opportunities and risk sharing | Prepare and make agreements with potential partners before construction is carried out | *Owner*/ Mitra KSO |

| Number | Risk Categories | Risk Management | Risk Mitigation | Unit/*Person in Charge* |
|---|---|---|---|---|
| 4 | Operational Risks | 1. Reduce risk opportunities2. Transfer Risk | 1. Carry out *value engineering* materials that will be used for the revitalization of cultural heritage buildings2. Looking for an insurance partner 3. Implementing K3 regulations in building management for commercial functions | *Owner/* Mitra KSO |
| 5 | Reputation Risk | Avoiding risk opportunities | Drafting a contract clause that clearly regulates the rights and obligations of the parties | *Owner/* Mitra KSO |

**Selection of Investment Cooperation Model**

The feasibility analysis of investment cooperation patterns is an important step in determining the right development strategy for cultural heritage properties such as the Philateli Building. Financial evaluation of various cooperation options is very important to ensure that each model chosen can provide maximum benefits for PT Pos Indonesia (Persero). The Operating Cooperation Model (KSO) is often considered the most advantageous, as it allows for a proportionate sharing of risks and benefits between the parties involved.

The selection of the KSO business model was selected after HBU analysis and risk analysis so that the KSO business model will provide benefits to the owners of the Philately Building assets described in table 4.7.

**Table 7. Analysis of the Benefits of KSO Business Model**

| It | Benefit Factors | Benefits Analysis |
|---|---|---|
| 1 | Preservation and function of history | The Philately Building is a cultural heritage building, so the owner of the asset still wants to maintain its ownership and maintain its historical value. The KSO scheme allows for asset management by other parties without losing ownership of the building. |
| 2 | Limitations of renovation and modification | Changes in the structure or function of the building must be in accordance with conservation regulations. KSO provides space for investors to renovate while still complying with regulations. |
| 3 | Investment expense | In the KSO scheme, the cost of renovation or development is borne by the investor, so the building owner does not need to allocate a budget. |

| | | |
|---|---|---|
| 4 | Transfer risk | Risks related to business management, such as operations, maintenance, and return on capital, are fully borne by the investor |
| 5 | Asset ownership | After the KSO contract period is completed, the building is returned in a well-maintained condition without losing its historical function. |
| 6 | Professional management | Investors can run a business with high professionalism, creating greater attraction for visitors. |
| 7 | Diversification of functions | KSO allows the development of various businesses within the building (restaurant, *coworking space*, art gallery, or *event space*) without changing its historical value. |

## CONCLUSION

The utilization of the assets of the Cultural Heritage Building requires special treatment both administratively and technically. The selection of business models using the *Highest and Best Use* (HBU) analysis, which includes legal, physical, financial, and business risk mitigation aspects, provides optimal recommendations in decision-making. A case study on the *Philately Building* shows that the development of an integrated area that combines culture, entertainment, and recreation using an *operating cooperation* scheme (*KSO*) is the best business alternative. The *KSO* business model allows for the sharing of risk between the owner of the asset and other parties involved in the development, so that risks can be better mitigated. It is recommended that PT Pos Indonesia (Persero) and other cultural heritage building owners use risk-based *HBU* analysis to ensure more optimal business decisions.

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