

## SCHEDULE

Date of Extraordinary General Meeting of Shareholders (EGMS)	: January 27, 2017	Preemptive Rights Trading Period	: April 11 – 18, 2017
Effective Date of the Preemptive Rights Registration Statement issued by the Financial Services Authority	: March 27, 2017	Preemptive Rights Registration, Payment and Exercise Period	: April 11 – 18, 2017
Last Recording Date to acquire Preemptive Rights	: April 7, 2017	Preemptive Rights Shares Distribution Period	: April 13 – 21, 2017
The Last Trading Date of Shares with Preemptive Rights (Cum-Right)			
- Regular Market and Negotiated Market	: April 4, 2017	Last Payment Date of Additional Shares Subscription	: April 21, 2017
- Cash Market	: April 7, 2017		
The First Trading Date of Shares without Preemptive Rights (Ex-Right)			
- Regular Market and Negotiated Market	: April 5, 2017	Allotment Date	: April 25, 2017
- Cash Market	: April 10, 2017		
Date of Distribution of Preemptive Rights Certificate	: April 10, 2017	Subscription Fund Refund Date	: April 26, 2017
Share Listing Date on the Indonesia Stock Exchange	: April 11, 2017	Date of Full Payment by Stand-By Buyers	: May 3, 2017

THE FINANCIAL SERVICES AUTHORITY ("FSA") NEITHER GIVES ITS APPROVAL OR DISAPPROVAL ON THE SECURITIES, NOR DOES THE FSA CONFIRM THE ACCURACY OR COMPLETENESS OF THE CONTENT OF THIS SUPPLEMENTARY INFORMATION. ANY STATEMENT CONTRARY TO BE THE ABOVE SHALL BE AGAINST THE LAW.

THIS PROSPECTUS IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. SHOULD THERE BE ANY DOUBT CONCERNING THE PROPER ACTIONS TO BE TAKEN, IT IS ADVISED TO CONSULT WITH THE COMPETENT PARTIES.

PT PP PROPERTI TBK (THE "COMPANY") IS FULLY RESPONSIBLE FOR THE ACCURACY OF ALL MATERIAL INFORMATION, FACTS, DATA, OR REPORTS AND THE TRUTHFULNESS OF OPINIONS PRESENTED IN THIS PROSPECTUS.



PT PP PROPERTI Tbk.

### Head Office

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Domiciled in East Jakarta, Indonesia

### Main Business Activities

Engaged in Service, Construction and Trade

## RIGHTS ISSUE TO RAISE ADDITIONAL CAPITAL WITH PREEMPTIVE RIGHTS I ("RIGHTS ISSUE I")

The Company shall offer a maximum of 5,498,047,883 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty three) New Shares, having a nominal value of Rp25 (twenty five Rupiah) per share or equal to 8.91% (eight point nine one percent) of the Company's issued and fully paid-up capital subsequent to the Rights Issue I. Each holder of 1,000,000 (one million) existing share whose name is registered in the Company's Shareholder Register as of April 7, 2017, at 16.15 Western Indonesian Time shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine) Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holders with the right to subscribe to 1 (one) New Share at an exercise price of Rp280 (two hundred eighty Rupiah), which shall be paid in full upon submission of the Share Subscription Form.

The total shares offered in the Rights Issue I shall be the maximum number of shares that shall be entirely issued from portfolio and listed on the Indonesia Stock Exchange, with due considerations to the prevailing laws and regulations. The Company's total proceeds from the Rights Issue I shall be Rp1,539,453,407,240.- (one trillion five hundred thirty nine billion four hundred fifty three million four hundred seven thousand two hundred forty Rupiah). Shares issued pursuant to the Rights Issue I shall have identical rights in all respect (including the right to receive dividends) and rank equally with the Company's existing paid-up shares. Each fraction of Preemptive Right shall be rounded down. Pursuant to the provisions of FSAR No. 32/2015, in the event that shareholders own Preemptive Rights in the form of a fraction, the rights over such fraction of securities must be sold by the Company, and the proceeds of such sales shall be deposited to the Company's account.

PT PP (Persero) Tbk as the Company's majority shareholder, has expressed its commitment in a Representation Letter dated February 17, 2017, to subscribe to shares issued by the Company by exercising the Preemptive Rights to be acquired in accordance with PT PP (Persero) Tbk's portion of ownership.

In the event that the Preemptive Rights Shares offered in this Rights Issue I are not entirely subscribed by the public holders of Preemptive Rights, the remaining shall be allocated to other Preemptive Right Holders subscribing more than their rights as stated in the Preemptive Rights Certificate or the Additional Shares Subscription Form proportionally based on the exercised rights. In the event that there are remaining public portion shares subsequent to the allocation of additional share subscription, then, pursuant to the Stand-By Purchase Agreement dated March 16, 2017, entered into and signed by and between the Company and PT Bahana Sekuritas, PT Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk ("Stand-By Buyers"), the Stand-By Buyers shall be obligated to purchase the aforementioned remaining public portion shares in a maximum sum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares for PT Bahana Sekuritas, a maximum sum of 655,057,785 (six hundred fifty five million five hundred seventy seven thousand seven hundred eighty five) shares for PT Danareksa Sekuritas, and a maximum sum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares for PT Trimegah Sekuritas Indonesia Tbk. The remaining Preemptive Rights Shares that must be subscribed by the aforementioned Stand-By Buyers shall not include the shares issued from the exercise of Preemptive Rights of the Majority Shareholders in this Rights Issue I.

THE PREEMPTIVE RIGHTS SHALL BE LISTED ON THE INDONESIA STOCK EXCHANGE ("IDX"). THE PREEMPTIVE RIGHTS ARE TRADABLE ON AND OUTSIDE OF IDX FOR A PERIOD OF NO LESS THAN 5 (FIVE) BUSINESS DAYS FROM APRIL 11, 2017 UP TO APRIL 18, 2017. NEW SHARES FROM THE EXERCISE OF PREEMPTIVE RIGHTS SHALL BE LISTED ON THE INDONESIA STOCK EXCHANGE ON APRIL 11, 2017. THE LAST DATE TO EXERCISE THE PREEMPTIVE RIGHTS SHALL BE APRIL 18, 2017, PROVIDED THAT THE RIGHTS THAT ARE NOT EXERCISED UP TO SUCH DATE SHALL BE NO LONGER VALID.

### IMPORTANT NOTICE TO SHAREHOLDERS

THE PERCENTAGE OF SHARE OWNERSHIP OF PUBLIC SHAREHOLDERS WHO DO NOT EXERCISE THEIR RIGHTS TO SUBSCRIBE TO THE NEW SHARES OFFERED IN THIS RIGHTS ISSUE I IN ACCORDANCE WITH THEIR RESPECTIVE PREEMPTIVE RIGHTS SHALL BE DILUTED BY A MAXIMUM OF 8.91% (EIGHT POINT NINE ONE PERCENT).

THE COMPANY'S MAIN RISK EXPOSURE IS BUSINESS COMPETITION. THE INVESTORS' MAIN RISK EXPOSURE IS THE RISK OF PRICE AND LIQUIDITY OF THE COMPANY'S SHARES, WHICH SHALL BE AFFECTED BY THE CONDITION OF THE INDONESIAN CAPITAL MARKET.

OTHER RISKS ARE PRESENTED IN CHAPTER VI OF THE PROSPECTUS TITLED RISK FACTORS.

THE COMPANY SHALL NOT ISSUE ANY COLLECTIVE SHARE CERTIFICATE IN THIS RIGHTS ISSUE I, HOWEVER, THE AFOREMENTIONED SHARES SHALL BE ELECTRONICALLY DISTRIBUTED AND ADMINISTERED IN THE COLLECTIVE DEPOSITORY OF PT KUSTODIAN SENTRAL EFEK INDONESIA.

### STAND-BY BUYERS



PT Bahana Sekuritas  
(Affiliated)



PT Danareksa Sekuritas  
(Affiliated)



PT Trimegah Sekuritas Indonesia Tbk.

The Company has filed the Registration Statement with respect to the Rights Issue I in connection with the issuance of Preemptive Rights to the Financial Services Authority ("FSA") in Jakarta by letter No. 136/EXT/PP-PPRO/2017 dated February 21, 2017, in accordance with the requirements set forth by the Financial Services Authority Regulation No. 32/POJK.04/2015 dated December 22, 2015, concerning Rights Issue of Public Companies with Preemptive Rights ("FSAR No.32/2015") and the Financial Services Authority Regulation No. 33/POJK.04/2015 dated December 22, 2015, concerning the Form and Content of Prospectus for Rights Issue of Public Companies with Preemptive Rights ("FSAR No. 33/2015"), which represent the implementation of the Law of Republic of Indonesia No. 8 of 1995 dated November 10, 1995, concerning the Capital Market, which have been announced in the State Gazette of the Republic of Indonesia No. 64 of 1995, Supplement to the State Gazette No. 3608 ("hereinafter referred to as the "Capital Market Law") and its implementing regulations.

All the Capital Market Supporting Institutions and Professionals referred to in connection with this Rights Issue I shall be fully responsible for the data presented in accordance with their functions and positions, in accordance with the provisions of the laws and regulations in the Capital Market as well as their respective code of ethics, norms and professional standards.

With respect to this Rights Issue I, all parties, including affiliated parties, are prohibited from providing any information or issuing any statements whatsoever concerning data or matters that are not disclosed in this Prospectus without the Company's prior written approval.

The Capital Market Supporting Institutions and Professionals in this Rights Issue I are not affiliated to the Company, whether directly or indirectly, within the meaning defined in the Capital Market Law.

**THIS RIGHTS ISSUE I IS NOT REGISTERED PURSUANT TO LAWS AND REGULATIONS OTHER THAN THOSE PREVAILING IN INDONESIA. SHOULD ANY PARTY OUTSIDE THE JURISDICTION OF INDONESIA OBTAIN THIS PROSPECTUS OR PREEMPTIVE RIGHT CERTIFICATES, OR OTHER DOCUMENTS RELATED TO THIS RIGHTS ISSUE I, SUCH DOCUMENTS ARE NOT INTENDED AS OFFERING DOCUMENTS TO PURCHASE ORDINARY REGISTERED SHARES RESULTING FROM THE EXERCISE OF PREEMPTIVE RIGHTS, UNLESS SUCH PURCHASE OR EXERCISE OF PREEMPTIVE RIGHTS ARE NOT IN CONTRATRY TO OR DO NOT CONSTITUTE A VIOLATION TO THE PREVAILING LAWS IN SUCH JURISDICTIONS. IN THE EVENT NON-INDONESIAN CITIZEN SHAREHOLDERS, WHO, PURSUANT TO THE LAWS AND REGULATIONS IN THEIR RESPECTIVE COUNTRIES, ARE PROHIBITED FROM EXERCISING THEIR PREEMPTIVE RIGHTS, THEN, THE COMPANY OR THE PARTY SO APPOINTED BY THE COMPANY, SHALL HAVE THE RIGHT TO DENY THE REQUEST OF SUCH PARTIES TO EXERCISE THEIR PREEMPTIVE RIGHTS TO SUBSCRIBE TO SHARES.**

**THE COMPANY HAS DISCLOSED ALL INFORMATION THAT IS REQUIRED TO BE KNOWN TO PUBLIC AND THERE IS NO OTHER INFORMATION THAT HAVE NOT BEEN DISCLOSED WHICH MAY OTHERWISE MISLEAD THE PUBLIC.**

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## DEFINITIONS, TERMS AND ABBREVIATIONS

Unless otherwise stated in the Prospectus, the terms presented below shall have the following meaning:

- “Affiliate”** : Refers to affiliate relationships as defined in Article 1 point 1 of the Capital Market Law:
- (a) Family relationships by either marriage or descents up to the second degree, horizontally and vertically;
  - (b) Relationship between a party and the employees, Directors or Commissioners of such party;
  - (c) Relationship between 2 (two) companies having 1 (one) or more common Directors or Commissioners;
  - (d) Relationship between the company and the party which, directly or indirectly, controls or is controlled by such company;
  - (e) Relationship between 2 (two) companies under common control, either directly or indirectly; or
  - (f) relationship between the company and its principal shareholders.
- “Members of the Stock Exchange”** : Refers to the Members of the Stock Exchange within the meaning of Article 1 number 2 of the Capital Market Law.
- “SAB”** : Refers to the Securities Administration Bureau, which for this purpose shall be PT BSR Indonesia, domiciling in Jakarta.
- “Bapepam & LK”** : Refers to Badan Pengawas Pasar Modal dan Lembaga Keuangan (Financial Institutions and Capital Market Supervisory Agency, formerly known as “BAPEPAM”) as defined in Article 3 paragraph 1 of the Capital Market Law (as defined below), with the last organization structure as stipulated in the Decree of the Minister of Finance of the Republic of Indonesia dated 30-12-2015 (thirty December two thousand fifteen) No. 606/KMK.01/2005 concerning the Organization and Working Procedures of the Financial Institutions and Capital Market Supervisory Agency, which is related to the last amendment stipulated in the Ministry of Finance Regulation dated October 11, 2010 (11-10-2010) No. 184/PMK.01/2010 concerning the Organization and Working Procedures of the Ministry of Finance, which regulatory and supervisory functions, duties and authorities over the financial service activities in the Capital Market are presently transferred to and undertaken by the FSA (as defined below) pursuant to the Law No. 21 of 2011 (two thousand eleven) concerning the Financial Services Authority.
- “IDX or the Stock Exchange”** : Refers to the Indonesia Stock Exchange as defined in article 1 paragraph 4 of the Capital Market Law, which is organized by PT Bursa Efek Indonesia, a Limited Liability Company domiciling in Jakarta, where the Company's shares have been and will be listed.
- “SGRI”** : Refers to the State Gazette of the Republic of Indonesia
- “Dilution”** : Refers to the dilution of percentage of share ownership resulting from rights of New Shares that are not exercised.
- “Director”** : Refers to the Company's active members of the Board of Directors as of the date of this Prospectus.
- “SR”** : Refers to the Company's Shareholder Register administered by the SAB, which contains the names of all of the Company's shareholders and their respective ownerships in the Company's shares, including information on share ownership by Shareholders administered in the Collective Depository of KSE based on the data provided by the Account Holders to KSEI.
- “Securities”** : Refer to marketable securities, i.e., promissory notes, commercial papers, shares, bonds, debentures, Collective Investment Contract Participation Unit, Securities related Forward Contracts and any Securities derivatives.
- “Subsidiaries”** : Refers to companies which:
1. shares are directly or indirectly owned by the Company in the sum of at the minimum 50% of the total shares issued by the said company; and

	2. financial statements are consolidated to the Company in accordance with the Statements of Financial Accounting Standards (SFAS) applicable in Indonesia.
<b>“Associates”</b>	: Refers to companies which shares are owned by the Company in the sum of at the minimum 20% but no more than 50%, and the financial statements of which are not consolidated to the Company in accordance with the Statements of Financial Accounting Standards (SFAS) applicable in Indonesia.
<b>“SSF”</b>	: Refers to Share Subscription Form
<b>“Additional SSF”</b>	: Refers to the abbreviation of Additional Share Subscription Form in connection with the Rights Issue I, i.e. the form used to subscribe shares in addition to the allocated portion based on the number of Preemptive Rights received by 1 shareholder of the Company pursuant to the Rights Issue I.
<b>“Exercise Price”</b>	: refers to the price offered to the Company's shareholders in the Rights Issue I in order to exercise their rights to 1 New Share, which shall be Rp280 (two hundred eighty Rupiah) per share.
<b>“Exchange Day”</b>	: refers to the days when the Stock Exchange or any legal entities replacing the Stock Exchange conducts stock exchange activities according to the prevailing laws and regulations and the regulations of the said Stock Exchange, and the days when banks perform clearing.
<b>“Calendar Day”</b>	: Refers to every day in 1 year according to the Gregorian Calendar without exception, including Sunday and national holidays which may be stipulated from time to time by the Government of the Republic of Indonesia.
<b>“Business Day”</b>	: refers to Monday to Friday, except for national holidays or any other holidays stipulated by the Government.
<b>“Preemptive Right”</b>	: Refers to the right inherent to a share that provides the shareholder with the opportunity to purchase shares and/or other Equity Securities, whether those convertible to shares or those providing rights to purchase shares, before such shares are offered to other Parties.
<b>“Commissioner”</b>	: Refers to the Company's active members of the Board of Commissioners as of the date of this Prospectus.
<b>“Written Confirmation”</b>	: refers to the confirmation letter issued by KSEI and/or Custodian Banks and/or Securities Companies for the benefit of the Account Holders in the Secondary Market
<b>“KSEI”</b>	: Refers to the abbreviation of PT Kustodian Sentral Efek Indonesia, domiciling in Jakarta, and is the Depository and Settlement Institution as defined in the Capital Market Law.
<b>“Public”</b>	: refers to any individual of Indonesian or Foreign Nationality and/or legal entity, whether of Indonesian or Foreign Legal Entity, residing or legally domiciled in Indonesia or outside the jurisdiction of the Republic of Indonesia.
<b>“MoLHR”</b>	: Refers to the Minister of Law and Human Rights of the Republic of Indonesia.
<b>“Disclosure of Information”</b>	: Refers to the disclosure of information to the Company's Shareholders in order to comply with (i) Regulation No. IX.E.2; and FSA Regulation No. 32/POJK.04/2014 concerning the Planning and Organization of General Meeting of Shareholders of Public Companies, and (iii) FSAR No. 32/2015.
<b>“FSA”</b>	: Refers to the Financial Services Authority, an independent institution that is free from any intervention, which has the function, responsibilities and authorities to regulate, supervise, examine and investigate the financial service activities in the Capital Market, Insurance, Pension Fund, Financing Institution and other Financial Services Institution sectors as stipulated in Law No. 21 of 2011 dated November 22, 2012, concerning the Financial Services Authority (“FSA Law”). Effective from December 31, 2012, the function, responsibilities and authorities to regulate and supervise the financial services activities in the capital market sector have been transferred from the Bapepam and LK to the FSA, or the replacements and beneficiaries of its rights and obligations thereof, in accordance with Article 55 of the FSA Law.

<b>“Stand-By Buyers”</b>	:	Refers to the Buyers of Unsubscribed Shares in accordance with the terms set forth in the Agreement, which for this purpose shall be PT Bahana Sekuritas, PT Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk, each of which shall purchase the Unsubscribed Shares according to the following portions: PT Bahana Sekuritas, totaling 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares, PT Danareksa Sekuritas, totaling 655,057,785 (six hundred fifty five million fifty seven thousand seven hundred eighty five) shares, and PT Trimegah Sekuritas Indonesia Tbk, totaling 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares.
<b>“Account Holder”</b>	:	Refers to the party whose name is registered as the owner of Securities Account at KSEI, which includes Custodian Banks and/or Securities Companies and/or other parties approved by KSEI, with due consideration to the laws and regulations in the Capital Market and KSEI Regulations.
<b>“Shareholder”</b>	:	Refers to the party whose name is registered as the owner of Securities Account at KSEI, which includes Custodian Banks and/or Securities Companies and/or other parties approved by KSEI, with due consideration to the laws and regulations in the Capital Market and KSEI Regulations.
<b>“Government”</b>	:	Refers to the Government of the Republic of Indonesia.
<b>“Rights Issue I”</b>	:	Refers to the offering of 5,498,047,833 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty three) ordinary registered shares with a nominal value of Rp25 (twenty five Rupiah) per share. Each holder of 1,000,000 (one million) existing shares whose name is registered in the Company's Shareholder Register as of the recording date at 16.15 Western Indonesian Time shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine) Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holders with the right to subscribe to 1 (one) New Share at an exercise price of Rp280.- (two hundred eighty Rupiah).
<b>“Collective Custody”</b>	:	Refers to the custody service of securities jointly owned by more than one parties, whose interests are represented by KSEI, as stipulated by the Capital Market Law.
<b>“Share Administration Management and Implementing Agent Agreement”</b>	:	Refers to the Deed of Share Administration Management and Implementing Agreement with respect to the Rights Issue to Raise Additional Capital with Preemptive Rights I of PT PP Properti Tbk No. 23 dated February 16, 2017, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, between the Company and the SAB.
<b>“Registration Statement”</b>	:	refers to the registration statement filed to the FSA by the Company in connection with the Rights Issue I, which consists of mandatory documents to be submitted and the exhibits thereof, including all revisions, additions, and corrections thereof in accordance with FSAR No. 32/2015.
<b>“The Company”</b>	:	Refers to PT PP Properti Tbk, domiciling in East Jakarta, a limited liability company incorporated by virtue and based on the laws and regulations of the Republic of Indonesia.
<b>“Prospectus”</b>	:	refers to every written information in connection with the Rights Issue I as stipulated in FSAR No. 33/2015.
<b>“Securities Account”</b>	:	Refers to the account containing the balance statement of the shares and/or funds owned by the shareholders that are administered by KSEI or Account Holders based on the Securities Account opening agreement signed by the shareholders, Securities Companies and Custodian Banks.
<b>“Rp or Rupiah”</b>	:	Refers to the Indonesian Rupiah, the official currency of the Republic of Indonesia.
<b>“GMS”</b>	:	Refers to the General Meeting of Shareholders
<b>“EGMS”</b>	:	Refers to the Extraordinary General Meeting of Shareholders
<b>“New Shares”</b>	:	Refers to the Ordinary Registered Shares to be issued by the Company in the Rights Issue I, consisting of 5,498,047,833 (five billion four hundred ninety eight



	million forty seven thousand eight hundred eighty three) ordinary registered shares with a nominal value of Rp25 (twenty five Rupiah) per share.
<b>“Right Shares”</b>	: Refers to shares from exercised Preemptive Rights, which shall be the New Shares acquired by the Preemptive Right Holders in the Rights Issue I totaling 5,498,047,833 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty three) Shares.
<b>“Existing Shares”</b>	: Refers to the Company's issued and fully paid-up ordinary registered shares as of the date of issuance of this Prospectus.
<b>“Preemptive Rights Certificate or “PRC”</b>	: refers to the right confirmation letter or certificate issued by the Company to the shareholders as proof of Preemptive Rights, which may be traded during the trading period.
<b>“Collective Share Certificate”</b>	: Refers to a certificate for which the shareholders own collective rights over the shares.
<b>“Effective Date” or “Effective”</b>	: Refers to the date when the Registration Statement become effective in accordance with the provisions of FSAR No. 32/2015.
<b>“Capital Market Law”</b>	: Refers to the Law No. 8 of 1995 dated November 10, 1995, concerning the Capital Market, State Gazette of the Republic of Indonesia No. 64 of 1995, Supplement No. 3806, and the implementing regulations thereof.
<b>“Company Law”</b>	: Refers to Law No. 40 of 2007 dated August 16, 2007, concerning the Limited Liability Company, State Gazette of the Republic of Indonesia No. 106 of 2007, Supplement No. 4746.

## List of Abbreviations

<b>“APRO”</b>	: PT Aryan Pembangunan Perumahan Properti
<b>“GSN”</b>	: PT Gitanusa Sarana Niaga
<b>“HKM”</b>	: PT Hasta Kreasi Mandiri
<b>“JPRO”</b>	: PT Jababeka PP Properti
<b>“MCPS”</b>	: PT Mitracipta Polasarana
<b>“PGI”</b>	: PT Pancakarya Grahatama Indonesia
<b>“PJR”</b>	: PT Pembangunan Perumahan Properti Jababeka Residen
<b>“PPP”</b>	: PT Pekanbaru Permai Propertindo
<b>“PTPP” atau “PT PP (Persero) Tbk.</b>	: PT Pembangunan Perumahan (Persero) Tbk.
<b>“SPRO”</b>	: PT Sentul PP Properti
<b>“WSS”</b>	: PT Wisma Seratus Sejahtera
<b>“YKKPP”</b>	: Yayasan Kesejahteraan Karyawan Pembangunan Perumahan

## SUMMARY

*The following summary is an integral part of and must be read in conjunction with the more detailed information provided in this Prospectus. The summary is prepared based on the facts and judgments that are considered most important to the Company. All of the Company's financial information is prepared in Rupiah and in accordance with the Financial Accounting Standards in Indonesia.*

### 1. DESCRIPTION OF THE COMPANY

#### Overview

The Company was established based on the laws of the Republic of Indonesia as a result of the spin-off of PT PP (Persero) Tbk's Property Division, which was established in 1991. The Company is domiciled in East Jakarta. The Company was established under the name "PT PP Properti" as set forth in the Deed of Establishment of the Limited Liability Company PT PP Properti No. 18 dated 12 December 2013 *juncto* Deed of Amendment to the Deed of Establishment of the Limited Liability Company PT PP Properti No. 29 dated 17 December 2013, both of which were drawn up before Ir. Nanette Cayhanie Handari Adi Warsito, S.H., a Notary in Jakarta and have obtained the approval from the Minister of Law and Human Rights by virtue of Decree No. AHU-04852.AH.01.01.Tahun 2014 dated 5 February 2014, and were registered in the Company Registry under No. AHU-0008265.AH.01.09.Tahun 2014 dated February 5, 2014, and was announced in Supplement No. 13081 to the State Gazette of the Republic of Indonesia No. 47 dated June 13, 2014 ("**The Company's Deed of Establishment**").

The Company's Articles of Association have been amended several times, and the amendment of the Company's Articles of Association to conform to (i) Regulation No. IX.J.1, (ii) FSAR 32/2014, and (iii) FSAR 33/2014, was set forth in the Deed of Shareholders Resolutions of the Limited Liability Company PT PP Properti No. 9 dated February 6, 2015, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was (i) approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-0002016.AH.01.02.Tahun 2015 dated February 6, 2015, and was registered in the Company Register under No. AHU-0016305.AH.01.11.Tahun 2015 dated February 6, 2015, and (ii) was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0008148 and No. AHU-AH.01.03-0008149 dated February 6, 2015, and both of which were registered in the Company Register under No. AHU-0016305.AH.01.11.Tahun 2015 dated February 6, 2015, ("**Deed No. 9/2015**") *juncto* the Deed of Circular Resolutions of Shareholders in lieu of the Extraordinary General Meeting of Shareholders of PT PP Properti Tbk No. 2 dated May 5, 2015, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0929659 dated May 5, 2015, and was registered in the Company Register under No. AHU-3501114.AH.01.11.Tahun 2015 dated May 5, 2015.

The last amendment to the Company's Articles of Association was set forth in the Deed of Meeting Resolutions of PT PP Properti Tbk's Extraordinary General Meeting of Shareholders No. 19 dated January 27, 2017, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0040165 dated January 30, 2017, and was registered in the Company Register under No. AHU-0002016.AH.02. Tahun 2015 dated January 30, 2017 ("**Deed No. 19/2017**"), which amended the provisions of article 4 paragraph (2) to (12), article 14, article 15, and article 16 of the Company's Articles of Association.

To carry out its business activities, the Company owns 4 Subsidiaries, namely, GSN, HKM, WSS, and PJR; 3 Associates, namely, JPRO, SPRO, and PPP, and share ownership in 2 companies, namely PGI and MCPS. Description of the Company's Subsidiaries, Associates and Investment in Shares are as follows:

No.	Company Name	Business Activities	The Company's Percentage of Ownership	Direct/Indirect Ownership	Year of Investment	Status
1.	GSN	Construction, trade, agriculture, transportation, printing, workshops and services.	99.99%	Direct	2013	Operating
2.	HKM	Real estate, trade, industry and mining, animal husbandry, agriculture, plantation and forestry, and services.	99.00%	Direct	2015	Operating
3.	WSS	Contractor, construction, general trade; Engaged in transportation management service (freight forwarding and courier), industry,	55%	Direct	2016	Operating



No.	Company Name	Business Activities	The Company's Percentage of Ownership	Direct/Indirect Ownership	Year of Investment	Status
		mining, transportation, agency, services in general except legal and tax services.				
4.	PJR	Trade, service, construction, realty and building management.	52.6%	Direct	2016	Not yet operating
5.	PPP	Construction, trade and services.	40.00%	Direct	2014	Operating
6.	JPRO	Trade, service, construction, realty and building management.	49.00%	Direct	2016	Operating
7.	APRO	Services, construction, trade, industry, ground transportation, agriculture, plantation, fisheries, printing and workshop.	49.00%	Direct	2017	Not yet Operating
8.	SPRO	Services, construction and trade	49.00%	Direct	2016	Operating
9.	PGI	Construction, trade and services.	15.00%	Direct	2013	Operating
10.	MCPS	Construction and trade	4.67%	Direct	2013	Operating

### The Company's Capital Structure

As set forth in the Deed No. 19/2017 *juncto* Letter No. 018/BSR/DIR/PPRO-R/KSEI/II/2017 dated February 16, 2017 concerning Changes of Paid-Up Capital Pursuant to the Exercise of Stock Split of PT PP Properti Tbk, which was issued by PT BSR Indonesia as the Company's Securities Administration Bureau, the Company's capital structure and shareholder composition are as follows:

Description	Nominal Value Rp25.- per share		
	Total Shares (share)	Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	<b>-</b>
<b>Issued and Fully Paid-up Capital</b>			
1. PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96
2. Yayasan Kesejahteraan Karyawan Pembangunan Perumahan	36,528,240	913,206,000	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73
4. Public	15,307,146,400	382,678,660,000	27.25
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	<b>-</b>

### Key Financial Highlights

Further information concerning the Company's financial information is available in Chapter IV of this Prospectus.

### 2. Rights Issue I

Type of Offering	: Rights Issue I to issue Preemptive Rights
Type of Securities Offered	: Ordinary Registered Shares
Total Securities Offered	: a sum of 5,498,047,883 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty three) New Shares
Nominal Value	: Rp25.- (twenty five Rupiah)
Preemptive Rights Price	: Rp280.- (two hundred eighty Rupiah)
Rights Issue Size	: Rp1,539,453,406,960.- (one trillion five hundred thirty nine billion four hundred fifty three million four hundred six thousand nine hundred sixty Rupiah).
Preemptive Rights Conversion Ratio	: Each holder of 1,000,000 (one million) existing shares shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine)

		Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holders with the right to subscribe to 1 (one) New Share.
Maximum Dilution of Share Ownership	:	The percentage of ownership of shareholders not exercising their rights shall be subject to a maximum dilution of 8.91% (eight point nine one percent).
Date of EGMS	:	January 27, 2017
Preemptive Rights Listing Date on the IDX	:	April 11, 2017
Preemptive Rights Trading and Exercise Period	:	April 11 – 18, 2017
Rights of Issued Shares	:	Rights Issue I to issue Preemptive Rights

Assuming all of the Company's shareholders exercise their Preemptive Rights which they are entitled to in this Rights Issue I, the Company's capital structure and shareholder composition subsequent to the Rights Issue I on a proforma basis shall be as follows:

Description	Nominal Value Rp25.- per share					
	Prior to Rights Issue I			Subsequent to Rights Issue I		
	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>		<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital						
1. PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96	40,063,119,098	1,001,577,977,450	64.96
2. YKKPP	36,528,240	913,206,000	0.06	40,103,222	1,002,580,550	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73	4,767,208,051	119,180,201,275	7.73
4. Public	15,307,146,400	382,678,660,000	27.25	16,805,241,512	420,131,037,800	27.25
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>	<b>61,675,671,883</b>	<b>1,541,891,797,075</b>	<b>100.00</b>
<b>Total Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	<b>-</b>	<b>84,437,288,117</b>	<b>2,110,932,202,925</b>	<b>-</b>

Should all the Preemptive Rights offered in this Rights Issue I are not exercised by all of the Company's shareholders except PT PP (Persero) Tbk, and should there be any remaining New Shares that are not exercised subsequent to such allocation, the Company's proforma capital structure and shareholder composition prior and subsequent to the Rights Issue I shall be as follows:

Description	Nominal Value Rp25.- per share					
	Prior to Rights Issue I			Subsequent to Rights Issue I		
	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	<b>-</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital						
1. PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96	40,063,119,098	1,001,577,977,450	64.96
2. YKKPP	36,528,240	913,206,000	0.06	36,528,240	913,206,000	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73	4,342,237,600	108,555,940,000	7.04
4. Public	15,307,146,400	382,678,660,000	27.25	15,307,146,400	382,678,660,000	24.82
5. Stand-By Buyers	-	-	-	<b>1,926,640,545</b>	<b>48,166,013,625</b>	<b>3.12</b>
- PT Bahana Sekuritas				635,791,380	178,021,586,400	1.03
- PT Danareksa Sekuritas				655,057,785	183,416,179,545	1.06
- PT Trimegah Sekuritas Indonesia Tbk				635,791,380	178,021,586,400	1.03
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>	<b>61,675,671,883</b>	<b>1,541,891,797,075</b>	<b>100.00</b>
<b>Total Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>		<b>84,437,288,117</b>	<b>2,110,932,202,925</b>	<b>-</b>

Further information concerning the Rights Issue I is available in Chapter I of this Prospectus.

### 3. Use of Proceeds

All proceeds from the Rights Issue I, net of issuance cost, shall be utilized as follows:

- Approximately 70% (seventy percent) to finance investments in the form of business development;
- Approximately 20% (twenty percent) to finance the Company's working capital; and
- Approximately 10% (ten percent) to finance partial repayment (refinancing) of the Company's debts to.

Further information concerning the use of proceeds from the Rights Issue I is available in Chapter II of this Prospectus.

#### 4. Risk Factors

The risk factors affecting the Company's business activities are categorized as follows:

##### **Risks Associated with the Company's and its Subsidiaries' Business Activities**

- a. Risk of business competition;
- b. Risk of funding;
- c. Risk of fluctuations in the property industry Indonesia and other factors beyond the Company's control;
- d. Risk of delayed completion of a portion or all of the Company's projects;
- e. Risks generally related to development and investments in the property industry;
- f. Risk of human resources;
- g. Risk of limited land available for development plans;
- h. Risk of changes in Government Regulations, legality aspects, and licensing;
- i. Risk associated with joint venture;
- j. Risk of dependence to PT PP (Persero) Tbk.

##### **Risks Associated with Conditions in Indonesia**

- a. Risk of negative or slow economic growth in Indonesia;
- b. Risk of political and social instabilities in Indonesia;
- c. Risk of Indonesia's debt rating downgrade;
- d. Indonesia is a region susceptible to natural disasters;
- e. Risk of changes in Government Regulations or policies.

##### **Risks Associated with Investment in the Company's Shares**

- a. Risk of dilution of Shareholders' ownership;
- b. Risk of Shares Illiquidity.

The complete Risks Factors are presented in Chapter VI of this Prospectus.

#### 5. Dividend Policy

The Company has a policy to distribute cash dividends to all of the Company's shareholders, with due consideration to the Company's financial position or soundness and without prejudice to the rights of the Company's General Meeting of Shareholders to determine such dividend distributions, which shall be determine in the Company's General Meeting of Shareholders.

Presented below are the descriptions of the Company's dividend payments for the 2015 fiscal year, which are paid in 2016.

● Cash Dividends paid (Rp billion)	: Rp60.06
● Dividend per Share (full Rupiah amount)	: Rp4.27
● Payout Ratio	: 20%
● Announcement Date	: April 20, 2016
● Payment Date	: May 20, 2016

#### 6. Description of Stand-by Buyers

In accordance with the provisions stipulated in the Stand-By Purchase of Unsubscribed Shares of the Rights Issue to Raise Additional Capital with Preemptive Rights I of PT PP Properti Tbk No. 43 dated March 16, 2017, between the Company and PT Bahana Sekuritas, PT Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk. Further information considering the Stand-by Buyers is available in Chapter XII of this Prospectus.

#### 7. Share Subscription Procedures

The shares offered in the Rights Issue I are issued based on Preemptive Rights referred to in FSAR No. 32/2015. The Company has appointed PT BSR Indonesia as the Company's Shares Administration Management Agency and Limited Public Offering Implementing Agent as stipulated in the Deed of the Company's Shares Administration Management and the Unsubscribed Shares Stand-by Purchase Agreement.

Further information concerning the share subscription procedures of the Rights Issue I is available in Chapter XIV of this Prospectus.

## I. PUBLIC OFFERING

The Company shall offer a maximum of 5,498,047,883 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty three) New Shares, having a nominal value of Rp25 (twenty five Rupiah) per share or equal to 8.91% (eight point nine one percent) of the Company's issued and fully paid-up capital subsequent to the Rights Issue I. Each holder of 1,000,000 (one million) existing share whose name is registered in the Company's Shareholder Register as of April 7, 2017, at 16.15 Western Indonesian Time shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine) Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holders with the right to subscribe to 1 (one) New Share at an exercise price of Rp280.- (two hundred eighty Rupiah), which shall be paid in full upon submission of the Share Subscription Form.

The total shares offered in the Rights Issue I with Preemptive Rights shall be the maximum number of shares that shall be entirely issued from portfolio and listed on the Indonesia Stock Exchange, with due considerations to the prevailing laws and regulations. The Company's total proceeds from the Rights Issue I shall be Rp1,539,453,407,240.- (one trillion five hundred thirty nine billion four hundred fifty three million four hundred seven thousand two hundred forty Rupiah). Shares issued pursuant to the Rights Issue I shall have identical rights in all respect (including the right to receive dividends) and rank equally with the Company's existing paid-up shares. Each fraction of Preemptive Right shall be rounded down. Pursuant to the provisions of FSAR No. 32/2015, in the event that shareholders own Preemptive Rights in the form of a fraction, the rights over such fraction of securities must be sold by the Company, and the proceeds of such sales shall be deposited to the Company's account.

PT PP (Persero) Tbk as the Company's majority shareholder, has expressed its commitment in a Representation Letter dated February 17, 2017, to subscribe to shares issued by the Company by exercising the Preemptive Rights to be acquired in accordance with PT PP (Persero) Tbk's portion of ownership.

In the event that the Preemptive Rights Shares offered in this Rights Issue I are not entirely subscribed by the public holders of Preemptive Rights, the remaining shall be allocated to other Preemptive Right Holders subscribing more than their rights as stated in the Preemptive Rights Certificate or the Additional Shares Subscription Form proportionally based on the exercised rights. In the event that there are remaining public portion shares subsequent to the allocation of additional share subscription, then, pursuant to the Stand-By Purchase Agreement dated March 16, 2017, entered into and signed by and between the Company and PT Bahana Sekuritas, PT Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk ("**Stand-By Buyers**"), the Stand-By Buyers shall be obligated to purchase the aforementioned remaining public portion shares in a maximum sum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares for PT Bahana Sekuritas, a maximum sum of 655,057,785 (six hundred fifty five million fifty seven thousand seven hundred eighty five) shares for PT Danareksa Sekuritas, and a maximum sum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares for PT Trimegah Sekuritas Indonesia Tbk. The remaining Preemptive Rights Shares that must be subscribed by the aforementioned Stand-By Buyers shall not include the shares issued from the exercise of Preemptive Rights of the Majority Shareholders in this Rights Issue I.



PROPERTI

PT PP PROPERTI Tbk [PPRO]

### Main Business Activities

Engaged in Service, Construction and Trade

Domiciled in East Jakarta, Indonesia

### Head Office

Plaza PP – Wisma Subiyanto, 2<sup>nd</sup> Floor

Jl. Letjend TB Simatupang No. 57

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**THE COMPANY'S MAIN RISK EXPOSURE IS BUSINESS COMPETITION. OTHER RISKS ARE PRESENTED IN CHAPTER VI OF THE PROSPECTUS TITLED RISK FACTORS.**

**WITHIN A PERIOD OF 12 (TWELVE) MONTHS FOLLOWING THE EFFECTIVENES OF THE REGISTRATION STATEMENT WITH RESPECT TO THIS RIGHTS ISSUE I, THE COMPANY SHALL NOT ISSUE OR REGISTER ANY NEW SHARES OR OTHER SECURITIES CONVERTIBLE TO SHARES OTHER THAN THOSE OFFERED IN RIGHTS ISSUE I.**

As of the issuance of this Prospectus, the Company's capital structure and shareholder composition and share ownership composition are as follows:

Description	Nominal Value Rp25.- per share		
	Amount Total Shares (share)	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital			
1. PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96
2. YKKPP	36,528,240	913,206,000	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73
4. Public	15,307,146,400	382,678,660,000	27.25
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	

The monthly highest closing price, lowest closing price, and total shares traded for the last 12 months, starting from January up to December 2015 are presented below:

No.	Month	High (Rp/share)	Low (Rp/share)	Total Shares Traded
1	January 2016	189	175	1,445,219,500
2	February 2016	198	183	2,149,837,600
3	March 2016	232	198	1,524,515,200
4	April 2016	311	223	804,790,100
5	May 2016	380	282	2,624,887,200
6	June 2016	510	376	2,182,400,000
7	July 2016	615	500	1,372,013,100
8	August 2016	820	705	2,050,562,900
9	September 2016	1,330	760	2,659,856,900
10	October 2016	1,465	1,295	1,465,304,800
11	November 2016	1,445	1,195	1,073,910,800
12	December 2016	1,410	1,160	536,320,200

Source: [www.idx.co.id](http://www.idx.co.id)

Assuming all of the Company's shareholders exercise their Preemptive Rights which they are entitled to in this Rights Issue I, the Company's capital structure and shareholder composition subsequent to the Rights Issue I on a proforma basis shall be as follows:

Description	Nominal Value Rp25.- per share					
	Prior to Rights Issue I			Subsequent to Rights Issue I		
	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>		<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital						
1. PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96	40,063,119,098	1,001,577,977,450	64.96
2. YKKPP	36,528,240	913,206,000	0.06	40,103,222	1,002,580,550	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73	4,767,208,051	119,180,201,275	7.73
4. Public	15,307,146,400	382,678,660,000	27.25	16,805,241,512	420,131,037,790	27.25
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>	<b>61,675,671,883</b>	<b>1,541,891,797,075</b>	<b>100.00</b>
<b>Total Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	-	<b>84,437,288,117</b>	<b>2,110,932,202,925</b>	

Should all the Preemptive Rights offered in this Rights Issue I are not exercised by all of the Company's shareholders except PT PP (Persero) Tbk, and should there be any remaining New Shares that are not exercised subsequent to such allocation, the Company's proforma capital structure and shareholder composition prior and subsequent to the Rights Issue I shall be as follows:

Description	Nominal Value Rp25.- per share					
	Prior to Rights Issue I			Subsequent to Rights Issue I		
	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)	Number of Shares	Total Nominal Value (Rp)	Percentage of Ownership (%)
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	-	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital						
1. PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96	40,063,119,098	1,001,577,977,450	64.96



2. YKKPP	36,528,240	913,206,000	0.06	36,528,240	913,206,000	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73	4,342,237,600	108,555,940,000	7.04
4. Public	15,307,146,400	382,678,660,000	27.25	15,307,146,400	382,678,660,000	24.82
5. Stand-By Buyers	-	-	-	<b>1,926,640,545</b>	<b>48,166,013,625</b>	<b>3.12</b>
- PT Bahana Sekuritas				635,791,380	178,021,586,400	1.03
- PT Danareksa Sekuritas				655,057,785	183,416,179,545	1.06
- PT Trimegah Sekuritas Indonesia Tbk				635,791,380	178,021,586,400	1.03
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>	<b>61,675,671,883</b>	<b>1,541,891,797,075</b>	<b>100.00</b>
<b>Total Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>		<b>84,437,288,117</b>	<b>2,110,932,202,925</b>	<b>-</b>

Preemptive Right Holders who do not exercise their rights to subscribe to New Shares issued in this Rights Issue I may sell their rights to other parties commencing on April 11 - 18, 2017, whether on or outside of the IDX, in accordance with FSAR No. 32/2015.

The percentage of share ownership of public shareholders who do not exercise their rights to subscribe to the new shares offered in this Rights Issue I in accordance with their respective Preemptive Rights shall be diluted by a maximum of 8.91% (eight point nine one percent).

In the event that the shareholders own the Preemptive Rights in a fraction form, the Company shall own and sell such fraction of shares and the proceeds of which shall be deposited in the Company's account. All of the Company's issued and paid-up shares, including the New Shares to be issued in this Rights Issue I shall have the same and equal rights in all respect with the Existing Shares previously issued by the Company, including the rights to receive dividends, to cast vote in a GMS, to receive bonus shares, and the rights to obtain Preemptive Rights. Each fraction of Preemptive Right shall be rounded down.

Pursuant to the EGMS dated January 27, 2017, the Company has obtained approvals from the shareholders with respect to the Rights Issue I, which consist of the followings:

1. Approved the Company's Additional Issued and Paid-Up Capital through the issuance of Preemptive Rights in a maximum sum of 7,330,730,511 (seven billion three hundred thirty million seven hundred thirty thousand five hundred eleven) shares, each having a nominal value of Rp25.00 (twenty five Rupiah), which shall be exercised upon receipt of Effective Statement of the Registration Statement from the FSA.
2. Authorized the Company's Board of Directors to undertake all actions necessary with respect to the Rights Issue I subsequent to the satisfaction of requirements referred to in point 1 above and the requirements set forth in the prevailing laws and regulations, including, but not limited to, FSAR 32/2015, including:
  - To determine the final number of shares to be issued with respect to the Rights Issue I;
  - To determine the ratio of Shareholders entitled to Preemptive Rights;
  - To determine the exercise price with respect to the Rights Issue I, subject to the approval of the Board of Commissioners;
  - To determine the final date of Shareholder Register (SR) of Shareholders entitled to Preemptive Rights;
  - To determine the final use of proceeds;
  - To determine the final schedule of the Rights Issue I;
  - To sign the necessary documents with respect to the Rights Issue I, including notarial needs.
3. Approved the amendment of Article 4 paragraph 2 and 3 of the Articles of Association as described below:
  - Increased the issued and paid-up capital subsequent to the implementation of Rights Issue to Raise Additional Capital with Preemptive Rights (Rights Issue) from 56,177,624,000 (fifty five billion one hundred seventy seven million six hundred twenty four thousand) shares, each share having a nominal value of Rp25.00 (twenty five Rupiah) per share or a total nominal value of Rp1,404,440,600,000 (one trillion four hundred four billion four hundred forty million six hundred thousand Rupiah) to a maximum of 63,508,354,511 (sixty three billion five hundred eight million three hundred fifty four thousand five hundred eleven) shares, with a maximum total nominal value of Rp1,587,708,862,775 (one trillion five hundred eighty seven billion seven hundred eight million eight hundred sixty two thousand seven hundred seventy five Rupiah), with due considerations to the prevailing laws and regulations.
  - Granted the Company's Board of Commissioners with the authority and power to declare the realization of number of shares issued in the Rights Issue, determine the final issued and paid-up capital, and declare the amendment of Article 4 paragraph 2 and 3 of the Company's Articles of Association before a Notary pursuant to the increase of the Company's issued and paid-up capital by the issuance of Preemptive Rights in order to implement the aforementioned resolutions.

#### A. Eligible Preemptive Right Holders

Shareholders whose names are registered in the Company's Shareholder Register ("SR") as of April 7, 2017, at 16.15 Western Indonesian Time, shall be eligible to subscribe shares on the condition that each holder of 1,000,000 (one million) Existing Shares shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine) Preemptive Rights, where every 1 (one) Preemptive Right shall provide its holder with the right to subscribe to 1 (one) New Share, having a nominal value of Rp25 (twenty five Rupiah) per share at an Exercise Price of Rp280 (two hundred eighty Rupiah) per share.

#### **B. Legitimate Preemptive Right Holders**

The legitimate Preemptive Right holders are (i) Shareholders whose names are legitimately registered in the SR or holding the Company's Shares in the securities account of securities companies/custodian banks on April 7, 2017, up to 16.15 Western Indonesian Time, and whose Preemptive Rights are not sold until the end of the Preemptive Rights trading period; or (ii) the last buyers/holders of Preemptive Rights Certificate whose names are stated on the endorsement column of the Preemptive Rights Certificate until the end of the Preemptive Rights trading period; or (iii) holders of Preemptive Rights whose names are registered in the Collective Depository at KSEI until the last date of the Preemptive Rights trading period.

#### **C. Trading of Preemptive Rights Certificate**

The holders of Preemptive Rights may trade their Preemptive Rights Certificates during the Preemptive Rights trading period, i.e. from April 11 - 18, 2017.

Trading of Preemptive Rights shall duly consider the provisions of the prevailing laws and regulations in the jurisdictions of the Unified State of the Republic of Indonesia, including but not limited to, tax regulations and the regulations in the Capital Market, including the regulations of stock exchange where such Preemptive Rights are traded, namely the Indonesia Stock Exchange and the regulations of PT Kustodian Sentral Efek Indonesia (KSEI). Should the Preemptive Right Holders encounter any doubts in making decisions, it is advisable to consult with investment consultants, investment managers or other professional consultants.

Preemptive Rights in the Collective Custody of KSEI are traded on the IDX, whereas Preemptive Rights in the form of Preemptive Rights Certificate shall be traded solely outside of the stock exchange. Settlement of Preemptive Rights trading on the Stock Exchanges shall be made by way of book-entry settlement between securities accounts under the name of Custodian Banks or Members of Stock Exchange at KSEI. All costs and taxes that may arise from the trading and transfer of Preemptive Rights shall be the responsibility and cost of the holders of Preemptive Rights or prospective holders of Preemptive Rights.

Preemptive Right Holders intending to transfer their Preemptive Rights may do so through the Members of the Stock Exchange or Custodian Banks.

#### **D. Types of Preemptive Rights**

The Company shall issue 2 (two) types of Preemptive Rights as described below:

- a. For shareholders whose shares are not administered in the Collective Depository at KSEI, the Company shall issue Preemptive Rights Certificates which shall state the name and address of the Preemptive Rights holders, number of shares owned, the number of Preemptive Rights that may be exercised to purchase Preemptive Rights Shares and a column for the number of shares to be purchased, the sum to be paid, the amount of additional share subscriptions, endorsement column and other required information.
- b. For shareholders whose shares are administered in the Collective Depository at KSEI, the Company shall not issue Preemptive Rights Certificate, but shall credit the Preemptive Rights to the securities accounts under the name of the Custodian Banks or Securities Companies appointed by each shareholder at KSEI.

#### **E. Request for Preemptive Rights Certificate Split**

Holders of Preemptive Rights Certificate intending to sell or otherwise transfer a portion of the sum stated on their Preemptive Rights Certificate shall prepare a Preemptive Rights Certificate split request and submit the same to the SAB to obtain the split Preemptive Rights Certificate with the desired Preemptive Rights denomination starting from April 11 - 18, 2017.

The Preemptive Rights Certificates resulting from such split can be collected within 1 (one) Exchange Day after the complete request if received by the Company's SAB.

#### **F. Theoretical Price of Preemptive Rights**

The value of Preemptive Rights Certificates offered by the legitimate holders of Preemptive Rights shall vary among one holder of Preemptive Rights and the others, based on the existing market demand and supply.

For the purpose of illustration, the following calculation of Preemptive Rights theoretical price is one of the methods to calculate the Preemptive Rights theoretical price, however it does not guarantee that the result of such Preemptive Rights theoretical price calculation shall be the actual Preemptive Rights theoretical price prevailing in the market. The following illustration is expected to provide a general overview on the calculation of Preemptive Rights theoretical price.

**Assumptions:**

Assumed market price per share	= Rp a
Exercise Prices of Rights Issue I	= Rp r
Outstanding Shares Prior to Rights Issue I	= A
Total shares offered in Rights Issue I	= B
Outstanding shares subsequent to Rights Issue I	= A

$$\begin{aligned} \text{Theoretical Price of the Right Share} &= \frac{(\text{Rp a} \times \text{A}) + (\text{Rp b} \times \text{B})}{(\text{A} + \text{R})} \\ &= \text{Rp X} \end{aligned}$$

$$\text{Preemptive Rights price per share} = \text{Rp X} - \text{Rp r}$$

**G. Use of Preemptive Rights Certificate**

The Preemptive Rights Certificate is an evidence of the rights granted by the Company to the Holders of Preemptive Rights to purchase the New Shares. The Preemptive Rights Certificates are issued solely for shareholders who have not converted their shares and shall be used to subscribe to New Shares. The Preemptive Rights cannot be traded with money or any other forms to the Company, and cannot be traded in the form of photocopies. The evidence of ownership of Preemptive Rights for the holders of Preemptive Rights administered in KSEI's Collective Depository shall be provided by KSEI through the Members of Indonesia Stock Exchange or Custodian Banks.

**H. Fractions of Preemptive Rights**

Pursuant to the FSAR No. 32/2015, in the event of a shareholder having Preemptive Rights in the form of fractions, such Preemptive Rights shall not be provided to the shareholders, but shall be pooled by the Company to be sold so that the Company shall issue Preemptive Rights in full form, and the proceeds from sale of such fractions of Preemptive Rights shall be deposited to the Company's account.

**I. Others**

The terms and conditions of the Preemptive rights are subject to and governed by the prevailing laws at the Republic of Indonesia. All costs incurred with respect to the transfer of rights of Preemptive Rights shall be borne by the Holders of Preemptive Rights Certificate or the prospective holders of Preemptive Rights.

Preemptive Rights Exercise/Registration Procedures are as follows:

**A. Preemptive Rights Certificate Issuance and Delivery Procedures**

For Shareholders whose shares are administered in the Collective Depository system at KSEI, the Preemptive Rights shall be distributed electronically to the Securities Accounts at KSEI through the Securities Accounts of the respective Members of the Stock Exchange or Custodian Banks at KSEI by no later than 1 (one) Exchange Day after the date of registration of shareholders entitled to Preemptive Rights in the SR, which shall be April 10, 2017. The Prospectuses and implementation guidelines shall be distributed by the Company through KSEI, which may be obtained by the Company's shareholders from their respective Members of Stock Exchange or Custodian Banks.

For shareholders whose shares are not administered in the Collective Depository at KSEI, the Company shall issue a Preemptive Right Certificate under the name of the shareholders, which may be obtained by the eligible shareholders or their representatives at the SAB on every business days during working hours starting from April 10, 2017 by presenting:

- a. A photocopy of valid personal identification (for individual shareholders) and a photocopy of the Articles of Association for (for legal entity/institutional shareholders). The shareholders shall be obligated to present the original document of such photocopies.
- b. The original power of attorney (if represented), supported by photocopies of valid personal identification of the principal and agent (the original identification of the principal and agent must be presented).

#### **B. Criteria of Eligible Preemptive Rights Holders and Beneficiaries**

Subscribers entitled to purchase new shares are:

- a. The holders of Preemptive Rights Certificates whose names are stated on the Preemptive Rights Certificate or those who have legitimately acquired Preemptive Rights in accordance with the provisions of the prevailing laws and regulations; or
- b. The holders of Electronic Preemptive Rights registered in the Collective Depository at KSEI up the last date of the Preemptive Rights trading period.

The subscribers may consist of individuals, Indonesian and/or Foreign Citizen and/or Institutions and/or Legal Entities/Business Entities, whether Indonesian/Foreign as stipulated in the Capital Market Law and the implementing regulations thereof.

In order to facilitate the process and ensure the eligible shareholders registration schedule is met, the shareholders of the Company's shares in the form of certificates intending to exercise their rights to acquire Preemptive Rights and have not registered their transfer of share ownerships are advised to register at the Securities Administration Bureau before the final deadline for the registration of Shareholders, which shall be April 7, 2017.

#### **C. Preemptive Rights Trading Period**

Preemptive Rights may be exercised from April 11, 2017 until April 18, 2017.

- a. The holders of Preemptive Rights in the Collective Depository at KSEI intending to exercise their Preemptive Rights shall file a request to exercise such rights through the Members of the Stock Exchange/Custodian Banks appointed as their securities manager. Subsequently, Members of the Stock Exchange/Custodian Banks shall request an exercise instruction through the Central Depository - Book Entry Settlement System (C-BEST) in accordance with the procedures set forth by KSEI. In carrying out the exercise instruction, Members of the Stock Exchange/Custodian Banks must comply with the following provisions:
  - i. Holders of Preemptive Rights shall provide the Preemptive Rights exercise fund upon submission of such request.
  - ii. Sufficient Preemptive Rights and payment fund to exercise the Preemptive Rights shall be in good funds in the securities account of the Preemptive Rights Holders exercising such Preemptive Rights.

On the next business day, KSEI shall submit the Preemptive Rights Holder Register exercising their rights to the Collective Depository at KSEI and deposit the payment fund to exercise such Preemptive Rights to the Company's Bank Account.

New Shares from exercised Preemptive Rights shall be distributed by the Company/the Company's SAB electronically to the accounts determined by KSEI to be further distributed by KSEI to each security account of the respective Holders of Preemptive Rights who exercised their rights. New Shares resulting from the exercise of Preemptive Rights shall be distributed by the Company/the Company's SAB by no later than 2 (two) business days following the receipt of exercise instruction from KSEI and after the payment fund is received in good funds in the Company's Bank Account.

- b. The holders of Preemptive Rights in the form of certificate/Preemptive Rights Certificate intending to exercise their Preemptive Rights shall submit the request to exercise such Preemptive Rights to the Company's SAB, by submitting the following documents:
  - i. The original, signed and complete Preemptive Rights Certificate.
  - ii. The original payment slip by way of transfer/book-entry settlement/giro/cheque/cash to the Company's account from the bank where the payment is deposited.
  - iii. Photocopy of valid Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) (for individual), or a photocopy of Articles of Association and supported by Board of Directors/Management composition (for Legal Institution/Entity).

- iv. The original copy of power of attorney (in the event of representative) with Rp6,000 (six thousand Rupiah) stamp duty, supplemented with photocopies of valid Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) of the Principal and Agent.
- v. In the event that the holders of the Preemptive Rights intend to have the New Shares from exercised Preemptive Rights in electronic form, the exercise request shall be submitted to the Company's SAB through the appointed Members of the Stock Exchange or Custodian Banks by submitting the following additional documents:
  - The original copy of power of attorney from the holders of the Preemptive Rights to the Members of the Stock Exchange or Custodian Banks to submit the request to exercise Preemptive Rights and undertake the securities management of New Shares from exercised Preemptive Rights at the Collective Depository at KSEI on behalf of the Principal.
  - The original copy of signed and complete Securities Deposit Form issued by KSEI. The Company shall issue the New Shares from Exercised Preemptive Rights in the form of Collective Share Certificates (CSCs) if the Preemptive Rights Holders do not wish to have their shares from exercised Preemptive Rights deposited in the Collective Depository at KSEI.

Each and all conversion costs to convert the Company's shares in the form of certificate to electronic form and/or vice versa, from electronic form to the form of certificate, shall be fully paid and borne by the concerned shareholder of the Company. Registration to exercise Preemptive Rights Certificates shall be conducted at the office of the Company's SAB's during business days and working hours (Monday to Friday, 09.00 - 15.00 Western Indonesian Time).

In the event that the Preemptive Rights Certificates are not completed in accordance with the shares subscription guidelines/requirements stated on the Preemptive Rights Certificate and in the Prospectus, the subscription may be rejected. The Preemptive Rights shall only be deemed exercised upon receipt of payment in good funds in the Company's Bank Account in accordance with the terms set forth in the terms of subscription.

## II. USE OF PROCEEDS FROM THE RIGHTS ISSUE I

All proceeds from the Rights Issue I, net of issuance cost, shall be utilized as follows:

- a. Approximately 70% (seventy percent) or approximately Rp1,050,000,000,000.- (one trillion fifty billion Rupiah) shall be used to finance investment in the form of property business development in Java Island, East Nusa Tenggara, West Nusa Tenggara, and Sulawesi Island through the Company and its Subsidiaries, whether those presently established or will be established by the Company in the future by way of capital investment, which may be conducted by developing new projects or acquiring land/building constructed on such land and/or acquiring companies that have owned property projects and/or land available for development and/or those that have secured the licenser for developing certain land;
- b. Approximately 20% (twenty percent) or approximately Rp300,000,000,000.- (three hundred billion Rupiah) shall be used to finance the Company's working capital; and
- c. Approximately 10% (ten percent) or approximately Rp150,000,000,000.- (one hundred fifty billion Rupiah) shall be used to refinance the Company's non-interest bearing liabilities to PT Aneka Bangunan Mulia Jaya arising from Land Acquisition, for a term of 8 years, with an outstanding balance of Rp468,664,499,000.- as of December 31, 2016, which shall allow early repayment/payment of the Company's liabilities referred to above. The Company is not affiliated with PT Aneka Bangunan Mulia Jaya. Further information is available in Chapter VIII concerning Description of the Company and its Subsidiaries, under Key Agreements with Third Parties.

In accordance with FSAR No. 30/2015, until all proceeds from the Rights Issue I are used entirely, the Company shall be obligated to report the realization of use of proceeds from the Rights Issue I to the Financial Services Authority on a periodical basis every 6 (six) months until all proceeds from the Rights Issue I are entirely used and shall report such use of proceeds in the Annual GMS.

In accordance with FSAR no. 30/2015, the Company shall place any unused proceeds from the Rights Issue I in safe and liquid financial instruments.

If the Company intends to change the use of proceed from the original plan stated in this Prospectus, such plan shall be first reported to the FSA by stating the reasons and considerations thereof, and shall first be approved by the GMS in accordance with the requirements of FSAR No. 30/2015.

The use of proceeds from the Rights Issue I do not constitute transactions with affiliates or transactions with conflict of interests and/or material transactions as stipulated in Regulation IX.E.1 and Regulation IX.E.2.

Proceeds from the Initial Public Offering had been used entirely by the Company according to the planned use of proceeds stated in the Initial Public Offering Prospectus and was last reported to the FSA by letter No. 008/EXT/PP-PROP/2016 dated January 8, 2016. [TO BE DELETED]

Proceeds from the Company's Bonds Public Offering had been used entirely by the Company according to the planned use of proceeds stated in the Prospectus and was reported to the FSA by letter No. 042/EXT/PP-PROP/2017 dated January 13, 2017.

In accordance with FSAR No. 33/2015, total estimated costs incurred by the Company in the Rights Issue I is approximately 0.962% (zero point nine six two percent) of the total proceeds from the Rights Issue I, which includes the following:

1. Fee of the capital market supporting institutions and professionals of approximately 0.617%, consisting of:
  - a. Financial Advisors : 0.561%
  - b. Public Accountant : 0.017%
  - c. Legal Consultant : 0.025%
  - d. Securities Administration Bureau : 0.006%
  - e. Notary : 0.008%
2. OPE, Administrative & Other expenses (securities registration and listing fee, registration fee to the FSA, printing, advertisements, and other costs related to the Rights Issue I): 0.345%



### III. INDEBTEDNESS

The following table presents the balance of the Company's and its Subsidiaries' consolidated liabilities for the period ended December 31, 2016, which have been audited by the Registered Public Accounting Firm Soejatna, Mulyana & Partners with unqualified opinion (present fairly in all material respects), the report of which is not presented in this Prospectus.

The Company's and its Subsidiaries' total liabilities as of December 31, 2016, was Rp5,585,373 million, consisting of current liabilities of Rp2,778,512 million and non-current liabilities of Rp3,079,861 million. The breakdown of the Company's and its Subsidiaries' total liabilities is presented below:

#### LIABILITIES

(Presented in full Rupiah amount, unless otherwise stated)

Description	December 31, 2016
<b>Current Liabilities</b>	
Non-Bank Loans	-
Bank Loans	-
Trade Payables	
Related Parties	436,315,834,594
Third Parties	1,090,326,524,182
Other Payables	
Third Parties	250,783,569,730
Tax liabilities	167,708,503,095
Accrued Expenses	87,280,330,222
Sales Advance	146,892,279,002
Unearned Revenue	7,105,375,868
Guarantee	7,447,920,268
Short-term portion of long-term liabilities	584,651,428,571
<b>Total Current Liabilities</b>	<b>2,778,511,765,531</b>
<b>Non-Current Liabilities</b>	
Prior Shareholder Debt	-
Liabilities of Employment Benefit	470,279,826
Other Payables	
Related Parties	1,033,253,024,826
Third Parties	548,416,162,704
Medium Term Notes	300,000,000,000
Bonds payable	598,358,200,906
Long-term bank loans, net of current portion	599,363,649,497
<b>Total Non-Current Liabilities</b>	<b>3,079,861,317,759</b>
<b>TOTAL LIABILITIES</b>	<b>5,858,373,083,290</b>

#### CURRENT LIABILITIES

##### 1. TRADE PAYABLES

Description	(In Rupiah) Amount
<b>Related Parties</b>	
Unbilled	204,598,362,941
Contractor	231,717,471,653
	<b>436,315,834,594</b>
<b>Third Parties</b>	
Unbilled	769,507,463,726
Contractor	275,315,781,295
Supplier	37,353,422,868
Retention - Contractor	8,149,856,293
	<b>1,090,326,524,182</b>
<b>Total Trade Payables</b>	<b>1,526,642,358,775</b>

As of December 31, 2016, the Company's outstanding trade payables were Rp1,526,642 million as detailed below:

The breakdown of the Company's trade payables as of December 31, 2016, by currency is as follows:

(In Rupiah)	
Description	Amount
Rupiah	1,526,642,358,775
Foreign Currencies	-
<b>Total</b>	<b>1,526,642,358,775</b>

Payables to PT PP Pracetak arose from the construction work of Apartments in Amarta View, Pavillion Permata Tower 2, Grand Kamala Lagoon and Gunung Putri Square.

Payables to PT PP (Persero) Tbk-Branch III arose from the construction work of Grand Kamala Lagoon Apartments in Kalimalang.

Payables to PT PP (Persero) Tbk-Branch V arose from the construction work of Grand Sungkono Lagoon and Grand Dharmahusada Lagoon Apartments in Surabaya.

Payables to PT PP (Persero) Tbk-Branch VI arose from the construction work of Mall Balikpapan Ocean Square.

Payables to PT PP Peralatan Konstruksi arose from lease of vehicles for Park Hotel Jakarta and Bandung, and lease of heavy equipment for the Grand Kamala Lagoon and Grand Sungkono Lagoon projects.

All trade payables to third parties consisted of payable to suppliers and contractors for the procurement of building materials in connection with project executions, all of which was denominated in Rupiah. The terms of the trade payables ranged from 30 days to 60 days, unsecured and non-interest bearing.

## 2. OTHER PAYABLES

As of December 31, 2016, the Company's had a total other payables to third parties of Rp250,784 million, and other long-term payables to related parties and third parties of Rp1,033,253 million and Rp548,417 million, respectively, as detailed below:

### Other short-term payables - third parties

(In Rupiah)	
Description	Amount
Third Parties:	
PT Aneka Bangun Mulia Jaya	89,469,750,000
PT Intersurabaya Intiland	121,512,553,021
Other Third Parties	39,801,266,709
<b>Total Other short-term payables</b>	<b>250,783,569,730</b>

Payables to PT Aneka Bangun Mulia Jaya (Landowner) for the acquisition of land with a total area of 41,634 m<sup>2</sup> located in Surabaya. The land acquisition process was bound by a Sale and Purchase Agreement (*Perjanjian Pengikatan Jual Beli*, "PPJB") as the consolidation of 14 Right to Build (*Hak Guna Bangunan*, "HGB") Certificates must first be completed. The Parties agree to enter into a cooperation in an apartment and/or commercial project and the related facilities, where all costs arising from the construction shall be borne by and become the responsibilities of the Second Party, to be subsequently taken into account by the Second Party in the calculation of profit share ("Land Development"). The project shall be built on the plots of land owned by the First Party with a total area of approximately 42,032 m<sup>2</sup> in accordance with the terms stipulated in the Agreement of Cooperation in Development of Land Located on Jalan Raya Mulyosari Kota Surabaya into a Property Business Estate dated December 11, 2014. Proceeds from the Rights Issue I shall be used to refinance a portion of the Company's liabilities to PT Aneka Bangunan Mulia Jaya for Land Acquisition totaling Rp150,000,000,000.- (one hundred fifty billion Rupiah), non-interest bearing, for a period of 8 years, with an outstanding balance of Rp468,664,499,000.- as of December 31, 2016, which shall allow early repayment/payment of the Company's liabilities referred to above. The Company is not affiliated with PT Aneka Bangunan Mulia Jaya. There is no specific procedures and requirements related to the refinancing of the payables. Payment shall be made in cash to PT Intersurabaya Intiland.

Payables to PT Intersurabaya Intiland (Landowner) for the acquisition of land with a total area of 16,759 m<sup>2</sup> located in Embong Sawo, Surabaya. The land acquisition process was bound by the Sale and Purchase Agreement (PPJB) No. 263 dated October 31, 2016.

Other short-term payables to other third parties represent PT PP Properti Tbk's and its Subsidiaries, GSN and WSS, to other third parties.

### Other long-term payables

		(In Rupiah)
Description		Amount
Third Parties:		
PT Aneka Bangun Mulia Jaya		313,144,125,000
PT Intersurabaya Intiland		235,272,037,704
Related Parties:		
PT PP (Persero) Tbk		1,033,253,024,826
<b>Total Other Long-term Payables</b>		<b>1,581,669,187,530</b>

Other long-term payables represent the Company's and its Subsidiary's (PT GSN's) payables to PT PP (Persero) Tbk as the parent company.

The Company's other long-term payables represent payables to PT PP (Persero) Tbk as the parent company pursuant to the Loan Facility Agreements No. 2922/PERJ/PP/DK/2013 and No. 01/PERJ/PP-PROP/2013 dated December 23, 2013. The purpose of such loan facilities are to finance operational and/or investment activities.

Loan facility amounting to Rp240,000,000,000, for a term of 36 months subsequent to the signing date, bearing an interest rate of 11% p.a. The interest rate charged is a fair interest rate, therefore the reported amount of the loan has approximated the fair value.

PT GSN's other long-term payables represent construction payables to PT PP (Persero) Tbk. The loan is non-interest bearing and with no specified maturity date.

### 3. TAXES PAYABLE

As of December 31, 2016, the Company's outstanding taxes payables were Rp167,709 million as detailed below:

		(In Rupiah)
Description		Amount
<b>Final Income Tax:</b>		
Transfer of rights on land and/or buildings		147,397,114,134
Construction Service		81,747,662
Rental of land and buildings		4,547,213,902
<b>Total Final Income Tax Payables</b>		<b>152,026,075,698</b>
<b>Value Added Tax</b>		
VAT Out		8,275,759,941
<b>Income tax</b>		
Article 23		3,346,526,960
Article 21-Employees		1,302,685,311
Article 22		1,289,029,190
Article 21-Third Parties		616,537,501
<b>Total Income Tax Payables</b>		<b>6,554,778,962</b>
<b>Hotel and Restaurant Taxes</b>		
Development Tax		851,888,495
<b>Total Tax Payables</b>		<b>167,708,503,095</b>

### 4. ACCRUED EXPENSES

As of December 31, 2016, the Company's accrued expenses were Rp87,280 million as detailed below:

(In Rupiah)	
Description	Amount
Employee Salaries and Incentives	10,425,652,186
Project Maintenance Expenses	2,041,237,288
General Expenses	46,887,150,827
Other Third Party Expenses	27,926,289,921
<b>Total</b>	<b>87,280,330,222</b>

Accrued employee salaries and incentives represent employee salaries payable and provision of incentive expenses that are not yet paid as of the date of the statement of financial position.

Accrued general expenses represent office operational expenses that are not yet paid as of the date of the statement of financial position.

Accrued project maintenance expenses represent the provision of expenses for the year that will be incurred during the project maintenance period.

Accrued other third party expenses represent payables for the procurement of project materials that are not yet paid as of the date of the statement of financial position.

## 5. SALES ADVANCES

As of December 31, 2016, the Company had a total sales advances of Rp146,892 million, consisting of sales advances from the Company's consumers and the consumers of its Subsidiaries, i.e. HKM, GSN, and WSS.

(In Rupiah)	
Description	Amount
Advances from consumers	86,401,703,414
Advances from consumers - Subsidiary (HKM)	26,106,911,992
Advances from consumers - Subsidiary (GSN)	21,974,828,315
Advances from consumers - Subsidiary (WSS)	12,408,835,280
<b>Total Sales Advances</b>	<b>146,892,279,002</b>

## 6. UNEARNED REVENUE

As of December 31, 2016, the Company had a total unearned revenue of Rp7,105 million as detailed below:

(In Rupiah)	
Description	Amount
Unearned Rental Fee - GSN	5,492,470,004
Unearned Space Rental Fee	1,494,990,864
Unearned Market Space Rental Fee	117,915,000
<b>Total</b>	<b>7,105,375,868</b>

## 7. GUARANTEE

As of December 31, 2016, the Company had a total guarantee of Rp7,448 million as detailed below:

(In Rupiah)	
Description	Amount
Mall Tenant Guarantee Deposit - Subsidiary	7,185,300,268
Property Guarantee Deposit Received	262,620,000
<b>Total</b>	<b>7,447,920,268</b>

## 8. MEDIUM TERM NOTES (MTN)

Represent the issuance of MTN I PT PP Properti Tbk Year 2014 totaling Rp30,000,000,000 (thirty billion Rupiah), for a term of 36 months commencing on April 24, 2014, up to April 24, 2017, subject to an interest rate of 9.00% per annum. The Company used the proceeds from MTN to increase its working capital. The MTN holders have appointed PT Bank Rakyat Indonesia (Persero) Tbk as the Custodian Bank.

Represent the issuance of MTN I PT PP Properti Tbk Year 2016 A Series totaling Rp60,000,000,000 (sixty billion Rupiah), for a term of 18 months commencing on January 29, 2016, up to July 31, 2017, subject to an interest rate of 10.85% per annum. Represent the issuance of MTN I PT PP Properti Tbk Year 2016 B Series totaling Rp20,000,000,000 (twenty billion

Rupiah), for a term of 18 months commencing on February 5, 2016, up to August 7, 2017, subject to an interest rate of 10.85% per annum. Represent the issuance of MTN I PT PP Properti Tbk Year 2016 C Series totaling Rp70,000,000,000 (seventy billion Rupiah), for a term of 18 months commencing on February 12, 2016, up to August 14, 2017, subject to an interest rate of 10.85% per annum. The MTN holders have appointed PT Kustodian Sentral Efek Indonesia ("KSEI") as the Custodian Bank.

Represent the issuance of MTN II PT PP Properti Tbk Year 2016 A Series totaling Rp50,000,000,000 (fifty billion Rupiah), for a term of 18 months commencing on February 26, 2016, up to August 28, 2017, subject to an interest rate of 10.85% per annum. Represent the issuance of MTN II PT PP Properti Tbk Year 2016 B Series totaling Rp100,000,000,000 (one hundred billion Rupiah), for a term of 18 months commencing on March 21, 2016, up to September 21, 2017, subject to an interest rate of 10.85% per annum. The MTN holders have appointed PT Kustodian Sentral Efek Indonesia ("KSEI") as the Custodian Bank.

Represent the issuance of MTN III PT PP Properti Tbk Year 2016 totaling Rp100,000,000,000 (one hundred billion Rupiah), for a term of 36 months commencing on May 9, 2016, up to May 8, 2019, subject to an interest rate of 11.50% per annum. The MTN holders have appointed PT Daewoo Securities Indonesia as the Custodian Bank.

Represent the issuance of MTN IV PT PP Properti Tbk Year 2016 A Series and E Series totaling Rp50,000,000,000 (fifty billion Rupiah), respectively. The term of MTN IV A series is 24 months commencing on May 18, 2016, up to May 18, 2018. Whereas the term of MTN IV B Series is 24 months commencing on May 25, 2016, up to May 25, 2018, each of which is subject to an interest rate of 10.75% per annum. The MTN holders have appointed PT Asta Kapital Asia as the Custodian Bank.

Represent the issuance of MTN V PT PP Properti Tbk Year 2016 totaling Rp100,000,000,000 (one hundred billion Rupiah), for a term of 36 months commencing on December 14, 2016, up to December 16, 2019, subject to an interest rate of 10% per annum. The MTN holders have appointed PT BNI Securities as the Custodian Bank.

## NON-CURRENT LIABILITIES

### 9. Liabilities of Employment Benefits

As of December 31, 2016, the Company had a total liabilities of employment benefits of Rp470 million. The liabilities of employment benefits represent the employee post-employment benefit liabilities.

<i>(In Rupiah)</i>	
Description	Amount
Employee benefit liabilities	470,279,826
<b>Liabilities - Net</b>	<b>470,279,826</b>

The valuation of employee benefit expenses and post-employment benefit assets for the year 2016 in accordance with SFAS No. 24 (Revised 2013) was conducted by PT Bestama Aktuaria, an independent actuary base on its reports No. 16036/PPP/EP/01/2017 dated January 20, 2017, No. 15045/PPP/EP/02/2016 dated February 18, 2016, No. 15262/PPP/EP/05/2016 dated May 20, 2016.

### 10. LONG-TERM BANK LOANS

As of December 31, 2016, the Company had a total long-term bank loan, net of current portion, of Rp599,364 million. Presented below is the breakdown of the Company's long-term bank loans:

<i>(In Rupiah)</i>	
Description	Amount
PT Bank Tabungan Negara (Persero) Tbk	576,451,999,998
PT Bank CIMB Niaga Tbk	125,631,649,502
PT Bank ICBC Indonesia	120,000,000,000
PT Bank Rakyat Indonesia (Persero) Tbk	31,931,428,568
Less:	
Current portion	(254,651,428,571)
<b>Long-term bank loans - net of current portion</b>	<b>599,363,649,497</b>

#### 10.1. PT Bank Tabungan Negara (Persero) Tbk ("BTN")

Loan from PT Bank Tabungan Negara (Persero) Tbk is a Construction Credit Facility (named *Kredit Yasa Griya*, “KYG”) to finance the construction of the South & North Emerald Tower of Grand Kamala Lagoon Apartment, and the respective facilities/infrastructures pursuant to the Deed of Credit Agreement No. 1571 dated December 30, 2014, drawn up before Joko Suryanto, S.H., a Notary. The facility provides a credit limit of Rp250,000,000,000 (two hundred fifty billion Rupiah) for a term of 60 (sixty) months, subject to an interest rate of 11.50% (eleven point five zero percent) per annum.

The facility from PT Bank Tabungan Negara (Persero) Tbk referred to above is secured by the land where the project is located, and the buildings that have been constructed or will be construction on the land where the South & North Emerald Tower of the Grand Kamala Lagoon Apartment is located, namely in Pekayon Jaya Sub-district, Pekayon Jaya District, Bekasi City, West Java, with a total area of approximately 8,940 m<sup>2</sup> (eight thousand nine hundred forty square meters) and HGB certificate No. 8475 and Quit Claim Deed No. 8 dated February 22, 2014.

During the term of the loan, the Company is prohibited from: obtaining credit facilities from other parties, binding itself as a guarantor or pledging its assets, conducting acquisition, mergers, repaying shareholder loans, dissolving the company or filing a petition for bankruptcy, transferring in any form or under any name with any intention whatsoever to the third parties.

Loan from PT Bank Tabungan Negara (Persero) Tbk is a Construction Credit Facility (named *Kredit Yasa Griya*, “KYG”) to finance the construction of the Pinus Tower of Gunung Putri Square Apartment and the respective facilities/infrastructures, pursuant to the Credit Approval Letter dated October 28, 2016, with a maximum credit limit of Rp82,500,000,000 (eighty two billion five hundred million Rupiah), for a term of 60 (sixty) months, subject to an interest rate of 11.50% (eleven point five zero percent) per annum.

The facility from PT Bank Tabungan Negara (Persero) Tbk referred to above is secured by the land where the project is located, and the buildings that have been constructed or will be construction on the land where the Gunung Putri Square Apartment is located, namely at Jalan Raya Mercedes Benz, Cicadas Sub-district, Gunung Putri District, Bogor Regency, West Java Province under HGB Certificate No. 48 dated January 19, 1995.

Loan from PT Bank Tabungan Negara (Persero) Tbk is a Construction Credit Facility (named *Kredit Yasa Griya*, “KYG”) to finance the construction of the Palem Tower of Gunung Putri Square Apartment and the respective facilities/infrastructures, pursuant to the Credit Approval Letter dated October 28, 2016, with a maximum credit limit of Rp90,000,000,000 (ninety billion Rupiah), for a term of 60 (sixty) months, subject to an interest rate of 11.50% (eleven point five zero percent) per annum.

The facility from PT Bank Tabungan Negara (Persero) Tbk referred to above is secured by the land where the project is located, and the buildings that have been constructed or will be construction on the land where the Gunung Putri Square Apartment is located, namely at Jalan Raya Mercedes Benz, Cicadas Sub-district, Gunung Putri District, Bogor Regency, West Java Province with a total area of approximately 21,000 m<sup>2</sup> (twenty one thousand square meters) under HGB Certificate No. 48.

Loan from PT Bank Tabungan Negara (Persero) Tbk is a Construction Credit Facility (named *Kredit Yasa Griya*, “KYG”) to finance the construction of the Grand Sungkono Lagoon Apartment and the respective facilities/infrastructures, pursuant to the Credit Approval Letter No. 21 dated October 18, 2016, with a maximum credit limit of Rp325,000,000,000 (three hundred twenty five billion Rupiah), for a term of 60 (sixty) months, subject to an interest rate of 11.50% (eleven point five zero percent) per annum.

The facility from PT Bank Tabungan Negara (Persero) Tbk referred to above is secured by the land where the project is located, and the buildings that have been constructed or will be construction on the land where the Caspian Tower of the Grand Sungkono Lagoon Apartment is located, namely at Jalan Raya Abdul Wahab Siamin No. 10, Dukuh Pakis, Surabaya, East Java.

## 10.2. PT Bank CIMB Niaga Tbk (“CIMB”)

During the term of the loan, the Company is prohibited from: obtaining credit facilities from other parties, binding itself as a guarantor or pledging its assets, conducting acquisition, mergers, repaying shareholder loans, dissolving the company or filing a petition for bankruptcy, transferring in any form or under any name with any intention whatsoever to the third parties.

Loan from PT Bank CIMB Niaga Tbk is a Construction Credit Facility (named *Kredit Yasa Griya*, “KYG”) to finance the construction of the Venetian Tower of the Grand Sungkono Lagoon Apartment and the respective facilities/infrastructures pursuant to the Deed of Credit Agreement No. 13 dated November 17, 2014, drawn up by Esther Agustina Ferdinandus,



S.H., a Notary. The facility provides a credit limit of Rp190,000,000,000 (nine hundred ninety billion Rupiah) for a term of 42 (forty two) months, subject to an interest rate of 11% (eleven percent) per annum.

The facility from PT Bank CIMB Niaga Tbk referred to above is secured by the land where the project is located, and the buildings that have been constructed or will be construction on the land where the Grand Sungkono Lagoon Apartment is located, namely at Jln. Mayjen. Sungkono-Villa Bukit Mas, Surabaya City, East Java, with a total area of approximately 9,160 m<sup>2</sup> (nine thousand one hundred sixty square meters) under HGB Certificate No. 4508 dated November 14, 2014.

During the term of the loan, the Company is prohibited from: selling or otherwise transferring its ownership rights or leasing/handing over the use of all or a portion of assets owned by the debtors, whether movable or immovable assets, pledging/charging its assets as collaterals, entering into agreements resulting in payment obligations to third parties, including providing direct and/or indirect guarantees over the liabilities of any third parties, extending loans to or receiving loans from other parties, changing the composition of the Company's management, and changing the Company's capital structure.

### 10.3. PT Bank Rakyat Indonesia (Persero) Tbk

Loan from PT Bank Rakyat Indonesia (Persero) Tbk is a Developer Construction Working Capital Credit Facilities from PT Bank Rakyat Indonesia (Persero) Tbk pursuant to the Deed of Credit Agreement No. 146 dated July 22, 2014, drawn up by Meri Efda, S.H., a Notary. The facility provides a credit limit of Rp40,000,000,000 (forty billion Rupiah) for a term of 36 (thirty six) months, subject to an interest rate of 12.50% (twelve point five zero percent) per annum.

The facility from PT Bank Rakyat Indonesia (Persero) Tbk is secured by a parcel of land under HGB Certificate No. 1989/Dukuh Pakis, located in Dukuh Pakis Sub-district, Dukuh Pakis District, Surabaya Municipality, East Java Province, with a total area of 1,865 m<sup>2</sup> (one thousand eight hundred sixty five square meters).

During the term of the loan, the Company is prohibited from: conducting acquisition, selling assets, effecting amendments to the articles of association or changing the composition of management or shareholders and capital structure, binding itself as a guarantor or pledging its assets as collaterals, making investment in shares, extending loans to shareholders.

### 10.4. PT Bank ICBC Indonesia

Loan from PT Bank ICBC Indonesia is a Developer Construction Working Capital Credit Facilities from PT ICBC Indonesia pursuant to the Deeds of Credit Agreement No. 58 and 59 dated February 17, 2016, drawn up before Mellyani Noor Shandra, S.H., a Notary. The facility provides a credit limit of Rp300,000,000,000 (three hundred billion Rupiah), for a term of 60 (sixty) months, with a grace period from the 1<sup>st</sup> (first) month to the 36<sup>th</sup> month. The loan is subject to an interest ranging from 10% (ten percent) to 15% (fifteen percent).

The facility from PT Bank ICBC Indonesia is secured by a parcel of land under HGB Certificate No. 8474 and HGB Certificate No. 8478.

During the term of the loan, the Company is prohibited from: conducting acquisition, selling assets, effecting amendments to the articles of association or changing the composition of management or shareholders and capital structure, binding itself as a guarantor or pledging its assets as collaterals, making investment in shares, extending loans to shareholders.

## 11. BONDS PAYABLE

As of December 31, 2016, the Company had a total bonds payable of Rp598,358 million. Presented below is the breakdown of the Company's bonds payable:

		(In Rupiah)
		Amount
Bond Principal Payable		600,000,000,000
Unamortized Bonds Issuance Costs		(1,641,799,094)
<b>Total Bonds Payable</b>		<b>598,358,200,906</b>

The Company had obtained the effective statement from the Financial Services Authority (FSA) (previously known as BAPEPAM-LK) in its letter No. S-313/D.04/2016 dated June 23, 2016, to conduct a bond public offering in the sum of Rp600,000,000,000, consisting of the A Series (PPRO01A) with a principal amount of Rp200,000,000,000, having a maturity period of 36 months, subject to an interest rate of 9.15% per annum, and B Series (PPRO01B) with a principal amount of Rp400,000,000,000, having a maturity period of 60 months, subject to an interest rate of 9.90% per annum. The Company's

bond issue on July 11, 2016, has been registered on the Indonesia Stock Exchange. The trustee for such Bond Issue was PT Bank Mandiri (Persero) Tbk.

All of the Company's liabilities have been disclosed in this Prospectus.

**ALL OF THE COMPANY'S LIABILITIES, COMMITMENT AND CONTINGENCIES AS OF DECEMBER 31, 2016, HAVE BEEN DISCLOSED IN THE FINANCIAL STATEMENTS AS WELL AS THE PROSPECTUS. THE COMPANY HAS PAID ALL ITS LIABILITIES THAT ARE DUE AND THERE ARE NO LIABILITIES THAT ARE DUE BUT NOT YET PAID BY THE COMPANY.**

**FROM DECEMBER 31, 2016, UP TO THE DATE OF THE INDEPENDENT AUDITOR'S REPORT, AND FROM THE DATE OF THE INDEPENDENT AUDITOR'S REPORT UP TO THE EFFECTIVENESS OF THE REGISTRATION STATEMENT, THE COMPANY HAS NO NEW LIABILITIES AND COMMITMENTS OTHER THAN THE LIABILITIES ARISING FROM THE COMPANY'S NORMAL COURSE OF BUSINESS AND THE LIABILITIES THAT HAVE BEEN STATED ABOVE AND DISCLOSED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND THIS PROSPECTUS.**

**THE MANAGEMENT, WHICH IN THIS RESPECT ACTS FOR AND BEHALF OF THE COMPANY AND PURSUANT TO ITS DUTIES AND RESPONSIBILITIES FOR THE COMPANY, HEREBY REPRESENTS ITS ABILITIES TO MEET THE LIABILITIES DISCLOSED IN THE FINANCIAL STATEMENTS AND PRESENTED IN THIS PROSPECTUS.**

**THE COMPANY AND ITS SUBSIDIARIES HAVE SATISFIED ALL THE FINANCIAL RATIOS REQUIRED BY THE CREDIT AGREEMENTS ENTERED INTO BY THE COMPANY.**

**THERE ARE NO MATERIAL FACTS RESULTING IN SIGNIFICANT CHANGES TO LIABILITIES WITH RESPECT TO THE PAYMENT OF PRINCIPALS OF AND/OR INTEREST ON LOANS AND/OR OTHER COMMITMENT SUBSEQUENT TO THE DATE OF THE LAST FINANCIAL STATEMENTS UP TO THE DATE OF THE INDEPENDENT AUDITOR'S REPORT AND SUBSEQUENT TO THE DATE OF THE INDEPENDENT AUDITOR'S REPORT UP TO THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT.**

**THERE ARE NO NEGATIVE COVENANTS THAT MAY INJURE THE RIGHTS OF PUBLIC SHAREHOLDERS.**

## IV. KEY FINANCIAL HIGHLIGHTS

The Company's key financial highlights presented below are derived from and calculated based on the Company's audited financial statements for the statements of financial position as of December 31, 2016, and statements of profit and loss for the year ended December 31, 2016, which are prepared and presented in accordance with the Financial Accounting Standards in Indonesia. The audited consolidated financial statements as of and for the periods then ended, which are not presented in this Prospectus, have been audited based on the auditing standards stipulated by the Indonesian Institute of Certified Public Accountant (*Institut Akuntan Publik Indonesia*, "IAPI") by the Registered Public Accounting Firm Soejatna, Mulyana & Partners, an independent public accountant, which audit reports were signed by Drs. Sukarna Rusdjana, CA, CPA, on January 25, 2017, with unqualified opinion in all material respects.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Presented in full Rupiah amount, unless otherwise stated)

Description	December 31,	
	2016	2015*
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalent	624,472,314,516	357,422,184,987
Trade Receivables		
Third Parties	2,765,315,999,570	1,198,704,737,562
Other receivables		
Related Parties	44,975,178,172	643,561,644
Third Parties	-	152,054,795
Inventories	1,606,415,374,401	1,498,069,952,103
Prepaid Taxes	11,774,701,291	27,029,365,662
Prepaid Expenses	36,087,053,008	37,376,481,704
Advances	75,312,264,685	66,986,706,605
Other Current Assets		
Space Rent Guarantee	300,684,860	300,684,860
<b>Total Current Assets</b>	<b>5,164,653,570,503</b>	<b>3,186,685,729,922</b>
<b>Non-Current Assets</b>		
Land for Development	1,348,698,763,640	247,992,592,095
Investment in Joint Venture	177,799,775,409	179,993,867,191
Investment in Associates	129,792,873,385	23,500,000,000
Other Long-term Investments	5,381,000,000	5,381,000,000
Fixed Assets - Net	1,997,712,794,088	1,674,282,096,261
Deferred Tax Assets	-	-
Intangible Assets	2,245,011,313	1,121,447,184
Deposit at BCA	-	-
<b>Total Non-Current Assets</b>	<b>3,661,630,217,835</b>	<b>2,132,271,002,731</b>
<b>TOTAL ASSETS</b>	<b>8,826,283,788,338</b>	<b>5,318,956,732,653</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Non-Bank Loans	-	-
Bank Loans	-	90,075,078,012
Trade Payables		
Related Parties	436,315,834,594	132,211,830,808
Third Parties	1,090,326,524,182	526,293,854,519
Other Payables		
Third Parties	250,783,569,730	114,477,074,940
Tax liabilities	167,708,503,095	84,131,729,931
Accrued Expenses	87,280,330,222	90,169,115,921
Sales Advance	146,892,279,002	108,509,263,198
Unearned Revenue	7,105,375,868	5,827,676,444
Guarantee	7,447,920,268	7,779,343,939
Short-term portion of long-term liabilities	584,651,428,571	66,879,051,380
<b>Total Current Liabilities</b>	<b>2,778,511,765,531</b>	<b>1,226,354,019,092</b>
<b>Non-Current Liabilities</b>		
Prior Shareholder Debt	-	-
Liabilities of Employment Benefit	470,279,826	113,842,892

Description	December 31,	
	2016	2015*
Other Payables		
Related Parties	1,033,253,024,826	979,812,393,798
Third Parties	548,416,162,704	402,613,875,000
Medium Term Notes	300,000,000,000	30,000,000,000
Bonds payable	598,358,200,906	-
Long-term bank loans, net of current portion	599,363,649,497	162,475,747,632
<b>Total Non-Current Liabilities</b>	<b>3,079,861,317,759</b>	<b>1,575,015,859,322</b>
<b>TOTAL LIABILITIES</b>	<b>5,858,373,083,290</b>	<b>2,801,369,878,414</b>
<b>EQUITY</b>		
Equity attributable to:		
Owners of the Parent Company		
Nominal Value Rp100.- per share	1,404,440,600,000	1,404,440,600,000
Authorized Capital:		
36.528.240.000 Shares (Issued and Paid-up Capital for each of the period ended December 31, 2016, 2015, of 14,044,406,000 shares)		
Additional Paid-in Capital	357,657,791,204	357,657,791,204
Retained earnings		
Appropriated	20,322,294,135	5,306,042,987
Unappropriated	703,443,039,238	413,141,464,551
Other Equity Component	335,316,239,168	335,332,922,914
	2,821,179,963,744	2,515,878,821,656
Non-Controlling Interest	146,730,741,303	1,708,032,583
<b>TOTAL EQUITY</b>	<b>2,967,910,705,047</b>	<b>2,517,586,854,239</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,826,283,788,338</b>	<b>5,318,956,732,653</b>

\*) Reclassified, see Note 42

## CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

(Presented in full Rupiah amount, unless otherwise stated)

Description	For the year ended December 31,	
	2016	2015
<b>OPERATING REVENUES AND SALES</b>		
Realty Sales	2,015,654,898,330	1,380,553,199,348
Property Revenue	134,406,173,774	124,619,115,993
<b>TOTAL OPERATING REVENUES AND SALES</b>	<b>2,150,061,072,104</b>	<b>1,505,172,315,341</b>
<b>COST OF GOODS SOLD</b>		
Realty	1,451,608,471,668	955,032,926,130
Property	112,548,810,864	102,316,772,959
<b>TOTAL COST OF GOODS SOLD</b>	<b>1,564,157,282,532</b>	<b>1,057,349,699,089</b>
<b>GROSS PROFIT (LOSS)</b>	<b>585,903,789,572</b>	<b>447,822,616,252</b>
<b>OPERATING EXPENSES</b>		
Employee Expenses	38,698,331,790	29,973,534,020
General and Administrative Expenses	38,345,060,462	31,410,563,524
Marketing Expenses	1,317,898,101	470,631,562
Maintenance Expenses	269,907,187	467,961,189
<b>TOTAL OPERATING EXPENSES</b>	<b>78,631,197,540</b>	<b>62,322,690,295</b>
<b>OPERATING INCOME</b>	<b>507,272,592,032</b>	<b>385,499,925,957</b>
<b>OTHER INCOME (EXPENSES)</b>		
Funding/Interest Expense	(56,973,268,553)	(33,843,840,140)
Final Income Tax Expenses	(92,390,141,420)	(71,670,645,964)
Other Income (Expenses)	12,729,599,637	19,996,149,345
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<b>(136,633,810,336)</b>	<b>(85,518,336,759)</b>
<b>PROFIT FROM JOINT VENTURE AND ASSOCIATED ENTITIES</b>	<b>(2,416,242,051)</b>	<b>1,085,676,811</b>

<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>368,222,539,645</b>	<b>301,067,266,009</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>		
Non-Final Income Tax	2,848,220,500	738,678,250
Deferred Tax	-	-
<b>TOTAL INCOME TAX EXPENSE (BENEFIT)</b>	<b>2,848,220,500</b>	<b>738,678,250</b>
<b>NET INCOME</b>	<b>365,374,319,145</b>	<b>300,328,587,759</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to Profit (Loss)</b>		
Gain on Revaluation of		
Fixed Assets	-	345,652,701,529
Final Income Tax on Revaluation	-	(10,322,517,000)
Actuarial gain (loss)	(16,683,745)	2,738,385
	<b>(16,683,745)</b>	<b>335,332,922,914</b>
<b>Items that will be reclassified to Profit (Loss)</b>		
	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>[TO BE RECLASSIFIED]</b>	<b>335,332,922,914</b>
<b>TOTAL CURRENT PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME</b>	<b>365,357,635,400</b>	<b>635,661,510,673</b>
<b>Current Income attributable to:</b>		
Owners of the Parent Company	365,382,830,425	300,325,022,955
Non-Controlling Interest	(8,511,280)	3,564,804
	<b>365,374,319,145</b>	<b>300,328,587,759</b>
<b>Total Current Comprehensive Income attributable to:</b>		
Owners of the Parent Company	365,366,146,680	635,657,945,869
Non-Controlling Interest	(8,511,280)	3,564,804
	<b>365,357,635,400</b>	<b>635,661,510,673</b>
<b>Earnings per Share (in Rupiah):</b>		
Basic	35	30.45
		25.03

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Presented in full Rupiah amount, unless otherwise stated)

Description	For the year ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received consisting of:		
Revenue from sales	623,110,525,324	677,983,313,877
Revenue from hotel	118,559,444,958	116,045,557,494
Revenue from rentals	14,573,797,378	14,006,098,494
Revenue from Market Receivables	-	406,735,223
Payments to:		
Suppliers	(940,915,342,797)	(817,923,581,459)
Management and Employees	(40,124,721,788)	(26,289,751,941)
Tax Reimbursement and Interest from Banks	86,865,516,364	34,406,288,199
Tax payments	(47,076,944,886)	(39,307,281,892)
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>(185,007,725,447)</b>	<b>(40,672,622,005)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in Investment in Joint Venture	(1,747,558,877)	(80,947,276,651)
Decrease in Investment in Joint Venture	4,110,085,223	18,553,651,405
Increase in Land for Development	(594,871,295,200)	(143,469,150,000)
Increase in Assets in Construction	(340,305,689,259)	(121,322,928,000)
Increase in Investment in Associates	(222,338,581,275)	(71,000,000,000)
Investment Properties and Advance for Expenses	-	-
Addition in Fixed Assets	(22,786,765,193)	(13,331,009,987)
Sale of Fixed Assets	-	-
Increase in Intangible Assets	-	-
Receipt of Dividends	43,207,891	47,940,000

<b>Net Cash Flows Provided by (Used in) Investing Activities</b>	<b>(1,177,896,596,689)</b>	<b>(411,468,773,233)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional Paid-in Capital	-	910,144,010,000
Difference in Value of Non-Controlling Transactions	-	-
Issuance of Medium Term Notes	600,000,000,000	-
Bonds Receipts	600,000,000,000	-
Shares and Bonds Issuance Cost	(1,970,158,915)	(23,718,898,290)
Dividend	(60,065,004,591)	-
Payment of Short-Term Non-Bank Loans	(265,000,000)	(152,150,000,000)
Payment of Loans from Parent Company	-	(235,000,000,000)
Increase in Long-Term Bank Loans	605,795,427,554	116,036,221,948
Payment of Short-Term Bank Loans	(113,540,812,383)	(48,525,263,076)
Increase in Long-Term Non-Bank Loans	-	12,752,096,080
<b>Net Cash Flows Provided by (Used in) Financing Activities</b>	<b>1,629,954,451,665</b>	<b>579,538,166,662</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>267,050,129,529</b>	<b>127,396,771,424</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>357,422,184,987</b>	<b>230,025,413,563</b>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>624,472,314,516</b>	<b>357,422,184,987</b>

**KEY CONSOLIDATED FINANCIAL RATIOS (UNAUDITED)**

Description	As of and for the year ended December 31,	
	2016	2015
<b>GROWTH RATIO (%)</b>		
Total assets	65.94%	89.55%
Total Liabilities	109.13%	60.97%
Total Equity	65.94%	136.23%
<b>OPERATING RATIOS</b>		
Gross profit/revenue	27.25%	29.75%
Operating income/revenue	23.59%	25.61%
Profit before income tax/revenue	17.13%	20.00%
Net income/revenue	16.99%	19.95%
Net income/equity	12.31%	11.93%
Net income/assets	4.14%	5.65%
<b>FINANCIAL RATIOS</b>		
Total assets/total liabilities	150.66%	189.87%
Total liabilities/total equity	197.39%	111.27%
Total liabilities/total assets	66.37%	52.67%
Interest bearing debt/total equity	70.16%	52.80%

**FINANCIAL RATIOS REQUIRED BY LOAN AGREEMENTS OR OTHER LIABILITIES**

Ratio	Requirement of Loan Agreements	The Company's Financial Ratios as of December 31, 2016
Minimum EBITDA to Interest Expense (%)	1.5x	9.38x
Minimum Current Ratio	110%	185.88%
Minimum DSCR	1x	0.87x
Maximum Gearing Ratio	300%	83.94%

As of December 31, 2016, the Company has complied with all the required financial ratios.



## V. MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following Management's Discussion and Analysis must be read in conjunction with the Key Financial Highlights, the Company's Consolidated Statements of Financial Position as of December 31, 2016, and 2015, and the Consolidated Statements of Profit and Loss and Other Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows for the years ended December 31, 2016, and 2015, and notes to the consolidated financial statements and other financial information, all of which are not presented in this Prospectus. The aforementioned consolidated financial statements are prepared and presented in accordance with the Financial Accounting Standards in Indonesia and have been audited by the Public Accounting Firm Soejanta, Mulyana & Partners, which expressed an Unqualified Opinion (in all material respects).*

### 1. Overview

The Company is a leading property developer in the Indonesian real estate sector, developing its own projects, as well as through joint ventures with third parties, both private sector and state-owned companies (SOE). The Company particularly focuses on creating high rise residential developments in the middle class segment, increasing recurring income, and increasing the number of new landbank in various strategic areas. The Company's projects have combined a variety of residential, office, retail, trade center and hotel businesses, of which, it typically sells the residential properties, while retaining ownership and operating the office, retail, trade center and hotel businesses.

The Company's target customer is varied, from the lower middle income, up to high-end customer, depending on the property developed by the Company. The Company places a strong focus on offering properties that enhance a customer's living experience, through the provision of services and other innovations, marketed under its 'Beyond Space' concept.

The Company is a subsidiary of PT PP (Persero) Tbk, a prominent SOE having 8 (eight) business segments, namely, construction, investment services, pre-cast, equipment, property, infrastructure, energy, as well as Engineering, Procurement, Construction ("EPC") services. First established in 1953, PT PP (Persero) Tbk is one of the leading construction and investment companies in Indonesia, with extensive experience in construction of multi-storey buildings, power plants, bridges, roads, irrigation systems and seaports in Indonesia. PT PP (Persero) Tbk has been listed on the Indonesia Stock Exchange since 2010.

For more than 20 (twenty) years (since the Company was a Property Division of PT PP (Persero) Tbk), the Company has improved its skills in all areas, including the construction and development of the following properties:

- The Otorita Jatiluhur Residence Complex, in 1991;
- The development of Cibubur area from 1991-2004;
- Patria Park Apartment in Jakarta from 2004-2006;
- Juanda Business Center in Surabaya in 2006;
- The Padian Park Apartment in Kelapa Gading in 2009;
- Park Hotel Jakarta in 2010;
- Prime Park Hotel Bandung in 2012;
- Bukit Permata Puri 1 Township in Semarang from 1996-2015;
- Pavilion Permata I in 2012;
- Grand Sungkono Lagoon in 2012,
- Gunung Putri Square in 2013,
- Grand Kamala Lagoon CBD in 2014;
- The Ayoma Apartment in 2014;
- Amarta View in 2014;
- Pavilion Permata II in 2014;
- Grand Dharmasada Lagoon in 2015;
- Riverview Residence in 2016;
- Verdura Apartment in 2016;
- Alton Apartment in 2016;
- Evencio Margonda Apartment in 2016;

In October 2013, as a result of the restructuring of PT PP (Persero) Tbk, the Company has established itself as one of the leading property companies. The Company's business activities consist of two business segments, real estate sales and property, where each business segment comprises of 3 (three) development types: Residential, Commercial, and Hospitality.

The Company has also confirmed its position as one of the leading developers that recognizes the needs of the society for comfortable and affordable residence as proven by its breakthrough in marketing the Grand Kamala Lagoon superblock in

east Jakarta, at the entrance of Bekasi in 2014, the first tower will be completed in 2017 and the whole superblock area will be completed in 2035.

Currently ongoing residential development projects are as follows:

1. Patria Park Apartment; Jakarta
2. Perum Otorita Jatiluhur Employee Residence Complex, Purwakarta;
3. Permata Puri Residence Complex; Cibubur;
4. Taman Griya Permata, Bali;
5. Permata Puri Laguna Residence Complex; Cibubur;
6. FX Residence, Jakarta;
7. Paladian Park Apartment; Jakarta;
8. Pavilion Permata 1, Surabaya
9. Grand Kamala Lagoon CBD , Bekasi – West Java;
10. Riverview Residence, Cikarang – West Java;
11. Evencio Apartment , Depok – West Java;
12. Gunung Putri Square, Bogor – West Java;
13. Verdura Apartment, Sentul – West Java;
14. The Ayoma Apartment, Serpong
15. Amarta View, Semarang
16. Pavilion Permata I Apartment , Surabaya
17. Pavilion Permata II Apartment , Surabaya
18. Alton Apartment, Semarang
19. Grand Dharmahusada Lagoon, Surabaya
20. Grand Sungkono Lagoon, Surabaya

Currently ongoing commercial development projects are as follows:

1. Bumi Kopo Kencana Shophouses I & II, Bandung
2. Graha Bukopin, Surabaya
3. Serang Mall, Banten
4. Sungkono Business Park Shophouses, Surabaya
5. KAZA City Mall , Surabaya
6. Grand Slipi Tower, Jakarta
7. Balikpapan Ocean Square Mall , Balikpapan

Currently ongoing hospitality development projects are as follows:

1. Park Hotel, Jakarta
2. Prime Park Hotel, Bandung
3. Swiss-Belhotel, Balikpapan

## 2. Factors Affecting the Company's Financial Conditions and Performance

The Company's business activities include residential apartment development and sales, and management and lease of commercial properties. Below are the main factors affecting the Company's operational results:

### *The real estate market condition*

The Company derives substantially all of its revenue from property development activities in Indonesia. Accordingly, the Company is heavily dependent on the state of the Indonesian economy generally and specifically the Indonesian property market. Other economic conditions affecting the Company's business include market pricing trends that affect sales of its properties and rental rates, standards of living, levels of disposable income, demographic changes, interest rates and the availability of consumer financing. The Company expects its operational results to continue to vary from time to time, in line with the fluctuations in the Indonesian economy and the Indonesian property market.

Property values are affected by, among other factors, supply and demand of comparable properties, the rate of economic growth, any asset enhancement initiatives undertaken, interest rates, inflation, natural disasters, and political and economic developments. Property markets have historically been cyclical and future cyclical changes may result in fluctuations in the fair value of the properties and the Company's financial condition and results of operations.

### *Sales and Revenue*

The Company's business activities are divided into two categories, the development and sale of real estate in the form of apartments, residential, office buildings and shops, and the ownership and management of retail properties, office buildings and hotels. The Company generates its revenue from the sale of real estate and revenue from property management, in the form of hotel revenue, rental income, service charge and others. For the year ended December 31, 2016, realty sales contributed 94.75% of total revenue, whereas property revenue contributed 6.25%. Price fluctuation during the last 2 years had made significant impact to the Company's total sales and revenue. When price increase is in line with the increase in quantity of units sold, total revenue would increase, given the trend of property price that continues to increase from year to year. Inflation and fluctuation in foreign exchange rate does not have any material impact as it relates to the macroeconomic condition in general.

#### *Real Estate Sales*

With respect to property sales, the Company typically conducts pre-sales, where it sells a portion of its properties ahead of completion of a development. Currently, Indonesian law allows the Company to pre-sell properties before completion upon satisfaction of certain requirements. The pre-sales proceeds can be used to develop the particular property that has been pre-sold. Buyers of the Company's apartments, offices and shophouses may pay the full purchase price at the time of sale or may elect to pay only a portion of the purchase price at the time of sale, which is typically ranged between 20% to 30% of the purchase price, and the remainder in installments.

If an installment buyer does not meet its payment obligations, then pursuant to the Company's standard sale and purchase contracts, the Company is entitled to cancel the sales contract and re-sell the property without undertaking foreclosure proceedings. In addition, the Company is typically entitled to retain a portion of any payments made prior to default.

Pricing of the Company's apartments, offices and shophouses are set according to market prices at the time of the sale, and in some cases, at a premium. The Company typically develops residential properties in phases, which provides it the flexibility to alter its product offerings in response to market demand. Factors that may affect the amount of sales derived from new developments include the type of properties developed, timing of completion and the timing of recognition of revenue. The Company's sales are also affected by a number of factors which may influence demand including market demographics and the rate at which consumers are migrating to city centers to be close to their workplaces.

In the future, the Company expects to continue to pre-sell a large proportion of new units in its new project developments. In connection with any new development, the number of properties that the Company is able to sell and the timing of handover of properties to customers depends upon construction schedules and the market response during launch of a new development.

#### *Property Revenue*

The performance of the Company's retail properties portfolio is primarily dependent on the revenue generated from the tenancies of the properties in which it has an interest, as well as the operating expenses related to the properties. The factors that affect the rental revenue that the Company derives from its retail properties include, but are not limited to, general and local economic conditions, demand from tenants for retail space, supply of new retail properties in the various regions in which the Company operates, sales performance or business conditions of its tenants, shopper traffic to its retail properties, consumer spending patterns, competition from other retail properties, inflation, transportation and infrastructure developments.

The majority of leases for the Company's retail malls are on a long-term basis of 3 (three) years, with leases for its anchor tenants typically for a term of 5 (five) years. Anchor tenants make rental payments in monthly installments. Anchor tenants' rent rates are typically reviewed after the first five years of the lease. Most non-anchor retail tenants are required to pay 10% to 20% of the total rental for the full lease term prior to commencement of the lease, with the balance payable in equal installments on a monthly basis over the lease period.

Rental rates are typically fixed throughout the lease term and are reviewed prior to the end of the lease, taking into consideration the prevailing market conditions. The Company typically determines rental rates by reference to the market rates for similar types of properties at comparable locations, adjusting for market conditions. Key factors in determining rental rates include tenant type and the size and specific location of the leased space within a development.

The Company's management believes that the proportion of sales and revenue generated from recurring income will continue to increase and will help to minimize the operational risks arising from fluctuations in Indonesia's property market.

#### ***Access to Financing and Financing Cost***

The Company's ability to obtain financing, as well as the cost of such financing, affects its business. For example, the Company funds its property development activities through a relatively significant level of medium to long-term debt and through pre-sales of new developments. Higher interest rates make it more expensive for the Company to borrow funds to finance its business expansion. In addition, the Company's access to capital and its cost of financing are affected by restrictions, such as standard restrictive covenants in connection with its debt, and in the case of any bank financing, the Company may be exposed to single borrower limits on bank lending.

### ***Cost of Development***

The Company works closely with PT PP (Persero) Tbk to deliver completion on its projects on a timely and cost-efficient basis. The Company typically enters into fixed price contracts with PT PP (Persero) Tbk and other contractors for the construction of its projects. With regard to the procurement of raw materials for project construction, the contractors hold the main responsibilities for any additional costs as a result of changes in the price of materials such as steel and cement, however, such additional cost will be first discussed with the Company's management. The Company also may, from time to time, enter into specific supply contracts directly for certain equipment and raw materials.

### ***Timing of Project Completion***

The number of properties that the Company can develop or complete during any particular period is limited due to time constraints and the need to meet substantial capital requirements for project development and construction. In the event of delays, sales and rental commencement will also be delayed, which will eventually postpone the receipt of payments, although a certain amount of cash prepayments may have been received. In addition, delays in hotel projects would delay the Company's ability to rent out hotel rooms and thereby delay its realization of recurring income from hotel operations. The Company may also experience delays in project construction and/or completion. The construction schedule of properties depends on a number of factors, including the time required to obtain the necessary construction approvals and permits, as well as the Company's ability to secure tenants.

## **3. Summary of Significant Accounting Policies**

### ***Basis of preparation***

The Company's Consolidated Financial Statements have been prepared in accordance with Financial Accounting Standards ("FAS") in Indonesia, which include the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The basis for measurement in the preparation of the consolidated financial statements is the historical cost concept. The financial statements are prepared under the accrual basis, except for certain accounts that are prepared based on other bases of measurement as described in the accounting policies for each respective account.

The consolidated statements of cash flow are prepared using the direct method with classifications of cash flows into operating, investing and financing activities. The reporting currency used in the consolidated financial statements is Rupiah, which also serves as the Company's functional currency. All figures in the consolidated financial statements are presented in Rupiah ("Rp"), unless otherwise stated.

### ***Use of Management's Significant Judgments, Estimates and Assumptions***

Preparation of the Consolidated Financial Statements based on the Financial Accounting Standards in Indonesia requires the use of judgments, estimates, and assumptions that affects the following:

- Implementation of accounting policies;
- The reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the Consolidated Financial Statements;
- The reported amount of revenue and expenses for the reporting period;

Estimates and underlying assumptions used are reviewed continuously. Revision of accounting estimates is recognized in the period in which the estimate is revised and the future periods affected by the revised estimate.

### ***Principles of Consolidation***

The Company controls a subsidiary when it is exposed or has right to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee). Subsidiaries are fully consolidated from the date on which control is transferred to the Company and its subsidiary. Subsidiaries are not controlled effective on the date the Company and its Subsidiary lose their control.

Balances and transactions between entities within the parent entity are eliminated in the consolidated financial statements.

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

### ***Transactions with Related Parties***

A related party is a person or entity that is related to the entity which prepares its financial statements (in this Standard referred to as the 'reporting entity').

- a. A person or a close member of that person's family is related to a reporting entity if that person:
  - i. Has control or joint control over the reporting entity;
  - ii. Has significant influence over the reporting entity; or
  - iii. Is a member of the key management personnel of the reporting entity or a parent of the reporting entity;
- b. An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent entity, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party;
  - iv. One entity is a joint venture of the third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the employment benefit of either the reporting entity or a related entity of the reporting entity. If the reporting entity is in itself such a plan, the sponsoring entity is also related to the reporting entity.
  - vi. The entity is controlled or jointly controlled by the persons identified in point a, or
  - vii. A person identified in point a.i has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

An entity related to the Government is an entity that is controlled, jointly controlled or significantly influenced by the Government. In this respect, the Government is represented by the Ministry of Finance or the Local Government which is a shareholder of the entity.

### ***Cash and Cash Equivalent***

Cash and cash equivalents consist of cash and bank and deposits having less than 3-month maturities from the date of the Statements of Financial Positions, which are not pledged as collaterals for any Debts and are not restricted cash.

### ***Account Receivables***

Account Receivables are receivables arising from sales/deliveries of services that constitute the Company's main business activities. Account Receivables are presented net of realizable value, which is equal to the nominal value of the receivables net of VAT and allowance for doubtful accounts. Provision for impairment of receivables due to probable losses of doubtful account is made by establishing a provision for impairment of doubtful accounts.

Account Receivables are presented at fair value in accordance with SFAS No. 50 (Revised 2014) concerning Financial Instruments: Presentation, FSAS No. 55 (Revised 2014) concerning Financial Instruments: Recognition and Measurement, and SFAS No. 60 concerning Financial Instruments: Disclosure.

### ***Inventories***

Inventory is presented at the lower of cost and net realizable value.

- a. Hotel Inventory

Inventories purchased are recorded at cost or net realizable value, whichever is lower, and consist of food, beverages and equipment.

b. Real Estate Inventory

Real estate inventory consists of houses ready for sale, buildings in construction, land not yet developed and land under development. The costs directly related to projects, including borrowing cost, are capitalized to projects under development.

### ***Prepaid Expense***

Prepaid Expense consists of marketing expense, indirect expense, rental expense, provision and insurance expense. Marketing and indirect expenses are charged proportionally with revenue recognized during the project implementation period. Rental expense, provision, and insurance premiums are amortized over their respective useful life using the straight-line method.

### ***Investment***

a. Investment in Associates

Share participations with a percentage of ownership between 20% up to 50% are measured using the equity method. However, in the event that the Company has the power to control the subsidiary although the Company's share ownership is less or equal to 20%, such share participations are measured using the equity method.

b. Other Long-term Investments

Share participations with a percentage of ownership of less than 20% are measured using the cost method. However, in the event that the Company has no significant influence in the subsidiaries although the Company's share ownerships exceed 20% up to 50%, such share participations are measured using the cost method.

### ***Investment Property***

The Company implements SFAS No. 13 (Revised 2011) - "Investment Property."

Investment property represents property (land or building or part of a building or both) held (by owner or lessee by way of finance lease) to earn rental or for the purpose of capital appreciation or both, and not:

- a. To be used in production or procurement of goods or services or administrative purposes, or
- b. To be used in the normal course of business;

Investment property is measured at cost less accumulated depreciation and any impairment losses. The Company uses the cost model as its accounting policies and in compliance with the provisions of the SFAS referred to above. The Company discloses the fair value of investment property in the notes to the financial statements. Any part of investment property with significant acquisition cost compared to the total acquisition cost of the total assets should be depreciated separately.

Investment properties in the form of buildings are depreciated using the straight-line method over a period of 20 years. An investment property is derecognized upon disposal (sold or leased by way of financial lease), any gains or losses arising from the derecognition or disposal is included in profit and loss in the period in which the property is derecognized. Construction in progress is stated at cost. Accumulated cost will be reclassified to the respective property at the time such construction in progress is completed and ready for use. Interest on loan directly related to the construction in progress during the construction period is capitalized.

The Company has classified all investment properties reported under property & equipment as investment property and chosen the cost method as the basis for measurement.

### **Fixed Assets and Accumulated Depreciation**

#### ***Direct Acquisition***

Any part of fixed assets with significant acquisition cost compared to the total acquisition cost of the total assets should be depreciated separately. Prior to December 31, 2015, the Company selected the cost method for the recognition of fixed assets. Effective from December 31, 2015, the Company implements the revaluation method. Fixed assets with significant fluctuations in Fair Value are revaluated on an annual basis. Fixed assets without any significant fluctuations in Fair Value are revaluated every 3 (three) years. Fixed assets are stated at acquisition cost net of accumulated depreciation. Acquisition



cost include expenses for the repair, replacement, restoration and betterment of the economic benefit of the property and equipment that are significant in value and certain gain/loss on foreign exchange that arise from liabilities incurred for the acquisition of the property and equipment.

Depreciation of property and equipment is computed using the straight-line method based on the estimated useful lives of the assets.

Type of Fixed Assets	Estimated Useful Life by year	% Depreciation
Building	20	5.00%
Office equipment	4	25.00%
Vehicles	8	12.50%
Office Supplies	4	25.00%

Costs incurred subsequent to the initial recognition are recognized as the carrying value of the assets and recognized separately, if, and only if it is probable that the future economic benefit of such capitalized cost will flow to the Company and such cost can be measured reliably. The carrying values of replaced components are not recognized. All cost of maintenance and repairs are charged to operations as incurred. When assets are retired or disposed, the carrying values are removed from the financial statements, and any gains and losses that arise are recognized in the statement of profit and loss.

In the event that the carrying amount of an asset is higher than the recoverable amount, the carrying amount will be written down to the recoverable amount, which will be determined based on the higher of net sales value or value in use.

Fixed assets are recognized at the time the construction or installation processes are substantially completed. Depreciation is charged at the time the asset is ready for their intended use. Interest expense and other borrowing costs, such as discounts, that are used, whether directly or indirectly, to finance the construction of certain assets, are capitalized until the construction process is substantially completed.

For borrowings that are directly attributable to a specific asset, the amount capitalized is equal to the borrowing cost incurred during the period less income from temporary investments that arise from the loans. For borrowings that are not directly attributable to a specific asset, the amount of borrowing capitalized is determined by multiplying the capitalization rate to the expenses incurred for the assets. Capitalization rate represents the weighted average of the borrowing cost to total borrowings in certain period, excluding the amount of borrowings that are specifically used to finance the construction of specific assets.

### Impairment on Fixed Assets

Fixed assets and other non-current assets are reviewed on the date of statements of financial position to identify any loss on impairment. Impairment occurs when there is any event or changes in condition resulting in the carrying amount of the respective assets is not recoverable. Loss on impairment is recognized at the difference between the carrying amount and the recoverable amount of the assets. Recoverable amount is the highest of net sales value or value in use.

### Investment in Joint Venture

The Company determines the type of joint arrangement as joint venture. A Joint Venture is a form of arrangement where two or more of the parties have joint control over the net assets of the joint arrangement. The parties are referred to as joint venturers. A joint control is a contractual agreement to share control over an arrangement, which shall exist solely when a decision on the relevant activities requires a unanimous approval from all parties having joint control. A joint venturer recognizes its interest in a joint venture as an investment and measure the investment using the equity method in accordance with SFAS 15 (Revised 2013) concerning "Investment in Associates and Joint Ventures."

### Post-Employment Benefit

The Company implements SFAS No. 24 (Revised 2013) - Employee Benefits. The Company organizes pension plan and employee benefit plan to recognize the post-employment benefits pursuant to the company regulation and the Law No. 13 of 2003 concerning Manpower.

Employee benefit is calculated based on the service period and income of the employees. Employee benefit is calculated by the actuary using the projected unit credit, which reflects the employee services as at the valuation date. Post-employment benefit is recognized as liability and expense as incurred.

The Subsidiary registers its employees in an employee benefit plan organized in cooperation with PT Badan Penyelenggara Jaminan Sosial (BPJS Persero) in accordance with certificate of membership No. 0900000013539/NN004820 dated September 1, 2009.

### Taxation

#### a. Final Income Tax

Tax expense arising from income subject to final income tax is recognized in proportion to the total accounting income for the period. The difference between final income tax payable and final income tax charged as current tax in the statements of profit and loss and other comprehensive income is recognized as prepaid taxes or taxes payable. Future tax consequences arising from the difference between the carrying amount of assets and liabilities related to final income tax and the respective tax bases is not recognized as deferred tax assets or liabilities.

#### b. Non-Final Income Tax

Current tax expense is measured based on the taxable income for the period, calculated based on the applicable tax rates. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases of assets and liabilities except for differences related to the final income tax.

#### c. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable to utilize such temporary differences to reduce taxable income in future periods. Deferred tax is calculated using tax rates that are applicable or are substantially applicable at balance sheet date. Deferred tax is charged or credited to the statements of profit and loss and other comprehensive income, except for deferred tax that is directly charged or credited to equity. Deferred tax assets and liabilities are presented in the balance sheet in accordance with the presentation of current tax assets and liabilities.

### Revenue and expense recognition

Revenue and expense are recognized and recorded on an accrual basis, i.e., revenue and expense are recognized as the respective transaction incurred. Revenue from real estate segment is recognized using the full accrual method, i.e. upon signing of the sale and purchase agreement for cash sales and upon signing of the credit agreement for KPR (mortgage loan) sales financed by Banks.

Based on the above criteria, revenue from sale of house is recognized if all the following criteria are met:

Sale of land and building using Housing (KPR) Loan facility:

- The sale and purchase agreement is effective.
- The selling price is collectible, whereby the payment received is, at the minimum, equal to 20% of the agreed selling price.
- The seller's receivable from the buyer will not be subordinated to other loans obtained by the buyer in the future.
- The seller has transferred the generally applicable risks and benefits inherent in a sales transaction to the buyer and the seller has no further obligation or significant involvement to the respective asset (property).

Revenue from the sale of apartment is recognized using the percentage of completion method if all the following criteria are met:

- The construction process has surpassed the initial phase, i.e., the foundation of the building is completed.
- Total payment from buyers has reached 20% of the agreed selling price and such amount is not refundable to the buyers.
- The revenue and unit cost of the building can be reliably estimated.

If all the criteria referred to above are not met, all receipts from customers are recorded as advances from customers using the deposit method, until all criteria are met.

Revenue from Hotel and Room Occupation are recognized on the occupation date, and revenue from other hotel revenue is recognized upon delivery of goods or services to customers. Rental revenue is recognized according to elapsed time or over the rental period or use of the respective assets.

### Financial Instruments

The Indonesian Institute of Accountants has issued the following SFASs:

Effective for the period beginning on January 1, 2015:

- SFAS No. 1 (Revised 2013), "Financial Statement Presentation."
- SFAS No. 4 (Revised 2013), "Separate Financial Statements."
- SFAS No. 15 (Revised 2013), "Investment in Associates and Joint Ventures."
- SFAS No. 24 (Revised 2013) - "Employee Benefits"
- SFAS No. 46 (Revised 2014) - "Income Tax"
- SFAS No. 48 (Revised 2014), "Impairment."
- SFAS No. 50 (Revised 2014), "Financial Instruments: Presentation."
- SFAS No. 55 (Revised 2014), "Financial Instruments: Recognition and Measurement."
- SFAS No. 65, "Consolidated Financial Statements."
- SFAS No. 66, "Joint Arrangement."
- SFAS No. 67, "Disclosures of Interest in Other Entity."
- SFAS No. 68, "Fair value measurement."

Effective for the period beginning on January 1, 2016:

- Amendment to SFAS 4: Separate Financial Statements concerning the Equity Method in Separate Financial Statements.  
The amendment allows the use of the equity method as one of the methods to measure investment in subsidiaries, joint ventures and associates in the entity's separate financial statements.
- Amendment to SFAS 15: Investment in Associates and Joint Ventures concerning Investment Entity: Implementation of Consolidation Exemption.  
The amendment clarifies the consolidation exemption for investment entity when certain criteria are satisfied.
- Amendment to SFAS 16: Fixed Assets concerning Clarification of Acceptable Methods of Depreciation and Amortization.  
The amendment provides further explanations concerning indicators of technical or commercial financial estimates of assets. The amendment also clarifies that the use of income based depreciation is inappropriate.
- Amendment to SFAS 19: Intangible Assets concerning Clarification of Acceptable Methods of Depreciation and Amortization.  
The amendment clarifies the assumption that income is an inappropriate basis to measure the useful life of intangible assets is arguable in certain limited circumstances.
- Amendment to SFAS 24: Employee Benefits concerning Defined Benefit Plan: Employee Contribution  
This amendment simplifies the accounting treatment for employee or third party contribution that is not dependent on the number of service years, for example, employee contribution may be calculated based on a fixed percentage of salary.
- Amendment to SFAS 65: Consolidated Financial Statements concerning Investment Entity: Implementation of Consolidation Exemption.  
The amendment clarifies the consolidation exemption for investment entity when certain criteria are satisfied.
- Amendment to SFAS 66: Joint Arrangement on Accounting for Acquisitions of Interests in Joint Operations.  
The amendment requires the satisfaction of all principles of business combination set forth in SFAS 22: Business combination and other SFASs and the disclosure requirements are applied for acquisition of initial interests in a joint operation and for acquisition of additional interests in a joint operation, provided they are not in contrary to the guidelines set forth in this SFAS.
- Amendment to SFAS 67: Disclosures of Interests in Other Entity on Investment Entity: Implementation of Consolidation Exemption.  
The amendment clarifies the consolidation exemption for investment entity when certain criteria are satisfied.
- SFAS 5 (Revised 2015): Operating Segments  
The SFAS is amended to require disclosure of description of the segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated segments share similar economic characteristics.
- SFAS 7 (Revised 2015): Related Party Disclosures  
The SFAS is amended to include the requirements to qualify as related parties and clarifies the disclosures of compensation paid by the entity's management.
- SFAS 13 (Revised 2015): Investment Property  
The standard is amended to clarify that PSAK 13 and PSAK 22 are not mutually exclusive. An entity may refer to SFAS 13 to distinguish between investment property and owner-occupied property. The entity also may refer to SFAS 22 to determine whether an acquisition of an investment property constitutes a business combination.
- SFAS 16 (Revised 2015): Fixed Assets

- The SFAS is amended to provide clarification on revaluation model, requiring the carrying amount of the asset is restated to the revalued amount if an entity uses the revaluation method.
- SFAS 19 (Revised 2015): Intangible Assets  
The SFAS is amended to provide clarification on revaluation model, requiring the carrying amount of the asset is restated to the revalued amount if an entity uses the revaluation method.
  - SFAS 22 (Revised 2015): Business Combination  
The SFAS clarifies the scope of the standard and that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity.
  - SFAS 25 (Revised 2015): Accounting Policies, Changes in Accounting Estimates and Errors.  
The SFAS made editorial correction relating to the limitation on retrospective application.
  - SFAS 53 (Revised 2015): Share-based Payment  
The amendment clarifies the definition of a vesting condition and separately defines performance condition and service condition.
  - SFAS 68 (Revised 2015): Fair value measurement.  
The amendment clarifies that the portfolio exception, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope SFAS 55.
  - ISFAS 30: Levy.  
The ISFAS is an interpretation of SFAS 57: Provision, Contingent Liabilities and Contingent Assets, which clarifies the accounting a liability to pay a levy, in addition to income tax, which is within the scope of SFAS 46: Income Taxes and other penalties on violation of laws and regulations payable to the Government.

Effective for the period beginning on January 1, 2017:

- Amendment to SFAS 1: Presentation of Financial Statements on Disclosures Initiatives  
The amendment provides clarifications on the implementation of materiality requirement, flexibility of systematical sequence of notes to financial statements and identification of significant accounting policies.
- ISFAS 31: Interpretation on the Scope of SFAS 13: Investment Property  
ISFAS 31 provides interpretation on the characteristic of a building that meets the definition of investment property by SFAS 13: Investment Property. A building within the definition of an investment property refers to the structures with physical characteristics generally associated with a building such as walls, floors and roofs that are attached to the asset.

#### 4. Operational Results

##### a. Sales and Revenue

In 2016, the Company mainly generated sales from the sale of apartments related to residential project development, and has recently started marketing the pre-sale of the Company's property in Grand Kamala Lagoon and Grand Sungkono Lagoon superblocks and several other properties.

The following table presents information on the Company's sales and revenue and its respective percentage to total sales and revenue for the following periods:

Description	(Audited)			
	For the Year Ended December 31, 2016		For the Year Ended December 31, 2015	
	(Rp)	%	(Rp)	%
<b>Real Estate Sales</b>				
Apartment sales	2,007,684,795,290	93.38	1,338,965,299,654	88.96
House sales	7,970,103,040	0.37	41,587,899,694	2.76
<b>Total Real Estate Sales</b>	<b>2,015,654,898,330</b>	<b>93.75</b>	<b>1,380,553,199,348</b>	<b>91.72</b>
<b>Property Revenue</b>				
Hotel revenue	107,974,313,223	5.02	97,481,654,146	6.48
Rental income	9,276,148,566	0.43	11,296,722,146	0.75
Service Charge Revenue	17,155,711,985	0.80	15,840,739,701	1.05
<b>Total Property Revenue</b>	<b>134,406,173,774</b>	<b>6.25</b>	<b>124,619,115,993</b>	<b>8.28</b>
<b>Total Sales and Revenue</b>	<b>2,150,061,072,104</b>	<b>100.00</b>	<b>1,505,172,315,341</b>	<b>100.00</b>

## b. Cost of Goods Sold

The Company's Cost of Goods Sold mainly consists of costs related to the sale of residential apartments, office buildings and shophouses, including land acquisition cost, other acquisition cost and construction cost. Cost of Goods Sold generally increases in accordance with the increase in sales and revenue.

The following table presents the components of cost of sales and direct cost and the respective percentage to total cost of sales and direct cost for the following periods:

Description	(Audited)			
	For the Year Ended December 31,		For the Year Ended December 31,	
	2016		2015	
	(Rp)	%	(Rp)	%
<b>Cost of Goods Sold - Real Estate</b>				
Apartment	1,446,883,652,123	92.50	929,776,295,756	87.93
House	4,724,819,545	0.30	25,256,630,374	2.39
<b>Total Cost of Goods Sold - Real Estate</b>	<b>1,451,608,471,668</b>	<b>92.80</b>	<b>955,032,926,130</b>	<b>90.32</b>
<b>Cost of Goods Sold - Property</b>				
Hotel				
Direct cost - Hotel	83,266,257,468	5.33	76,964,466,569	7.28
Property				
Direct Cost - Service Charge	24,513,486,055	1.57	21,074,695,344	1.99
Direct cost - Space Rental	4,769,067,341	0.30	4,277,611,046	0.40
	29,282,553,396		25,352,306,390	
<b>Total Cost of Goods Sold - Property</b>	<b>112,548,810,864</b>	<b>7.20</b>	<b>102,316,772,959</b>	<b>9.68</b>
<b>Total Cost of Goods Sold</b>	<b>1,564,157,282,532</b>	<b>100.00</b>	<b>1,057,349,699,089</b>	<b>100.00</b>

## c. Operating Expenses

The Company's operating expenses include the followings:

- Personnel expenses, which consist of salaries and benefit, employees' education and training and recruitment.
- Maintenance Expenses
- General and administrative expenses, which consist of business trips, office supplies and stationeries, telephone and internet, licenses, asset valuation, office utilities, social donation, operational equipment rental, insurance and other general expenses

## d. Other income (expenses)

Other income/expenses mainly consist of interest income from time deposit/current account, bank provision and interest expenses and financing cost

## e. Joint Venture Profit Share

Represents income (losses) generated from projects carried out in the form of a Joint Venture with other companies.

The following table presents the Company's profit share from joint ventures:

Description	(Audited)			
	For the Year Ended December 31,		For the Year Ended December 31,	
	2016		2015	
	(Rp)	%	(Rp)	%
KSO Perkasa Abadi	168,434,564	(6.97)	1,085,676,811	100.00
KSO PP Grand Soho	-	-	-	-
Investment-Pekanbaru Permai	(2,659,504,808)	110.07	-	-
Investment-Sentul City	74,828,193	(3.10)	-	-
<b>Total Joint Venture Profit Share</b>	<b>(2,416,242,051)</b>	<b>100.00</b>	<b>1,085,676,811</b>	<b>100.00</b>

## 5. Financial Analysis

### a. Analysis on Consolidated Statements of Comprehensive Income

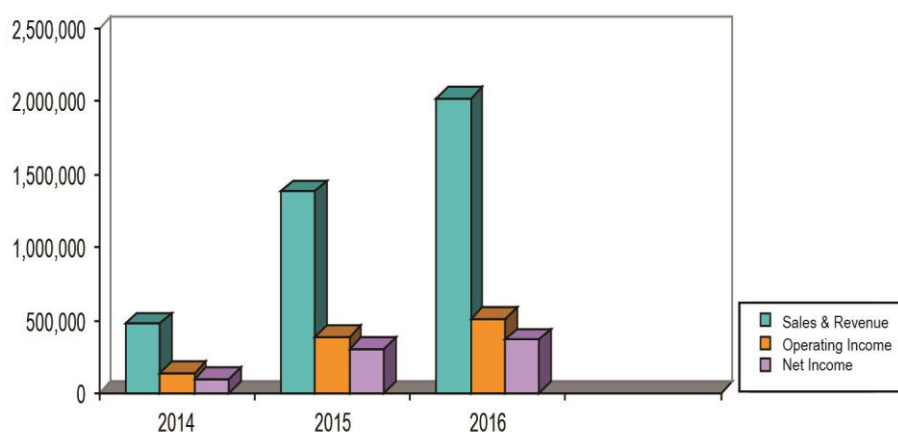
The following table presents information concerning the Company's consolidated statements of comprehensive income:

Description	(Audited)			
	For the year ended December 31,			
	2016		2015	
	(Rp)	(%)	(Rp)	(%)
Total Sales and Revenue	2,150,061,072,104	100.00	1,505,172,315,341	100.00
Total Cost of Goods Sold	(1,564,157,282,532)	(72.75)	(1,057,349,699,089)	(70.25)
Gross Profit (Loss)	585,903,789,572	27.25	447,822,616,252	29.75
Total Operating Expenses	(78,631,197,540)	(3.66)	(62,322,690,295)	(4.14)
Operating income	507,272,592,032	23.59	385,499,925,957	25.61
Interest Expense	(56,973,268,553)	(2.65)	(33,843,840,140)	(2.25)
Final Income Tax	(92,390,141,420)	(4.30)	(71,670,645,964)	(4.76)
Other Income (Expenses)	12,729,599,637	0.59	19,996,149,345	1.33
Total Other Income (Expenses)	(136,633,810,336)	(6.35)	(85,518,336,759)	(5.68)
Income from Joint Ventures and Associates	(2,416,242,051)	(0.11)	1,085,676,811	0.07
Income Before Income Tax	368,222,539,645	17.13	301,067,266,009	20.00
Non-Final Income Tax	(2,848,220,500)	(0.13)	(738,678,250)	(0.05)
Deferred Tax	-	-	-	-
<b>Net Income for the Year</b>	<b>365,374,319,145</b>	<b>17.00</b>	<b>300,328,587,759</b>	<b>19.95</b>

### Consolidated Statements of Other Comprehensive Income Growth

For the last 3 (three) years, the Company has experienced a positive growth trend as reflected in the following chart:

(In millions of Rupiah)



The positive trend of the Company's revenue, operating profit and net profit for the year was driven by exceptional performance of real estate sales as sales from several projects were started to be recognized and the launch of several new towers in 2016.

### Key Ratios to Revenue

	2016	2015	2014
Cost of Sales Ratio	73%	70%	68%
Gross Profit Margin (%)	27%	30%	32%



Operating Expenses Ratio	4%	4%	9%
Operating Income Ratio	24%	26%	22%
Net Income Ratio	17%	20%	17%

By reviewing the key ratios to Revenue as presented in the above table, we may conclude that there were no abnormal and/or unusual transactions that affected the Company's Revenue or Profitability during the last 3 (three) years.

## Revenue

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total operating revenue and sales of Rp2,150,061 million for the year ended December 31, 2016, which represented an increase of Rp644,889 million or 42.85% compared to the total operating revenue and sales for the year ended December 31, 2015, which amounted to Rp1,505,172 million. In general, the increase was contributed by the increase in revenue from realty sales by Rp635,102 million or 46% from Rp1,380,553 million for the year ended December 31, 2015, to Rp2,015,655 million. Whereas property revenue in 2016 has increased to Rp134,406 million, an increase of Rp9,787 million or 7.85% from Rp124,619 million for the year ended December 31, 2015.

The significant increase in realty sales was due to the commencement of revenue recognition for several projects, including (1) Grand Kamala Lagoon totaling Rp608,416 million, due to the physical construction progress of Emerald Tower that had reached 95.86% and Barclay tower that had reached 75.72%, (2) Grand Sungkono Lagoon totaling Rp602,071 million due to the physical construction progress of Venetian Tower that had reached 100% and Caspian Tower that had reached 71.6%, (3) Grand Dharmahusada lagoon totaling Rp276,990 million due to the physical construction progress of Tower 1 that had reached 66.85%, (4) Amarta View 1 totaling Rp158,410 million due to the physical construction progress of Amarta View Tower that had reached 67.78%, (5) Gunung Putri Square totaling Rp155,267 million due to the physical construction progress of Pinus Tower that had reached 100% and Palem Tower that had reached 19.78%, (6) the Ayoma Apartment totaling Rp76,546 million due to the physical construction progress of North Tower that had reached 43.13%, (7) Pavilion Permata II totaling Rp50,872 million due to the physical construction progress that had reached 97.37%. Realty sales of the Grand Kamala Lagoon, Grand Sungkono Lagoon, Grand Dharmahusada Lagoon, Amarta View, Gunung Putri Square, The Ayoma Apartment, and Pavilion Permata II projects were in line with the Company's strategies, where the Company has and will continue to focus its future projects to develop multi-towers projects in the form of superblocks and CBD. Grand Sungkono Lagoon is the Company's first superblock estate, while Grand Kamala Lagoon is the Company's first CBD estate.

## Cost of Goods Sold

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total cost of goods sold of Rp1,564,157 million for the year ended December 31, 2016, which represented an increase of Rp506,808 million or 47.93% compared to the total cost of goods sold for the year ended December 31, 2015, which amounted to Rp1,057,350 million. In general, the increase was contributed by the increase in cost of goods sold of realty sales by Rp622,646 million from Rp332,387 million for the year ended December 31, 2014, to Rp955,033 million.

The significant increase of cost of goods sold was driven by the significant increase in the Company's realty sales volume, which consisted of sales of units in Grand Kamala Lagoon, Grand Sungkono Lagoon, Grand Dharmahusada Lagoon, Amarta View, Gunung Putri Square, The Ayoma Apartment and Pavilion Permata II projects, which was in line with the Company's strategies to focus on developments for the middle-class segment.

## Gross profit

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total gross profit of Rp585,904 million for the year ended December 31, 2016, which represented an increase of Rp138,081 million or 30.83% compared to the total gross profit for the year ended December 31, 2015, which amounted to Rp447,823 million. The significant increase in gross profit was due to the increase in revenue that was higher than the increase in cost of goods sold. The percentage of gross profit to total revenue has declined to 27.25% for the year ended December 31, 2016, from 29.75% for the year ended December 31, 2015.

## Operating Expenses

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*



The Company reported a total operating expenses of Rp78,631 million for the year ended December 31, 2016, which represented an increase of Rp16,308 million or 26.17% compared to the total operating expenses for the year ended December 31, 2015, which amounted to Rp62,323 million. The significant increase in operating expenses was due to the increase in employee expenses by Rp8,724 million or 29.11% for the year ended December 31, 2016, which was mainly driven by the increase in number of employees and adjustments on salaries and benefits in 2016. The number of employees increased by 68 employees or 18.18% to 442 employees for the year ended December 31, 2016, from 374 employees for the year ended December 31, 2015.

### **Operating income**

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total operating income of Rp507,273 million for the year ended December 31, 2016, which represented an increase of Rp121,773 million or 31.59% compared to the total operating income for the year ended December 31, 2015, which amounted to Rp385,500 million. The increase in operating income was driven by the significant increase in the Company's gross profit, which has increased by Rp138,081 million or 30.83%, while the increase in operating expenses was only Rp16,309 million or 26.17%.

### **Other Income (Expenses)**

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total other expenses of Rp136,634 million for the year ended December 31, 2016, which represented an increase of Rp51,115 million or 59.77% compared to the total operating expenses for the year ended December 31, 2015, which amounted to Rp85,519 million. The significant increase in other expenses was due to the increase in interest expense by Rp23,129 million or 68.34% from Rp33,844 million as of December 31, 2015, to Rp56,973 million as of December 31, 2016.

### **Income from Joint Ventures and Associates**

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total income from joint ventures and associates of -Rp2,416 million for the year ended December 31, 2016, which represented a decrease of Rp3,502 million or -322.56% compared to the total income from joint ventures and associates for the year ended December 31, 2015, which amounted to Rp1,086 million. The significant decrease in income from joint ventures and associates was driven by the decrease in income from KSO Perkasa Abadi by Rp917 million or -94.49%, loss from associate, PT Pekanbaru Permai Propertindo of Rp2,659 million, and the increase in income from associate, PT Sentul PP property by Rp74 million.

### **Profit before income tax**

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total profit before income tax of Rp368,223 million for the year ended December 31, 2016, which represented an increase of Rp67,155 million or 22.31% compared to the total profit before income tax for the year ended December 31, 2015, which amounted to Rp301,067 million. The increase in profit before income tax was driven by the Company's revenue, which was higher than the expenses incurred, and various efficiency measures undertaken by the Company. Percentage of profit before income tax to total revenue has decreased slightly from 20.00% at the end of 2015 to 17.13% at the end of 2016.

### **Income Tax Expense**

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total income tax expense of Rp2,848 million for the year ended December 31, 2016, which represented an increase of Rp2,110 million or 285.58% compared to the total income tax expense for the year ended

December 31, 2015, which amounted to Rp738 million. The significant increase in income tax expense was due to the increase in the Company's real estate sales, which resulted in a higher income tax imposed on the Company compared to 2015.

## Net Income

*The Year Ended December 31, 2016, compared to the Year Ended December 31, 2015*

The Company reported a total net income of Rp365,374 million for the year ended December 31, 2016, which represented an increase of Rp65,046 million or 21.66% compared to the total operating income for the year ended December 31, 2015, which amounted to Rp300,329 million. The increase in net income was due to the increase of the Company's revenue by Rp644,889 million or 42.84%, although the percentage of net income to total revenue has slightly decreased from 19.95% at the end of 2014 to 17.13% at the end of 2016.

## b. Analysis on Development of Financial Positions

The following table presents the development of the Company's financial positions:

Description	December 31,	
	2016	2015*
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalent	624,472,314,516	357,422,184,987
Trade Receivables		
Third Parties	2,765,315,999,570	1,198,704,737,562
Other receivables		
Related Parties	44,975,178,172	643,561,644
Third Parties	-	152,054,795
Inventories	1,606,415,374,401	1,498,069,952,103
Prepaid Taxes	11,774,701,291	27,029,365,662
Prepaid Expenses	36,087,053,008	37,376,481,704
Advances	75,312,264,685	66,986,706,605
Other Current Assets		
Space Rent Guarantee	300,684,860	300,684,860
<b>Total Current Assets</b>	<b>5,164,653,570,503</b>	<b>3,186,685,729,922</b>
<b>Non-Current Assets</b>		
Land for Development	1,348,698,763,640	247,992,592,095
Investment in Joint Venture	177,799,775,409	179,993,867,191
Investment in Associates	129,792,873,385	23,500,000,000
Other Long-term Investments	5,381,000,000	5,381,000,000
Fixed Assets - Net	1,997,712,794,088	1,674,282,096,261
Deferred Tax Assets	-	-
Intangible Assets	2,245,011,313	1,121,447,184
Deposit at BCA	-	-
<b>Total Non-Current Assets</b>	<b>3,661,630,217,835</b>	<b>2,132,271,002,731</b>
<b>TOTAL ASSETS</b>	<b>8,826,283,788,338</b>	<b>5,318,956,732,653</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Non-Bank Loans	-	-
Bank Loans	-	90,075,078,012
Trade Payables		
Related Parties	436,315,834,594	132,211,830,808
Third Parties	1,090,326,524,182	526,293,854,519
Other Payables		
Third Parties	250,783,569,730	114,477,074,940
Tax liabilities	167,708,503,095	84,131,729,931
Accrued Expenses	87,280,330,222	90,169,115,921
Sales Advance	146,892,279,002	108,509,263,198
Unearned Revenue	7,105,375,868	5,827,676,444
Guarantee	7,447,920,268	7,779,343,939
Short-term portion of long-term liabilities	584,651,428,571	66,879,051,380

Description	December 31,	
	2016	2015*
<b>Total Current Liabilities</b>	<b>2,778,511,765,531</b>	<b>1,226,354,019,092</b>
<b>Non-Current Liabilities</b>		
Prior Shareholder Debt	-	-
Liabilities of Employment Benefit	470,279,826	113,842,892
Other Payables		
Related Parties	1,033,253,024,826	979,812,393,798
Third Parties	548,416,162,704	402,613,875,000
Medium Term Notes	300,000,000,000	30,000,000,000
Bonds payable	598,358,200,906	-
Long-term bank loans, net of current portion	599,363,649,497	162,475,747,632
<b>Total Non-Current Liabilities</b>	<b>3,079,861,317,759</b>	<b>1,575,015,859,322</b>
<b>TOTAL LIABILITIES</b>	<b>5,858,373,083,290</b>	<b>2,801,369,878,414</b>
<b>EQUITY</b>		
Equity attributable to:		
Owners of the Parent Company		
Nominal Value Rp100.- per share	1,404,440,600,000	1,404,440,600,000
Authorized Capital:		
36.528.240.000 Shares (Issued and Paid-up Capital for each of the period ended December 31, 2016, 2015, of 14,044,406,000 shares)		
Additional Paid-in Capital	357,657,791,204	357,657,791,204
Retained earnings		
Appropriated	20,322,294,135	5,306,042,987
Unappropriated	703,443,039,238	413,141,464,551
Other Equity Component	335,316,239,168	335,332,922,914
	2,821,179,963,744	2,515,878,821,656
Non-Controlling Interest	146,730,741,303	1,708,032,583
<b>TOTAL EQUITY</b>	<b>2,967,910,705,047</b>	<b>2,517,586,854,239</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,826,283,788,338</b>	<b>5,318,956,732,653</b>

## Growth of Statements of Financial Position

### Growth of Assets, Liabilities and Equity

#### Total assets

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total assets of Rp8,826,284 million, which represented an increase of Rp3,507,327 million or 65.94% compared to the Company's total assets as of December 31, 2015, which amounted to Rp5,318,957 million. In general, the increase was due to the increase in trade receivables - third parties by Rp1,566,611 million or 130.69%, the increase in land for development by Rp1,100,706 million or 443.85%, the increase in inventories by Rp108,345 million or 7.42%, the increase in investment in associated entities by Rp106,292 million or 452.31%, and the increase in fixed assets by Rp323,430 million or 19.32% compared to the balance as of December 31, 2015.

#### Cash and Cash Equivalent

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total cash and cash equivalent of Rp624,472 million, which represented an increase of Rp267,050 million or 74.72% compared to the Company's cash and cash equivalent as of December 31, 2015, which amounted to Rp357,442 million. In general, the increase was driven by placement of Time Deposits in Bank BTN, which has increased by Rp78,000 million or 41.05% compared to the placement of Time Deposits in Bank BTN as of December 31, 2015, of Rp190,000 million, resulting in an ending balance of Rp268,000 million as of December 31, 2016.

#### Trade Receivables

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total trade receivables of Rp2,765,316 million, which represented an increase of Rp1,566,611 million or 130.69% compared to the Company's total trade receivables as of December 31, 2015, which amounted to Rp1,198,705 million. In general, the increase was driven by the increase in receivables from Apartment sales, which had increased by Rp1,472,816 million or 141.57% compared to the receivables from Apartment Sales as of December 31, 2015, of Rp1,040,343 million, resulting in an ending balance of Rp2,513,158 million as of December 31, 2016. Up to the issuance of this Prospectus, receivables from Apartment sales are categorized as current (collectibility 1).

#### **Other receivables**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total other receivables to its Related Parties and Third Parties of Rp44,975 million, which represented an increase of Rp44,32 million or 6,888.48% compared to the Company's total other receivables as of December 31, 2015, which amounted to Rp796 million. In general, the increase was driven by new significant other receivables from PT Graha Buana Cikarang totaling Rp44,809 million as of December 31, 2016, compared to nil as of December 31, 2015. The receivables had been paid on January 13, 2017.

#### **Prepaid Taxes**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total prepaid taxes of Rp11,775 million, which represented a decrease of Rp15,255 million or -56.44% compared to the Company's total prepaid taxes as of December 31, 2015, which amounted to Rp27,029 million. In general, the decrease was due to the decrease in VAT In by Rp18,865 million or -100% from Rp18,865 million as of December 31, 2015, to nil as of December 31, 2016.

#### **Land for Development**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a land for development of Rp1,348,699 million, which represented an increase of Rp1,100,706 million or 443.85% compared to the Company's land for development as of December 31, 2015, which amounted to Rp247,993 million. In general, the increase was driven by the increase in acquisitions of land to be developed by the Company, e.g. a parcel of land totaling 13,084 m<sup>2</sup> located in Tanjung Barat Sub-district, South Jakarta, a parcel of land totaling 16,759 m<sup>2</sup> in Embong Sawo, Surabaya, a parcel of land totaling 41,634 m<sup>2</sup> in Mulyorejo, Surabaya, a parcel of land totaling 5,586 m<sup>2</sup> in Tembalang, Semarang, and land acquisition by a Subsidiary totaling 46,009 m<sup>2</sup> in Jababeka.

#### **Investment in Associates**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total investment in associated entities of Rp129,793 million, which represented an increase of Rp196,293 million or 452.31% compared to the Company's total investment in associated entities as of December 31, 2015, which amounted to Rp23,500 million. In general, the increase was due to new investments placed in several associated entities such as PT Sentul PP Properti, totaling Rp49,075 million, and PT Jababeka PP Properti, totaling Rp36,378 million as of December 31, 2016. The Company has a 49% ownership in each of those associated entities.

#### **Intangible Assets**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total intangible assets of Rp2,245 million, which represented an increase of Rp1,124 million or 100.19% compared to the balance as of December 31, 2015, of Rp1,121 million. Intangible assets consist of accounting software under development, the percentage of the carrying amount to the contract value was 39.64%. Up to

date, there are no obstacles met in the implementation process. The expenditures recognized in the carrying amount of intangible assets were Rp2,245 million and Rp1,121 million for the year 2016 and 2015, respectively.

### **Trade Payables**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total trade payables to its Related Parties and Third Parties of Rp1,526,642 million, which represented an increase of Rp868,137 million or 131.83% compared to the Company's total trade payables as of December 31, 2015, which amounted to Rp658,506 million. In general, the increase was driven by the increase in trade payables to related parties by Rp304,104 million or 230% and payables to third party contractors, which had increased by Rp255,277 million or 1,270.50% compared to trade payables as of December 31, 2015.

### **Other Payables**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total other payables of Rp250,784 million, which represented an increase of Rp136,306 million or 119.07% compared to the Company's total other payables as of December 31, 2015, which amounted to Rp114,477 million. The increase was due to payables to PT Intersurabaya Intiland (Land Owner) for the acquisition of 16,759 m<sup>2</sup> land in Embong Sawo, Surabaya, totaling Rp121,513 million, which represented approximately 48.45% of the Company's other payables as of December 31, 2016.

### **Tax liabilities**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total tax liabilities of Rp167,709 million, which represented an increase of Rp83,577 million or 99.34% compared to the Company's total tax liabilities as of December 31, 2015, which amounted to Rp84,132 million. In general, the increase was driven by Final Income Tax from Transfer of Title of Land and/or Building, which had increased by Rp74,204 million or 101.38% from Rp73,193 million as of December 31, 2015, to Rp147,397 million as of December 31, 2016.

### **Sales Advance**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total sales advance of Rp146,892 million, which represented an increase of Rp38,883 million or 35.37% compared to the Company's total sales advance as of December 31, 2015, which amounted to Rp108,509 million. In general, the increase was driven by the increase in consumer booking fees/down payments, which had increased by Rp28,327 million or 48.78% compared to the consumer booking fees/down payments as of December 31, 2015, of Rp58,047 million, resulting in an ending balance of Rp86,402 million as of December 31, 2016.

### **Unearned Revenue**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total unearned revenue of Rp7,105 million, which represented an increase of Rp1,278 million or 21.92% compared to the Company's total unearned revenue as of December 31, 2015, which amounted to Rp5,828 million. In general, the increase was driven by the increase in unearned rental revenue of the Company's subsidiary (GSN), which had increased by Rp920 million or 20.14% compared to GSN's unearned rental revenue as of December 31, 2015, of Rp4,572 million, resulting in an ending balance of Rp5,492 million as of December 31, 2016.

### **Short-term portion of long-term liabilities**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total short-term portion of long-term liabilities of Rp584,651 million, which represented an increase of Rp517,772 million or 774.19% compared to the Company's total short-term portion of long-term liabilities as of December 31, 2015, which amounted to Rp66,879 million. In general, the increase was driven by the increase

in the Company's short-term portion of long-term liabilities that was due in one year as of December 31, 2016, such as MTN totaling Rp330,000 million and short-term bank loans totaling Rp254,651 million.

### **Liabilities of Employment Benefits**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total liabilities of employment benefits of Rp470 million, which represented an increase of Rp356 million of 313.10% compared to the Company's liabilities of employment benefits as of December 31, 2015, which amounted to Rp114 million. In general, the increase was driven by the reconciliation of fluctuation in liabilities of employment benefits recognized in the statement of financial position, which consisted of current service cost and remeasurement of liabilities/assets for the period. Current service cost had increased by Rp227 million or 203.28% compared to the current service cost as of December 31, 2015, of Rp112 million, resulting in an ending balance of Rp340 million as of December 31, 2016.

### **Other payables - third parties**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total other payables to third parties of Rp548,416 million, which represented an increase of Rp145,802 million or 36.21% compared to the Company's total other payables as of December 31, 2015, which amounted to Rp402,614 million. Other payables to third parties consisted of payables to PT Aneka Bangun Mulia Jaya and PT Intersurabaya Intiland for the purpose of land acquisition.

### **Medium Term Notes**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2015, the Company had a total medium term notes of Rp300,000 million, which represented an increase of Rp270,000 million of 900.00% compared to the Company's medium term notes as of December 31, 2015, which amounted to Rp30,000 million. The increase was driven by the medium term notes issued from December 31, 2015, to December 31, 2016.

### **Long-term bank loans, net of current portion**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total long-term bank loans, net of current portion, of Rp599,364 million, which represented an increase of Rp436,888 million or 268.89% compared to the Company's total long-term bank loans, net of current portion, as of December 31, 2015, which amounted to Rp162,476 million. The increase was driven by the increase in the Company's bank loans to Bank CIMB Niaga, BTN, BRI and ICBC Indonesia.

### **Equity**

*As of December 31, 2016, compared to as of December 31, 2015*

As of December 31, 2016, the Company had a total equity of Rp2,967,911 million, which represented an increase of Rp450,324 million or 17.89% compared to the Company's total equity as of December 31, 2015, which amounted to Rp2,517,587 million. The increase was driven by the increase in unappropriated retained earnings derived from the Company's net income totaling Rp290,450 million and the increase in non-controlling interest by Rp145,022 million arising from the Company's joint ventures, which in this respect consisted of PT Wisma Seratus Sejahtera and PT PP Properti Jababeka Residen.

### **c. Analysis on Cash Flows**

The Company's liquidity requirements are related to the financing of the Company's new projects, capital expenditures such as the purchase of office equipment and property, payment of loan and maintaining cash reserve. Cash flows from the Company's pre-sale and recurring income are the Company's main sources of liquidity. Whenever required, the Company has utilized short-term to long-term credit facilities to finance the Company's expansion and working capital. Considering the Company's currently available financial resources, including cash generated from operating activities, bank credit



facilities and the proceeds from the Public Offering, the Company believes that the Company has sufficient liquidity to finance the Company's operational activities and service the Company's loans for the next 12 months, at the minimum.

The following table presents information concerning the Company's cash flows:

(In Rupiah)

Description	For the year ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES	(185,007,725,447)	(40,672,622,005)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,177,896,596,689)	(411,468,773,233)
CASH FLOWS FROM FINANCING ACTIVITIES	1,629,954,451,665	579,538,166,662

### CASH FLOWS FROM OPERATING ACTIVITIES

(Presented in Rupiah, unless otherwise stated)

Description	For the year ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received consisting of:		
Revenue from sales	623,110,525,324	677,983,313,877
Revenue from hotel	118,559,444,958	116,045,557,494
Revenue from rentals	14,573,797,378	14,006,098,494
Revenue from Market Receivables	-	406,735,223
Payments to:		
Suppliers	(940,915,342,797)	(817,923,581,459)
Management and Employees	(40,124,721,788)	(26,289,751,941)
Tax Reimbursement and Interest from Banks	86,865,516,364	34,406,288,199
Tax payments	(47,076,944,886)	(39,307,281,892)
<b>Net Cash Flows Provided by</b>		
<b>(Used in) Operating Activities</b>	<b>(185,007,725,447)</b>	<b>(40,672,622,005)</b>

Deficit in cash flows provided by operating activities increased by Rp144,335 million or 354.87% from a deficit of Rp40,673 million for the year ended December 31, 2015, to a deficit of Rp185,008 million for the year ended December 31, 2016. The increase was due to the increase in cash payment to suppliers by Rp122,992 million or 15.04%. Such cash payment to suppliers consisted of payments for the Grand Sungkono Lagoon, Grand Kamala Lagoon and Gunung Putri Square construction projects. The Company plans to finance its future operational activities using funds or revenues derived from apartments that have entered the topping-off/handover stage, which shall trigger fund disbursement from the banks/Apartment Mortgage Loan (KPA), as well as cash payments from customers.

### CASH FLOWS FROM INVESTING ACTIVITIES

(Presented in Rupiah, unless otherwise stated)

Description	For the year ended December 31,	
	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in Investment in Joint Venture	(1,747,558,877)	(80,947,276,651)
Decrease in Investment in Joint Venture	4,110,085,223	18,553,651,405
Increase in Land for Development	(594,871,295,200)	(143,469,150,000)
Increase in Assets in Construction	(340,305,689,259)	(121,322,928,000)
Increase in Investment in Associates	(222,338,581,275)	(71,000,000,000)
Investment Properties and Advance for Expenses	-	-
Addition in Fixed Assets	(22,786,765,193)	(13,331,009,987)
Sale of Fixed Assets	-	-
Increase in Intangible Assets	-	-
Receipt of Dividends	43,207,891	47,940,000
<b>Net Cash Flows Provided by</b>		
<b>(Used in) Investing Activities</b>	<b>(1,177,896,596,689)</b>	<b>(411,468,773,233)</b>

Deficit in cash flows provided by investing activities increased by Rp766,428 million or 186.27% from a deficit of Rp411,469 million for the year ended December 31, 2015, to a deficit of Rp1,177,897 million for the year ended December 31, 2016.



The increase was due to the increase in Increase in Land for Development by Rp451,402 million or 314.63%. Increase in Land for Development represented the Company's strategies, which aimed to increase its landbank to meet market demand for the Company's products. In addition, landbank is crucial to maintain the Company's growth.

### CASH FLOWS FROM FINANCING ACTIVITIES

(Presented in full Rupiah amount, unless otherwise stated)

Description	For the year ended December 31,	
	2016	2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional Paid-in Capital	-	910,144,010,000
Difference in Value of Non-Controlling Transactions	-	-
Issuance of Medium Term Notes	600,000,000,000	-
Bonds Receipts	600,000,000,000	-
Shares and Bonds Issuance Cost	(1,970,158,915)	(23,718,898,290)
Dividend	(60,065,004,591)	-
Payment of Short-Term Non-Bank Loans	(265,000,000)	(152,150,000,000)
Payment of Loans from Parent Company	-	(235,000,000,000)
Increase in Long-Term Bank Loans	605,795,427,554	116,036,221,948
Payment of Short-Term Bank Loans	(113,540,812,383)	(48,525,263,076)
Increase in Long-Term Non-Bank Loans	-	12,752,096,080
<b>Net Cash Flows Provided by (Used in) Financing Activities</b>	<b>1,629,954,451,665</b>	<b>579,538,166,662</b>

Surplus in cash flows provided by financing activities increased by Rp1,050,912 million or 55.15% from a surplus of Rp579,538 million for the year ended December 31, 2015, to a surplus of Rp1,629,954 million for the year ended December 31, 2016. The increase was due to proceeds from bonds and medium term notes, each of which was issued with a total value of Rp600,000 million. The foregoing represented the Company's strategies aimed to diversify the Company's source of funding to be used to finance the Company's capital expenditures and operational activities.

### 6. Liquidity Analysis

Liquidity reflects the Company's ability to meet its short-term liabilities, measured by dividing current assets with short-term liabilities at a certain date.

The Company's main sources of liquidity comprise of internal and external sources. Internal sources include cash and cash equivalents and receivables, whereas external sources include short-term bank loans and loans from non-bank financial institutions.

The Company has material liquidity sources that are not yet utilized in the form of cash and non-cash credit limit from banks totaling Rp624.4 million.

In accordance with the nature of the Company's business activities, fluctuation in trade receivables and payables are the factors that may cause material changes to the Company's liquidity.

The Company's liquidity sources and capital are adequate to meet its working capital requirements to carry out its normal course of business. The Company applies controls on operational activities on a regular basis and maintains the covenants imposed by creditors, which require the Company to maintain its liquidity sources and capital.

The Company's liquidity levels for the years ended December 31, 2016, and 2015, are presented below:

(In Rupiah)

DESCRIPTION	December 31,	
	2016	2015
<b>Current Assets</b>		
Cash and Cash Equivalent	624,472,314,516	357,422,184,987
Inventories	1,606,415,374,401	1,498,069,952,103
<b>Total Current Assets</b>	<b>5,164,653,570,503</b>	<b>3,186,685,729,922</b>
<b>Total Current Liabilities</b>	<b>2,778,511,765,531</b>	<b>1,226,354,019,092</b>

DESCRIPTION	December 31,	
	2016	2015
<b>Liquidity Level</b>		
• Current Ratio	185.88%	259.85%
• Quick Ratio	128.06%	137.69%
• Cash Ratio	22.48%	29.15%

As of December 31, 2016, the Company's liquidity level was 185.88%, lower than 259.85% as of December 31, 2015. The decrease was due to the increase of short-term liabilities that were higher than the increase of the Company's current assets during the past year. The Company's liquidity level remains within a fair range, with its cash ratio in 2016 that was above 20%, i.e. 22.48%.

## 7. Capital Expenditures

In 2016, the Company's consolidated capital expenditures were Rp925,469 million, which were utilized to invest in associates totaling Rp274,386 million, to acquire land for development totaling Rp432,950 million and commercial area totaling Rp218,132 million.

	Investments in Associates	Land for Development	Commercial Area
Parties in the Agreement	The Company and Associates 1. PT PP Properti Jababeka Residence 2. PT Sentul PP Properti 3. PT Jababeka PP Properti 4. PT Pekanbaru Permai Propertindo	The Company and Landowners 1. Land in Tanjung Barat 2. Land in Embong Sawo 3. Land in Jababeka Cikarang	The Company and Landowners 1. Grand Kamala Lagoon
Purpose of Investment in Capital Goods	To increase landbank	To increase landbank	To increase landbank
Sanction	None	None	None
Geographical Distribution of the Company's Investment	Located in Java and Sumatra Islands	Entirely located in Java Island	Entirely located in Java Island

The Company's capital expenditures were funded by the Company's credit facilities, which were entirely denominated in Rupiah, therefore, the Company was not exposed to the risk of fluctuation in foreign exchange currencies.

## 8. Government Policies

Government policies, such as fiscal, monetary, tax and other policies affecting the Company's operational activities are as follows:

- Monetary policies such as an increase in interest rate will affect demand for the Company's products, which will affect the Company's revenue;
- Fiscal policies such as changes in certain tax rates and levy will result in an increase in tax expenses and acquisition costs of certain materials;
- Government policies affecting the Company's overall financial positions, including the impacts to the Company's financial conditions, are as follows:
  - Policy on fuel price, which will affect prices charged by suppliers, which will affect the Company's production costs.
  - Policies on tax rates will affect the Company's tax expenses and net income.
  - Manpower policies such as changes to Regional Minimum Wage/Provincial Minimum Wage and Social Security, which will affect the Company's employee salary and wage expenses.

## 9. Risk Management

### a. Risk of business competition;

In facing the competition in the property sector, the Company continuously creates innovations to improve the offering of products under the 'Beyond Space' concept to the consumers, as a form of the Company's product differentiation compared to its competitors. The Company believes that the concept of a residence in general should be more than just 'four walls and

a roof, therefore, the Company plans to develop its residential properties based on the 'Beyond Space' concept. The Company endeavors to formulate new measures to differentiate its properties by continuously seeking the way to improve customer satisfaction in owning and living in its residential properties. The Company's management believes that innovation is the right step to increase the quality of life of its consumers, and will distinguish the Company's product offering, which represents the Company's main strength in attracting buyers from its property target demographic.

#### **b. Financial Risk**

The Company is exposed to the risk of having insufficient cash flow to finance its operational activities and to meet its financial obligations as they fall due. The Company manages its liquidity profile by conducting pre-selling of project development and by obtaining credit facilities from banks as well as non-banks.

The Company also implements a prudent liquidity risk management by maintaining sufficient cash balance generated from internal cash flows and by ensuring sufficient availability of funding sources from the credit facilities obtained, by managing terms of payment that are adjusted to the segment of the development projects and the terms of funding from sales, and by maintaining an intensive collective policies for sales proceeds. Considering the current conditions and future planning, the Company believes that the Company is able to properly manage its liquidity or cash flows.

The Company's source of fund in the form of loans are entirely denominated in Rupiah, and the Company's receivables and payables transactions are also entirely denominated in Rupiah, therefore, the Company is not exposed to the risk of fluctuations in foreign currencies.

The Company is not significantly exposed to risk of fluctuation in interest rate on loans as the main purpose of the Company's loans is to maintain a sufficient cash balance to meet its operational needs. The Company always endeavors to secure financing with the most competitive interest rate. In addition, the Company requires approval from the Board of Commissioners and Board of Directors before utilizing such financial instruments. The Company also intends to expand its network with national and foreign banks to obtain the most competitive interest rate. Above all, the Company continuously and closely monitors all possibilities of fluctuation in interest rate on loans.

#### **c. Risk of fluctuations in the property industry Indonesia and other factors beyond the Company's control;**

The Company anticipates the fluctuation in the property industry by increasing property revenue from the development of superblocks and CBDs that will allow the Company to generate stable recurring income to complement the revenue from sale of residential units. The Company currently generates recurring income flows from its hospitality & commercial segments, i.e. Prime Park Hotel Bandung, Park Hotel Jakarta, Swissbell Hotel Balikpapan, KAZA City Mall Surabaya, Balikpapan Ocean Square Mall in Balikpapan, and the office complex in Grand Slipi Tower. In the near future, the Company will generate recurring income from the planned development of mall and offices in Grand Sungkono Lagoon, Grand Dharmahusada Lagoon and Grand Kamala Lagoon.

Furthermore, engaging in the property development sectors exposes the Company to the risk of increase in construction materials used in building the properties, including cement and steel, which is beyond the Company's control. The Company generally enters into fix price contracts for the Company's construction projects. The Company occasionally has to bear the additional cost arising from changes in the prices of construction materials, including steel and cement. The Company may from time to time enters into a specific procurement contract to directly procure certain equipment and construction materials. Construction materials are global commodities which prices are affected by cycle and fluctuate according to the global market condition. The Company may transfer the additional cost to customers by increasing the sales price, however, there is a risk that the Company may not be able to transfer all of the cost arising from the increase in commodity prices to customers, which may eventually undermine the Company's margin.

#### **d. Risk of delayed completion of a portion or all of the Company's projects;**

The Company assigns a team for each new projects that will be developed. The Company invests in time and commitment to develop the competencies of project directors and to improve their skills to manage various projects; the project directors are also involved in the Company's management process to create creative ideas that are in line with the Company's objective to continuously create innovation in order to provide innovative products for its consumers. Project directors are specifically capable of leading the consultants and contractors in defining the most efficient construction process to manage construction cost and maximize the Company's profit and performance. The Company believes that the Company will be able to properly manage the risk of delay in project completion through the competencies and skills of each project director.

#### **e. Risks generally associated with the development and investments in the property industry;**

Interest rate risk is one of the general risks related to the development and investment in the property. Interest rate risk mainly arises from the changes in interest rate in relation to bank loan. The Company obtained loans with a combination of fixed rate and floating rate with various period that are adjusted according to the segment of the project under development. The Company endeavors to minimize interest expense by utilizing the low market interest rate to obtain financing and to minimize the effect of changes in interest rate.

#### f. Risk of human resources

In order to support human resources development and to maintain professional, qualified and experienced project managers, the Company conducts periodical internal and external training programs. During the year 2016, the Company held a number of employee competency development programs by organizing the following training and educational programs:

No.	Training Title	Date	Organizer	Type of Training
1	Corporate English Course	Nov 2015 - May 2016	TBI	In-house
2	Professional Public Speaking Regular Class	Jan 23 - Feb 13, 2016	Talk Inc	Public
3	Brevet C Applied Taxation Training	Feb 22 - May 31, 2016	IAI Depok	Public
4	<i>Dialog Pemantapan Nilai2 Kebangsaan &amp; Pembangunan</i> or the Dialog to Strengthen National & Development Values	Feb 23 - 25, 2016	DPD REI DKI Jakarta & LEMHANNAS RI	Public
5	"Memahami A-Z Implementasi GCG ...." or "Understanding the A to Z of GCG Implementation" Workshop	Mar 23 - 29, 2016	KNKG	Public
6	Tax Planning 2016	Mar 28 - 29, 2016	Barnam Tax	Public
7	Corporate Lawyer Skill For Non-Lawyer	April 7, 2016	KD & CO Law Office	Public
8	Conduct Training needs analysis	April 12 - 13, 2016	Lutan Edukasi	Public
9	Strategic Partnership to Optimize the Partnership of Internal Audit Function to Support the Board of Directors and Board of Commissioners to Improve the Company's competitiveness in the Asean Economic Community (AEC) Era	May 10 - 13, 2016	FKSPI	Public
10	Introduction to BPJS Ketenagakerjaan Program	May 11, 2016	BPJS	Public
11	Integrated Risk Management	May 11 - 13, 2016	PPM Management	Public
12	APMF	May 11 - 13, 2016	APMF	Public
13	Manpower Planning	May 17 - 18, 2016	Knowcap	Public
14	Certified Assessor Training	May 17 - 19, 2016	GML	Public
15	New Employee Orientation	May 23 - 28, 2016	PP PROPRTI	In-house
16	English Class (Private)	May - Jun 2016	EF	Public
17	Financial Statements Preparation for Construction and Property Companies	Jun 22 - 23, 2016	IAI	Public
18	Operational Audit	Jul 18 - 27, 2016	PPA&K	Public
19	Tax Amnesty	July 28, 2016	Property - In	Public
20	Audit Foundations	August 8 - 18, 2016	PPAK	Public
21	Financial Statements Analysis	August 23 - 24, 2016	IAI	Public
22	Phase 4 GCG Workshop	August 24 - 25, 2016	KNKG	Public
23	Fidic Contract	September 3, 2016	IQSI	Public
24	Hitachi Information Forum 2016	September 6, 2016	Hitachi	Public
25	Certified Property Specialist	September 9, 2016	Indonesia Property Watch	In-house
26	AWSome	September 15, 2016	Amazone Web Service	Public
27	GCG Implementation on Annual Report	Sept 21 - 22, 2016	KNKG	Public
28	Professional Internal Audit	Nov 14 - 23, 2016	PPAK	Public
29	Corsec Workshop	Nov 23 - 24, 2016	TICMI	Public

30	Finance For Non-Finance	November 25, 2016	Knowcap	Public
31	Professional Internal Audit Certification	Dec 13 - 22, 2016	PPAK	Public
32	Special Directorship Program	December 14, 2016	IICD	In-house
33	Financial Statement Analysis	Dec 19 - 20, 2016	PPM	Public
34	Professional Website	Des 2016 - Jan 2017	BABA Studio	Public

**g. Risk of limited land available for development plans;**

Considering the increase in prices of land located around the heart of Jakarta, the Company will selectively search for areas with the size between 3-5 hectares in the greater Jakarta area or other major cities in order to develop the superblocks that are in line with the Company's concepts. The Company will continue to implement disciplined and selective land acquisition strategies, to identify the main location and to conduct feasibility studies by independent consultants in property development as part of the land selection process. The Company believes that the aforementioned strategies will allow the Company to manage the scarcity of land available for the construction of future projects.

**h. Risk of changes in Government Regulations, legality and licensing requirements**

In managing the risk of changes in government regulations, legality and licensing requirements, the Company endeavors to build good relationships with the central and regional governments, particularly in order to manage the risk related to securing the required permits for project constructions.

**i. Risk associated with joint venture**

In managing the risks related to joint venture, the Company endeavors to first conduct comprehensive selection and analysis on the prospective joint venture partners having similar economic or business interests that are in line with the Company. Such analysis is conducted by checking the background and track records of the prospective business partners.

**j. Risk of reliance on PT PP (Persero) Tbk.**

In order to mitigate the risk of reliance on PT PP (Persero) Tbk, the Company continues to open the opportunities to engage other contractors in the construction of its projects. Contractor selection is conducted openly based on the track records and experiences of the contractors in the construction sectors related to the construction of similar projects.

## VI. RISK FACTORS

*Prospective investors are recommended to read, understand and consider all information presented in this Prospectus, including business risks faced by the Company in carrying out its business activities. Furthermore, prospective investors are also recommended to consider other various risks that are not included in this Prospectus, as well as additional risks that may arise in the future. All of the aforementioned risks may have material adverse effect to the Company's overall performance, including operational and financial performance.*

### A. RISKS ASSOCIATED WITH THE COMPANY'S AND ITS SUBSIDIARIES' BUSINESS ACTIVITIES

#### a. Risk of business competition;

The Indonesian property sector is highly competitive. As a property developer in Indonesia, the Company generally faces competition in a number of different aspects of its business as follows:

- From other land-owners when it seeks to acquire land for its own developments;
- From other property developers when it seeks to secure projects to develop for third parties, either on a joint venture basis or otherwise; and
- With regards to customers, from other property developers and owners of competing properties in the vicinity of the Company's developments.

Such competitors, which may be both domestic and international developers or land owners, may have greater financial resources, greater scale of production, superior technology, better brand recognition, better relationships with suppliers, owners and regulators, and more established sales and distribution networks. In order for the Company to secure business, maintain its market share and remain competitive, the Company may be forced to pay higher prices, wait longer for regulatory approvals, offer greater incentives to its employees and third party contractors, and increase its capital expenditures, each of which may adversely affect the Company's profit margins and results of operations. Further, as the economy continues to grow in Indonesia and with the continued development of certain macroeconomic factors, consumers are expected to accumulate greater purchasing power and be more selective in choosing the properties that they wish to acquire.

There is no guarantee that in the future the Company will be able to compete effectively with its existing competitors or other potential competitors, nor there is any guarantee that increasing competition will not have an adverse material impact on the Company's business activities, revenue and business prospects.

#### b. Funding Risk

The Company's property development projects are funded, all or in part, through third party funding, which is subject to various risks. In particular, during the construction of the Company's projects, there is a risk that the funding required to complete such projects will not be available on a timely basis or at all.

In terms of obtaining financing from banks, the Company benefited from its position as a wholly-owned subsidiary of PT PP (Persero) Tbk. While the Company has never faced any difficulties in obtaining funding from banks to fund all of its completed and current projects to date, there is no guarantee that it will continue to be able to do so in the future, particularly when it is no longer a wholly-owned subsidiary of its parent, PT PP (Persero) Tbk.

The Company's inability to obtain funding in a timely manner or on commercially acceptable terms may result in delay or even cancellation of such projects. The delay or cancellation of any such projects in the Company in progress may have an adverse impact on the Company's operational performance, revenue and business prospects.

#### c. Risk of fluctuations in the property industry Indonesia and other factors beyond the Company's control;

A number of factors beyond the Company's control, including the performance of the Indonesian property market in general, unemployment levels, availability of funding, interest rates, consumer trust index and demand for property products, either retail, office or residential, are inherently unpredictable and may be significantly affected by changes in global and local economic conditions in general. Any decline in market conditions of the property industry in Indonesia, or other external factors, may have an adverse material impact to the Company's business activities, revenue, operating results and business prospects.

#### d. Risk of delayed completion of a portion or all of the Company's projects;

Property development involves many of the risks associated with construction projects, including risks that:

- Construction may not be completed on schedule, or within budget due to, among other things, adverse weather conditions;
- Governmental and other regulatory approvals may take more time and resources to obtain than expected;
- Competing projects may be developed in close proximity;
- Oversupply of comparable properties, resulting in a decline of demand;
- Third party contracts may not be able to satisfy their obligations on time, within budget or at all;
- The properties may not achieve anticipated sale, rent or occupancy levels; and
- Development specifications may be altered due to reasons beyond the Company's control.

Property projects, as are common for long-term projects, involve a number of stages, starting with land acquisition, satisfying licensing and regulatory requirements, concept development and construction before eventually renting and sell the Company's completed development. Although so far the Company has never experienced any delay in completion of a portion or all of its projects, there is no guarantee that it will be able to do so in the future. Any delay in project completion may result in a material increase of investment cost and may increase the amount of funding required by the Company. In addition, any delay in project completion may also damage the Company's reputation, leading to the loss of customer trust in the Company's performance. Any of these issues referred to above may have a material adverse impact on the Company's operational performance, revenue and business prospects.

**e. Risks generally associated with the development and investments in the property industry;**

Properties are generally illiquid, which may limit the ability of the developer or owner to readily convert the property into a liquid asset, such as in the form of cash, which may prompt the assets being sold at a discount to guarantee successful sale within a short time. The illiquid conditions also limit the Company's ability to manage the portfolio in response to changes in economic conditions or other conditions.

In addition, the Company may be unable to obtain funding in a timely manner and on commercially profitable terms in an asset-based loans which use property as the collateral, due to illiquidity of the property or various restrictions imposed on the loan.

The Company's business activities may also be affected by changes in legislation and government regulations relating to the property, including those governing the designation of zoning, taxes and government levies. Changes in legislation and the relevant government regulations may result in increased management costs or unanticipated capital expenditures to ensure that all existing regulations can be met by the Company. Property rights may also be limited by any legal action, such as changes in legislation relating to building standards or law and regulation in urban planning, or the enactment of new regulations related to government policy.

**f. Risk of human resources;**

The Company's success depends on a continuous commitment from the management and technical personnel and the Company's ability to motivate and maintain high-quality employees. The Company operates a structure whereby a project manager and a dedicated management team are allocated to each project, who are required to make key decisions relating to the project to ensure that it is successfully completed on time and within budget. In addition, the Company also faces competition from other property developers who also strive to hire highly motivated and high-quality employees.

Maintaining a pool of sufficiently qualified and experienced project management professionals is key to the Company's performance. In the event that the Company is unable to secure and retain sufficient professionals, its operational performance, revenue and business prospects may be adversely affected and may give rise to the risk that the Company is unable to identify and benefit from potential opportunities or develop new or existing business.

Further, external factors such as national and regional unemployment levels, changes in demographics, regulatory changes, including matters such as minimum wages and other manpower regulations may affect the Company's ability to meet the requirement and maintain control of labor cost.

**g. Risk of limited land available for development plans**



Regardless that the Company intends to expand its business by acquiring more lands in areas of high growth, particularly in and around the Greater Jakarta area, suitable land for such products may be scarce and highly sought after. Such land may be even more scarce to the extent that the Company increasingly seeks larger plots of land, typically of between 2 (two) and 5 (five) hectares. There is no guarantee that the Company will be able to acquire suitable land for its own property development plans at a financially viable price, or at all. If the Company is unable to acquire land at strategic locations it intends, the Company's business activities, revenue and business prospects may be adversely and materially affected.

#### **h. Risk of changes in Government Regulations, legality and licensing requirements**

As a Company that is engaged in the property development business, satisfaction of legal and regulatory requirements is key to the successful development of the Company's business. The Company's activities may be affected by changes in laws and government regulations relating to the owning and development of property projects, which may adversely affect the Company's business activities, revenue and business prospects.

The risks of changes in government regulations, legality and licensing requirements include, among others, the followings:

##### **a. Right to Build or *Hak Guna Bangunan* ("HGB")**

Several of the Company's projects are located on land, whose ownership is based on a *Hak Guna Bangunan* (HGB) certificate. HGB is initially granted for a maximum period of 30 years. By the time the HGB certificate expires, it may be extended for maximum additional period of 20 years by reapplying to the Government. However, if the Government does not approve the request for an HGB extension, the ownership right on the land shall cease. In the event that any ownership based on an HGB certificate is not extended, the Company's business activities, revenue and business prospects may be materially adversely affected.

##### **b. Environmental Licensing**

There is a risk that the Company may not be able to obtain the licenses and/or extend the licenses related to the environment, which may adversely affect the Company's business activities. The adverse effect is the inability to start the Company's development or the cancellation of the development in progress, which may therefore result in material adverse impact to the Company's business activities, revenue and business prospects.

##### **c. Bank Indonesia's policy on the Loan to Value (LTV) ratio for mortgages**

On September 6, 2016, Bank Indonesia issued BI Circular Letter (*Surat Edaran*, "SE") No.18/19/DKM concerning "Loan to Value Ratio for Property Mortgage, Financing to Value Ratio for Property Financing, and Down Payment for Motorized Vehicle Credit or Financing." Based on the new provisions, a mortgage (*Kredit Pemilikan Rumah*, "KPR") or apartment credit (*Kredit Pemilikan Rumah Susun*, "KPRS") for apartments of more than 70m<sup>2</sup>, will be subject to an LTV of 70% for a consumer's first credit or financing facility, an LTV of 60% for their second credit or financing facility and an LTV of 50% for their third and any subsequent credit or financing facilities. With the implementation of the policy, consumers are now required to pay a larger down payment for second and third home ownership. This legislation and any further amendments to LTV Policy Volume II may diminish the purchasing power of customers seeking to acquire property for investment purposes, which may adversely affect the business operations, revenue and business prospects of the Company.

##### **d. Building Construction Permit (*Izin Mendirikan Bangunan*, "IMB")**

As of the date of this Prospectus, the Company has obtained the Comprehensive Structure Preliminary License (*Izin Pendahuluan Struktur Menyeluruh*, "IPSM") as a basis for the construction of the structure. After the construction of the structure is completed, the implementation of further development work is only allowed after obtaining a building construction permit (IMB).

Any construction that is not accompanied by the above permission will be subject to Development Works Cessation Warrant (*Surat Perintah Penghentian Pekerjaan Pembangunan*, "SP4") that may further result in the construction being sealed by the local government.

##### **e. Build-Operate-Transfer ("BOT")**

Build Operate Transfer (BOT) is an agreement between a landowner with a particular party in granting a concession or the right to use land for a certain period of time ("BOT Agreement").

During such period, the party to whom the land concessions are granted shall be entitled to use the land to be leased to third parties. GSN currently owns a project under the BOT arrangement.

f. Floor Area Ratio ("FAR")

Minister of Public Work Decree No. 441/KPTS/1998 concerning the regulations of Floor Area Ratio (FAR) will be amended in accordance with the Government of Republic Indonesia 2003 Regulation Plan concerning the Technical Requirements of Building that may affect the performance of the Company, its Subsidiary and Associated Companies on aspects concerning the arrangement of the building's total floor area of each projects.

i. Risk associated with joint venture

The Company has, and expects to have, interests in joint ventures established in connection with the development of and investment in certain of its development projects. Such joint ventures may involve special risks associated with the possibility that its joint venture partners may:

- Have economic or business interests that are inconsistent with those of the Company;
- Take actions contrary to the instructions or requests of the Company or contrary to the Company's policies or objectives;
- Be unable or unwilling to fulfill their obligations under the relevant joint venture agreements; or
- Have financial difficulties.

Although the Company has control over the management of [many of] the joint venture companies responsible for developing the properties, certain issues may require approval from its joint ventures. Although the Company has not experienced any significant problems to date with respect to its joint venture partners, there can be no assurance that it will not experience problems in the future. The occurrence of any such problems may have a materially adverse effect on the Company's business activities and prospects.

j. Risk of Reliance on PT PP (Persero) Tbk

The Company has been an integral part of PT PP (Persero) Tbk. After completion of the Offering, PT PP (Persero) Tbk is expected to hold, directly or indirectly, no less than 64.96% of the issued share capital of the Company. PT PP (Persero) Tbk is an Indonesian state-owned enterprise, principally engaged in 8 (eight) business segments, namely: and property, infrastructure, energy, investment services, construction, EPC services, industrial pre-cast concrete products and equipment. After completion of the Rights Issue I, certain related party transactions between the Company and PT PP (Persero) Tbk will subsist or occur, including but not limited to indemnities, guarantees, loans, rental of properties, and construction. The Company considers that its close relationship with, and its ability to tap the resources of, its parent, PT PP (Persero) Tbk gives it business advantages and the Company's management believes that it will not be unduly reliant on PT PP (Persero) Tbk as all services provided by PT PP (Persero) Tbk to the Company could in all cases be replaced.

There is no guarantee that PT PP (Persero) Tbk will continue to provide assistance to the Company on similar terms or at all in the future.

## B. RISKS ASSOCIATED WITH CONDITIONS IN INDONESIA

a. Risk of negative or slow economic growth in Indonesia;

The Company's entire revenue is generated in Indonesia; therefore, the Company's performance is dependent on Indonesia's economic soundness in overall. The Asian monetary crisis that hit in the mid-1997 was marked by, among others, depreciation of the Indonesian currency against foreign currencies, negative economic growth, high interest rate, low financial liquidity, numerous cases of bankruptcy and the decline of the capital market index. The economic challenges that were faced had resulted in cancellations or delays of Government and private projects related to the construction of building, infrastructures, power plants and others. However, the Indonesian economy has demonstrated significant improvement during the last decade, marked by positive economic growth, stability of the Rupiah exchange rate, the improvement of the capital market and the increase of national reserve.

In line with globalization, the national economic condition is affected by various international events. The advancement of technology, easy access to information and the increase in investment fund turnover in huge amount have allowed the significant global market movement that is highly responsive to the various changes related to the political and social and economic condition. The financial crisis in 2008, which was partially triggered by the subprime mortgage crisis in the United States had caused the fall of several large financial institutions in the country and had quickly escalated to a global credit crisis. The crisis had caused several banks in Europe to default and the stock index of several capital markets to plunge and the drop of prices of shares and commodities all around the world, including Indonesia.

Albeit supported by better fundamental condition, Indonesia's economy has started to suffer from the short-term, indirect impacts of the global crisis. Investment activities in Indonesia have declined at the beginning of the crisis as a result of fund outflows from Indonesia in order to cover the losses in the countries where such investment originated. The foregoing has halted labor absorption and lowered the purchasing power of the middle and low class, which eventually resulted in the slowing down of the national economic growth. Such condition may have adverse impact to the construction business activities in Indonesia, marked by the decrease in demand for construction projects amidst the uncertainties surrounding the world economic recovery after the crisis. The decline in Indonesia's economy may decrease the result of the Company's operating results and adversely affect the Company's business prospects.

**b. Risk of political and social instabilities in Indonesia;**

Since 1998, Indonesia has experienced a process of change in democracy, which triggered various political and social incidents that were marked by the dynamic changes of Indonesia's political landscape. Such incidents had brought changes in the leadership stage and the direction of the national policies and triggered social unrests in various provinces in Indonesia, particularly at the beginning of the reformation era. The dynamics of political aspects had resulted in the emergence of various political parties, rendering it highly difficult for a political party to achieve absolute victory in a general election. The competition between political parties may cause uncertainties on political stability. In addition, there is no guarantee from any party that each general election process in the future will continue to be successful and free of riots such as demonstration and massive mass movements.

In terms of social aspects, massive mass movements at the same time may also create non-conducive atmosphere in the society. Demonstrations and labor strikes and clashes among religious groups in several areas may have adverse impact to the social condition in Indonesia, which were caused by, among others, the increase in the society's living cost (mainly as a result of the fuel price increase), gaps in distribution of development results to the regions and the different perceptions between group.

The development of the political and social conditions in Indonesia cannot be easily predicted and there is no guarantee that civil and social unrests referred to above will not occur in the future. If such unrests occur for a significant period of time, the Company's business activities will be adversely affected.

**c. Risk of downgrade of Indonesia's credit rating**

The Asian monetary crisis in 1997 had resulted in the downgrade of Indonesia's credit rating and the rating of various Government debt instruments and ratings of most banks and companies in Indonesia by several rating agencies acknowledged by the Government, such as Moody's Investor Service, Inc. ("Moody"), Standard & Poor's Rating Services ("S&P") and Fitch. Since that time, Indonesia's credit rating has demonstrated a significant improvement, in line with the improvement of the national economic condition. On 15 August 2013, Indonesia's sovereign rating for long-term debt was rated "Baa3" by Moody's, "BB+" by Standard & Poor's and "BBB-" by Fitch. Indonesia's sovereign rating for short-term debt was rated "B" by Standard & Poor's and "F3" by Fitch. The rating reflected the overall assessment of the financial capacities of the Government of Indonesia to pay its debts, and its ability or intention to meet its financial obligations as they fall due.

Even so, there is no guarantee that Moody, S&P, Fitch, or other international rating agencies will continue to grant a relatively stable ratings, or even higher ratings for Indonesia's sovereign debts. The downgrading of Indonesia's credit rating, if occurs, will have adverse impact to the liquidity of Indonesia's money market and the abilities of the companies in Indonesia, including the Company, to obtain additional funding and competitive interest rate. The foregoing may have adverse impact to the Company's operating results, financial condition and prospects.

**d. Indonesia is a region susceptible to natural disasters**

The Company's business activities are located in Indonesia, where most of the regions are susceptible to natural disasters such as earthquakes, tsunamis, floods, volcanic eruptions, droughts or other events. Several natural disasters in Indonesia, including tsunami, earthquakes and floods have occurred in several provinces in Indonesia.

Given the frequent natural disasters, there are potential damages to the building and projects, particularly with regard to the Company's property construction projects that are in progress, which may therefore have adverse impact to the Company's operational performance and eventually, the Company's financial performance. There is no certainty that all projects are covered by adequate insurance coverage to replace the losses resulting from the natural disaster(s).

**e. Risk of changes in Government Regulations or policies.**

The laws and regulations issued by Government institutions, particularly the regulations applicable at the Ministry of Environment and Forestry, Ministry of SOE, Ministry of Trade, Ministry of Industry, Ministry of Finance, Ministry of Labor and Transmigration, and Regional Regulations may affect the Company in carrying out its business activities.

The Company is obligated to comply with the prevailing laws and regulations in carrying out its production process, marketing activities and distribution of its products. The regulations govern issues related to product, environmental, health, manpower, taxation and security standards. The Company is also obligated to comply with the regulations concerning licensing requirements, trading practices, price setting and tax. Although the Company believes that the Companies business activities at present have complied with all prevailing regulations, meeting the obligations of new regulations or any changes thereof or the interpretation or implementation thereof, and changes to the interpretation or implementation of the existing laws and regulations may have material adverse impact to the Company's operational performance. In addition, in the event that the Company fails to comply with the prevailing laws and regulations, the Company may be subject to civil sanctions, including fines, punishments or product recalls and other criminal sanctions.

The risks may arise from projects from the Government (SOE/ROE), private or foreign customers. The foregoing may result in the delay of the works/projects and may therefore reduce the Company's revenue.

In addition, changes in the manpower regulations, changes in laws and regulations that govern the minimum wage and the freedom of labor union may also result in the escalating issues of industrial relations, which may have material impact to the Company's operational activities should a mass strike occurs.

**C. RISKS ASSOCIATED WITH INVESTMENT IN THE COMPANY'S SHARES**

**a. Risk of dilution of Shareholders' ownership;**

In consideration of the number of shares offered in the Rights Issue I totaling 5,498,047,882 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty two) New Shares, the percentage of ownership of shareholders who do not exercise their rights to subscribe to the New Shares offered in the Rights Issue I in accordance with their respective Preemptive Rights shall be diluted up to a maximum of 23.09% (twenty three point nine percent).

**b. Risk of Shares Illiquidity.**

The Indonesian Capital Market condition may affect the price or liquidity of the Company's shares, and the absence of a pre-existing market may have adverse impact to the liquidity of the Company's shares. The Indonesian Capital Market is less liquid or may be unstable, and has different reporting standards compared to the capital market in developed countries

Considering the condition referred to above and the trading of the Company's that is relatively less liquid, the Company cannot guarantee that the Company's shareholders will be able to sell the Company's shares at a certain time or at the price intended by the shareholders in a more liquid market.

**MANAGEMENT OF THE COMPANY HEREBY REPRESENTS THAT ALL RISKS FACED BY THE COMPANY IN CONDUCTING ITS BUSINESS ACTIVITIES HAVE BEEN DISCLOSED IN THIS PROSPECTUS AND ARE PREPARED BASED ON THE LEVEL OF EXPOSURE OF EACH RISK TO THE COMPANY'S FINANCIAL PERFORMANCE IN THIS PROSPECTUS.**

## VII. SIGNIFICANT EVENTS SUBSEQUENT TO THE DATE OF INDEPENDENT AUDITOR'S REPORT

On January 27, 2017, the Company held an Extraordinary General Meeting of Shareholders (EGMS), which passed the following resolutions:

- i. Approved the Company's stock split with a ratio of 1:4, which split the share's nominal value of Rp100 per share to Rp25 (twenty five Rupiah) per share.
- ii. Additional issued and paid-up capital with Preemptive Rights in a maximum sum of 7,330,730,511 (seven billion three hundred thirty million seven hundred thirty thousand five hundred eleven) shares.
- iii. Amendment to the Company's Articles of Association
- iv. The following changes to the Company's Management:
  - a. To honorably discharge Ms. Betty Ariana from her position as the Company's President Director and re-appoint Ms. Ariana as a Commissioner.
  - b. To appoint Mr. Lukman Hidayat as the President Commissioner
  - c. To appoint Mr. Kelik Wirawan Wahyu Widodo as an Independent Commissioner.

Following such resolution, the composition of the Company's Board of Commissioners is as follows:

President Commissioner	: Lukman Hidayat
Commissioner	: Betty Ariana
Independent Commissioner	: Mohammad Farela
Independent Commissioner	: Kelik Wirawan Wahyu Widodo

On March 1, 2017, the Company established a Joint Venture with PT Aryan Indonesia, with a total Joint Venture authorized capital of Rp92,000,000,000.-, in which the Company owns 40% share ownership or equals to Rp45,080,000,000.-, and PT Aryan Indonesia owns 51% share ownership or equals to Rp46,920,000,000.-. The purpose of establishing such Joint Venture is to engage in the operation and construction of KidZania amusement park in the Lagoon Avenue Sungkono project located in the Grand Sungkono Lagoon Surabaya project and/or other locations owned by PT PP Properti Tbk. The establishment of the Joint Venture is expected to result in the increase of recurring income and expansion of the Company's business in Surabaya.

On March 8, 2017, the Company held an Annual General Meeting of Shareholders (AGMS) for the 2016 Fiscal Year, which passed the following resolutions:

- i. To approve the Company's Annual Report, including the Company's Activity Report, the Board of Commissioners' Supervisory Report, and to Ratify the Company's Financial Statements for the Fiscal Year ended December 31, 2016;
- ii. To approve the utilization of the Company's Net Profit for the Fiscal Year ended December 31, 2016;
- iii. To approve the 2016 profit share, 2017 salaries and honorarium and other facilities and benefits for members of the Company's Board of Directors and Board of Commissioners;
- iv. To approve the appointment of the Registered Public Accountant to audit the Company's Financial Statements for the 2017 Fiscal Year;
- v. Report of Use of Proceeds from the Bonds Public Offering in 2016; and
- vi. To approve the composition of the Company's Management to be as follows:
 

- President Director	: Taufik Hidayat
- Director	: Indaryanto
- Director	: Galih Saksono
- Director	: Sinurlinda Gustina M.
- Independent Director	: Nanang Siswanto

## VIII. DESCRIPTION OF THE COMPANY, BUSINESS ACTIVITIES, TRENDS AND PROSPECTS

### A. Brief History of the Company

The Company was established based on the laws of the Republic of Indonesia as a result of the spin-off of PT PP (Persero) Tbk's Property Division, which was established in 1991. The Company is domiciled in East Jakarta. The Company was established under the name "PT PP Properti" as set forth in the Deed of Establishment of the Limited Liability Company PT PP Properti No. 18 dated 12 December 2013 *juncto* Deed of Amendment to the Deed of Establishment of the Limited Liability Company PT PP Properti No. 29 dated 17 December 2013, both of which were drawn up before Ir. Nanette Cayhanie Handari Adi Warsito, S.H., a Notary in Jakarta and have obtained the approval from the Minister of Law and Human Rights by virtue of Decree No. AHU-04852.AH.01.01.Tahun 2014 dated 5 February 2014, and were registered in the Company Registry under No. AHU-0008265.AH.01.09.Tahun 2014 dated February 5, 2014, and was announced in Supplement No. 13081 to the State Gazette of the Republic of Indonesia No. 47 dated June 13, 2014 ("**The Company's Deed of Establishment**").

The Company's Articles of Association have been amended several times, and the amendment of the Company's Articles of Association to conform to (i) Regulation No. IX.J.1, (ii) FSAR 32/2014, and (iii) FSAR 33/2014, was set forth in the Deed of Shareholders Resolutions of the Limited Liability Company PT PP Properti No. 9 dated February 6, 2015, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was (i) approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-0002016.AH.01.02.Tahun 2015 dated February 6, 2015, and was registered in the Company Register under No. AHU-0016305.AH.01.11.Tahun 2015 dated February 6, 2015, and (ii) was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0008148 and No. AHU-AH.01.03-0008149 dated February 6, 2015, and both of which were registered in the Company Register under No. AHU-0016305.AH.01.11.Tahun 2015 dated February 6, 2015, ("**Deed No. 9/2015**") *juncto* the Deed of Circular Resolutions of Shareholders in lieu of the Extraordinary General Meeting of Shareholders of PT PP Properti Tbk No. 2 dated May 5, 2015, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0929659 dated May 5, 2015, and was registered in the Company Register under No. AHU-3501114.AH.01.11.Tahun 2015 dated May 5, 2015.

The last amendment to the Company's Articles of Association was set forth in the Deed of Meeting Resolutions of PT PP Properti Tbk's Extraordinary General Meeting of Shareholders No. 19 dated January 27, 2017, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0040165 dated January 30, 2017, and was registered in the Company Register under No. AHU-0002016.AH.02. Tahun 2015 dated January 30, 2017 ("**Deed No. 19/2017**"), which amended the provisions of article 4 paragraph (2) to (12), article 14, article 15, and article 16 of the Company's Articles of Association.

In accordance with the provisions of Article 3 of the Company's Articles of Association, the aims and objectives of the Company are to engage in the business of services, construction and trade.

To achieve the aforementioned aims and objectives, the Company may carry out the following business activities:

1. The following main business activities:
  - a. Hotel management services, including the aspects of planning, construction, marketing, hotel operation and maintenance, both software and hardware;
  - b. Consulting services in the construction and planning and business activities of the respective property;
  - c. Consulting services in the form of providing input, advice, opinions on preparation of feasibility studies, construction planning, construction supervision and operational evaluation of hotels;
  - d. Property management and rental services, including management of rental and operation, repair and maintenance and supply of other supporting services, including but not limited to, services for residential areas, offices, apartments, condominiums, flats and apartments and the related business activities;
  - e. Consulting services in the operational and maintenance management of real estate properties and the respective regional physical facilities and infrastructure;
  - f. Carrying out business activities in property development, including but not limited to, residential areas, hotels, apartments, offices, industrial parks, tourism parks, sports centers, management and other property products;
  - g. Real estate, including but not limited to the provision of ready for development areas, development of residential areas and management of residential areas;
  - h. building management; and
  - i. Trading related to real estate business, which includes the sale and purchase of land and/or vacant space and/or ready for development areas, sale and purchase of houses, office buildings, shopping complexes, apartment units, condominium units, office spaces, shop spaces, supermarket and malls.



2. The following supporting business activities that support the Company's main business activities:
- engaging in passenger and goods transportation businesses and in services including, among others, security services, cleaning services and other services (except for legal and tax services);
  - making direct investments or capital participations or divestments in connection with the Company's main business activities in other companies;
  - Investing in other companies engaged in business activities related to the Company's business activities; and
  - Participating in related industries, including the building materials industry, electrical equipment industry, garment industry and assembling industry.

To carry out its business activities, the Company owns 4 Subsidiaries, namely, GSN, HKM, WSS, and PJR; 3 Associates, namely, JPRO, SPRO, and PPP, and share ownership in 2 companies, namely PGI and MCPS. Description of the Company's Subsidiaries, Associates and Investment in Shares are as follows:

No.	Company Name	Business Activities	The Company's Percentage of Ownership	Direct/Indirect Ownership	Year of Investment	Status
1.	GSN	Construction, trade, agriculture, transportation, printing, workshops and services.	99.99%	Direct	2013	Operating
2.	HKM	Real estate, trade, industry and mining, animal husbandry, agriculture, plantation and forestry, and services.	99.00%	Direct	2015	Operating
3.	WSS	Contractor, construction, general trade; Engaged in transportation management service (freight forwarding and courier), industry, mining, transportation, agency, services in general except legal and tax services.	55%	Direct	2016	Operating
4.	PJR	Trade, service, construction, realty and building management.	52.6%	Direct	2016	Not yet operating
5.	PPP	Construction, trade and services.	40.00%	Direct	2014	Operating
6.	JPRO	Trade, service, construction, realty and building management.	48.94%	Direct	2016	Operating
7.	APRO	Services, construction, trade, industry, ground transportation, agriculture, plantation, fisheries, printing and workshop.	49.00%	Direct	2017	Not yet Operating
8.	SPRO	Services, construction and trade	49.00%	Direct	2016	Operating
9.	PGI	Construction, trade and services.	15.00%	Direct	2013	Operating
10.	MCPS	Construction and trade	4.67%	Direct	2013	Operating

## B. The Company's Capital Structure and Share Ownership History

### Year 2013



Pursuant to the Articles of Association, the capital structure and shareholder composition of the Company are as follows:

Description	Nominal Value Rp100.- per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>36,528,240,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital			
1. PT PP (Persero) Tbk	9,122,927,940	912,292,794,000	99.90
2. YKKPP	9,132,060	913,206,000	0.10
<b>Total Issued and Fully Paid-up Capital</b>	<b>9,132,060,000</b>	<b>913,206,000,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>27,396,180,000</b>	<b>2,739,618,000,000</b>	

### Year 2015

As set forth in the Deed No. 9/2015 *juncto* the Deed of Resolutions of Shareholders of the Limited Liability Company PT PP Properti Tbk No. 29 dated July 29, 2015, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0952717 dated July 29, 2015, and was registered in the Company Register under No. AHU-3535377.AH.01.11. Tahun 2015 dated July 29, 2015, the Company's EGMS had approved the issuance of 4,912,346,000 new shares with a nominal value of Rp100.- per share to be offered to public with an offer price of Rp185.- per share. The effective statement from the Chairman of FSA for the initial public offering plan was stipulated in the Letter No. S-181/D.04/2015 dated May 8, 2015. The Company's capital structure and shareholder composition subsequent to the initial public offering were as follows:

Description	Nominal Value Rp100.- per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>36,528,240,000</b>	<b>3,652,824,000,000</b>	
Issued and Fully Paid-up Capital			
1. PT PP (Persero) Tbk	9,122,927,940	912,292,794,000	64.96
2. YKKPP	9,132,060	913,206,000	0.06
3. Public	4,912,346,000	491,234,600,000	34.98
<b>Total Issued and Fully Paid-up Capital</b>	<b>14,044,406,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>22,483,834,000</b>	<b>2,248,383,400,000</b>	

### Year 2017

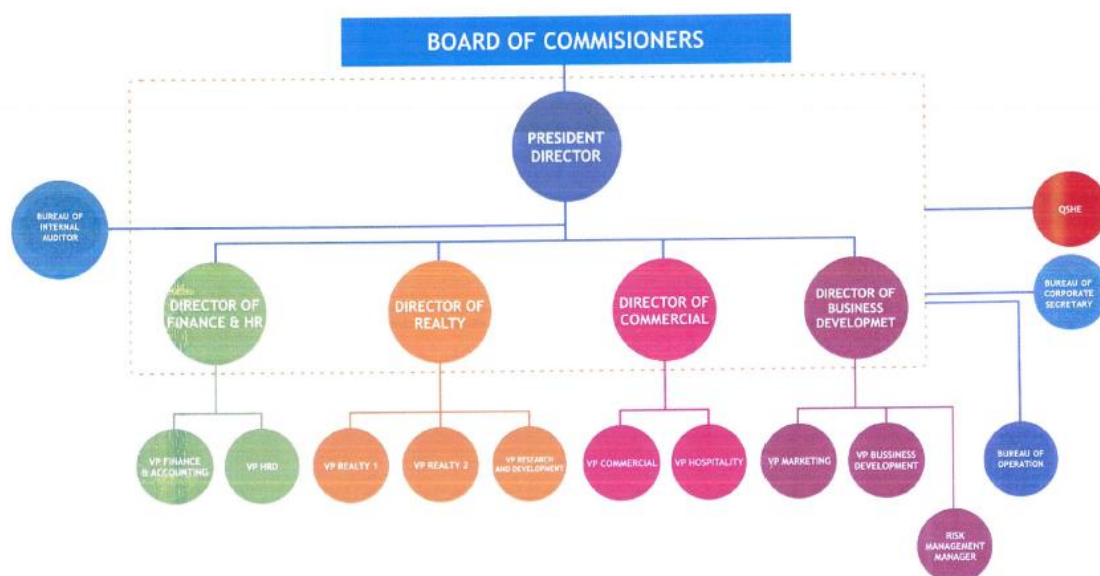
As set forth in the Deed No. 19/2017, the Company's EGMS had approved the stock split from Rp100.- to Rp25.-. The stock split has been conducted in accordance with the IDX Regulations, and the IDX had approved the stock split in the IDX Letter No. S-00729/BEI.PP3/02-2017 dated February 7, 2017, concerning the Approval of PT PP Properti Tbk's Stock Split.

The Company's capital structure and shareholder composition subsequent to the stock split were as follows:

Description	Nominal Value Rp25.- per share		
	Total Shares (share)	Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>146,112,960,000</b>	<b>3,652,824,000,000</b>	-
<b>Issued and Fully Paid-up Capital</b>			
PT PP (Persero) Tbk	36,491,711,760	912,292,794,000	64.96
Yayasan Kesejahteraan Karyawan Pembangunan Perumahan	36,528,240	913,206,000	0.06
PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73
Public	15,307,146,400	382,678,660,000	27.25
<b>Total Issued and Fully Paid-up Capital</b>	<b>56,177,624,000</b>	<b>1,404,440,600,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	-

### C. Organization Structure

The Company's organization structure is as follows:



#### D. Supervision and Management of the Company

As set forth in the Deed No. 9/2015 *junctis* the Deed of Meeting Resolutions for PT PP Properti Tbk. No. 93 dated May 17, 2016, drawn up before Arry Supratno, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0049529 dated May 18, 2016, and was registered in the Company Register under No. AHU-0061222.AH.01.11.Tahun 2016 dated May 18, 2016, ("Deed No. 19/2017 *juncto* the Deed of Resolutions of the Annual General Meeting of Shareholders of the Limited Liability Company PT PP Properti Tbk No. 19 dated March 8, 2017, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0118058 dated March 15, 2017, and was registered in the Company Register under No. AHU-0035071.AH.01.11.Tahun 2017 dated March 15, 2017, the compositions of the Board of Commissioners and Board of Directors of the Company are as follows:

##### Board of Commissioners

President Commissioner : Lukman Hidayat  
 Commissioner : Betty Ariana

Independent Commissioner : Kelik Wirawan Wahyu Widodo  
 Independent Commissioner : Mohammad Farela

##### Board of Directors

President Director : Taufik Hidayat  
 Director : Indaryanto  
 Director : Galih Saksono  
 Director : Sinurlinda Gustina M.  
 Independent Director : Nanang Siswanto

#### REMUNERATION OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The nomination and remuneration functions of the Company is performed by the Company's Board of Commissioners as stipulated in PT PP Property's Good Corporate Governance Implementation Guideline dated December 22, 2014, in accordance with the provisions of FSAR No. 34/2014.

The Boards of Commissioners and Directors each receive a salary and benefits as determined by the GMS that are paid on a monthly basis each year. The Boards of Commissioners and Directors do not receive any commission for their attendance at the Company's GMS.

Total aggregate salary, benefits and share of profit for all members of the Company's Boards of Commissioners for the year ended December 31, 2016 and 2015, were Rp1,343,481,316.- (excluding 2016 share of profit) and Rp2,003,997,681, respectively. Total aggregate salary, benefits and share of profit for all members of the Company's Boards of Directors for

the year ended December 31, 2016 and 2015, were Rp 7,160,090,018.- (excluding 2016 share of profit) and Rp7,430,340,376, respectively.

Members of the Boards of Commissioners and Directors are entitled to be reimbursed for the income tax imposed on the benefits they receive.

A share of the Company's profits shall be granted to the members of the Boards of Commissioners and Directors based on the resolutions of the GMS, and shall be paid on an annual basis based on the achievement of performance targets defined by the Company's Boards of Commissioners and Directors.

Presented below are the brief profiles of each member of the Company's Board of Commissioners and Board of Directors:

## BOARD OF COMMISSIONERS



**Lukman Hidayat**  
**President Commissioner**

Indonesian Citizen, 53 years old.

Mr. Hidayat has served as the Company's Independent Commissioner since 2017.

At present, Mr. Hidayat is serving as the Director of Planning and Development of PT PP (Persero) Tbk since 2016. Mr. Hidayat previously served as the Director of Research and Business Development from 2014 - 2016, Head of Operation Division III from 2009 - 2014, Head of Operation Division II from 2008 - 2009, Principal Branch Head of Branch III from 2004 - 2008, Head of Engineering Department of Operation Division II from 2000 - 2002, Project Manager of Branch III from 1994- 2002, Project Manager of Branch V, Semarang, from 2002 - 2004, Site Operation Manager of Branch III from 1991 - 1994, and Staff of Branch III from 1990 - 1991.

Mr. Hidayat earned a Bachelor's Degree in Civil Engineering from University of Diponegoro in 1990.



**Betty Ariana**  
**Commissioner** :

Indonesian Citizen, 60 years old.

Ms. Ariana has served as the Company's Commissioner since 2013.

Ms. Ariana previously served as the Company's president commissioner from 2013 to January 2017. Ms. Ariana previously built her career in PT PP (Persero) Tbk as the Corporate Secretary from 2007 – 2013, Assistant President Director in 2004 – 2007, Research & Engineering Division Manager in 1999 – 2004, Branch III Division Head in 1989 – 1999, Branch III Division Coordinator in 1983 – 1989, Branch III Staff in 1980 – 1983.

Ms. Ariana earned her Bachelor of Engineering from the Civil Engineering Faculty of Institut Teknologi Sepuluh November, Surabaya in 1980; and earned her Masters of Engineering from the University of Indonesia, Depok, in 2002.



**Kelik Wirawan Wahyu Widodo**  
**Independent Commissioner**

Indonesian Citizen, 57 years old.

Mr. Widodo has served as the Company's Independent Commissioner since 2017.

Mr. Widodo owns his own business as a founder of PT Shell Indonesia from 2007 - present, serves as a Technical Advisor to the Ministry of Environment and Forestry of the Republic of Indonesia from 2015 - present, and previously served as a Member of the Environment and Forestry Promotion Investment Team in 2015, a Member of the Forest and Ground Fire Response Assistance Team in 2015, a Project Advisor for PT Sentra Asritama Realty Development in 2015, an Advisor for Ciputra Group in 2016, a Manager in PT Hero Tbk in 2005, Manager in PT RLS Tbk in 2001, a Manager in IEG Indonesian Export Gallery in 1999 and a Manager in Alatief Corporation Pasaraya Dept. Store in 1995.

Mr. Widodo earned his Bachelor's Degree from Universitas Negeri Sebelas Maret in 1994, majoring in the Social and Political Science.



**Mohammad Farela**  
**Independent Commissioner**

Indonesian Citizen, 63 years old.

Mr. Farela has served as the Company's Independent Commissioner since 2013.

Mr. Farela currently serves as the Functional Deputy General at the Secretariat of Deputy Attorney General for Civil and State Administration Affairs (*Sekretariat Jaksa Agung Muda Bidang Perdata dan Tata Usaha Negara*, J.A.M DATUN), Office of the Prosecutor General of the Republic of Indonesia, since 2012.

Mr. Farela previously served in the Office of the Prosecutor General of the Republic Indonesia as the Functional Prosecutor at the Secretariat of Deputy Attorney General for Civil and State Administration in 2012, Senior Advisor of Special Crimes Department in 2011, Secretary of Deputy Attorney General of Civil and State Administration Affairs in 2011, Head of High Prosecutor General in East Java in 2009 – 2011, Head of High Prosecutor General in Central Kalimantan in 2009, Director of Investigation in the Directorate of Investigation in 2008 – 2009, Deputy Chief of High Prosecutor General in Bengkulu in 2007 – 2008, Chief of District Prosecutor General in Semarang, West Java, in 2006 – 2007, Chief District Prosecutor General in Cibinong, West Java in 2005 – 2006, Head of Personnel Development Department in the Personnel Bureau in 2003 – 2005, Assistant in Development Department in Papua in 2002 – 2003, Head of Sunprogral & Panil (Education and Training) division in Special Crimes Department in 2000 – 2002, Reviewer for DKI Jakarta area in 1999 – 2000, Sub-division Head of Procurement in Personnel Bureau in 1996 – 1999, Section Head of Economy and Monetary in Semarang, Central Java in 1991 – 1994, Sub-section Head of Prosecutors for DKI Jakarta area in 1986 – 1991, Functional Prosecutor for DKI Jakarta area in 1981 – 1986, and Staff in Karanganyar Area, Central Java in 1973 – 1981.

Mr. Farela earned his Bachelor of Law from Universitas Islam Indonesia, Yogyakarta, in 1980; and earned his Masters of Law from Universitas Gadjah Mada, Yogyakarta, in 2007.

**BOARD OF DIRECTORS:**

**Taufik Hidayat**  
**President Director**

Indonesian Citizen, 51 years old.

Mr. Hidayat has served as the Company's President Director since 2015.

Mr. Hidayat previously built his career in PT PP (Persero) Tbk as a Corporate Secretary from 2013 - 2015, Head of Human Resources Division from 2012 - 2013, Head of Branch IX from 2009 - 2012, Manager of Operation Analysis from 2008 - 2009, General Manager of Operation Division III from 2006 - 2008, Head of Engineering Department from 2003 - 2006, Project Manager from 1997 - 2001, Site Operation Manager in 1997, and Site Engineering Manager from 1995 - 1997.

He earned his Bachelor of Engineering majoring in Irrigation Engineering from University of Brawijaya, Malang, in 1988; and earned his Masters of Tech from IIT Roorkee, India, in 2002.



**Indaryanto**  
**Director of Finance & Human Resources**

Indonesian Citizen, 57 years old.

Mr. Indaryanto has served as the Company's Director of Finance & Human Resources since 2013.

Mr. Indaryanto previously built his career in PT PP (Persero) Tbk as Head of Accounting Division in 2012 - 2013, Head of Finance Division in 2008 - 2012, Head of Internal Audit Taskforce in 2005 - 2008, Finance manager in 1999 - 2005.

Mr. Indaryanto earned his Bachelor of Accounting from Universitas Gadjah Mada, Yogyakarta, in 1983 and earned his Masters of Management from the ADL Management Education Institute, Boston, United States of America in 1993.



**Galih Saksono**  
**Director of Real Estate**

Indonesian Citizen, 48 years old.

Mr. Saksono has served as the Company's Director of Real Estate since 2013.

Mr. Saksono previously built his career in PT PP (Persero) Tbk as Professional General Manager Property Division in 2013, Project Director in 2013, Head of Branch I Medan Branch in 2010 - 2013, Professional Project Manager in 2010 - 2013, Deputy Head of Branch IX Palembang in 2010, Project Manager in 2002 - 2009.

He earned his Bachelor of Engineering majoring in Civil Engineering from Universitas Diponegoro, Semarang, in 1991; and earned his Masters of Business Administration from Universitas Gadjah Mada, Yogyakarta, in 2013.





**Sinurlinda Gustina M.**  
**Director of Commercial**

Indonesian Citizen, 47 years old.

Ms. Gustina has served as the Company's Director of Commercial since 2016.

Ms. Gustina joined PT PP (Persero) Tbk in April 1993 and began her career in the Operation Division II as Site Engineering manager from 1996- 2006 for various Projects, among others the Rekso International Hotel Project, PT Askrindo, RSUD Karawang, Mal Kelapa Gading, UIN Syarif Hidayatullah, Granadha CBD, Balai Kartini, and other projects. Ms. Gustina served as the Procurement Manager of Operation Division II PT PP (Persero) Tbk from 2006 - 2009.

She earned her Bachelor's Degree from the Faculty of Civil Engineering, Brawijaya University, Malang, in 1992.



**Nanang Siswanto**  
**Director of Business Development (concurrently serves as an Independent Director)**

Indonesian Citizen, 47 years old.

Mr. Siswanto has served as the Company's Director of Business Development (Independent Director) since 2017.

Mr. Siswanto has retired from PT PP (Persero) Tbk since June 2016. A number of positions held during his career in PT PP (Persero) Tbk were Operation Analyst Manager in 2016, Head of Medan Branch from 2013 to 2015, Project Manager from 2004 - 2013, and Site Engineer Manager from 2002 - 2004.

Mr. Siswanto earned his Bachelor of Engineering from the Civil Engineering Faculty of Institut Teknologi Sepuluh November, Surabaya in 1989; and earned his Master's Degree from University of Riau in 2013.

#### Scope of Work of the Company's Board of Directors

1. President Director:
  - a. Principal in-charge of the effective and efficient management of all resources in order to achieve the Company's Vision and Mission;
  - b. Principal in-charge of the implementation of ISO-9001:2000, and OHSAS 18001:1999 quality management system and environmental management system 14001:2004 by the Company;
  - c. In-charge of the Company's Annual Work Plan, Budget and Five Year Long-term Plan.
2. Director of Finance & Human Resources
  - a. As an assistant to the President Director in the Company's Finance, Accounting and Human Resources Department;
  - b. Principal in-charge of the Company's Finance, Accounting and Human Resources Department;
  - c. Principal in-charge of the implementation of ISO-9001:2000, and OHSAS 18001:1999 quality management system and environmental management system 14001:2004 in the Finance, Accounting and Human Resources department;
  - d. In charge of the Annual Work Plan & Budget and Five Year Long-term Plan of the Finance, Accounting, and Human Resources department.
3. Director of Real Estate:
  - a. As an assistant to the President Director in the Company's Research, Technology and Operations Department;

- b. The main manager of, and responsible for, the effective and management of all resources under the General Manager and KBT Property structure in order to achieve the Company's Vision and Mission.
  - c. Principal in-charge of the implementation of ISO-9001:2000, and OHSAS 18001:1999 quality management system and environmental management system 14001:2004 and Quality Target in the Project Property Department;
  - d. In charge of the Annual Work Plan & Budget and Five Year Long-term Plan of the Commercial, Residential/Hospitality GM and the Company overall.
4. Director of Business Development:
  - a. As an assistant to the President Director in the Company's Marketing , Business Development and Legal Department;
  - b. Principal in-charge of Marketing , Business Development and Legal Department;
  - c. Principal in-charge of the implementation of the Quality Management System ISO - 9001 : 2000, OHSAS18001 : 1999 and Environmental Management System 14001 : 2004 in the Marketing and Business Development departments; and
  - d. In charge of the Annual Work Plan & Budget and Five Year Long-term Plan of the Business Development and Legal departments.
5. Director of Commercial:
  - a. As an assistant to the President Director for the operation of Commercial and Hospitality segments;
  - b. The main manager of, and responsible for, the effective and management of all resources under the General Manager and KBT Property structure in order to achieve the Company's Vision and Mission.
  - c. Principal in-charge of accomplishing the Company's KPIs in marketing and sales (recurring income) for the Commercial and Hospitality projects that are summarized in the Company's Performance Report.
  - d. In charge of the Annual Work Plan & Budget and Five Year Long-term Plan of the Commercial, Residential/Hospitality GM and of the Company in overall.

Management of the Company is carried out by the Board of Directors under the supervision of the Board of Commissioners, whose main duties are to supervise the Board of Directors' policy in managing the Company and to provide advice to the Board of Directors

In accordance with the scope of business activities conducted by the Company, the Company's management believes that the present size of the Board of Commissioners and Directors is adequate to supervise and lead the Company's operational activities.

The appointment of all members of the Company's Board of Commissioners and Directors have complied with the provisions stipulated in FSAR 33/2014.

### Audit Committee

As set forth in the Decision Letter of PT PP Properti Tbk's Board of Commissioners No. 02/SK/PP-PROP/KOM/2015 dated 11 February 2015 concerning the Appointment of Members of Audit Committee of PT PP Properti Tbk, the Company has stipulated the following composition of Audit Committee for the 2015-2017 period, for a term of office of 3 (three) years commencing on February 6, 2015, up to February 6, 2018, without prejudice to the rights of the Board of Commissioners to discharge the members of the Audit Committee from time to time:

Chairman	: Mohammad Farela
Member	: Aryo Wibisono
Member	: Herry Subiyono

The establishment and work implementation of the Audit Committee have complied with the provisions set forth in FSAR 55/2015.

Brief profiles of each member of the Audit Committee are presented below:

#### Mohammad Farela

- Indonesian Citizen.
- 62 years old
- Professional Experience: Mr. Farela currently serves as the Functional Deputy General at the Secretariat of Deputy Attorney General for Civil and State Administration Affairs (Sekretariat Jaksa Agung Muda Bidang Perdata dan Tata Usaha Negara, J.A.M DATUN), Office of the Prosecutor General of the Republic of Indonesia, since 2012. Previously,



Mr. Farela served in the Attorney General of the Republic of Indonesia as Expert Staff Following Special Crimes in the year 2011 - 2012, SES J.A.M Civil Affairs and DATUN at the Secretariat of J.A.M Datun in 2011 and in the Chief Prosecutor's Office in East Java in 2009-2011.

**Aryo Wibisono**

- Indonesian Citizen.
- 28 years old
- Professional Experience: Mr. Wibisono currently also serves on the audit committee in PT Rukun Saharja since 2011 and as a non-signing partner of the Public Accounting Firm Hertanto, Grace, Karunawan since 2014. Mr. Wibisono began his career as an audit manager at Public Accounting Firm Hertanto, Sidik & Partners (which became Public Accounting Firm Hertanto, Sidik & Indra) in 2012-2014 and as an auditor in Public Accounting Firm Hertanto, Sidik, Hadisoeryo & Partners in 2009-2012.

**Herry Subiyono**

- Indonesian Citizen.
- 55 years old
- Professional Experience: Mr. Subiyono previously served as HR manager at PT PP (Persero) Tbk in 2008-2014, as HR manager at PT PP (Persero) Tbk in 2008-2014 and as operations assistant II branch III in 2001-2008.

The duties, authorities, and responsibilities of the Audit Committee are stipulated in the Audit Committee Charter of PT PP Properti Tbk, the content of which has been conformed to the duties, authorities, and responsibilities of an Audit Committee as defined in FSAR no.55/POJK.04/2015 concerning the Establishment and Working Guidelines of the Audit Committee, which requires an Audit Committee to carry out the following:

- Review the financial information to be issued by the Issuer or the Public Company to the public and/or authorities, including, among others, financial statements, projections and other reports related to the Issuer's or Public Company's financial information;
- Review the compliance to the laws and regulations related to the Issuer's or the Public Company's activities;
- Provide an independent opinion in the event of any dissenting opinion between the management and the Company's Accountant concerning the services provided;
- Provide recommendations to the Board of Commissioners concerning the appointment of the Company's Accountant based on independency, scope of assignment, and fee;
- Review the implementation of audits conducted by internal auditors and supervise the implementation of follow-up actions by the Board of Directors on internal auditor's findings;
- Review the implementation of risk management activities carried out by the Board of Directors in the event that the Issuer or Public Company has no risk oversight function under the Board of Commissioners;
- Review any complaint related to the Issuer's or Public Company's accounting and financial reporting process;
- Review and advise the Board of Commissioners on any potential conflict of interest of the Issuer or Public Company; and
- Maintain the confidentiality of the Company's documents, data and information.

In carrying out its duties, the Audit Committee is authorized to:

- Access the Issuer's or Public Company's documents, data and information concerning the employees, funds, assets and resources as required;
- Directly communicate with the employees, including the Board of Directors and the party in-charge of the internal audit function, risk management, and the Accountant with regard to the duties and responsibilities of the Audit Committee;
- Involve independent parties other than the members of the Audit Committee that are required to assist it in the fulfillment of its duties (when deemed necessary); and
- Carry out other authorities granted by the Board of Commissioners.

**Internal Audit Unit**

The Company has established an Internal Audit Unit named the Internal Audit Taskforce as stipulated in the Decision Letter of PT PP Properti's Board of Directors No. 15/SK/PP-PROP/DIR/2014 dated 22 December 2014 concerning the Establishment of the Internal Audit Taskforce.

As set forth in the Decision Letter of PT PP Properti Tbk's Board of Directors No. 13/SK/PP-PROP/DIR/2014 dated 17 December 2014, the Company's Board of Directors have appointed lin Mulyadi as the Head of the Internal Audit Taskforce with effect from the date of the aforementioned decision.

The Company has established the Internal Audit Charter, which has been prepared in conformity with FSAR No. 56/POJK.04/2015 concerning the Establishment and Preparation Guidelines of the Internal Audit Charter.

The duties, authorities, and responsibilities of the Internal Audit Unit are stipulated in the Internal Audit Charter of PT PP Properti Tbk, the content of which has been conformed to the duties, authorities, and responsibilities of an Internal Audit Unit as defined in FSAR no.56/POJK.04/2015 concerning the Establishment and Preparation Guidelines of the Internal Audit Charter, which requires an Internal Audit Unit to carry out the following:

The duties and responsibilities of the Internal Audit Unit are as follows:

- Prepare and implement the annual internal audit plan;
- Test and evaluate the implementation of internal control and risk management system in accordance with the Company's policies;
- Test and review the efficiency and effectiveness of the Company's finance, accounting, operational, human resources, marketing, information technology departments and other activities;
- Provide recommendations for improvements and objective information concerning the audit activities to all level of management;
- Prepare audit reports and submit such reports to the President Director and the Board of Commissioners;
- Monitor, analyze and report the implementation of follow-up actions with respect to the recommendation for improvements referred to above;
- Cooperate with the Audit Committee;
- Develop programs to evaluate the quality of internal audit activities; and
- Perform special audits when required.

The authorities of the Internal Audit Unit include, among others, the following:

- Access to all relevant information about the Company in connection with its duties and functions;
- Communicate directly with the Board of Directors, Board of Commissioners and/or Audit Committee and members of the Board of Directors, Board of Commissioners, and/or Audit Committee;
- Hold periodic and incidental meetings with the Board of Directors, Board of Commissioners and/or Audit Committee; and
- Coordinate its activities with those of the external auditors.

### **Corporate Secretary**

As set forth in the Deed No. 12/SK/PP-PROP/DIR/2014 dated 29 August 2014 concerning the Appointment of Corporate Secretary, the Company selected and appointed Indaryanto to hold the position of Corporate Secretary, commencing on 29 August 2014.

The establishment of the Corporate Secretary has conformed to the provisions of FSAR 35/2014.

The duties of the Corporate Secretary are, among others, to:

- Act as the liaison between the Company and the capital market regulators, the FSA and IDX;
- Act as a center of information to shareholders and stakeholders requiring key information related to the Company's activities and development;
- Provide advice to the Company's Board of Directors to ensure all corporate actions undertaken by the Board of Directors and transactions conducted by the Company are in compliance with the prevailing laws and regulations in the capital market, the Company's Articles of Associations, and the prevailing laws and regulations in the Republic of Indonesia;
- Organize the Company's General Meeting of Shareholders, BOC Meeting and BOD Meeting, and review the legal aspects of the underlying documents of the Company's transactions.

### **E. Human Resources**

Human resources are the Company's main asset and play an important role in determining the success of the Company's business activities. In consideration thereof, the Company believes that in order to achieve its mission, there are measures that must be taken to support the development and improvement of human resources quality to achieve optimal utilization of the Company's human resources.

In order to support human resources development and to maintain professional, qualified and experienced project managers, the Company conducts periodical internal and external training programs. During the year 2016, the Company held a number of employee competency development programs by organizing the following training and educational programs:

No.	Training Title	Date	Organizer	Type of Training
1	Corporate English Course	Nov 2015 - May 2016	TBI	In-house
2	Professional Public Speaking Regular Class	Jan 23 - Feb 13, 2016	Talk Inc	Public
3	Brevet C Applied Taxation Training	Feb 22 - May 31, 2016	IAI Depok	Public
4	<i>Dialog Pemantapan Nilai2 Kebangsaan &amp; Pembangunan</i> or the Dialog to Strengthen National & Development Values	Feb 23 - 25, 2016	DPD REI DKI Jakarta & LEMHANNAS RI	Public
5	"Memahami A-Z Implementasi GCG ...." or "Understanding the A to Z of GCG Implementation" Workshop	Mar 23 - 29, 2016	KNKG	Public
6	Tax Planning 2016	Mar 28 - 29, 2016	Barnam Tax	Public
7	Corporate Lawyer Skill For Non-Lawyer	April 7, 2016	KD & CO Law Office	Public
8	Conduct Training needs analysis	April 12 - 13, 2016	Lutan Edukasi	Public
9	Strategic Partnership to Optimize the Partnership of Internal Audit Function to Support the Board of Directors and Board of Commissioners to Improve the Company's competitiveness in the Asean Economic Community (AEC) Era	May 10 - 13, 2016	FKSPI	Public
10	Introduction to BPJS Ketenagakerjaan Program	May 11, 2016	BPJS	Public
11	Integrated Risk Management	May 11 - 13, 2016	PPM Management	Public
12	APMF	May 11 - 13, 2016	APMF	Public
13	Manpower Planning	May 17 - 18, 2016	Knowcap	Public
14	Certified Assessor Training	May 17 - 19, 2016	GML	Public
15	New Employee Orientation	May 23 - 28, 2016	PP PROPERTI	In-house
16	English Class (Private)	May - Jun 2016	EF	Public
17	Financial Statements Preparation for Construction and Property Companies	Jun 22 - 23, 2016	IAI	Public
18	Operational Audit	Jul 18 - 27, 2016	PPA&K	Public
19	Tax Amnesty	July 28, 2016	Property - In	Public
20	Audit Foundations	August 8 - 18, 2016	PPAK	Public
21	Financial Statements Analysis	August 23 - 24, 2016	IAI	Public
22	Phase 4 GCG Workshop	August 24 - 25, 2016	KNKG	Public
23	Fidic Contract	September 3, 2016	IQSI	Public
24	Hitachi Information Forum 2016	September 6, 2016	Hitachi	Public
25	Certified Property Specialist	September 9, 2016	Indonesia Property Watch	In-house
26	AWSome	September 15, 2016	Amazon Web Service	Public
27	GCG Implementation on Annual Report	Sept 21 - 22, 2016	KNKG	Public
28	Professional Internal Audit	Nov 14 - 23, 2016	PPAK	Public
29	Corsec Workshop	Nov 23 - 24, 2016	TICMI	Public
30	Finance For Non-Finance	November 25, 2016	Knowcap	Public
31	Professional Internal Audit Certification	Dec 13 - 22, 2016	PPAK	Public
32	Special Directorship Program	December 14, 2016	IICD	In-house
33	Financial Statement Analysis	Dec 19 - 20, 2016	PPM	Public
34	Professional Website	Des 2016 - Jan 2017	BABA Studio	Public

The Company presently employs 1 (one) expatriate.

Name of Expatriate	Position	Passport		Expatriate Employment Permit (IMTA):		Temporary Stay Permit Card (KITAS):	
		No.	Valid up to	No.	Valid up to	No.	Valid up to
Gary Raymond White	Quality Control Advisor	E4050610 (Australia)	29-07-2021	KEP.48100/MEN/B/IMTA/2016 <sup>1)</sup>	21-07-2017	J1U1KCJ35796	01-12-2021

**Note:**

<sup>1)</sup> Pursuant to the Decision of the Director General of Manpower Placement Development and Work Opportunities Improvement No. KEP 48100/MEN/B/IMTA/2016 dated August 10, 2016, concerning the Grant of Expatriate Employment Permit (IMTA), which permits the Company to employ Gary Raymond White as a Quality Control Advisor in the following locations: West Jakarta (City), Central Jakarta (City), South Jakarta (City), East Jakarta (City), and North Jakarta (City).

The Company has no limitation to prohibit expatriate employees from holding certain positions. The Company refers to Law No. 13 of 2013 on Manpower.

The Company does not have any employees with specific expertise in certain areas, whose absence would interrupt the continuity of the Company's operational or business activities. The Company has complied with the Provincial Minimum Wage/Regional Minimum Wage for employees in accordance with the prevailing regulations.

Up to December 31, 2016, the Company employs 442 employees, comprising of 145 permanent employees and 297 contract employees. The Company's employee composition is presented in the following table:

**The Company****Table of Employee Composition by Management Level**

Management Level	December 31,		
	2016	2015	2014
<b>The Company</b>			
Director	5	4	3
Manager	68	47	47
Staff	356	315	114
Operator	18	12	27
<b>Total</b>	<b>447</b>	<b>378</b>	<b>191</b>
<b>Subsidiaries</b>			
Director	7	4	2
Manager	12	8	4
Staff	196	166	30
Operator	6	-	-
<b>Total</b>	<b>220</b>	<b>178</b>	<b>36</b>

**Table of Employee Composition by Education Level**

Level of Education	As of December 31,		
	2016	2015	2014
<b>The Company</b>			
Master's Degree	19	13	12
Bachelor's Degree	263	196	95
Diploma	55	56	16
High School or Equivalent	105	109	65
<b>Total</b>	<b>442</b>	<b>374</b>	<b>188</b>
<b>Subsidiaries</b>			
Master's Degree	5	2	2
Bachelor's Degree	49	24	13
Diploma	12	7	2
High School or Equivalent	154	145	19
<b>Total</b>	<b>220</b>	<b>178</b>	<b>36</b>

**Table of Employee Composition by Age Level**

Age	As of December 31,		
	2016	2015	2014
<b>The Company</b>			
>50	37	19	26
40 - 49	88	62	43
30 - 39	127	111	64
20 - 29	190	182	55
<b>Total</b>	<b>442</b>	<b>374</b>	<b>188</b>
<b>Subsidiaries</b>			
>50	15	9	3
40 - 49	52	43	8
30 - 39	83	74	15
20 - 29	70	52	10
<b>Total</b>	<b>220</b>	<b>178</b>	<b>36</b>

#### Table of Employee Composition by Status

Status	As of December 31,		
	2016	2015	2014
<b>The Company</b>			
Permanent	145	278	116
Contract	297	96	72
<b>Total</b>	<b>442</b>	<b>374</b>	<b>188</b>
<b>Subsidiaries</b>			
<b>2016</b>	<b>2015</b>	<b>2014</b>	
Permanent	23	8	2
Contract	197	170	34
<b>Total</b>	<b>220</b>	<b>178</b>	<b>36</b>

#### Employee Facilities and Benefits

The Company is dedicated to achieving and maintaining the highest health and welfare standards for its employees. As part of its efforts to provide welfare to, protect the safety of and guarantee the stability of its employees, the Company provides facilities and welfare programs in the form of health benefits, by registering all employees in the Workers Social Security Agency (BPJS Ketenagakerjaan), Healthcare & Social Security Agency (BPJS Kesehatan), and providing health insurance, and other private insurance. In addition to health benefits, the Company also provides death benefits, Holiday Allowance (*Tunjangan Hari Raya*, THR), incentive or annual bonus and leave allowance in accordance with the prevailing regulations. Facilities such as a canteen, religious places of worship, sports centers and day care facilities are also provided for the employees.

#### F. Brief Description of Legal Entity Shareholders

##### 1) PT Pembangunan Perumahan (Persero) Tbk ("PTPP")

PT PP (Persero) Tbk is the owner/holder of 9,122,927,940 shares of the Company, representing 99.9% of the Company's total issued and paid-up capital.

#### Brief History

PT PP Persero Tbk, which was initially a State-owned Company, was established based on Government Regulation No. 63 of 1961 dated 29 March 1961 concerning the Establishment of Perusahaan Negara (State Company) Pembangunan Perumahan, which was announced in the State Gazette of the Republic Indonesia No. 84/1961, Supplement to the State Gazette of the Republic of Indonesia No. 2218. Subsequently, based on Government Regulation No. 39 of 1971 concerning the Reformation of Perusahaan Negara (State Company) Pembangunan Perumahan to a Limited Liability Company (PT), which was announced in the State Gazette of the Republic Indonesia No. 50 of 1971, Perusahaan Negara Pembangunan Perumahan was changed into a Limited Liability Company and was established based on Deed of Establishment of the Limited Liability Company PT Pembangunan Perumahan No. 78 dated 15 March 1973 *juncto* the Deed of Amendment No. 247 dated March 21, 1974, both of which were drawn up before Kartini Muljadi, S.H., a Notary in Jakarta, and was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. Y.A.5/105/2 dated 30 March 1974 and was registered in the District Court of Jakarta on April 3, 1974, under No. 1186 and 1187 and which was announced in the Supplement No. 249 to the State Gazette of the Republic of Indonesia No. 249 to the State Gazette of the Republic of Indonesia No. 48 dated June 14, 1974.

PT PP Persero Tbk's Articles of Association have been amended several times, and the Articles of Association were amended in their entirety to conform with the Regulation of the Capital Market and Financial Institution Supervisory Board and to accommodate the change of the company's name from "Perusahaan Perseroan (Persero) PT Pembangunan

Perumahan" to "PT Pembangunan Perumahan (Persero) Tbk", as set forth in the deed of Shareholders Circular Resolutions and Amendment to the Articles of Association of Perusahaan Perseroan (Persero) PT Pembangunan Perumahan Tbk, abbreviated as PT PP (Persero) No. 02 dated January 5, 2010, drawn up before Imas Fatimah, S.H., M.Kn., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights ("MoLHR") of the Republic of Indonesia by virtue of Decree No. AHU-00127.AH.01.02.Tahun 2010 dated January 5, 2010, and was registered in the Company Register under No. AHU-0000185.AH.01.09.Tahun 2010 dated January 5, 2010, and was announced in Supplement No. 82 to the State Gazette of the Republic of Indonesia No. 29752 dated October 12, 2010 ("**Deed No. 02/2010**"). The most recent amendment to the Articles of Association of PT PP (Persero) Tbk as set forth in the Deed of Meeting Resolutions "Perusahaan Perseroan (Persero) PT Pembangunan Perumahan Tbk", abbreviated as "PT PP (Persero) Tbk" No. 67 dated December 28, 2016, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-0025609.AH.01.02.Tahun 2016 dated December 28, 2016, and was received and registered in the Legal Entity Administration System database under No. AHU-AH.01.03-0113524 dated December 28, 2016, and was registered in the Company Register under No. AHU-0157078.AH.01.11.Tahun 2016 dated December 28, 2016, ("**Deed No. 67/2016**"), which amended the provisions of Article 4 paragraph 1 and 2 of PTPP's Articles of Association.

PTPP is domiciled at Plaza PP, Wisma Subiyanto, Jalan Letjen TB Simatupang No. 57 Pasar Rebo, Jakarta 13760.

### ***Aims and Objectives***

Pursuant to the Deed of Amendment to the Articles of Association of Perusahaan Perseroan (Persero) PT Pembangunan Perumahan Tbk or abbreviated as PT PP (Persero) Tbk No. 25 dated May 21, 2015, drawn up before Mochamad Nova Faisal, S.H., M.Kn., a Notary in South Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0936938 dated June 4, 2015, and was registered in the Company Register under No. AHU-3512783.AH.01.11.Tahun 2015 dated June 4, 2015, the aims and objectives of PT PP (Persero) Tbk are to participate in carrying out business in the construction industry, manufacturing industry, services, leasing, agency services, investment, agri-industry, Engineering Procurement and Construction (EPC) trade, estate management, capability enhancement services in construction, information technology, tourism, hospitality, engineering and planning services, acting as a developer to produce high quality and highly competitive goods and services and to generate profit in order to increase the company's value by duly implementing the principles of a Limited Liability Company.

### ***Business Activities***

To achieve the aims the objectives referred to above, PTPP may carry out the following business activities:

1. Construction Works:
  - i. Civil Works (all construction sectors):
    - a. Drainage and Irrigation Network;
    - b. Underwater Buildings;
    - c. Reservoir, Dam and Tunnel;
    - d. Clean Water and Waste Water Treatment Facilities;
    - e. Roads, Bridges, Ground Drilling Location and Base;
    - f. Train tracks and bridges, MRT (Mass Rapid Transportation);
    - g. Jetties/Ports, Break Water and Riprap;
    - h. Reclamation and Dredging;
    - i. Rice Field Preparation and Land Clearing;
    - j. Excavation/Mining, Stripping, mining product processing;
    - k. Landscaping;
    - l. Drilling;
    - m. Airport;
    - n. Pipeline;
    - o. Production Facilities Maintenance;
    - p. Ground Transportation Stations;
    - q. Telecommunication Building Facilities Construction;
    - r. Piling; and
    - s. Other Civil Buildings.
  - ii. Building Works (all construction sectors):
    - a. High-rise Buildings (hotels, offices, apartments);
    - b. Factory and Industrial Building;
    - c. Housing and Residential Properties;
    - d. Facilities Building (hospitals, schools, places of worship);

- e. Commercial Buildings (supermarkets, malls); and
  - f. Interior.
- iii. Mechanical-Electrical Works, including the networks:
  - a. Electrical transmission, substation;
  - b. Mechanical-electrical works in building and industrial buildings;
  - c. Power plants;
  - d. Air Conditioner;
  - e. Pipelines;
  - f. Lifting Equipment Installation; and
  - g. Oil and gas facilities and offshore facilities works.
- iv. Radio, Telecommunication and Instrumentation:
  - a. Train telecommunication and signals;
  - b. Telecommunication central;
  - c. Instrumentation installation;
  - d. Oil and gas facilities installation; and
  - e. Telecommunication network installation.
- v. EPC (Engineering Procurement Construction) works in:
  - a. Oil industry;
  - b. Agribusiness industry;
  - c. Electrical;
  - d. Telecommunication; and
  - e. Petrochemical.
- vi. Repairs/Maintenance/Renovations for the above works.
2. Planning and Monitoring of construction works, which include civil works, building works, mechanical-electrical works, telecommunication radio and instrumentation and repairs/maintenance and consulting.
3. Cost measurement, initial calculation and determination for construction works, including civil, building, mechanical, electrical works (quantity surveying).
4. Management consulting, construction project management, industrial engineering, engineering and planning services.
5. Leasing of and provision of services related to construction equipment.
6. Developer of:
  - Property, including but not limited to hotels, apartments, offices, industrial estate, tourism estate, clean and waste water treatment, sport centers and other property products.
  - Real estate, including but not limited to the supply of ready to build area, residential properties, residential oversight management.
  - Estate development business, including the facilities and infrastructures, building and sale of real estate and property business and management; and
  - Estate management.
7. Building management.
8. System development.
9. Trade of building materials/components and construction equipment.

In addition to the main business activities referred to above, PTPP may carry out supporting business activities in order to optimize resources utilization to

1. Engage as a supplier, carry out agency services, import and export handling services, expedition/ground transportation services and general trade.
2. Engage in the agribusiness industry, including palm oil, sugar, bio-diesel, bio-ethanol, biogas and biomass energy factories, including the respective operation, production, maintenance and distribution.
3. Engage in information technology and services.
4. Investment in and/or management of business in basic infrastructure and facilities in the following industries:
  - i. Coal, oil and gas and other mineral mining;
  - ii. Toll road, railroad, ports infrastructures; and
  - iii. Energy and Renewable Energy.
5. Manufacturing Industry:
  - i. Manufacturing of material and finished goods components:
    - a. Components of construction supplies;
    - b. Industrial equipment and spare parts;
    - c. Rubber and plastics;
    - d. Concrete and ceramics;



- e. Metal and alloy;
- f. Wood; and
- g. Chemical.
- ii. Mechanical and electrical components for construction, industry and building.
- iii. Electronics and communications and other businesses that support the Company's main business activities referred to above.
- 6. Manufacturing of construction equipment and components.
- 7. Engage in business in information and tourism services.
- 8. Overseas projects.

### Capital Structure and Shareholder Composition

As set forth in the Deed No. 67/2016 *juncto* the Shareholder Register as of January 31, 2017, the capital structure and shareholder composition of PT PP Persero Tbk are as follows:

Description	Nominal Value Rp100.- per Dwiwarna A and B Series Share			
	Number of Shares	Total (Rp)	Nominal Value	Percentage (%)
<b>Authorized Capital</b>	Dwiwarna A Series Shares		2,450,000,000,000	-
	24,499,999,999 B Series			
<b>Issued and Fully Paid-up Capital</b>				
1. The State the Republic of Indonesia	Dwiwarna A Series Shares	316,194,783,600		51
2. Public	3,161,947,835 B Series	303,794,951,800		49
	3,037,949,518 B Series			
<b>Total Issued and Paid-up Capital</b>	Dwiwarna A Series Shares	619,992,735,400		100
	6,199,897,353 B Series			
Shares in Portfolio	-	1,830,007,264,600		-
	18,300,102,646 B Series			

### Board of Commissioners and Board of Directors Compositions

Pursuant to the Deed of Resolutions of the Extraordinary General Meeting of Shareholders of "Perusahaan Perseroan (Persero) PT Pembangunan Perumahan Tbk", abbreviated as "PT PP (Persero) Tbk" No. 37 dated August 23, 2016, drawn up before Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0080065 dated September 14, 2016, and was registered in the Company Register under No. AHU-0107323.AH.01.11.Tahun 2016 dated September 14, 2016, *juncto* the Deed of Meeting Resolutions of "Perusahaan Perseroan (Persero) PT Pembangunan Perumahan Tbk", abbreviated as "PT PP (Persero) Tbk" No. 59 dated April 29, 2016, drawn up before Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0046145 dated May 4, 2016, and was registered in the Company Register under No. AHU-0056115.AH.01.11.Tahun 2016 dated May 4, 2016, the compositions of the Board of Commissioners and Board of Directors of the Company are as follows:

#### Board of Commissioners:

Independent/President Commissioner : Andi Gani Nena Wea  
 Commissioner : Sumardi  
 Commissioner : Wismana Adi Suryabrata  
 Commissioner : Muhammad Khoerur Roziqin  
 Commissioner : Arie Setiadi Moerwanto  
 Independent Commissioner : Aryanto Sutadi

#### Board of Directors

President Director : Tumiyana  
 Director : Lukman Hidayat

Director : M. Aprindi  
 Director : Abdul Haris Tatang  
 Director : Mohammad Toha Fauzi  
 Director : Agus Purbianto

### Key Financial Highlights

(In millions of Rupiah)

Description	As of and for the year ended December 31,	
	2016	2015
Assets	31,232,767	19,158,985
Liabilities	20,436,609	14,011,689
Equity	10,796,158	5,147,296
Revenue	16,458,884	14,217,373
Gross profit	2,455,530	2,006,961
Operating Expenses	487,330	409,942
Operating income	1,968,199	1,597,165
Net Income	1,151,432	845,418

## 2) PT Asuransi Jiwasraya (Persero)

PT Asuransi Jiwasraya (Persero) ("AJ") is the owner/holder of 1,085,559,400 shares of the Company, representing 7.73% of the Company's total issued and paid-up capital.

### AJ's Establishment and Articles of Association

AJ, which was initially a State-owned Company, was established based on Government Regulation No. 40 of 1965 dated December 24, 1965, concerning the Establishment of Perusahaan Negara (State Company) Asuransi Jiwasraya, which was announced in the State Gazette of the Republic Indonesia No. 113/1965. Subsequently, based on Government Regulation No. 33 of 1972 concerning the Reformation of Perusahaan Negara (State Company) Asuransi Jiwasraya to a Limited Liability Company (PT), which was announced in the State Gazette of the Republic Indonesia No. 48 of 1972, Perusahaan Negara Asuransi Jiwasraya was changed into a Limited Liability Company and was established based on Deed of Establishment of the Limited Liability Company PT Asuransi Jiwasraya No. 12 dated March 23, 1973, drawn up before Mohamad Ali, S.H., a Notary in Jakarta, and was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. Y.A.5/181/3 dated June 29, 1973, registered in the District Court of Jakarta on July 7, 1973, under No. 2466 and announced in the Supplement No. 584 to the State Gazette of the Republic of Indonesia No. 66 dated August 16, 1973.

AJ's Articles of Association have been amended several times and all provisions of the Articles of Association have been amended to conform to the Law No. 40 of 2007 concerning Limited Liability Company as stipulated in the Deed of Meeting Resolutions to Amend the Articles of Association of Perusahaan Perseroan PT Asuransi Jiwasraya (Persero) No. 155 dated August 29, 2008, drawn up before Netty Maria Machdar, S.H., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-96890.AH.01.02 Tahun 2008 dated December 16, 2008 ("**Deed No. 155/2008**").

The most recent amendment of AJ's Articles of Association is stipulated in the Deed of Meeting Resolutions of PT Asuransi Jiwasraya (Persero) No. 74 dated November 18, 2009, drawn up before Netty Maria Machdar, S.H., Notary in Jakarta, which has been received and registered in the Legal Entity Administration System database under No. AHU-AH.01.10.01078 dated January 15, 2010, ("**Deed No. 74/2009**"), which amended the provisions of Article 11 of AJ's Articles of Association.

AJ is domiciled at Jl. Ir. H. Juanda No. 34, Kebon Kelapa, Gambir, Central Jakarta.

### Aims and Objectives of AJ

Pursuant to the provisions of Article 3 Deed No. 155/2008, the aims and objectives of AJ are to engage in the life insurance business, including sharia-based life insurance and to optimize the utilization of AJ's resources to generate high quality and competitive services to obtain/generate profit in order to increase AJ's values within the principles of a Limited Liability Company.

To achieve the aforementioned aims and objectives, AJ may carry out the following main business activities:

- Offer various Life Insurance coverage, including Annuity, Unit Link Health Insurance, Bancassurance and Personal Accident insurance coverage, whether independently or in cooperation with other insurance companies (co-insurance), whether at its own retention and/or by re-insuring the insurance risks with due consideration to AJ's capability;
- Organize Financial Institution Pension Fund;
- Perform investment and other activities that are normally carried out by life insurance companies with due considerations to the provisions of the laws and regulations;

In addition to the main business activities referred to above, AJ may carry out supporting business activities in order to optimize the utilization of AJ's resources with due considerations to the provisions of the laws and regulations;

### Capital Structure and Shareholder Composition of AJ

As set forth in the Deed No. 155/2008, the capital structure and shareholder composition of AJ are as follows:

Description	Nominal Value Rp1,000,000.- per share		
	Number of Shares	Total Nominal Value (Rp)	Percentage (%)
<b>Authorized Capital</b>	750,000	750,000,000,000	-
<b>Issued and Fully Paid-up Capital</b>			
The State the Republic of Indonesia	235,000	235,000,000,000	100
<b>Total Issued and Paid-up Capital</b>	<b>235,000</b>	<b>235,000,000,000</b>	<b>100</b>
<b>Shares in Portfolio</b>	<b>515,000</b>	<b>515,000,000,000</b>	-

### Board of Commissioners and Board of Directors Compositions

Based on the information presented in AJ's website, [www.jiwasraya.co.id](http://www.jiwasraya.co.id), which we accessed on February 20, 2017, AJ's Board of Commissioners and Board of Directors compositions are as follows:

#### Board of Commissioners

Independent/President Commissioner	: Djonny Wiguna
Commissioner	: Yuli Harsono
Commissioner	: Scenaider Clasein H. Siahaan
Commissioner	: Indriani Widiastuti

#### Board of Directors

President Director	: Hendrisman Rahim
Director	: Hary Prasetyo
Director	: De Young Adrian
Director	: Muhamad Zamkhani

### G. Overview of Subsidiaries

#### 1) PT Gitanusa Sarana Niaga ("GSN")

Up to the date of issuance of this Prospectus, the Company has 99.99% of share ownership in GSN.

#### Brief History of GSN

GSN is a limited liability company established by virtue of the laws of the Republic of Indonesia and is domiciled in Surabaya. GSN was established under the name "PT Gitanusa Sarana Niaga" as stipulated in the Deed of Establishment of the Limited Liability Company PT Gitanusa Sarana Niaga No. 73 dated 5 May 2003, drawn up before Margaretha Dyanawaty, S.H., a Notary in Surabaya, which was approved by the Minister of Law and Human Rights by virtue of Decree No. C-14573 HT.01.01.TH.2003 dated June 25, 2003 and was registered in the Company Registry at the Company Registration Office of the City of Surabaya under No. 4351/BH.13.01/Agustus/2003 dated August 20, 2003, and was announced in Supplement No. 4256 to the State Gazette of the Republic of Indonesia No. 32 dated April 21, 2006 ("**Deed of Establishment**").

GSN's Articles of Association have been amended several times, the most recent amendment was made in order to conform with Law No. 40 of 2007 concerning Limited Liabilities Companies as set forth in the Deed of Meeting Resolutions of PT Gitanusa Sarana Niaga No. 31 dated June 24, 2011, drawn up before Wiwiek Widhi Astuti, S.H., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of decree No. AHU-37250.AH.01.02.Tahun 2011 dated July 25, 2011, and was registered in the Company Register under No. AHU-

0060951.AH.01.09.Tahun 2011 dated July 25, 2011, and was announced in Supplement No. 58206 to the State Gazette of the Republic of Indonesia No. 80 dated October 5, 2012 ("Deed No. 31/2011").

GSN is domiciled at Ruko Villa Bukit Mas Blok RM. 24-25, Surabaya.

### ***Aims, Objectives and Business Activities of GSN***

In accordance with the provisions of Article 3 of GSN's Articles of Association as set forth in Deed No. 31/2011, the aims and objectives of GSN are to engage in the business of construction, trade, agriculture, transportation, printing, workshops and services.

To achieve the aforementioned aims and objectives, GSN may carry out the following business activities:

- Engaging in construction business, acting as a developer and contractor to plan and executing the construction of building, roads, bridges (general contractor), residential and other civil engineering works, including installations of water, electricity, gas and telecommunications;
- Engaging in trade, whether on its own behalf or on behalf of other parties based on commissions, including exporting, importing, local and inter-island trade, as well as acting as sole agent, supplier, retailer, wholesaler and distributors of various commodities, either from domestic or overseas;
- Engaging in agriculture, including agribusiness (trade of agricultural products), agri-industry, agricultural industry, plantation, animal husbandry and fisheries;
- Engaging in ground transportation, expeditions and warehousing, passenger and goods transportation business;
- Utilizing printing, design and graphic print products;
- Engaging in workshop business, which includes the installation and sale of motor vehicles accessories, painting of motor vehicles, servicing, maintenance and repair of motor vehicles, various types of machineries, engaging in showroom business; and
- Engaging in services in general, which includes, business consulting, management and administration consulting, cleaning services, human resources management consulting, personnel skills and training consulting services, marketing and market survey services, manpower management services, education consulting services, mass media consulting services, wedding organizer services, creative services, exhibition and seminar organization services, property management consulting services, publication consulting services, except for legal and tax consulting services.

### ***Capital Structure and Shareholder Composition of GSN***

As set forth in the deed of Minutes of Meeting of PT Gitanusa Sarana Niaga No. 43 dated November 28, 2014, drawn up before Wiwiek Widhi Astuti, S.H., Notary in Jakarta, which has been received and registered in the Legal Entity Administration System database under No. AHU-AHU-49154.40.22.2014 dated December 24, 2014 and was registered in the Company Registry under No. AHU-0135991.40.80.2014 dated December 24, 2014, GSN's capital structure and shareholders composition are as follows:

Description	Nominal Value Rp100,000.- per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>2,000,000</b>	<b>200,000,000,000</b>	
Issued and Fully Paid-up Capital			
1. The Company	999,900	99,990,000,000	99.99
2. YKKPP	100	10,000,000	0.01
<b>Total Issued and Fully Paid-up Capital</b>	<b>1,000,000</b>	<b>100,000,000,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>1,000,000</b>	<b>100,000,000,000</b>	

### ***Management and Supervision of GSN***

As stipulated in the Deed of Resolutions of the Annual General Meeting of Shareholders of PT Gitanusa Sarana Niaga No. 06 dated April 15, 2016, drawn up before Wiwiek Widhi Astuti, S.H., a Notary in Jakarta, which was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0045542 dated May 3, 2016, and was registered in the Company Register under No. AHU-0055228.AH.01.11.Tahun 2016 dated May 3, 2016, GSN's Board of Commissioners and Board of Directors compositions are as follows:

**Board of Commissioners**

Commissioner : Indaryanto  
:

**Board of Directors**

President Director : Rudy Harsono  
Director : Achmad Mudjiono

**Key Financial Highlights of GSN**

GSN's key financial highlights for the years ended December 31, 2016 and 2015, below are derived from the Financial Statements for the years ended December 31, 2016 and 2015, which have been audited by the Public Accounting Firm Drs. Suprihadi & Partners with Unqualified Opinion.

*(In millions of Rupiah)*

Description	As of and for the year ended December 31,	
	2016	2015
Total assets	229,270	293,217
Total Liabilities	343,110	311,614
Total Equity	100,000	100,000
Retained Earnings	(143,840)	(118,398)
Revenue	12,342	13,804
Total expenses	(36,637)	(29,304)
Net Income	(25,442)	(16,800)

**2) PT Hasta Kreasimandiri ("HKM")**

Up to the date of issuance of this Prospectus, the Company has 99% of share ownership in HKM.

**Brief History of HKM**

HKM is a limited liability company established by virtue of the laws of the Republic of Indonesia and is domiciled in South Jakarta Municipality. HKM was established under the name of PT Hasta Kreasimandiri based on the Deed of Establishment of a Limited Liability Company PT Hasta Kreasimandiri No. 35 dated November 2, 1995, drawn up before Isyana Wisnuwardhani Sadjarwo, S.H., acting in lieu of Mudofir Hadi, S.H., a Notary in Jakarta ("**Deed of Establishment of HKM**"), which was approved by the Minister of Justice of the Republic of Indonesia by virtue of decree No. C2-17.195.HT.01.01.Th.95 dated December 27, 1995, and was registered in the registry of Central Jakarta District Court Secretariat under No. 147/1996 dated January 24, 1996, and was announced in Supplement No. 2374 to the State Gazette of the Republic of Indonesia No. 19 dated March 5, 1996.

HKM's Articles of Association have been amended several times, and the most recent amendment was stipulated in the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Hasta Kreasi Mandiri No. 79 dated December 28, 2015, drawn up before Neilly Iralita Iswari, S.H., M.Si., M.Kn., a Notary in Jakarta, and was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-0948916.AH.01.02.Tahun 2015, and was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0991526 dated December 28, 2015, and was registered in the Company Register under No. AHU-3598670.AH.01.11.Tahun 2015 dated December 28, 2015, ("**Deed No. 79/2015**"), which amended the provisions of Article 4 of HKM's Articles of Association.

HKM is domiciled at Simprug Gallery No. 10 T, Jl. Teuku Nyak Arief, Grogol Selatan, Kebayoran Lama District, South Jakarta Municipality.

**Aims, Objectives and Business Activities of HKM**

Pursuant to the provisions of Article 3 of HKM's Articles of Association as stipulated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders of PT Hasta Kreasimandiri No. 21 dated May 29, 2008, drawn up before R.A. Veronica Soelarsi D.R.L., S.H., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-43807.AH.01.02.Tahun 2008 dated July 22, 2008, and was registered in the Company Register under No. AHU-0062231.AH.01.09.Tahun 2008 dated July 22, 2008, and was announced in Supplement No. 14041 to the State Gazette of the Republic of Indonesia No. 63 dated August 5, 2008, the aims and objectives of HKM are to engage in:

- a. Development of real estate;
- b. Trading;

- c. Industry and Mining;
- d. Animal husbandry, agriculture, plantation and forestry;
- e. Services.

To achieve the aforementioned aims and objectives, HKM may carry out the following business activities:

- a. Build, sell, market, lease and undertake the maintenance of real estates and office buildings, in addition to general contractor for other types of buildings, among others, apartments, hotels, parks - including amusement parks, roads, bridges, dam, irrigation network, installation of electricity, telephone, drinking water and other works in the building engineering business;
- b. Engage in trade, including exporting, importing, local and inter-island trade, whether on its own behalf or on behalf of other parties based on commissions (acting as commissioner, purveyor, agent/representatives, vendor/supplier, wholesaler and distributor);
- c. Incorporate, produce, manage and market all goods and services related to industry and mining;
- d. Produce, manage and market all goods and services related to animal husbandry, agriculture, plantation and forestry;
- e. Provide all services except legal, tax and tourism services.

#### **Capital Structure and Shareholder Composition of HKM**

As set forth in the Deed No. 79/2015, the capital structure and shareholder composition of HKM are as follows:

Description	Nominal Value Rp1,000,000.- per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>250,000</b>	<b>250,000,000,000</b>	
Issued and Fully Paid-up Capital			
1. The Company	184,140	184,140,000,000	99.00
2. YKKPP	1,860	1,860,000,000	1.00
<b>Total Issued and Fully Paid-up Capital</b>	<b>186,000</b>	<b>186,000,000,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>64,000</b>	<b>64,000,000,000</b>	

#### **Management and Supervision of HKM**

As stipulated in the Deed of Circular Resolutions of Shareholders in lieu of the Extraordinary General Meeting of Shareholders of PT Hasta Kreasimandiri No. 25 dated November 18, 2009, drawn up before Neilly Iralita Iswari S.H., M.Kn., a Notary in Jakarta, which was received and registered in the Legal Entity Administration System database under No. AHU-AH.01.03-0098326 dated November 14, 2016, and was registered in the Company Register under No. AHU-0134748.AH.01.11.Tahun 2016 dated November 14, 2016, HKM's Board of Commissioners and Board of Directors compositions are as follows:

##### **Board of Commissioners**

Commissioner : Ir. Sinurlinda Gustina M.

##### **Board of Directors**

President Director : Achmad Mudjiono

Director : Teguh Santoso

#### **Key Financial Highlights of HKM**

HKM's key financial highlights for the years ended December 31, 2016 and 2015, below are derived from the Financial Statements for the years ended December 31, 2016 and 2015, which have been audited by the Public Accounting Firm Weddie Andriyanto & Muhaemin with Unqualified Opinion.

Description	As of and for the year ended December 31,	
	2016	2015
Total assets	820,969	783,221

(In millions of Rupiah)



Total Liabilities	656,834	612,234
Total Equity	186,000	186,000
Retained Earnings	(21,866)	(15,013)
Revenue	46,461	49,821
Total expenses	(52,410)	(45,060)
Net Income	(6,853)	524

### 3) PT Wisma Seratus Sejahtera ("WSS")

Up to the date of issuance of this Prospectus, the Company has 55% of share ownership in WSS.

#### **Brief History of WSS**

WSS is a limited liability company established by virtue of the laws of the Republic of Indonesia and is domiciled in East Jakarta Municipality. WSS was established under the name "PT Wisma Seratus Sejahtera" as stipulated in the Deed of Establishment of the Limited Liability Company PT Wisma Seratus Sejahtera No. 71 dated July 5, 2012, drawn up before DR. Fulgensius Jimmy Hardjo Lukito Tjhe, S.H., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-58652.AH.01.01.Tahun 2012 dated November 20, 2012, and was registered in the Company Register under No. AHU-0099369.AH.01.09.Tahun 2012 dated November 20, 2012 ("**Deed of Establishment of WSS**").

WSS' Articles of Association have been amended several times, and the most recent amendment was stipulated in the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Wisma Seratus Sejahtera No. 33 dated August 30, 2016, drawn up before Ilmiawan Dekrit Supatmo, S.H., M.Kn., a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of decree No. AHU-0015843.AH.01.02.Tahun 2016, and was received and recorded in the database of the Legal Entity Administration System under No. AHU-AH.01.03-0076851 dated September 1, 2016, and was registered in the Company Register under No. AHU-0102516.AH.01.11.Tahun 2016 dated September 1, 2016, ("**Deed No. 33/2016**"), which amended the provisions of article 1 paragraph (1), Article 10 to Article 12, Article 14, Article 17, and Article 19 of WSS' Articles of Association.

WSS is domiciled at Gedung Plaza PP-Wisma Subiyanto, 2<sup>nd</sup> Floor, Jl. TB Simatupang No. 57, Pasar Rebo, East Jakarta.

#### **Aims, Objectives and Business Activities of WSS**

Pursuant to the provisions of Article 3 of WSS' Articles of Association stipulated in the Deed of Establishment of WSS, the aims and objectives of WSS are to engage in:

- a. Contractor;
- b. Construction;
- c. General trading;
- d. Transportation management (freight forwarding and courier);
- e. Industry;
- f. Mining;
- g. Transportation;
- h. Agency;
- i. Services in general, except legal and tax services.

To achieve the aforementioned aims and objectives, WSS may carry out the following business activities:

- a. Engage and undertake various contractor/construction businesses including as building general contractor by providing, planning and executing contractor works for buildings, houses, roads, bridges, drinking water pipelines, irrigation, preparation of transmigration land, plantation land, maintenance works, plants/plantation, real estate and other similar contractor works;
- b. Engage in the construction business in general, construction of residential estates, including rural, urban and industrial estates and transmigration areas, and other related business activities;
- c. Engage in general trade for all types and kinds of goods, including export, import, local and inter-island trade, to act as commissioner, purveyor, agent/representatives, vendor/supplier, wholesaler and distributor, whether on its own behalf or on behalf of other parties based on commissions, including to operate as a trading company, engage in trade related to related business activities, among others, the sale and purchase of houses, office buildings, shopping centers, apartment units, condominium units, office spaces, shopping spaces, and other related business;
- d. Engage in the transportation management service business (freight forwarding and courier), transportation of goods by ground, sea and air transports, which include goods receiving by ground, sea and air transports, including activities of receiving, storing, sorting, packing, labeling, measuring, weighing, document administration handling, documents



- issuance, loading, loading cost calculation, insurance claims on freight forwarding and settlement of bills and other costs related to the transportation of such goods until such goods are received by the rightful recipient;
- Engage in the industry business, including motorcar body manufacturing for passenger and freight motorcars, incorporation and management of industries engaging in agricultural products, plantation product processing, food and beverage, spare parts, assembly, pharmaceutical and cosmetics;
  - Engage in and carry out mining business, including non-oil and gas mining and mining detonation;
  - Establish and carry out businesses engaging in ground and river transportation, packaging and packing industry, warehousing, including containers, and undertake any activities directly or and/or indirectly related to such business activities;
  - Establish and undertake representative/agency businesses for other companies/limited liability companies, whether on its own behalf or on behalf of other parties based on mandates or commissions;
  - Engage in and carry out businesses in services in general, whether brokerage in connection to marketing of insurance, construction or civil consulting, management consulting, and leasing administration, sale and leaseback of motor vehicles, management and leasing services of office building, amusement parks/recreational parks and bonded zones, trade, hotel management, hotel consulting services, advertising, promotion and billboard, entertainment, promotion, agency, management and production, transport and travel supporting activities, lease of machine and equipment, computer, hardware and peripheral, education, sanitation, architecture, design and interior consulting, company performance consulting, operation management consulting, real estate property maintenance and other related business, except legal and tax services.

### Capital Structure and Shareholder Composition of WSS

As set forth in the Deed No. 33/2016, the capital structure and shareholder composition of WSS are as follows:

Description	Nominal Value Rp1,000,000.- per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>90,000</b>	<b>90,000,000,000</b>	
Issued and Fully Paid-up Capital			
1. The Company	49,500	49,500,000,000	55
2. Andre Mirza Hartawan	32,638	32,638,000,000	36.26
3. Reza Rhenaldi Syaiful	3,931	3,931,000,000	4.37
4. Dewi Monita	3,931	3,931,000,000	4.37
<b>Total Issued and Fully Paid-up Capital</b>	<b>90,000</b>	<b>90,000,000,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>-</b>	<b>-</b>	

### Management and Supervision of WSS

As set forth in the Deed No. 33/2016, WSS' Board of Commissioners and Board of Directors compositions are as follows:

#### Board of Commissioners

President Commissioner : Andre Mirza Hartawan  
 Commissioner : Indaryanto

#### Board of Directors

President Director : Silvester Purnomo  
 Director : Nurjaman  
 Director : Reza Rhenaldi Syaiful

### Key Financial Highlights of WSS

WSS' key financial highlights for the years ended December 31, 2016 and 2015, below are derived from the Financial Statements for the years ended December 31, 2016 and 2015, which have been audited by the Public Accounting Firm Warnoyo & Mennix with Unqualified Opinion.

Description	(In millions of Rupiah)		
	As of and for the year ended December 31,		
	2016	2015	
Total assets	129,495	62,692	
Total Liabilities	39,468	53,079	

Total Equity	90,000	10,000
Retained Earnings	26	(387)
Revenue	26	7
Total expenses	-	(86)
Net Income	26	(79)

#### 4) PT PP Properti Jababeka Residen ("PJR")

Up to the date of issuance of this Prospectus, the Company has 52.6% of share ownership in PJR.

##### **Brief History of PJR**

PJR is a limited liability company established by virtue of the laws of the Republic of Indonesia and is domiciled in Bekasi Regency. PJR was established under the name of "PT Pembangunan Perumahan Properti Jababeka Residen" as stipulated in the Deed of Establishment of the Limited Liability Company PT Pembangunan Perumahan Properti Jababeka Residen or abbreviated as "PT PP Properti Jababeka Residen" No. 42 dated November 16, 2016, drawn up before Telly Feberianawati, S.H., a Notary in Bekasi, which was approved by the Minister of Justice of the Republic of Indonesia by virtue of decree No. AHU-0052327.AH.01.01.Tahun 2016 dated November 23, 2016, and was registered in the Company Register under No. AHU-0139963.AH.01.11.Tahun 2016 dated November 23, 2016 ("**Deed of Establishment of PJR**").

Up to the date of issuance of this Prospectus, PJR's Articles of Association have not been amended.

PJR is domiciled at Hollywood Plaza No.10-12 Jl. H. Umar Ismail, Jababeka City, Cikarang, Bekasi, Mekarmukti Village, Cikarang Utara District, Bekasi Regency.

##### **Aims, Objectives and Business Activities of PJR**

Pursuant to the provisions of Article 3 of PJR's Articles of Association stipulated in the Deed of Establishment of PJR, the aims and objectives of PJR are to engage in trading, services, construction, real estate and building management business.

To achieve the aforementioned aims and objectives, PJR may carry out the following business activities:

- f. To engage in trading, trading related to real estate business, which includes the sale and purchase of land and/or vacant space and/or ready for development areas, sale and purchase of houses, office buildings, shopping complexes, apartment units, condominium units, office spaces, shop spaces, supermarket, malls, and hotels;
- g. To engage in services;
  - Hotel, office building, apartment, condominium, real estate and mall management services;
  - Hotel operation and maintenance services, both for software and hardware.
  - Consulting services in the construction and planning and business activities of the respective real estate property;
  - Consulting services providing recommendations, advices, opinions on the preparation of feasibility studies for planning, construction, monitoring, and operational evaluation of property and real estate, hotel, office building, apartment, condominium, residential estate, and mall;
  - Property leasing and management services, including leasing and management, repair, maintenance and provision of other supporting facilities, including but not limited to, those for residential estates, office buildings, apartments, condominiums, flats, malls, and tenements, and other related business activities;
  - Consulting services in operation and maintenance management of real estate and property and the physical facilities and infrastructures in the area;
  - Services in the implementation of assembly, welding, construction equipment manufacturing, for movable and immovable buildings and vehicles;
- h. Engage in construction business;
  - Property construction, including but not limited to residential estates, hotels, apartments, offices, industrial estate, tourism estate, and management of sport centers and other property products.
  - Construction of real estate, industrial estate, including as a developer, contractor, planner, executor and organizer of the construction of buildings and houses, apartments (tenements), stores, shophouses, SOHOs, malls, trade centers and other buildings including their interiors, sport facilities, entertainment centers and the respective facilities, roads, bridges, dams, irrigations, bases and installations of electricity, drinking water, gas, telephone and air conditioning systems and rehabilitations of buildings, houses and other existing buildings;
- i. Real estate, including but not limited to the supply of ready to build area, residential properties, residential estate management.
- j. Building management.

### Capital Structure and Shareholder Composition of PJR

As stipulated in PJR's Deed of Establishment, the capital structure and shareholder composition of PJR are as follows:

Description	Nominal Value Rp100.- per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	<b>2,760,540,000</b>	<b>276,054,000,000</b>	
Issued and Fully Paid-up Capital			
1. The Company	1,159,987,800	115,998,780,000	52.6
2. PT Grahabuana Cikarang	1,045,312,200	104,531,220,000	47.4
<b>Total Issued and Fully Paid-up Capital</b>	<b>2,205,300,000</b>	<b>220,530,000,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	-	-	

### Management and Supervision of PJR

As stipulated in PJR's Deed of Establishment, PJR's Board of Commissioners and Board of Directors compositions are as follows:

#### Board of Commissioners

President Commissioner : Sutedja Sidarta Darmono  
 Commissioner : Giyoko Surahmat

#### Board of Directors

President Director : Harris Amin Singgih  
 Director : Awanu Alfian  
 Director : Sukistino  
 Director : Lim Seng Bin

### Key Financial Highlights of PJR

PJR's key financial highlights for the years ended December 31, 2016 and 2015, below are derived from the Financial Statements for the years ended December 31, 2016 and 2015, which have been audited by the Public Accounting Firm Soejatna, Mulyana & Partners with Unqualified Opinion.

(In millions of Rupiah)

Description	As of and for the year ended December 31,	
	2016	
Total assets	415,312	
Total Liabilities	194,675	
Total Equity	220,530	
Retained Earnings	107	
Revenue	107	
Total expenses	-	
Net Income	107	

### H. Association by way of Ownership between the Company and the Legal Entity Shareholders

Presented below are the associations by way of ownership, management and supervision of the Company, its Subsidiaries and Associates:

No.	Name	PTPP	The Company	GSN	HKM	WSS	PJR	JPRO	APRO	SPRO	PPP
1.	Tumiyana	PD	-	-	-	-	-	-	-	-	-

No.	Name	PTPP	The Company	GSN	HKM	WSS	PJR	JPRO	APRO	SPRO	PPP
2.	Lukman Hidayat	D	PC	-	-	-	-	-	-	-	-
3.	M. Aprindi	D	-	-	-	-	-	-	-	-	-
4.	Abdul Haris Tatang	D	-	-	-	-	-	-	-	-	-
5.	Muhammad Toha Fauzi	D	-	-	-	-	-	-	-	-	-
6.	Agus Purbianto	D	-	-	-	-	-	-	-	-	-
7.	Oktavianus Dominggus AGN	PC/IC	-	-	-	-	-	-	-	-	-
8.	Aryanto Sutadi	IC	-	-	-	-	-	-	-	-	-
9.	Muhammad Khoerur Roziqin	C	-	-	-	-	-	-	-	-	-
10.	Sumardi	C	-	-	-	-	-	-	-	-	-
11.	Hediyanto W. Husaini	C	-	-	-	-	-	-	-	-	-
12.	Wismana Adi Suryabrata	C	-	-	-	-	-	-	-	-	-
13.	Betty Ariana	-	C	-	-	-	-	-	-	-	-
14.	Kelik Wirawan Wahyu Widodo	-	IC	-	-	-	-	-	-	-	-
15.	Mohammad Farela	-	IC	-	-	-	-	-	-	-	-
16.	Taufik Hidayat	-	PD	-	-	-	-	-	-	-	-
17.	Indaryanto	-	D	C	-	C	-	-	-	-	-
18.	Galih Saksono	-	D	-	-	-	-	-	-	PC	-
19.	Nanang Siswanto	-	ID	-	-	-	-	-	-	-	-
20.	Sinurlinda Gustina M.	-	D	-	C	-	-	-	PC	-	-
21.	Rudy Harsono	-	-	PD	-	-	-	-	-	-	-
22.	Achmad Mudjiono	-	-	D	PD	-	-	-	-	-	-
23.	Teguh Santoso	-	-	-	D	-	-	-	-	-	-
24.	Silvester Purnomo	-	-	-	-	PD	-	-	-	VPD	-
25.	Nurjaman	-	-	-	-	D	-	-	-	-	-
26.	Reza Rhenaldi Syaiful	-	-	-	-	D	-	-	-	-	-
27.	Andre Mirza Hartawan	-	-	-	-	PC	-	-	-	-	-
28.	Harris Amin Singgih	-	-	-	-	-	PD	D	-	-	-
29.	Awanu Alfian	-	-	-	-	-	D	PD	-	-	-
30.	Sukistino	-	-	-	-	-	D	-	-	-	-
31.	Lim Seng Bin	-	-	-	-	-	D	-	-	-	-
32.	Sutedja Sidarta Darmono	-	-	-	-	-	PC	C	-	-	-
33.	Giyoko Surahmat	-	-	-	-	-	C	PC	-	-	-
34.	Tubagus Ali Akbar	-	-	-	-	-	-	-	-	C	-
35.	Richard Susilo	-	-	-	-	-	-	-	-	PD	-
36.	Muhammad Imran	-	-	-	-	-	-	-	-	D	-
37.	Ardi Anwar	-	-	-	-	-	-	-	-	D	-
38.	Onny Hendro A.	-	-	-	-	-	-	-	-	-	PC
39.	Arief Rakhman	-	-	-	-	-	-	-	-	-	C
40.	Syaiful Tri Putranto	-	-	-	-	-	-	-	-	-	PD
41.	Achmad Yani	-	-	-	-	-	-	-	-	-	D
42.	Antonius Hary Sutanto	-	-	-	-	-	-	-	-	-	D
43.	Muhamad Kerry Adrianto Riza	-	-	-	-	-	-	-	C	-	-
44.	Herdian Ari Wiguna	-	-	-	-	-	-	-	PD	-	-
45.	Median Aziz	-	-	-	-	-	-	-	D	-	-
46.	George Bartley Ngantung	-	-	-	-	-	-	-	D	-	-

**Note:**

PC : President Commissioner  
 IC : Independent Commissioner  
 C : Commissioner

PD : President Director  
 D : Director  
 ID : Independent Director

## I. Description of Transactions with Affiliates

No.	Title of Agreement	Parties	Scope	Period
<b>The Company</b>				
<b>Agreements in Connection with the Bonds Public Offering</b>				
1.	<b>Deed of PP Properti Bonds I Year 2016 Trustee Agreement No. 36</b> dated April 12, 2016 <i>junctis</i> <b>Deed of Amendment I to PP Properti Bonds I Year 2016 Trustee Agreement No. 33</b> dated May 17, 2016 <i>junctis</i> <b>Deed of Amendment II to PP Properti Bonds I Year 2016 Trustee Agreement No. 41</b> dated June 14, 2016, the three of which were drawn up before Fathiah Helmi, S.H., a Notary in Jakarta.	1. The Company 2. PT Bank Mandiri (Persero) Tbk ("Trustee")	<p>Bonds Public Offering titled PP Properti Bonds I Year 2016 totaling Rp600,000,000,000.- (six hundred billion Rupiah), consisting of:</p> <ol style="list-style-type: none"> <li>1. A Series Bonds, having a maturity of 36 (thirty six) months commencing on the issue date with a principal amount of Rp200,00,000,000.-, bearing a fixed interest rate of 9.15% per annum;</li> <li>2. B Series Bonds, having a maturity of 60 (sixty) months commencing on the issue date with a principal amount of Rp400,00,000,000.-, bearing a fixed interest rate of 9.90% per annum;</li> </ol> <p>Proceeds from the public offering, net of issuance costs, shall be used as follows:</p> <ol style="list-style-type: none"> <li>1. Approximately 70% (seventy percent) to finance investments in the form of business developments in Java, Kalimantan and Lombok Islands conducted by the Company and/or its Subsidiaries, which may be conducted by developing new projects, or by acquiring land and/or building located on such land and/or by acquiring companies that have owned property projects and/or land.</li> <li>2. Approximately 15% (fifteen percent) to finance the Company's and its Subsidiaries' working capital; and</li> <li>3. Approximately 15% (fifteen percent) to refinance the Company's loans arising from land acquisitions.</li> </ol>	<p>The agreement is effective upon the date of signing, and shall terminate automatically in the event that:</p> <ol style="list-style-type: none"> <li>1. The Registration Statement filed to the FSA is canceled due to events stipulated in the Securities Underwriting Agreement; or</li> <li>2. After the Preliminary Offering is conducted, the Company and the Joint Lead Underwriters fail to reach an agreement on the terms of the bonds as stipulated in the Trustee Agreement; or</li> <li>3. Failure to obtain the Effective Statement by no later than 6 months following the date of the last financial statements audited by the accountant, namely December 31, 2015, as stated in the Prospectus; or</li> <li>4. The cancellation of the Bonds Public Offering; or</li> <li>5. Registration of the Bonds is not performed within 1 Business Day subsequent to the Distribution Date due to failure to satisfy the registration requirements at IDX; or</li> <li>6. Upon satisfaction of all the rights and obligations stipulated in the Trustee Agreement.</li> </ol>
<b>Credit Agreements</b>				
2.	<b>Deed of Credit Agreement No. 146</b> dated July 22, 2014, drawn up before Meri Efda, S.H., a Notary in Jakarta.	1. The Company ("Debtor") 2. PT Bank Rakyat Indonesia (Persero) Tbk. ("Bank")	<p>The Bank grants the Debtor with a Working Capital Credit Facility amounting to Rp40,000,000,000.-, bearing an interest rate of 12.5% per annum.</p> <p>The Debtor pledges the following collaterals as security for the credit facility:</p> <ol style="list-style-type: none"> <li>1. HGB Certificate No. 1989/Dukuh Pakis located at Jl. Dukuh Pakis II, Dukuh Pakis Sub-district, Dukuh Pakis District, Surabaya,</li> </ol>	July 22, 2014 up to July 22, 2017

No.	Title of Agreement	Parties	Scope	Period
			<p>East Java Province under the name of PT PP (Persero) Tbk.;</p> <p>2. Immovable Goods and everything that is planted and erected on such land, particularly residential building and commercial building, which shall be charged with Second, Third and Fourth Mortgage Rights according to the construction progress (upon request by the Bank).</p> <p>The Debtor shall be obligated inform the Bank in writing before taking the following actions:</p> <ol style="list-style-type: none"> <li>1. Conduct acquisitions, sell the Company's assets;</li> <li>2. Perform amendment to Articles of Association or change the composition of management or shareholders<sup>*)</sup> and capital structure;</li> <li>3. Bind itself as a guarantor of another party and/or pledge the Company's assets as collaterals to other parties;</li> <li>4. Make investment in shares, with the exception of currently existing investments provided that such investments do not undermine the Company's cash flows and the Company's NWC remains positive;</li> <li>5. Extend loans to shareholders;</li> <li>6. Distribute dividends to shareholders, unless such dividends are to be used as additional paid in capital to the Company;</li> <li>7. Enter into transactions with other parties, including but not limited to its affiliates, in manners that are not in conformity to the common practices or at a higher purchase price or to sell at a price that is lower than the market price;</li> <li>8. Obtain new loans/credits from other banks or other financial institutions, except for transactions in the normal course of business and other existing bank loan facilities;</li> <li>9. Make investments, perform business expansions and sales of the Company's assets in the sum exceeding Rp500,000,000.-; and</li> <li>10. Make changes to project plans, whether related to the respective project's location or installed capacity.</li> </ol> <p>The Company has submitted a notification to PT Bank Rakyat Indonesia (Persero) Tbk with respect to the following corporate action since 2017:</p> <ol style="list-style-type: none"> <li>1. Stock Split;</li> <li>2. Plan to Increase Issued and Paid-Up Capital by Issuing Preemptive Rights;</li> <li>3. Amendment to the Company's Articles of Association and management composition;</li> </ol> <p>as set forth in the Company's letter No. 153/EXT/PP-PROP/2017 dated February 20, 2017, concerning the Notification of PT PP Properti Tbk's Corporate Action since 2017.</p> <p><u>*) Note:</u> The Company has filed a request to PT Bank Rakyat Indonesia (Persero) Tbk in connection with the request for approval to revoke the obligation to notify the Bank on changes to shareholder composition as set forth in the Company's Letter No. 216/EXT/PP-PROP/2017 dated March 7, 2017.</p> <p>Up to the date of issuance of this Prospectus, the Company is in process of obtaining such approval from PT Bank Rakyat Indonesia (Persero) Tbk.</p>	



No.	Title of Agreement	Parties	Scope	Period
3.	<b>Deed of Credit Agreement No. 1571</b> dated December 30, 2014, drawn up before Joko Suryanto, S.H., a Notary in Bekasi.	1. The Company ("Debtor") 2. PT Bank Tabungan Negara (Persero) Tbk ("Bank")	<p>The Bank grants the Debtor with BTN Construction Credit Facility amounting to Rp250,000,000,000.-, bearing an interest rate of 11.5% per annum, which may be adjusted from time to time according to the Bank's discretion.</p> <p>The Debtor pledges the following collaterals as security for the credit facility:</p> <ol style="list-style-type: none"> <li><u>Principal Collateral:</u> Fiduciary Lien on Building Right Title (HGB) Certificate No. 8475 and the Quit Claim Deed No. 8 dated February 22, 2013, on the land where the Project is located and on building.</li> <li><u>Additional Collaterals:</u> Assignment (<i>cessie</i>) of all the Debtor's receivables arising from sales generated from the Project financed by the Bank as stipulated in the Deed of Assignment (<i>Cessie</i>) No. 1573 dated December 30, 2014, drawn up before Joko Suryanto, S.H., a Notary in Bekasi.</li> </ol> <p>The Debtor shall be obligated to submit a written notification to the Bank before, among others, making any amendment on its Articles of Association and/or changing the composition of its management.</p> <p>The Company has submitted a notification to PT Bank Tabungan Negara (Persero) Tbk with respect to the following corporate action in 2017:</p> <ol style="list-style-type: none"> <li>Stock Split;</li> <li>Plan to Increase Issued and Paid-Up Capital by Issuing Preemptive Rights;</li> <li>Amendment to the Company's Articles of Association and management composition;</li> </ol> <p>as set forth in the Company's letter No. 154/EXT/PP-PROP/2017 dated February 20, 2017, concerning the Notification of PT PP Properti Tbk's Corporate Actions in 2017.</p>	December 30, 2014 up to December 30, 2019
4.	<b>Deed of Credit Agreement No. 21</b> dated October 18, 2016, drawn up before Ratna Artsilia, S.H., a Notary in Surabaya.	1. The Company ("Debtor") 2. PT Bank Tabungan Negara (Persero) Tbk ("Bank")	<p>The Bank grants the Debtor with a Non-Revolving Credit Facility amounting to Rp325,000,000,000.-, bearing an interest rate of 9.5% per annum.</p> <p>The Debtor pledges the following collaterals as security for the credit facility:</p> <ol style="list-style-type: none"> <li>HGB Certificate for a portion of land with a total area of ±3,619m<sup>2</sup> resulting from the split of HGB Certificate No. 4522/Dukuh Pakis, which transfer of title is in process;</li> <li>Assignment (<i>cessie</i>) of receivables related to the sale of apartment units.</li> </ol> <p>The Debtor is prohibited from taking any of the following actions without prior written notification to the Bank:</p> <ol style="list-style-type: none"> <li>Satisfy the administrative and financial requirements;</li> <li>Submit the credit approval as stated in the Credit Approval Letter, which shall be signed by the authorized party in accordance with the Articles of Association;</li> <li>Submit photocopies of the Company's valid supporting documents attesting the legality of the Company.</li> <li>Submit the original handover evidence of land under HGB Certificate No. 4522/Dukuh Pakis with a total area of 12,535 m<sup>2</sup> under the Debtor's name.</li> </ol>	October 18, 2016 up to October 18, 2021
<b>Lease Agreement</b>				

No.	Title of Agreement	Parties	Scope	Period
5.	<b>Lease Agreement No. 01/PROP-PLPP/SPS/II/2015</b> dated January 2, 2015.	1. PT PP (Persero) Tbk ("Lessor") 2. The Company ("Lessee")	<p>The Lessor leases to the Lessee a space with a total area of 350 m<sup>2</sup> located at the 2<sup>nd</sup> Floor of Wisma Subiyanto, Jl. Letjend. TB. Simatupang No. 57, East Jakarta, subject to the following conditions:</p> <ol style="list-style-type: none"> <li>1. Rental Price of Rp120,000.-/m<sup>2</sup>/month; and</li> <li>2. Service Charge of Rp80,000.-/m<sup>2</sup>/month.</li> </ol> <p>The guarantee deposit paid by the Lessee to the Lessor pursuant to this Agreement is Rp210,000,000.- or equals to a 3 (three)-month Rental Price.</p> <p>The obligations of the Lessor pursuant to the Agreement are, among others:</p> <ol style="list-style-type: none"> <li>1. The Leased Space shall be used by the Lessor solely for its office activities;</li> <li>2. The Lessor shall not use the Leased Space or allow the Leased Space to be used to carry out prohibited or immoral activities, as a residence, shop or warehouse (except for the normal office warehouse), factories or convection or any other activities that may result in nuisance or losses to the Lessor;</li> <li>3. The Lessor shall be prohibited from storing hazardous chemicals or flammable goods or undertaking activities that may pose dangers to the building or its tenants; and</li> <li>4. The Lessor shall be prohibited from leasing the Leased Space or transfer a portion or all of the Leased Space to any third parties.</li> </ol>	January 1, 2015 up to December 31, 2017
<b>Cooperation Agreement</b>				
6.	<b>Cooperation Agreement on the Provision of Apartment Ownership Credit Facility (KPA) No. B.95-KRK/PKS/10/2014</b> dated October 31, 2014.	1. The Company ("Developer") 2. PT Bank Rakyat Indonesia (Persero) Tbk. ("Bank")	<p>The Parties agree to enter into a cooperation pursuant to the marketing and sale of apartment units through the provision of Apartment Ownership Credit Facility (<i>Kredit Pemilikan Apartemen</i>, KPA) to the Customers from the Developer for the financing of the purchase of Pavilion Permata Apartment I and II, and Grand Sungkono Lagoon Apartment located in Surabaya, Grand Kamala Lagoon located in Bekasi, Gunung Putri Square located in Bogor Regency, and other projects to be developed across Indonesia.</p> <p>The Rights and Obligations of the Developer are, among others:</p> <ol style="list-style-type: none"> <li>1. The Developer shall have the right to take over the Bank's position as a creditor on a subrogation basis upon settlement of all Consumer's liabilities in order to implement the payment guarantee;</li> <li>2. In building and marketing the Project to Consumers, the Developers shall duly observe Consumer Rights according to the provisions of the Consumer Protection Law prevailing in Indonesia.</li> <li>3. The Developer shall be obligated to open a Developer account and a special account.</li> <li>4. The Developer shall be obligated to finalize the applications for certificates and documents required in order to execute the Agreement;</li> <li>5. The Developer shall be obligated to provide reasons acceptable by the Bank, if the works under the Developer's responsibilities are not yet completed during the terms previously agreed and the Debtor intends to request for an extension;</li> <li>6. The Developer shall be obligated to act as a media to provide information on KPA facilities and the costs that may arise to Consumers.</li> </ol>	<p>Until all of the Debtor's obligations are met.</p> <p>Up to the issuance of this Prospectus, the Agreement is still valid and has never been terminated.</p>

No.	Title of Agreement	Parties	Scope	Period
			7. The Developer shall be obligated to provide advices to Consumers intending to purchase the apartment unit by utilizing the KPA facility; 8. The Developer shall be obligated to be the intermediary and coordinator between the Bank and the Consumer and assist the Consumers in performing their obligations, including but not limited to the payment obligations arising from the KPA facility; and 9. The Developer shall be obligated to insure the Project during the construction period with Construction All Risk coverage	
7.	Cooperation Agreement on the Provision of House Ownership Credit Facility (KPR) No. B.97-KRK/PKS/10/2014 dated October 31, 2014.	1. The Company ("Developer") 2. PT Bank Rakyat Indonesia (Persero) Tbk. ("Bank")	<p>The Parties agree to enter into a cooperation pursuant to the marketing and sale of apartment units through the provision of House Ownership Credit Facility (<i>Kredit Pemilikan Rumah</i>, KPR) to the Customers from the Developer for the financing of the purchase of houses/shophouses known as the Ruko Sungkono Business Park, Perumahan Permata Puri, Perumahan Payon Amarta and Gunung Putri Square located in Surabaya, Semarang and Bogor that have been and will be developed by the Developer across Indonesia.</p> <p>The Rights and Obligations of the Developer are, among others:</p> <ol style="list-style-type: none"> <li>1. The Developer shall have the right to take over the Bank's position as a creditor on a subrogation basis upon settlement of all Consumer's liabilities in order to implement the payment guarantee;</li> <li>2. In building and marketing the Project to Consumers, the Developers shall duly observe Consumer Rights according to the provisions of the Consumer Protection Law prevailing in Indonesia.</li> <li>3. The Developer shall be obligated to open the Developer account;</li> <li>4. The Developer shall be obligated to finalize the applications for certificates and documents required in order to execute the Agreement;</li> <li>5. The Developer shall be obligated to provide reasons acceptable by the Bank, if the works under the Developer's responsibilities are not yet completed during the terms previously agreed and the Debtor intends to request for an extension;</li> <li>6. Upon the Bank's request, the Developer shall be obligated to hand over the license and permit application process to the Bank and/or Notary &amp; Conveyancer, supported by the required original documents and irrevocable power of attorney to the Bank or to the Notary &amp; Conveyancer appointed by the Bank, to continue and finalize the document application, in the event that the Developer fails to complete the split of master certificate and submit the legalized Building Construction Permit (IMB) after an extension of 6 (six) months.</li> <li>7. The Developer shall be obligated to bear all costs arising from the takeover of the license and permit application process and shall grant an irrevocable power of attorney to the Bank to debit the Developer's account.</li> <li>8. The Developer shall be obligated to act as a media to provide information on KPA facilities and the costs that may arise to Consumers.</li> <li>9. The Developer shall be obligated to provide advices to Consumers intending to purchase the apartment unit by utilizing the KPA facility;</li> </ol>	<p>Until all of the Debtor's obligations are met.</p> <p>Up to the issuance of this Prospectus, the Agreement is still valid and has never been terminated.</p>

No.	Title of Agreement	Parties	Scope	Period
			<p>10. The Developer shall be obligated to be the intermediary and coordinator between the Bank and the Consumer and assist the Consumers in performing their obligations, including but not limited to the payment obligations arising from the KPA facility; and</p> <p>11. In the event of a default by the Consumer, the Developer shall be obligated to assist the Bank in selling and/or marketing the Project</p>	
8.	<b>Cooperation Agreement on the Provision of Apartment Ownership Credit Facility (KPA) No. 201/SLN/PKS/2016</b> dated September 15, 2016	<p>1. PT Bank Negara Indonesia (Persero) Tbk. ("<b>First Party</b>")</p> <p>2. The Company ("<b>Second Party</b>")</p>	<p>The Parties agree to enter into a cooperation to provide Apartment Ownership Credit Facility ("BNI Griya") to the public intending to purchase apartment units in the Grand Kamala Lagoon Apartment that will be built and managed by the Second Party ("Project").</p> <p>The Rights and Obligations of the Second Party are, among others:</p> <ol style="list-style-type: none"> <li>To receive the fund from the disbursement of BNI Griya in the sum as previously agreed;</li> <li>To complete the construction of the apartment until the apartments are in livable condition by no later than 36 months following the signing of the KPA facility agreement between the First Party and debtors;</li> <li>To pay a late penalty of Rp50,000.- per business day to the First Party for any delay in the submission of documents required in the Agreement;</li> <li>To complete the construction of the Project's infrastructures (social/public facilities) according to the agreement with debtors and in accordance with the prevailing laws; and</li> <li>To inform the First Party by no later than 14 business days prior to the signing of the deed of sale and purchase agreement and the Power of Attorney to Assign Mortgage (SKMHT)/Deed of Mortgage Charge (APHT), which shall be conducted simultaneously.</li> </ol>	<p>Until the Agreement is unilaterally terminated by each Party or terminated upon agreement of the Parties.</p> <p>Up to the issuance of this Prospectus, the Agreement is still valid and has never been terminated.</p>
9.	<b>Work Order for Structure Work Package of Grand Kemala Lagoon Project Bekasi No. 274/SPK/GKL/XI/14</b> dated November 27, 2014.	<p>1. the Company ("<b>Second Party</b>")</p> <p>2. PT PP (Persero) Tbk ("<b>Second Party</b>")</p>	<p>The Parties agree to enter into a cooperation in the construction of structure works for Grand Kamala Lagoon Project located in Bekasi with a contract value of Rp 205,863,863,900,000.- (the contract value has included overhead cost, contractors fee, 10% VAT and WHT, equipment mobilization and demobilization, local licenses and permits; and any matter arising as a result of the work).</p> <p>The Rights and Obligations of the First Party to, among others, lead, coordinate and monitor the implementation of the works, shall be represented by the construction management consultant or other parties appointed by the First Party.</p> <p>The Rights and Obligations of the Second Party are, among others:</p> <ol style="list-style-type: none"> <li>To bear the deductible construction all risk and TPL; and</li> <li>To bear the Astek (Labor Insurance) or Jamsostek (Labor Social Security) of the workers.</li> </ol>	<p><u>Work Implementation:</u> 15 months from land handover.</p> <p><u>Maintenance Period:</u> 365 days.</p> <p>Up to the issuance of this Prospectus, the Agreement is still valid and has never been terminated.</p>
10.	<b>Work Order for Structure Work of Grand Sungkono Lagoon Apartment Venetian Tower Project – Surabaya</b> dated November 10, 2014.	<p>1. the Company ("<b>Second Party</b>")</p> <p>2. PT PP (Persero) Tbk ("<b>Second Party</b>")</p>	<p>The Parties agree to enter into a cooperation in the construction of structure works for Grand Sungkono Lagoon Apartment Venetian Tower Project located on Jl. Abdul Wahab Siamin No. 9, Surabaya, with a contract value of Rp 84,000,000,000.-.</p> <p>The Rights and Obligations of the Second Party are, among others:</p> <ol style="list-style-type: none"> <li>To bear the deductible construction all risk and TPL; and</li> </ol>	<p><u>Work Implementation:</u> 13 months effective from 7 (seven) calendar days subsequent to the last date of the followings:</p> <ol style="list-style-type: none"> <li>Issuance of Agreement signed by the Parties;</li> </ol>

No.	Title of Agreement	Parties	Scope	Period
			2. To bear the Astek (Labor Insurance) or Jamsostek (Labor Social Security) of the workers.	2. Receipt of all down payments by the Second Party; 3. Complete land handover to the Second Party; 4. Issuance of AMDAL (Analysis on Environmental Impact), Building Construction Permit (IMB) and Building Use Permit (IPB).  <u>Maintenance Period:</u> 180 days subsequent to the Work Handover Report (BAST-I).  Up to the issuance of this Prospectus, the Agreement is still valid and has never been terminated.

**Note:**

The Affiliations between the Company and its Subsidiaries with the parties referred to above are as follows:

**Direct Affiliation**

PT PP (Persero) Tbk is the Company's majority shareholder.

**Indirect Affiliation**

Affiliation through PT PP (Persero) Tbk as the Company's majority shareholder, where the affiliation arise from the Government's investment in PT PP (Persero) Tbk, PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Tabungan Negara (Persero) Tbk and PT Bank Mandiri (Persero) Tbk.

Agreements with the Affiliated Parties referred to above are made under fair terms and conditions (arm's length basis).

**J. Insurance**

The Company holds insurance policies to cover its assets and health insurance policies for its employees from, among others, the following insurance companies:

- 1) PT AIG Insurance Indonesia;
- 2) PT Arthagraha General Insurance;
- 3) PT Asuransi Allianz Utama Indonesia;
- 4) PT Asuransi Asoka Mas;
- 5) PT Asuransi AXA Indonesia;
- 6) PT Asuransi Bintang Tbk;
- 7) PT Asuransi Himalaya Pelindung;
- 8) PT Asuransi QBE Pool Indonesia;
- 9) PT Asuransi Sinar Mas;
- 10) PT Asuransi Wahana Tata;
- 11) PT AXA Mandiri General Insurance; and
- 12) PT BNI Life Insurance.

The following table presents the Company's and its Subsidiaries' insurance policies:

No.	No. Policy	Type of Insurance	Sum Insured	Validity Period	Insured Object
<b>The Company</b>					
1.	10010109161000242	Property All Risk	Rp1,947,200,000.-	November 1, 2017	Facilities, equipment and building located at Laguna Sport Center Jl. Radar AURI No. 57, Mekarsari Sub-district, Cimanggis District, Depok, West Java.

No.	No. Policy	Type of Insurance	Sum Insured	Validity Period	Insured Object
2.	10010109161000227	Property All Risk	Rp1,254,300,000.-	November 1, 2017	Facilities, equipment and building located at Permata Puri Sport Center Jl. Radar AURI No. 57, Cisalak Pasar Sub-district, Cimanggis District, Depok, West Java.
3.	022.4050.201.2016.001382.00	Property All Risk	Rp70,000,000,000.-	25-11-2017	1. Building 2. Property, its contents and equipment; and 3. Machineries located at Jl. D.I. Panjaitan Kav 5-7, East Jakarta, 13340.
4.	F02-01-11-2016-00000330-000	Property All Risk	Rp95,000,000,000.-	November 1, 2017	Building, property and its content and interior, equipment and machineries located at Jl. Penghulu Haji Hasan Mustofa No. 57/47 Bandung, West Java, 40124.
5.	P10411102330003	Property All Risk	Rp304,100,000.-	November 1, 2017	Apartment and office buildings located at Jl. Mercedes Benz No. 257, Gunung Putri Village, Gunung Putri District, Bogor Regency, West Java Province.
6.	P10411102449001	Property All Risk	Rp3,500,000,000.-	November 2, 2017	Office building, facilities and furniture and fixtures located at Jl. H. Adam Malik No. 103 Silalas, Medan Barat, Medan City, North Sumatra.
7.	P10411102450001	Property All Risk	Rp1,100,000,000.-	November 2, 2017	Office building located at Jl. Raya Darmo No. 29 I, Surabaya City, East Java.
8.	1110109111600006	Property All Risk	Rp3,099,191,000.-	November 2, 2017	1. Office building located at Jl. Pemuda No. 165, Sekayu Sub-district, Semarang Tengah District, Semarang; 2. Residential house at Jl. Siliwangi No. 333, Kalibanteng Kulon Sub-district, Semarang Barat District, Semarang; 3. Personal warehouse at Jl. Pamularsih No. 19, Gisikdrono Sub-district, Semarang Barat District, Semarang City.
9.	P10115101546003	Earthquake	Rp304,100,000.-	November 1, 2017	Apartment and office buildings located at Jl. Mercedes Benz No. 257, Gunung Putri Village, Gunung Putri District, Bogor Regency, West Java Province.
10.	022.4050.202.2016.000148.00	Earthquake	Rp70,000,000,000.-	November 25, 2017	1. Building 2. Property, its contents and equipment; and 3. Machineries located at Jl. D.I. Panjaitan Kav 5-7, East Jakarta, 13340.
11.	F03-01-11-2016-00000264-000	Earthquake	Rp95,000,000,000.-	November 1, 2017	1. Building 2. Property, its contents and equipment; and



No.	No. Policy	Type of Insurance	Sum Insured	Validity Period	Insured Object
					3. Machineries located at Jl. Penghulu Haji Hasan Mustofa No. 54/47 Bandung, West Java, 40124.
12.	10010105161000115	Earthquake	1. Building: Rp1,414,900,000.- 2. Equipment: Rp532,300,000.-	November 1, 2017	Property and Equipment located at Laguna Sport Center Jl. Radar AURI No. 57, Mekarsari Sub-district, Cimanggis District, Depok, West Java.
13.	10010105161000103	Earthquake	1. Building: Rp785,900,000.- 2. Equipment: Rp468,400,000.-	November 1, 2017	Property and Equipment located at Permata Puri Sport Center Jl. Radar AURI No. 57, Cisalak Pasar Sub-district, Cimanggis District, Depok, West Java.
14.	P10115101594001	Earthquake	Rp1,100,000,000.-	November 2, 2017	Property located at Jl. Raya Darmo No. 29 I, Surabaya City, East Java.
15.	P10115101596001	Earthquake	Rp3,500,000,000.-	November 2, 2017	Property, facilities and furniture and fixtures located at Jl. H. Adam Malik No. 103 Silalas, Medan Barat, Medan City, North Sumatra, 20114.
16.	1110122111600003	Earthquake	Rp3,099,191,000.-	November 2, 2017	1. Office building located at Jl. Pemuda No. 165, Sekayu Sub-district, Semarang Tengah District, Semarang; 2. Residential house at Jl. Siliwangi No. 333, Kalibanteng Kulon Sub-district, Semarang Barat District, Semarang; 3. Personal warehouse at Jl. Pamularsih No. 19, Gisikdrono Sub-district, Semarang Barat District, Semarang City.
17.	11-E0002686-CAR-E004	Contractors All Risks	Rp465,000,000,000.-	April 19, 2017	For the Grand Kamala Lagoon apartment building construction (two twin towers) consisting of 45 apartments, 4 basements for 4 towers), located at Jl. K.H. Noer Ali, Pekayon, Bekasi.
18.	JKT00-G-1407-00E0004625	Contractors All Risks	Rp275,000,000,000.-	March 31, 2017	For the Grand Sungkono Lagoon Venetian Tower 1 building construction (34 stories apartment + 1 roofing + 3 basements), located at Jl. Abdul Wahab Slanain Kav 9-10, Surabaya.
19.	01.0801.0516.00003	Contractors All Risks	Rp41,598,670,471.-	March 26, 2017	Architectural Works of Pinus Tower, Gunung Putri Square Project, Bogor, West Java.
20.	022.4050.501.2016.000011.00	Public Liability Insurance	USD1,000,000.-	November 11, 2017	Compensation of all sums insured, which constitute a liability according to the law with respect to damages in connection with: 1. Bodily injuries (including death or illness) for every person; 2. Death caused by accidents or property damages; which occur in the course of the business activities insured during the insurance period.

No.	No. Policy	Type of Insurance	Sum Insured	Validity Period	Insured Object
					Located in Park Hotel Panjaitan at Jl. D.I. Panjaitan Kav 5-7, East Jakarta, 13340.
21.	022.4050.501.2015.000011.00	Public Liability Insurance	USD1,000,000.-	November 1, 2017.	<p>Compensation of all sums insured, which constitute a liability according to the law with respect to damages in connection with:</p> <ol style="list-style-type: none"> <li>1. Bodily injuries (including death or illness) for every person;</li> <li>2. Death caused by accidents or property damages;</li> </ol> <p>which occur in the course of the business activities insured during the insurance period.</p> <p>Located at Jl. Penghulu Haji Hasan Mustofa No. 54/47, Bandung.</p>
22.	1083/PK-KES/0713	Life Insurance	<p>Annual Limits based on Employee Classification:</p> <p>In-patient and Surgery:</p> <ol style="list-style-type: none"> <li>1. Plan 1 = unlimited</li> <li>2. Plan 2 = unlimited</li> <li>3. Plan 3 = unlimited</li> <li>4. Plan 4 = unlimited</li> <li>5. Plan 5 = unlimited</li> <li>6. Plan 6 = unlimited</li> </ol> <p>Outpatient</p> <ol style="list-style-type: none"> <li>1. Plan 1 = Rp10,700,000.-</li> <li>2. Plan 2 = Rp9,300,000.-</li> <li>3. Plan 3 = Rp7,250,000.-</li> <li>4. Plan 4 = Rp7,150,000.-</li> <li>5. Plan 5 = Rp5,100,000.-</li> <li>6. Plan 6 = Rp3,300,000.-</li> </ol> <p>Dental Treatment:</p> <ol style="list-style-type: none"> <li>1. Plan 1 = Rp3,850,000.-</li> <li>2. Plan 2 = Rp3,300,000.-</li> <li>3. Plan 3 = Rp3,100,000.-</li> <li>4. Plan 4 = Rp3,100,000.-</li> <li>5. Plan 5 = Rp2,500,000.-</li> <li>6. Plan 6 = Rp1,950,000.-</li> </ol>	June 30, 2017	The Company's employees and/or their families as registered in the list of Participants/Insured Persons.
GSN					
23.	PFC 00223829	Fire Insurance	Rp250,522,411,073.-	March 12, 2018	1. Trade Center, consisting of buildings, machineries and equipment, and

No.	No. Policy	Type of Insurance	Sum Insured	Validity Period	Insured Object
					2. Plaza, consisting of buildings, machineries and equipment, and located at Jl. Kapas Krampung No. 45, Tambakrejo, Simokerto, Surabaya.
24.	01.111.2016.00024	Fire Insurance	Rp80,000,000,000.-	December 20, 2017	Buildings located at Pasar Kapas Krampung Jl. Kapas Krampung No. 45, Tambakrejo, Simokerto, Surabaya.
<b>HKM</b>					
25.	3437000787	Property All Risk	Rp404,340,125,365.01	December 16, 2017	Buildings located at Balcony City Mall Balikpapan, Balcony City, Jl. Jend. Sudirman, Balikpapan – East Kalimantan, 76113.
26.	1028090916000013	Machinery Breakdown	Rp9,291,236,473.89	October 16, 2017	Swiss Belhotel Balikpapan at Balcony City, Jl. Jend. Sudirman, Balikpapan – East Kalimantan, 76113.
27.	1028150316000026	Cash in Safe	Rp150,000,000.-	October 16, 2017	Swiss Belhotel Balikpapan at Balcony City, Jl. Jend. Sudirman, Balikpapan – East Kalimantan, 76113.
28.	1028030816000022	Cash in Transit	Rp20,000,000,000.-	October 16, 2017	Swiss Belhotel Balikpapan at Balcony City, Jl. Jend. Sudirman, Balikpapan – East Kalimantan, 76113.
29.	1028100116000021	Public Liability	Third Party Property Damage: USD100.00  Car Park Liability: USD250.00	October 16, 2017	Swiss Belhotel Balikpapan at Balcony City, Jl. Jend. Sudirman, Balikpapan – East Kalimantan, 76113.

The Company is not Affiliated to the insurance companies (insurers) referred to above. The sum insured is sufficient to cover losses incurred on the insured facilities and infrastructures.

The Company believes that insurance policies on its material assets are sufficient to replace the insured objects or to cover the insured risks and the Company is not in default and has never received any warnings and/or reprimands in connection with the insurance policies or parts of the insurance policies held by the Company as disclosed above.

#### K. Material Agreements and Commitments with Third Parties

In carrying out its business activities, the Company entered into a number of material agreements with third parties, among others, as follows:

No.	Title of Agreement	Parties	Scope	Period
<b>The Company</b>				
<b>MTN Issuance Agreement</b>				
1.	Agreement on the Issuance of PT PP Properti Medium Term Notes I Year 2014 between PT PP Properti and PT Henan Putihrai Asset Management dated April 22, 2014.	1. The Company ("Issuer") 2. PT Henan Putihrai Asset Management ("Holder of the First MTN")	The Issuer agrees and binds itself to issue the Medium Term Notes ("MTN") to the Holder of the First MTN and the Holder of the First MTN agrees and binds itself to buy the MTN issued by the Issuer at the MTN Principal Amount of Rp 30,000,000,000.-, bearing a fixed interest of 9% per annum, valid from the date of the issuance up to the settlement of the MTN Principal.	April 22, 2014 up to April 22, 2017
2.	Agreement on the Issuance of PT PP Properti Medium Term Notes I and Appointment of Monitoring Agent No. 95 dated January 26, 2016, drawn up before Arry Supratno, S.H., a Notary in Jakarta.	1. The Company ("Issuer") 2. PT Asta Kapital Asia ("Arranger") 3. PT Bank Mandiri (Persero) Tbk ("Monitoring Agent")	The Company intends to issue and offer medium term notes in a private placement based on a shelf-registration, and such MTN shall be titled PT PP Properti Tbk Medium Term Notes (MTN) I (hereinafter referred to as the "MTN"), subject to the following provisions: 1. A Series MTN with a Principal Amount of Rp60,000,000,000.-, which shall be issued by no later than January 29, 2016.	1. A Series MTN, July 31, 2017; 2. B Series MTN, August 7, 2017; 3. C Series MTN, August 14, 2017;

			<p>2. B Series MTN with a Principal Amount of Rp20,000,000,000.-, which shall be issued by no later than February 5, 2016.</p> <p>3. C Series MTN with a Principal Amount of Rp70,000,000,000.-, which shall be issued by no later than February 12, 2016.</p> <p>bearing an interest rate of 10.85% per annum.</p> <p>Maturity of the MTN:</p> <p>1. A Series MTN, July 31, 2017;</p> <p>2. B Series MTN, August 7, 2017;</p> <p>3. C Series MTN, August 14, 2017;</p> <p>The MTN are not secured by any specific collaterals, but secured by all of the Company's assets, both movable and immovable assets, whether those existing or will exist in the future, which shall serve as collaterals for the MTN Holders in accordance with the provisions set forth in Article 1131 and 1132 of the Civil Code.</p> <p>The Issuer has appointed an Arranger that shall find the prospective buyers/investors with respect to the issuance of MTN, and the Issuer has appointed a Monitoring Agent to represent the rights and interests of the MTN Holders and to assist and monitor and supervise the implementation of the Issuer's rights and obligations for the benefits of the MTN Holders.</p> <p>The MTN issued are not intended to be offered to the public under the mechanism of public offering and are not registered on the FSA in accordance with the Law No. 8 of 1995 concerning the Capital Market and the implementing regulations thereof.</p> <p>Up to the issuance of this Prospectus, the Company has issued a total MTN of Rp150,000,000,000.-, with PT Bank Panin Tbk as the MTN Holder.</p>	
3.	<p><b>Deed of Agreement on the Issuance of PT PP Properti Medium Term Notes II and Appointment of Monitoring Agent No. 76</b> dated February 23, 2016, <i>juncto</i> the <b>Deed of Amendment I to the Agreement on the Issuance of PT PP Properti Medium Term Notes II and Appointment of Monitoring Agent No. 80</b> dated March 17, 2016, both of which were drawn up before Arry Supratno, S.H., a Notary in Jakarta.</p>	<p>1. The Company ("Issuer")</p> <p>2. PT Asta Kapital Asia ("Arranger")</p> <p>3. PT Bank Mandiri (Persero) Tbk ("Monitoring Agent")</p>	<p>The Company intends to issue and offer medium term notes in a private placement based on a shelf-registration, and such MTN shall be titled PP Properti Tbk Medium Term Notes (MTN) II (hereinafter referred to as the "MTN"), subject to the following provisions:</p> <p>1. A Series MTN with a Principal Amount of Rp50,000,000,000.-, which shall be issued by no later than February 26, 2016; and</p> <p>2. B Series MTN with a Principal Amount of Rp100,000,000,000.-, which shall be issued by no later than March 21, 2016.</p> <p>bearing an interest rate of 10.85% per annum.</p> <p>Maturity of the MTN:</p> <p>1. A Series MTN, August 28, 2017; and</p> <p>2. B Series MTN, September 21, 2017;</p> <p>The MTN are not secured by any specific collaterals, but secured by all of the Company's assets, both movable and immovable assets, whether those existing or will exist in the future, which shall serve as collaterals for the MTN Holders in accordance with the provisions set forth in Article 1131 and 1132 of the Civil Code.</p> <p>The Issuer has appointed an Arranger that shall find the prospective buyers/investors with respect to the issuance of MTN, and the Issuer has appointed a Monitoring Agent to represent the rights and interests of the MTN Holders and to assist and monitor and supervise the implementation of the Issuer's rights and obligations for the benefits of the MTN Holders.</p>	<p>1. A Series MTN, August 28, 2017; and</p> <p>2. B Series MTN, September 21, 2017;</p>

			<p>The MTN issued are not intended to be offered to the public under the mechanism of public offering and are not registered on the FSA in accordance with the Law No. 8 of 1995 concerning the Capital Market and the implementing regulations thereof.</p> <p>Up to the issuance of this Prospectus, the Company has issued a total MTN of Rp150,000,000,000.-, with PT Bank Panin Tbk as the MTN Holder.</p>	
4.	<p><b>Deed of Agreement on the Issuance of PT PP Properti Medium Term Notes III and Appointment of Monitoring Agent No. 28</b> dated April 11, 2016, drawn up before Arry Supratno, S.H., a Notary in Jakarta.</p>	<ol style="list-style-type: none"> <li>1. The Company ("Issuer")</li> <li>2. PT Daewoo Securities Indonesia ("Arranger")</li> <li>3. PT Bank Mandiri (Persero) Tbk ("Trustee and/or Custodian Bank")</li> <li>4. PT Asanusa Asset Management ("Investment Manager")</li> </ol>	<p>The Company intends to issue and offer medium term notes in a private placement based on a shelf-registration amounting to Rp100,000,000,000.-, and such MTN shall be titled PP Properti Tbk Medium Term Notes (MTN) III (hereinafter referred to as the "MTN"), having a maturity of 36 months commencing on the date of MTN Issuance, namely, May 9, 2016, bearing an interest rate of 11.5% per annum.</p> <p>That the Investment Manager and Custodian Bank have established the Asanusa Jamkrindo Fund, a Private Equity Fund in the form of a Limited Collective Investment Contract by signing the Deed of Limited Collective Investment Contract of the Private Equity Fund Jamkrindo BUMN Fund No. 6 dated September 4, 2013, jo. Deed of Amendment to the Limited Collective Investment Contract of the Private Equity Fund Jamkrindo BUMN Fund No. 20 dated March 8, 2016, both of which were drawn up before Leolin Jayayanti, S.H., M.Kn., a Notary in Jakarta ("CIC"). Pursuant to the CIC, the Investment Manager is authorized to represent the CIC in and outside the court of law, and the Custodian Bank represents the CIC in the ownership of KIK's assets, including to accept the collaterals pledged by the Issuer to the MTN Holders, by registering the collaterals under the name of the Custodian Bank for the benefit of the MTN Holders.</p> <p>Maturity of the MTN: May 9, 2019.</p> <p>To secure the payment of all sums payable by the Issuer to the MTN Holders with respect to the MTN Issuance, the Issuer hereby pledges the following collaterals: Trade/Accounts Receivables which status are current, with a maximum outstanding days of 90 Calendar Days, owned by the Issuer based on minutes or other documentations that contain the amount of the Issuer's receivables and the payment obligations of the service users to the Issuer. The Issuer shall be obligated to maintain the minimum value of the collateral at 100% of the MTN's Principal Amount at all time.</p> <p>The MTN issued are not intended to be offered to the public under the mechanism of public offering and are not registered on the FSA in accordance with the Law No. 8 of 1995 concerning the Capital Market and the implementing regulations thereof.</p> <p>Up to the issuance of this Prospectus, the Company has issued a total MTN of Rp100,000,000,000.-, with the Private Equity Fund, Asanusa Jamkrindo Fund as the MTN Holder.</p>	<p>May 9, 2016 up to May 9, 2019</p>
5.	<p><b>Deed of Agreement on the Issuance of PT PP Properti Tbk's Medium Term Notes IV</b></p>	<ol style="list-style-type: none"> <li>1. The Company ("Issuer")</li> </ol>	<p>The Company intends to issue and offer medium term notes in a private placement based on a shelf-registration, and such MTN shall be titled</p>	<p>1. A Series MTN, May 18, 2018; and</p>

	<p><b>and Appointment of Monitoring Agent No. 75</b> dated May 16, 2016, drawn up before Arry Supratno, S.H., a Notary in Jakarta.</p>	<p>2. PT Asta Kapital Asia ("Arranger")</p> <p>3. PT Bank Mandiri (Persero) Tbk ("Monitoring Agent")</p>	<p>PP Properti Tbk Medium Term Notes (MTN) IV (hereinafter referred to as the "MTN"), subject to the following provisions:</p> <ol style="list-style-type: none"> <li>1. A Series MTN with a Principal Amount of Rp50,000,000,000.-, which shall be issued by no later than May 18, 2016; and</li> <li>2. B Series MTN with a Principal Amount of Rp50,000,000,000.-, which shall be issued by no later than May 25, 2016.</li> </ol> <p>bearing an interest rate of 10.75% per annum.</p> <p>Maturity of the MTN:</p> <ol style="list-style-type: none"> <li>1. A Series MTN, May 18, 2018; and</li> <li>2. B Series MTN, May 25, 2018;</li> </ol> <p>The MTN are not secured by any specific collaterals, but secured by all of the Company's assets, both movable and immovable assets, whether those existing or will exist in the future, which shall serve as collaterals for the MTN Holders in accordance with the provisions set forth in Article 1131 and 1132 of the Civil Code.</p> <p>The Issuer has appointed an Arranger that shall find the prospective buyers/investors with respect to the issuance of MTN, and the Issuer has appointed a Monitoring Agent to represent the rights and interests of the MTN Holders and to assist and monitor and supervise the implementation of the Issuer's rights and obligations for the benefits of the MTN Holders.</p> <p>The MTN issued are not intended to be offered to the public under the mechanism of public offering and are not registered on the FSA in accordance with the Law No. 8 of 1995 concerning the Capital Market and the implementing regulations thereof.</p> <p>Up to the issuance of this Prospectus, the Company has issued a total MTN of Rp100,000,000,000.-, with PT Bank Panin Tbk as the MTN Holder.</p>	<p>2. B Series MTN, May 25, 2018;</p>
6.	<p><b>Deed of Agreement on the Issuance of PT PP Properti Tbk's Medium Term Notes V and Appointment of Security Agent 2016 No. 30</b> dated December 14, 2016, drawn up before Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta.</p>	<p>1. The Company ("Issuer")</p> <p>2. PT BNI Securities ("Arranger")</p> <p>3. PT Bank Mandiri (Persero) Tbk ("Monitoring Agent and Security Agent")</p>	<p>The Company intends to issue and offer medium term notes in a private placement based on a shelf-registration, and such MTN shall be titled PP Properti Tbk Medium Term Notes (MTN) V Year 2016 (hereinafter referred to as the "MTN"), having a Principal Amount of Rp100,000,000,000.-, which shall be issued by no later than December 16, 2016, bearing an interest rate of 10% per annum.</p> <p>Maturity of the MTN: December 16, 2019.</p> <p>The MTN are secured by Fiduciary Lien on Current Receivables, which amount shall be, at the minimum, 100% of the MTN's Principal Amount.</p> <p>The Issuer has appointed an Arranger that shall find the prospective buyers/investors with respect to the issuance of MTN, and the Issuer has appointed a Monitoring Agent to represent the rights and interests of the MTN Holders and to assist and monitor and supervise the implementation of the Issuer's rights and obligations for the benefits of the MTN Holders.</p> <p>The MTN issued are not intended to be offered to the public under the mechanism of public offering and are not registered on the FSA in accordance with the Law No. 8 of 1995 concerning the Capital Market and the implementing regulations thereof.</p>	<p>December 16, 2016 up to December 16, 2019</p>



			Up to the issuance of this Prospectus, the Company has issued a total MTN of Rp100,000,000,000.-, with PT Sinarmas Aset Management, PT Cipta Dana Securities and PT Asuransi Jiwa Central Asia Raya as the MTN Holders.	
<b>Credit Agreements</b>				
7.	<p><b>Deed of Credit Agreement No. 13</b> dated November 17, 2014 <i>junctis the Deed of Escrow Account Management Agreement No. 14</i> dated November 17, 2014, both of which were drawn up before Esther Agustina Ferdinandus, S.H., a Notary in Jakarta, <b>Credit General Terms and Conditions</b> dated November 17, 2014, privately drawn up dan duly stamped and legalized by Esther Agustina Ferdinandus, S.H., a Notary in Jakarta under No. 501/Leg/XI/2014 (Duplo) dated November 17, 2014, and <b>Letter No. 274/RD/CBG-III-XII/2015</b> dated December 17, 2015.</p>	<p>1. The Company ("Debtor")</p> <p>2. PT Bank CIMB Niaga Tbk ("Creditor")</p>	<p>The Bank grants an Investment Credit Facility on a Liquidation Basis – Committed Facility Direct Credit Facility to the Debtor with a maximum facility of Rp190,000,000,000.- ("Investment Credit Facility") bearing an Interest Rate of 11% per annum, Letter of Credit Facility and/or Usance/Sight/Usance Payable at Sight Local LC (<i>Surat Kredit Berdokumen Dalam Negeri</i>, SKBDN), with a Total Facility of Rp150,000,000,000.- ("L/C and SKBDN Facilities") and Bank Guarantee Facility – On a Revolving Basis – Uncommitted Facility Indirect Credit Facility, with a Total Facility of Rp150,000,000,000.- ("Bank Guarantee (BG) Facility").</p> <p>The Debtor pledges the following collaterals as security for the credit facility:</p> <ol style="list-style-type: none"> <li>1. Land and Building and anything constructed thereon of the land and project being financed (Venetial Tower), registered under the name of Debtor with a minimum collateral value of 159% of the aggregate amount of outstanding Credit Facilities or Rp302,100,000,000.-;</li> <li>2. Existing or future Receivables or Claims owned by Debtor with a collateral object value of Rp527,143,164,032.-, and collateral value of Rp425,000,000,000.-; and</li> <li>3. <i>Letter of Comfort</i> dated November 14, 2014, from PT PP (Persero) Tbk, which stated that PT PP (Persero) Tbk has acknowledged and approved the Credit Facilities granted by the Creditor to the Debtor, and confirmed that the Debtor's business activities are running well.</li> </ol> <p>The Affirmative Covenants imposed to the Debtor are, among others:</p> <p>Maintain the following financial ratios:</p> <ol style="list-style-type: none"> <li>a. Maintain a minimum Debt Service Reserve Account (DSRA) of 3 (three) times the interest payable during grace period, and 1 (one) time of principal plus 1 (one) time of interest payable.</li> <li>b. Maintain a minimum Interest Service Coverage Ratio (ISCR) of 5 (five) times after the apartment commences commercial operation; and</li> <li>c. a minimum Debt Service Coverage Ratio (DSCR) of 1 (one) times after the apartment commences commercial operation; and</li> </ol> <p>The Debtor shall be obligated inform the Bank in writing before taking the following actions:</p> <ol style="list-style-type: none"> <li>1. Change the composition of the Debtor's management;</li> <li>2. Change the Company's capital structure or corporate structure, among others, merger, amalgamation and acquisition;</li> <li>3. Announce and distribute dividends/bonus shares to the Debtor's shareholders.</li> </ol>	<p>1. <u>Investment Credit Facility</u> November 17, 2014 up to May 17, 2018</p> <p>2. <u>L/C and SKBDN Facility</u> November 17, 2014 up to February 17, 2016</p> <p>3. <u>Bank Guarantee (BG) Facility</u> November 17, 2014 up to February 17, 2016</p> <p><b>Note:</b></p> <p><sup>1)</sup> The L/C and SKBDN and Bank Guarantee (BG) Facilities had expired on February 17, 2016, and were not extended.</p>

			<p>The Company has submitted a notification to PT Bank CIMB Niaga Tbk with respect to the following corporate action sin 2017:</p> <ol style="list-style-type: none"> <li>1. Stock Split;</li> <li>2. Plan to Increase Issued and Paid-Up Capital by Issuing Preemptive Rights;</li> <li>3. Amendment to the Company's Articles of Association and management composition;</li> </ol> <p>as set forth in the Company's letter No. 156/EXT/PP-PROP/2017 dated February 20, 2017, concerning the Notification of PT PP Properti Tbk's Corporate Action sin 2017.</p> <p><b>Note:</b></p> <p><sup>1)</sup> The L/C and SKBDN and Bank Guarantee (BG) Facilities had expired on February 17, 2016, and were not extended.</p>	
8.	<p><b>Deed of Credit Agreement No. 58</b> dated February 17, 2016, drawn up before Mellyani Noor Shandra, S.H., a Notary in Jakarta.</p>	<ol style="list-style-type: none"> <li>1. The Company ("Debtor")</li> <li>2. PT Bank ICBC Indonesia ("Bank")</li> </ol>	<p>Fixed Installment Facility, with a total facility of Rp300,000,000.00.-, bearing an interest rate of 11.15% per annum.</p> <p>The Debtor pledges the following collaterals as security for the credit facility:</p> <ol style="list-style-type: none"> <li>1. Land and buildings of the Grand Kamala Lagoon Apartment Tower 2 (Barclay) Project, as set forth in the fractional certificate of HGB Certificate 8476/Pekayon Jaya (which covers the area for Tower 2 and Tower 3) ("Tower 2 Certificate");</li> <li>2. Collaterals before the split of Tower 2 Certificates is completed:             <ol style="list-style-type: none"> <li>a. Submit the Notary's cover note representing that the split of the Tower 2 Certificates are in progress to be submitted to the Bank within 9 months from the date of this Agreement;</li> <li>b. Temporary collaterals pledged to the Bank:                 <ol style="list-style-type: none"> <li>i. Power of Attorney to Assign Mortgage (SKMHT) on the HGB Certificate No. 8474 with a total area of 9,613 m<sup>2</sup> and HGB Certificate No. 8478 with a total area of 5,901 m<sup>2</sup>, both of which are registered under the name of the Debtor ("Temporary Collaterals"); and</li> <li>ii. The Debtor submits a Letter of Undertaking, in the event of any obstacles that may jeopardize the legal status/legality of the ownership of the Collaterals, the Debtor shall undertake to replace the Temporary Collaterals with other collaterals.</li> </ol> </li> </ol> </li> <li>3. Fiduciary lien on the Debtor's receivables from the Grand Kamala Lagoon Tower 2 (Barclay) Project;</li> <li>4. Mortgage Charge on HGB Certificate no. 8508 with a total area of 14,715 m<sup>2</sup> registered under the Debtor's name;</li> <li>5. Fiduciary lien on the Debtor's receivables other than from the Grand Kamala Lagoon Tower 2 (Barclay) Project;</li> </ol> <p>The Collaterals in this Agreement are cross-collateralized with the Omnibus Line Credit Agreement granted by the Bank to the Debtor as stipulated in the Deed of Credit Agreement No.</p>	<p>February 17, 2016 up to February 17, 2021.</p>

			<p>59 dated February 17, 2016, drawn up before Mellyani Noor Shandra, S.H., a Notary in Jakarta.</p> <p>The Affirmative Covenants imposed to the Debtor are, among others: The Debtor shall submit a written notification to the Bank prior to:</p> <ol style="list-style-type: none"> <li>Obtaining additional borrowings/loans from third parties;</li> <li>Conducting consolidation, merger, acquisition or making new investments or investing equity in other businesses, provided such investments are made within similar line of business;</li> <li>Distributing dividends;</li> <li>Making amendments to the Articles of Association on changes in the Board of Directors and Board of Commissioners compositions;</li> <li>Pledging the Debtor's assets as collaterals to third parties, except in the event that the Debtor meet the following financial requirement: a minimum Debt to Equity Ratio of 3 times.</li> </ol> <p>The Company has submitted a notification to PT Bank ICBC Indonesia with respect to the following corporate action sin 2017:</p> <ol style="list-style-type: none"> <li>Stock Split;</li> <li>Plan to Increase Issued and Paid-Up Capital by Issuing Preemptive Rights;</li> <li>Amendment to the Company's Articles of Association and management composition;</li> </ol> <p>as set forth in the Company's letter No. 155/EXT/PP-PROP/2017 dated February 20, 2017, concerning the Notification of PT PP Properti Tbk's Corporate Action sin 2017.</p>	
9.	<p><b>Deed of Credit Agreement No. 59</b> dated February 17, 2016, drawn up before Mellyani Noor Shandra, S.H., a Notary in Jakarta.</p>	<ol style="list-style-type: none"> <li>The Company ("Debtor")</li> <li>PT Bank ICBC Indonesia ("Bank")</li> </ol>	<p>Omnibus Line Facility, with a maximum Facility of Rp100,000,000,000.-, which may be utilized to drawdown the followings:</p> <ol style="list-style-type: none"> <li>PTD-A (Uncommitted Revolving) Facility;</li> <li>Letter of Credit (L/C) Facility;</li> <li>Local L/C (<i>Surat Kredit Berdokumen Dalam Negeri</i>, "SKBDN");</li> <li>Trust Receipt (T/R) Facility</li> <li>UPAS/UFAM Facility;</li> <li>Bank Guarantee Facility.</li> </ol> <p>Subject to the following interest rate:</p> <ol style="list-style-type: none"> <li>PTD-A (Uncommitted Revolving) Facility: 11.5% per annum, floating.</li> <li>Trust Receipt (T/R) Facility: 11.5% per annum, floating and</li> <li>UPAS/UPAM Facility: 11% per annum, floating.</li> </ol> <p>The Debtor pledges the following collaterals as security for the credit facility:</p> <ol style="list-style-type: none"> <li>Land and buildings of the Grand Kamala Lagoon Apartment Tower 2 (Barclay) Project, as set forth in the fractional certificate of HGB Certificate 8476/Pekayon Jaya (which covers the area for Tower 2 and Tower 3) ("Tower 2 Certificate");</li> <li>Collaterals before the split of Tower 2 Certificates is completed:             <ol style="list-style-type: none"> <li>Submit the Notary's cover note representing that the split of the Tower 2 Certificates are in progress to be submitted to the Bank within 9 months from the date of this Agreement;</li> <li>Temporary collaterals pledged to the Bank;</li> </ol> </li> </ol>	<p>February 17, 2016 up to February 17, 2018</p>

			<p>i. Power of Attorney to Assign Mortgage (SKMHT) on the HGB Certificate No. 8474 with a total area of 9,613 m<sup>2</sup> and HGB Certificate No. 8478 with a total area of 5,901 m<sup>2</sup>, both of which are registered under the name of the Debtor ("Temporary Collaterals"); and</p> <p>ii. The Debtor submits a Letter of Undertaking, in the event of any obstacles that may jeopardize the legal status/legality of the ownership of the Collaterals, the Debtor shall undertake to replace the Temporary Collaterals with other collaterals.</p> <p>3. Fiduciary lien on the Debtor's receivables from the Grand Kamala Lagoon Tower 2 (Barclay) Project;</p> <p>4. Mortgage Charge on HGB Certificate no. 8508 with a total area of 14,715 m<sup>2</sup> registered under the Debtor's name;</p> <p>5. Fiduciary lien on the Debtor's receivables other than from the Grand Kamala Lagoon Tower 2 (Barclay) Project;</p> <p>The Collaterals in this Agreement are cross-collateralized with the Fixed Installment Credit Agreement granted by the Bank to the Debtor as stipulated in the Deed of Credit Agreement No. 58 dated February 17, 2016, drawn up before Mellyani Noor Shandra, S.H., a Notary in Jakarta.</p> <p>The Affirmative Covenants imposed to the Debtor are, among others: The Debtor shall submit a written notification to the Bank prior to:</p> <p>a. Obtaining additional borrowings/loans from third parties;</p> <p>b. Conducting consolidation, merger, acquisition or making new investments or investing equity in other businesses, provided such investments are made within similar line of business;</p> <p>c. Distributing dividends;</p> <p>d. Making amendments to the Articles of Association on changes in the Board of Directors and Board of Commissioners compositions;</p> <p>e. Pledging the Debtor's assets as collaterals to third parties, except in the event that the Debtor meet the following financial requirement: a minimum Debt to Equity Ratio of 3 times.</p> <p>The Company has submitted a notification to PT Bank ICBC Indonesia with respect to the following corporate action sin 2017:</p> <p>1. Stock Split;</p> <p>2. Plan to Increase Issued and Paid-Up Capital by Issuing Preemptive Rights;</p> <p>3. Amendment to the Company's Articles of Association and management composition;</p> <p>as set forth in the Company's letter No. 155/EXT/PP-PROP/2017 dated February 20, 2017, concerning the Notification of PT PP Properti Tbk's Corporate Actions in 2017.</p>	
<b>Lease Agreement</b>				
10.	Deed of Lease Agreement No. 164 dated January 26, 2015,	1. Tio Tjie Seng (Stevensen)	A 2-storey building that will be used by the Second Party for the Second Party's activities,	January 26, 2015 up to

	drawn up before Felicia Imantaka, S.H., a Notary in Jakarta.	Budiyanto) ("First Party") 2. The Company ("Second Party")	along with its facilities consisting of a 4,400 watt electricity line, water and telephone owned by the First Party based on Freehold Title certificate ( <i>Sertifikat Hak Milik</i> , SHM) No. 1900 with a total area of 300m <sup>2</sup> as described in Survey Certificate No. 218/Mulyorejo/2000 dated 20 July 2000 under the name of Tio Tjie (Stevensen Budiyanto), locate in Mulyorejo Sub-district, Mulyorejo District, Surabaya City, East Java Province or known as Jl. Dharmahusada Mas III 20/A-97, Surabaya at a rental price of Rp 240,000,000.- (for a period of 3 years).  The Second Party shall only be allowed to use the Leased Object for the purpose of the Second Party's activities. Any change of use shall require the written approval from the First Party.	January 26, 2018
11.	<b>Deed of Extension of Lease Agreement No. 9</b> dated November 11, 2012 <i>juncto</i> the <b>Deed of Lease Agreement No. 83</b> dated June 29, 2007, both of which were drawn up before Dharma Budiman, S.H., a Notary in Surabaya.	1. PT PP (Persero) Tbk. qq. the Company ("Second Party") 2. PT Bank Tabungan Pensiunan Nasional Tbk ("Second Party")	A residential house and anything attached thereto at Jl. Raya Darmo No. 29 based on the Building Right Title (HGB) Certificate No. 217/K Kelurahan Keputran dated November 21, 1988, registered under the name of PT PP (Persero) Tbk, with a total area of 544 m <sup>2</sup> , which shall be used as an office as a facility to carry out operational activities pursuant to the Second Party's business activities at a rental price of Rp2,200,000,000.- (for a period of five years).	August 1, 2012 up to July 31, 2017
<b>Cooperation Agreement</b>				
12.	<b>Deed of Developer Cooperation Agreement No. 12 dated 17 November 2014</b> , drawn up before Esther Agustina Ferdinandus, S.H., a Notary in Jakarta.	1. The Company ("Developer") 2. PT Bank CIMB Niaga Tbk ("Bank")	The Parties agree to enter into a cooperation through the provision of Apartment Ownership Credit Facility ( <i>Kredit Pemilikan Apartemen</i> , KPA) to the customers/buyers for the financing of the purchase of property project in order to increase the sales of Grand Sungkono Lagoon apartment by the Developer and to support the Bank's business development in property credit or financing.  The Rights and Obligations of the Developer are, among others: 1. The Developer must open an account in the Bank; 2. In the event that the Property Project is built on land owned by the Developer, the Developer must own the Master Certificate which is valid for no less than 5 (five) years commencing on the Agreement date, except with the approval of the Bank. 3. In the event that the Property Project is built on land owned by other than the Developer, the landowner and/or in the event that there are documents/agreements entered into by and between the landowner and/or other parties and the Developer with respect to the Property Project construction cooperation, then: a. The Developer shall be obligated to submit the underlying documents/agreements of such cooperation to the Bank; and b. The Developer shall be obligated to require the landowner and/or other parties participating in the cooperation to subject themselves to and agree with all the terms, requirements and obligations that apply to the Developer; 4. The Developer shall be obligated to carry out all matters related to the sale and purchase of property, including, but not limited to: a. In the event that the fractional certificates have been issued, sign the deed of sale and purchase agreement and transfer the title to be	Until the Agreement is cancelled and/or terminated by one of the Parties.  Up to the issuance of this Prospectus, the Agreement is still valid and has never been terminated.

			<p>registered under the name of the customers or buyers;</p> <p>b. In the event that the fractional certificates are not yet available, or only the master certificate is available, sign the sale and purchase agreement, deed of sale and purchase agreement, and transfer the title to be registered under the name of the customers or buyers;</p> <p>c. In the event that the Developer is not landowner, the Developer shall be obligated to have the landowner present to sign the deed of sale and purchase agreement or sale and purchase agreement and/or all documentations required by the customers or buyers;</p> <p>d. Submit all documentations related to property and sale and purchase of property, including but not limited to land certificate, Building Construction Permit (IMB), sale and purchase agreement and deed of sale and purchase agreement.</p> <p>5. Complete the construction of the property in accordance with the specification and the schedule set or agreed and handover the property to the customers or buyers as proven by the handover reports;</p> <p>6. Guarantee that the documents shall be available if requested at any time by the Bank, including Land and Building Title Transfer Fee (BPHTB), Land and Building Tax (PBB) and the blueprint and title division approved/agreed by the authorized institutions, construction all risk insurance policy if the project is still in construction or fire insurance policy if the construction is completed.</p> <p>7. Submit the proceeds from fire insurance claims to the Bank to be accounted as payment of the Debtor's liabilities if reconstruction of the Property Project is not feasible; and</p> <p>8. Undertake the application of all documents related to property, including but not limited to the fractional certificates, Building Construction Permit (IMB), payment of Land and Building Tax (PBB) and submit such documents to the Bank.</p>	
13.	<p><b>Deed of Cooperation Agreement No.42</b> dated December 29, 2014, drawn up before Muhammad Ridha, S.H., a Notary in South Jakarta City.</p>	<p>1. Soelistyowati ("First Party")</p> <p>2. The Company ("Second Party")</p>	<p>The Parties agree to enter into a cooperation pursuant to the development of a business center property on land owned by the First Party located in Ciater Sub-district, Serpong District, South Tangerang City, Banten Province, with a total area of ±6,050 m<sup>2</sup> into an apartment construction project, including its facilities and infrastructures thereon under the name of Ayoma Apartment, where the management, development and financing of such project shall be undertaken by the Second Party.</p> <p>Investment of the Parties:  <u>First Party:</u>            Land</p> <p><u>Second Party:</u>            Working Capital, which shall be paid in stages according to the Project's requirement.</p> <p>The obligations of the Second Party pursuant to the Agreement are, among others:</p>	<p>December 29, 2014 up to December 29, 2017</p>



			<ol style="list-style-type: none"> <li>1. Prepare the Project's work plan including the entire product design;</li> <li>2. Establish the Project's management team;</li> <li>3. Finance and apply for the required licenses and permits, including but not limited to, Block Plan License, Building Construction Permit, Building Use Permit, and other licenses;</li> <li>4. Carry out the construction and development in accordance with the schedule set and agreed by the Parties;</li> <li>5. Guarantee that each apartment unit to be sold will be fit for sale, livable and available in accordance with the handover schedule agreed with prospective customers;</li> <li>6. Provide building construction and maintenance guarantee as stipulated by the Law on Construction Services for a period of up to 1 (one) year;</li> <li>7. Issues related to the legality of the Project development and cooperation;</li> <li>8. Issues related to the licensing requirements of the Project development and cooperation;</li> <li>9. Prepare planning, including the Project and/or commercial building structural, architectural, mechanical, electrical and construction plans.</li> <li>10. Carry out branding, promotion, advertising, marketing and sales;</li> <li>11. Carry out the construction of infrastructures of the Project;</li> <li>12. Undertake the management of the apartment and/or commercial building during the early stage prior to the handover to the tenant association.</li> <li>13. Together with the First Party, undertake the amendments and/or addendums required to the Agreement;</li> <li>14. In the event of damages to any part of the building or any obstacles that arise with respect to the Project's construction resulting from issues that are not caused by the Second Parties, then, the time required to repair such damages and or resolve such obstacles shall be considered in the Term of Agreement.</li> </ol>	
14.	Cooperation Agreement for the Development of Land Located in Jalan Raya Mulyosari, Surabaya City, into a Business Center Property dated December 11, 2014	<ol style="list-style-type: none"> <li>1. PT Aneka Bangunan Mulia Jaya ("First Party")</li> <li>2. The Company ("Second Party")</li> </ol>	<p>The Parties agree to enter into a cooperation in an apartment and/or commercial project and the related facilities, where all costs arising from the construction shall be borne by and become the responsibilities of the Second Party, to be subsequently taken into account by the Second Party in the calculation of profit share ("Land Development"). The project shall be built on the plots of land owned by the First Party with a total area of approximately 42,032 m<sup>2</sup> as detailed below:</p> <ol style="list-style-type: none"> <li>a. HGB Certificate No. 3500 with a total area of 2,895 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</li> <li>b. HGB Certificate No. 3476 with a total area of 2,715 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</li> <li>c. HGB Certificate No. 2759 with a total area of 2,845 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</li> <li>d. HGB Certificate No. 3563 with a total area of 2,730 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</li> </ol>	December 11, 2014 up to December 11, 2028

			<p>e. HGB Certificate No. 3564 with a total area of 2,490 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>f. HGB Certificate No. 3488 with a total area of 2,300 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>g. HGB Certificate No. 2751 with a total area of 3,315 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>h. HGB Certificate No. 4044 with a total area of 2,570 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>i. HGB Certificate No. 3169 with a total area of 2,270 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>j. HGB Certificate No. 3474 with a total area of 3,555 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>k. HGB Certificate No. 4043 with a total area of 2,515 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>l. HGB Certificate No. 3475 with a total area of 2,895 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya;</p> <p>m. HGB Certificate No. 4027 with a total area of 3,758 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya; and</p> <p>n. HGB Certificate No. 4355 with a total area of 3,780 m<sup>2</sup> under the name of PT Aneka Bangunan Mulia Jaya.</p> <p>(Hereinafter referred to as the "Land").</p> <p>With respect to the cooperation, the Parties place the following investments:</p> <p>a. The Second Party places investments in the form of working capital, which shall be paid in stages according to the Apartment and/or Other Commercial Building Construction Project's requirements.</p> <p>b. The First Party places investments in the form of land with a total area of approximately 42,033 m<sup>2</sup> on which the Apartment and/or Other Commercial Buildings shall be built.</p> <p>The Land Value is agreed to be Rp15,000,000.- per square meter, or a total aggregate value of Rp630,495,000,000.-.</p> <p>The obligations of the Second Party pursuant to the Agreement are, among others:</p> <ol style="list-style-type: none"> <li>1. Prepare the Project's work plan including the entire product design;</li> <li>2. Carry out the construction and development in accordance with the schedule set and agreed by the Parties;</li> <li>3. Prepare planning, including the Apartment and/or commercial building structural, architectural, mechanical, electrical and construction plans.</li> <li>4. Carry out branding, promotion, advertising, marketing and sales;</li> <li>5. Undertake the management of the apartment and/or commercial building during the early stage prior to the handover to the tenant association.</li> </ol>	
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			6. Guarantee that the Second Party shall not transfer all or a portion of its obligations under this Agreement and the implementation thereof to other parties or to engage other parties to undertake the cooperation referred to in this Agreement, except with the approval of the First Party.	
<b>GSN</b>				
<b>Lease Agreement</b>				
15.	<b>Kaza City Mall Starkids Wonderland Revenue Sharing Cooperation Agreement No. 002/PSM-KCM/VIII/2014</b> dated August 20, 2014 <i>juncto</i> <b>Addendum to Kaza City Mall Revenue Sharing Cooperation Agreement No. 003/ADD-PSM-KCM/VIII/2014</b> dated August 22, 2014	1. GSN ("First Party") 2. Syahrizal ("Second Party")	The Parties agree to enter into a revenue sharing cooperation for the use and management of the Space with total area of 708.94m <sup>2</sup> located in the 2 <sup>nd</sup> Floor of Kaza City Mall, Jl. Kapas Krampung, Tambahrejo District, Simokerto Sub-district, Surabaya owned by the First Party and the Second Party will use and manage the Space to carry out business activities in family playground under the name Star Kid's Wonderland with a Revenue Sharing cooperation value of 20% of the total income/revenue generated from the Second Party's business activities in the Space for the first 10 years, whereas the revenue sharing cooperation value for the next 10 years shall be determined in the future.	Revenue Sharing for the first 10 years: April 22, 2015 up to April 21, 2025  Revenue Sharing for the second 10 years: April 21, 2025 up to April 20, 2035
16.	<b>Lease Agreement No. 001/PSM-EP/KM-VII/07</b> dated July 7, 2007, <i>juncto</i> <b>Addendum No. 002/MSD/ADD-GSN/I/2013</b> dated January 4, 2013.	1. GSN ("First Party") 2. PT Mac Sarana Djaya ("Second Party")	The Parties agree that the area leased by the Second Party for the installation of telecommunication network for the buildings located on Jl. Kapas Krampung-Jl. Tambak Rejo, Simokerto Sub-District, Surabaya City, which consist of, among others, Tambak Rejo Traditional Market, East Point Trade Center, East Point Shopping Mall shall be the following areas: 1. The building roof top area totaling 108 m <sup>2</sup> for the placement of 3 technical rooms for 3 operators, each operator with a maximum height of 3 m that will be used to install the indoor and outdoor antenna for cellular operators, which consist of GSM, Wi-Fi and 3G cellular radio and the installation of Outdoor AC placed next to the technical room; 2. The building roof top area totaling 18 m <sup>2</sup> for the placement of 3 microwave antenna poles for 3 operators, each with a height of 6 meters; 3. Plafond area in the corridors of each floor in the building that will be used to install GSM, Wi-Fi and 3G indoor antennas; 4. The use of plafond, shaft and tray, whenever possible, in the corridors of each floor in the building to install feeder cable in accordance with the design agreed by the parties; and 5. The installation of lightning arrester and grounding connected to the building device provided by the Second Party; With a rental price of Rp 540,000,000.- (for 5 years).	July 6, 2012 up to July 5, 2017
17.	<b>Deed of Kapas Krampung Plaza Lease Space Agreement No. 55</b> dated 11 March 2011, drawn up before Yatningsih, S.H., M.H., a Notary in Surabaya.	1. GSN ("First Party") 2. PT Suka Suka Kaza ("Second Party")	The First Party hereby leases to the Second Party a lease space located in Kapas Krampung Plaza building located on Jl. Kapas Krampung No. 45 in First Floor Unit No. 11 with total indoor area of 1,550.75m <sup>2</sup> and the Second Party will use the lease space for supermarket, bakery, fast food, pharmaceutical and for the sale of other goods based on the following agreed terms: <u>Year 1-5:</u> <u>Rp3,256,575,000.-, excluding 10% VAT</u> <u>Year 5-10:</u> <u>Rp3,907,890,000.-, excluding 10% VAT</u>	March 11, 2011 up to March 11, 2021, with an option to extend the lease for a period of 5 years.

18.	<b>Deed of Lease Agreement No. 57</b> dated November 7, 2011, drawn up before Yatiningsih, S.H., M.H., a Notary in Surabaya.	1. GSN ("First Party") 2. PT Hero Supermarket Tbk ("Second Party")	The First Party hereby leases to the Second Party a lease space located in Kapas Krampung Plaza building located on Jl. Kapas Krampung No. 45 on the Ground Floor area with total area of 1,250 m <sup>2</sup> based on the following agreed terms: <u>1-7</u> Rp37,500,000.-/month, excluding VAT  <u>Revenue Sharing Rate:</u> Year 1-7: 2% of net sales Year 8-10: 2.75% of net sales  <u>Option to Extend (5 years)</u> 2.75% of net sales  The Second Party will use the lease space for supermarket, bakery, fast food, pharmaceutical and for the sale of other goods.	September 22, 2011 up to September 21, 2021
19.	<b>Deed of Kapas Krampung Plaza Lease Space Agreement No. 058/LA-KKP/VIII/2012</b> dated August 29, 2012.	1. GSN ("First Party") 2. PT Pratama Sempurna Sport ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kapas Krampung Plaza with the following specifications: <ul style="list-style-type: none"> <li>Location: 3<sup>rd</sup> Floor</li> <li>Number: -</li> <li>Area: ± 2,477.14 m<sup>2</sup></li> <li>Wall: Calsiboat</li> <li>Plafond: Bare</li> </ul> The Second Party will use the lease space to carry out the business activities of a book store under the name Mr. Tokken with the following terms: 1. The first 3 months is the grace period with free sharing and the Second Party will only be charged for electricity usage cost. 2. The 4 <sup>th</sup> to 12 <sup>th</sup> month, revenue sharing of 12.5% of gross sales (excluding tax). 3. The 2 <sup>nd</sup> up to 5 <sup>th</sup> year, revenue sharing of 15% of gross sales (excluding tax).	April 2013 up to April 2018
20.	<b>Deed of Kaza City Mall Lease Space Agreement No. 004/PSM-KCM/XI/2013</b> dated November 27, 2013, <i>juncto</i> <b>Addendum to Kaza City Mall Revenue Sharing Cooperation Agreement No. 001/ADD-PSM-KCM/XI/2016</b> dated December 1, 2016	1. GSN ("First Party") 2. PT Warung Indonesia ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kaza City Mall with the following specifications: <ul style="list-style-type: none"> <li>Location: Ground Floor</li> <li>Number: 9A (Indoor), 9B (Outdoor)</li> <li>Area: 37.62 m<sup>2</sup> (Indoor) 32 m<sup>2</sup> (Outdoor)</li> <li>Floor: Existing tiles</li> <li>Wall: Partition</li> </ul> : <ul style="list-style-type: none"> <li>Plafond: Bare without plafond.</li> </ul> The Second Party will use the lease space to carry out the business activities of a restaurant under the name Kedai 27 at a rental price of Rp6,750,000.- per month.	December 1, 2016 up to November 30, 2019.
21.	<b>Deed of Lease Agreement between PT Gitanusa Sarana Niaga and PT Matahari Department Store Tbk Kaza City Mall - Surabaya No. 01</b> dated April 4, 2014, drawn up before Atina Indira Ibrahim, S.H., a Notary in South Tangerang.	1. GSN ("First Party") 2. PT Matahari Department Store Tbk ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kaza City Mall with a total area of ±5,101.701 m <sup>2</sup> . The Second Party to carry out business activities of a department store under the name Matahari Department Store (MDS) with the following terms: <u>Year 1:</u> Free Rental  <u>Year 2-5:</u> Rp30,000,-/m <sup>2</sup> /month  <u>Year 6-11:</u> Rp35,000,-/m <sup>2</sup> /month	11 years since the date of store opening.

22.	Deed of Kaza City Mall Lease Space Agreement No. 006/PSM-KCM/VII/2015 dated July 26, 2015	1. GSN ("First Party") 2. PT Pioneerindo Gourmet International Tbk. ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kaza City Mall with the following specifications: <ul style="list-style-type: none"> <li>Location: Ground Floor</li> <li>Number: GS 03</li> <li>Area: 70.95 m<sup>2</sup> (Indoor) 13.73 m<sup>2</sup> (Outdoor)</li> <li>Floor: Ceramics</li> <li>Wall: Gypsum</li> <li>Plafond: Exposed</li> </ul> The Second Party will use the lease space to carry out the business activities of a restaurant under the name California Fried Chicken at a rental price of Rp355,656,000.- (excluding Service Charge and VAT) for the lease period.	September 15, 2015 up to September 14, 2020
23.	Deed of Kaza City Mall Lease Space Agreement No. 012/PSM-KCM/XI/2015 dated November 23, 2015	1. GSN ("First Party") 2. Liem Ik San ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kaza City Mall with the following specifications: <ul style="list-style-type: none"> <li>Location: 2<sup>nd</sup> Floor</li> <li>Number: SS 06</li> <li>Area: 539 m<sup>2</sup></li> <li>Floor: Ceramics</li> <li>Wall: Glass and brick wall</li> <li>Plafond: No plafond</li> </ul> The Second Party will use the lease space to carry out the furniture business activities under the name M2M Furniture at a rental price of Rp623,919,450.- for the lease period.	3 years subsequent to the expiry of grace period.
24.	Deed of Kaza City Mall Lease Space Agreement No. 003/PSM-KCM/VI/2015 dated April 1, 2015	1. GSN ("First Party") 2. PT Mitra Adiperkasa Tbk ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kaza City Mall with the following specifications: <ul style="list-style-type: none"> <li>Location: Ground Floor</li> <li>Number: GS 11</li> <li>Area: 211,81 m<sup>2</sup></li> <li>Floor: Ceramics</li> <li>Wall: Gypsum</li> <li>Plafond: No plafond</li> </ul> The Second Party will use the lease space to carry out the retail sport business activities under the name the Sport Warehouse at the following rental price for the lease period: 1. September 24, 2014, up to September 23, 2015, at 2% of total net sales per month; 2. September 24, 2015, up to September 23, 2016, at 3% of total net sales per month; 3. September 24, 2016, up to September 23, 2017, at 4% of total net sales per month;	September 24, 2014 up to September 23, 2017
25.	Deed of Kaza City Mall Lease Space Agreement No. 002/PSM-KCM/III/2016 dated March 3, 2016	1. GSN ("First Party") 2. Hartono Kusuma Halim ("Second Party")	The First Party hereby leases to the Second Party 1 unit of property in the form of space/room in Kaza City Mall with the following specifications: <ul style="list-style-type: none"> <li>Location: Upper Ground Floor</li> <li>Number: US 15-16</li> <li>Area: 700 m<sup>2</sup></li> <li>Floor: Ceramics</li> <li>Wall: Brick wall</li> <li>Plafond: Duck and Plafond</li> </ul> The Second Party will use the lease space to carry out the game arcade business activities under the name Super Token at a rental price of Rp1,470,000,000.- (excluding VAT).	5 years since the completion date of fitting out period.
<b>Cooperation Agreement</b>				
26.	Kaza City Parking Management Cooperation Agreement No. 001-SPK/GSN-SIU/XII/2014 dated December 15, 2014.	1. GSN ("First Party") 2. PT Sinar Indo Utama ("Second Party")	The Parties agree to enter into a cooperation for the management of all vehicle parking facilities, management of taxi and valet parking services in Kaza City's parking area, Surabaya, Jl. Kapas Krampung No. 45 Surabaya 60142, Indonesia	January 1, 2015 up to December 31, 2020

			<p>with a Guarantee Income paid by the Second Party to the First Party for the monthly revenue of Rp2,040,000,000.- generated from parking management for the duration of the Cooperation Period as detailed below:</p> <ol style="list-style-type: none"> <li>1. First Year (January 1, 2015 up to December 31, 2015): Rp360,000,000.-; and</li> <li>2. The Second Year up to the Fifth Year (January 1, 2016, up to December 31, 2020): Rp1,680,000,000.-</li> </ol>	
27.	<p><b>Elevator Care/Maintenance Cooperation Agreement No. 0010/KT-KAZA/VII/2014</b> dated July 1, 2014, <i>juncto</i> <b>Elevator Care/Maintenance Cooperation Agreement No. 033/KT-EL/VII/2016</b> dated July 20, 2016</p>	<ol style="list-style-type: none"> <li>1. GSN ("First Party")</li> <li>2. CV Karunia Teknik ("Second Party")</li> </ol>	<p>The Parties agree to enter into a cooperation in the care/maintenance works and to appoint the Second Party as the contractor to carry out the care/maintenance works of 1 (one) unit of Freight Elevator with the following terms:</p> <ol style="list-style-type: none"> <li>1. <u>Maintenance Fee</u>: Rp400,000.- per month.</li> <li>2. <u>Overtime Fee</u>: Rp75,000.- per hour</li> <li>3. <u>Stand-by Fee on Business Days</u>: Rp150,000.- per 2 hours</li> <li>4. <u>Stand-by Fee on Holidays</u>: Rp200,000.- per 2 hours</li> </ol>	<p>July 20, 2016 up to July 19, 2018</p>
28.	<p>Landscaping and Cleaning Service Cooperation Agreement No. 80/PKS/KAZA CITY GSN-SETRASARI/II/2016 dated February 15, 2016, <i>juncto</i> the Landscaping and Cleaning Service Cooperation Agreement No. 072/PKS/KAZA CITY GSN-SETRASARI/II/2017 dated February 9, 2017.</p>	<ol style="list-style-type: none"> <li>1. GSN ("First Party")</li> <li>2. PT Setra Sari ("Second Party")</li> </ol>	<p>The Parties agree to enter into a cooperation for the landscaping and cleaning services of all areas in the Traditional Market located in Kaza City, Jl. Kapas Krampung No. 45, Surabaya, at a price of Rp83,000,000.- per month.</p>	<p>March 1, 2017 up to February 28, 2018</p>
29.	<p><b>Passenger Escalator under the Brand Thyssenkrup Periodical Care/Maintenance Cooperation Agreement No. 002/PKS-Service Escalator/IV/2016</b> dated April 1, 2016, <i>juncto</i> the <b>Passenger Escalator under the Brand Thyssenkrup Periodical Care/Maintenance Cooperation Agreement No. 088/SPP/ESB/X/2016</b> dated October 4, 2016</p>	<ol style="list-style-type: none"> <li>1. GSN ("First Party")</li> <li>2. PT Etika Sejahtera Bersama ("Second Party")</li> </ol>	<p>The First Party appoints the Second Party to undertake the periodical maintenance works and the Second Party accepts such appointment from the First Party, and the Second Party confirms its willingness and ability to undertake the maintenance works of 12 units of passenger escalator under the brand Thyssenkrup in Kaza City ("Periodical Maintenance"), at a Maintenance Service fee of Rp8,400,000.- per month for 12 units of passenger escalator under the brand Thyssenkrup.</p>	<p>November 1, 2016 up to April 30, 2017</p>
30.	<p><b>Deed of Cooperation Agreement No. 141</b> dated June 21, 2004, drawn up before Noor Irawati, S.H., a Notary in Jakarta.</p>	<ol style="list-style-type: none"> <li>1. Perusahaan Daerah Pasar Surya Kota Surabaya ("First Party")</li> <li>2. GSN ("Second Party")</li> </ol>	<p>The First Party hereby submits and grants the approval to the Second Party to use a parcel of land totaling 25,420 m<sup>2</sup> located in Jl. Kapas Krampung <b>Tambahrejo</b>, which currently is still in the process of application/issuance of Right to Manage Certificate under the name of the First Party to/from the National Land Authority and is controlled by the First Party ("Land") as the location for the construction of a Trade Center, and therefore, the First Party appoints the Second Party to, at the cost of the Second Party, carry out the construction of the Trade Center based on the Principal License for the Construction of Pasar Tambahrejo issued by the Mayor of Surabaya No. 539/287/436.2.1/2004 dated 28 January 2004 and the recommendation from the Regional House of People's Representatives of Surabaya No. 511.2/54/436.3/2004 dated 28 January 2014.</p> <p>For which the cooperation will, among others, the following forms:</p> <ol style="list-style-type: none"> <li>1. Right to Sell/Right to Lease, whereby the Second Party shall be granted the rights to</li> </ol>	<p>January 10, 2005 up to July 10, 2032</p>

			<p>sell or to lease all of the effectively commercial floor area of the modern market by marketing, transferring, handing over and receiving the proceeds from such sale or lease for a period of 27 (twenty seven) years and 6 (six) months commencing on the signing of the Handover Report of Use of Land on which the Trade Center referred to above shall be constructed and the Parties agree that the Strata Title Certificate to be sold and/or leased by the Second Party shall not exceed the period of the first Building Right Title Certificate issued after the signing of this Cooperation Agreement;</p> <p>2. Building Management, whereby the Second Party shall have the right, whether on its own or by appointing a Property Manager, to manage all of the Modern Market Area, the Second Party shall have the obligation and the responsibility to bear and pay all expenses incurred for the operating expenditures for the management of Modern and Traditional Market Area, except for the expenses that must be borne by the First Party, and the Second Party shall be responsible for the supporting facilities of the Traditional Market Area and shall bear all of the maintenance and repair expenses that incurred for the use of the facilities referred to above, for the duration of the management period of 27 (twenty seven) years and 6 (six) months commencing on the signing of the Handover Report of Use on Land.</p>	
31.	<p><b>Cleaning Service Cooperation Agreement No. KK015/GSN/SINERGI/II-2016</b> dated February 28, 2016, <i>juncto</i> the Cleaning Service Cooperation Agreement No. KK003/GSN/SINERGI/II-2016 dated February 13, 2017</p>	<p>1. GSN ("First Party") 2. PT Sinergi Integra Services ("Second Party")</p>	<p>The Parties agree to enter into a cooperation in the provision of cleaning service by the Second Party to support the First Party's operational activities related to cleaning service works in Kaza City, Surabaya ("Work Location"). The scope of cleaning service works include, among others:</p> <ol style="list-style-type: none"> <li>1. Floor;</li> <li>2. Glasses of Main Entrance Door, Railings, and External Glasses of the Stores</li> <li>3. Elevators and escalators;</li> <li>4. Restrooms;</li> <li>5. Trashes from the stores and in standing ashtrays;</li> <li>6. Outer yards around the Mall and basement parking lots.</li> <li>7. The Mall's accessories, signs and ornaments</li> <li>8. Pipes, ME, gutters and ramps in basement parking lots</li> <li>9. Canopy and steel frames and external glass windows on a periodical basis; and</li> <li>10. Parking collector posts and emergency stairs.</li> </ol> <p>At a price of Rp90,783,000- per month.</p>	<p>March 1, 2017 up to February 28, 2018</p>
32.	<p><b>Security Personnel Supply Agreement No. 021/SPPJTKS/GSN/VI/2016</b> dated June 27, 2016</p>	<p>1. GSN ("First Party") 2. PT Hanfanulih Putra ("Second Party")</p>	<p>The Parties agree to enter into a cooperation in the supply of Security Personnel in accordance with the number of personnel and job requirements required by the First Party. The Security Personnel shall be supplied for 24 hours a day dan 7 days a week without cease, including on national holidays. At a price of Rp116,159,999.-.</p>	<p>June 27, 2016 up to June 26, 2017</p>
33.	<p><b>Passenger Elevator under the Brand Mitsubishi Periodical</b></p>	<p>1. GSN ("First Party")</p>	<p>The First Party appoints the Second Party to undertake the periodical maintenance works and</p>	<p>November 1, 2016 up to</p>



	Care/Maintenance Cooperation Agreement No. 089/SPP/ESB/X/2016 dated October 4, 2016	2. PT Etika Sejahtera Bersama ("Second Party")	the Second Party accepts such appointment from the First Party, and the Second Party confirms its willingness and ability to undertake the maintenance works of 2 units of passenger escalator under the brand Mitsubishi in Kaza City ("Periodical Maintenance"). At a Maintenance Service fee of Rp1,600,000.- per month for 2 units of passenger escalator under the brand Mitsubishi.	April 30, 2017
34.	Pest and Rodent Control Agreement No. 165-2/REN/GPC/DA/XI/16 dated February 8, 2016	1. GSN ("First Party") 2. PT Sigcazindo Nusantara ("Second Party")	The Parties agree to enter into a cooperation in the provision of pest and rodent control services at all places of breeding, hiding, and spreading of such pest and rodent in the building owned by the First Party at Jl. Kapas Krampung No. 45, Surabaya at a price of Rp48,000,000.-.	November 1, 2016 October 31, 2017
<b>HKM</b>				
<b>Cooperation Agreement</b>				
35.	Cooperation Agreement between the City Government of Balikpapan and PT Hasta Kreasimandiri on the Construction and Management of Pasar Baru Balikpapan No. 6441/1087/PP/XII/2004 and No. 060/LGL/HKM.PKS/XII/2004 dated December 15, 2004, <i>juncto</i> Addendum I to the Cooperation Agreement between the City Government of Balikpapan and PT Hasta Kreasimandiri on the Construction and Management of Pasar Baru Balikpapan (Pasar Baru Square) No. 6441/1087.A/PP/2007 and No. 017/LGL/HKM-AD.1.PKS/XI/2007 dated November 7, 2007.	1. City Government of Balikpapan ("First Party") 2. HKM ("Second Party")	The Parties agree to enter into a cooperation in the planning, construction and management of Pasar Baru Balikpapan located in Jl. Jend. Sudirman, Klandasan Ilir Sub-district, Balikpapan through third party investment. The scope of work is as follows: 1. Build the market/trade centers in the form of market stall, kiosks, office and supporting facilities; 2. Build Trash Sheds; 3. Prepare the specifications and details of the market/trade center construction and the construction budget; which shall be borne by the Second Party.  Investment value: 1. The First Party's Investment: a. A plot of land under the control of the First Party with a total area of 21,280 m <sup>2</sup> with a total value of Rp42,560,000,000.-; and b. Additional land through new land acquisition/procurement, which shall be conducted by the Second Party with a total value of Rp33,290,000,000, resulting in a total aggregate area of 28,000 m <sup>2</sup> . 2. The Second Party's Investment: Construction, including securing the required licenses, with a total value of Rp450,000,000,000.-.  Contribution Value: 1. The First Party shall provide the following Contributions to the Second Party: a. Pay a market retribution for the Trash Shed totaling Rp10,000,000.- per month during the construction period; b. Commencing on the operation of the new buildings, the First Party shall pay a contribution for the management of market/trade center and its facilities totaling Rp250,000,000.- per year, which shall be evaluated every 5 years, with a maximum increase of 20%.	December 2004 up to November 2034
36.	Agreement between the City Government of Balikpapan and PT Hasta Kreasimandiri No. 027/388/PP-XII/2005 and No.	1. City Government of Balikpapan ("First Party")	The Parties agree to enter into a cooperation, where the Second Party shall build and manage a hotel on a plot of land with a total area of ± 2,000 m <sup>2</sup> . The land on which the hotel is located	Up to the issuance of this Prospectus, the Agreement is still

	043/LGL/HKM-KSPT/XII/05 concerning the Construction and Ownership of Hotel in Pasar Baru Square Balikpapan dated December 21, 2005	2. HKM ("Second Party")	is an integral part of the Pasar Baru Square, built in cooperation with the First Party.	valid and has never been terminated.
37.	<b>Management Agreement</b> dated February 14, 2005	1. HKM ("Owner") 2. Swiss Pacific B.V. ("Swiss Pacific")	The Parties agree to enter into a cooperation to develop a Hotel, which shall be named Swiss-Belhotel Balikpapan or any other name, located in Jl. Raya Sudirman, Balikpapan, East Kalimantan, Indonesia. The Owner intends to engage Swiss Pacific to provide the Owner with services related to the operation of the Hotel.  At the following price: 1. <i>Base Management Fee</i> (payable on a monthly basis): 3% of gross revenue; and 2. <i>Incentive Management Fee</i> (payable on a monthly basis): 7% of gross operating profit.	January 10, 2005 up to 10 years subsequent to the soft opening date or 10 years subsequent to July 5, 2013.
<b>Lease Agreement</b>				
38.	<b>Deed of Lease Agreement No. 2</b> dated November 4, 2004, drawn up before Rianto, S.H., a Notary in Jakarta.	1. HKM ("First Party") 2. PT Ramayana Lestari Sentosa Tbk. ("Second Party")	The First Party shall lease a space with a total area of $\pm 10,000$ m <sup>2</sup> to the Second Party, which is located in Jl. Raya Sudirman, Balikpapan, East Kalimantan. At a contract price of Rp18,000,000,000.-.	25 years
39.	<b>Deed of Lease Agreement No. 19</b> dated September 30, 2009, drawn up before Firdhonal, S.H., a Notary in Jakarta.	1. HKM ("First Party") 2. PT Sentra Propertindo Sentosa ("Second Party")	The First Party shall grant the right to use a portion of building in Pasar Baru Square located on the 3 <sup>rd</sup> floor with a total area of 3,759 m <sup>2</sup> to the Second Party. At a contract price of Rp12,750,000,000.-.	25 years, extendable for another 5 years.
40.	<b>Joint Agreement</b> dated November 30, 2006	1. HKM ("First Party") 2. PT Sentra Jasa Boga ("Second Party")	The Parties agree to enter into an agreement under the following terms and conditions: Construction of the food court area on the 2 <sup>nd</sup> Floor of Pasar Baru Square Balikpapan with a total area of 3,759 m <sup>2</sup> . At a contract price of Rp11,500,000,000.-.	30 years
<b>PJR</b>				
<b>Lease Agreement</b>				
41.	<b>Lease Agreement No. 013/PSM/GBC/XII/2016</b> dated December 1	1. PT Grahabuana Cikarang ("First Party") 2. PJR ("Second Party")	The First Party agree to lease an office space with a total area of 64.8 m <sup>2</sup> to the Second Party in a location locally known as the Jababeka Center, Marketing Gallery, having its address at Hollywood Plaza No. 10-12, Jl. H. Usmar Ismail – Indonesia Movieland, Kota Jababeka. At a contract price of Rp20,000,000,000.-.	December 1, 2016 up to June 1, 2017
<b>WSS</b>				
42.	<b>Evencio Apartment Mechanical and Electrical Planning Work Order Agreement No. 003/LEG-EVENCIO/SPK/XII/2016</b> dated December 6, 2016	1. WSS ("First Party") 2. PT Skemanusa Consultama Teknik. ("Second Party")	The Parties agree to enter into a cooperation to undertake the mechanical and electrical planning works for Evencio Apartment in Margonda, Depok, with a total area of approximately $\pm 59,000$ m <sup>2</sup> . At a contract price of Rp1,925,000,000.-.	December 6, 2016 up to August 28, 2017

#### L. Legal Proceedings Faced by the Company and its Subsidiaries

Up to the issuance of this Prospectus, the Company, its Subsidiaries, the Board of Commissioners and Board of Directors of the Company, and the Board of Commissioners and Board of Directors of the Subsidiaries, are not presently involved in any criminal and/or civil case before the District Courts, industrial relation case before the Industrial Relation Court where the Company's carries out its business activities, state administrative proceedings before the State Administrative Courts, tax related cases before the Tax Court, arbitration case before the Indonesia National Board of Arbitration, and bankruptcy,

suspension of debt payment obligations, and/or liquidation recorded in the case register of the Commercial Court, and have not received any legal notice or claims from any parties.

## M. Assets with Material Value under the Company's Control

### Land Rights

The Company and its Subsidiaries own and/or control assets in the form of land rights, both in the form of HGB Certificates and/or Strata Title Certificates as described below:

#### 1. Right to Build (HGB)

No.	HGB Certificate	Area (m <sup>2</sup> )	Location	Valid up to
<b>THE COMPANY</b>				
1.	No. 275 <sup>1</sup> ), 369 <sup>1</sup> )	2,561	Medan Municipality, North Sumatra Province	2030-2032
2.	No. 114 <sup>1</sup> )	5,340	Padang Municipality, West Sumatra	2024
3.	No. 11 <sup>1</sup> )	3,555	Padang Pariaman Regency, West Sumatra Province	2024
4.	No. 01/PR <sup>1</sup> ), 1106/Skb <sup>1</sup> )	9,423	Bandar Lampung Municipality, Lampung Province	2024-2030
5.	No. B.01/PD <sup>1</sup> )	3,200	Bengkulu Utara Regency, Bengkulu Province	November 2017
6.	No. 635 <sup>1</sup> )	1,437	Pekanbaru City, Riau Province	2042
7.	No. 14 <sup>1</sup> ), 7 <sup>1</sup> ), 24 <sup>1</sup> ), 25 <sup>1</sup> ), 26 <sup>1</sup> ), 27 <sup>1</sup> ), 15 <sup>1</sup> ), 16 <sup>1</sup> ), 18 <sup>1</sup> ), 17 <sup>1</sup> )	2,822	Bandung Municipality, West Java Province	2029-2040
8.	No. 48 <sup>1</sup> )	21,000	Bogor Regency, West Java Province	2025
9.	No. 375 <sup>1</sup> ), 376 <sup>1</sup> ), 377 <sup>1</sup> )	996	Bogor Municipality, West Java Province	2037
10.	No. 8475, 8476, 8477, 8478, 8474, 7929 <sup>1</sup> ), 7930 <sup>1</sup> ), 7931 <sup>1</sup> ), 7932 <sup>1</sup> ), 7933 <sup>1</sup> ), 7934 <sup>1</sup> ), 7935 <sup>1</sup> ), 7936 <sup>1</sup> ), 7937 <sup>1</sup> ), 7938 <sup>1</sup> ), 7948 <sup>1</sup> ), 8488, 8508, 8506, 8524, 8523	131,495	Bekasi Municipality, West Java Province	2025-2042
11.	No. 1078 <sup>1</sup> ), 3976 <sup>1</sup> )	9,321	Depok Municipality, West Java Province	2032-2038
12.	No. 1746 <sup>1</sup> )	3,332	East Jakarta, DKI Jakarta Province	2021
13.	No. 1403, 1404, 1429	4,035	South Jakarta, DKI Jakarta Province	2019
14.	No. 3028, 3029, 3030, 3071, 3072, 3075, 3799, 3800, 3801, 3802, 3803, 3804, 3806, 3808, 3809, 3810, 296 <sup>1</sup> ), 701 <sup>1</sup> ), 70 <sup>1</sup> ), 3813 <sup>1</sup> )	103,775	Semarang City, Central Java	2020-2044
15.	No. 533 <sup>1</sup> ), 1466 <sup>1</sup> ), 469 <sup>1</sup> )	9,311	Sidoarjo Regency, East Java Province	2019-2026
16.	No. 2000, 4481, 4482, 4483, 4501, 4551, 4552, 4553, 4554, 4555, 4556, 4557, 4558, 4559, 4557, 4561, 4562, 4563, 217/K <sup>1</sup> ), 1994, 1995, , 4484, 1989 <sup>1</sup> ), 4374, 4357, 4517, 4569, 4533, 4572	92,699	Surabaya Municipality, East Java Province	2028-2044
17.	No. 3110 <sup>1</sup> ), 3112 <sup>1</sup> ), 1915 <sup>1</sup> )	1,902	Balikpapan Municipality, East Kalimantan Province	2023-2028
18.	No. 41 <sup>1</sup> )	3,000	Denpasar Municipality, Bali Province	2019
19.	No. 9 <sup>1</sup> )	6,493	Mataram Municipality, West Nusa Tenggara Province	2026
20.	No. 490, 491, 492, 495, 503, 508, 509	381	Serang Municipality, Banten Province	2034
	<b>Sub-total</b>	<b>416,078</b>		
<b>HKM</b>				
21.	No. 791	19,444	Balikpapan City, East Kalimantan Province	2034
	<b>Sub-total</b>	<b>19,444</b>		
<b>PJR</b>				
22.	No. 4285, 4286, 4287, 4288, 4289	46,009	Bekasi City, West Java Province	2024
	<b>Sub-total</b>	<b>46,009</b>		
<b>WSS</b>				
23.	No. 00039, 00092, 02881, 00085	4,913	Bogor City, West Java Province	2039-2040
	<b>Sub-total</b>	<b>4,913</b>		

\*) Plots of land owned by the Company acquired as part of the paid-in share capital from PT PP (Persero) Tbk to the Company as a result of the spin-off of PT PP (Persero) Tbk's property division into the Company. Up to the issuance of this Prospectus, the Company is in the process of gradually transferring the title from PT PP (Persero) Tbk to the Company in order to maintain a proper administration.

#### 2. Strata Title

No.	Strata Title Certificate	Area (m <sup>2</sup> )	Location	Valid up to
<b>THE COMPANY</b>				
1.	No. 44, 4, 234, 7, 374, 220, 52, 271, 124, 18, 112, 397, 28, 113, 100, 1, 67, 165, 238, 280, 134, 338, 231, 110, 269, 69, 270, 324, 187, 203, 219, 160, 363, 361, 137, 207, 193, 41, 135, 123, 205, 178, 307	395.44	Serang Municipality, Banten Province	2034
2.	No. 326/XXII, 338/XXIII, 401/XXVII, 428/XXIX	271.60	East Jakarta City, DKI Jakarta Province	2031
	<b>Sub-total</b>	<b>667.04</b>		
<b>GSN</b>				
3.	No. 1 up to 800	50,951.50	Surabaya City, East Java Province	2035
	<b>Sub-total</b>	<b>50,951.50</b>		

4.	No. 01459 up to 01731	HKM	10,309.95	Balikpapan City, East Kalimantan Province	2026
		Sub-total	10,309.95		

In addition to the plots of land owned by the Company referred to above, the Company has also acquired/controlled several plots of land in Bekasi City, West Java Province with a total area of  $\pm 82,101$  m<sup>2</sup> pursuant to the quit claim deeds and land title relinquishment statement. The Company also entered into sale and purchase agreements with Third Parties with respect to the acquisition of several plots of land in South Jakarta, DKI Jakarta Province with a total area of  $\pm 5,766$  m<sup>2</sup>, Semarang, Central Java Province with a total area of  $\pm 5,586$  m<sup>2</sup>, Surabaya, East Java Province with a total area of  $\pm 25,190$  m<sup>2</sup>, and Bekasi, West Java Province with a total area of  $\pm 21,756$  m<sup>2</sup>.

The buildings owned by the Company on land with HGB Certificates referred to above consist of, among others, office buildings, mess, and warehouses and other buildings that serve as supporting facilities of the Company's activities.

## N. Intellectual Property Rights (HAKI)

In addition to land rights, the Company also owns intellectual property rights certificates issued by the Directorate General of Intellectual Property Rights of the Ministry of Law and Human Rights of the Republic of Indonesia as well as other authorized institutions in other countries as follows:

### 1. Brand Certificate

No.	Registration				Protection Period	Description*)
	Number	Date	Brand Etiquette	Class		
The Company						
1.	IDM000396463	April 1, 2010	Terrace Cafe	43	10 years (Since April 1, 2010)	Registered in Indonesia
2.	IDM000385252	February 19, 2009	The Park Hotel	43	10 years (Since July 14, 2010)	Registered in Indonesia
3.	IDM000385248	March 30, 2010	Park Hotel	43	10 years (Since September 24, 2010)	Registered in Indonesia
HKM						
4.	IDM000330894	November 2, 2011	Balcony City	NCL 9 36	10 years (Since July 26, 2010)	Registered in Indonesia

**Note:**

Specifically for brands registered in Indonesia, based on the provisions of Article 35 of Law No. 15 of 2001 concerning Brand, the owner of registered brand may at any time apply for an extension for the same period of time to the Directorate General of Intellectual Property Rights – Ministry of Laws and Human Rights of the Republic of Indonesia within 12 (twelve) months prior to the expiry of the registered brand's protection period.

### 2. Copyright

No.	Registration				Name of Creator	Description*)
	Number	Date	Type of Creation	Title of Creation		
The Company						
1.	062839	August 29, 2012	Art	Park Hotel Laga Artwork	PT PP (Persero) Tbk	Registered in Indonesia
2.	064583	July 19, 2013	Papers	PP Parking System	1. Ir. Galih Prahanto 2. Oktavianto Utomo Siswanto, S.T.	Registered in Indonesia

**\*) Note:**

a. The Company is currently registering the Company's logo as a Brand as evidenced by the Representation Letter No. 550/NIN-CN/XII/2014 dated 30 December 2014 issued by Notary Neilly Iralita Iswari, S.H., M.Si., M.Kn. that is valid for 2 years or until the issuance of the Brand under the Company's name.

- b. The Company is currently registering the Brand Grand Story as evidenced by the Receipt of Brand Registration Application under No. Brand Registration Application ED10201400781 dated 19 November 2014;
- c. PT PP (Persero) Tbk is currently registering the Brand Grand Sungkono Lagoon as evidenced by the Receipt of Brand Registration Application under No. Brand Registration Application ED10201400781 dated 23 September 2013.

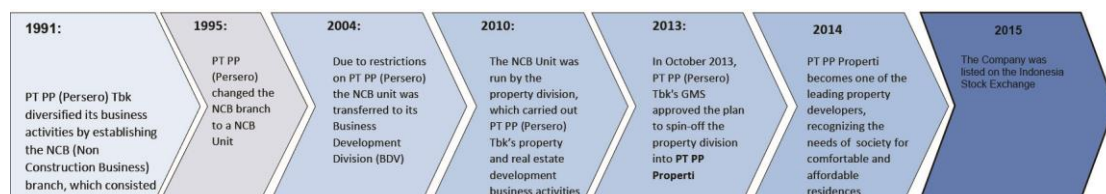
## O. Business Activities

The Company commenced operations in 1991 as one of PT PP (Persero) Tbk's divisions, i.e. the Property Division, and was established as a separate legal entity in 2013. The Company is a leading property developer in the Indonesian real estate sector, developing its own projects, as well as through joint ventures with third parties, both private sector and state-owned companies (SOE). The Company particularly focuses on creating high rise residential developments in the middle class segment, increasing recurring income, and increasing the number of new landbank in various strategic areas. The Company's projects have combined a variety of residential, office, retail, trade center and hotel businesses, of which, it typically sells the residential properties, while retaining ownership and operating the office, retail, trade center and hotel businesses.

The Company's target customer is varied, from the lower middle income, up to high-end customer, depending on the property developed by the Company. The Company places a strong focus on offering properties that enhance a customer's living experience, through the provision of services and other innovations, marketed under its 'Beyond Space' concept.

The Company is a wholly-owned subsidiary of PT PP (Persero) Tbk, a state-owned enterprise principally engaged in construction, real estate and property, as well as providing EPC, industrial pre-cast concrete products, equipment and investment services. First established in 1953, PT PP (Persero) Tbk is one of the leading construction and investment companies in Indonesia, with extensive experience in construction of multi-storey buildings, power plants, bridges, roads, irrigation systems and seaports in Indonesia. PT PP (Persero) Tbk has been listed on the Indonesia Stock Exchange since 2010.

The following diagram presents the history of the Company's operational activities:



The Company integrates developments that are supported by complete and varied facilities and allowing its residents to experience both inner and outer growth in their dwellings.

For more than 20 (twenty) years (since the Company was a Property Division of PT PP (Persero) Tbk), the Company has improved its skills in all areas, including the construction and development of the following properties:

- The Otorita Jatiluhur Residence Complex, in 1991;
- The development of Cibubur area from 1991-2004;
- Patria Park Apartment in Jakarta from 2004-2006;
- Juanda Business Center in Surabaya in 2006;
- The Padian Park Apartment in Kelapa Gading in 2009;
- Park Hotel Jakarta in 2010;
- Park Hotel Jakarta in 2012; and
- Bukit Permata Puri 1 Township in Semarang from 1996-2015;

In October 2013, as a result of the restructuring of PT PP (Persero) Tbk, the Company has established itself as an independent property company. The Company's business activities consist of 3 (three) business segments, namely Residential, Commercial and Hospitality.

The Company has also confirmed its position as one of the leading developers that recognizes the needs of the society for comfortable and affordable residence as proven by its breakthrough in marketing the Grand Kamala Lagoon superblock in

East Jakarta, at the entrance of Bekasi in 2014, the first tower will be completed in 2017 and the whole superblock area will be completed in 2035.

Up to the issuance of this Prospectus, the Company is in the process of developing the following projects:

No.	Project Name	Location	Planned Year of Construction	Target Completion Year	Total Area (m <sup>2</sup> )	Total Floor Area (m <sup>2</sup> )	Total leasable/saleable area
<b>A. Residential Project</b>							
<b>1</b>	<b>Grand Sungkono Lagoon</b>	<b>Surabaya</b>	<b>2014</b>	<b>2023</b>	<b>35,515</b>		<b>182,817 m<sup>2</sup> (2,116 units)</b>
	<i>Apartment Tower 1 (Venetian)</i>		2014	2017	5,700	41,396	31,455 m <sup>2</sup> (516 units)
	<i>Apartment Tower 2 (Caspian)</i>		2015	2019	3,619	51,455	40,820 m <sup>2</sup> (519 units)
	<i>Apartment Tower 3</i>		2018	2021	7,312	83,818	67,054 m <sup>2</sup> (696 units)
	<i>Hotel Tower 4</i>		2019	2022		19,036	15,228 m <sup>2</sup> (182 rooms)
	<i>Apartment &amp; Office Tower 5</i>		2020	2023	9,962	54,360	43,488 m <sup>2</sup> (385 Apartment units)
<b>2</b>	<b>Grand Kamala Lagoon</b>	<b>Bekasi</b>	<b>2014</b>	<b>2036</b>	<b>283,882</b>	<b>1,896,005</b>	<b>1,516,804 m<sup>2</sup> (5,706 units)</b>
	<i>Apartment Tower 1 (Emerald)</i>		2014	2017	8,274	110,345	70,475 m <sup>2</sup> (1,622 units)
	<i>Apartment Tower 2 (Barclay)</i>		2015	2018	12,830	119,020	41,238 m <sup>2</sup> (1,344 units)
	<i>Apartment Tower 3 (Victoria)</i>		2017	2019	3,887	41,040	27,308 m <sup>2</sup> (1,160 units)
	<i>Apartment Tower 4 (Isabella)</i>		2018	2020	2,300	16,173	13,258 (600 units)
	<i>Apartment Tower 5 (Kamala Kandara)</i>		2018	2026	14,061	156,151	101,293 (980 units)
<b>3</b>	<b>Gunung Putri Square</b>	<b>Bogor</b>	<b>2015</b>	<b>2019</b>	<b>21,000</b>	<b>69,607</b>	<b>47,313 m<sup>2</sup> (1,792 units)</b>
	<i>Pinus Tower</i>		2015	2017	1,208	27,952	21,156 m <sup>2</sup> (927 units and 53 kiosks)
	<i>Palem Tower</i>		2016	2018	1,814	28,116	22,035m <sup>2</sup> (865 units and 52 kiosks)
	<i>Shophouses</i>		2017	2019	1,740	5,220	5,220 m <sup>2</sup> (29 units)
	<i>Fresh Market (Kiosks)</i>		2017	2019	1,664	16,640	8,319 m <sup>2</sup>
<b>4</b>	<b>The Ayoma Apartment</b>	<b>Serpong</b>	<b>2015</b>	<b>2020</b>	<b>6,550</b>	<b>64,540</b>	<b>36,187 m<sup>2</sup> (675 units)</b>
	<i>West Tower</i>		2017	2019	6,550	23,683	18,992 m <sup>2</sup> (347 units) + 76 m <sup>2</sup> (Commercial)
	<i>East Tower</i>		2019	2020		21,142	17,195 m <sup>2</sup> (328 units)
<b>5</b>	<b>Payon Amarta</b>	<b>Semarang</b>					
	<i>Bukit Permata Puri 1</i>		1995	2016	361,823	186,765	0 m <sup>2</sup> (0 units)
	<i>Amarta Residence</i>		2014	2018	24,147	6,284	5,208 m <sup>2</sup> (29 units)
	<i>Amarta View 1</i>		2015	2019	4,421	33,313	4,713 m <sup>2</sup> (173 units + Retail)
	<i>Amarta View 2</i>		2017	2021	4,421	34,354	22,003 m <sup>2</sup> (800 units + Retail)
	<i>Amarta Arcade</i>		2018	2019	3,725	-	3,725 m <sup>2</sup>
<b>6</b>	<b>Grand Dharmahusada Lagoon</b>	<b>Surabaya</b>	<b>2015</b>	<b>2024</b>	<b>41,474</b>	<b>314,552</b>	<b>262,604 m<sup>2</sup> (5,518 units)</b>
	<i>Apartment Tower 1</i>		2015	2018	4,679	43,834	35,782 m <sup>2</sup> (942 units)
	<i>Apartment Tower 2</i>		2016	2019	5,046	39,672	32,952 m <sup>2</sup> (867 units)
	<i>Apartment Tower 3</i>		2017	2020	4,683	43,006	35,769 m <sup>2</sup> (933 units)
	<i>Apartment Tower 4</i>		2018	2021	4,945	45,553	38,138 m <sup>2</sup> (983 units)
	<i>Apartment Tower 5</i>		2019	2022	4,855	47,380	39,792 m <sup>2</sup> (1009 units)
	<i>Apartment Tower 6</i>		2020	2023	5,430	56,454	48,021 m <sup>2</sup> (456 units)
	<i>Apartment Tower 7</i>		2021	2024	5,841	38,653	32,150 m <sup>2</sup> (328 units)
<b>7</b>	<b>Pavilion Permata II Apartment</b>	<b>Surabaya</b>	<b>2015</b>	<b>2016</b>	<b>2,385</b>	<b>15,824</b>	<b>12,600 m<sup>2</sup> (521 units)</b>
<b>8</b>	<b>The Alton</b>	<b>Semarang</b>	<b>2017</b>	<b>2024</b>	<b>1,742</b>	<b>43,912</b>	<b>4,3912 m<sup>2</sup> (3,005 units)</b>
	<i>Apartment Tower 1</i>		2017	2019		17,112	14,274 m <sup>2</sup> (1,656 units)
	<i>Apartment Tower 2</i>		2019	2021	1,742	16,723	14,286 m <sup>2</sup> (648 units)
	<i>Apartment Tower 3</i>		2022	2024		18,209	15,352 m <sup>2</sup> (701 units)
<b>9</b>	<b>Evencio Margonda Apartment</b>	<b>Depok</b>	<b>2017</b>	<b>2020</b>	<b>4,913</b>	<b>59,567</b>	
	<i>Apartment Tower 1</i>		2017	2019		39,994	21,938 m <sup>2</sup> (700 units)
	<i>Apartment Tower Extension</i>		2019	2020	4,913	19,573	11,7236 m <sup>2</sup> (544 units) + 76 m <sup>2</sup> (Commercial)
<b>10</b>	<b>Riverview Residence</b>	<b>Cikarang</b>	<b>2016</b>	<b>2021</b>			
	<i>Apartment Tower 1 (Mahakam)</i>		2016	2018		26,285	20,539 m <sup>2</sup> (935 units)
	<i>Shophouse Tower 1</i>		2017	2018	6,505	2,964	2,964 m <sup>2</sup> (39 units)
	<i>Kiosk Tower 1</i>		2018	2018		1,283	210.8 m <sup>2</sup> (35 units)
	<i>Apartment Tower 2 (Bengawan)</i>		2017	2019	6,190	26,374	21,560 m <sup>2</sup> (918 units)



	Shophouse Tower 2		2018	2019		2,000	,2000 m <sup>2</sup> (20 units)
	Kiosk Tower 2		2019	2019		1,174	387.4 m <sup>2</sup> (38 units)
	Apartment Tower 3 (Barito)		2018	2020		27,505	20,388 m <sup>2</sup> (862 units)
	Shophouse Tower 3		2019	2020	6,103	1,520	1,520 m <sup>2</sup> (20 units)
	Kiosk Tower 3		2020	2020		1,174	465 m <sup>2</sup> (50 units)
	Apartment Tower 4 (Kapas)		2019	2021		27,634	22,638 m <sup>2</sup> (964 units)
	Shophouse Tower 4		2020	2021	7,057	2,000	2,000 m <sup>2</sup> (20 units)
	Kiosk Tower 4		2021	2021		1,174	387.4 m <sup>2</sup> (38 units)
<b>10</b>	<b>Sentul - PPRO (Verdura)</b>	<b>Cikarang</b>	<b>2017</b>	<b>2023</b>			
			2017	2019	10,000	117,344	69,081 m <sup>2</sup> (1.836 units)
			2018	2021		-	
			2020	2023		-	
<b>B. Commercial Projects</b>							
<b>1</b>	<b>Grand Kamala Lagoon</b>	<b>Bekasi</b>	<b>2015</b>	<b>2046</b>	<b>20,275</b>	<b>57,900</b>	<b>20,867 m<sup>2</sup></b>
	Commercial area I		2015	2017	6,372	18,904	5,138 m <sup>2</sup>
	Commercial area II		2015	2017	9,655	25,889	7,322 m <sup>2</sup>
	Extension Mall		2016	2017	38,888	13,107	8,407 m <sup>3</sup>
<b>2</b>	<b>Grand Sungkono Lagoon - Mall</b>	<b>Surabaya</b>	<b>2017</b>	<b>2018</b>	<b>8,922</b>	<b>27,053</b>	<b>19,305 m<sup>2</sup></b>
<b>3</b>	<b>Grand Dharmasada Lagoon - Mall</b>	<b>Surabaya</b>	<b>2016</b>	<b>2018</b>	<b>5,995</b>	<b>13,136</b>	<b>13.136 m<sup>2</sup></b>
<b>4</b>	<b>Kaza City Hotel</b>	<b>Surabaya</b>	<b>2017</b>	<b>2018</b>		<b>10,484</b>	<b>104 rooms</b>
<b>5</b>	<b>Park Hotel Mataram - Lombok</b>	<b>Lombok</b>	<b>2017</b>	<b>2019</b>	<b>6,492</b>	<b>28,099</b>	<b>127 rooms</b>

## P. Competitive Advantages.

### a. Strong sponsorship from PT PP (Persero) Tbk, a leading state-owned construction company in Indonesia

PT PP (Persero) Tbk, the Company's largest shareholder, is one of the leading, state-owned construction companies in Indonesia, with a strong track record, significant relationships, knowledge and strengths that the Company intends to continue to leverage.

The Company has worked jointly with PT PP (Persero) Tbk on most of its historical and current projects, developing a track record of delivering high quality execution on time in a seamless manner and within budget. Many of the Company's key employees and senior management have extensive experience within PT PP (Persero) Tbk, mastering property construction skills, and developing relationships with potential partners, regulators and shareholders. The Company will continue to collaborate with PT PP (Persero) Tbk in the planning, construction and development of future projects to achieve greater operational efficiency and effectiveness. This will include jointly pitching for new projects, allowing land owners to take comfort in an integrated and proven property development solution.

Furthermore, as the market leader with a proven track record, PT PP (Persero) Tbk has a large client database of potential partners that will be used by the Company to continue to seek opportunities for the development of future projects that create growth for the Company.

To prove its commitment to the Company, PT PP (Persero) Tbk will continue to be the largest Shareholder of the Company, holding a proforma aggregate of 64.96% of the Company's total issued and paid-up shares.

### b. Strategically located portfolio of properties ensuring connectivity and accessibility

The Company has an established track record in identifying and developing project sites in strategic locations which enjoy excellent connectivity both within and out of CBD Jakarta or growth centers in the region around the center of Jakarta. One of the Company's property development targets includes areas with easy access to the toll roads.

With scarcity of substantial blocks of land in such key strategic locations, the Company's high rise tower developments enable efficient utilization of key spaces strategically situated between the key financial/business and growth centers around Indonesia's largest cities. The Company's properties cater toward the growing urban population by providing fast access to the surrounding commercial community, residential and hospitality developments, retail amenities and entertainment offerings embodying the "work-live-play" concept, which the Company believes is increasingly sought after by its target demographic customers.

The Company has approximately 60 hectares of land available for future development, located in Java, Padang, Pekanbaru, Bengkulu, Makassar, Bali and Lombok. This is anticipated to be sufficient for the Company's planned development projects for up to the next 15-20 years, and is consistent with the Company's focus on high-rise and to increase recurring income.



**c. d. Commitment to innovation and product offering differentiation to customers**

The Company believes that the concept of a residence in general should be more than just 'four walls and a roof', therefore, the Company plans to develop its residential properties based on the 'Beyond Space' concept. The Company endeavors to formulate new measures to differentiate its properties by continuously seeking the way to improve customer satisfaction in owning and living in its residential properties.

As a realization of its commitment to promote innovation, the Company has established a research and development unit to manage innovation and create product differentiation to be offered to customers.

Each of the Company's residential projects have integrated retail space allocated toward F&B, health, entertainment, convenience stores and a variety of facilities and activity spaces which provide a communal environment for the leisure and social pursuits of its residents. The Company recently introduced a cleaning services benefit for the residents of the Pavilion Permata I apartment in Surabaya to demonstrate its innovation in service offerings under the "Beyond Space" concept.

The Company's management believes that innovation is the right step to increase the quality of life of its consumers, and will distinguish the Company's product offering, which represents the Company's main strength in attracting buyers from its property target demographic.

**d. Strong management track record and established network of relationships**

Management of the Company has served in the PT PP (Persero) Tbk group for an average of over 20 years and have demonstrated their ability to identify and capitalize on opportunities to enhance and improve the operating performance of its property developments. In particular, the Company's management, Ir. Taufik Hidayat, M.Tech as the President Director; Drs. Indaryanto MSM, Akt as the Finance and Human Resources Director; Ir. Galih Saksono, MBA, as the Real Estate Director, Ir. Sinurlinda Gustina as the Commercial and Hospitality Director, Ir. Lukman Hidayat as the President Commissioner; and Ir. Betty Ariana, MT, as a Commissioner.

The Company assigns a team for each new projects that will be developed. The Company invests in time and commitment to develop the competencies of project directors and to improve their skills to manage various projects; the project directors are also involved in the Company's management process to create creative ideas that are in line with the Company's objective to continuously create innovation in order to provide innovative products for its consumers. Project directors are specifically capable of leading the consultants and contractors in defining the most efficient construction process to manage construction cost and maximize the Company's profit and performance. The Company believes that the quality and training of its management represents a key competitive advantage.

As a result of its experienced management team, well-recognized brand image, participation in industry associations and knowledge of and contacts within the real estate and construction industry, the Company believes that it is in a favorable position to identify, gain access to and evaluate new investment opportunities.

**Q. Business Strategies**

The Company's goal is to maintain and further strengthen its position as a leading and sustainable national developer with global competitiveness and to focus on development of high-rise residential properties for the middle class segment and to increase recurring income.

The Company intends to pursue the following strategies to achieve this goal:

**a. Leverage relationships with PT PP (Persero) Tbk and its clients to gain access to companies holding substantial land blocks in key areas, particularly state-owned companies, by offering complete property development solutions through strategic partnerships.**

While the Company will continue to seek to secure land for its own development, it will also seek opportunities to develop third-party owned land through joint venture and joint operation arrangements. As at the date of this prospectus, the Company is exploring cooperation with state-owned companies with substantial land blocks and strategic locations to jointly develop a property by teaming up with PT PP (Persero) Tbk and other state-owned banks who are able to provide financing solutions for the development of the entire project.

The Company, as one of the subsidiary of a state-owned company, which is engaged in property development business, is well positioned to offer competitive development packages to such companies when they choose to develop such projects.

**b. Focus on development of high-rise residential properties for the middle class segment and increase recurring income**

The Company will increasingly look to focus its future projects on building larger multi-tower developments, with a range of property offerings, including residential, office, retail, school, hospital, theme park, sport center and hotel space. The Company will develop two types of projects, namely the superblock and CBD. Superblock developments will typically be developed on blocks of between 3 and 5 ha and CBD developments will typically be developed on blocks of approximately 30 ha.

Grand Sungkono Lagoon will be the Company's first Superblock development, with scheduled completion in 2022 and will comprise up to 5 mixed-use towers with integrated retail space that incorporate the Company's 'Green Development Concept'.

The Company will also continue to pursue opportunities to develop CBD projects. Grand Kamala Lagoon is the first CBD project company located in Bekasi, which has excellent access to the industrial area along the Jakarta-Cikampek toll road and has several modes of transport to the city center.

The Company anticipates managing the recurring income aspects of its Superblock and CBD developments, thereby allowing them to secure stable recurring income streams to supplement revenue from the sales of residential units. The Company has experience in managing recurring income streams through its Prime Park Hotel Bandung, Park Hotel Jakarta, Swiss-Bell Hotel Balikpapan, Kaza City Mall Surabaya and Balikpapan Ocean Square Kalimantan. Up to the issuance of this Prospectus, the Company is developing 3 (three) commercial areas integrated with residential complexes in Grand Kamala Lagoon, Grand Dharmahusada Lagoon and Grand Sungkono Lagoon.

In addition, the Company will also continue to develop its hospitality division by developing a number of new hotels in the future.

**c. Focus on acquisition opportunities in Outer Jakarta and key second tier cities, which typically offer access to larger blocks**

Considering the increase in prices of land located around the heart of Jakarta, the Company will selectively search for areas with the size between 3-5 hectares in the greater Jakarta area or other major cities in order to develop the superblocks that are in line with the Company's concepts. The Company will continue to implement disciplined and selective land acquisition strategies, to identify the main location and to conduct feasibility studies by independent consultants in property development as part of the land selection process.

The Company believes that it has sufficient landbank for its near term development needs. The Company will seek joint venture and joint operation opportunities to develop land owned by other third parties.

**d. Continue to innovate in enhancing the customer product offering, further developing the Company's "Beyond Space" offerings.**

The Company continues to believe that its properties should deliver an experience to its customers that enriches their day-to-day living experience and will continue to seek new ways to enhance its product offering to customers, further developing its "Beyond Space" business model to differentiate it from other property companies. For example, the Company is studying various aspects of the customer experience, including the impact of factors such as lighting, color application and the use of technology to enhance space functions.

When it develops new initiatives, the Company will continue to remain prudent in testing such offerings on certain of its projects before rolling them out across its various developments.

**e. Manage costs and maintain discipline in completing its projects by continuing to leverage PT PP (Persero) Tbk's scale, expertise and relationships**

Through its close relationship with its parent, the Company continues to be able to manage costs and meet its performance targets on its various projects. In particular, key employees have all spent time working for PT PP (Persero)

Tbk and have a clear understanding of the various aspects of acting as a property contractor, enabling it to develop projects and run the process in a cost efficient manner, regularly delivering completion on time with excellent and high quality finished products.

The Company will continue to work closely with PT PP (Persero) Tbk to be able to offer and deliver complete and competitive property development solutions for projects, and believes that being part of the PT PP (Persero) Tbk group with a track record of successfully delivering projects for over 60 years provides the Company a very clear competitive advantage.

## **R. The Company's Customers and Suppliers**

The Company will continue to develop its business by combining all the skills and abilities of its employees, both in design and construction quality aspects that will continuously be improved as well as its commitment to customers and suppliers.

As of 31 December 2016, the Company did not rely on any single customer, as evidenced by the absence of real estate sales and property income from any one of the Company's customers that exceeded 10% of the total real estate sales and property income.

The Company had outstanding payables to third parties denominated in Rupiah, which consisted of payables to suppliers and contractors for the supply of building materials in connection with project implementation.

The Company's top four contractors as of 31 December 2016 were as follows:

- PT PP Branch III (affiliate), in connection with the construction work of GKL Apartment in Kalimalang.
- PT PP Branch V (affiliate), in connection with the construction work of GSL Surabaya.
- PT PP Precast (affiliate), in connection with the bridge construction works of GKL apartment in Kalimalang, construction of GPS Cibubur and Paviliun Permata II.
- PT PP Branch VI (affiliate), in connection with the construction work of Balikpapan Ocean Square.

The Company's top four suppliers as of 31 December 2016 were as follows:

- PT Sandang Sanita, the laundry supplier for Park Hotel Jakarta.
- Agness Supplier, F&B Supplier of vegetables for Park Hotel Jakarta
- PT Jaya Mandiri, the daily food supplier for Park Hotel Jakarta
- PT Budi Jaya, the amenities supplier for Prime Park Hotel Bandung.

## **S. Business Prospects**

Market value of property in 2017 is forecasted to increase by 15% to approximately Rp318 trillion compared to the market value in 2016, which was Rp277 trillion, with the residential segment remaining as the largest contributor to the property business in Indonesia.

The residential segment, consisting of apartment and landed houses, is expected to be the largest contributor, contributing up to 55.8% of the national property capitalization. The capitalization growth rate of the residential segment is expected to reach 16.5%, from Rp152.7 trillion to Rp177.9 trillion in 2017.

Factors supporting the growth of property industry in 2017 are, among others, the positive impact of the tax amnesty policy, issuance of regulation streamlining the licensing process for residential construction, lower interest rate, which is expected to be lower than 10% or a single digit, and relaxation of loan-to-value (LTV). Furthermore, increasing domestic consumption as a result of market demand and the government's increasing focus to suppress backlog, which has reached 13.5 million houses, particularly for the low income class (LIC).

A promising market potential also poses a challenge to the Company's management, as it will go hand in hand with a more dynamic and competitive business competition. To address the increasingly tight competition, the Company has set the year 2017 as the starting year of its transformation phase by building the basic foundations for continuous improvements. The transformation include the Company's stock split plan, plan to raise additional capital with the issuance of Preemptive Rights, to increase landbank and recurring income, and others.

## **T. Good Corporate Governance**

The Company believes that consistent and continuous implementation of GCG will improve the Company's performance, which in turn will create added value to the Company, i.e. improvement of benefits for the shareholders in particular and other stakeholders in general in the long term.

As an initial commitment to sustainable GCG implementation, the Company has undergone an Assessment by an Independent Party, a team from BPKP (the Finance and Development Supervision Body) in mid-February 2016, with a final score of 83.56. The Company has established the Good Corporate Governance (GCG) Guidelines, Code of Conduct and Whistle Blowing System Guidelines. The guidelines have been socialized to all of the Company's employees, to ensure that they are implemented in an appropriate and consistent manner. In terms of GCG, the Company refers to the 5 (five) principles of GCG, which are: Transparency, Accountability, Responsibility, Independency and Fairness.

- **Transparency**  
Refers to transparency in carrying out the decision making process and transparency in disclosing relevant information about the Company. Open, timely, adequate, clear and comparable disclosure of information, which includes information on financial policies, production operations, marketing, technology, human resources management, internal auditors, business development and other important decisions.
- **Accountability**  
Refers to the clarity of organizational function, implementation and accountability to ensure effective management of the Company. Clearly defined tasks, responsibilities and performance evaluation, both at the Company's management level and all elements of the organization in overall.
- **Responsibility**  
Refers to compliance in Company management to the prevailing laws and regulations and sound corporate principles. Ensuring that the Company implements principles of prudence and complies with the prevailing law and regulations.
- **Independency**  
Refers to ensuring that the Company is managed in a professional manner without any conflict of interest and/or influence/pressure from any party, which does not comply with the prevailing laws and regulations and sound corporate principles.
- **Fairness**  
Refers to fairness and equality in fulfilling the rights of each individual and other stakeholder that arise from agreements and the prevailing laws and regulations.

## U. Awards

Selected awards won by the Company and its Subsidiaries in from respectable institutions include the following:

- *Aggressive and Phenomenal BUMN Developer*, from Indonesia Property & Bank Award (2014)
- *The Best Property & Developer of the Year*, from Pusat Rekor Indonesia during the *International Business & Company Award* (2014)
- *The Finest Concept Apartment*, from Properti Indonesia Magazine (2014)
- *The Best Mix Use Development Concept at Bekasi City – Grand Kamala Lagoon Project*, from Indonesia Property & Bank Award (2014)
- *Pionir Superblock with the Best Green Concept & Design in Bekasi*, from Residence Indonesia Magazine (2014);
- *SOE Developer Pioneer of Eco Friendly Concept Development*, from Residence Indonesia Magazine (2014);
- *Favorite Apartment in Multifunction Estate in Bekasi*, from Housing Estate Magazine (2014); and
- *Innovation Concept & Design Shophouses of the Year*, from Ray White Indonesia (2013).
- *Recognition of Outstanding Performance in Achieving the Top Property* (2016)
- *The Outstanding Performance and Cooperation* (2015)
- *Developer Allocating More than 40% Land for Conservation Purposes* (2015)
- *Indonesia Stock Exchange: Satisfy the Registration Requirements in Indonesia Stock Exchange* (2015)
- *The Best Superblock, Office Building and Apartment* (2015).
- *Barclay Tower Apartment as Consumers' Favourite Apartment* (2015)
- *The Rising Star of SOE Property Developer* (2015)
- *BTN Property Award: Third Place for Developer with the Best Contributor* (2015)
- *Silver Champion: WOW Brand* (2015)

- *The Most Favoured Low Cost Apartment Project (2015)*
- *The Best BUMN Developer (2015)*
- *Top Primary Project Sales (2015)*
- *The First CBD With Floating City Concept in Jakarta & Bekasi (2015)*
- *The Iconic Mix-Use Project (2015)*
- *BCI Asia Top 10 Developers Award 2015 Indonesia (2015)*
- *Participation in Creating a Tax Conscious Community (2015)*
- *Top Category Awards (2016)*
- *Residence Awards (2016)*
- *Green Priority Awards (2016)*
- *Residence Awards (2016)*
- *Yuk Nabung Saham Goes To Kampus (2016)*
- *BTN Property Awards 2016 (2016)*
- *The IDX Best Blue 2016 (2016)*
- *YPKAI (2016)*

## V. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) activities provide added value to communities, whether to the environment, or to social and economic development. The Company is committed to carrying out various activities or programs in order to create a balanced environment and as the manifestation of the Company's social responsibility. In addition, the Company is aware of the importance of the balance between public spaces, the Company and the surrounding community as one of the prerequisites to creating a healthy environment and outer and inner happiness to all members of the community. The cost incurred by the Company to realize its CSR Programs in 2016 was Rp2,033,608,657.-.

The CSR programs carried out by the Company are, among others, as follows:

- Plan to build a park in Jl. Mayjend Sungkono, Surabaya with a total area of 500 m<sup>2</sup> in 2015.
- Donation program for orphans at the Grand Sungkono Lagoon project, Surabaya since 2014
- Donation program for 700 orphans at the Pavilion Permata 1 & 2 project, Surabaya, in 2014
- Communal Break Fasting program with the children of orphanages during Ramadhan
- Blood Donation program, conducted every six months.
- Park construction program in Jl. Mayjend Sungkono, Surabaya with a total area of 500 m<sup>2</sup> in 2015.
- The Community Health Card Program in the Grand Kamala Lagoon Project in 2015.
- Water Pump Repairs and House Renovations for the Cicadas Village Community in Gunung Putri Square Project in 2015.
- *Maulid Nabi* Donation Program, Military Precinct Commander Farewell and Welcome Ceremony in Gunung Putri Square Project in 2015.
- The Housing Construction Program for the communities affected by the Grand Kamala Lagoon Project in 2015.
- Donation in the form of Renovation of Cicadas Sector Police Office in Gunung Putri Square Project in 2015
- The Cikas Dam Normalization Program in the Grand Kamala Lagoon Project in 2015.
- Building parks, jogging tracks, garden lights and barbed wire in RT 07 in 2015.
- Donation for schools and social activities in Kandang Jurank Doank in Ayoma Project in 2015.
- Isra Mi'raj of the Prophet Muhammad SAW Commemoration in Gunung Putri Square Project in 2015.
- Donation in the form of renovation and activities in the mosque in the Grand Kamala Lagoon Project in 2015.
- Social Service for the Republic of Indonesia's Veteran Legion in Grand Dharmahusada Lagoon Project in 2015.
- The "Share the Joy with the Cancer Awareness Community" in Grand Sungkono Lagoon Project in 2015.
- Commemoration of the Moslem New Year in the Jami' Al-Ikhlas Cicadas Mosque in Gunung Putri Square Project in 2015.
- Free Medical Treatment for the residents of Rawa Buntu Serpong in Ayoma Project in 2016.
- Social Service Program in celebration of the Republic of Indonesia's 70<sup>th</sup> Independence Day in the Gunung Putri Square Project in 2015.
- PPRO Flood Care Program in Jati Asih, Bekasi in 2016
- PPRO Flood Care Program in Garut, West Java in 2016
- Ramadhan Talkshow in the Ayoma Apartment Project in 2016
- The August 17<sup>th</sup> Contests in the Grand Dharmahusada Lagoon Project in 2016
- Park construction program in Jl. Suterejo, Surabaya in commemoration of the Independence Day in the Grand Dharmahusada lagoon Project in 2016.

- Renovations of facilities and infrastructures of the residents' houses and mosque of the Cicadas Village Community in Gunung Putri Square Project in 2016.
- Ramadhan *Takjil* Distribution Program in the Amarthia View Project in 2016.
- Communal Al Quran Reading and Donation to the Orphans in the Amarthia View Project in 2016.
- Community Break Fasting PHRI Jabar - Ramadhan 1437 H in the Prime Park Project, Bandung, in 2016.
- Donation in the form of renovation of Nurul Hidayah Mosque and Al-Ukhuwa Mosque in the Prime Park Project, Bandung, in 2016.
- Health Program; Blood Drive, Give Blood Save Life in the Head Office in 2016.
- Social Service; *Sembako* Distribution - Share to Care in the Head Office in 2016.
- Donation program for orphans at the Grand Sungkono Lagoon project in 2016
- Construction of Box Culvert in the Grand Dharmahusada Lagoon Project in 2016
- *Maulid Nabi* Muhammad Saw 1437 H in the Gunung Putri Square Project in 2016.
- Community Program; Zumba - Hop for Hope with Pita Kuning Anak Indonesia Foundation in the Head Office in 2016.
- Donation in the form of renovation of Miftahul Jannah Mosque in the Park Hotel Project, Jakarta, in 2016.

## IX. CONSOLIDATED EQUITY

The following table presents the Company's consolidated equity as of December 31, 2016, and 2015, as audited by the Public Accounting Firm Soejatna, Muljana and Partners, which expressed an Unqualified Opinion in all material respects.

*(Presented in full Rupiah amount, unless otherwise stated)*

Description	December 31,	
	2016	2015*
<b>EQUITY</b>		
Equity attributable to:		
Owners of the Parent Company		
Nominal Value Rp100.- per share	1,404,440,600,000	1,404,440,600,000
Authorized Capital:		
36,528,240,000 Shares (Issued and Paid-up Capital for each of the period ended December 31, 2016, 2015, of 14,044,406,000 shares)		
Additional Paid-in Capital	357,657,791,204	357,657,791,204
Retained earnings		
Appropriated	20,322,294,135	5,306,042,987
Unappropriated	703,443,039,238	413,141,464,551
Other Equity Component	335,316,239,168	335,332,922,914
	2,821,179,963,744	2,515,878,821,656
Non-Controlling Interest	146,730,741,303	1,708,032,583
<b>TOTAL EQUITY</b>	<b>2,967,910,705,047</b>	<b>2,517,586,854,239</b>

\*) Reclassified

There are no changes to capital structure from the date of the last financial statements up to the effective date of the Registration Statement.

The following table presents the Company's proforma consolidated equity as of December 31, 2016, assuming that all Preemptive Rights offered in the Rights Issue are fully exercised on December 31, 2016, at an exercise price of Rp280 per share.

*(In millions of Rupiah)*

	Equity as of December 31, 2016, Prior to the Rights Issue I	Total 5,498,047,883 shares, each having a nominal value of Rp25 (in full amount) and a Preemptive Right price of Rp280 per share.	Proforma Equity as of December 31, 2016, Subsequent to the Rights Issue I
<b>EQUITY</b>			
Equity attributable to:			
<b>Owners of the Parent Company</b>			
Capital Stock	1,404,440,600,000	137,451,197,075	1,541,891,797,075
Additional Paid-in Capital	357,657,791,204	1,402,002,210,165	1,759,660,001,369
Retained earnings			
Appropriated	20,322,294,135	-	20,322,294,135
Unappropriated	703,443,039,238	-	703,443,039,238
Other Equity Component	335,316,239,168	-	335,316,239,168
Total Equity attributable to owners of parent entity	2,821,179,963,744	1,539,453,407,240	4,360,633,370,984
Non-Controlling Interest	146,730,741,303	-	146,730,741,303
<b>TOTAL EQUITY</b>	<b>2,967,910,705,047</b>	<b>1,539,453,407,240</b>	<b>4,507,364,112,287</b>



## X. DIVIDEND POLICY

All of the Company's subscribed and fully-paid up to the Company, including the Shares offered with respect to the Rights Issue I, shall have similar and equal rights in all respects, including rights over dividends.

The determination of amount and payment of dividends referred to above, if any, shall be subject to the recommendation of the Company's Board of Directors and a number of factors that consider the Company's financial soundness, capital adequacy, and financing requirements to finance further business expansions, without prejudice to the rights of the GMS.

The Company has a policy to distribute cash dividends to all of the Company's shareholders, with due consideration to the Company's financial position or soundness and without prejudice to the rights of the Company's General Meeting of Shareholders to determine such dividend distributions, which shall be determined in the Company's General Meeting of Shareholders.

Presented below are the descriptions of the Company's dividend payments for the 2015 fiscal year, which are paid in 2016.

- |   |                  |
|---|------------------|
| • Cash Dividends paid (Rp billion)        | : Rp60.06        |
| • Dividend per Share (full Rupiah amount) | : Rp4.27         |
| • Payout Ratio                            | : 20%            |
| • Announcement Date                       | : April 20, 2016 |
| • Payment Date                            | : May 20, 2016   |

### Dividend Distribution History

Since becoming a public company, the Company has distributed cash dividends totaling Rp60,065 billion in 2015.

<b>THERE ARE NO NEGATIVE COVENANTS THAT MAY INJURE THE RIGHTS OF SHAREHOLDERS WITH RESPECT TO DISTRIBUTION OF DIVIDENDS TO SHAREHOLDERS.</b>
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<b>THE COMPANY'S DIVIDEND DISTRIBUTIONS ARE CONDUCTED BASED ON THE RESOLUTIONS OF THE COMPANY'S ANNUAL GMS.</b>
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## XI. TAXATION

Income tax on share dividends shall be imposed in accordance with the prevailing laws and regulations. Pursuant to the Law of the Republic of Indonesia No. 36 of 2008 concerning the Fourth Amendment to Law No. 7 of 1983 concerning Income Tax, dividend or distribution of profit received or earned by Limited Liability Companies as Domestic Taxpayers, Co-operatives, State Owned or Regional Government Owned Enterprises as a result of their equity investment in any business entity established and domiciled in Indonesia are not subject to Income Tax, provided that the following requirements are satisfied:

1. Dividends are paid-out from retained earnings; and
2. In the case where the recipient of a dividend is a Limited Liability Company or a State or Regional Government-owned Enterprise, its ownership in the enterprise paying the dividend must not be less than 25.0% (twenty percent) of the total fully paid-up capital.

In accordance with the Regulation of the Minister of Finance of the Republic of Indonesia No. 234/PMK-03/2009 dated December 29, 2009, concerning Certain Investment Sectors Generating Income for Pension Funds Exempted as Object of Income Tax, the income received or accrued by Pension Funds incorporated under the approval of the Minister of Finance of the Republic of Indonesia are not included as an Income Tax Object, provided that such income is received or accrued from capital investment, among others, in the form of dividends from shares in limited liability Companies listed in the Stock Exchange in Indonesia.

In accordance with Government Regulation No. 14 of 1997 concerning Amendment to Government Regulation No. 41 of 1994 concerning Income Tax on Proceeds from Sale of Shares Transaction at the Stock Exchange, the following provisions shall apply:

1. On any income received or earned by any Individual Taxpayer or Corporate Taxpayer from the sale of shares listed in the Stock Exchange, a final income tax will be imposed at 0.1% (one per one thousand) of the gross value of the transactions. The stock exchange organizer is obligated to withhold the payable Income Tax on every share sale transaction upon settlement of the share sale transaction.
2. Founding shareholders are subject to an additional Income Tax of 0.5% (five per one thousand) of the share price in the initial public offering.
3. Payment of the additional Income Tax payable shall be carried out by the Company in the name of the founding shareholders by no later than 1 (one) month following the trade of the shares at the Stock Exchange. However, in the event that the shareholder declines to utilize such convenience, the calculation of such shareholder's Income Tax shall be based on Income Tax Rate generally applicable in accordance with article 17 of Law No. 7 of 1983 concerning Income Tax as amended several time and was last amended by Law No. 36 of 2008.
4. In accordance with Article 23.a.1 of Law No. 36 of 2008, dividends from shares, whether those traded or not traded on the Capital Market, whether payable or paid to Domestic Taxpayers or Permanent Establishment, shall be subject to Income Tax Article 23 of 15% (fifteen percent) of the gross amount.
5. In accordance with Article 17.2.c of Law No. 36 of 2008, dividends distributed to domestic individual taxpayers shall be subject to a final Income Tax Article 4 (2) of 10%.

Government Regulation concerning income from sale of shares transaction at the stock exchange shall also apply for Pension Funds incorporated under the approval of the Minister of Finance of the Republic of Indonesia. In accordance with Law No. 36 of 2008 and the Government Regulation No. 19 of 2009 concerning Income Tax on Dividends received or accrued by Domestic Individual Income Taxpayers, income in the form of dividends received or accrued by Domestic Individual Income Taxpayers shall be subject to a final income tax of 10%.

Dividends received or acquired by Domestic Taxpayers or Permanent Establishment that do not satisfy the provisions of Article 4 paragraph (3) point f of the Law No. 36 of 2008 are subject to Withholding Income Tax in accordance with Article 23 paragraph (1) point a of the Law No. 36 of 2008. The company paying the dividend(s) shall withhold the Income Tax article 23 of 15% (fifteen percent) of the gross amount in accordance with Article 23 paragraph (1) point a of the Law No. 36 of 2008, and if the Taxpayer receiving or acquiring the dividend income has no Tax Registration Number (NPWP), the income tax rate imposed shall be 100% higher than 15%, or 30% of the gross amount. The Withholding Tax Article 23 represents a tax installment creditable against the Income Tax payable for the respective year, except for income that is subject to final income tax.

Dividends paid, payable, or which payments are due to foreign Taxpayers other than permanent establishments in Indonesia are subject to a 20% (twenty percent) final income tax. The citizens of a country that has signed the Double Tax Avoidance Agreement (*Perjanjian Penghindaran Pajak Berganda*, "P3B") with Indonesia, by fulfilling the requirements set forth in the Director General of Taxation Regulation Number PER-24/PJ/2010 dated April 30, 2010, concerning the Amendment of the

Director General of Taxation Regulation Number PER-61/PJ/2009 concerning the Procedures of Implementation of Double Tax Avoidance Agreement, are eligible to lower tax rate facility by submitting the Certificate of Domicile (COD) of Non-Resident for Indonesia Tax Withholding as stipulated in Annex II (Form - DGT 1) or Annex III (Form - DGT 2) of the said Directorate General of Taxation Regulation prior to the end of the deadline to submit the Monthly Tax Return for the tax period in which such tax payable incurred. The first pages of Form - DGT 1 and Form-DGT 2 approved by the authorized tax officer of P3B partner country shall be valid for a period of 12 (twelve) months.

In accordance with Government Regulation No. 24 of 2000, documents in relation to sale of shares shall be subject to stamp duty. At present, a stamp duty of Rp6,000 shall be imposed for transaction above Rp1,000,000 and Rp3,000 for transaction below Rp1,000,000. The stamp duty shall be payable upon use of the document. The Company has paid and reported its corporate income tax in accordance with the tax regulations prevailing in Indonesia based on the self-assessment principal. Tax officers may stipulate or amend such taxes during a certain period in accordance with the prevailing regulations.

### **The Company's Tax Obligations**

As a Taxpayer, the Company is generally subject to the Tax Obligation arising from Income Tax ("WHT"), Value Added Tax ("VAT") and Land and Building Tax (*Pajak Bumi dan Bangunan*, "PBB"). The Company has fulfilled all of its tax obligations in accordance with the prevailing tax laws and regulations. In addition, the Company has also filed the 2016 Annual Income Tax Return (SPT) on January 24, 2017, and the 2016 and 2014 Annual Income Tax Returns on March 29, 2016, and September 22, 2015, respectively. Up to the date of issuance of this Prospectus, the Company has no overdue tax obligations.

**PROSPECTIVE BUYERS IN THIS RIGHTS ISSUE I ARE EXPECTED TO CONSULT THEIR RESPECTIVE TAX CONSULTANTS ABOUT THE TAX CONSEQUENCES THAT MAY ARISE FROM THE PURCHASE, POSSESSION AND SALE OF SHARES PURCHASED THROUGH THIS RIGHTS ISSUE I.**

## XII. DESCRIPTION OF THE STAND-BY BUYERS

In accordance with the provisions set forth in the Stand-By Purchase Agreement dated March 16, 2017, as amended and restated, between the Company and PT Bahana Sekuritas, PT Danareksa Sekuritas, and PT Trimegah Sekuritas Indonesia Tbk (jointly referred to as the Stand-By Buyers), the following have been agreed:

In the event that the Preemptive Rights Shares offered in this Rights Issue I are not entirely subscribed by the public holders of Preemptive Rights, the remaining shall be allocated to other Preemptive Right Holders subscribing more than their rights as stated in the Preemptive Rights Certificate or the Additional Shares Subscription Form proportionally based on the exercised rights. In the event that there are remaining public portion shares subsequent to the allocation of additional share subscription, then, pursuant to the Stand-By Purchase Agreement dated March 16, 2017, entered into and signed by and between the Company and PT Bahana Sekuritas, PT Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk ("**Stand-By Buyers**"), the Stand-By Buyers shall be obligated to purchase the aforementioned remaining public portion shares in a maximum sum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares for PT Bahana Sekuritas, a maximum sum of 655,057,785 (six hundred fifty five million fifty seven thousand seven hundred eighty five) shares for PT Danareksa Sekuritas, and a maximum sum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares for PT Trimegah Sekuritas Indonesia Tbk. The remaining Preemptive Rights Shares that must be subscribed by the aforementioned Stand-By Buyers shall not include the shares issued from the exercise of Preemptive Rights of the Majority Shareholders in this Rights Issue I. The source of fund to be used by the Stand-By Buyers in order to perform their obligations as Stand-By Buyers in the event that there are remaining shares that must be absorbed by the Stand-By Buyers shall be derived from Working Capital and Credit Lines.

### 1. Description of the Stand-By Buyers

#### A. PT Bahana Sekuritas ("Bahana")

##### ***Brief History***

PT Bahana Sekuritas is a limited liability company established pursuant to and based on the laws of the Republic of Indonesia based on the Deed No. 58 dated July 26, 1989, drawn up before Soebagio Ronoatmodjo, S.H., a Notary in Jakarta. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. C-2-8857.HT.01.01. Th.89 dated September 19, 1989, and announced in the State Gazette of the Republic of Indonesia No. 6 dated January 21, 1992, Supplement No. 245. The Articles of Association have been amended several times, and the last amendment was made based on the Deed of Notary H. Riyad, S.H., No. 38 dated January 27, 2017. The last amendment was accepted by the Minister of Law and Human Rights by virtue of Decree No. AHU-0002908.AH.01.02.Tahun 2017 dated January 27, 2017.

PT Bahana Sekuritas is presently domiciled in Jakarta and headquartered at Graha Niaga, Jl. Jenderal Sudirman Kav. 58.

##### ***Business Activities***

BS' main activities as a securities company are to carry out business activities as Underwriters, Broker-Dealers (either on its own behalf or as a representative or commissioner) and other activities in accordance with the prevailing laws and regulations.

##### ***Capital Structure and Shareholder Composition***

Description	Nominal Value Rp.1,000,000.00 per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	500,000	500,000,000,000.	
Issued and Fully Paid-up Capital			
1. Perusahaan Perseroan (Persero) PT Bahana Pembinaan Usaha Indonesia	248,000	248,000,000,000.	99.20
2. Koperasi Karyawan PT Bahana Pembinaan Usaha Indonesia (Persero)	2,000	2,000,000,000.	0.80
<b>Total Issued and Fully Paid-up Capital</b>	<b>250,000</b>	<b>250,000,000,000.</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>250,000</b>	<b>250,000,000,000.</b>	

### Management and Supervision

The compositions of BS' Board of Commissioners and Board of Directors as stipulated in the Deed No. 3 dated March 2, 2017, drawn up before Hadijah, S.H., a Notary in Jakarta, which notification was received and recorded in the database of Legal Entity Administration System of the Ministry of Law and Human Rights of the Republic of Indonesia pursuant to Decree No. AHU-AH.01.03-0102268 dated March 2, 2017, are as follows:

#### Board of Commissioners

President Commissioner : Eko Yuliantoro  
Commissioner : Hari Gursida

#### Board of Directors

President Director : Feb Sumandar  
Director : Wiwit Gusnawan  
Director : Andi Irawan Sidharta  
Director : Natalia Surjadiputra

### Key Financial Highlights

(In millions of Rupiah)

Description	December 31,		
	2016	2015	2014
Total assets	1,308,943	920,401	880,454
Total Liabilities	868,402	510,712	500,353
Total Equity	440,541	409,689	380,101
Revenue	273,964	186,364	220,655
Operating Profit (Loss)	69,708	16,090	37,088
Comprehensive Income (Loss)	39,992	18,464	39,105

## B. PT Danareksa Sekuritas ("Danareksa")

### Brief History

PT Danareksa Sekuritas was established pursuant to the Deed No. 25 dated July 1, 1992, drawn up before Imas Fatimah, S.H., a Notary in Jakarta. The Deed of Establishment has been amended in its entirety to conform to the Law No. 40 of 2007 concerning Limited Liability Companies as stipulated in the Deed No. 91 dated August 12, 2008, drawn up before Imas Fatimah, S.H., then a Notary in Jakarta, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia by virtue of Decree No. AHU-83282.AH.01.02Tahun 2008 dated November 10, 2008. The Articles of Association have been amended several times, with the last amendment as stipulated in the Deed No. 10 dated March 13, 2013, drawn up before Masjuki, S.H., acting in lieu of Mochamad Nova Faisal, S.H., M.Kn., a Notary in Jakarta, which amendment was received and recorded in the database of Legal Entity Administration System of the Ministry of Law and Human Rights of the Republic of Indonesia under Letter No.AHU-AH.01.10-22011 dated June 4, 2013.

PT Danareksa Sekuritas is presently domiciled in Jakarta and headquartered at Gedung Danareksa, Jl. Medan Merdeka Selatan No. 14.

### Business Activities

The aims and objectives of DS are to engage in securities trading.

DS may carry out the following business activities:

- Act as Underwriter;
- Act as Broker-Dealer;
- Act as Securities Trader; and
- Act as Investment Advisor; and
- Carry out investment activities in private equity.

### Capital Structure and Shareholder Composition

Description	Nominal Value Rp.1,000.00 per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	2,000,000,000	2,000,000,000,000	
Issued and Fully Paid-up Capital			
1. PT Danareksa (Persero)	499,999,000	499,999,000,000.	99.999
2. Yayasan Kesejahteraan Pegawai PT Danareksa (Persero)	1,000	1,000,000.	0.001
<b>Total Issued and Fully Paid-up Capital</b>	500,000,000	500,000,000,000	<b>100.00</b>
<b>Shares in Portfolio</b>	1,500,000,000	1,500,000,000,000	

### Management and Supervision

The composition of DS' Board of Commissioners as stipulated in the Deed No. 07 dated December 10, 2015, drawn up before Masjuki, S.H., acting in lieu of Mochamad Nova Faisal, S.H., M.Kn., a Notary in Jakarta, which amendment was received and recorded in the database of Legal Entity Administration System of the Ministry of Law and Human Rights of the Republic of Indonesia under Letter No. AHU-AH.01.10-22011 dated June 4, 2013 and the composition of DS' Board of Directors as stipulated in the Deed No. 55 dated December 23, 2016, drawn up before Mochamad Nova Faisal, S.H., M.Kn., a Notary in Jakarta, which amendment was received and recorded in the database of Legal Entity Administration System of the Ministry of Law and Human Rights of the Republic of Indonesia under Letter No. AHU-AH.01.03-0111657 dated December 23, 2016, are as follows:

#### Board of Commissioners

President Commissioner	: Bondan Pristiwandana
Commissioner	: Albertus Magnus Irwan Satya Utama
Commissioner	: Marciano Hersondrie Herman

#### Board of Directors

President Director	: Jenpino Ngabdi
Director	: Erizal
Director	: Budi Susanto
Director	: Saidu Solihin
Director	: Santi Suryandari

### Key Financial Highlights

(In millions of Rupiah)

Description	December 31,			
	2016*	2015	2014	2013
Total assets	1,118,924	3,719,333	1,243,367	1,444,562
Total Liabilities	400,869	2,469,737	524,420	449,288
Total Equity	718,055	1,249,596	714,947	695,274
Revenue	261,528	299,855	299,855	250,756
Operating Profit (Loss)	60,382	104,463	82,182	73,729
Comprehensive Income (Loss)	63,546	504,659	74,097	37,074

\*unaudited

### C. PT Trimegah Sekuritas Indonesia Tbk ("Trimegah")

#### Brief History

Trimegah was established under the name of PT Trimulya Securindolestari pursuant to the Deed No. 64 dated May 9, 1990, drawn up before Rachmat Santoso, S.H., a Notary in Jakarta. The Deed of Establishment was amended by the Deed No. 227 dated May 28, 1990, drawn up before the same notary, and was approved by the Minister of Justice of the Republic of Indonesia pursuant to the Decree No. C2-3353.HT.01.01.TH.90 dated June 7, 1990, and announced in the State Gazette of the Republic of Indonesia No. 80 dated October 5, 1990, Supplement No. 3832.

Trimegah has undergone several changes of name. i.e.: change of name from PT Trimulya Securindolestari to PT Trimegah Securindolestari pursuant to the Deed No. 64 dated May 9, 1990, drawn up before Rachmat Santoso, S.H., a Notary in Jakarta; change of name from PT Trimegah Securindolestari and change of the company's status to PT Trimegah Securities Tbk pursuant to the State Gazette of the Republic of Indonesia No. 9 dated February 1, 2000, Supplement No. 522; and lastly the change of name from PT Trimegah Securities Tbk to PT Trimegah Sekuritas

Indonesia Tbk pursuant to the Deed No. 70 dated June 20, 2016, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta, which was approved by the Decree of Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0012545.AH.01.02.TAHUN 2016 dated June 30, 2016.

PT Trimegah Sekuritas Indonesia Tbk is presently domiciled in Jakarta and headquartered at Gedung Artha Graha, Jl. Jenderal Sudirman Kav. 52-53.

### **Business Activities**

Trimegah's aims and objectives are to engage in the securities company business.

Trimegah may carry out the following business activities:

- a. Act as Underwriter;
- b. Act as Broker-Dealer;
- c. Act as Securities Trader; and
- d. Act as Investment Advisor.

### **Capital Structure and Shareholder Composition**

Up to the date of issuance of this Prospectus, Trimegah's capital structure and shareholder composition are as follows:

Description	Nominal Value Rp.50.00 per share		
	Amount Share	Total Nominal Value (Rp)	%
<b>Authorized Capital</b>	13,600,000,000	680,000,000,000	
Issued and Fully Paid-up Capital			
1. Advance Wealth Finance, Ltd.	3,500,000,000	175,000,000,000	51.13
2. PT Union Sampoerna	700,000,000	35,000,000,000	10.23
3. Public (each below 5% of total)	2,645,300,000	132,265,000,000	38.64
Total treasury stock	264,000,000	13,200,000,000	
<b>Total Issued and Fully Paid-up Capital</b>	<b>7,109,300,000</b>	<b>355,465,000,000</b>	<b>100.00</b>
<b>Shares in Portfolio</b>	<b>6,490,700,000</b>	<b>324,535,000,000</b>	

### **Management and Supervision**

The compositions of Trimegah' Board of Commissioners and Board of Directors as stipulated in the Deed of Shareholder Resolutions No. 23 dated March 15, 2016, drawn up before Lenny Janis Ishak, S.H., a Notary in Jakarta, which notification was received and recorded in the database of Legal Entity Administration System of the Ministry of Law and Human Rights of the Republic of Indonesia pursuant to Decree No. AHU-AH.01.03-0031832 dated March 16, 2016, are as follows:

#### **Board of Commissioners**

President Commissioner/Independent : Rizal Bambang Prasetyo  
 Commissioner  
 Commissioner/Independent Commissioner : Edy Sugito  
 Commissioner : Sunata Tjiterosampurno

#### **Board of Directors**

President Director : Stephanus Turangan  
 Director : Syafriandi Armand Saleh  
 Independent Director : David Agus

### **Key Financial Highlights**

The following table presents Trimegah's key financial highlights based on Trimegah's Consolidated Financial Statements, which have been audited by the Public Accounting Firm Purwantono, Sungkoro & Surya (a member firm of Ernst & Young Global Limited), an independent auditor, based on the auditing standards stipulated by the Indonesian



Institute of Certified Public Accountant (Institut Akuntan Publik Indonesia, "IAPI"), which expressed an unmodified opinion (Unqualified Opinion).

(In millions of Rupiah)

Description	September 30,	December 31,		
	2016	2015	2014	2013
Total assets	1,478,645	1,292,010	894,731	670,523
Total Liabilities	850,176	698,638	343,714	131,009
Total Equity	628,468	593,371	551,016	539,513
Revenue	288,056	323,112	260,720	188,468
Operating Profit (Loss)	80,384	62,709	42,192	2,728
Comprehensive Income (Loss)	35,122	42,384	42,384	3,708

## 2. Main Provisions of the Remaining Shares Subscription Agreement

The Company shall offer a maximum of 5,498,047,883 (five billion four hundred ninety eight million forty seven thousand eight hundred eighty three) New Shares, having a nominal value of Rp25 (twenty five Rupiah) per share or equal to 8.91% (eight point nine one percent) of the Company's issued and fully paid-up capital subsequent to the Rights Issue I. Each holder of 1,000,000 (one million) existing shares whose name is registered in the Company's Shareholder Register as of April 7, 2017, at 16.15 Western Indonesian Time shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine) Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holders with the right to subscribe to 1 (one) New Share at an exercise price of Rp280.- (two hundred eighty Rupiah). PT PP (Persero) Tbk as the Company's majority shareholder, has expressed its commitment in a Representation Letter dated February 17, 2017, to subscribe to shares issued by the Company by exercising the Preemptive Rights to be acquired in accordance with PT PP (Persero) Tbk's portion of ownership.

In the event that the Preemptive Rights Shares offered in this Rights Issue I are not entirely subscribed by the public holders of Preemptive Rights, the remaining shall be allocated to other Preemptive Right Holders subscribing more than their rights as stated in the Preemptive Rights Certificate or the Additional Shares Subscription Form proportionally based on the exercised rights. In the event that there are remaining public portion shares subsequent to the allocation of additional share subscription, then, the entire remaining New Shares to be subscribed by the Stand-By Buyers shall be a maximum of 1,926,640,545 (one billion nine hundred twenty six million six hundred forty thousand five hundred forty five) New Shares, subject to the following provisions:

- In the event that the New Shares offered in the Rights Issue I are not entirely subscribed to by the Preemptive Rights Holders, the remaining shall be allocated to the Shareholders whose subscriptions exceed their respective rights as stated in the Preemptive Rights, in proportion to the amount of their respective exercised Preemptive Rights;
- The obligations of the Stand-By Buyers to subscribe to or to purchase the remaining New Shares described above shall be subject to the satisfaction of terms and conditions, and the applicable portion for each Stand-By Buyer shall be as follows:
  - PT Bahana Sekuritas, a maximum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares;
  - PT Danareksa Sekuritas, a maximum of 655,057,785 (six hundred fifty five million fifty seven thousand seven hundred eighty five) shares;
  - PT Trimegah Sekuritas Indonesia Tbk, a maximum of 635,791,380 (six hundred thirty five million seven hundred ninety one thousand three hundred eighty) shares;

PT Bahana Sekuritas, PT Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk have expressed their commitment and confirmed of having sufficient fund to act as Stand-By Buyers.

### XIII. CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS

The Capital Market Supporting Institutions and Professionals participating in this Public Offering are as follows:

**1. Public Accountant : Public Accounting Firm Soejatna Mulyana & Partners**

Rukan Taman Meruya, Blok M/78, Jakarta 11620

Phone : (021) 58658275, 5868276

Facsimile: (021) 5865365

Partner : Drs. Safaat Widjajabrata, CA, CPA.

STTD No. : 301/PM/STTD-AP/2001

STTD Date : September 10, 2001

Professional Association : The Indonesian Institute of Public Accountant

Professional Association Membership No. : Reg. No. 1023, License Reg. No. AP.0490

Professional standards : Public Accountant Professional Standards

Engagement Letter : 181/SPK/PP-PROP/2016

The main function of the Public Accountant with respect to the Rights Issue I is to audit the financial statements in accordance with the standards stipulated by the Indonesian Institute of Public Accountant. The standards require the public accountant to plan and perform an audit in order to obtain a reasonable assurance that the financial statements are free from material misstatements. The Public Accountant shall be responsible for the opinion expressed on audited financial statements.

The duties of the Public Accountant shall include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessments on the accounting principles used and the significant estimates prepared by the management and assessments on the overall presentation of the Financial Statements.

**2. Legal Consultant : Tumbuan & Partners**

Jl. Gandaria Tengah III No. 8

Kebayoran Baru

Jakarta 12130

Phone : (021) 722 7736, 722 7737, 720 8172, 720 2516

Facsimile : (021) 724 4579, 725 7403

Website : www.tumbuanpartners.com

STTD No. : No. 13/STTD-KH/PM/1992 under the name of Fred B.G. Tumbuan

STTD Date : December 23, 1992

HKHPM Member No. : 89003

Framework : Professional Standards of the Association of Capital Market Legal Consultants Annex to the Decree of Association of Capital Market Legal Consultants No. KEP.01/HKHPM/2005 dated February 18, 2005, as amended by Decree of Association of Capital Market Legal Consultant No. Kep.04/HKHPM/XI/2012 dated December 6, 2012, concerning the Amendment to the Professional Standards of Association of Capital Market Legal Consultant as stipulated in Article 66 of the Capital Market Law.

Engagement Letter : 75/EXT/PP-PROP/RI/2016 dated December 20, 2016.

The duties and responsibilities of the Legal Consultant with respect to the Rights Issue I are to perform due diligence on the legal aspects of the existing facts about the Company and other related information as provided by the Company. The results of the due diligence shall be summarized in the Legal Due Diligence Report, which represents the basis of the Legal Opinion provided in an objective and independent manner according to the applicable Code of Ethics, Professional Standards and Capital Market Law.

**3. Notary : Fathiah Helmi, SH.**

Graha Irama, 6<sup>th</sup> Floor, Suite C

Jl. HR Rasuna Said BlokX-1 Kav 1&2, Kuningan

South Jakarta 12950.

STTD No. : 02/STTD-N/PM/1996

Association No. : 011.003.027.260958

Framework : Law No. 30 of 2004 concerning the Notary Office and Law No. 2 of 2014 concerning the Amendment to Law No. 30 of 2004 concerning the Notary Office and the Indonesian Notary Association Code of Ethic.

Engagement Letter : 71/EXT/PP-PROP/2016

The duties and responsibilities of the Notary are to prepare the notarial deeds of the Minutes of General Meeting of Shareholders of the Company and Agreements related to the Public Offering, in accordance with the Notary Office Regulations and the Notary Code of Ethics.

**4. Securities  
Administration Bureau  
(SAB)**

: **PT BSR Indonesia**  
Komplek Perkantoran ITC Roxy Mas Blok E1 No. 10-11  
Jl. K.H Hasyim Ashari  
Jakarta 10150  
Phone: (021) 6317828  
Facsimile: (021) 6317827

Engagement Letter : 001-1/BSR/DIR-PPRO/II/2017

The duties and responsibilities of the SAB in accordance with the prevailing Capital Market Regulations, include, among others, determining the Company's Shareholder Register (SR) entitled to Preemptive Rights, distributing the Preemptive Rights Certificate or the electronic Preemptive Rights into the collective depository at PT Kustodian Sentral Efek Indonesia, receiving the request to exercise the Preemptive Rights, and performing reconciliation of the payment for such requests with the banks appointed by the Company, performing allotment process on the distribution of additional shares subscription, undertaking the share issuance and distribution process, whether in the form of certificate or electronic, into the collective depository at KSEI and undertaking the distribution of Allotment Confirmation and share subscription refund to the Subscribers and preparing reports in accordance with the prevailing regulations.

The Capital Market Supporting Institutions and Professionals in this Rights Issue I represented that they are not affiliated to the Company, whether directly or indirectly, within the meaning defined in the Capital Market Law.

## XIV. SHARE SUBSCRIPTION PROCEDURES

In connection with the Rights Issue I, the Company has appointed PT BSR Indonesia to act as the Shares Administration Management Manager and Implementing Agent of the Company's Rights Issue I, in accordance with the Implementing Agent and Shares Administration Management Pursuant to the Company's Rights Issue I No. 23 dated February 16, 2017, drawn up before Fathiah Helmi, S.H., a Notary in Jakarta.

The share subscription procedures and requirements are as follows:

### 1. Eligible Subscribers

Shareholders whose names are registered in the Company's Shareholder Register ("SR") as of April 7, 2017, at 16.15 Western Indonesian Time, shall be eligible to subscribe shares on the condition that each holder of 1,000,000 (one million) Existing Shares shall be entitled to 97,869 (ninety seven thousand eight hundred sixty nine) Preemptive Rights, where every 1 (one) Preemptive Right shall provide its holder with the right to subscribe to 1 (one) New Share, having a nominal value of Rp25 (twenty five Rupiah) per share at an Exercise Price of Rp280 (two hundred eighty Rupiah) per share.

In the event of Preemptive Rights in the form of a fraction, the rights over such fraction of securities must be sold by the Company, and the proceeds of such sales shall be deposited to the Company's account.

Shareholders eligible to subscribe to New Shares shall be the legitimate holders of Preemptive Rights, which shall be the Shareholders who obtained such Preemptive Rights from the Company and have not sold such Preemptive Rights until the end of the Preemptive Rights trading period and the buyers of Preemptive Rights whose names are stated on the Preemptive Rights Certificates, or on the endorsement column of the Preemptive Rights Certificates until the end of the Preemptive Rights trading period, or the Register of Preemptive Right Holders whose names are registered in the Collective Depository of KSEI until the end of the Preemptive Rights trading period, with due considerations to the prevailing laws and regulations and the procedures stipulated by the Company. The subscribers may consist of individuals, Indonesian and/or Foreign Citizen and/or Institutions and/or Legal Entities/Business Entities, whether Indonesian/Foreign as stipulated in the Capital Market Law and the implementing regulations thereof.

In order to facilitate the process and ensure the eligible shareholders registration schedule is met, the shareholders of the Company's shares in the form of certificates intending to exercise their rights to acquire Preemptive Rights and have not registered their transfer of share ownerships are advised to register their Collective Share Certificates before the final deadline for the registration in the SR, which shall be April 7, 2017.

### 2. Distribution of Preemptive Rights Certificate

For Shareholders whose shares are administered in the Collective Depository system at KSEI, the Preemptive Rights shall be distributed electronically to the Securities Accounts at KSEI through the Securities Accounts of the respective Members of the Stock Exchange or Custodian Banks at KSEI by no later than 1 (one) Exchange Day after the date of registration of shareholders entitled to Preemptive Rights in the SR, which shall be April 10, 2017. The Prospectuses and implementation guidelines shall be distributed by the Company through KSEI, which may be obtained by the Company's shareholders from their respective Members of Stock Exchange or Custodian Banks.

For shareholders whose shares are not administered in the Collective Depository at KSEI, the Company shall issue Preemptive Rights Certificates under the name of the shareholders, which may be obtained by the eligible shareholders or their representatives at the SAB on every Business Days during working hours starting from April 10, 2017, by presenting:

- a. A photocopy of valid personal identification (for individual shareholders) and a photocopy of the Articles of Association supported by the latest composition of the Board of Directors/executive board (for legal entity/institutional shareholders). The shareholders shall be obligated to present the original document of such photocopies.
- b. The original power of attorney (if represented) duly stamped with Rp6,000 (six thousand Rupiah) stamp duty, supported by photocopies of valid personal identification of the principal and agent (the original identification of the principal and agent must be presented).

### 3. Preemptive Rights Exercise/Registration Procedures

#### A. Procedures to Exercise Preemptive Rights in Collective Depository

1. The holders of Preemptive Rights issue the Preemptive Rights exercise instructions to Members of the Stock Exchange or Custodian banks and pay the Preemptive Right Exercise Price by depositing such sum to the special account designated by KSEI;
2. On the same Exchange Day that such Preemptive Right exercise instructions are issued by the Members of the Stock Exchange or Custodian Banks to KSEI, then:
  - a. KSEI shall debit the Preemptive Rights from each sub-account of Preemptive Right holders issuing such Preemptive Right exercise instruction to KSEI's account using the C-BEST facility;
  - b. Immediately after the payment of Preemptive Right Exercise Price is received in good funds in the bank account designated by KSEI, KSEI shall perform a book-entry settlement of such payment of Preemptive Right Exercise Price from the bank account designated by KSEI referred to above to the bank account designated by the Company on the next business day.
3. Within 1 (one) Exchange Day after KSEI receives the Preemptive Right exercise instructions, KSEI shall submit the following documents to the SAB:
  - a. List of itemized Preemptive Right exercise instructions received by KSEI, including itemized data (identity number, name, address, citizenship and domicile) of the Preemptive Right holders exercising their Preemptive Rights;
  - b. Document or proof of transfer of the Preemptive Right Exercise Price by KSEI from the bank account designated by KSEI to the bank account designated by the Company.
  - c. Instructions to acquire a sum of New Shares from the exercise of Preemptive Rights to a special account provided by KSEI.
4. Immediately after the SAB received the documents referred to in point A.3 above from KSEI, the SAB shall verify the supporting documents of Preemptive Rights exercise instructions, proof of transfer of the Preemptive Right Exercise Price to the special bank account based on the data of the special bank account, and the instructions to deposit a sum of New Shares from the exercise of Preemptive Rights.
5. By no later than 2 (two) Exchange Days following the receipt of Preemptive Right exercise instruction from KSEI and subsequent to full payment of Preemptive Right Exercise price in good funds in the special bank account, the SAB shall issue/deposit a sum of New Shares from the exercise of Preemptive Rights to the special account prepared by KSEI, and KSEI shall immediately distribute the New Shares from the exercise of Preemptive Rights using C-BEST facility. Subsequent to the distribution of New Shares from the exercise of Preemptive Rights referred to above, KSEI shall provide the Report of Distribution of New Shares from the exercise of Preemptive Rights to the Company and the SAB.

#### B. Procedures to Exercise Preemptive Rights not administered in Collective Depository

1. Registration of Preemptive Rights exercise shall be conducted at the SAB's head office.
2. Holders of Preemptive Rights not administered in Collective Depository intending to exercise their Preemptive Rights shall pay the Preemptive Right Exercise Price to a special bank account and submit the following documents:
  - a. The original, signed and complete Preemptive Rights Certificate.
  - b. The original proof of Preemptive Right Exercise Price payment.
  - c. Photocopy of valid identity of the Preemptive Right holder (individual) exercising the Preemptive Rights (Resident Card (KTP)/passport/Temporary Stay Permit Card (KITAS)); or photocopy of Articles of Association supported by the last composition of the Board of Directors/management of the Preemptive Right holder (legal institution/entity) exercising the Preemptive Rights.
  - d. The original power of attorney, if the exercise of Preemptive Rights is performed by the Preemptive Right holder through its representative, supported by photocopy of valid identity of the principal and agent (Resident Card (KTP)/passport/Temporary Stay Permit Card (KITAS));
  - e. In the event that the holders of the Preemptive Rights intend to have the New Shares from exercised Preemptive Rights administered in Collective Depository, the exercise request shall be submitted to the Company's SAB through the appointed Members of the Stock Exchange or Custodian Banks by submitting the following additional documents:
    - The original copy of power of attorney from the holders of the Preemptive Rights to the Members of the Stock Exchange or Custodian Banks to submit the request to exercise Preemptive Rights and undertake the securities management of New Shares from exercised Preemptive Rights at the Collective Depository at KSEI on behalf of the Principal.
    - The original copy of signed and complete Securities Deposit Form issued by KSEI.
3. The SAB shall verify the supporting documents to exercise Preemptive Rights referred to in point B.2 above.

4. By no later than 2 (two) Exchange Days following the receipt of Preemptive Right exercise instruction by the SAB and subsequent to full payment of Preemptive Right Exercise price in good funds in the bank account designated by the Company, the SAB shall issue a sum of New Shares from the exercise of Preemptive Rights in the form of physical Collective Share Certificate ("CSC") if the holders of the Preemptive Rights Certificate do not intend to have the New Shares from exercised Preemptive Rights administered in Collective Depository.

#### 4. New Shares Subscription

Shareholders whose Preemptive Rights are not sold or the last buyers/holders of Preemptive Rights whose names are stated on the Preemptive Rights Certificate or holders of Preemptive Rights administered in KSEI's Collective Depository are entitled to subscribe to additional shares in addition to their respective rights by filling in and submitting the additional share subscription column and/or Additional SSC provided to the SAB by no later than the last day of Preemptive Rights exercise period, which shall fall on April 18, 2017.

Holders of Preemptive Rights in the form of certificate/Preemptive Rights Certificate intending to have the shares from their allotment in electronic form shall file a request to the Company's SAB through the Members of Stock Exchange/Custodian Bank by submitting the following documents:

- a. The original copy of Additional SSF that has been filled in completely and correctly.
- b. The original copy of the power of attorney from the Holders of Preemptive Rights to the Members of Stock Exchange or Custodian Banks to file the Additional New Shares Subscription requests and undertake the securities management of shares from allotment in the Collective Depository at KSEI and other authorizations which may have been given in relation to the subscription of additional shares on behalf of the principal.
- c. Photocopy of valid Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) (for individual), or a photocopy of Articles of Association and supported by Board of Directors/Management composition (for Legal Institution/Entity).
- d. The original payment slip by way of transfer/book-entry settlement/giro/cheque/cash to the Company's account from the bank where the payment is deposited.
- e. The original copy of Securities Deposit Form issued by KSEI, which has been filled in completely for the purpose of distributing shares from exercised preemptive rights by the SAB.

Holders of Preemptive Rights administered in the Collective Depository at KSEI shall fill in and submit the Additional SSF which have been distributed, supported by the following documents:

- a. The original copy of settled exercise instructions conducted in C-BEST according to the name of the concerned Holders of Preemptive Rights (only for holders of Preemptive Rights in the Collective Depository at KSEI who have exercised their rights on the C-BEST system).
- b. The original copy of Securities Deposit Form issued by KSEI, which has been filled in completely for the purpose of distributing shares from exercised preemptive rights by the SAB;
- c. The original payment slip by way of transfer/book-entry settlement/giro/cheque/cash to the Company's account from the bank where the payment is deposited.

Holders of Preemptive Rights in the form of certificate/Preemptive Rights Certificate intending to have the New Shares from their allotment to remain in the physical form/CSC shall file a request to the Company's SAB through the Members of Stock Exchange/Custodian Bank by submitting the following documents:

- a. The original copy of Additional SSF that has been filled in completely and correctly.
- b. The original copy of power of attorney (in the event of representative) with Rp6,000 (six thousand Rupiah) stamp duty, supplemented with photocopies of valid Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) of the Principal and Agent.
- c. Photocopy of valid Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) (for individual), or a photocopy of Articles of Association and supported by Board of Directors/Management composition (for Legal Institution/Entity).
- d. The original payment slip by way of transfer/book-entry settlement/giro/cheque/cash to the Company's account from the bank where the payment is deposited.

Payment for such additional subscription must be received in good funds in the Company's bank account by no later than April 21, 2017. Subscriptions that fail to meet the guidelines according to the terms of subscription may be rejected.

#### 5. Allotment of Additional Shares Subscription



The allotment of additional shares subscription will be determined on April 25, 2017, subject to the following provisions:

- a. In the event that all subscribed shares, including additional shares subscription, do not exceed the total number of shares offered in this Rights Issue I, then all subscription of additional shares shall be fulfilled;
- b. In the event that all subscribed shares, including additional shares subscription, exceed the total number of shares offered in this Rights Issue I, then the subscribers placing additional shares subscriptions shall be subject to the allotment system in proportion to the additional subscription of Preemptive Rights exercised by each shareholder placing such additional share subscriptions.
- c. Total shares to be allotted shall be the remaining shares that are not unsubscribed by holders of Preemptive Rights.
- d. The Company shall submit Auditor's Report on Share Subscription Allotment following the allotment of additional shares subscriptions in the Rights Issue I.

The Company shall submit the Accountant's Audit Report on the implementation of share allotment obligation in the Rights Issue I to the FSA in accordance with FSAR No. 32/2015, with reference to Bapepam Regulation No. VII.G.12, Annex to the Decree of Chairman of Bapepam No. Kep-17/PM/2004 dated April 12, 2004, concerning Guidelines for Audit by Accountant on the Securities Subscriptions and Allotments or Bonus Shares Distributions by no later than 30 (thirty) days following the conclusion of the allotment date.

#### **6. Terms of Payment for Holders of Preemptive Rights Certificates (Outside KSEI's Collective Depository) and Additional New Shares Subscriptions**

Payment of the shares subscriptions in relation to the Rights Issue I which subscriptions are filed directly to the SAB shall be paid in full and in good funds in Rupiah currency upon subscriptions, by way of cash/cheques/bilyet giro/book-entry settlement/transfer by stating the Preemptive Rights Certificate Number or Additional SSF Number and such payments shall be made to the Company's bank account stated below:

**Bank : PT Bank Mandiri (Persero) Tbk**  
**Address: Jakarta – Kebon Sirih Branch**  
**Account Number: 121 000 641 55 60**  
**Under the Name: PT PP Properti**

All cheques and bank drafts shall be immediately endorsed upon receipt. In the event that such cheques or bank drafts are dishonored by the drawing bank upon endorsement, the said share subscriptions shall be considered void. In the event of payment by way of cheques/book-entry settlement/bilyet giro, then payment date shall be considered based on the date that such cheques/book-entry settlement/bilyet giro are received in good funds in the Company's bank account stated above.

For subscriptions of additional Preemptive Rights Shares, payments shall be made on the day of subscription, where such payments shall be received in good funds in the Company's bank account by no later than April 21, 2017.

All costs that may arise with respect to the shares subscriptions in relation to this Rights Issue I shall be borne by the subscribers. Shares subscriptions that fail to satisfy the terms of payment shall be considered void.

#### **7. Share Subscription Receipt**

Upon receipt of the share subscription, the Company, through the SAB it appointed, shall provide stamped and signed share subscription receipts, which shall serve as proof for collection of shares and refund of share subscriptions that are not fulfilled. Holders of Preemptive Rights in the Collective Depository at KSEI shall receive confirmation on the requests to exercise Preemptive Rights from C-BEST through the Account Holders.

#### **8. Cancellation of Share Subscription**

The Company reserves the right to cancel the New Shares subscriptions, whether in part or in whole, with due consideration to the prevailing requirements. Notification of share subscription cancellation shall be announced in conjunction with the announcement of share subscription allotment.

Matters that may result in the cancellation of the share subscriptions are, among others, as follows:

- a. Failure to complete the Preemptive Right Certificates or Additional SSF in accordance with the guidelines/terms of subscription of shares offered in the Rights Issue I stated on the Preemptive Right Certificates and in the Prospectus;
- b. Failure to meet the payment terms.
- c. Failure to meet the completeness of subscription documents.

#### **9. Refund of Subscription**



In the event of failure to fulfill subscription of additional shares, whether in part or in whole, or in the event of cancellation of share subscriptions, the Company shall refund such subscriptions on April 26, 2017.

In the event of lateness in refunding the subscription by more than 2 (two) Business Days subsequent to the Allotment Date, the refund sum shall include the penalty, which shall be calculated starting the 3<sup>rd</sup> (third) business day subsequent to the Allotment Date until the date of refund, which shall be calculated based on the annual interest rate of 1 (one) month time deposit at the bank where such fund is placed. The Company shall not be subject to fine for the lateness in refunding the share subscription fund if such lateness is due to the subscribers' error in stating the name of the bank and the bank account number.

Refund for Holders of Preemptive Rights in the collective depository at KSEI who exercise their rights through KSEI shall be performed by KSEI.

#### **10. Distribution of Preemptive Rights Shares and Credit to Securities Account**

Shares from Exercised Preemptive Rights for subscribers exercising their Preemptive Rights according to their rights through KSEI, shall be credited to the securities account in 2 (two) Business Days after the instructions to exercise Preemptive Rights are received from KSEI and the payments have been received in good funds in the Company's bank account.

Shares from exercised Preemptive Rights for holders of Preemptive Rights in the form of certificate exercising their Preemptive Rights according through their rights shall be provided in the form of Collective Share Certificate or shares in the form of certificates by no later than 2 (two) business days after the requests are received by the SAB and the payments have been effective (in good funds) in the Company's bank account.

Whereas the Collective Share Certificate from the allotment of additional share subscription shall be available or shall be distributed electronically to the Collective Depository at KSEI by no later than 2 (two) Exchange Days after the allotment. New Collective Share Certificates from the exercised Preemptive Rights shall be available for collection on every Business Day (Monday - Friday, 9.00 - 15.00 Western Indonesian Time), starting from April 13 - 21, 2017. Whereas the Collective Share Certificates from share allotment shall be available for collection starting from April 21, 2017. Collection may be conducted in the SAB's office by presenting/submitting the following documents:

- a. The original and valid Resident Card (KTP)/Pasport/Temporary Stay Permit Card (KITAS) (for individual);
- b. The photocopy of Articles of Association (for legal institution/entity) and the prevailing compositions of the Board of Directors/Board of Commissioner or management.
- c. The original copy of power of attorney (in the event of representative) with Rp6,000 (six thousand Rupiah) stamp duty, supplemented with photocopies of valid Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) of the Principal and Agent.
- d. The original Receipt of Share Subscription.

#### **11. Allocation of Unexercised Preemptive Rights**

In the event that the shares offered in this Rights Issue I are not entirely subscribed by the holders of Preemptive Rights, the remaining shares shall be allocated to other holders of Preemptive Rights whose subscriptions exceed their respective rights as stated in the Preemptive Rights, in proportion to the amount of their respective exercised Preemptive Rights.

If, subsequent to the allocation of additional share subscription there are remaining public portion shares unsubscribed, then, pursuant to the Stand-By Purchase Agreement, the Stand-By Buyers shall be obligated to purchase such remaining public portion shares. The remaining Preemptive Rights Shares that must be subscribed by the aforementioned Stand-By Buyers shall not include the shares issued from the exercise of Preemptive Rights of the Majority Shareholders in this Rights Issue I.

## **XV. DISTRIBUTION OF PROSPECTUSES, FORMS AND PREEMPTIVE RIGHTS CERTIFICATES**

The Company has announced key information with regard to this Rights Issue I through advertisement in the newspapers.

1. For Shareholders whose shares are administered in the Collective Depository system at KSEI, the Preemptive Rights shall be distributed electronically to the Securities Accounts of their respective Members of the Stock Exchange or Custodian Banks at KSEI by no later than 1 (one) Business Day after the registration date in the SR for Rights Issue I, which shall be April 10, 2017. Prospectuses and implementation guidelines are available at the Company's SAB.
2. For Shareholders whose shares are not administered in the Collective Depository system at KSEI, the Company shall issue Preemptive Rights Certificates under the name of the shareholders, and such shareholders may obtain the Preemptive Rights Certificates, Prospectus, Additional SSFs and other forms starting April 10, 2017, by presenting the original copy of valid identification (Resident Card (KTP)/Passport/Temporary Stay Permit Card (KITAS)) and submit the photocopies thereof and the original Power of Attorney for those unable to obtain the documents referred to above by themselves to the Company's SAB:

**PT BSR Indonesia**

Komplek Perkantoran ITC Roxy Mas Blok E1 No. 10-11  
Jl. K.H Hasyim Ashari  
Jakarta 10150  
Phone: 021 6317828  
Facsimile: 021 6317827

In the event that up to April 21, 2017, the Company's shareholders whose names are registered in the Shareholder Register on April 7, 2017, at 16.15 Western Indonesian Time have not obtained the Prospectus and Preemptive Rights Certificates and do not contact PT BSR Indonesia as the Company's SAB, then all risks of losses shall not be the responsibility of PT BSR Indonesia or the Company, but shall remain as the responsibility of the concerned shareholder.

## **XVI. SUPPLEMENTARY INFORMATION**

Any party wishing to obtain further elucidation concerning this Rights Issue I or supplementary information may contact:

**THE COMPANY**

**PT PP PROPERTI Tbk**

Plaza PP – Wisma Subiyanto, 2<sup>nd</sup> Floor

Jl. Letjend TB Simatupang No. 57

Pasar Rebo, Jakarta 13760

Phone: 021 87792734

Facsimile: 021 87792947

Website: [www.pp-properti.com](http://www.pp-properti.com)

Email: [investor.relations@pp-properti.com](mailto:investor.relations@pp-properti.com), [headoffice@pp-properti.com](mailto:headoffice@pp-properti.com)

or

**Securities Administration Bureau**

**PT BSR Indonesia**

Komplek Perkantoran ITC Roxy Mas Blok E1 No. 10-11

Jl. K.H Hasyim Ashari

Jakarta 10150

Phone: 021 6317828

Facsimile: 021 6317827