

# ABRIDGED PROSPECTUS

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. [PPRO]

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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 7,330,730,511 (seven billion three hundred thirty million seven hundred thirty thousand five hundred eleven) New Shares, having a nominal value of Rp25 (twenty five Rupiah) per share or equal to 23.09% (twenty three point zero nine percent) of the Company's issued and fully paid-up capital subsequent to the Rights Issue I. Each holder of ● (●) existing share whose name is registered in the Company's Shareholder Register as of April 4, 2017, at 16.15 Western Indonesian Time shall be entitled to ● (●) 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 Rp● (● 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 estimated maximum amount of proceeds to be received by the Company in this Rights Issue I shall be Rp● (● 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 the Representation Letter dated February 17, 2017, to subscribe to the shares issued by the Company by exercising the Preemptive Rights to be obtained based on 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 Agreement of Stand-By Purchase dated ●, entered into and signed by and between the Company and ● ("Stand-By Buyers"), the Stand-By Buyers shall be obligated to purchase the aforementioned remaining public portion shares totaling ●% (● percent) for ●. 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 IN AND OUTSIDE OF IDX FOR A PERIOD OF NO LESS THAN 5 (FIVE) BUSINESS DAYS FROM APRIL 6, 2017 UP TO APRIL 12, 2017. NEW SHARES FROM THE EXERCISE OF PREEMPTIVE RIGHTS SHALL BE LISTED ON THE INDONESIA STOCK EXCHANGE ON APRIL 6, 2017. THE LAST DATE TO EXERCISE THE PREEMPTIVE RIGHTS SHALL BE APRIL 12, 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 23.09% (TWENTY THREE POINT ZERO NINE 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 INDONESIA 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

To be determined

This Abridged Prospectus is issued in Jakarta on February 21, 2017

## TENTATIVE SCHEDULE

Date of Extraordinary General Meeting of Shareholders (EGMS)	: January 27, 2017	Preemptive Rights Trading Period	: April 6 - 12, 2017
Effective Date of the Preemptive Rights Registration Statement issued by the Financial Services Authority	: March 22, 2017	Preemptive Rights Registration, Payment and Exercise Period	: April 6 - 12, 2017
Last Recording Date to acquire Preemptive Rights	: April 4, 2017	Right Shares Distribution Period	: April 10 -17, 2017
The Last Trading Date of Shares with Preemptive Rights (Cum-Right)			
- Regular Market and Negotiated Market	: March 30, 2017	Last Payment Date of Additional Shares Subscription	: April 17, 2017
- Cash Market	: April 4, 2017		
The First Trading Date of Shares without Preemptive Rights (Ex-Right)			
- Regular Market and Negotiated Market	: March 31, 2017	Allotment Date	: April 18, 2017
- Cash Market	: April 5, 2017		
Date of Distribution of Preemptive Rights Certificate	: April 5, 2017	Subscription Fund Refund Date	: April 20, 2017
Share Listing Date on the Indonesia Stock Exchange	: April 6, 2017	Date of Full Payment by Stand-By Buyers	: April 27, 2017

The Company has filed the Registration Statement with respect to the Rights Issue I in relation to the Issue of Preemptive Rights to the FSA 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 RIGHTS CERTIFICATES, OR OTHER DOCUMENTS RELATED TO THIS RIGHTS ISSUE I, SUCH DOCUMENTS ARE NOT INTENDED AS OFFERING DOCUMENTS TO PURCHASE SHARES OR SHARES RESULTING FROM THE EXERCISE OF PREEMPTIVE RIGHTS, UNLESS SUCH OFFER OR PURCHASE OR EXERCISE OF PREEMPTIVE RIGHTS ARE NOT IN CONTRADICTORY 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.**

## RIGHTS ISSUE TO RAISE ADDITIONAL CAPITAL WITH PREEMPTIVE RIGHTS I

Type of Offering	: Rights Issue I with respect to the issuance of Preemptive Rights
Type of Securities Offered	Ordinary Registered Shares
Total Securities Offered	A maximum of 7,330,730,511 (seven billion three hundred thirty million seven hundred thirty thousand five hundred eleven) New Shares
Nominal Value	Rp25.- (twenty five Rupiah)
Preemptive Right Exercise Price	Rp● (● Rupiah)
Rights Issue Size	A maximum of Rp● (● Rupiah).
Preemptive Rights Conversion Ratio	Every holder of ● (●) Existing Shares shall be entitled to ● (●) Preemptive Rights, where every 1 (one) Preemptive Right shall provide its holder 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 23.09% (twenty three point zero nine percent).
Date of EGMS	January 27, 2017
Securities Listing Date on the IDX	April 6, 2017
Preemptive Rights Trading and Exercise Period	April 6 -12, 2017
Rights of Issued Shares	Shares issued pursuant to the Rights Issue I shall have identical and equal rights in all respect with the Company's existing paid-up shares, including the right to receive dividends.

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		
	Total Shares (share)	Total Nominal Value (Rp)	%
Authorized Capital	<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>
Shares in Portfolio	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	

Should all of the Company's shareholders exercise their Preemptive Rights in this Rights Issue I, the Company's proforma capital structure and shareholder composition shall be as follows:

Description	Nominal Value of 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	41,253,588,211	1,031,339,705,275	64.96
2. YKKPP	36,528,240	913,206,000	0.06	41,294,883	1,032,372,077	0.06
3. PT Asuransi Jiwasraya (Persero)	4,342,237,600	108,555,940,000	7.73	4,908,864,869	122,721,621,722	7.73
4. Masyarakat	15,307,146,400	382,678,660,000	27.25	17,304,606,548	432,615,163,701	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>63,508,354,511</b>	<b>1,587,708,862,775</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>82,604,605,489</b>	<b>2,065,115,137,225</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 of Rp25,- per share					
	Prior to Rights Issue I			Prior to Rights Issue I		
	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares
<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>	<b>-</b>
Issued and Fully Paid-up Capital						
1. PT PP (Persero) Tbk.	36,491,711,760	912,292,794,000	64.96	41,253,588,211	1,031,339,705,275	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	6.84
4. Masyarakat	15,307,146,400	382,678,660,000	27.25	15,307,146,400	382,678,660,000	24.10
5. Pembeli Siaga	-	-	-	2,568,854,060	64,221,351,500	4.04
<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>63,508,354,511</b>	<b>1,587,708,862,775</b>	<b>100</b>
<b>Total Shares in Portfolio</b>	<b>89,935,336,000</b>	<b>2,248,383,400,000</b>	<b>-</b>	<b>82,604,605,489</b>	<b>2,065,115,137,225</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 6 - 12, 2017, whether in or outside of the IDX, in accordance with FSAR No. 32/2015.

The percentage of share ownership of existing 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 23.09% (twenty three point zero nine percent).

## 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 expansion;
- 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.

## 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 Accountant 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		

Description	December 31,	
	2016	2015*
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
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>2,967,910,705,048</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

## 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
<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 DELETED)</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	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	826,230,694,839	618,658,200,826
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	(1,144,035,512,312)	(735,098,468,408)
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>(17,172,622,005)</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)	(94,500,000,000)
Investment Properties and Advance for Expenses	(19,729,993,089)	(1,834,587,579)
Addition in Fixed Assets	(3,056,772,104)	(11,496,422,408)
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>(434,968,773,233)</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%

#### FINANCIAL RATIOS

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Growth of Consolidated Statements of Income and Other Comprehensive Income

#### 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 middle-segment developments.

#### 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 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%.

#### **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.

#### **Net Income**

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

The Company reported a total net income of Rp368,223 million for the year ended December 31, 2016, which represented an increase of Rp67,894 million or 22.61% 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.

#### **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.

#### **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,

#### **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 due to the Company's additional acquisitions of land for development, i.e. 13,084 m<sup>2</sup> land located in Tanjung Barat Sub-district, South Jakarta, 16,795 m<sup>2</sup> land in Embong Sawo, Surabaya, 41,634 m<sup>2</sup> land in Mulyorejo, Surabaya, 5,586 m<sup>2</sup> land in Tembalang Semarang, and the Subsidiary's acquisition of 46,009 m<sup>2</sup> land 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 consisted of accounting software under development. The percentage of reported amount to contract value was 39.64%, and up to date the Company has not encountered any obstacles during the implementation.

#### **Bank Loans**

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

As of December 31, 2015, the balance of the Company's bank loans was nil, representing a decrease of Rp90,075 million compared to the Company's bank loans as of December 31, 2015. The foregoing was due to the reclassification of short-term bank loans to Short-term portion of long term liabilities to be under the same classification as medium term loans that were due in one year.

#### **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 Rp218,282 million or 1,089.58% 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.

## **DESCRIPTION OF THE COMPANY**

### **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 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.01.03-0049528 dated May 18, 2016, and was registered in the Company Register under No. AHU-0061222.AH.01.11.Tahun 2016 dated May 18, 2016, which amended the provisions of article 16 of the Company's Articles of Association.

On May 8, 2015, the Company obtained the effective statement from the FSA by letter No. 181/D.04/2015 which approved the initial public offering of 4,912,346,000 new shares with a nominal value of Rp100 per share at an exercise price of Rp185 per share ("**Initial Public Offering**"). The total proceeds of the Initial Public Offering was Rp908,784,010,000 (nine hundred eight billion seven hundred eighty four million ten thousand Rupiah). On May 19, 2015, all of the Company's shares, totaling 14,044,844,000 shares, were listed on the Indonesia Stock Exchange.

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:
- a. 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);
  - b. making direct investments or capital participations or divestments in connection with the Company's main business activities in other companies;
  - c. Investing in other companies engaged in business activities related to the Company's business activities; and
  - d. Participating in related industries, including the building materials industry, electrical equipment industry, garment industry and assembling industry.

### The Company's Management Composition

As set forth in the Deed No. 9/2015 *juncto* the Deed of Meeting Resolutions of PT PP (Persero) Tbk No. 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, the compositions of the Board of Commissioners and Board of Directors of the Company are as follows:

#### Board of Commissioners

President Commissioner : Betty Ariana  
Independent Commissioner : Mohammad Farela

#### Board of Directors

President Director : Taufik Hidayat  
Director : Indaryanto  
Director : Galih Saksono  
Director : Sinurlinda Gustina M.  
Independent Director : Giyoko Surahmat

### Overview of Subsidiaries

No.	Company Name	Year of Establishment	Business Activities	Status	Direct Ownership (%)
<b>SUBSIDIARIES</b>					
1.	PT Gitanusa Sarana Niaga	2003	Construction, trade, agriculture, transportation, printing, workshops and services.	Operating	99.99
2.	PT Hasta Kreasimandiri	2005	Real estate, trade, industry and mining, animal husbandry, agriculture, plantation and forestry, and services.	Operating	99.00
3.	PT Wisma seratus Sejahtera	2012	Contractor, construction, general trade, engaged in transportation management service (freight forwarding and courier), industry, mining, freight, agency, general service, except legal and tax services	Operating	55.00
4.	PT PP Properti Jababeka Residen	2016	Trade, service, construction, realty, and building management	No Operation	52.60

## CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS

The Capital Market Supporting Institutions and Professionals participating in this Rights Issue I are as follows:

**Public Accountant** : Public Accounting Firm Soejatna Mulyana & Partners

**Legal Consultant** : Tumbuan & Partners  
**Notary** : Notary Office of Fathiah Helmi, S.H.  
**Securities Administration Bureau** : PT BSR Indonesia

## TERMS OF THE COMPANY'S SHARE SUBSCRIPTION

### 1. Eligible Subscribers

Shareholders whose names are registered in the Company's Shareholder Register ("SR") as of April 4, 2017, at 16.15 Western Indonesian Time, shall be eligible to subscribe shares on the condition that each holder of ● (●) Existing Share shall be entitled to ● (●) 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 Rp● (● 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 4, 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 5, 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 5, 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 12, 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 17, 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 18, 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.

#### **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 ●**  
**Address: ●**  
**Account Number: ●**  
**Under the Name: ●**

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 17, 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 Rights Certificates or Additional SSF in accordance with the guidelines/terms of subscription of New Shares offered in this Rights Issue I as stated on the Preemptive Rights 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 that a portion or all of share subscriptions exceeding the respective preemptive rights are not fulfilled or in the event of share subscription cancellation, the refund shall be made by the Company by no later than 2 (two) Business Days subsequent to the allotment date, i.e. By April 20, 2017. Refunds made until April 20, 2017, shall not be subject to interest.

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 10 - 17, 2017. Whereas the Collective Share Certificates from share allotment shall be available for collection starting from April 18, 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 Agreement of Stand-By Purchase, 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.

## **DESCRIPTION OF PREEMPTIVE RIGHTS**

Several important terms which shall be considered with respect to this Preemptive Rights are as follows:

#### **A. Eligible Preemptive Right Holders**

Shareholders whose names are registered in the Company's Shareholder Register ("SR") as of April 4, 2017, at 16.15 Western Indonesian Time, shall be eligible to subscribe shares on the condition that each holder of ● (●) Existing Share shall be entitled to ● (●) Preemptive Rights, where every 1 (one) Preemptive Right shall provide its holder with the right to subscribe to 1 (1) New Share, having a nominal value of Rp25 (twenty five Rupiah) per share at an Exercise Price of Rp● (● 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 4, 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 6 - 12, 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 6 - 12, 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
Theoretical Price of the Right Share	= $\frac{(Rp\ a \times A) + (Rp\ b \times B)}{(A + R)}$
	= Rp X
Preemptive Rights price per share	= Rp X – 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.

## DISTRIBUTION OF PROSPECTUSES, FORMS AND PREEMPTIVE RIGHTS CERTIFICATES (PRC)

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 5, 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 5, 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 17, 2017, the Company's shareholders whose names are registered in the Shareholder Register on April 4, 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.

## **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)