

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to this Offering Memorandum (the “Offering Memorandum”), and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Memorandum. In accessing this Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information as a result of such access. You acknowledge that access to this Offering Memorandum is intended for use by you only and you agree that you will not forward or otherwise provide access to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAW OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be outside of the United States and to the extent you purchase securities described in the attached Offering Memorandum, you will be doing so pursuant to Regulation S under the Securities Act. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are outside of the United States and (2) you consent to delivery of this Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must return this Offering Memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of PT Alam Sutera Realty Tbk. in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantors, J.P. Morgan (S.E.A.) Limited nor any person who controls any of them nor any director, officer, official, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum received by you in electronic format and the electronic version initially distributed.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CONFIDENTIAL OFFERING MEMORANDUM

Alam Synergy Pte. Ltd.

(incorporated in Singapore with limited liability)

US\$125,000,000

6.625% SENIOR NOTES DUE 2022

(further issue of the US\$245,000,000 6.625% Senior Notes due 2022)

UNCONDITIONALLY AND IRREVOCABLY

GUARANTEED BY



PT Alam Sutera Realty Tbk.

(incorporated in the Republic of Indonesia with limited liability)

AND CERTAIN OF ITS SUBSIDIARIES

The US\$125,000,000 6.625% Senior Notes due 2022 (the “Further Notes”) to be issued by Alam Synergy Pte. Ltd. (the “Issuer”) shall constitute a further issue of the Issuer’s US\$245,000,000 6.625% Senior Notes due 2022 issued on October 24, 2016 (the “Original Notes”). The Further Notes will bear interest from and including April 24, 2019 at the rate of 6.625% per annum, payable semi-annually in arrears on April 24 and October 24 of each year, commencing on October 24, 2019. The due and punctual payment of all amounts at any time becoming due and payable in respect of the Further Notes will be unconditionally and irrevocably guaranteed (the “Guarantees”) by the Issuer’s parent company, PT Alam Sutera Realty Tbk. (the “Company” or the “Parent Guarantor”) and the Subsidiary Guarantors (as defined herein) (the Subsidiary Guarantors, together with the Parent Guarantor, the “Guarantors”). The Original Notes and the Further Notes are referred to collectively as the “Notes.”

The Issuer is a wholly owned subsidiary of the Company. The Issuer will contribute the net proceeds from the offering of the Further Notes to Carlisle Venture Pte. Ltd. (“CVPL” or “Carlisle”), a company incorporated in the Republic of Singapore with limited liability and a wholly-owned subsidiary of the Issuer, by way of subscription of additional ordinary shares in the capital of CVPL and/or grant of a shareholder loan to CVPL, which will be treated as a deemed contribution and/or loan to CVPL. CVPL will then on-lend the amounts from such deemed contribution and/or loan to the Company and/or use some of the amounts for its own general corporate purposes. We will use the net proceeds of the offering of the Further Notes to redeem all of the outstanding 2020 Notes and for general corporate purposes. See “Use of Proceeds” and “The Issuer”.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on April 24, 2022 (the “Maturity Date”). At any time on or after April 24, 2020, the Issuer may redeem the Notes, in whole or in part, at the redemption prices specified under “Description of the Notes – Optional Redemption,” plus accrued and unpaid interest, if any, to the redemption date. At any time prior to April 24, 2020, the Issuer may at its option redeem all or any portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined herein) and accrued and unpaid interest, if any, to the redemption date. At any time prior to April 24, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with proceeds from certain equity offerings at a redemption price of 106.625% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date. Not later than 30 days following a Change of Control (as defined herein), the Issuer or the Company will make an offer to purchase all Notes then outstanding at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the Offer to Purchase Payment Date (as defined herein).

The Notes are subject to redemption in whole but not in part, at 100% of their principal amount, together with accrued and unpaid interest to the redemption date, at the option of the Issuer at any time in the event of certain changes affecting taxes of the Republic of Singapore or the Republic of Indonesia. See “Description of the Notes – Redemption for Taxation Reasons.” Payments on the Notes will be made in US dollars without deduction for or on account of taxes imposed or levied by Indonesia or Singapore (and certain other jurisdictions) to the extent described under “Description of the Notes – Additional Amounts.”

The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee will be secured by first priority interests in the Collateral (as defined below), which is comprised of, among others, pledges by the Parent Guarantor of the shares of the Issuer and by the Issuer of the shares of CVPL, and assignments by CVPL of all its interest in and rights under the intercompany loans in an aggregate amount equal to the net proceeds of the offering of the Notes granted by CVPL to the Parent Guarantor or the Subsidiary Guarantors. Pursuant to the terms of the Intercreditor Agreement (as defined herein) described under “Description of the Notes – Intercreditor Agreement”, the Notes and the Guarantees will be secured on a pari passu basis in right of payment with the 2020 Notes and the 2021 Notes (with respect to the shares of the Issuer and CVPL only). The Notes and the Guarantees will be unsecured obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors, respectively, and will rank at least pari passu in right of payment with all their other unsecured, unsubordinated indebtedness. For a more detailed description of the Notes, see “Description of the Notes” beginning on page 173.

The Notes are rated “B2” by Moody’s Investors Service, Inc. (“Moody’s”) and “B” by Standard and Poor’s Ratings Group, a division of McGraw-Hill Companies, Inc. (“S&P”) and “B” by Fitch Ratings Ltd (“Fitch”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 26 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Further Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Further Notes are being offered and sold by the initial purchasers outside the United States in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions” beginning on page 256. This offering does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. The Further Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offer under the laws and regulations of Indonesia.

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Further Notes may not be circulated or distributed, nor may the Further Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”); (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of and quotation for the Further Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of either us, this offering or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 as long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Issue Price 95.176%

plus accrued interest from (and including) April 24, 2019 up to (but excluding) May 8, 2019

The Notes will initially be represented by a global certificate (“Global Certificate”), in registered form, which will be registered in the name of a common depositary for Clearstream Banking S.A. (“Clearstream”) and Euroclear Bank SA/NV (“Euroclear”) on or about May 8, 2019. Except as described herein, definitive certificates evidencing holdings of Notes will not be issued in exchange for beneficial interests in the Global Certificate.

Lead Manager

J.P. Morgan

The date of this Offering Memorandum is April 30, 2019

TABLE OF CONTENTS

	Page
SUMMARY	1
SUMMARY OF THE OFFERING	12
SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA	19
RISK FACTORS	27
USE OF PROCEEDS	69
EXCHANGE RATES AND EXCHANGE CONTROLS	70
CAPITALIZATION AND INDEBTEDNESS	74
SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA	76
THE ISSUER	84
CARLISLE VENTURE PTE. LTD.	85
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	86
BUSINESS	115
DESCRIPTION OF MATERIAL INDEBTEDNESS	151
RELATED PARTY TRANSACTIONS	155
MANAGEMENT	157
PRINCIPAL SHAREHOLDERS	163
REGULATION	164
DESCRIPTION OF THE NOTES	174
TAXATION	240
PLAN OF DISTRIBUTION	249
TRANSFER RESTRICTIONS	253
LEGAL MATTERS	254
INDEPENDENT AUDITORS	255
INDEPENDENT VALUER	256
RATINGS	257
SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FAS AND IFRS	258
GENERAL INFORMATION	261
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1
APPENDIX A – PROPERTY VALUATION SUMMARY REPORT	A-1

We accept responsibility for the information contained in this Offering Memorandum. Having made all reasonable enquiries, we confirm that this Offering Memorandum contains all information with respect to us, the Notes and the Guarantees that is material in the context of the issue and the offering of the Further Notes, that the information in this Offering Memorandum is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, are not misleading in any material respect and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that we are not aware of any other facts the omission of which in our reasonable opinion might make this document as a whole or any of such information or the expression of any such opinions or intentions materially misleading, that all reasonable inquiries have been made by us to verify the accuracy of such information, and that this Offering Memorandum does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or that is necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading.

This Offering Memorandum is confidential and has been prepared by us solely for use in connection with the issue and offering of the Further Notes described herein. J.P. Morgan (S.E.A.) Limited, as Lead Manager, reserves the right to reject any offer to subscribe for the Further Notes, in whole or in part, for any reason. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Further Notes. Any disclosure of any of the contents of this Offering Memorandum, without our prior written consent, is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents attached hereto.

The distribution of this Offering Memorandum and the offering, sale or delivery of the Further Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by us and the Lead Manager to inform themselves about and to observe any such restrictions. See “Plan of Distribution.” No action is being taken to permit a public offering of the Further Notes or the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purposes. No representation or warranty, express or implied, is made by the Lead Manager as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Memorandum is, or shall be relied upon as a promise or representation, whether as to the past or the future. None of the Lead Manager, the Trustee and the Paying Agent (each as defined herein) has independently verified any of such information. None of the Lead Manager, the Trustee and the Paying Agent assumes any responsibility for its accuracy or completeness.

No person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue or sale of the Further Notes and, if given or made, such information or representation must not be relied upon as having been authorized by us or the Lead Manager. Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in our financial position since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Further Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Lead Manager, the Trustee and the Paying Agent do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Lead Manager, the Trustee, the Paying Agent or any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision. Each person contemplating making an investment in the Further Notes must make its own investigation and analysis of our

creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. No person should construe the contents of this Offering Memorandum as legal, business or tax advice and each person should be aware that it may be required to bear the financial risks of any investment in the Further Notes for an indefinite period of time. Each person should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of an investment in the Further Notes.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of us, the Lead Manager or any affiliate or representative of any of us or the Lead Manager to subscribe for or purchase, any Further Notes in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation.

Neither we nor the Lead Manager nor any affiliate or representative of us or the Lead Manager is making any representation to any investor regarding the legality of an investment by such investor under applicable laws.

Each purchaser of the Further Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Further Notes or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Further Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales and neither we nor the Lead Manager shall have any responsibility therefor. For the avoidance of doubt, any disclosure of the contents of this Offering Memorandum, without our prior written consent, is prohibited.

IN CONNECTION WITH THE ISSUE OF THE FURTHER NOTES, J.P. MORGAN (S.E.A.) LIMITED (THE “STABILIZING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER), MAY OVER-ALLOT THE FURTHER NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE FURTHER NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE FURTHER NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE FURTHER NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE FURTHER NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Memorandum has been prepared on the basis that any offer of Further Notes in any Member State of the European Economic Area (“EEA”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Further Notes. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned. The Further Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify

as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Further Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Further Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B(1) OF THE SFA

The Further Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, all references to “Indonesia” are references to the Republic of Indonesia. All references to the “Government” herein are references to the Government of the Republic of Indonesia. All references to “United States” or “US” herein are to the United States of America. All references to “Singapore” herein are to the Republic of Singapore.

For convenience, certain Rupiah amounts have been translated into US dollar amounts, based on the prevailing exchange rate on December 31, 2018 of Rp14,481 = US\$1.00, being the average of buying and selling rates of exchange for Rupiah against US dollars quoted by Bank Indonesia on that date. Such translations should not be construed as representations that the Rupiah or US dollar amounts referred to could have been, or could be, converted into Rupiah or US dollars, as the case may be, at that or any other rate or at all. See “Exchange Rates and Exchange Controls” for further information regarding rates of exchange between the Rupiah and US dollar.

In this Offering Memorandum, the following key terms have the following meanings:

- “2017 Notes” refers to the US\$150 million 10.75% Senior Notes due 2017 issued by Alam Sutera International Private Limited on March 27, 2012, which have been repaid in full as of the date of this Offering Memorandum;
- “2019 Notes” refers to the US\$225 million 9.0% Senior Notes due 2019 issued by Alam Synergy Pte. Ltd. on January 29, 2014, which have been repaid in full as of the date of this Offering Memorandum;
- “2020 Notes” refers to the US\$235 million 6.95% Senior Notes due 2020 issued by Alam Synergy Pte. Ltd. on March 27, 2013;
- “2021 Notes” refers to the US\$175 million 11.5% Senior Notes due 2021 issued by Alam Synergy Pte. Ltd. on January 22, 2019;
- “Original Notes” refers to the US\$245 million 6.625% Senior Notes due 2022 issued by Alam Synergy Pte. Ltd. on October 24, 2016;
- “Clearstream Luxembourg” refers to Clearstream Banking S.A.;
- “Collateral Agent” refers to The Bank of New York Mellon;

- “CVPL” or “Carlisle” refers to Carlisle Venture Pte. Ltd.;
- the “Company” refers to PT Alam Sutera Realty Tbk.;
- “Euroclear” refers to Euroclear Bank SA/NV;
- “GFA” refers to gross floor area;
- “Greater Jakarta” refers to the city of Jakarta, the Bogor, Tangerang and Bekasi regencies and the Depok municipality;
- the “Issuer” refers to Alam Synergy Pte. Ltd.;
- the “Lead Manager” refers to J.P Morgan (S.E.A.) Limited;
- “KJPP” means KJPP Willson dan Rekan in association with Knight Frank;
- “landbank” refers to the actual size of the surface of land measured in hectares, which is available for development;
- “Modernland” refers to PT Modernland Realty Tbk.;
- “OJK” refers to Otoritas Jasa Keuangan or the Financial Services Authority of Indonesia (formerly known as Bapepam-LK);
- “we,” “us,” “our” and “ourselves” refers to the Company and, where the context requires, its subsidiaries, joint ventures and associated companies, as a group or as members of such group.

PRESENTATION OF FINANCIAL INFORMATION

The financial information included in this Offering Memorandum has been derived from the audited consolidated financial statements of the Company as of and for the years ended December 31, 2016, 2017 and 2018. Unless otherwise indicated, financial information in this Offering Memorandum has been prepared in accordance with financial accounting standards in Indonesia (“Indonesian FAS”), which differs in significant respects from International Financial Reporting Standards (“IFRS”). For a summary of the significant differences between Indonesian FAS and IFRS, see “Summary of Certain Significant Differences Between Indonesian FAS and IFRS” included elsewhere in this Offering Memorandum. Unless otherwise indicated or otherwise required by the context, all references in this Offering Memorandum to “Rupiah” or “Rp” are to the lawful currency of Indonesia. References to “US dollars” or “US\$” are to United States dollars, the lawful currency of the United States. Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

INDUSTRY AND MARKET DATA

This document includes market share and industry data and forecasts that we have obtained from industry publications and surveys, including reports of governmental agencies. Certain industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, neither we nor the Lead Manager has independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein. As a result, you are cautioned against undue reliance on such information.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA presented in this Offering Memorandum is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Indonesian FAS or IFRS. We define Adjusted EBITDA as profit before tax expenses plus (i) final tax expense, (ii) interest expense, (iii) hedging premium expense, (iv) foreign exchange loss (or gain), (v) bonds payable redemption expenses (if any) and (vi) depreciation and amortization. Adjusted EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS or IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, Adjusted EBITDA is not a standardized term, hence a direct comparison between companies using such a term may not be possible.

We believe that Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense) and non-recurring expenses, such as bonds payable redemption expenses. Adjusted EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-GAAP/non-IFRS financial measures when reporting their results. Finally, Adjusted EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our financial condition or results of operations as reported under Indonesian FAS. In addition, Adjusted EBITDA as presented in this Offering Memorandum is calculated differently from EBITDA as defined in the indenture governing the Notes (the “Indenture”), which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes, as well as certain of our agreements. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses.

See “Selected Consolidated Financial Information and Operating Data” for a reconciliation of our profit before tax expense under Indonesian FAS to our definition of Adjusted EBITDA.

ENFORCEABILITY

Enforceability of Foreign Judgments in Indonesia and Singapore

The Notes, the Guarantees and the agreements entered into with respect to the issue of the Notes, including the Indenture, are governed by the laws of the State of New York.

The Issuer is incorporated as a private company with limited liability under the laws of Singapore. The Issuer is a special-purpose company with limited assets and the Issuer’s directors reside in Singapore and Indonesia. Judgments of United States courts obtained against the Issuer or its directors and officers predicated upon the civil liability provisions of the United States federal or state securities laws are not enforceable in Singapore and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore against the Issuer or its directors and officers, based only upon the civil liability provisions of the United States federal and state securities laws. As a result, it may be difficult for you to enforce judgments obtained in United States courts against the Issuer’s assets located outside the United States, and it may be difficult for you to enforce judgments obtained in United States courts against the Issuer or its directors and officers.

Each of the Parent Guarantor and the Subsidiary Guarantors (together the “Indonesian Guarantor(s)”) are incorporated in Indonesia. All of the Indonesian Guarantors’ respective commissioners and directors reside in Indonesia, and substantially all of the respective assets of the Indonesian Guarantors are located in Indonesia. As a result, it may not be possible for investors to effect service of process outside of Indonesia upon the Indonesian Guarantors or such persons or to enforce against the Indonesian Guarantors, or such persons outside of Indonesia in an Indonesian court, judgments obtained in courts outside of Indonesia, including judgments based upon the civil liability provisions of the securities laws outside the United States or any state or territory within the United States.

We have been advised by our Indonesian counsel that judgments of non-Indonesian courts are not enforceable in Indonesian courts and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against us, including any judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of the federal securities laws of the United States or the laws of the Republic of Singapore. A foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding of the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A judgment of a non-Indonesian court, and in particular the judgment of a New York court, will not be enforceable by the courts of Indonesia, although such a judgment could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. Re-examination of the underlying claim de novo would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

We have been advised by our Singapore counsel, Allen & Gledhill LLP, that foreign court judgments are not automatically enforceable as if they were judgments of the Singapore court unless that foreign country and Singapore are parties to a treaty providing for reciprocal recognition and enforcement of judgments, and an application is made to register the foreign court judgment in the Singapore court. As Indonesia and Singapore are not party to the same treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters, and Indonesia is not listed as a country to which the Reciprocal Enforcement of Commonwealth Judgments Act, Chapter 264 of Singapore, or Reciprocal Enforcement of Foreign Judgments Act, Chapter 265 of Singapore, apply to, a final and conclusive judgment for the payment of money rendered by any courts in Indonesia based on civil liability cannot be registered in Singapore and enforced as if it was a judgment of the Singapore court. However, if the party in whose favor such Indonesian final and conclusive judgment is rendered brings a new suit in a court of competent jurisdiction in Singapore and makes a fresh claim on the final and conclusive money judgment rendered by the Indonesian courts, such party may submit to the Singapore court the final and conclusive judgment that has been rendered in Indonesia as evidence of fact in relation to the claim for the money judgment.

If and to the extent the Singapore court finds that the court in Indonesia is of competent jurisdiction to render the judgment, it is an in personam final and conclusive judgment, which is also judgment for a definite sum of money, the Singapore court will, in principle, grant a Singapore judgment for the sum under the foreign judgment, without substantive re-examination or re-litigation on the merits of the subject matter thereof, unless such judgment was procured by fraud or its enforcement would be contrary to public policy in Singapore or that the proceedings in which it was obtained were contrary to natural justice.

Enforceability of the Guarantees in Indonesia

Under the Indonesian Civil Code, a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor’s assets on a guaranteed obligation prior to the obligee exercising its rights under the related guarantee. The Guarantees contain a waiver of this obligation. The Indonesian Guarantor(s) have been advised by their Indonesian legal advisor that they may successfully argue that, even though a guarantee contains such waivers, the Indonesian Guarantor(s) may nevertheless require that the obligee must first prove that all available legal remedies against the obligor have in fact, been exhausted. Accordingly, if such request is granted, the Indonesian Guarantor(s) may not be required to comply with their obligations under the Guarantees provided in respect of the Notes until all remedies

against the Issuer have been exhausted. Paragraph 1 of Article 1832 of the Indonesian Civil Code stipulates that once a guarantor has waived its rights to require a lender to exhaust its legal remedy against the obligor, such guarantor may no longer claim otherwise. However, the outcome of specific cases in the Indonesian legal system is subject to considerable discretion and uncertainty. See “Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – Through the purchase of the Notes and Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for the holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system.”

In several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore financing entities (using structures involving a guarantee issued by an Indonesian company) have sued their creditors to, among other things, invalidate their debt obligations and have sought damages from creditors exceeding the original proceeds of the debt issued. In one case, which was subsequently settled, an Indonesian court annulled the transaction documents in a structure involving a guarantee issued by an Indonesian company for debt of an offshore subsidiary. In another case, an Indonesian court declared a loan agreement between an offshore entity and its creditors null and void, awarding damages to the defaulting borrower. The courts’ reports of these decisions do not provide a clear factual basis of legal rationale for the judgments.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US\$500 million of notes issued through an offshore offering structure. The decision involved an Indonesian listed Company, PT Indah Kiat Pulp & Paper Tbk. (“Indah Kiat”), as plaintiff and various parties as the defendants using a structure similar to this offering of the Notes and the Guarantees, whereby notes (the “Indah Kiat notes”) were issued through Indah Kiat International Finance Company B.V. (“Indah Kiat Finance”), a Dutch subsidiary of Indah Kiat which was established for the purpose of the issuance of the Indah Kiat notes and guaranteed by Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (*perbuatan melawan hukum*), and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code which requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff’s argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat Finance was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat International Finance Company B.V. was unlawful as it was intended to avoid Indonesian withholding tax payments.

On August 19, 2008, the Indonesian Supreme Court granted a civil review (*peninjauan kembali*) and annulled the June 2006 Indonesian Supreme Court decision (“August 2008 Decision”). The Indonesian Supreme Court in its civil review decision stated that Indah Kiat had failed to prove that the transaction was an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Indonesian Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Indonesian Supreme Court maintained that it was clear that the money borrowed by Indah Kiat from Indah Kiat Finance was in fact originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement, and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the civil review stated that the security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review considered that the Indonesian Supreme Court had misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The civil review also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York.

Despite the decision described above, the Indonesian Supreme Court took a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry (“Lontar Papyrus”), a sister corporation of Indah Kiat.

According to an Indonesian Supreme Court decision at the civil review level (which was subsequently upheld by the Indonesian Supreme Court at the appellate level), in March 2009, the Indonesian Supreme Court refused a civil review (the “March 2009 Decision”) of a judgment by the District Court of Kuala Tungkal, in South Sumatra, which invalidated US\$550 million of notes issued by APP International Finance Company B.V. (“APPC”) and guaranteed by Lontar Papyrus. Lontar Papyrus’ legal arguments in its lower court case were fundamentally the same as those in the earlier cases by Indah Kiat – namely, that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Indonesian Supreme Court’s refusal to grant a civil review effectively affirmed the lower court’s decision to invalidate all of the transaction documents, including Lontar Papyrus’s obligations as the guarantor under the notes, making the verdict final. The Indonesian Supreme Court’s refusal to grant the civil review was based on reasons that the loan agreement between APPC and Lontar Papyrus and the indenture with regard to the issuance of notes required adjustment to observe the prevailing laws and regulations in Indonesia. In addition, the fact that the loan had been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. Further, the Supreme Court took the view that any claim from the noteholders should be addressed to APPC as the issuer and should be pursued separately. The Indonesian Supreme Court did not consider the fact that it was APPC that defaulted on its payment obligations to the noteholders and Lontar Papyrus had guaranteed the payment obligation of APPC under the notes. Lontar Papyrus and Indah Kiat are subsidiaries of Asia Pulp & Paper Company Ltd., and their original court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been ultimately annulled by the Indonesian Supreme Court, as was the case in August 2008 in the Indah Kiat matter, it appears that the Indonesian Supreme Court has taken a contradictory view on the Lontar Papyrus case.

In September 2011, the Indonesian Supreme Court (the “September 2011 Decision”) refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court’s June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat Finance. The facts and legal claims presented by Indah Kiat Finance were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims.

The Indonesian Supreme Court’s refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower courts’ decisions to invalidate the relevant notes and the issuers’ and guarantors’ obligations under such notes, and such lower court decisions are now final and not subject to further review.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court decisions, such decisions have persuasive force. Accordingly, an Indonesian court could take a similar approach in any dispute regarding the Guarantees and declare them unenforceable. The outcome of specific cases in the Indonesian legal system is subject to considerable discretion and uncertainty. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Indonesian Supreme Court decision mentioned above in relation to the validity and enforceability of the Notes and the Guarantees or grant additional relief to the detriment of noteholders, if the Issuer were to contest efforts made by noteholders to enforce these obligations.

There is also an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of the parent guarantor under a guarantee arrangement similar to that of the Notes. On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk (“Bakrie Tel”) for purposes of its court-supervised debt restructuring, known as a PKPU (the “Bakrie Tel PKPU”). Bakrie Tel, an Indonesian telecommunications company, was the guarantor of

US\$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the debt restructuring composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Tel in respect of the US\$380 million notes was the issuer's subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU.

As a result, only the issuer's subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, whereby the terms of the U.S. dollar bonds and the guarantee were substantially altered.

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), in early 2016 entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to have rejected claims that arose from holders of their two Singaporean Dollar bonds and have taken the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on any restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (rencana perdamaian) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel, under the composition plan, the bondholders of the two of Singaporean Dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as in common law jurisdictions such as the United States and the United Kingdom. However, we cannot assure you that a court would not issue a decision similar to the September 2011 Decision with respect to the validity and enforceability of the Notes and the Guarantees or grant any additional relief, which in each case would be adverse to the interests of the holders of the Notes.

For a description of potential limitations on enforcement against the Guarantors and the right of the holders of the Notes under the Guarantees, see "Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures similar to this offering of Notes and the Guarantees and have brought legal action against lenders and other transaction participants; moreover, such legal action had resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed" and "Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – Through the purchase of the Notes and Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system."

Indonesian Regulation of Offshore Borrowings

Under Presidential Decree No. 59 of 1972 dated October 12, 1972 ("PD 59/1972"), as lastly amended by Presidential Decree No. 120 of 1998 dated August 12, 1998 ("PD 120/1998"), we are required to, and, if any of the Guarantors receives proceeds from the offering of the Notes through Intercompany Loans, the Guarantors are also required to report the particulars of their offshore borrowings to the Minister of Finance of Indonesia and Bank Indonesia on the acceptance, implementation, and repayment of principal and interest. The Ministry of Finance Decree No. KEP-261/MK/IV/5/73 dated May 3, 1973, as amended by the Ministry of Finance Decree No. 417/KMK.013/1989 dated May 1, 1989 and the Ministry of Finance Decree No. 279/KMK.01/1991 dated March 18, 1991, as the implementing regulation of PD 59/1972 and PD 120/1998, further set forth the requirement to submit periodic reports to the Minister of Finance of

Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three-month period. In addition, under Presidential Decree No. 39 of 1991 dated September 4, 1991 (“PD 39/1991”), all offshore commercial borrowers must submit periodic reports to the Offshore Commercial Borrowings Team (Tim Pinjaman Komersial Luar Negeri or the PKLN Team) upon the implementation of their offshore commercial borrowing. PD 39/1991 does not stipulate either the time frame or the format and the content of the periodic reports that must be submitted.

On December 29, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/21/PBI/2014 on Application of Prudential Principles in Management of Offshore Loan of Non-Bank Corporations, as lastly amended by Bank Indonesia Regulation No. 18/4/PBI/2016 (“PBI 16/21/2014”), which applies to non-bank corporations that obtain offshore loans in foreign currencies. Further to PBI 16/21/2014, Bank Indonesia also issued Circular Letter No. 16/24/DKEM dated December 30, 2014 as amended by Circular Letter No. 17/18/DKEM dated June 30, 2015 and Circular Letter No. 18/6/DKEM dated April 22, 2016 (“CL 16/24/2014”). PBI 16/21/2014 requires non-bank corporations that have offshore loans in foreign currencies to fulfill three prudential principles: (i) hedging ratios, (ii) liquidity ratios and (iii) credit ratings.

The minimum hedging ratio for non-bank corporations that have offshore loans in foreign currency is set at 25% of (i) the “negative difference” between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter, and (ii) the “negative difference” between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter.

CL 16/24/2014 determines that only corporations that have “negative difference” of more than US\$100,000 are obliged to fulfill the minimum hedging ratio. In addition, PBI 16/21/2014 also requires that such hedging transactions shall be conducted only with banks in Indonesia with effect from 2017.

On the liquidity ratio requirement, non-bank corporations that have offshore loans in foreign currency are also required to comply with the minimum liquidity ratio of at least 70% liquidity by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter.

In addition, on the credit rating requirement, non-bank corporations that obtain offshore loans signed or issued after January 1, 2016 in a foreign currency must have a minimum credit rating of “BB-” for offshore borrowings issued by a rating agency recognized by Bank Indonesia. Such credit rating will be in the form of a rating over the relevant corporation and/or bonds in accordance with the type and period of such foreign currency offshore loan. Such rating shall be valid for two years as of the rating issuance. The obligation to have a minimum credit rating does not apply to offshore loans in foreign currency that are in the form of trade credit, which refers to debt arising from credit that is granted by offshore suppliers over transactions relating to goods and/or services. Exemptions from the requirement to satisfy the minimum credit rating are available for (i) the refinancing of offshore loans in foreign currency, (ii) offshore loans in foreign currency that finance infrastructure projects from (a) international bilateral/multilateral institutions and (b) syndicated loans with the contribution of international bilateral/multilateral institutions exceeding 50%, (iii) offshore loans in foreign currency in relation to government (central and regional) infrastructure projects, (iv) offshore loans in foreign currency that are guaranteed by international bilateral/multilateral institutions, (v) offshore loans in foreign currency in the form of trade credit, (vi) offshore loans in foreign currency in the form of other loans (i.e., any other loan than loan agreements, debt securities and trade credit that are, among others, payments of insurance claims and unpaid), (vii) offshore loans in foreign currency of finance companies, provided that, when the Indonesian Financial Services Authority last determined the “soundness” level of the relevant finance company, the finance company had a minimum “soundness” level (tingkat kesehatan) and fulfilled the maximum gearing ratio as regulated by OJK, and (viii) offshore loans in foreign currency of the Indonesian Export Financing Institution.

Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 dated December 31, 2014 on Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation (“PBI 16/22/2014”) as partially revoked and replaced by Bank Indonesia Regulation No. 21/2/PBI/2019 regarding Reporting of Foreign Exchange Activity (“PBI 21/2/PBI/2019”). PBI 21/2/PBI/2019 stipulates that banking institutions, non-bank financial institutions, non-financial institutions, other entities and individuals performing activities that cause a movement in financial assets and liabilities between an Indonesian citizen and non-Indonesian citizen, including the movement of offshore financial assets and liabilities between Indonesian citizens, must submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The foreign exchange activities report is required to cover: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia, (ii) the principal data of offshore loans and/or risk participation transaction; (iii) the plan of withdrawal and/or payment of offshore loans and/or risk participation; (iv) the realisation of plan of withdrawal and/or payment of offshore loans and/or risk participation transactions; (v) the position and changes in the balance of foreign financial assets and/or foreign financial liabilities, and/or (vi) any plan to incur foreign debt and/or implementation of such plan. In addition, PBI 16/22/2014 requires any non-bank entity which applies prudential principles to submit reports which cover (i) the implementation prudential principles, which have complied with an attestation procedure; (ii) notification of compliance of credit ratings; (iii) financial statements; and (iv) an initial report on the implementation of prudential principles (“Implementation of Prudential Principles Report”). Bank Indonesia requires foreign exchange activities reports to be submitted monthly. The Implementation of Prudential Principles Report must be submitted quarterly, unless another submission deadline is required under PBI 16/22/2014.

The reporting obligations under PBI 16/22/2014 and PBI 21/2/PBI/2019 are implemented under the following Circular Letter of Bank Indonesia as follows:

- i. According to Regulation of Member of Board of Governors of Bank Indonesia No. 21/9/PADG/2019 on Reporting of Foreign Exchange Activities in the form of Offshore Loan and Rule Participation Transaction, any person, legal entity or other entity domiciled in Indonesia or planning to be domiciled in Indonesia for at least one year, that obtains offshore commercial borrowings in foreign currency and/or Rupiah (of any amount) pursuant to loan agreements, debt securities, trade credits and other debts must submit reports to Bank Indonesia. The reports must consist of the main data report and report data on recapitulation of offshore loans and/or risk participation transactions, and a report of plans on new offshore loans and/or the amendment, and also the profit and/or information regarding reporter and any charges. The main data report must be submitted to Bank Indonesia online through the reporting website of Bank Indonesia at <http://www.bi.go.id/lkpbov2> no later than the 15th day of the following month after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans and a monthly recapitulation data report must be submitted to Bank Indonesia no later than the 15th day of the following month. Such reports must be filed monthly until the offshore commercial borrowing has been repaid in full.
- ii. According to Bank Indonesia Circular No. 17/26/DSta dated October 15, 2015 on the Reporting of Foreign Exchange Activities Other than Offshore Loan, an Indonesian company engaged in foreign exchange activities other than offshore loan which includes guarantees made by an Indonesian party in favor of an offshore party is required to submit monthly reports with respect to such foreign exchange activities (other than with respect to any borrowing of offshore loans) to Bank Indonesia no later than the 15th day each month after the maturity date of the report period.
- iii. According to Bank Indonesia Circular No. 17/3/DSta dated March 6, 2015 as amended by Bank Indonesia Circular No. 17/24/DSta dated October 12, 2015 on the Reporting Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation, a non-bank corporation must submit the following reports: (i) the implementation of the prudential principles on a quarterly basis; (ii) a report regarding the implementation of the prudential principles report that have undergone an attestation procedure no later than the end of June of each year; (iii) a report with respect to credit ratings no later than the end of the following relevant month; and (iv) financial statements, consisting of quarterly financial statements (unaudited) to be submitted on a quarterly basis and annual financial statements (audited) to be submitted no later than the end of June of each year.

Any delay in submitting foreign exchange reports as mentioned above (other than the offshore loan report) is punishable by a fine of Rp500,000 for each day of delay, subject to a maximum fine of Rp5,000,000. Furthermore, any failure to submit such foreign exchange report (other than the offshore loan report) is punishable by a fine of Rp10,000,000 per reporting period. Failure to submit the offshore loan report and risk participation transaction information report will be subject to administrative sanctions in the form of warning letters and/or notices to the relevant authorities.

Bank Indonesia issued Bank Indonesia Regulation No.16/10/PBI/2014 on The Receipt of Foreign Exchange Proceeds from Export and Withdrawal of Foreign Exchange Offshore Loan on May 14, 2014, as amended by Bank Indonesia Regulation No. 17/23/PBI/2015 dated December 28, 2015 (“PBI 16/10/2014”), as implemented by Bank Indonesia Circular No. 18/5/DStA dated April 6, 2016 on Withdrawal of Foreign Exchange Offshore Loan. Based on PBI 16/10/2014, every Indonesian debtor of an offshore loan must withdraw revenue from the loan through an Indonesian foreign exchange bank. The obligation applies to every loan that is derived from:

- a. a non-revolving loan agreement;
- b. debt securities; or
- c. the margin between the new foreign loan for refinancing purposes and the initial foreign loan.

The accumulated amount of foreign exchange received from an offshore loan should be equal to the total commitment. If the accumulated amount of foreign exchange received from an offshore loan is less than the committed amount under the offshore loan, with a difference of more than the equivalent of Rp50,000,000, a debtor must submit a written explanation and supporting documents to Bank Indonesia prior to expiry of the loan term. An Indonesian debtor must report the withdrawal of revenue from the offshore loan to Bank Indonesia monthly using the recapitulation data report as regulated under PBI 16/10/2014, BI Circular No. 18/5/DStA, and Bank Indonesia Circular No. 15/16/DInt of 2013. Every submission of a report must be supported with any document evidencing that the relevant offshore loan is withdrawn through an Indonesian foreign exchange bank. Any Indonesian debtor failing to comply with the obligation may be imposed with an administrative sanction in the form of fine of 0.25% of the amount of every withdrawal that is not withdrawn through an Indonesian foreign exchange bank, with maximum sanction of Rp50,000,000. PBI 16/10/2014 does not specifically require the foreign currency brought into Indonesia to be converted into Rupiah and kept in Indonesia for a specified period of time.

Language of the Transaction Documents

Pursuant to Law No. 24 of 2009 on Flag, Language, Coat of Arms, and National Anthem that was enacted on July 9, 2009 (“Law No. 24/2009”), agreements to which Indonesian parties are a party are required to be executed in Bahasa Indonesia, although, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. There exists substantial uncertainty on how Law No. 24/2009 will be interpreted and applied, and it is not certain that an Indonesian court would permit the English version to prevail or even consider the English version. See “Risk Factors – Risks Relating to Indonesia.” The Indenture and other documents entered into in connection with the issuance of the Original Notes were prepared in Bahasa Indonesia and the documents entered into in connection with the issuance of the Further Notes will also be prepared in Bahasa Indonesia. However, there can be no assurance, in the event of inconsistencies between the Bahasa Indonesia and English Language version of those documents, an Indonesian court would hold that the English versions of such documents prevail. Further, a translation from English to Bahasa Indonesia may not accurately reflect the original intent of the parties. On December 28, 2009, the Ministry of Law and Human Rights of the Republic of Indonesia issued Letter No. M.HH.UM.01.01-35 regarding the Clarification for Implication and Implementation of Law No. 24/2009 (the “MOLHR Clarification Letter”) in connection with Article 31 of Law No. 24/2009, which clarified the use of Bahasa Indonesia pursuant to Law No. 24/2009. The MOLHR Clarification Letter stipulates that, even if an agreement between Indonesian private entities (lembaga swasta Indonesia) is executed in English, such agreement should not violate the provisions of Article 31 of Law No. 24/2009. As the basis for this analysis, the MOLHR Clarification Letter references to Article 40 of Law No. 24/2009, which states that the use of Bahasa Indonesia, including for the purpose of Article 31 of Law No.

24/2009, shall be further regulated by Presidential Regulations. Pursuant to the MOLHR Clarification Letter, until further implementing regulations of Article 31 of Law No. 24/2009 have been issued, an agreement between Indonesian private entities that is executed in English should not be deemed to have violated the provisions of Article 31 of Law No. 24/2009. On July 7, 2014, the Government issued an implementing regulation (“Government Regulation 57/2014”) to give effect to certain provisions of Law No. 24/2009. Government Regulation 57/2014 focuses on the promotion and protection of the Indonesian language and literature and, while it is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted). Hence, pursuant to the MOLHR Clarification Letter, any agreement that is executed in English without a Bahasa version is still legal and valid, and does not violate Article 31 of Law No. 24/2009. However, this letter was issued only as an opinion and does not fall within the types and hierarchy as stipulated in Article 7 of Law No. 12 of 2014 regarding the Formation of Laws and Regulations to be considered as a law or regulation and therefore has no legal force.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar (the “June 2013 Decision”) which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the “lawful cause” requirement and was void from the outset, meaning that a valid and binding agreement had never existed.

On May 7, 2014, the Jakarta High Court released Decision No.48/PDT/2014/PT.DKI which rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision (the “Jakarta High Court Decision”). On October 23, 2015, the Supreme Court through its decision No. 1572 K/Pdt/2015 rejected the cassation submitted by Nine AM Ltd. and again affirmed the June 2013 Decision (the “Supreme Court Decision”). Within the same period of time, the same parties were also involved in another case in connection with another loan agreement entered into by PT Bangun Karya Pratama Lestari and Nine AM Ltd., whereby the District Court of West Jakarta, Jakarta High Court and Supreme Court, in their decision dated March 6, 2014, December 4, 2014 and October 23, 2015 (the “October 2015 Supreme Court Decision”), respectively, have taken the same position as the June 2013 Decision, the Jakarta High Court Decision and the August 2015 Supreme Court Decision. Indonesian court decisions are generally not binding precedents, as would typically be the case in common law jurisdictions such as the United States and the United Kingdom. However, there can be no assurance that a court will not, in the future, issue a similar decision to the June 2013 Decision, the Jakarta High Court Decision, the Supreme Court Decision or the October 2015 Supreme Court Decision in relation to the validity and enforceability of agreements which are made in the English language.

On January 15, 2014, Law No. 2 of 2014 on Amendment to the Law No. 30 of 2004 on Notary Profession (“Notary Law”) was issued. Pursuant to the Notary Law, a notarial deed made after January 15, 2014 must be drawn up in the Indonesian language. If the parties require, the notarial deed can be made in a foreign language and in such an event, the notary must translate the deed into the Indonesian language but in the event of different interpretation as to the content of the deed, the Indonesian language deed shall prevail.

We will execute dual English and Bahasa Indonesia versions of all transaction agreements, to which the Indonesia Guarantors are party. Except for the Indonesian deeds of corporate guarantee, for which Bahasa Indonesia will be the governing language, all of the transaction agreements will provide that in the event of a discrepancy or inconsistency, the parties intend the English version to prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, there can be no assurance that the terms of the Notes, including the Indenture, will be as described in the Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain statements in this Offering Memorandum are not historical facts and constitute “forward-looking statements.” All statements other than statements of historical facts included in this Offering Memorandum, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), followed by or that include the words “believe,” “expect,” “aim,” “intend,” “will,” “may,” “project,” “estimate,” “anticipate,” “predict,” “seek,” “should” or similar words or expressions, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this Offering Memorandum reflect our current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- our ability to acquire development rights and complete our projects successfully;
- our ability to acquire suitable sites for development (either alone or with suitable joint venture partners) and the cost of acquisition of such sites;
- our ability to successfully, within acceptable financial parameters, pre-sell properties in our projects;
- our ability to rent out properties in our developments;
- the expected growth of the real estate market in Greater Jakarta and Indonesia;
- the anticipated demand for our properties and related capital expenditures and investments;
- whether we can successfully execute our business strategies and carry out our growth plans;
- macroeconomic factors, in particular interest rates, unemployment rates, disposable income, availability of adequate credit and affordable financing and consumer confidence in Indonesia;
- changes in Government laws and regulations and their interpretation, including property laws and tax laws, as well as the level of enforcement of such laws and regulations;
- significant delays in obtaining or renewing our various permits, proper legal titles or approvals for our properties under development or held or planned to be held for future development;
- changes in our needs for capital and the availability and cost of financing and capital to fund these needs;
- competition in the Indonesian real estate industry, including changes in real estate prices and sales activity;
- our ability to anticipate and respond to consumer preferences;
- war or acts of international or domestic terrorism;

- occurrences of catastrophic events, outbreaks of communicable diseases, natural disasters and acts of God that affect our business or properties;
- changes in our senior management team or loss of key employees;
- changes relating to and our relations with our principal shareholders;
- the impact of environmental damages, construction defects, product liability and warranty claims, including the adequacy of self-insurance accruals, the applicability and sufficiency of our environmental insurance coverage;
- the availability and cost of labor and building and construction materials, including the ability to secure materials and subcontractors; and
- construction delays and weather conditions.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. These forward-looking statements speak only as of the date of this Offering Memorandum. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this Offering Memorandum to conform those statements to actual results, subject to compliance with all applicable laws including the rules of the SGX-ST.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Memorandum. We urge you to read this entire Offering Memorandum carefully, including our consolidated financial statements and related notes and “Risk Factors.”

Overview

We are one of the first Indonesian urban development companies to have developed and managed a large-scale, self-contained township that includes residential and commercial properties as well as complementary facilities and infrastructure within the township. Our Alam Sutera township in Serpong, Tangerang, which we have been developing since 1994, is located 15 kilometers west of Central Jakarta and is a large-scale mixed-use development with direct access to the Jakarta-Merak toll road, a major toll road into downtown Jakarta. The township spans a total site area of approximately 800 hectares, approximately 678 hectares of which had been developed. Our landbank available for development at the Alam Sutera township in Serpong, Tangerang was approximately 122 hectares as of December 31, 2018 and was valued at Rp18.4 trillion as of October 31, 2018 by KJPP.

We offer primarily middle to high-end residential properties in our Alam Sutera township, which we believe are attractive to the growing middle to high-income population in Greater Jakarta. We believe that we are one of the pioneers in Indonesia in the development of the “residential cluster” model for residential housing, in which typically 150 to 500 houses are developed within a large gated area of approximately four to 23 hectares to produce an exclusive and secure environment. Our customers can choose to purchase either land lots on which they may design and construct residential houses or commercial buildings of their own design and at their own expense, or residential houses or commercial buildings that we have constructed together with the land lots. We also offer commercial properties that are strategically located along the main roads of our Alam Sutera township, catering to a variety of businesses ranging from small-to-medium enterprises to large local and international companies. The commercial properties in our Alam Sutera township include developments such as office towers, retail malls, shophouses and multi-functional warehouses which are either developed by us or third parties. Phase 1 of our Alam Sutera township, which spans a total of 450 hectares, consisted primarily of residential clusters and shophouses. We are currently developing Phase 2 of our Alam Sutera township, diversifying our commercial property offerings to include retail facilities such as the Mall@Alam Sutera, a large-scale shopping center which commenced operations in December 2012, and office towers, the first of which was a 20-story strata title office tower named Synergy Building that was completed in the third quarter of 2012. We completed the construction of our second office tower, The Prominence Office Tower, in the first half of 2016. As of December 31, 2018, we had sold or leased a total of 14,184 land lots and properties that we have developed in Alam Sutera, of which 8,075 were residential land lots and properties located within 37 residential clusters. We have sold all units of Silkwood Residences and 411 units of Paddington Heights as of December 31, 2018.

We expect to continue to offer both residential and commercial properties at Alam Sutera for sale and lease. As of December 31, 2018, the population of Alam Sutera was approximately 36,304 people. The future JORR II, which is expected to be developed in the next few years, will link the Alam Sutera township directly to the Soekarno-Hatta International Airport, positioning it as an attractive secondary business district for Greater Jakarta and a meetings, incentive, convention and entertainment venue.

Our wholly-owned subsidiary, TMRE, holds a development license for 550 hectares of land in North Serpong, Tangerang. We are in the process of acquiring additional land, which is located in North Serpong, Tangerang, adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire approximately 150 hectares of land from Modernland. As of December 31, 2018, we have acquired 114 hectares of land from

Modernland and expect to settle the remaining area of land within the next two years. We plan to consolidate this landbank, together with other land plots in North Serpong, Tangerang which we have acquired or will be acquiring, into a contiguous site and develop it as Phase 3 of our Alam Sutera township. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “Business – Landbank”. We plan to prepare a master plan for the development of the land in North Serpong once we have acquired most of the land that we require for development.

Our operating model is to develop a township over multiple phases as consolidated areas of land become available and to control demand for properties in our developments by coordinating the timing of when they come to market to match peak demand periods. We design our township developments based on target market segments that we have identified for our projects, including professionals and young executives for our residential properties, and local and international companies for our commercial properties. While we utilize contractors for certain aspects of the developments, we undertake master planning together with international consultants and architectural design with local and international consultants. We manage project development internally, which allows us to retain greater control and oversight of the budget and development timeline.

We are also in the process of acquiring and consolidating tracts of predominantly undeveloped land in Tangerang to develop our second mixed-use residential and commercial township: the Suvarna Sutera township in Pasar Kemis, which is located approximately 15 kilometers to the west of our Alam Sutera township and which is modeled after our Alam Sutera township. The Suvarna Sutera township is strategically located along the Jakarta-Merak toll road and is expected to have direct access to the toll road and also to the Soekarno-Hatta International Airport through the intersection of the existing Jakarta-Merak toll road with the proposed Tangerang Outer Ring Road.

We are currently actively focusing our efforts on planning and developing the Suvarna Sutera township. We have launched 21 clusters with a total land area of approximately 150.4 hectares in the township. We successfully launched our residential clusters, namely, Cempaka, Akasia, Puri Ayu, Mahoni and Puri Agung, in the Suvarna Padi Golf Estate of the Suvarna Sutera township between 2011 and 2013. We also launched additional residential clusters in 2013 and 2014, namely, the Alam, Bayu, Citra, Dhana, Elysia, Fedora, Giri, Helios and Indira clusters, in the Suvarna Jati “super cluster” of the township, and in 2014 we launched our Abira residential cluster which is part of the new Suvarna Padma “super cluster”. In 2015, we launched the Andara and Bahana residential clusters as part of the Suvarna Sari “super cluster”, Bianca residential cluster in the Suvarna Padma “super cluster” and also launched our first shophouses, Terrace 8, in the Suvarna Sutera township. We sold all 137 units available on the launch day. In 2016, we launched the Daru cluster as part of Suvarna Sari “super cluster”. In 2017, we launched the Chiara cluster, which is also a part of the Suvarna Sari “super cluster”, and a new shophouse project at Terrace 9. As of December 31, 2018, we have, on average, sold 90.6% of the houses and land lots that we had launched for sale in the Suvarna Sutera township. As of December 31, 2018, we have accumulated 1,620 hectares in Pasar Kemis. See “Business – Our Properties”.

In July 2012, we acquired approximately 7,290 square meters of land located in the CBD for Rp348.9 billion in order to construct an office building, The Tower. Construction of The Tower was completed in August 2016. In December 2012, we entered into a conditional sale and purchase agreement to acquire the WAM building, as well as a total of approximately 8,434 square meters of land on which the building stands and the land adjacent to the building, for an aggregate consideration of Rp327.3 billion. The sale and purchase transaction was completed on September 30, 2013. We plan to redevelop the WAM building into a combination of a premium office tower and apartments. See “Business – Developments in Jakarta CBD”.

In addition, in 2012 we acquired a 90.3% stake in PT Garuda Adhimatra Indonesia, which holds title over land located in the GWK Cultural Park in Bali for a total consideration of Rp812.6 billion. The GWK Cultural Park is a tourist attraction that is expected to become part of a 60 hectare mixed-used development in which we plan to include residential, hospitality and commercial properties for sale and for lease. See “Business – Garuda Wisnu Kencana Cultural Park” for details on the development of the GWK Cultural Park.

As of December 31, 2018, we had a landbank of approximately 2,262 hectares, of which approximately 90% was located in the Tangerang region in Greater Jakarta. A breakdown of our total landbank by location is set out below:

Location	Landbank as of June 30, 2016	Valuation⁽²⁾	Landbank as of December 31, 2018
	<i>(hectares)</i>	<i>(Rp billion)</i>	<i>(hectares)</i>
Serpong, Tangerang	154	18,392	122
Pasar Kemis, Tangerang	1,561	10,367	1,620
North Serpong, Tangerang ⁽¹⁾	262	6,951	272
Cikokol, Tangerang.	15	N/A	15
Cianjur, West Java	80	N/A	80
Puncak, Cimacan	9	N/A	9
Sanur, Bali.	6	N/A	6
Ungasan, South Kuta District, Bali . .	63	N/A	63
Tanjung Pinang, Riau	75	N/A	75
Total	<u>2,225</u>		<u>2,262</u>

(1) This refers to land located adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. As of December 31, 2018, we have acquired a total of 114 hectares of land from Modernland under the master agreement.

(2) The valuations of the landbank are based on the valuations conducted by KJPP on the landbank area as of October 31, 2018.

In addition to the landbank area set out above, we have acquired more land in Pasar Kemis and are in the process of obtaining or perfecting the relevant title, including the Certificate of Right to Build and the Deed of Relinquishment.

We have received the following awards and rankings:

Year	Award
2009	<ul style="list-style-type: none"> FIABCI Indonesia – BNI Prix d’Excellence Award for the Category of Best Master Plan for our Alam Sutera township
2010	<ul style="list-style-type: none"> Best Residential Developer in Indonesia by Euro money magazine Ranked first by Investor Magazine in the Best Listed Company in the Property and Building Construction category
2011	<ul style="list-style-type: none"> Ranked third by Investor Magazine in the Top Performing Listed Company category Placed on the A-List of the top 40 best performing small and mid-sized listed companies by Forbes Indonesia

Year	Award
2012	<ul style="list-style-type: none"> Placed amongst the Top Performing Listed Companies by Investor Magazine and was ranked sixth out of the Top 50 Best Companies by Forbes Indonesia Capital Market award for the category of Best Share Issuer with Market Capitalization up to Rp10 trillion from the Indonesia Stock Exchange Top Ten Developers award from BCI Asia FIABCI Indonesia – BNI Prix d’Excellence Award for Outstanding Achievement Master Plan in 2012
2013	<ul style="list-style-type: none"> Top Ten Developers award from BCI Asia Placed amongst the Top Performing Listed Companies 2013 by Investor Magazine for companies with market capitalization above Rp10 trillion Platinum Brand Champion of Most Preferred Developer Brand from MarkPlus Inc. for developers with assets below Rp15 trillion Ranked first by Forbes Asia amongst region’s top 200 small and mid-size companies
2014	<ul style="list-style-type: none"> Top Ten Developers award from BCI Asia Ranked fifth by Forbes Indonesia amongst Indonesia’s top 50 best companies Ranked first by Finance Asia as the Best Mid-Cap among Asia’s best companies Indonesia WOW Brand – Silver Champion Residential Property Developer Indocement Awards – Best Innovation in Sustainable Development IFLA APR Awards – Merit Award in the category Landscape Planning
2015	<ul style="list-style-type: none"> Top 50 Companies (Ranked 16th) in Best of the Best Awards 2015 by Forbes Indonesia Golden Award for Winning Five Years in a Row by Forbes Indonesia Indonesia Wow Brand – Bronze Champion Residential Property Developer Top Ten Developers award from BCI Asia Golden Property Awards of Indonesia Property Watch: Best Township Development Project Consumer Choice Awards by rumah123.com – Most Recommended Residential Project
2016	<ul style="list-style-type: none"> Top Ten Developers Award from BCI Asia Indonesia Property Awards – Alam Sutera as Highly Recognized Township Green Property Awards 2016 for the category of Green Planning Housing Estate – New Cluster for Cluster Leora Bali Best Brand Awards – The Best Park in Bali (for GWK Cultural Park Project)

Year	Award
2017	<ul style="list-style-type: none"> • 100 Fastest Growing Companies Award by Infobank (Ranked 9th) • Winner of Indonesia and Bali Leading Cultural Park from Indonesia Travel and Tourism Award for the GWK project
2018	<ul style="list-style-type: none"> • Economic Review Indonesian Corporate Secretary & Corporate Communication Award III-2018 – “The Big 15” • Economic Review Indonesian Corporate Secretary & Corporate Communication Award III-2018 (Ranked 3rd) • Indonesia Property Awards – Garuda Wisnu Kencana Cultural Park by Alam Sutera received the Special Recognition for Public Facility award • Corporate Governance Conference and Award – Top 50 Mid-Capitalization Public Listed Company from Indonesian Institute for Corporate Directorship

For the years ended December 31, 2016, 2017 and 2018, our sales, services and other revenues were Rp2,715.7 billion, Rp3,917.1 billion and Rp3,975.3 billion (US\$274.5 million), respectively. For the years ended December 31, 2016, 2017 and 2018, our Adjusted EBITDA was Rp1,180.3 billion, Rp2,090.0 billion and Rp2,084.9 billion (US\$144.0 million), respectively.

Recent Developments

Our sales, services and other revenues decreased from Rp1,014.5 billion (US\$70.0 million) for the three months ended March 31, 2018 to Rp684.4 billion (US\$47.3 million) for the three months ended March 31, 2019. This decrease was primarily due to a decline in revenue recognition from China Fortune Land Development Co., Ltd. (“CFLD”) from Rp590.8 billion (US\$40.8 million) for the three months ended March 31, 2018 to Rp85.6 billion (US\$5.9 million) for the three months ended March 31, 2019. This decrease in revenue recognition from CFLD was due to fewer land sales to CFLD driven by delays in concluding the sale agreements. This has since been resolved and the delayed land sales are expected to be concluded in the second quarter of 2019. See “Risk Factors – Risks Relating to Our Business - It is difficult to predict our future performance and manage our cash flows because almost all of our revenue is of a non-recurrent nature and may fluctuate significantly from period to period due to various factors, including the timing of the pre-sale or sale of our projects, our revenue recognition policies, requirements under applicable law relating to the sale of real property, our accounting policies and factors beyond our control, which may result in an inability to fund our liquidity needs” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Business and Results of Operations – Timing of Project Completion”.

Our Competitive Strengths

Well-located townships with convenient access to transport infrastructure

Our Alam Sutera township, which is located approximately 15 kilometers to the west of Jakarta, is a large-scale township close to Central Jakarta. The township is considered an attractive alternative to Central Jakarta for middle-to high-income residents as well as businesses seeking to relocate away from the overcrowded downtown area. The traveling time to Central Jakarta by car is approximately 60 minutes during peak hours and 40 minutes during off-peak hours. There is direct access from the Alam Sutera township to the Jakarta-Merak toll road, the main highway linking Jakarta to western Java. The future JORR II will border the township’s eastern perimeter and will link the Alam Sutera township directly to the Soekarno-Hatta International Airport, positioning it as a potentially attractive secondary business district for Greater Jakarta and a meetings, incentive, convention and entertainment venue.

Our Suvarna Sutera township in Pasar Kemis is strategically located adjacent to the Jakarta-Merak toll road in Tangerang, being 30 kilometers west of Jakarta and 15 kilometers west of the Alam Sutera township. It is located within the highly populated Tangerang region, which is experiencing rapid economic growth. It is also an attractive area to young professionals and executives seeking good quality and affordable homes that are close to Jakarta. We commenced land and infrastructure development in the Suvarna Sutera township in the first half of 2013 and launched seven new residential clusters for sale in the township in 2013, three new residential clusters in 2014 and three new residential clusters, one shophouse project in 2015, one new cluster in 2016 and one new cluster and one new shophouse project in 2017. As of December 31, 2018, we have, on average, sold 90.6% of the houses and land lots that we had launched for sale in the Suvarna Sutera township. We believe we have achieved initial success in applying our experience in township development at the Alam Sutera township to the Suvarna Sutera township.

We obtained in-principle approval in February 2012 from the local government authorities to construct roads that provide direct access from the Suvarna Sutera township to the Jakarta-Merak toll road, which we believe will significantly improve the accessibility and attractiveness of the Suvarna Sutera township to potential buyers and tenants of our developments in the township. See “Business – Our Properties”.

Access to a large landbank for development of our existing and future property projects

We believe that our landbank is very attractive to our target customers and provides us with development opportunities (including at Pasar Kemis) for 15 to 20 years. As of December 31, 2018, our total landbank amounted to approximately 2,262 hectares. Approximately 90% of our total landbank is located in the high-growth Tangerang region located to the west of Central Jakarta where the Government has made or has announced plans to make significant investments to improve the region’s infrastructure and accessibility. We acquired our landbank over a long period of time at relatively inexpensive prices and have the flexibility to access our landbank when market and pricing conditions are favorable, allowing us to enjoy healthy profit margins. We are also currently in the process of acquiring additional land, which is located in North Serpong, Tangerang adjacent to our Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire approximately 150 hectares of land located in Tangerang from Modernland. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “Business – Landbank”. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land under the master agreement with Modernland, and we anticipate acquiring more land within the next two years.

Our policy is to maintain the size of our current landbank by acquiring land at a rate that is similar to the rate at which land is being utilized for our developments, subject to the price and availability of land that meets our acquisition criteria, to ensure that we have a constant supply of land for development.

Well-balanced product offering that is flexible and scalable in order to meet market requirements

We offer our customers a well-balanced mix of residential and commercial retail real estate products including landed homes, high-rise apartment units, shophouses, office units, retail space and land lots for development. We believe that our diversified exposure to the residential and commercial retail real estate sub-sectors, which have different market cycles, diversifies our income base and mitigates risks associated with changes in demand for different property types. Commercial properties also typically have higher unit prices and therefore help to enhance our overall profitability. Specifically, our business model is primarily focused on the development of low-rise commercial and residential properties as well as the sale of land. Our focus on low-rise residential and commercial developments is beneficial because such projects require smaller capital expenditure and expose us to less development risks. Their shorter development cycles also afford us the flexibility to scale our development program to meet market conditions and ensure our financial position is not adversely affected by excessively large inventories during market downturns. The

sale of land is highly profitable with significantly lower development risks as we do not need to construct buildings which, depending on the type of building, could require significant capital expenditure over a long period of time.

Strong brand image and recognized for high quality residential and commercial properties

We believe that the “Alam Sutera” brand name is very well-known in Jakarta. We are recognized by the market for our award-winning master plan, ability to develop high quality township and properties, strong property management service and commitment to quality in all stages of the property development cycle. Our flagship Alam Sutera township was awarded the FIABCI Indonesia – BNI Prix d’Excellence Award in 2009 for the Category of Best Master Plan for our Alam Sutera township. In 2010, we were also recognized by Euromoney Magazine as the Best Residential Developer in Indonesia and were ranked first by Investor Magazine as the Best Listed Company in the Property and Building Construction category. We also won the Top Ten Developers award from BCI Asia and the Outstanding Achievement Master Plan award from FIABCI Indonesia – BNI Prix d’Excellence in 2012. In 2013, we won the Top Ten Developers award from BCI Asia and were awarded the Platinum Brand Champion of Most Preferred Developer Brand from MarkPlus Inc. for developers with assets below Rp15 trillion. In 2014 and 2015 we were again recognized by BCI Asia with the Top Ten Developers Award. Furthermore, in 2015, we achieved the Golden Award from Forbes Indonesia for winning the Best of the Best award five years in a row. In 2016, our Alam Sutera Township was awarded the Highly Recognized Award by Indonesia Property and also won the Top Ten Developers award from BCI Asia. In 2017, we were ranked 9th amongst the 100 Fastest Growing Companies by Infobank. Additionally, our GWK Cultural Park project in Bali was recognized as the Leading Cultural Park of Indonesia by Indonesia Travel & Tourism Awards. In 2018, we received the Special Recognition for Public Facility award at the Indonesia Property Awards for the Garuda Wisnu Kencana Cultural Park. We believe that our real estate product offerings are differentiated from our competitors’ by their innovative concept, distinctive design and high quality. For example, we believe we pioneered the residential cluster concept, which is very popular among our customers. In designing our township masterplan and our property developments, we take into account the natural landscape and environment to create a clean, comfortable and highly desirable living space. We also provide high quality infrastructure, attractive landscaping and a wide range of ancillary facilities within our township to support business activities and to provide a comfortable living environment. In addition, we offer an enhanced security system in our residential clusters and maintain high security standards, including a 24-hour surveillance system, in our residential clusters. We have also launched a shuttle bus system called “Suteraloop” to improve transportation within the Alam Sutera area.

Well-positioned to take advantage of growth in the residential and commercial property market in Greater Jakarta

Tangerang is one of the fastest growing regions within Greater Jakarta due to urbanization, decentralization and growing affluence. Large-scale property and infrastructure development activities are generally limited in the northern part of Jakarta due to the proximity to the coastline and in the southern part of Jakarta due to the terrain and location of the water catchment area. Property development activities are also limited in the eastern part of Jakarta which is an industrial area where factories and warehouses are located. We believe that our existing and planned townships are strategically located and are well-positioned to capitalize on the demand for good quality residential and commercial property generated by middle and upper-class residents relocating towards the suburban districts to the west of Jakarta in search of more spacious and better quality living environments; upwardly mobile young graduates and professionals in the high-growth Tangerang region seeking to upgrade their housing conditions; businesses who cater to the needs of the growing suburban population; and domestic and international corporations who are looking to lower their occupancy costs and avoid congestion in the city center.

We believe we have been able to benefit from the demand for residential and commercial properties in Greater Jakarta. We have sold all of the units in the Maple and Oak Towers of Silkwood Residences and

the Synergy Building in the Alam Sutera township, which we have completed within our allocated budget and timeframe. See “Business – Our Properties – Silkwood Residences”. As of December 31, 2018, we have sold a majority of the units of Paddington Heights in the Alam Sutera township. See “Business – Our Properties – Paddington Heights. Between 2011 and 2017, we launched for sale new residential properties and land lots in the Suvarna Padi Golf Estate, as well as nine new residential clusters in the Suvarna Jati “super cluster”, two new residential clusters in the Suvarna Padma “super cluster”, four new residential clusters in the Suvarna Sari “super cluster”, and two shophouse projects in the Suvarna Sutera township. We believe we have achieved initial success in our development of the Suvarna Sutera township in Pasar Kemis, having sold most of the properties in the residential clusters that we developed within the Suvarna Padi Golf Estate and within the Suvarna Jati “super cluster”. See “Business – Our Properties”. We have also been able to market our properties at prices that are higher than our previous launches of similar properties, due to the strong market demand for our properties.

We believe that we are well-placed to source strategically-located landbank on favorable terms, position our products to meet the needs and aspirations of our target customers and take advantage of other attractive opportunities in the Greater Jakarta region that would drive our future growth.

Experienced management team with strong track record

Our experienced Board of Directors and senior management team is comprised of a balanced mix of long-serving employees and recent hires of highly qualified individuals. They have extensive experience in the real estate industry and property management, with proven track records in successfully managing high quality, large-scale real estate projects across the entire property development cycle. Under their leadership and oversight, we have established a presence and have extensive property development experience in West Jakarta where we have been operating since 1994 and have developed high quality residential and commercial properties. We have a proven track record in delivering high quality real estate products to our target customers in the middle-to high-income category who are typically more discerning. We have also put in place an effective corporate governance structure, cost management policies and closely managed in-house project delivery processes that minimize development risks and ensures quality control.

Our Strategy

Strategic focus on township development and acquisition of good quality landbank in strategic locations that will sustain project development and sales objectives

We intend to continue to concentrate on the further development of the Alam Sutera township. To that end, we plan to continue to selectively acquire land adjacent to the Alam Sutera township to increase the scale of the township and add further value to the existing development. Such land acquisition in Alam Sutera will be done at prices we consider to be favorable as and when such opportunities arise so as to manage land acquisition costs, as land prices in Serpong have increased significantly over the past several years. We are in the process of acquiring additional land, which is located in North Serpong, Tangerang, adjacent to the Alam Sutera township and across the Jakarta-Merak toll road. We are acquiring land located in Tangerang from Modernland under a master agreement that we entered into in February 2013. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “– Landbank”. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement and we anticipate acquiring more land within the next two years. We plan to develop the land acquired as Phase 3 of our Alam Sutera township.

We also plan to focus on the development of the land and infrastructure of our Suvarna Sutera township in Pasar Kemis, where we have sold and developed properties in new residential clusters from 2011. In 2014 we launched three residential clusters and in 2015 we launched three new residential clusters and one shophouse project. We plan to launch and develop additional “super clusters”, shophouses and commercial

properties in the township in the future. See “Business – Our Properties”. In respect of land acquisition, we are actively acquiring and consolidating land tracts in Pasar Kemis to create a contiguous land plot of a sufficient scale that is suitable for land and infrastructure development. Going forward, we intend to continue to focus management attention and our internal resources towards land acquisition in Pasar Kemis to take advantage of the current low cost of land in the region, and to own sufficient land to develop the township that we have planned.

As part of our land acquisition strategy, our senior management team continuously surveys and monitors the market for acquisition opportunities and tap their broad business networks to identify suitable locations in Greater Jakarta and other cities that are expected to be suitable for future township developments and/or property projects. We also plan to maintain a balance between our property development activities and our landbank acquisition so that our development activities will not result in a significant increase in the prices of the additional landbank to be acquired by us. In addition, our senior management team monitors commercially attractive opportunities to divest landbank assets that we consider to be non-core to our business so that we remain focused on our key developments.

Diversify geographic footprint in Jakarta and other locations, as well as product range and customer base, and identify merger and acquisition transactions that are in line with our strategic objectives

We plan to continue our efforts to diversify the locations of our property developments in Jakarta and other locations in Indonesia, with a view to increasing the scale and geographic diversity of our business. To gain exposure to what we believe is a market with attractive dynamics, in July 2012, we acquired property in Jakarta CBD which we re-developed into a premium office tower. The construction commenced in September 2013 and was completed in August 2016. We have also acquired the WAM building and the land on which the building stands, as well as certain land adjacent to the WAM building. In addition, we have acquired a 90.3% equity interest in PT Garuda Adhimatra Indonesia, which holds titles over land with a total area of approximately 60 hectares located in the GWK Cultural Park.

In addition, we continue to diversify our range of products and customer base by developing a mass residential project, which is known as Kota Ayodhya, in Cikokol, Tangerang. Our targeted customers for this development are expected to be primarily customers seeking affordable housing in Greater Jakarta. This project is expected to satisfy the significant demand in the mass residential market in Greater Jakarta as a result of urbanization and income growth. We plan to develop the project in phases so as to maintain the flexibility to adjust to changes in market conditions and demand. The first phase of this project was launched in 2014, which consists of four 24-story towers. As of December 31, 2018, construction of all four towers has been completed and we have handed over 2,073 units to our customers.

Further, we plan to prudently and selectively pursue strategic merger and acquisitions (“M&A”) opportunities that will allow us to expand our portfolio of investment properties on a meaningful scale to generate greater recurring income in the medium term; acquire a high quality landbank that may not be readily available to be sold in the market; and diversify our real estate operations to other attractive locations and/or property subsectors that would drive our future growth. Our experienced management team monitors markets and taps their broad business networks for potential M&A opportunities that fit our vision, mission and strategic objectives. In evaluating potential M&A opportunities, we will consider the following selection criteria: first mover advantages, good future economic prospects, well-located properties/landbank and proximity to transportation links, attractive risk-adjusted returns that meet our internal requirements, ability to deliver intangible value such as enhancement of our brand and profile, and availability of adequate resources to finance and execute the acquisition successfully. Currently we are also considering a joint venture or joint operation with other parties to co-develop apartments, offices or retail products both in Alam Sutera and Suvarna Sutera township.

Enhancing development through cooperation

We intend to continue exploring the use of joint ventures or other forms of cooperation with third parties to develop new properties for the remainder of 2016. For example, we entered into a cooperation agreement with CFLD on June 22, 2016, for the right to develop an area located in Pasar Kemis (“Cooperation Area”). On July 28, 2016, the cooperation agreement became effective. CFLD, via its subsidiary in Indonesia, transferred a Rp1.45 trillion security deposit to ASRI on July 26, 2016, which will be used for landbank acquisition; therefore funding further land delivery to CFLD. We intend to continue and strengthen this cooperation and development of the Cooperation Area in Pasar Kemis with CFLD. We plan to sell approximately 100 hectares per year at a predetermined price to CFLD, from 2017 through 2021. CFLD has the option to extend the Cooperation Agreement for an additional five year period by paying us an additional security deposit. As of December 31, 2018, CFLD had acquired approximately 160 hectares from us and launched Lavon SwanCity in September 2017. We will also continue to look for other cooperation opportunities with other companies.

Increase recurring income by selectively developing a portfolio of high quality investment properties

In addition to continuing to expand our township developments, we intend to focus on enlarging our investment property portfolio by developing commercial properties that deliver attractive rental yields and stable recurring income over the long-term.

We currently derive recurring income from the lease of units and space at Flavor Bliss, the Mall@Alam Sutera, the GWK Cultural Park and also from estate management. For the years ended December 31, 2016, 2017 and 2018, recurring income (consisting of revenues from township management, recreation and sports, rent, ticket sales, restaurant and other revenues) was Rp373.5 billion, Rp372.8 billion and Rp437.1 billion (US\$30.2 million), respectively. Going forward we plan to develop additional investment properties located in our Alam Sutera township to capitalize on the expected increase in demand for commercial real estate due to the population growth in Tangerang and the increase in disposable income, and the decentralization trend for certain businesses and corporations due to congestion in Jakarta. We will also look to commence progressive development of investment properties in our Suvarna Sutera township in Pasar Kemis to enhance the township’s attractiveness by providing commercial space to businesses that offer retail facilities and services that meet our residents’ needs, thereby stimulating the township’s long-term population growth and value accretion.

The construction of the Garuda Wisnu Kencana was completed in August 2018 and its inauguration by the President of Indonesia took place in September 2018. See “Business – Our Properties – Garuda Wisnu Kencana Cultural Park”. We believe the development of the GWK Cultural Park will increase and diversify our sources of recurring income. We recognize that the development of investment properties involves greater risks, as it requires us to invest large amounts of capital over an extended period of time, often over many years. As such, we will continue to adopt a prudent approach when developing investment properties to ensure that we take advantage of strategic growth opportunities.

Diversify access to capital sources and optimize resource allocation to support growth

Central to our growth strategies is our focus on delivering long-term sustainable growth through organic expansion, income diversification and strategic acquisitions. In executing our strategies, we have adopted and will continue to adopt a prudent approach by ensuring that we have adequate resources and maintain a prudent financing approach in order to support growth. In addition to maintaining healthy operating cash flows and a conservative credit profile with a strong balance sheet, we intend to diversify our access to available capital sources, including the capital markets. Further, we intend to continue to enhance our capital management and resource allocation capabilities by conducting comprehensive financial planning and budgeting regularly. We will also continue to improve the quality and performance of our human resources by providing education and training as well as strategically hiring experienced individuals.

General Information

Our registered address is Wisma Argo Manunggal 18th Floor, Jl. Jend. Gatot Subroto Kav. 22, Jakarta 12930, Indonesia and our telephone number is (62-21) 2523-838. None of the information contained on our websites constitutes part of this Offering Memorandum.

The Issuer is a private company with limited liability incorporated under the laws of Singapore. Its registered address is 1 Raffles Place #28-02, One Raffles Place, Singapore 048616.

Carlisle Venture Pte. Ltd. is a private company with limited liability incorporated under the laws of Singapore. Its registered address is 1 Raffles Place #28-02, One Raffles Place, Singapore 048616.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this Offering Memorandum. For a detailed description of the Notes, see the section entitled “Description of the Notes.” The terms and conditions of the Notes prevail to the extent of any inconsistency with the summary set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Phrases used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer	Alam Synergy Pte. Ltd. (the “Issuer”).
Parent Guarantor	PT Alam Sutera Realty Tbk.
Subsidiary Guarantors	Certain subsidiaries of the Parent Guarantor, see “Description of the Notes – Subsidiary Guarantees.”
Notes Offered	US\$125,000,000 aggregate principal amount of 6.625% Senior Notes due 2022 which shall constitute a further issue of the Issuer’s US\$245,000,000 6.625% Senior Notes due 2022 issued on October 24, 2016.
Issue Price	95.176% of the principal amount of the Further Notes plus accrued interest from (and including) April 24, 2019 up to (but excluding) May 8, 2019.
Maturity Date	April 24, 2022.
Interest	The Further Notes will bear interest from and including April 24, 2019 at the rate of 6.625% per annum, payable semi-annually in arrears.
Interest Payment Dates	April 24 and October 24 of each year, commencing October 24, 2019.
Ranking of the Notes	<p>The Notes:</p> <ul style="list-style-type: none"> • are general obligations of the Issuer; • are senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • rank at least pari passu in right of payment with all unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); • are guaranteed by the Guarantors on an unsubordinated basis, subject to the limitations described under “Description of the Notes – Subsidiary Guarantees”;

- are effectively subordinated to the secured obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- are secured by the Collateral (subject to any Permitted Liens and the Intercreditor Agreement with respect to the Pari Passu Collateral) as described under “Description of the Notes – Security.”

Parent Guarantee

The Parent Guarantor has guaranteed the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

The Parent Guarantee may be released in certain circumstances. See “Description of the Notes – The Parent Guarantee – Release of the Parent Guarantee.”

Ranking of the Parent Guarantee

The Parent Guarantee:

- is a general obligation of the Parent Guarantor;
- is effectively subordinated to secured obligations of the Parent Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- ranks at least pari passu with all other unsecured, unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- is secured by the Collateral (subject to any Permitted Liens and the Intercreditor Agreement with respect to the Pari Passu Collateral) as described under “Description of the Notes – Security.”

Subsidiary Guarantees

The Subsidiary Guarantors have guaranteed the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

The Parent Guarantor will cause each of its future Restricted Subsidiaries, immediately upon becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes.

The Subsidiary Guarantees may be released in certain circumstances. See “Description of the Notes – The Subsidiary Guarantees – Release of the Subsidiary Guarantees.”

Ranking of the Subsidiary
Guarantees

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least pari passu with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- is secured by the Collateral as described under “Description of the Notes – Security.”

Security

The obligations of the Issuer and the Guarantors under the Notes and the Guarantees will be secured on a first priority basis (subject to Permitted Liens and the Intercreditor Agreement with respect to the Pari Passu Collateral) by a Lien on the Collateral which shall initially consist of:

- (i) pledges by the Parent Guarantor of the Capital Stock of the Issuer and by the Issuer of the Capital Stock of Carlisle (the “Pari Passu Collateral”); and
- (ii) assignments by Carlisle of all its interest in and rights under the Intercompany Loans (the “Notes Collateral”). See “Description of the Notes – Security.”

The Pari Passu Collateral and the Notes Collateral are collectively referred to as the “Collateral.”

The Pari Passu Collateral will secure on a pari passu basis (i) the obligations of the Issuer and the Guarantors under the Notes and the Guarantees, (ii) the obligations of the Issuer under the 2020 Notes and the Guarantors under their respective guarantees of the 2020 Notes, and (iii) the obligations of the Issuer under the 2021 Notes and the Guarantors under their respective guarantees of the 2021 Notes.

Intercreditor Agreement

The Issuer, the Parent Guarantor, the Subsidiary Guarantors, Alam Sutera International Private Limited, The Bank of New York Mellon as the trustee of the 2017 Notes (the “2017 Notes Trustee”) on behalf of the holders of the 2017 Notes, The Bank of New York Mellon as trustee of the 2020 Notes (the “2020 Notes Trustee”) on behalf of the holders of the 2020 Notes and The Bank of New York Mellon as the collateral agent with respect to the Pari Passu Collateral (the “Pari Passu Collateral Agent”) have entered into an intercreditor agreement dated March 27, 2013, as supplemented and amended by (i) the agent joinder agreement among Alam Sutera International Private Limited, the Issuer, the 2017 Notes Trustee, the 2020 Notes Trustee and The Bank of New York Mellon as trustee of the 2019 Notes dated January 29, 2014 (ii) the agent joinder agreement among the Issuer, the 2020 Notes Trustee, the 2019 Notes Trustee and the Trustee dated October 24, 2016 and (iii) the agent joinder agreement among the Issuer, the 2020 Notes Trustee, the Trustee and The Bank of New York Mellon as trustee of the 2021 Notes (the “2021 Notes Trustee”) dated January 22, 2019 (such intercreditor agreement, as supplemented and amended from time to time, the “Pari Passu Intercreditor Agreement”). Pursuant to a tender offer for the 2017 Notes conducted in January 2014 and the full redemption in April 2015 of the remainder of the 2017 Notes not repurchased in the tender offer, the 2017 Notes are no longer outstanding. Pursuant to the full redemption of the 2019 Notes in October 2016, the 2019 Notes are no longer outstanding. The Pari Passu Intercreditor Agreement will govern the relationship among the Holders, the holders of the 2020 Notes, the holders of the 2021 Notes and holders of any future Permitted Pari Passu Secured Indebtedness (or their representative) with respect to the Pari Passu Collateral.

See “Description of the Notes – Security – Intercreditor Agreement.”

Use of Proceeds

The aggregate net proceeds from the offering of the Further Notes will be approximately US\$118.3 million, after deducting underwriting fees and commissions in connection with the offering of the Further Notes. The Issuer will contribute the net proceeds of this offering of the Further Notes to Carlisle by way of subscription of additional ordinary shares in the capital of, and/or a shareholder loan, to Carlisle, which will be treated as a deemed contribution and/or loan to Carlisle. Carlisle will then on-lend the amounts from such deemed contribution and/or loan to the Company and/or use some of the amounts for its own general corporate purposes.

We will use approximately US\$73.0 million of the net proceeds of the offering of the Further Notes to redeem all of the outstanding 2020 Notes and the remainder for general corporate purposes.

See “Use of Proceeds.”

Optional Redemption

At any time on or after April 24, 2020, the Issuer may redeem the Notes, in whole or in part, at the redemption prices set forth under “Description of the Notes – Optional Redemption”, plus accrued and unpaid interest, if any, to the redemption date. At any time and from time to time prior to April 24, 2020, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. In addition, at any time prior to April 24, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 106.625% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (excluding Notes held by the Parent Guarantor and its Affiliates) remains outstanding after each such redemption and any such redemption takes place within 60 days of the closing of such equity offering.

Repurchase of Notes upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

Withholding Tax; Additional Amounts

Payments with respect to the Notes, the Parent Guarantee and any Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Issuer, the Parent Guarantor or any future Subsidiary Guarantors are incorporated or resident for tax purposes, or through which payment is made except as required by law. Where such withholding or deduction is required by law, the Issuer or the applicable Guarantor will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See “Description of the Notes Additional Amounts.”

Redemption for Taxation Reasons

Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if, as a result of certain changes in tax law, the Issuer or the Parent Guarantor (as the case may be) would be required to pay certain additional amounts; provided that where the additional amounts are payable as a result of changes affecting Indonesian taxes, the Notes may be redeemed only in the event that the withholding tax rate exceeds 20%.

Covenants	<p>The Indenture will limit the ability of the Issuer, the Parent Guarantor and the Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> • incur additional Indebtedness and issue preferred stock; • make investments or other specified Restricted Payments; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make intercompany loans; • issue or sell Capital Stock of Restricted Subsidiaries; • issue guarantees by Restricted Subsidiaries; • enter into transactions with equity holders or affiliates; • sell assets; • create any Liens; • enter into Sale and Leaseback Transactions; • engage in different business activities; or • effect a consolidation or merger. <p>These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes – Certain Covenants."</p>
Selling and Transfer Restrictions	<p>The Further Notes will not be registered under the Securities Act or under any state securities law of the United States and will be subject to customary restrictions on transfer and resale. See "Transfer Restrictions."</p>
Form, Denomination and Registration	<p>The Further Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more Global Note registered in the name of a nominee of Euroclear and Clearstream.</p>
Book-Entry Only	<p>The Further Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see "Description of the Notes – Book-Entry; Delivery and Form."</p>
Delivery of the Notes	<p>The Issuer expects to make delivery of the Further Notes, against payment in same-day funds, on or about May 8, 2019, which the Issuer expects will be sixth business day following the date of this Offering Memorandum, referred to as "T+6." You should note that initial trading of the Notes may be affected by the T+6 settlement. See "Plan of Distribution."</p>

Trustee and Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Common Code/ISIN	Common Code: 150480949 ISIN Number: XS1504809499
Listing	Approval in-principle has been received for the listing and quotation of the Further Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Governing Law	The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The Security Documents are governed by and will be construed in accordance with the laws of the Republic of Singapore.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “Risk Factors.”

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the summary financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the section of this Offering Memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We have derived the summary consolidated statements of profit or loss and other comprehensive income and cash flows and other financial data for the years ended December 31, 2016, 2017 and 2018 and the summary consolidated statements of financial position as of December 31, 2016, 2017 and 2018 in the tables below from our audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018.

Our audited financial statements as of and for the years ended December 31, 2016, 2017 and 2018 were audited, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (Institut Akuntan Publik Indonesia or “IAPI”), by Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan (formerly known as Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan, an independent member of PKF International) (“PKF”), independent public accountants, who expressed an unqualified opinion on such financial statements, as stated in their audit report appearing in this Offering Memorandum.

The historical results presented below are not necessarily indicative of the results that may be expected for any future period. Further our results for any interim period may not be indicative of our results for the full year or for any period.

We have prepared and presented our consolidated financial statements in accordance with Indonesian FAS, which differs in certain material respects from IFRS. You should read the section of this Offering Memorandum entitled “Summary of Certain Significant Differences between Indonesian FAS and IFRS” for a description of certain principal differences between Indonesian FAS and IFRS.

	Year ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
<i>(Rp in billions and US\$ in millions)</i>				
Consolidated Statements of Profit or Loss and Other Comprehensive Income				
Sales, services and other revenues	2,715.7	3,917.1	3,975.3	274.5
Costs of sales, services and other revenues	1,250.8	1,541.1	1,531.3	105.7
Gross profit	1,464.9	2,376.0	2,444.0	168.8
Selling expenses	(78.4)	(93.5)	(138.8)	(9.6)
General and administrative expenses	(290.0)	(297.0)	(327.2)	(22.6)
Final tax expenses	(132.1)	(130.9)	(119.6)	(8.3)
Interest income	53.1	42.7	19.1	1.3
Interest expenses	(225.6)	(314.1)	(442.4)	(30.6)
Hedging premium expense	(86.3)	(83.3)	(84.5)	(5.8)
Bank charges and provision	(4.9)	(14.1)	(1.6)	(0.1)
Bonds payable redemption expenses	(220.9)	–	–	–
Gain/(loss) on sale of fixed assets	0.0	0.2	0.0	0.0
Foreign exchange gain/(loss) – net	157.4	(31.8)	(316.8)	(21.9)
Others	(45.8)	(9.6)	3.2	0.2
Total	(873.5)	(931.4)	1,408.7	97.3
Profit before tax expenses	591.4	1,444.7	1,035.3	71.5
Tax expenses	81.1	59.5	64.7	4.5
Profit for the year	510.2	1,385.2	970.6	67.0
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss				
– Remeasurement of a net defined benefit liability	10.7	(7.4)	8.4	0.6
– Income tax related to items that will not be reclassified subsequently to profit or loss	(0.3)	0.2	(0.3)	(0.0)
Items that will be reclassified subsequently to profit or loss	–	–	–	–
Total other comprehensive income after tax	10.4	(7.2)	8.1	0.6
Total comprehensive income for the year	520.6	1,377.9	978.7	67.6

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
<i>(Rp in billions and US\$ in millions)</i>				
Consolidated Statements of Financial Position				
Assets				
Current Assets				
Cash and cash equivalents	1,189.5	718.1	459.0	31.7
Time deposits	246.3	234.6	206.5	14.3
Other current financial assets	143.8	83.7	80.1	5.5
Trade receivables				
Third parties – net of allowance for declining in value amounting to Rp31,161,655 thousand (December 31, 2018), Rp22,842,525 thousand (December 31, 2017) and Rp16,710,294 thousand (December 31, 2016)	178.0	200.7	202.2	14.0
Related parties	0.0	9.6	9.4	0.7
Other receivables	18.6	21.9	22.3	1.5
Due from related parties	2.7	1.1	0.2	0.0
Inventories	1,208.5	960.8	414.6	28.6
Prepaid taxes	90.2	79.5	42.7	2.9
Prepaid expenses	3.8	6.6	5.5	0.4
Advance payments	1.0	1.3	7.4	0.5
Total current assets	3,082.3	2,318.0	1,449.8	100.1
Non-current assets				
Other non-current financial assets	654.4	682.8	805.5	55.6
Inventories	4,781.9	4,541.6	4,899.9	338.4
Prepaid taxes	29.0	8.0	18.6	1.3
Land for development	9,169.6	10,415.6	10,982.3	758.4
Advance for land purchases	161.3	325.8	192.2	13.3
Investment properties				
– net of accumulated depreciation of Rp213,552,448 thousand (December 31, 2018), Rp175,018,590 thousand (December 31, 2017) and Rp137,323,134 thousand (December 31, 2016)	1,007.9	1,037.5	1,042.3	72.0
Fixed assets				
– net of accumulated depreciation of Rp277,430,288 thousand (December 31, 2018), Rp229,618,134 thousand (December 31, 2017) and Rp183,188,534 thousand (December 31, 2016)	1,148.6	1,225.4	1,329.3	91.8
Other assets	151.1	173.9	171.0	11.8
Total non-current assets	17,103.8	18,410.5	19,441.1	1,342.5
Total assets	20,186.1	20,728.4	20,890.9	1,442.6

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Liabilities				
Current Liabilities				
Trade payables				
Third parties	345.7	198.3	220.6	15.2
Related parties	2.0	3.0	5.5	0.4
Others payable				
Third parties	273.6	353.8	421.8	29.1
Related parties	10.2	9.1	8.8	0.6
Taxes payable	111.3	44.3	23.3	1.6
Accrued expenses	160.1	163.1	178.8	12.3
Unearned revenue	54.0	36.4	36.5	2.5
Due to related parties	142.4	42.0	43.6	3.0
Deposit for future stock subscription	–	100.0	100.0	6.9
Sales advances	2,012.3	1,758.9	760.4	52.5
Current portion of long term bank loan	322.6	434.6	425.4	29.4
Total current liabilities	3,434.2	3,143.5	2,224.5	153.6
Non-current liabilities				
Deferred tax liabilities	10.1	8.1	8.4	0.6
Sales advances	669.7	515.1	650.8	44.9
Long term bank loans	1,189.3	788.5	426.1	29.4
Bonds payable	6,321.9	6,405.7	6,882.6	475.3
Refundable deposits	1,304.4	1,211.3	1,062.2	73.4
Employee benefits liability	68.6	83.6	84.8	5.9
Total non-current liabilities	9,564.1	9,012.3	9,115.0	629.4
Total liabilities	12,998.3	12,155.7	11,339.6	783.1
Equity				
Equity attributable to owners of the Company				
Share capital				
Authorized capital – 24,000,000,000 shares, par value of Rp100 (full Rupiah) per share				
Issued and fully paid 19,649,411,888 shares . .	1,964.9	1,964.9	1,964.9	135.7
Additional paid in capital-net	637.2	676.6	676.6	46.7
Difference in transactions with non- controlling interests	(99.8)	(99.8)	(99.8)	(6.9)
Retained earnings:				
Appropriated	5.0	6.0	7.0	0.5
Unappropriated	4,575.3	5,917.6	6,894.7	476.1
Total equity attributable to owners of the parent entity	7,082.7	8,465.4	9,443.5	652.1
Non-controlling interests	105.2	107.3	107.9	7.5
Total equity	7,187.8	8,572.7	9,551.4	659.6
Total liabilities and equity	20,186.1	20,728.4	20,890.9	1,442.6

	Year ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Cash flows from operating activities				
Cash receipt from customers	3,867.3	3,446.2	2,968.1	205.0
Cash payments to:				
Directors and employees	(159.5)	(183.7)	(198.4)	(13.7)
Contractors, suppliers and operations	(2,051.3)	(1,288.3)	(1,257.3)	(86.8)
Cash generated from operations	1,656.4	1,974.2	1,512.4	104.4
Interest income	53.1	42.7	19.1	1.3
Tax payments	(208.0)	(178.3)	(155.1)	(10.7)
(Payment) from other parties who are not customers	(19.5)	(12.7)	(6.8)	(0.5)
Net cash from operating activities	1,482.0	1,826.0	1,369.7	94.6
Cash flows from investing activities				
(Increase)/decrease in interest mortgage collateral	(41.4)	(35.9)	3.6	0.2
Receipt from portfolio of fixed income				
Addition to land for development	(34.3)	(631.4)	(231.2)	(16.0)
(Increase) in advance for land purchases	(273.5)	(732.9)	(323.2)	(22.3)
Addition to investment properties	(1.4)	(3.2)	(24.9)	(1.7)
Addition to fixed assets	(80.1)	(91.1)	(149.1)	(10.3)
Proceeds from sales of fixed assets	0.0	0.5	0.0	0.0
Decrease in time deposits	53.8	11.7	28.1	1.9
Net cash used for investing activities	(377.0)	(1,482.4)	(696.8)	(48.1)
Cash flows from financing activities				
Tax amnesty assets	–	14.0	–	–
Increase/(decrease) in bank loan	362.4	(288.7)	(434.6)	(30.0)
Drawdown of bank loan	–	–	63.0	4.4
Placement in interest reserve accounts	(7.1)	(8.4)	10.0	0.7
Interest payment	(751.2)	(599.1)	(579.6)	(40.0)
Redemption of bonds payable – net	(3,234.0)	–	–	–
Bond issuance – net	3,114.8	–	–	–
(Increase)/decrease in amount due from related parties	(0.2)	1.6	0.9	0.1
Received of hedging benefit	–	95.9	–	–
Addition of advance on paid in capital in subsidiary by non-controlling interest	–	100.0	–	–
Dividend payment	–	(29.5)	–	–
Increase/(decrease) in amount due to related parties	(38.5)	(101.6)	1.6	0.1
Net cash used for financing activities	(553.9)	(815.9)	(938.8)	(64.8)
Net increase/(decrease) in cash and cash equivalents	551.1	(472.4)	(265.9)	(18.4)
Cash and cash equivalents at beginning of the year	638.4	1,189.5	718.1	49.6
Effect of exchange rate changes on cash and cash equivalents	–	1.0	6.8	0.5
Cash and cash equivalents at end of the year	1,189.5	718.1	459.0	31.7

The following tables set forth certain key financial information for the periods presented.

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions, except ratios)</i>			
Adjusted EBITDA ⁽¹⁾	1,180.3	2,090.0	2,084.9	144.0
Adjusted EBITDA/Interest expense ⁽²⁾	1.7	3.3	3.4	–
Capital expenditures	389.3	1,458.6	728.4	50.3

Notes:

- (1) Our Adjusted EBITDA consists of profit before tax expenses plus (i) final tax expense, (ii) interest expense, (iii) hedging premium expense, (iv) foreign exchange loss (or gain), (v) bonds payable redemption expenses (if any) and (vi) depreciation and amortization in each case, for such period. We believe that Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense), and non-recurring expenses, such as bonds payable redemption expenses. Adjusted EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-GAAP/non-IFRS financial measures when reporting their results. Finally, Adjusted EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our financial condition or results of operations as reported under Indonesian FAS. In addition, Adjusted EBITDA as presented in this Offering Memorandum is calculated differently from EBITDA as defined in the Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes, as well as certain of our agreements. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses. See “Non-GAAP Financial Measures.” We calculate our Adjusted EBITDA as follows:

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Profit before tax expense	591.3	1,444.7	1,035.3	71.5
(+) Final tax expense	132.1	130.9	119.6	8.3
(+) Interest expense	225.6	314.1	442.4	30.6
(+) Hedging premium expense	86.3	83.3	84.5	5.8
(+) Foreign exchange loss (gain)	(157.4)	31.8	316.8	21.9
(+) Bonds payable redemption expenses.	220.9	–	–	–
(+) Depreciation and amortization	81.4	85.2	86.3	6.0
Adjusted EBITDA	1,180.3	2,090.0	2,084.9	144.0

- (2) Interest expense includes capitalized interest expense. Adjusted EBITDA/Interest expense is calculated differently from Fixed Charge Coverage Ratio as defined in the Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes, as well as certain of our agreements.

Operating Data

	Year ended December 31,		
	2016	2017	2018
Residential property			
Landed Housing Clusters			
Alam Sutera township			
Number of landed houses sold	12	32	290
Total land area sold (square meters)	3,835	10,097	37,139
Total building area sold (square meters)	3,350	8,171	38,618
Average selling price ⁽¹⁾ (Rp billion per unit)	5.0	4.7	2.5
Suvarna Sutera township			
Number of landed houses sold	1,164	936	420
Total land area sold (square meters)	168,617	131,493	59,523
Total building area sold (square meters)	104,091	88,497	39,776
Average selling price ⁽¹⁾ (Rp billion per unit)	0.8	0.9	1.0
Land Lots Residential			
Alam Sutera township			
Number of land lots sold	21	10	28
Total land area sold (square meters)	11,695	4,387	7,226
Average selling price (Rp million per square meter)	6.3	11.3	12.3
Suvarna Sutera township			
Number of land lots sold	300	30	66
Total land area sold (square meters)	85,287	9,095	24,814
Average selling price (Rp million per square meter)	2.9	2.8	3.6
Apartments			
Number of units sold	157	1,524	462
Total building area sold (square meters)	8,340	54,325	18,305
Average selling price (Rp million per square meter)	18.7	12.4	14.7
Commercial property for sale			
Shophouses			
Alam Sutera Township			
Number of shophouses sold	2	2	48
Total land area sold (square meters)	216	166	4,232
Total building area sold (square meters)	838	444	10,894
Average selling price ⁽¹⁾ (Rp billion per unit)	1.9	2.0	2.8
Suvarna Sutera township			
Number of shophouses sold	28	112	15
Total land area sold (square meters)	2,309	21,269	1,294
Total building area sold (square meters)	6,147	26,939	3,453
Average selling price ⁽¹⁾ (Rp billion per unit)	1.4	2.1	1.5

	Year ended December 31,		
	2016	2017	2018
Land Lots Commercial			
Alam Sutera township			
Number of land lots sold	4	3	4
Total land area sold (square meters)	23,815	15,282	27,350
Average selling price (Rp million per square meter)	18.6	14.0	10.9
Suvarna Sutera township			
Number of land lots sold	2	2	8
Total land area sold (square meters)	179,266	636,389	562,133
Average selling price (Rp million per square meter)	0.8	2.0	2.1
Office tower			
Number of units sold	53	1	13
Total building area sold (square meters)	15,892	255	7,844
Average selling price (Rp million per square meter) . .	17.7	19.0	36.9
Commercial property for lease			
Flavor Bliss Phase 1			
Total leasable area (square meters)	5,573	5,573	5,573
Average occupancy rate	100%	95.7%	95.4%
Average rent (Rp thousands per square meter per month)	126.2	119.6	93.1
Flavor Bliss Phase 2			
Total leasable area (square meters)	12,750	12,750	12,281
Average occupancy rate	82.8% ⁽²⁾	60.8% ⁽²⁾	84.7% ⁽²⁾
Average rent (Rp thousands per square meter per month)	99.9	105.7	105.9
Pasar 8			
Number of stall leased	289	294	304
Average occupancy rate	92.9%	94.5%	97.7%
Average rent (Rp thousands per stall per month) . . .	487.7	540.1	594.9
Mall@Alam Sutera			
Total leasable area (square meters)	67,722	67,722	67,722
Average occupancy rate	91.4% ⁽²⁾	90.0% ⁽²⁾	68.0% ⁽²⁾
Average rent (Rp thousands per square meter per month)	90.2	85.1	100.5

(1) Average selling price for landed housing clusters and shophouses is calculated by dividing the aggregate selling price of the landed houses and shophouses, respectively, for the relevant periods by the total number of units sold.

(2) For the period from the date on which the property was launched for lease to December 31, 2016, 2017 and 2018.

RISK FACTORS

An investment in the Notes is subject to significant risks. You should carefully consider all of the information in this Offering Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect us and the value of the Notes as well as the Issuer's ability to pay interest on, and repay the principal of, the Notes. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties including those described under "Forward-Looking Statements and Associated Risks" elsewhere in this Offering Memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

Risks Relating to Our Business

Our existing property development and extensive landbank is located primarily in the Greater Jakarta region. As a result, we are significantly exposed to factors affecting the real estate and property sectors in Greater Jakarta and within Indonesia.

The property market is cyclical and is significantly affected by changes in local and international economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for residential and commercial properties. Fluctuations in property prices and changes in demand for residential and commercial properties are also generally affected by changes in political conditions in Indonesia. For example, the Jakarta market experienced periods of significant decline in value commencing in late 1998 due to the Asian financial crisis and social and political instability during that period. In 2015 and the first half of 2016, there was a marked slowdown in the property market in Indonesia. This slowdown resulted in decreased demand and lower pre-sales with respect to our developments and properties in 2015 and the first half of 2016 compared to previous periods. The Indonesian property market partially rebounded in 2017 and 2018 due to increased demand, but has not reached pre-2015 highs. The acquisition of land for a project begins, and financial and other resources are committed, long before the project comes to market, which could occur at a time when the property market is depressed. Such a depression in the Indonesian property market, or any policies and measures which may be introduced by the Government, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Alam Sutera township is located in Serpong, Tangerang, Greater Jakarta, and as of December 31, 2018, over 90% of our total landbank was located in Tangerang. We are also developing the Suvarna Sutera township located in Pasar Kemis, Tangerang. The success of our business is therefore heavily dependent on the continued growth of the residential and commercial real estate market in Greater Jakarta and in Indonesia generally. Our business, financial condition, results of operation and prospects may be materially and adversely affected by any adverse development in the supply of or demand for property, property prices, or Government actions in Greater Jakarta and its surrounding areas, as well as elsewhere in Indonesia, including the rate at which infrastructure is developed in the surrounding locations where we have acquired land for development.

Our financial performance is also expected to continue to be linked to economic conditions in the Indonesian rental market, demand for office and retail space generally and competition from other property developers. We currently retain, and expect in future to retain to a greater extent, title to some of our commercial properties and lease the space in these commercial properties to tenants. The rental market has historically been, and may in the future be, adversely affected by certain factors, including increases in interest rates and inflation, weakness in the national, regional and local economies, and an excess in the supply of office, industrial or retail space in a number of Indonesian regional markets, including the Greater Jakarta region. Downturns in economic conditions and/or loss of any of our anchor tenants may directly impact our occupancy rates and rental income.

We are exposed to general risks associated with the ownership and management of property.

We derive substantially all our revenues from the sale of real estate, comprising land lots, houses in our residential clusters, apartment units, strata title office space, shophouses and kiosks, and from the rental and management of our properties. We have an extensive landbank primarily located in Tangerang, Greater Jakarta. As of December 31, 2018 our total landbank available for residential or commercial development was approximately 2,262 hectares. Real estate investments are generally illiquid and the ability of an owner or a developer to sell property assets on short notice is typically limited. As such, property assets may be required to be priced at a discount in order for such assets to be disposed of within a short period of time. Such illiquidity may also limit our flexibility in managing our portfolio in response to changes in the property market or general economic conditions.

In addition, property investment is subject to certain risks, including, among other things, increased competition, decrease in demand for rental space, fluctuations in rental rates, inability to let out or renew leases when existing leases expire, delay or failure by tenants to pay rent and inability to dispose of investment properties at market prices. Our operations and business activities may also be affected by wars, terrorist attacks, riots, political instability, natural disasters and other events beyond our control, and changes in laws and regulations applicable to the real estate industry, which may affect our ability to sell our properties or result in an increase in operating expenses in order to ensure compliance. See “– Our business is subject to extensive Government regulation.”

Our experience in the development of properties is concentrated on one township project, and as a result, substantially all of our cash flows and net sales have been derived from one project. The experience we have gained from such development may not be fully relevant or applicable to the development of future projects.

Our experience in the development of properties has been concentrated on one township project, the approximately 800-hectare Alam Sutera township, which is located in Serpong, Tangerang in the western part of Greater Jakarta. We intend to continue to develop properties within the Alam Sutera township in the future. Therefore, historically substantially all of our current cash flows and net sales have been derived from the sale of properties within the township. A significant decrease in the demand for our existing and future developments in the township could materially adversely affect our business, financial condition, results of operations and prospects.

We have also developed and sold residential clusters in the Suvarna Sutera township located in Pasar Kemis since 2011. See “Business – Our Properties.” We expect an increasing portion of our future cashflows and net sales to be derived from the sale of properties within the Suvarna Sutera township. Although we have achieved success in the sales of our properties in Pasar Kemis, there can be no assurance that we will continue to be successful in the development and sales of any new projects in the Suvarna Sutera township in the future.

We intend to develop, in the future, other properties utilizing our landbank. However, the experience we have gained with respect to the Alam Sutera township is limited to the type of developments we have constructed within the township, including residential clusters, shophouses, office towers, apartment towers, retail facilities and warehouses, and to the specific area in which it is located. We may develop other types of properties in which we have not had prior experience, including convention facilities. In addition, we are developing the GWK Cultural Park located in Bali, which involves the construction of the statue of Garuda Wisnu Kencana and the pedestal, as well as commercial facilities. See “Business – Garuda Wisnu Kencana Cultural Park.” In 2012, we entered into agreements to purchase certain properties in Jakarta CBD which we plan to redevelop into premium office towers. We have built a strata office building called The Tower, which was completed in 2016. Our next development is the redevelopment of WAM. We plan to redevelop WAM in 2021 and we expect the new office building to be pre-sold prior to committing capital expenditures for its development. We have no experience in developing and/or managing a project of a similar nature as the GWK Cultural Park or premium office towers in Jakarta CBD. We may also develop mass residential properties that are targeted at customers seeking affordable housing in Greater Jakarta in the future. See “Business – Future Developments at Alam Sutera”. Matters

relating to such projects may require more time and attention of management than currently anticipated. There is also no assurance that any of our projects will achieve the benefits or results currently expected by management. The success of any of our projects will be dependent upon the extent to which we are able to effectively apply our previous experience to such new projects. If any of our future projects is not successful, this may have a material adverse effect on our business, financial condition, results of operations and prospects, and on the Issuer's ability to pay interest on, and repay the principal of, the Notes.

It is difficult to predict our future performance and manage our cash flows because almost all of our revenue is of a non-recurrent nature and may fluctuate significantly from period to period due to various factors, including the timing of the pre-sale or sale of our projects, our revenue recognition policies, requirements under applicable law relating to the sale of real property, our accounting policies and factors beyond our control, which may result in an inability to fund our liquidity needs.

For the years ended December 31, 2016, 2017 and 2018, almost all of our revenues were attributable to sales of developed properties, as well as commercial and residential land lots and strata title office space, which were non-recurrent in nature. Our revenues, cost of sales, net income, financial condition and results of operations may vary or may fluctuate significantly from period to period in the future, depending on the number of properties and land lots within our township that we make available for sale, the number of developments which we have launched for pre-sales, the market demand for such properties, the sale price and the total area of our properties that we deliver to our purchasers in the relevant financial period.

The prices of our properties, and therefore our cash flows, may also experience significant fluctuations between the time we acquire the site and the time that we pre-sell or sell the properties developed on such site. It may, and often does, take several years from the acquisition of a site for development to the time we can pre-sell or sell our properties developed on such site to generate cash flow and revenue. A significant amount of our landbank was acquired during the mid to late-1990s and remains undeveloped. Properties are relatively illiquid compared to other types of investment products and property prices tend to be volatile, particularly at times when the global and local economies experience significant changes. In 2015 and the first half of 2016, there was a marked slowdown in the property market in Indonesia which resulted in some decrease in pricing of real estate properties. The Indonesian property market partially rebounded in 2017 and 2018 due to increased demand, but has not reached pre-2015 highs.

In addition, in accordance with prevailing Indonesian accounting standards, there will typically be a lapse of time between the time when a sales transaction for any unit of our project is entered into and when the revenue from the pre-sale of such unit is recognized, due to the amount of time it takes for the project to be completed and for the property to be delivered to the buyer. Our new developments, including the properties in our Suvarna Sutera township in Pasar Kemis, may require a longer period of time before the properties may be completed and delivered, due to the time required for development of the surrounding infrastructure. As such, there may be a longer lapse of time before revenue from the sales of such properties may initially be recognized.

We cannot predict with certainty the time of the completion and delivery of our property developments, and hence the time of our revenue recognition from any pre-sales or sales, as the time of completion of any property development will vary according to its construction timetable. Further, the completion of any project development may be adversely affected by many other factors, including adverse weather and natural conditions, as well as other factors beyond our control or other unforeseen events and circumstances.

A substantial amount of our cash outflow is attributable to project development costs, in particular land acquisition costs, and we have a limited ability to control these costs, as well as the timing of these costs, once the development of a township project has commenced. If we experience a decrease in our revenues because we cannot sell our developed properties promptly, or due to factors such as global and local economic and property market conditions, we may not be able to raise the cash required to finance our development costs or fund our other liquidity needs, and our business, financial condition, results of operations and prospects may be adversely affected as a result.

Furthermore, any restriction on our ability to sell our land lots and pre-sell our properties, such as requirements introduced under Law No. 1 of 2011 on Housing and Settlement Areas (“Law No. 1/2011”), could materially and adversely affect our business and cash flow. Pursuant to Law No. 1/2011, property developers are prohibited from selling land lots within a housing area without houses constructed on them, unless at least 25% of the housing area has been completed and there is a national monetary crisis affecting the liquidity of the property developer (the “Land Sale Requirement”). Law No. 1/2011 also imposes several requirements, among others, for property developers to complete at least 20% of the development of the houses in the residential area (including (i) the infrastructure and public utilities in the housing area, (ii) land ownership status, and (iii) obtained IMB) before any preliminary sale and purchase agreement of property may be entered into and before the developer may hand over the property and/or collect more than 80% of the selling price from the purchaser (the “Preliminary S&P Requirement”). See “Risk Factors – Our business is subject to extensive Government regulation” and “Regulation – Regulation of Housing and Settlement Areas.” Compliance with the Land Sale Requirement and the Preliminary S&P Requirement would extend the time period required for recovery of our capital outlay and would result in our need to seek alternative means to finance the various stages of our developments. As proceeds from the pre-sale of our properties are an important source of cash flow and financing for our property developments, such extension of the time period required to recover our capital outlay, in turn, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Currently, in accordance with Indonesian FAS, completed investment properties are required to be measured initially at cost and subsequent to initial recognition, companies may choose between recognition based on fair value or at cost. See “– We may be subject to a significant increase in tax expenses as a result of gains arising from recognition of our investment properties at fair value” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Accounting Pronouncements.” We have elected to recognize the value of completed investment properties at cost. In the event that we subsequently choose to recognize such investment properties at fair value, gains or losses arising from changes in the fair value of such investment properties are required to be included in net profit or loss for the period in which it arises. Accordingly, we may recognize significant gains or losses in the event that we choose to recognize our investment properties based on their fair value.

Accordingly, due to the volatile nature of the revenue we generate from property development, the timing of pre-sale or sale of our properties, our revenue recognition policies and the nature of our project development costs and cash flows, the periods discussed in our financial statements included in this Offering Memorandum may not be comparable to each other or other future periods.

We face increasing competition which could adversely affect our business, financial condition, results of operations and prospects.

We compete with other property developers on certain aspects, including location, facilities and supporting infrastructure, services and pricing. Intensified competition among property developers, including the recent increase in private developers and foreign developers, may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant Government authorities, all of which may materially adversely affect our business. We face competition primarily from the largest property developers in Indonesia, including PT Lippo Karawaci Tbk, PT Summarecon Agung Tbk, PT Bumi Serpong Damai Tbk and PT Ciputra Development Tbk. Some of our competitors may have access to greater financial resources, greater economies of scale in purchasing and/or lower cost bases, which may give them a competitive advantage.

On the other hand, some of our private developer competitors, including smaller start-up companies, are able to focus on fewer numbers of projects and may be able to underprice the market. We cannot assure you that we will be able to compete successfully in the future against such existing or potential competitors or that increased competition with respect to our activities may not have a material adverse effect on our business, financial condition, results of operations and prospects. For further information on our competitors, see “Business – Competition.”

Our business has, and will continue to have, substantial capital requirements and may require additional financing in the form of debt or equity to meet our operating expenses, and we may not be able to raise the required capital on favorable terms or at all, which may result in an inability to fund our liquidity needs.

Property development projects are typically capital intensive and require high levels of debt or equity financing. We may face cost overruns in the development of our projects, and the actual amount and timing of future capital requirements may materially differ from our estimates. If we decide to meet these funding requirements through debt financing, our interest obligations will increase and we may be subject to additional restrictive covenants, including restrictions on our or our subsidiaries' ability to incur additional debt, declare or pay dividends and make investments and other restricted payments, or create or incur liens or encumbrances.

Our ability to arrange external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, success of our business, provisions of tax and securities laws that may be applicable to our efforts to raise capital, any restrictions imposed by OJK on providing financing to companies operating in the real estate sector or other sectors relevant to our business in Indonesia, and political and economic conditions in Indonesia. On July 12, 2017, OJK issued OJK Rule No. 44/POJK.03/2017 as amended by OJK Rule No. 16/POJK.03/2018 on the Restrictions of Credit Facility Granted by Commercial Banks to Finance Procurement and/or Processing of Land (Pembatasan Pemberian Kredit oleh Bank Umum untuk Pembiayaan Pengadaan dan/atau Pengolahan Tanah) ("OJK Rule No. 44/2017"). Under OJK Rule No. 44/2017, commercial banks are not allowed to (i) directly or indirectly grant credit facilities or financing to developers and/or (ii) buy or guarantee commercial paper or sharia commercial paper issued by developers, for land acquisition or land processing. There can be no assurance that additional financing, either on a short-term or a long-term basis, would be available to us or, if available, that such financing would be obtainable on terms favorable to us.

We have also begun exploring the possibility of developing future projects with domestic and/or international joint venture partners, as such development, ownership and/or structuring may provide alternative financing sources for our developments. For example, we entered into a cooperation agreement on June 22, 2016 with certain subsidiaries of CFLD to jointly develop an area in Pasar Kemis. Under the terms of the Cooperation Agreement, we may sell approximately 100 hectares per year at a predetermined price to CFLD, from 2017 through 2021. CFLD has the option to extend the Cooperation Agreement for an additional five year period by paying us an additional security deposit. As of December 31, 2018, CFLD had acquired approximately 160 hectares from us and launched Lavon SwanCity in September 2017. See "Business – Our Strategy – Enhancing development through cooperation." In the event that we cannot sell land as anticipated under the Cooperation Agreement or successfully enter into cooperation arrangements, we may face difficulties in arranging the necessary funding for future developments.

Our failure to obtain adequate financing may result in our having to delay the development of our projects or abandon the development of existing and future projects or result in our inability to fund our other liquidity needs, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our projects currently under construction and other planned projects within the Alam Sutera and Suvarna Sutera townships and in other locations may not be completed on schedule, or at all, or within the budgets allocated for the projects.

The time taken and the costs we incur to complete a project may be directly or indirectly affected by many factors, including shortages of materials, equipment, availability of contractors, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with independent contractors and sub-contractors, accidents, changes in Government priorities and policies and other problems and circumstances beyond our control.

Specifically, the time taken and the costs incurred in connection with the development of our projects may be affected by the following factors which are generally beyond our control:

- delays or inability to obtain all necessary location, zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorizations;
- challenges by third parties such as previous landowners or tenants to the validity of our title to the land;
- construction risks, which include delays in construction and cost overruns (whether from variation to original design plans or any other reason), a shortage or increase in the cost of construction and building materials, equipment or labor as a result of rising commodity prices or inflation or otherwise, inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third-party providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction-related contract, work stoppages, strikes, accidents, among others;
- possible shortage of available cash to fund construction and capital improvements, as we may need to make significant capital expenditures without receiving revenue and cash flow from these properties until future periods, and the related possibility that financing for these capital improvements may not be available on acceptable terms or at all;
- lack of and/or delay in infrastructure development in areas where we have acquired landbank;
- the failure to resolve issues with incumbent residents and related settlement issues or otherwise;
- inability to acquire a contiguous area of land of a size sufficient to develop the project as planned; and
- uncertainties as to market demand or a loss of market demand by purchasers, in the case of projects for sale, and tenants in the case of projects for lease, after construction work has begun, whether resulting from a downturn in the economy or a change in the surrounding environment of the project.

We cannot assure you that any or all of the current or future projects, within the Alam Sutera or Suvarna Sutera townships or in other locations which we are developing and intend to develop, including the GWK Cultural Park located in Bali, or the office properties that we are developing and intend to develop in the Jakarta CBD, will be completed within the anticipated time frame or the allocated budget, or at all. We pre-sell a significant proportion of our residential and commercial properties prior to completion. If we fail to complete a fully or partially pre-sold property development, we could be liable to purchasers of pre-sold units for losses suffered by them. There can be no assurance that these losses would not exceed the purchase price paid in respect of the pre-sold units. In addition, if a pre-sold property development is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery of their respective units. If the delay extends beyond the contractually specified period, these purchasers may even be entitled to terminate the pre-sale agreements and claim damages. In addition, a delay in the completion of our projects could increase our financing costs, and may lead to penalties and other costs, which may in turn impair our ability to achieve anticipated turnover and profitability, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot assure you that we will not experience any significant delays in completion or delivery or that we will not be subject to any liability for any such delays. Non-completion of any of our projects may have a material and adverse effect on our business, financial condition, results of operations and prospects, and on the Issuer's ability to pay interest on, and repay the principal of, the Notes.

We rely on third party contractors and suppliers for the development of our projects, including the supply of raw materials and other inputs.

We engage independent third party contractors to provide a substantial amount of the services we require for our property development, including construction, piling and foundation, building and property fitting-out work and interior decoration. There can be no assurance that the construction work performed by such contractors or sub-contractors will be of satisfactory quality, completed in a timely manner, or at all. If the construction work is not timely completed and/or is not of acceptable quality, we may incur substantial additional costs to complete the projects and remedy any defects and our reputation could be significantly harmed.

Moreover, we cannot assure you that skilled contractors will continue to be available at reasonable rates and in the areas in which we undertake our projects, or at all. Furthermore, there is a risk that major contractors may experience financial or other difficulties, which may affect their ability to carry out construction work, thus delaying the completion of our projects or resulting in additional costs to us. We believe that any problems with our contractors, individually or in the aggregate, may materially and adversely affect our brand equity, our business, financial condition, results of operations and prospects.

Our business is affected by the availability, cost and quality of the construction and raw materials (including steel, aluminum and cement) and other input costs (including energy-related costs), which are required for the construction and development of our properties. Our agreements with our building contractors typically provide for services (including construction and raw materials) to be provided to us at a fixed price. We also purchase steel from PT Jakarta Cakratunggal Steel Mills (“JCTS Mills”), our affiliate, to be used by our building contractors. The terms of our agreements with JCTS Mills typically provide for fixed prices for the supply of these construction materials to us for the term of the contract. See “Related Party Transactions – Purchase of Steel.” However, the prices and supply of these raw materials and other input costs depend on factors outside our control, including general economic conditions, competition, production levels, transportation costs and import duties. There can be no assurance that worldwide shortages or significant increases in the prices of these construction materials will not occur and will not affect our project development or business. For example, our contractors may be unable to obtain supplies of the required materials, or our contractors or JCTS Mills may seek to re-negotiate the terms of our contracts if significant increases in the prices of such materials are experienced. If, for any reason, the primary suppliers of raw materials curtail or discontinue their delivery of such materials in the quantities required by our contractors or us, or at competitive prices, the supply of materials required for our projects to progress as planned could be impaired and our development and construction schedules could be disrupted. We may have to incur additional costs to ensure adequate delivery of construction and raw materials in order to complete the projects. If any of these events occur, our business, financial condition, results of operations and prospects could be adversely affected.

Our ability to sell our products will be affected by the availability of, and rate of interest on, financing to potential customers, especially for potential buyers of our residential properties.

A number of our customers, especially potential buyers of our residential properties, finance their purchases through third-party mortgage financing. For the periods ended December 31, 2016, 2017 and 2018, the proportion of purchasers of our properties who utilized mortgage financing was approximately 43.0%, 57.4% and 46.9%, respectively. In July 2018, Bank Indonesia issued Regulation No. 20/8/PBI/2018 (“PBI 20/8/PBI/2018”) on which there are no specific requirement of maximum quantum-financing for the purchase of a first residential property, as Bank Indonesia stipulates that Bank(s) has the authority to determine the maximum percentage of such maximum quantum-financing for the purchase of a first residential property, which is financed by a mortgage and has an area exceeding 70 square meters. However, Bank Indonesia determine the maximum percentage of quantum-financing of 80% of the purchase price for the second residential property or any subsequent residential property. Any decrease of quantum-financing percentage may impact to the increase in the minimum down payment requirement for our properties may adversely affect the ability of potential purchasers to finance their purchases of residential properties through mortgages. Bank Indonesia regulates mortgage financing by specifying the maximum loan-to-value ratio (LTV) for loans granted by commercial banks and the maximum financing-to-value ratio (FTV) for financing granted by sharia banks.

Under PBI 20/8/PBI/2018 and its implementing regulation Bank Indonesia Board of Governor Regulation No. 20/22/PADG/2018, effective on September 18, 2018, the maximum LTV ratio for loans from commercial banks is up to 90%, and the maximum FTV ratio for financing from sharia banks is up to 90%, in each case depending on (i) the area of the property, (ii) the nature of the facility and (iii) the number of mortgage facilities held by the applicant. In addition, Bank Indonesia placed certain restrictions on a bank's ability to grant residential mortgage loans, subject to certain exceptions, including, among others, mortgages for first-time mortgage loan borrowers. See "Regulation – Regulation of Mortgage Financing." Such regulations may adversely affect the ability of potential purchasers to finance their purchases of residential properties through mortgages.

An increase in interest rates in Indonesia may also negatively impact our property developments as high interest rates generally impact the real estate industry by making it more difficult for consumers to qualify for and secure financing, which can lead to a decrease in the demand for residential or commercial properties. Even though interest rates have significantly decreased from the 1990s when they ranged between approximately 18% and 21% per annum to a range between approximately 8% and 12% per annum in recent years, there can be no assurance that interest rates on such loans will not increase or there will not be a decrease in the availability of such loans, which may result in a reduction in the use of such loans. In addition, any downturn in the economy or consumer confidence may result in reduced housing demand and slower commercial development, which could negatively impact the demand for the properties that we have developed or plan to develop in the future. Any of these factors could negatively affect our business, financial condition, results of operations and prospects.

Our business depends on the retention of our key management personnel and the continued support of our founding shareholders.

Our success depends substantially on the expertise and experience of our key management personnel. If any of our key management personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. In addition, we are dependent on the continued support of our founding shareholders, including Mr. Harjanto Tirtohadiguno, by virtue of their business network and relationships within the real property industry in Indonesia. Mr. Harjanto Tirtohadiguno is widely known and respected within the Indonesian real estate development industry. The loss of any key management personnel or the loss of the continued support of our founding shareholders, in the absence of suitable replacements, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our future growth prospects will be affected if we are unable to identify, acquire and develop suitable properties at commercially acceptable prices or at all, or to obtain the necessary approvals or permits required to proceed with such acquisitions or developments in a timely manner or at all.

Completion of our proposed projects as planned requires the identification and acquisition of large parcels of land, which typically comprise numerous smaller parcels of land owned by individual owners. As a result, the acquisition of large parcels of land may be time-consuming and expensive because of the time, effort and cost of negotiating with each individual land owner. As a result, we may not be able to complete future acquisitions of land that is large enough to undertake our proposed projects. We cannot assure you that we will be able to acquire all of the parcels of land that we require to undertake our various projects, or that the acquisition cost of such land will be on commercially reasonable terms. When land prices are stabilizing or declining in a slow market, we may not have sufficient funds generated from our operations, due to the slower market, to purchase land at commercially attractive prices. However, when land prices are rising in an active market, we may have to pay a significant premium to acquire the land. If we are unable to acquire the land that we require for our projects, we may need to redesign our plans for such project or be unable to develop the project at all.

Furthermore, there is no assurance that we will be able to obtain the necessary land title or the necessary Government approvals, the location permits, or the necessary permits or licenses (including the land usage permit, the property business license and the building construction permit) required to proceed with any such proposed projects. Our ability to acquire land and the acquisition costs of such land will be affected by Government policies towards land supply, zoning, ownership, development and pricing. In February 2013, we entered into a master agreement with Modernland, through our wholly-owned subsidiary, TMRE, to acquire approximately 150 hectares of land located in North Serpong, Tangerang from Modernland. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement, and we anticipate acquiring more land within the next two years including from other individual owners. See “Business – Landbank”. We are also in the process of acquiring more land located in North Serpong, Tangerang from local land owners. Although we have obtained most of the location permits that are necessary to acquire the land in North Serpong, Tangerang, there can be no assurance that we will be able to obtain the remaining location permits necessary for such land acquisition.

Our inability to identify and acquire attractive new sites could impair our ability to compete with other property developers, which in turn would have a material adverse effect on our ability to generate revenues and maintain profitability. If we are unable to acquire land at suitable prices or at all, or to obtain appropriate land use or zoning rights with respect to land acquired by us for development purposes, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The process of acquiring land from existing owners or occupants on the sites where we plan to develop our new projects may result in delays and/or increase our construction costs.

Our ability to proceed with our plans for new projects is dependent on, among other things, completing the land acquisition process in a timely manner and obtaining the requisite land titles for our projects. We typically approach existing owners or occupants of the land and seek to enter into agreements with such owners or occupants for the ownership of the land to be transferred to us. There can be no assurance that the ownership of the land will be transferred to us, or that we will acquire valid title to the land, even though we have made payment for the land. Any delays in the acquisition of land for development could result in delays in our construction schedules. We could also incur significant costs in connection with the acquisition of the land from such existing owners or occupants, which could in turn materially increase the costs involved in developing the project.

We have acquired certain land in Pasar Kemis, North Serpong, Tangerang and Ungasan, South Kuta District, Bali which we are in the process of obtaining or perfecting the relevant title, including the Certificate of Right to Build and the Deed of Relinquishment. In addition, we purchased certain properties in the CBD for the development of premium office towers.

There can be no assurance that we will obtain or perfect the relevant title to such land in a timely manner or at all. Any delay or significant increase in costs relating to land acquisition could have an adverse effect on our business, financial condition, results of operations and prospects.

We engage in a number of transactions with related parties.

A portion of our transactions are conducted with our related parties. Such transactions include, among others, the granting of loans for the purchase of land, sale and purchase of land, rental of office space and the purchase of steel. See “Related Party Transactions.” As of December 31, 2018, trade receivable and amounts due from related parties constituted approximately 0.0% of our total assets and trade payables and other payables to related parties and amount due to related parties constituted approximately 0.5% of our total liabilities. Although we have conducted, and our policy is that all transactions with related parties are conducted on arm’s-length basis and pursuant to market terms and conditions, we cannot assure you that this will continue to be the case in the future. In addition, if we are unable to enter into transactions with related parties in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected.

During the construction phase, we provide guarantees to Indonesian banks with respect to loans procured by the purchasers of our properties to secure the repayment obligations of such purchasers.

In line with what we believe to be industry practice in Indonesia, we provide guarantees to Indonesian banks with respect to loans procured by the purchasers of our properties for the period of time until the title for the land has been subdivided and issued to us by the National Land Agency (Badan Pertanahan Nasional). If a purchaser defaults on three occasions on his payment obligations during the term of our guarantee, the bank may immediately demand payment from us of all outstanding amounts due under the delinquent mortgage. If multiple purchasers default on their payment obligations simultaneously or in close succession, we will be required to make significant payments to the banks to satisfy our guarantee obligations and we may be unable to provide meaningful guarantees to banks to support future purchasers of our properties. If we are unable to resell the properties underlying defaulted mortgages on a timely basis or at a price higher than the amount necessary to repay the defaulting purchaser's mortgage, we will incur a loss and may also suffer a reduction of our cash and cash equivalents available for working capital purposes. In addition, because we have substantial exposure to mortgages on pre-sold properties that have not yet been delivered, if the Indonesian property market were to suffer a significant downward price adjustment, we may experience increases in the number of defaults on such mortgages or surrender of pre-sale properties, which we may not be able to re-sell at reasonable values or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected. In the years ended December 31, 2016, 2017 and 2018, 43.0%, 57.4% and 46.9%, respectively, of the purchasers of our residential and commercial properties financed their purchases through mortgages or other bank financing.

In addition, if there are changes in laws, regulations, policies and practices that would prohibit real estate developers from providing guarantees to banks in respect of mortgages offered to property purchasers, and if these banks do not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sale periods. Such difficulties in financing could result in a substantially lower rate of pre-sales for our properties, which could adversely affect our cash flows, financial condition and results of operations. There can be no assurance that such changes in laws, regulations, policies or practices will not occur in the future.

We may not be able to successfully implement our business strategy (including our strategy to enhance development through cooperation with CFLD and/or other third parties) or manage our growth successfully.

The successful implementation of our strategies may be affected by a number of factors, including our ability to identify and obtain suitable land acquisition opportunities and acquiring land at commercially reasonable prices, attracting purchasers for properties for sale and securing tenants for our properties for lease, the competition we face in our business, and our ability to retain our key management and employees. We cannot assure you that we will be able to implement all or some of our business strategies, and the failure to implement one or more of such strategies may materially adversely affect our business, financial condition, results of operations and prospects.

We have been developing the Suvarna Sutra township in Pasar Kemis since 2011. See "Business – Pasar Kemis." We intend to continue to expand our operations to projects outside our Alam Sutra township in the near future, including office properties in Central Jakarta and the Garuda Wisnu Kencana Cultural Park project in Bali. We are also in the process of acquiring land located in North Serpong, Tangerang from Modernland as well as local land owners. See "Business – Landbank" and "Business – Garuda Wisnu Kencana Cultural Park." In addition, we plan to develop residential properties in Cikokol, Tangerang which are expected to be primarily targeted at the lower middle income population in Greater Jakarta. See "Business – Future Developments at Alam Sutra." We expect our future growth to place significant demands on our management, operations and other resources. Challenges we may face in our future growth include continuing to improve our managerial, technical and operational knowledge, implementing an effective management information system, continuing to recruit and train managerial and other

professional staff to satisfy our business requirements, obtaining sufficient financial resources to fund our ongoing operations and our future growth, managing relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties, and strengthening our internal control and compliance functions to ensure that we are able to comply with our regulatory and contractual obligations.

We also intend to continue exploring the use of joint ventures or other forms of cooperation with third parties to develop properties. See “Business – Our Strategies – Enhancing development through cooperation.” For example, we entered into a cooperation agreement with CFLD on June 22, 2016, for the right to develop an area located in Pasar Kemis. As of December 31, 2018, CFLD had acquired approximately 160 hectares from us and sales to CFLD have represented a significant portion of our sales, services and other revenues for the relevant periods. For the years ended December 31, 2017 and 2018, land sales to CFLD under the Cooperation Agreement represented approximately 35.0% and 29.6% of our total revenues, respectively. If the Cooperation Agreement is not successful or if we fail to implement our strategy to leverage or develop cooperation arrangements, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new locations or difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business. If we are unable to successfully manage the impact of our growth on our operational and managerial resources and control systems, our reputation could suffer, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our business relies heavily on our reputation to deliver our developments on time and on the quality and image of our developments on an ongoing basis. Any project delays or negative publicity could impair our reputation and future demand for our developments.

We currently develop properties that are targeted at a diverse range of customers, including customers in the middle-to high income segments in Jakarta. A significant portion of our customers are introduced to our developments by word-of-mouth recommendations. We have also developed commercial property for sale or lease to our customers. Poor construction quality and craftsmanship of such properties, an inability to complete such properties within the anticipated time frame and budget, or poor maintenance of the infrastructure and public facilities of the township or the commercial properties, could seriously harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, most of our customers purchase or lease properties we develop with the expectation that our projects within our townships will be completed in full, and that the township will grow as planned. Our inability to complete such projects, or to grow the township as planned, could adversely affect the resale values of the properties that we have sold, the values of our future development properties as well as our reputation. Any negative publicity or damage to our reputation could affect our ability to attract purchasers for our current and future projects, which could cause us to lose market share, affect our property sales and materially and adversely affect our business, financial condition, results of operations and prospects.

We are exposed to legal claims relating to our development and sales of properties.

We may face claims by purchasers for failure to deliver properties according to the specifications and schedules stipulated in our sale and pre-sale contracts, and claims from third parties claiming ownership or title to the land on which we develop or plan to develop our properties. In addition, we are exposed to the risk of disputes or litigation with our tenants in relation to lease agreements and with property owners in connection with the township management services provided by us. While we have not historically been involved in any material proceedings in connection with our developments, there can be no assurance that such proceedings will not be brought against us in the future or that the outcome of these proceedings will not adversely affect our business, financial condition, results of operations and prospects.

In addition, we are regulated by various Government authorities in Indonesia, and if any such authority believes we or any of our suppliers or contractors are not in compliance with applicable laws or regulations, it could shut down or delay our project construction and development or sales operations, refuse to grant or renew construction approvals or licenses, institute legal proceedings, enjoin future actions or assess civil and/or criminal penalties against us, our officers or our employees. Any such action by a Government authority, or any failure by us or any of our contractors and suppliers to comply with applicable Indonesian laws and regulations in the development, construction and sale of our property developments, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on the quality and quantity of our title to properties and our ability to renew or extend these titles.

We seek to obtain Hak Guna Bangunan title (“HGB title”), which gives the holder of such title the right to build and own buildings on a plot of land (see “Regulation” for a discussion of HGB titles), together with rights of development by way of license over the land which we acquire for our property development activities. Due to the nature of Indonesian property law and the lack of a uniform title system in Indonesia, there is potential for disputes over the quality of title purchases from previous landowners. We typically engage in negotiations with the owner of the land each time we acquire land as a holder of the relevant location permit, which may result in purchases of property (and thereby the obtaining of title to the relevant land) being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for our development activities, or such disputes over the quality of the title purchased, could negatively affect our business, financial condition, results of operations and prospects, and the Issuer’s ability to pay interest on, and repay the principal of, the Notes.

Once HGB title has been obtained, the typical initial term is for 30 years. Upon expiry of the initial term, we may make an application to extend the term. In principle, HGB title can be extended for an additional 20 years after the expiration of the initial term. Following the expiration of this additional term, an application for further renewal may be made. If the application is approved, the applicant may be granted a renewal of the HGB title over the same plot of land. Currently, Indonesian land law does not provide a limitation on the number of extensions and renewal cycles for HGB titles. There is no assurance that approval will be obtained for renewal or extension in the future. Non-renewal of HGB title, for any reason, could adversely affect our business, financial condition, results of operations and prospects.

Moreover, we cannot assure you that our reviews, surveys or inspections (or the relevant review, survey or inspection reports on which we have relied) would have revealed all issues affecting properties that we have interests in, including to the title thereof. In particular, we cannot assure you as to the absence of problems with the land we acquire, including overlapping titles to such land. In addition, the land which we acquire could turn out to be more challenging to develop than what we had anticipated based on our initial assessment of the land. Issues such as these could have an adverse effect on our business, financial condition, results of operations and prospects.

We may not have adequate insurance coverage.

During the construction phase of certain of our projects, we maintain contractors’ all-risk and third party liability insurance against certain damages and losses to the project. In addition, we maintain insurance against certain risks in the operation of our business and for certain of our properties in the types and amounts which our management believes to be consistent with industry practice and as required pursuant to applicable laws, regulations and other statutory requirements. The contractor all-risk insurance typically covers all material damages and any third party liability incurred in connection with work carried out at our construction sites.

Our insurance policies do not provide coverage against all losses related to our operations. For example, there are certain types of losses, such as losses from construction delays for which insurance is either not available at a reasonable cost or at all. Accordingly, the occurrence of losses, liabilities and damages which are not covered by our insurance policies, or which exceed the specified minimum coverage amount, could have a material adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that we will be able to renew our existing insurance coverage or procure additional insurance coverage, which our management may subsequently deem to be necessary, at economically acceptable premiums, or at all. Moreover, we remain liable for any mortgage indebtedness or financial obligations relating to the relevant property. To date, we have not suffered any material losses which were not fully covered by insurance. However, any future loss that is not fully covered by insurance could significantly reduce our cash and cash equivalents available for working capital purposes and materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be in possession of all material licenses necessary to operate our business.

Our business operations require various licenses. While we are currently in possession of all material licenses, we cannot assure you that we or our subsidiaries, joint ventures and/or associate companies will be able to renew or secure all required licenses that we currently hold or which may be required in the future, or that we or our subsidiaries and/or associate companies will not receive sanctions arising from the failure to renew or secure any required licenses. See “Business – Material Licenses.”

Our business is subject to extensive Government regulation.

The real estate industry in Indonesia is heavily regulated by the central and regional governments. Real estate developers must comply with a number of requirements mandated by Indonesian laws and regulations, including policies and procedures established by regional authorities and designed to implement such laws and regulations. Additionally, in order to develop and complete a real estate project, developers must obtain various approvals, permits and licenses from the relevant administrative authorities at various stages of project development. We may encounter problems in obtaining the requisite approvals or licenses or delays in fulfilling the conditions precedent to any required approvals and we may not be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the real estate sector. There may also be delays on the part of administrative bodies in reviewing applications and granting approvals. If we experience significant problems in obtaining, or fail to obtain, the requisite governmental approvals, the schedule of development and sale or letting of our projects could be substantially disrupted, which in turn could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Although we believe that our projects are in material compliance with applicable laws and regulations, regulatory authorities may nevertheless allege non-compliance and may subject us to regulatory action in the future, including penalties, seizure of land and other civil or criminal proceedings.

In addition, property laws and regulations and their interpretations are still evolving in Indonesia and it is not possible to predict accurately the effect that changes in these laws and regulations, or their interpretations may have upon our business. For instance, on January 12, 2011, the Government issued Law No. 1/2011, which introduced the Preliminary S&P Requirement and the Land Sale Requirement. Law No. 1/2011 is effective immediately on its enactment date, but further implementing regulations are required for the enforcement of the law. There is uncertainty surrounding the interpretation of Law No. 1/2011, including whether it applies to non-residential properties and how the minimum built-up thresholds are interpreted. The potential enforcement of the Preliminary S&P Requirement and the Land Sale Requirement under Law No. 1/2011 in the future exposes us to the risk of not having complied with the relevant requirements prior to sale of land lots or entering into preliminary sale and purchase agreements. As a result, we may be subject to administrative sanctions, penalties, and/or imprisonment for non-compliance, which may materially and adversely affect our business, results of operations and reputation.

New requirements introduced by property laws and regulations could also have an impact on our business and operations. For instance, we are required to comply with the regulations relating to composition of low cost, medium and luxury properties in a property development, pursuant to the implementing regulations for Law No. 1/2011, which were issued in 2012 and amended in 2013, which is the Minister of Public Housing Regulation No. 7 of 2013 regarding the Amendment of Minister of Public Housing Regulation No. 10 of 2012 on the Implementation of the Housing and Settlement Area with Balanced Housing. This regulation specifically regulates the ratio composition of low cost, medium, and luxury properties and stipulates that such ratio for property development shall be 3:2:1, respectively. For example, for luxury housing construction, a developer is required to construct three times the number of medium and low cost houses than the total number of luxury houses. For medium cost housing construction, a developer is required to construct one and a half times the number of decent houses than the total number of low cost houses. See “Regulation – Regulation of Housing and Settlement Areas.”

In addition, while property laws and regulations are not always enforced, regulators could decide to become more stringent and enforce them in a more rigorous manner. If laws and regulations, or their interpretations, or their enforcement become more stringent, the costs incurred to ensure compliance could increase. There can be no assurance that future regulatory changes affecting the property industry in Indonesia will not be introduced or unexpectedly repealed which might have a significant impact upon our business, financial condition, results of operations and prospects.

Our landbank may be subject to Government Regulation No. 11 of 2010.

On January 22, 2010, the Government issued Government Regulation No. 11 of 2010 (“GR 11/2010”) on the Administration and Utilization of Unused Land (Penertiban dan Pendayagunaan Tanah Terlantar). Under GR 11/2010, the Government may revoke the Hak Milik (Right of Ownership), Hak Guna Usaha (Right to Cultivate), Hak Guna Bangunan (Right to Build), Hak Pakai (Right of Use) or Hak Pengelolaan (Right to Manage) title, and reclaim without any compensation over such land which has not been utilized or is not being utilized. Upon the lapse of a period of three years from the issuance of title, in accordance with the conditions or characteristics of the land and the purpose of the rights over such land or the basis of possession over the land, the local land office will initiate an identification process to determine whether there is any unused land. In the event that any part of the land is concluded as unused land, the local land office will issue three warning letters each having a one-month grace period, following which the local land office will then have the right to reclaim the unused land. However, unintentionally unused land which has been registered as Hak Milik or Hak Guna Bangunan, and which is privately owned or state-owned are exempted from GR 11/2010.

On July 16, 2010, the Association of Real Estate Indonesia (Persatuan Perusahaan Real Estate Indonesia) (the “REI”) filed proceedings in the Supreme Court of Indonesia challenging the validity of GR 11/2010. Two months after the filing date, the REI revoked its claim on the basis that the Government has verbally guaranteed that the implementation of GR 11/2010 will not impair the operations of developers.

However, there is no assurance that GR 11/2010 will not affect the land that we currently hold or will acquire in the future, or that the Government will not revoke the title issued to us or reclaim the unused land without compensation. If the Government revokes the title issued to us or reclaims any unused land without compensation, this may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We could incur significant costs related to environmental matters.

We are subject to various Indonesian laws and regulations relating to the protection of the environment that may require current or previous owners of property who conduct their business operations using and managing toxic and hazardous substances, or whose business operations produce such toxic and hazardous substances, to clean up such substances on the property. Under these laws, property owners and operators are required to either manage toxic and hazardous substances on the property, including the reduction, storage, transportation, utilization and/or processing of toxic and hazardous substances, or request a third

party who is capable and licensed to manage such toxic and hazardous substances. Such laws often impose strict liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. Failure to comply with these laws can result in imprisonment and penalties being imposed or may have an adverse impact on our reputation. In addition, the cost of investigation, remediation or removal of these substances may be substantial.

Existing environmental reports with respect to any of our properties or properties which we acquire in the future may not reveal (i) all environmental liabilities, (ii) all material environmental conditions created by a prior owner or operator of our properties, or (iii) all material environmental conditions that otherwise exist with respect to any one or more of our properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Future environmental laws, ordinances or regulations and future interpretations of existing environmental laws, ordinances or regulations may also impose additional obligations on us. Any liabilities or penalties relating to environmental matters could adversely affect our business, reputation, financial condition, results of operations and prospects. See “Regulation – Environmental Regulation.”

Currency fluctuations could materially adversely affect our financial condition and results of operations.

We are currently exposed to foreign currency risk as a result of our issuance of the 2020 Notes, the 2021 Notes and the Original Notes, which are denominated in US dollars. See “Description of Material Indebtedness – Senior Notes Due 2020,” “Description of Material Indebtedness – Senior Notes Due 2021” and “Description of Material Indebtedness – Original Notes.” Although we expect to redeem the remaining outstanding amount of the 2020 Notes with the net proceeds of this Offering, we nevertheless expect to have, in the future, an increased exposure to foreign currency risk as a result of the issuance of the Further Notes, and the subsequent payment of interest on, and principal of, the Further Notes, which will be in US dollars. We may also incur additional borrowings in US dollars or other foreign currencies. Therefore, a decline in the value of the Rupiah against the US dollar or other foreign currencies would increase the Rupiah cost of financing and their value on our balance sheet. Further, even though we have put in place hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates. Adverse movements in foreign exchange rates may adversely affect our business, results of operations, financial condition and prospects. See “Exchange Rates and Exchange Controls” for further information on changes in the value of the Rupiah as measured against the US dollar in recent periods.

The success of our business is dependent on our ability to anticipate and respond to customer requirements.

The growth of the Indonesian economy has led to the growing disposable income of middle and upper-income classes and a change in lifestyle, resulting in a substantial change in the requirements of our target customers. As our customers continue to seek quality housing and commercial properties with better amenities and access to infrastructure, in particular, a convenient transportation network, as part of their residential and business needs, we are required to continue to offer innovative development concepts as well as develop new types and ranges of product offerings. Our ability to anticipate and understand the demands of prospective customers is critical to the success of our property development business. If we fail to anticipate and respond to the needs of our customers accordingly, we could lose market share to our competitors, which could materially adversely affect our business, financial condition, results of operations and prospects.

We are exposed to increases in operating and other expenses with respect to our properties, which may reduce our profitability if such increases in costs are not offset by increases in our revenues.

Upon the completion of our currently planned properties, we expect to own and operate a diverse portfolio of properties within our developed township and future township developments, including commercial buildings, and other amenities. We typically provide estate management services within the townships, including security services at the gates to each residential cluster, car parking facilities for commercial properties, street lighting, electrical grid connections, while water treatment and supply services will typically be provided by our affiliate directly to our residents. Although we charge our property owners estate management fees, we will continue to bear any remaining costs that exceed the fees collected, which may be substantial if occupancy rates decline. Our operating costs may be subject to increases as a result of increases in sub-contracted service costs, labor costs, and repair and maintenance costs. Any increase in operating costs that is not offset by an increase in our revenues would reduce our operating margins which could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to a significant increase in tax expenses as a result of gains arising from recognition of our investment properties at fair value.

Currently, in accordance with Indonesian FAS, completed investment properties are required to be measured initially at cost and subsequent to initial recognition, companies are permitted to choose between recognition based on fair value or at cost. Fair value refers to the amount as determined by an independent appraiser for which the completed investment property could be exchanged between knowledgeable and willing parties in an arm's-length transaction and should reflect market conditions as of the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are required to be included in net profit or loss for the period in which it arises.

We have elected to recognize the value of completed investment properties at cost. In the event that we subsequently choose to recognize such investment properties based on their fair value, we may recognize significant gains on such investment properties. Such gains may be subject to a final current tax at a rate of 10%.

The valuations of our landbank at the Alam Sutera township, the Suvarna Sutera township and North Serpong, Tangerang may be materially different from the actual value.

The valuations of our landbank at the Alam Sutera township in Serpong, Tangerang, the Suvarna Sutera township in Pasar Kemis, Tangerang and North Serpong, Tangerang contained in the summary valuation report included in this Offering Memorandum are based on certain assumptions that are subjective and uncertain in nature. Such assumptions include cash flow projected to be generated by the valued properties and that the valued properties are not subject to any unusual or onerous restrictions or encumbrances. In addition, the summary property valuation report prepared by KJPP contains valuations of our landbank located at the Alam Sutera township in Serpong, Tangerang, the Suvarna Sutera township in Pasar Kemis, Tangerang and North Serpong, Tangerang as of October 31, 2018 and has not been updated to include valuations as of a subsequent date.

As such, the valuations could be outdated, there could be unforeseeable changes to the development of the property projects, or changes to national and local economic conditions, or changes in the demand for properties in our projects or supply from competing projects, any of which could affect the value of our landbank. In addition, the Indonesian economy, including the Rupiah, has experienced volatility. For instance, the Rupiah increased from Rp9,685 per US dollar at the start of 2013 to reach of high of Rp14,728 per U.S. dollar during 2015 and was Rp14,481 as of December 31, 2018. In response to volatility in the Rupiah exchange rate, the Indonesian central bank raised its benchmark reference rate and overnight deposit facility rates. These events could also have an effect on the valuation of our landbank.

In view of the above, the valuation of our landbank at the Alam Sutera township, the Suvarna Sutera township and North Serpong, Tangerang presented in this Offering Memorandum and in the summary valuation report should not be regarded as the actual value of such landbank. Adverse changes to the value of our landbank could have an adverse effect on our business, financial condition, results of operations and prospects, and on the Issuer's ability to pay interest on, and repay the principal of, the Notes, or the ability of the Guarantors to perform their obligations under the Guarantees.

Risks Relating to Indonesia

We are incorporated in Indonesia and all of our commissioners, directors and officers are based in Indonesia. All of our operations and substantially all of our assets are also located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies the Government may take or adopt, or omit from taking or adopting, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Political and social instability in Indonesia may adversely affect the economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. These events have resulted in political instability, as well as general social and civil unrest on certain occasions in recent years.

Indonesia is a Republic with a President, a Vice President and a presidential system of government. From its independence in 1945 until 1998, there were only two Presidents in Indonesia. At the end of the term of each of these Presidents, Indonesia experienced political instability and many cities in Indonesia, including Jakarta, experienced rioting, unrest and destruction of property.

Political instability led to the resignation of then-President Soeharto in May 1998. Promptly thereafter, Vice President Bacharuddin Jusuf Habibie was sworn in as President and called for reforms and parliamentary elections to be held in October 1999. Prior to and during the presidential and parliamentary elections, there was significant social unrest that resulted in additional rioting, unrest and destruction of property. Following the elections, the People's Consultative Assembly (Majelis Permusyawaratan Rakyat, or "MPR") selected Abdurrahman Wahid as President and Megawati Sukarnoputri as Vice President. In February 2001, a committee of the Indonesian parliament, the People's Representative Council (Dewan Perwakilan Rakyat or "DPR"), alleged that the then-President Wahid was involved in instances of corruption. In July 2001, the MPR impeached the then-President Wahid and elected Megawati Sukarnoputri in his place.

In 2004, Indonesians directly elected the President, Vice-President and representatives in the Indonesian Parliament for the first time. Indonesians have also begun directly electing heads and representatives of local and regional governments. It is likely that increased electoral activity will be accompanied by increased political activity in Indonesia. In April 2009, elections were held to elect the representatives in the Indonesian Parliament (including national, regional and local representatives). The Indonesian Presidential elections, held in July 2009, resulted in the re-election of President Susilo Bambang Yudhoyono.

In 2014, a presidential election was conducted to elect a successor to Susilo Bambang Yudhoyono, who had served two terms between 2004 and 2014. The election result was contested by both candidates, Prabowo Subianto and Joko Widodo, and both claimed victory based on separate quick counts. Out of fear that tension could lead to riots, hundreds of police were stationed in central Jakarta. On July 22, 2014, the day that the National Election Commission announced the election result, Prabowo withdrew from the recount process after having insisted on his victory ever since the initial quick counts. The National Election Commission found Joko Widodo to have a lead of 53.15% compared to Prabowo's 46.85%. Prabowo then appealed against the election result to the Constitutional Court of Indonesia, alleging "structured, systematic and massive" violations and that the votes contained irregularities. On August 21, 2014, the court delivered a unanimous verdict rejecting all aspects of the appeal.

In and shortly after October 2016, thousands of Indonesians marched in a series of demonstrations in Jakarta and other cities either in support of or in opposition to the then Governor of Jakarta, Basuki Tjahja Purnama in connection with blasphemy allegations against him, in the period preceding a Jakarta Gubernatorial election in early 2017. Mr. Purnama was convicted of the blasphemy charges in May 2017. Anies Baswedan (of the same party as the losing candidate of the 2014 Presidential election) had been elected as Governor of Jakarta in April 2017.

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua (formerly Irian Jaya), there have been numerous clashes between supporters of those separatist movements and the Indonesian military. In Papua, continued activity by separatist rebels has led to violent incidents. In the provinces of Maluku and West Kalimantan, clashes between religious groups and ethnic groups have produced thousands of casualties and refugees over the past several years. The Government has attempted to resolve problems in these troubled regions with limited success except in the province of Aceh in which an agreement between the Government and the Aceh separatists was reached in 2005 and peaceful local elections were held with some former separatists as candidates, but there can be no assurance that the terms of any agreement reached between the Government and the separatists will be upheld.

Political and social developments in Indonesia have been unpredictable in the past and, as a result, confidence in the Indonesian economy and capital markets has remained low. Any resurgence of political instability, including in relation to the recently held Indonesian presidential elections on April 17, 2019, could adversely affect the Indonesian economy, which could adversely affect our business. There can be no assurance that social and civil disturbances will not occur in the future or that such social and civil disturbances will not directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects, and the Issuer's ability to meet its payment obligations under the Notes.

Changes in the Government and Government policies may have a direct impact on our business and the market price of the Notes. In addition, Indonesia has experienced frequent social unrest arising from economic issues which has, on occasion, escalated into riots and violence. In June 2001, demonstrations and strikes affected at least 19 cities after the Government mandated a 30% increase in fuel prices. Similar demonstrations occurred in January 2003 when the Government tried to increase fuel prices, as well as electricity and telephone charges. In both instances, the Government was forced to repeal, defer or substantially reduce such proposed increases. In March 2005, the Government implemented an approximately 29% increase in fuel prices. In October 2005, the Government decreased fuel subsidies to the public resulting in large public demonstrations. In May 2008, the Government further decreased fuel subsidies to the public, which also led to large public demonstrations. Similar fuel subsidy cuts contributed to the political instability that led to the resignation of then President Soeharto in 1998, which had adverse effects on businesses in Indonesia. Furthermore, pursuant to the Minister of Energy and Mineral Resources Regulation No. 39 of 2014 ("MoEMRR Regulation") on the Price Calculation of Fuel Retail Sales as last amended by MoEMRR Regulation No. 40 of 2018, fuel prices are to be updated every three months or more frequently if deemed necessary by the Minister of Energy and Mineral Resources. The purpose of this provision is to balance social and economic needs with price and logistics management and to ensure the availability of the nation's fuel. In 2016, the Government stipulated subsidized fuel prices for the period of June through September, based on the Minister of Energy and Mineral Resources Decree No. 5976 K/12/MEM/2016. Diesel fuel was stipulated to be Rp5,150 per liter and RDN 88 fuel was stipulated to be Rp6,450 per liter. There can be no assurance that the recent proposed increase in subsidized fuel prices, or cuts in fuel subsidies in the future, will not result in political and social instability. Our business may be affected by similar Government actions including, but not limited to, changes in crude oil or natural gas policy, responses to war and terrorist acts, renegotiation or nullification of existing concessions and contracts, changes in tax laws, treaties or policies, the imposition of foreign exchange restrictions and responses to international developments.

Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss.

All of our existing operations are located on the Indonesian archipelago. Many parts of Indonesia are vulnerable to natural disasters such as earthquakes, tsunamis, floods, volcanic eruptions as well as droughts, power outages or other events beyond our control.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes and tsunamis, or tidal waves. In recent years, a number of natural disasters have occurred in Indonesia, including major earthquakes, which resulted in tsunamis and volcanic activity. In addition to these geological events, Indonesia has also been struck by other natural disasters such as heavy rain and flooding. All of the above resulted in loss of life, the displacement of large numbers of people and wide destruction of property. For example, in October 2010, an earthquake off the coast of western Sumatra released a tsunami on the Mentawai Islands. From October 26, 2010 to November 5, 2010, Mount Merapi, a volcano located in the border between Central Java and Yogyakarta, approximately 65 kilometers away from our production facilities, erupted a number of times, killing more than 380 people. In early February 2014, Mount Sinabung located on Sumatra Island, approximately 2,500 kilometers away from our production facilities, erupted, killing 15 people. Also, in February 2014, Mount Kelud located on East Java, approximately 200 kilometers from our production facilities, erupted, killing at least 4 people. Between December 2017 and February 2018, Mount Agung, located in Denpasar, erupted and in addition two earthquakes, each with a magnitude over 6.4, struck off the coast of Indonesia. On August 5, 2018, a 6.9 magnitude earthquake struck the island of Lombok, killing at least 563 people. On September 28, 2018, a 7.5 magnitude earthquake struck Central Sulawesi, causing a tsunami to strike the provincial capital of Palu. The combined effects of the earthquake and tsunami led to the deaths of at least 2,100 people. On December 22, 2018, the partial collapse of Anak Krakatau Volcano in Indonesia caused an undersea landslide, triggering a significant tsunami event which affected two provinces of Banten and Lampung. The tsunami led to extensive damage along the coastal areas, killing at least 430 people. Approximately, 2,000 homes were damaged and 22,000 individuals were displaced. These earthquakes, tsunamis and volcanic eruptions resulted in significant loss of life and injury and widespread destruction of property.

While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to impose a strain on the Government's finances, and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, including ours, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

In addition, we cannot assure you that future geological or meteorological occurrences, will not significantly harm the Indonesian economy. A significant earthquake or other geological disturbance or weather-related natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Terrorist attacks and terrorist activities, and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business and/or property.

In Indonesia during the last ten years, there have been numerous bombing incidents directed towards the Government and foreign governments and public and commercial buildings frequented by foreigners, including the Jakarta Stock Exchange Building and Jakarta's Soekarno-Hatta International Airport. For example, on July 17, 2009, two separate bomb explosions occurred at the JW Marriott Hotel and the Ritz Carlton Hotel in Jakarta, killing at least nine people and injuring 40 others. On January 14, 2016, two suicide bombers and two gunmen exchanged gunfire with police before bombing a police post and cafe in central Jakarta, killing at least four people and injuring more than 20. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization. The Islamic State of Iraq and the Levant claimed responsibility. In May 2018, three churches were bombed in Surabaya, killing at least 28 people and injuring a least 50 others. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization. While in response to the terrorist attacks, the Government has institutionalized certain security improvements and undertaken certain legal reforms which seek to better implement anti-terrorism measures and some suspected key terrorist figures have been arrested and tried, there can be no assurance that further terrorist acts will not occur in the future.

Following military involvement of the United States and its allies in Iraq, a number of governments have issued warnings to their citizens in relation to a perceived increase in the possibility of terrorist activities in Indonesia, targeting foreign, particularly U.S. interests. Such terrorist activities could destabilize Indonesia and increase internal divisions within the Government as it considers responses to such instability and unrest, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn our business. Our projects may be particularly vulnerable to, and adversely affected by, terrorist attacks because of the large numbers of people they attract and the general public access provided. Political unrest in Indonesia may disrupt the operation of our developments or make them less attractive to buyers. We cannot assure you that our properties will not be subject to acts of terrorism, violent acts and adverse political developments which may have a material adverse effect on us, our business, financial condition, results of operations and prospects.

Domestic, regional or global economic changes may adversely affect our business.

The economic crisis which affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among others, currency depreciation, a significant decline in real gross domestic product, high interest rates, social unrest and extraordinary political developments. More recently, the global economic crisis that began in 2008 resulted in a decrease in Indonesia's rate of growth to 4.4% in 2009 from 6.1% in 2008 and 6.3% in 2007. These conditions had a material adverse effect on Indonesian businesses. The global financial markets have experienced, and may continue to experience, significant turbulence originating from the liquidity shortfalls in the U.S. credit and sub-prime residential mortgage markets since 2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and resulted in major government bailout packages for banks and other institutions. The global economic crisis has also resulted in a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in the value of global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities. The global financial markets have also recently experienced volatility as a result of the downgrade of U.S. sovereign debt and concerns over the debt crisis in the Eurozone. Uncertainty over the outcome of the Eurozone governments' financial support programs and worries about sovereign finances generally are ongoing.

As a result of the economic crisis in 1997, the Government has had to rely on the support of international agencies and governments to prevent sovereign debt defaults. The Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile and has poor liquidity, and the banking sector is weak and suffers from high levels of non-performing loans. Government funding requirements to areas affected by the Asian tsunami in December 2004 and other natural disasters, as well as increasing oil prices, may increase the Government's fiscal deficits. The annual inflation rate (measured by the year on year change in the consumer price index) was 3.0%, 3.6% and 3.1% in 2016, 2017 and 2018, respectively. Interest rates in Indonesia have also been volatile in recent years, which has had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. The economic difficulties Indonesia faced during the Asian economic crisis that began in 1997 resulted in, among other things, significant volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. Although the policy rate set by Bank Indonesia has decreased significantly to 6.0% as of December 20, 2018 as compared to a peak of 70.8% in late July 1998 for one-month Bank Indonesia certificates, there can be no assurance that the benchmark interest rate will remain at this level or that it will not be subject to any increase in the future. In August 2016, Bank Indonesia announced the adoption of a new benchmark rate, the Bank Indonesia 7-day repo rate, and has subsequently reduced this rate by 100 basis point to 4.25% between August 2016 and September 2017. There can be no assurance that the recent improvement in economic conditions will continue or the previous adverse economic condition in Indonesia and the rest of the Asia Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the international and Indonesian financial markets and inhibit or reverse the growth of the global economy and the Indonesian economy.

A continued and significant downturn in the global economy, including the Indonesian economy, could have a material adverse effect on the demand for residential and commercial property, and therefore, on our business, financial condition, results of operations and prospects. In addition, the general lack of available credit and lack of confidence in the financial markets associated with any market downturn could adversely affect our access to capital as well as our suppliers' and customers' access to capital, which in turn could adversely affect our ability to fund our working capital requirements and capital expenditures.

The current global economic situation could further deteriorate or have a greater impact on Indonesia and our businesses. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects, and the Issuer's ability to pay interest on, and repay the principal of, the Notes.

Regional autonomy may adversely affect our business through imposition of local restrictions, taxes and levies.

Indonesia is a large and diverse nation covering a multitude of ethnicities, languages, traditions and customs. During the administration of the former President Soeharto, the central Government controlled and exercised decision-making authorities on almost all aspects of national and regional administration, including the allocation of revenues generated from extraction of national resources in the various regions. This control led to a demand for greater regional autonomy, in particular with respect to the management of local economic and financial resources. In response to such demand, the Indonesian Parliament in 1999 passed Law No. 22 of 1999 regarding Regional Autonomy ("Law No. 22/1999") and Law No. 25 of 1999 regarding Fiscal Balance between the Central and the Regional Governments ("Law No. 25/1999"). Law No. 22/1999 has been revoked by Law No. 23 of 2014, which was further amended by the Law No. 2 of 2015, and Law No. 9 of 2015 regarding Regional Autonomy. Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments, respectively. Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of "national assets" and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central government. Our business and operations are located throughout Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Depreciation or volatility in the value of the Rupiah may adversely affect our business, financial condition, results of operations and prospects.

One of the most important immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah, as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility, and since 2012, has depreciated. For example, the Rupiah depreciated from Rp9,670 per U.S. dollar as of December 31, 2012 to Rp14,481 per U.S. dollar as of December 31, 2018. See “Exchange Rates and Exchange Controls” for further information on changes in the value of the Rupiah as measured against the U.S. dollar in recent periods.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the US dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Downgrades of credit ratings of Indonesia and Indonesian companies could adversely affect us and the market price of the Notes.

In 1997, certain recognized statistical rating organizations, including Moody’s and S&P, downgraded Indonesia’s sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. Currently, Indonesia’s sovereign foreign currency long-term debt is rated “Baa3” by Moody’s, “BBB-” by S&P and “BBB-” by Fitch, and its short-term foreign currency debt is rated “NP” by Moody’s, “A-3” by S&P and “F2” by Fitch with a positive outlook from Moody’s, a stable outlook from S&P and a stable outlook from Fitch. These ratings reflect an assessment of the Government’s overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Even though the recent trend in Indonesian sovereign ratings has been positive, no assurance can be given that Moody’s, S&P or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies in general. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available to us, which could materially and adversely affect our business, financial condition, results of operations and prospects.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere may adversely impact us.

An outbreak of an infectious disease in Asia or elsewhere could have a negative impact on the economy and business activity in Indonesia and elsewhere and thereby adversely impact our operations or the services or operations of our suppliers and customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Examples are the outbreak in 2003 of Severe Acute Respiratory Syndrome in Asia (“SARS”), the outbreak in 2004 and 2005 of Avian influenza, or bird flu, in Asia, the global outbreak in 2009 of Influenza A (“H1N1”), the outbreak in 2014 of the Ebola virus in West Africa and in 2017 the outbreak of the Zika virus in Asia. We cannot assure you that any precautionary measures taken against infectious diseases would be effective. Any spread, intensification or recurrence of SARS, bird flu, H1N1, Ebola or other contagious disease or any other serious public health concern in Asia, including Indonesia, may adversely affect our business, financial conditions, results of operations and prospects.

Labor activism could adversely affect Indonesian companies, including us, which in turn could affect our business, financial condition, results of operations and prospects.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 on Labor Union (the “Labor Union Law”). The Labor Union Law permits employees to form unions without employer intervention. In March 2003, the Government enacted Law No. 13 of 2003 on Labor (the “Labor Law”) which, among other things, increased the amount of severance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Under the Labor Law, employees who voluntarily resign are also entitled to payments for, among other things, unclaimed annual leave and relocation expenses. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strike.

Labor unrest and activism in Indonesia could disrupt our operations and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchanges and the value of the Indonesian Rupiah relative to other currencies. Such events could materially and adversely affect our businesses, financial condition, results of operations and prospects.

In addition, any national or regional inflation of wages will directly and indirectly increase operating costs of its business and thus decrease its profit margin. Over the past ten years, the minimum wage in Indonesia has increased significantly. For example, the minimum wage in Jakarta increased by 14.8% from 2015 to 2016, by 8.9% from 2016 to 2017 and 8.7% from 2017 to 2018. Any national or regional inflation of wages will directly and indirectly increase our operating costs and thus decrease its profit margin.

Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions.

Our financial statements are prepared in accordance with Indonesian FAS, which differ from IFRS. As a result, our financial statements and reported earnings could be different from those which would be reported under IFRS. This Offering Memorandum does not contain a reconciliation of our financial statements to IFRS, and there can be no assurance that such reconciliation, if performed, would not reveal material differences. See “Summary of Certain Significant Differences Between Indonesian FAS and IFRS.”

An Indonesian Law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of agreements entered into in connection with the offer and sale of the Notes and the Guarantees.

On July 9, 2009, the Government enacted Law No. 24 of 2009 on Flag, Language, Coat of Arms and National Anthem (“Law No. 24/2009”) requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may also be executed in both the Indonesian language and a foreign language, provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. Law No. 24/2009 is silent on the governing language if there is more than one language used in a single agreement. Article 40 of Law No. 24/2009 states that further stipulation on the use of Bahasa Indonesia shall be regulated by the implementing regulations to be issued.

Although the Indenture governing the Notes and any other agreements will be prepared in dual English and Indonesian versions as required under Law No. 24/2009, we cannot assure you that, in the event of inconsistencies between the Indonesian language and English language versions of these agreements, an Indonesian court would hold that the English version would prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by such Indonesian version. If this occurs, we cannot assure you that the terms of the Notes, including the Indenture, will be as described in this Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar (the “June 2013 Decision”), which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari, as plaintiff and a non-Indonesian lender, Nine AM Ltd., as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together renders an agreement void if, inter alia, it is tainted by illegality. The court held that, as the agreement had not been drafted in the Indonesian language as required by Article 31(1), it therefore failed to satisfy the “lawful cause” requirement and was void from the outset, meaning that a valid and binding agreement had never existed. On May 7, 2014, the Jakarta High Court released Decision No. 48/PDT/2014/PT.DKI which rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision in its entirety (the “Jakarta High Court Decision”). Further, on October 23, 2015, the Supreme Court, through its decision No. 1572 K/Pdt/2015, rejected the cassation that Nine AM Ltd submitted and affirmed the Jakarta High Court Decision (the “Supreme Court Decision”). Indonesian court decisions are generally not binding precedents, as would typically be the case in common law jurisdictions such as the United States and the United Kingdom. However, there can be no assurance that a court will not, in the future, issue a similar decision to the Supreme Court Decision in relation to the validity and enforceability of agreements that are made in the English language.

On July 7, 2014, the Government issued Government Regulation No. 57 of 2014 on Development Fostering, and Protection of Language and Literature and Enhancement of the function of the Indonesian Language to implement certain provisions of Law No. 24/2009. While this regulation focuses on the promotion and protection of the Indonesian language and literature and is silent on the question of contractual language, it reiterates that contracts involving Indonesian parties must be executed in the Indonesian language (although versions in other languages are also permitted). As Law No. 24/2009 does not specify any sanctions for non-compliance, we cannot predict how the implementation of Law No. 24/2009 (including its implementing regulation) will impact the validity and enforceability of the Notes and the Guarantees in Indonesia, which creates uncertainty as to the ability of Noteholders to enforce the Notes and the Guarantees in Indonesia.

Corporate governance standards in Indonesia may differ from those in certain other countries

Corporate governance standards in Indonesia may differ or be less strict from those applicable in other jurisdictions in significant ways including with respect to the independence of the board of directors, the board of commissioners and the audit committee, and internal and external reporting standards. Until March 2017, members of the boards of directors, the board of commissioners and audit and other committees of an Indonesian public company were not required under Indonesian corporate governance standards to report their indirect shareholding to the OJK, other than independent commissioners who are prohibited from holding any shares in the Company and the company did not maintain any policies to require such disclosure. On March 14, 2017, OJK issued new OJK Rule No. 11/POJK.04/2017 on Share Ownership or Changes to Share Ownership of Publicly Listed Companies (“OJK Rule No. 11”), which stipulates that any shareholder who directly or indirectly owns 5% or more of shares in a public company must report its ownership at any time there is at least a 0.5% change of ownership from its prior shareholding, conducted through one or multiple transactions. The reports must be submitted no later than ten calendar days from the date of such changes. The OJK Rule No. 11 also imposes an obligation on the directors and commissioners of an Indonesian public company to make a report to OJK on their direct or indirect ownership in such company and every change thereto. In addition, OJK Rule No. 11 stipulates that public companies must implement an internal policy for directors and commissioners to report their share ownership to the company within three working days of obtaining ownership or any changes thereto. The implementation of this policy must be disclosed in the company’s annual report or on its website. Because of this, the directors of Indonesian companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of shareholders.

Risks Relating to the Notes, the Guarantees and the Collateral

An Indonesian court has limited certain rights of the trustee, acting on behalf of the holders of US dollar bonds, in relation to the parent guarantor, in a decision that affected the holders rights and the terms of the bonds in connection with a debt restructuring of the parent guarantor.

On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk (“Bakrie Tel”) for purposes of its court-supervised debt restructuring, known as a PKPU (the “Bakrie Tel PKPU”). Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US\$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge’s determination that the relevant creditor of Bakrie Tel in respect of the US\$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the US dollar bonds and the guarantee.

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikomsel Oke Tbk (“Trikomsel”), in early 2016 entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to have rejected claims that arose from holders of their two Singaporean Dollar bonds and have taken the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on any restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (rencana perdamaian) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel, under the composition plan, the bondholders of the two of Singaporean Dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

It may be difficult or impossible for Noteholders to enforce all of their rights under a guarantee provided by an Indonesian guarantor such as the Parent Guarantor or any of the Subsidiary Guarantors, including but not limited to being able to vote in court-supervised debt restructuring or bankruptcy proceedings in Indonesia. Further, no assurance can be given that the Indonesian courts will recognize all or part of a guarantee provided by an Indonesian guarantor in these proceedings. Indonesia’s legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published and Indonesian judges have very broad fact-finding powers and a high level of discretion with respect to the manner in which those powers are exercised, and may be guided less by legal principles and precedent than would their counterparts in other jurisdictions. See “– Through the purchase of the Notes and Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system.”

The terms of the Notes and the Guarantees contain covenants limiting our financial and operating flexibility.

The covenants contained in the documentation relating to the Notes and the Guarantees, the 2020 Notes and the 2021 Notes restrict the ability of the Issuer, the Parent Guarantor, and any restricted subsidiary to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Parent Guarantor, or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments and capital expenditures;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or any of its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of Notes.

All of these covenants are subject to the limitations, exceptions and qualifications described in “Description of the Notes – Certain Covenants.” These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. We may also enter into additional financing arrangements in the future, which could further restrict our flexibility.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness, including the 2020 Notes and the 2021 Notes. No assurance can be given that the Issuer will be able to pay any amounts due to holders of the Notes in the event of such default, and any default may significantly impair the Issuer’s ability to pay, when due, the interest of and principal on the Notes and the Parent Guarantor’s, and any Subsidiary Guarantor’s, ability to satisfy its obligations under the Guarantees.

We may incur additional indebtedness, which could further exacerbate the risks described above.

We have a substantial amount of indebtedness. As of December 31, 2018, we had total indebtedness, consisting of bank loans and bonds payable, of Rp7,734.1 billion (US\$534.1 million). Subject to restrictions in the Indenture governing the Notes and the terms of the indenture governing the 2020 Notes and the 2021 Notes, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Issuer or a Guarantor. This may have the effect of reducing the amount of proceeds paid to the holders of the Notes. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the intercompany loan agreements and the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations and the Issuer’s ability to satisfy its obligations under the Notes. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” and “Description of the Notes.”

The interest of our principal shareholders may conflict with the interest of Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders.

As of December 31, 2018, approximately 47.2% of our outstanding shares were held by PT Tangerang Fajar Industrial Estate, PT Manunggal Prime Development and PT Argo Manunggal Land Development. These shares are indirectly controlled by the family of Mr. The Ning King, our founding family. For information relating to the ownership of our shares, see “Principal Shareholders.” The family of Mr. The Ning King, through the companies mentioned above, may be able to effectively control certain matters requiring approval by our shareholders, depending on participation at our shareholder meetings. Circumstances may arise in which the interests of our principal shareholders may conflict with your interest as a Noteholder.

From time to time, we enter into, and we may enter into, transactions with entities controlled by any of our principal shareholders and other related parties. See “Related Party Transactions” for a summary of our existing transactions with related parties. Although any transaction that we undertake with related parties, which involves a conflict of interest, must be approved by independent shareholders and appraised by an independent appraiser in accordance with the rules of OJK, we cannot assure you that any amounts we may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party.

Enforcing the rights of Noteholders under the Notes or the Guarantees across multiple jurisdictions may prove difficult.

The Original Notes were, and the Further Notes will be, issued by the Issuer and guaranteed by the Parent Guarantor and the Subsidiary Guarantors. The Issuer is incorporated under the laws of Singapore. The Parent Guarantor is and the Subsidiary Guarantors are incorporated under the laws of Indonesia. The Notes, the Guarantees and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia, Singapore and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of Noteholders under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Indonesia, Singapore and the United States may be materially different from, or be in conflict with, each other and those with which may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in the relevant jurisdictions or limit any amounts that you may receive.

It may not be possible for you to effect service of process or to enforce judgment of a foreign court on the Guarantors in Indonesia.

The Issuer is a limited liability company incorporated in Singapore. Each of the Parent Guarantor and the Subsidiary Guarantors is a limited liability company incorporated in Indonesia operating within the framework of Indonesian laws relating to investment and all of its significant assets are located in Indonesia. In addition, most of the Issuer’s directors and all of the Parent Guarantor’s and each of the Subsidiary Guarantor’s commissioners and directors reside in Indonesia. As a result, it may be difficult for investors to effect service of process, including judgments, on the Issuer, the Parent Guarantor and a Subsidiary Guarantor or their respective commissioners and directors outside Indonesia, or to enforce judgments obtained in non-Indonesian courts against the Issuer, the Parent Guarantor, a Subsidiary Guarantor or their respective commissioners and directors in Indonesia.

The Guarantors have been advised by their Indonesian legal advisor that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. Our Indonesian legal advisers have also advised us that there is doubt as to whether Indonesian courts will recognize judgments in original actions brought in Indonesian courts based only upon the civil liability provisions of the securities laws of other countries. In addition, an Indonesian court may refuse to hear an original action based on securities laws of other countries. As a result, holders of the Notes would be required to pursue claims against the Parent Guarantor or a Subsidiary Guarantor or their respective commissioners, directors and executive officers in Indonesian courts.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of holders of the Notes in the same manner or to the same extent as would courts in more developed countries outside of Indonesia.

Through the purchase of the Notes and Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdictions of the United States, the European Union or other jurisdictions. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognized as under legislation or judicial precedent in the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that these debtors would not have in jurisdictions with more established legal regimes such as those in the United States and the European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesian has been widely reported in publicly available sources.

In addition, under the Indonesian Civil Code, although a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets prior to the obligee exercising its rights under the related guarantee, a guarantor may be able to argue successfully that the guarantor can nonetheless require the obligee to exhaust such remedies before acting against the guarantor. No assurance can be given that an Indonesian court would not side with the Parent Guarantor or a Subsidiary Guarantor on this matter, despite the express waiver by Parent Guarantor and a Subsidiary Guarantor of this obligation in the Guarantee.

Furthermore, on September 2, 2013 the holders of notes represented by the Trustee issued by BLD Investments Pte. Ltd. and guaranteed by PT Bakrieland Development Tbk (“Bakrieland”), under a trust deed governed under English law, filed a postponement of debt payment petition with the Jakarta commercial court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated September 20, 2013, the commercial court rejected the postponement of debt payment petition on the basis that, among other things, the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and, accordingly, the Jakarta commercial court does not have authority to examine and adjudicate this case.

As a result, it may be difficult for holders of the Notes to pursue a claim against the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in Indonesia, which may adversely affect or eliminate entirely the ability of the Noteholders to obtain and enforce a judgment against the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in Indonesia or increase the costs incurred by holders of the Notes in pursuing, and the time required to pursue, claims against the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions involving offshore offering structures, and have brought legal action against lenders and other transaction participants. Such legal action had resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed.

In several cases in Indonesian courts, Indonesian companies which had defaulted on notes and other debt incurred through offshore financing entities using a structure involving a guarantee granted by an Indonesian company, have successfully sued creditors and other transaction participants obtaining, among other relief:

- a declaration that the entire debt obligation is null and void;
- disgorgement of prior payments made to noteholders on the notes;
- damages from lenders and other transaction participants in amounts exceeding the original proceeds of the debt issued; and
- injunctions prohibiting holders of the notes from enforcing rights under the transaction documents and trading in the notes.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US\$500 million of notes issued through an offshore offering structure. The decision involved an Indonesian listed Company, PT Indah Kiat Pulp & Paper Tbk. (“Indah Kiat”), as plaintiff and various parties as the defendants using a structure similar to this offering of the Notes and the Guarantees, whereby notes were issued through a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian Supreme Court upheld the decisions of a District Court and High Court in Indonesia in favor of Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (*perbuatan melawan hukum*), and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code which requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff’s argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat International Finance Company B.V. (Indah Kiat’s Dutch subsidiary established for the purpose of the issuance of the notes) was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat International Finance Company B.V. was unlawful as it was intended to avoid Indonesian withholding tax payments.

On August 19, 2008, the Supreme Court granted a civil review (peninjauan kembali) and annulled the June 2006 Supreme Court decision. The Supreme Court in its civil review decision stated that Indah Kiat has failed to prove that the transaction is an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Supreme Court is of the view that it was clear that the money borrowed by Indah Kiat from Indah Kiat International Finance Company B.V. originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the Supreme Court stated that the security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review decided that the Supreme Court had misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The Supreme Court also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York.

Despite the decision described above, the Indonesian Supreme Court has taken a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry (“Lontar Papyrus”), a sister corporation of Indah Kiat. According to the March 2009 Decision, the Indonesian Supreme Court refused a civil review of a judgment by the District Court of Kuala Tungkal, in South Sumatra, which invalidated US\$500 million of notes issued by Lontar Papyrus, which was the plaintiff in the court case related to the June 2006 decision. Lontar Papyrus’ legal arguments in its lower court case were fundamentally the same as those in the earlier cases by Indah Kiat – namely, that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Supreme Court’s refusal to grant a civil review of the lower court’s decision effectively affirmed the lower court’s decision to invalidate all of the transaction documents, including Lontar Papyrus’ obligations as the guarantor under the notes and meaning the verdict is now final. The Supreme Court’s refusal to grant the civil review was based on reasons that the loan agreement between Asia Pulp & Paper Company Ltd (“APPC”) and Lontar Papyrus and the indenture with regard to the issuance of the notes required adjustment to observe the prevailing laws and regulations in Indonesia. In addition, the fact that the loan had been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of APPC and their original court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been ultimately annulled by the Supreme Court, as was the case in August 2008, it appears that the Supreme Court has taken a contradictory view on the Lontar Papyrus case.

In September 2011, the Indonesian Supreme Court (the “September 2011 Decision”) refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court’s June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat BV. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims.

The Indonesian Supreme Court’s refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower courts’ decisions and such lower court decisions are now final and not subject to further review.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Supreme Court decision, such decisions have persuasive effect. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Supreme Court decision mentioned above in relation to the validity and enforceability of the Notes and the Guarantees or grant additional relief to the detriment of holders of the Notes, if the Issuer were to contest efforts made by holders of the Notes to enforce these obligations.

Therefore, the holders of the Notes may have difficulty in enforcing any rights under the Notes, the Guarantees or the other transaction documents in Indonesia, where most of the Parent Guarantor's assets are located. Moreover, depending on the recognition which non-Indonesian courts may grant to such Indonesian decisions, the holders of the Notes may also be disabled from enforcing any rights under the Notes, the Guarantees or the other transaction documents, or collecting on the Issuer's, the Parent Guarantor's or a Subsidiary Guarantor's assets, anywhere else in the world. In sum, the holders of the Notes may have no effective or practical recourse or any assets or legal process in Indonesia to enforce any rights against us or the Issuer.

In addition, the participation of a holder of a Note as a creditor in this transaction may expose it to affirmative judgments by Indonesian courts against it (beyond the value of the Notes such holder of a Note purchased). Moreover, affirmative relief granted against the holders of the Notes by Indonesian courts may be enforced by non-Indonesian courts against the assets of the holders of the Notes (or other transaction participants) located outside of Indonesia (and each holder of a Note should consult its own lawyer in that regard).

The Guarantees may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Guarantees.

Under bankruptcy laws, fraudulent transfer laws, financial assistance, insolvency or unfair preference or similar laws in Indonesia, where the Parent Guarantor and the Subsidiary Guarantors are incorporated and where all of their significant assets are currently located (as well as under the law of certain other jurisdictions to which in certain circumstances the Parent Guarantor or a Subsidiary Guarantor may be subject), the enforceability of the Guarantees may be impaired if certain statutory conditions are met. In particular, the Guarantees may be voided, or claims in respect of the Guarantees could be subordinated to all other debts of such Guarantor, if at the time that such Guarantor incurred the indebtedness evidenced by, or when it gives, its Guarantee, it:

incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Guarantee in a position which, in the event of such Guarantor's insolvency, would be better than the position the beneficiary would have been in had the Guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such Guarantee;
- received no commercial benefit;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which such Guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The test for insolvency, the other particular requirements for the enforcement of fraudulent transfer law, and the nature of the remedy in the event of a fraudulent transfer, may vary depending on the law of the jurisdiction which is being applied. Under the laws of Indonesia, it would also be necessary for the directors to ensure that such Guarantor is solvent immediately after entry into, and performance of any obligation under, the transaction, that:

- it will be able to satisfy its liabilities as they become due in the ordinary course of its business; and
- the realizable value of the assets of such Guarantor will not be less than the sum of its total liabilities other than deferred taxes, as shown in the books of account, and its capital.

The directors are required to ensure that the issued capital of such Guarantor is maintained and that, after the giving of the Guarantee, such Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided the Guarantee, or held the Guarantee unenforceable for any other reason, then the holders of the Notes would cease to have a claim against such Guarantor based upon such Guarantee, and would solely be creditors of the Issuer. If a court subordinated the Guarantee to other indebtedness of such Guarantor, then claims under the Guarantee would be subject to the prior payment of all liabilities (including trade payables). We cannot assure you that there would be sufficient assets to satisfy the claims of holders of the Notes after providing for all such prior claims.

Claims of the secured creditors of the Guarantors will have priority with respect to their security over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

After giving pro forma effect to the full draw down of all credit facilities as of the date of this Offering Memorandum but not to the issuance of the Further Notes, we would have had Rp851.5 billion (US\$58.8 million) of secured indebtedness outstanding under such facilities. We may also be able to borrow substantial additional indebtedness, including senior debt, in the future under the terms of the Indenture.

Claims of the secured creditors of the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. Therefore, the Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Guarantors to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Guarantors that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Guarantors that constitute their collateral. The holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Guarantors, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Guarantors. In the event that any of the secured indebtedness of the Guarantors becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Guarantors' assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Guarantees. As a result, holders of the Notes may receive less than holders of secured indebtedness of the Guarantors.

We may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Notes.

Any future defaults in amounts of interest, on principal of, and premium or additional amounts, if any, due on the Notes may, under the terms of the Notes and the Guarantees pursuant to the Indenture, only be waived with the consent of each holder of the Notes. Should we launch an exchange offer and/or consent solicitation in the future to obtain such waiver, we cannot assure you that all holders of the Notes will waive such future defaults in amounts of interest on, principal of, and premium or additional amounts, if any, due on the Notes. Following consummation of any future exchange offer and/or consent solicitation, holders of 25% of outstanding Notes may accelerate and declare immediately payable interest on, principal of, and premium or additional amounts, if any, due on the Notes.

Although we expect that, upon consummation of any exchange offer and/or consent solicitation, any composition plan that we enter into will bar holders of the Notes from bringing future bankruptcy, insolvency or similar proceedings in Indonesia, Indonesian principles of law relating to the rights of creditors have not been clearly or consistently applied by the Indonesian courts. In addition, we have not sought court protection from our creditors in Indonesia or where we have significant contractual obligations. As a result of the foregoing, there can be no assurance that holders of the Notes will not in the future seek to file a petition for bankruptcy, insolvency or similar proceeding against us in Indonesia or other jurisdictions.

Under Indonesian bankruptcy law, a creditor that foresees its debtor would not be able to continue to pay its debts when they become due and payable, or a debtor which is unable, or predicts that it would be unable, to pay its debts when they become due and payable, may file for suspension of payment of debt with the Commercial Court. In addition, a debtor who has two or more creditors and who is unable to pay any of its debt may be declared bankrupt by virtue of a Commercial Court decision. Under Indonesian bankruptcy law, a suspension of debt payment proceeding takes priority over a bankruptcy proceeding and must be decided first. As such, a suspension of debt payment proceeding will effectively postpone the bankruptcy proceeding. As a result, creditors are unlikely to receive any payment during the course of the suspension of debt payment proceeding (with the exception of secured creditors subject to certain conditions) and the bankruptcy estate is likely to be insufficient to fully settle their claims.

In addition, during the suspension of debt payment proceeding, the debtor may propose a composition plan to its creditors. Such composition, if approved at a creditors' meeting and ratified by the Commercial Court, will be binding on all unsecured creditors and on secured creditors that voted for the composition plan, and the suspension of debt payment proceeding ends. The debtor can then continue its business and service its debt in accordance with the composition plan proposed by the debtor and approved at the creditors' meeting and ratified by the court. The secured creditors that did not attend the creditors' meeting or vote on the plan are not bound by the plan and are entitled to enforce their security interests.

As a composition plan, if approved, is approved by majority of the creditors on a collective basis, it may not be in the best interests of any particular creditor. If the Guarantor becomes a debtor in a bankruptcy proceeding or a suspension of debt payment proceeding in Indonesia, we may file for suspension of debt payment with a proposed composition plan which may not be satisfactory to you. If such composition plan is approved, it will be binding on you.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture governing the Notes.

Upon a Change of Control (as defined in the Indenture governing the Notes), the Issuer must make an offer to repurchase all outstanding Notes. Pursuant to this offer, the Issuer must repurchase the outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See "Description of the Notes – Change of Control." However, the Issuer may not have enough available funds at the time of any Change of Control to pay the purchase price of the tendered outstanding Notes. The Issuer's failure to make the offer to repurchase or repurchase tendered Notes would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause such other indebtedness to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for purposes of the Indenture governing the Notes does not necessarily afford protection for the holders of the Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the holders of the Notes. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our properties or assets and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to repurchase the Notes, and the ability of a holder of Notes to require us to repurchase the Notes pursuant to the offer, as a result of a highly leveraged transaction or a sale of less than all of our assets, may be uncertain.

The ratings assigned to the Notes may be lowered or withdrawn.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated “B2” by Moody’s and “B” by S&P. The ratings represent the opinions of the ratings agencies and their assessment of the ability of each of the Issuer and the Parent Guarantor to perform its respective obligations under the terms of the Notes and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. In addition, we cannot assure you that rating agencies other than Moody’s and S&P would not rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than Moody’s or S&P of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.

Although the Lead Manager has advised us that it intends to make a market in the Notes, it is not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Further Notes will develop or be sustained. If an active trading market were to develop, the Further Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Further Notes depends on many factors, including:

- the number of holders of Notes;
- the interest of securities dealers in making a market in the Notes;
- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing of the Further Notes on the SGX-ST. However, no assurance can be given that we will be able to maintain such listing or that a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Holder’s ability to dispose of the Notes.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Guarantees have not been registered under, and we are not obligated to register the Notes or the Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “Transfer Restrictions.” We have not agreed to or otherwise undertaken to register the Notes and the Guarantees, and we have no intention to do so.

Investment in the Notes may subject Noteholders to foreign exchange risks.

The Notes are denominated and payable in US dollars. If you measure your investment returns by reference to a currency other than US dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the US dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the US dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

The Issuer is a wholly-owned financing entity of the Parent Guarantor with no operations of its own and is dependent upon payments under the intercompany loans to meet its obligations under the Notes.

The Issuer is a financing entity wholly-owned by the Parent Guarantor with limited assets and has no business operations other than issuing the Notes and engaging in related transactions and future issuances of debt securities upon and with terms substantially similar to the Notes. The Issuer will use a portion of the net proceeds from the offering of the Further Notes to redeem all of the outstanding 2020 Notes. The remaining net proceeds from the Further Notes issuance will be used by the Issuer to provide additional financing to the Parent Guarantor through one or more intercompany loans granted by CVPL to the Parent Guarantor and/or certain Subsidiary Guarantors. The Issuer's ability to make payments on the Notes is dependent directly on payments made to CVPL by one or more Guarantors under intercompany loans. The Guarantors' ability to make payments to CVPL under the intercompany loans will depend on a number of factors, some of which may be beyond our control, including those identified elsewhere in this "Risk Factors" section. If the Guarantors fail to make scheduled payments under any of the intercompany loans, the Issuer will not have any other source of funds to meet its payment obligations under the Notes.

Noteholders are exposed to risks relating to Singapore taxation.

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfillment of certain conditions more particularly described in the section "Taxation – Singapore Taxation". There is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Where the Notes qualify as qualifying debt securities and meet the further conditions imposed under the qualifying debt securities scheme, interest and certain other specified payments made under the Notes to a Noteholder who is not resident in Singapore, and (i) who does not have any permanent establishment in Singapore or (ii) who carries on any operation in Singapore through a permanent establishment in Singapore but the funds used to acquire the Notes are not obtained from such operations through a permanent establishment in Singapore, are exempt from Singapore tax.

However, in the event that the Notes cease to be "qualifying debt securities" under the relevant Singapore tax laws, Noteholders may not be able to enjoy the tax exemptions and concessions available under the qualifying debt securities scheme. See "Taxation – Singapore Taxation – Interest and Other Payments" for details.

The value of the Collateral will not be sufficient to satisfy our obligations under the Notes.

The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee will be secured by first priority interests in the Collateral, which comprises, among others, pledges by the Parent Guarantor of the shares of the Issuer and by the Issuer of the shares of CVPL and assignments by CVPL of all its interest in and rights under the intercompany loans in an aggregate amount equal to the net proceeds of the offering of the Notes, granted by CVPL to the Parent Guarantor or the Subsidiary Guarantors. The amount of proceeds that would ultimately be realized from the Collateral upon any enforcement action may not be sufficient to satisfy our obligations under the Notes. The value of the Collateral and any amount to be recovered upon enforcement action against the Collateral will depend upon many factors including, among others, the jurisdiction in which the enforcement action or sale is completed, the ability to sell the Collateral in an orderly sale and the availability of buyers. The sale of certain Collateral, including pledged shares, may violate provisions of certain of our operating agreements and may result in the termination of such agreements. An appraisal of the Collateral has not been prepared in connection with the offering of the Notes. Accordingly, we cannot assure you that the proceeds of any sale of the Collateral following an acceleration of the Notes or otherwise would be sufficient to satisfy, or would not be substantially less than, our obligations under the Notes. Each of these factors could reduce the likelihood of an enforcement action as well as reduce the amount of any proceeds in the event of an enforcement action.

The ability of the Collateral Agent to foreclose on the Collateral, upon the occurrence of an Event of Default or otherwise, will be subject in certain instances to perfection and priority issues. Although procedures will be undertaken to support the validity and enforceability of the security interests, we cannot assure you that the Trustee or holders of the Notes will be able to enforce the security interest. The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. By its nature, some or all of the Collateral may be illiquid and may have no readily ascertainable market value. We cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

The pledges of the shares of the Issuer and CVPL will be shared on a pari passu basis by the holders of the Notes, the 2020 Notes and the 2021 Notes. The Pari Passu Collateral (as defined in “Description of the Notes”) may be shared on a pari passu basis with holders of other indebtedness ranking pari passu with the Notes that we may issue in the future. Accordingly, in the event of a default on the Notes or the other secured indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of such secured indebtedness.

The Collateral Agent is required to take action to enforce the Collateral in accordance with the instructions of the holders of the Notes, the holders of the 2020 Notes and the holders of the 2021 Notes (as applicable) given under and in accordance with the Intercreditor Agreement. The ability of holders of the Notes to enforce the Pari Passu Collateral is restricted under the Intercreditor Agreement. If an event of default occurs under the Notes, the holders of the Notes holding 25% of the outstanding amount of the Notes, holders of the 2020 Notes and holders of the 2021 Notes may decide whether to take any enforcement action and may thereafter, through their respective trustee or agent, in accordance with the Intercreditor Agreement, instruct the Collateral Agent to take enforcement action against the Pari Passu Collateral. By virtue of the instructions given to the Collateral Agent described above, actions may be taken in respect of the Pari Passu Collateral that may be adverse to holders of the Notes. In such event, the only remedy available to holders of the Notes would be to sue for payment under the Notes and the Guarantees.

The rights over the Collateral will not be granted directly to holders of the Notes.

The rights over the Collateral securing the obligations of the Issuer and the Parent Guarantor under the Notes and the Indenture have not been and will not be granted directly to holders of the Notes, but will be granted only in favor of the Collateral Agent. As a consequence, holders of the Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes and the Parent Guarantee, except through the Collateral Agent, which has agreed to apply any proceeds of enforcement on such security towards such obligations. Other than the Indonesian capital markets regulations, Indonesian law does not recognize the concept of trust including, without limitation, the relationship of trustee and beneficiary or other fiduciary relationships. Accordingly, enforcement of the provisions granting security in favor of third party beneficiaries and otherwise relating to the nature of the relationship between a trustee (in its capacity as such) and the beneficiaries of a trust in Indonesia will be subject to an Indonesian court accepting the concept of trustee under New York law and Singapore law and accepting proof of the application of equitable principles under such security documents.

The pledge of certain Collateral may in certain circumstances be voidable.

The pledge of the Collateral securing the Notes may be voidable under insolvency, bankruptcy, fraudulent transfer or similar laws of Singapore and other jurisdictions, if and to the extent applicable. In the case of the Collateral being voidable under such laws in Singapore, the relevant time period during which such security is voidable could be within six months of the date of the pledge or, under some circumstances, it would be voidable within longer periods. If the pledges of the Collateral were to be voided for any reason, holders of the Notes would have only an unsecured claim against us. In addition, if the pledge of certain Collateral is voided or challenged under such laws, this could impair the enforceability of the Guarantees.

Current OJK (formerly known as Bapepam-LK) regulations may restrict our ability to issue the Notes and any additional debt securities.

On November 28, 2011, OJK (formerly known as Bapepam-LK) Regulation IX.E.2 on Material Transactions and Change of Core Business was issued, which replaced the previous regulation issued in 2009 (the “Material Transactions Regulation”). This regulation is applicable to publicly listed companies in Indonesia and their unlisted consolidated subsidiaries. Pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the publicly listed company’s equity, as determined by the latest audited annual financial statements, semi-annual limited reviewed financial statements or audited interim financial statements (if any), must be announced to the public and the listed company must also prepare an appraisal report. The announcement relating to the material transaction must be made to the public in at least one Indonesian language daily newspaper having national circulation no later than the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company’s financial condition, a summary of the appraisal report (including its purpose, the object, the parties involved, the assumptions, qualifications and methodology used in the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending. Publicly listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to OJK at the latest by the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction.

The transaction value of the offering of the Further Notes and the lending of the proceeds of the Further Notes from CVPL to us is less than 20% of the Company’s equity based on the Company’s consolidated audited financial statements for the year ended December 31, 2018. Accordingly, in connection with the

offering, we are not required to obtain and submit to OJK an appraisal report from an independent appraiser (registered with OJK) in relation to the Material Transaction.

Subject to certain exceptions under the Material Transactions Regulation, a material transaction (in this case, borrowing and lending) with a value in excess of 50% of a company's equity must be approved by shareholders holding more than half of all shares with valid voting rights who are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements.

If we decide to issue additional debt securities other than through a public offering in Indonesia, and the amount issued exceeds the 50% threshold, we would be required to obtain shareholders' approval, as well as a new appraisal report. There is no assurance that we would be able to obtain the approval of our shareholders or a favorable appraisal report in order to issue such additional debt securities. This requirement could limit our ability to finance our future operations and capital needs, or pursue business opportunities or activities that may be in our interest. Any limitation on our ability to raise funds to finance our operations could materially and adversely affect our business, financial condition, results of operations and prospects.

The appraisal report in connection with the corporate guarantee provided by GAIN may not be accurate or complete, and you will not have access to it.

On November 25, 2009, OJK (formerly known as Bapepam-LK) issued Regulation IX.E.1 on Affiliated Transaction and Conflict of Interest in Certain Transactions ("**Bapepam-LK Regulation IX.E.1**"). Pursuant to Bapepam-LK Regulation IX.E.1, a listed company that enters into an affiliated party transaction (which includes transactions between a listed company and its controlled subsidiaries) is required to make a disclosure of information on the transaction to the public and submit proof of announcement and supporting documents to OJK no later than the end of the 2nd (second) business day of the transaction, which covers, among others, summary of appraisal report (fairness opinion) on the relevant affiliated party transaction, unless the transaction qualifies for certain exemptions provided under Bapepam-LK Regulation IX.E.1. The exemptions include an affiliated party transaction between a listed company and its subsidiary whose shares are owned at least 99% by the listed company.

In connection with the offering, PT Garuda Adhimatra Indonesia, a 90.29% owned subsidiary of the Company will provide a corporate guarantee (the "GAIN Guarantee") in order to fully, unconditionally, and irrevocably guarantee all obligations of the Issuer, including but not limited to the payment obligation of the Further Notes, which requires the Company to furnish an appraisal report (fairness opinion) relating to the GAIN Guarantee in addition to making a disclosure relating to affiliated party transactions under Bapepam-LK Regulation IX.E.1.

The independent appraiser is relying upon the accuracy and completeness of the information, including certain projections, that we provide to the independent appraiser. The appraisal report that is submitted to OJK pursuant to Indonesian regulations will be based on certain assumptions, including certain assumptions with respect to the terms of the Further Notes and projections, which, by their nature, are subjective and uncertain and may differ from actual results. The independent appraiser has not independently verified such information, and assumes no responsibility for and expresses no view as to any, such information, projections or the assumptions on which they were based. The Lead Manager and our independent auditors have not examined, reviewed or compiled the projections and accordingly, do not express an opinion or any other form of assurance with respect thereto. Unanticipated results of, or changes in, our business or the residential and/or commercial property industry, or changes in global or local economic conditions or other relevant factors, could affect such projections and the conclusions in the appraisal report. After the issuance of the Further Notes, we expressly disclaim any duty to, and neither we nor the independent appraiser will, provide an update to the report of the differences between the projections or the assumptions made in the appraisal report.

Accordingly, the appraisal report is not a prediction or an indication of the Issuer's or the Guarantors' actual ability to perform their obligations under the Notes and Guarantees. Investors should not rely on the requirement of the Company to obtain an appraisal report when making an investment decision.

The full appraisal report, including the detailed projections underlying the analysis and the assumptions on which the appraiser's conclusions are based, is confidentially submitted to OJK and not available to shareholders or to you for review. The summary of the appraisal report will only be published in a local newspaper at the latest by the end of the second business day after the date of the execution of the agreements related to the Affiliated Transaction, and will not include a full statement of all of the relevant facts, information and assumptions on which the appraiser bases its conclusions.

The Singapore-Indonesia tax treaty may be applied in a manner adverse to the interests of the Company.

The Indonesian tax laws and regulations generally require a 20% tax to be withheld on the payment of interest from an Indonesian taxpayer to an offshore tax resident that does not have a permanent establishment in Indonesia. Under the double tax treaty between Singapore and Indonesia (the "Singapore-Indonesia Tax Treaty"), the rate of withholding tax is reduced to 10% on the payment or accrual of interest to a Singapore tax resident which is the beneficial owner of this interest. The reduced rate is available to a Singapore company only if the company is able to comply with the requirements stipulated in the Indonesian Director-General of Taxation ("DGT") Regulation No. PER-25/PJ/2018 dated November 21, 2018 regarding the Procedures for Applying Tax Treaties. Pursuant to this regulation, the Singapore company (CVPL in our case) is required to provide to the Indonesian taxpayer a completed form (DGT Form), duly signed by the company, and a Certificate of Residence issued by the Inland Revenue Authority of Singapore ("IRAS"). The DGT Form must state that:

- CVPL does not have a permanent establishment in Indonesia;
- one of the purposes for the structure and/or transactions is not for the purpose of accessing the benefits under the Singapore-Indonesia Tax Treaty contrary to the object and purpose of the Tax Treaty;
- there are relevant economic motives or other valid reasons for the establishment of CVPL;
- the business operation is managed by its own management and the management has appropriate authority to carry out transactions;
- CVPL's assets, other than the assets to generate income from Indonesia, are sufficient and adequate to carry out the business operation in Singapore;
- CVPL has sufficient qualified employees to conduct business operations;
- CVPL has active business other than receiving income from dividend, interest and/or royalty originating from Indonesia;
- CVPL is not acting as an agent, a nominee or a conduit company;
- CVPL has the power to use or enjoy the funds, assets, or right to earn income from Indonesia;
- CVPL does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties (excluding payments of reasonable remuneration to employees and other expenses normally incurred by the company in running the business);
- CVPL bears the risk on its assets, capital and/or liabilities; and

- CVPL does not have any contractual or legal obligation to transfer the whole or part of the income received from Indonesia to another party.

Under Singapore income tax law, the Issuer and CVPL would be considered tax residents in Singapore if the control and management of their business is exercised in Singapore. As a general rule, the place where a company's control and management is exercised and hence the tax residence of the company is the place where the directors of the company hold their meetings.

Tax residence in Indonesia for a company is determined based on the location of incorporation or domicile. Depending on the facts of the case, there is hence a risk that the Issuer and/or CVPL could be scrutinized for potential Indonesian tax residence. Based on the prevailing tax regulations, this technical risk could exist if the Issuer or CVPL has:

- domicile in Indonesia as indicated in the Issuer's or CVPL's deed of establishment
- a head office in Indonesia
- domicile of its center of administration/finance in Indonesia
- an executive office in Indonesia, conducting control
- management conducts meetings in Indonesia to make strategic decisions
- management resides/is domiciled in Indonesia.

Where there is dispute on tax residence, the Singapore-Indonesia Tax Treaty states that the competent authorities shall settle the issue by mutual agreement.

The board of directors of both the Issuer and CVPL will endeavor to ensure that the control and management of each of the Issuer and CVPL is exercised in Singapore so that each would be considered a tax resident of Singapore. For this offering, the Issuer will contribute the net proceeds of this offering of Notes to CVPL by way of subscription of additional ordinary shares in the capital of, and/or a shareholder loan to, CVPL, which will fund our corporate purposes by granting one or more intercompany loans or through other funding methods to the Company and/or Subsidiary Guarantors. CVPL would receive payments under any intercompany loans or through other funding methods from the Company and/or Subsidiary Guarantors. The Issuer is the beneficial owner of the shares in CVPL. However, it remains uncertain as to whether the Indonesian tax authorities will view CVPL as the beneficial owner of the interest under the intercompany loans or other funding methods. In the event that CVPL is not so classified or CVPL is not able to provide the completed DGT Form and a Certificate of Residence from IRAS, payments of interest under the intercompany loans or other funding methods may not have the benefit of the Singapore-Indonesia Tax Treaty, and the Indonesian tax authorities may challenge whether such interest payments qualify for the withholding reduction provided by the Singapore-Indonesia Tax Treaty. As a result, any such interest payment may be subject to a 20% withholding tax in accordance with the applicable Indonesian tax law. Any late payment of tax will be subject to an interest penalty of 2% per month.

In the event that the 10% withholding tax rate does not apply, the statutory 20% withholding tax rate would apply. In such a scenario the Company and/or Subsidiary Guarantors would be required to pay such additional amounts as will result in receipt by CVPL of such amounts as would have been received by CVPL had no such withholding or deduction been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, could impose a significant burden on the Company's cash flows and could have a material adverse effect on the Company's financial condition and results of operations, and the Issuer's ability to pay interest on, and repay the principal amount of, the Notes.

In the event that the Guarantors make interest payments under the Guarantees and no tax treaty benefits are sought or available, the statutory 20% withholding tax rate would apply. In such a scenario, under the terms of the Notes, the applicable Guarantor would, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, could impose a significant burden on our cash flows and could have a material adverse effect on our financial condition and results of operations, and the Issuer's ability to pay interest on, and repay the principal amount of, the Notes.

We cannot assure you that the new CFC regulation will be implemented in a manner consistent with other countries.

On July 26, 2017 the Minister of Finance of Indonesia published a regulation updating the Indonesian Controlled Foreign Company ("CFC") regulation with effect as of fiscal year 2017. No further implementing regulations have been issued.

We cannot assure you that the new CFC regulation will be implemented in a manner consistent with other countries. If the losses of offshore subsidiaries cannot be offset against profits of subsidiaries in the same jurisdiction, net income after tax of CVPL may be considered a deemed dividend contributing to our taxable income in Indonesia. As a result, some or all of the interest income of CVPL attributable to the intercompany loan would contribute to our taxable income. Such an increase in the Parent Guarantor's taxable income, and consequent increase in tax expense, could have a material adverse effect on our financial condition and result of operations, the ability of the Parent Guarantor to pay interest on, and repay principal of, the intercompany loan, the Issuer's ability to pay interest on, and repay the principal amount of, the Notes and the ability of the Guarantors to perform their obligations under the Guarantees.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive from the offering of the Further Notes will be approximately US\$118.3 million, after deducting underwriting fees and commissions in connection with the offering of the Further Notes. The Issuer will contribute the net proceeds of this offering of the Further Notes to CVPL by way of subscription of additional ordinary shares in the capital of, and/or a shareholder loan, to CVPL which will be treated as a deemed contribution and/or loan to CVPL. CVPL will then on-lend the amounts from such deemed contribution and/or loan to the Company and/or use some of the amounts for its general corporate purposes.

We will use approximately US\$73.0 million of the net proceeds of the offering of the Further Notes to redeem all of the outstanding 2020 Notes at a redemption price of 100.0% of their principal amount plus accrued and unpaid interest, if any, to the redemption date and the remainder for general corporate purposes.

The foregoing discussion represents our current intentions and our best estimate of our allocation of the net proceeds of the offering of the Further Notes based upon our current plans and estimates regarding our anticipated expenditures. Our management, however, will have flexibility and discretion as to how we apply the net proceeds from the offering of the Further Notes. The exact amount of net proceeds from the offering of the Further Notes which we will actually apply to any particular purpose may change and we may find it necessary or advisable to use portions of the net proceeds for other purposes.

EXCHANGE RATES AND EXCHANGE CONTROLS

Bank Indonesia is the sole issuer of Rupiah and is responsible for maintaining the stability of the Rupiah. Since 1970, Indonesia has implemented three exchange rate systems: (i) a fixed rate between 1970 and 1978, (ii) a managed floating exchange rate system between 1978 and 1997, and (iii) a free floating exchange rate system since August 14, 1997. Under the second system, Bank Indonesia maintained stability of the Rupiah through a trading band policy, pursuant to which Bank Indonesia would enter the foreign currency market and buy or sell Rupiah, as required, when trading in the Rupiah exceeded bid and offer prices announced by Bank Indonesia on a daily basis. On August 14, 1997, Bank Indonesia terminated the trading band policy and permitted the exchange rate of the Rupiah to float without an announced level at which it would intervene, which resulted in a substantial subsequent decrease in the value of the Rupiah relative to the US dollar. Under the current system, the exchange rate of the Rupiah is determined solely by the market, reflecting the interaction of supply and demand in the market. Bank Indonesia may take measures, however, to maintain a stable exchange rate.

The following table sets forth information on the exchange rates between the Rupiah and US dollars based on the middle exchange rate on the last day of each month during the year indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rates.

	Middle Exchange Rates			
	High	Low	Average	At Period End
	(Rp per US\$)			
2013	12,270	9,634	10,451	12,189
2014	12,900	11,271	11,878	12,440
2015	14,728	12,444	13,392	13,795
2016	13,946	12,926	13,307	13,436
2017	13,630	13,154	13,184	13,548
2018	15,253	13,290	14,250	14,481
2019				
January	14,474	14,031	14,163	14,072
February	14,119	13,947	14,035	14,062
March	14,324	14,102	14,211	14,244
April (through April 29, 2019)	14,237	14,016	14,138	14,188

Source: Statistik Ekonomi dan Keuangan Indonesia (Indonesian Financial Statistics) published monthly by Bank Indonesia; Internet website of Bank Indonesia.

The middle exchange rate between the Rupiah and the US dollar on December 31, 2018, 2019 was Rp14,481 = US\$1.00. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Rupiah.

Exchange Controls

Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible within or from Indonesia. However, to maintain the stability of the Rupiah and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to offshore banks, an offshore branch of an Indonesian bank, or any investment denominated in Rupiah by foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia, thereby limiting offshore trading to existing sources

of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or who plan to be domiciled, in Indonesia for at least one year.

Indonesian Law on Currency

On June 28, 2011, the Indonesian House of Representatives (the Indonesian parliament) passed Law No. 7 of 2011 (the “Currency Law”) concerning the use of Rupiah. The Currency Law requires the use of and prohibits the rejection of Rupiah in certain transactions.

Article 21 of the Currency Law requires the use of Rupiah in payment transactions, monetary settlement of obligations and other financial transactions (among others, the deposit of money) within Indonesia. However, there are a number of exceptions to this rule, including certain transactions related to the state budget, income and grants from and to foreign countries, international trade transactions, foreign currency savings in a bank or international financing transactions.

Article 23 of the Currency Law prohibits the rejection of Rupiah offered as a means of payment, or to settle obligations and/or in other financial transactions within Indonesia unless there is uncertainty regarding the authenticity of the Rupiah bills offered. The prohibition does not apply to transactions in which the payment or settlement of obligations in a foreign currency has been agreed in writing.

Non-compliance with the Currency Law is punishable by criminal and/or monetary sanctions.

As the implementation of the Currency Law, on March 31, 2015, Bank Indonesia issued Regulation No. 17/3/PBI/2015 (“PBI 17/2015”) and further enacted Circular Letter of Bank Indonesia No. 17/11/DKSP on June 1, 2015 (“CL 17/2015”), which requires any party to use Rupiah for any transaction conducted within Indonesia.

PBI 17/2015 and CL 17/2015 require the use of Rupiah for cash or non-cash transactions conducted in Indonesia. The non-cash transaction is defined as a transaction involving the use of payment device or non-cash payment mechanism, including cheque, bilyet, giro, credit card, debit card, automated teller machine card (ATM), electronic money, or fund transfer.

Transactions which are exempted from the mandatory use of Rupiah are:

- (a) transactions related to the implementation of the State budget;
- (b) receipt or grant of offshore grants;
- (c) international trade transactions (such as export-import of goods and services);
- (d) bank deposits in foreign currency;
- (e) international financing transactions; and
- (f) transactions denominated in foreign currency conducted based on prevailing laws and regulations (such as any business denominated in foreign currency conducted by banks and transactions in the primary and secondary market on securities issued by the government denominated in foreign currency).

However, any additional activities related to export or import of goods (including activities using vessels, airplanes, or other transportation means such as berthing of ships at ports, loading and unloading of containers, temporary storage containers at ports, and parking of airplanes at airports) are not categorized as “international commercial transactions” and, therefore, are subject to the mandatory use of Rupiah.

According to CL 17/2015, businesses in Indonesia must only quote prices of goods and/or services in Rupiah and are prohibited from quoting prices of such goods and/or services if such prices are listed both in Rupiah and foreign currency elsewhere. This restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in property sale and purchase, tourism services fees or consultancy services fees, (iii) leasing fees, (iv) tariffs, such as loading/unloading tariff for cargos at the seaport or airplane ticket tariff, (v) price lists, such as restaurant menus, (vi) contracts, such as for the clauses on pricing or fee, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

PBI 17/2015 sets forth that a recipient is prohibited from refusing to receive Rupiah as a means of payment or for the settlement of Rupiah obligations or other financial transactions within Indonesia, unless there is doubt as to the authenticity of the Rupiah paid in a cash transaction or an obligation to settle in a foreign currency is agreed in writing by the parties. Article 10(3) of PBI 17/2015 further clarifies that the exemption applies only for:

- (a) agreements relating to transactions exempted from the mandatory use of Rupiah as referred to in PBI 17/2015; or
- (b) agreements for “Strategic Infrastructure Projects” which have been approved by Bank Indonesia. “Strategic Infrastructure Projects” include transportation infrastructure (including airport services, port services, and railways facilities and infrastructure), roads, irrigation, drinking water infrastructure, sanitation infrastructure, telecommunication and information infrastructure, power infrastructure, and oil and gas infrastructure, funded by offshore borrowings from bilateral and multilateral agencies (such as IFC, JBIC, JICA, ADB, IDB) (or if the borrowing is in the form of a syndicated loan, if the contribution of these agencies exceeds 50%). In this case, statement letters from the relevant ministries or government agencies must be obtained for these projects (stating that the projects are indeed strategic infrastructure projects).

Purchasing of Foreign Currencies against Rupiah through Banks

On September 5, 2016, Bank Indonesia issued Regulation No. 18/18/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties (“PBI 18/18/2016”) and further enacted Governor of Bank Indonesia Regulation No. 20/16/PADG/2018 on August 15, 2018 (“PADG 20/2018”). Under PBI 18/18/2016 and PADG 20/2018, any conversion of Rupiah into foreign currency for spot and standard derivative (plain vanilla) transactions that exceeds a specific threshold is required to have an underlying transaction and supported by underlying transaction documents. Such underlying transaction and its supporting underlying transaction documents also required for transactions of foreign exchange structured product in the form of a Call Spread Option, in any amount. Further, the maximum amount of such foreign exchange conversion cannot exceed the value of the underlying transaction.

The underlying transaction may consist of: (a) domestic and international trade of goods and services; (b) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia; and/or (c) the granting of facility or financing from Bank in foreign currencies and/or Rupiah for trade and investment activities. Furthermore, PADG 20/2018 extends the scope of the underlying transaction in (c) above to include sharing principle facilities or financing. The underlying transaction may not include (a) a placement of funds in banks in the form of, among others, saving account, demand deposit account, time deposit, or Negotiable Certificate Deposit (“NCD”); (b) money transfers by a remittance company; (c) undrawn credit facilities, including standby loans and undisbursed loans; and (d) usage of Bank Indonesia securities in foreign currencies.

Indonesian companies purchasing foreign currencies from Banks by way of (i) spot transactions and (ii) standard derivative (plain vanilla) transactions in excess of US\$25,000 and US\$100,000, respectively, will be required to submit certain supporting documents to the selling bank, including, among others, a duly stamped or authenticated written statement by the Company confirming that the underlying transaction document is valid and correct, and the amount of foreign currency purchased is or will not exceed the

amount stated in the underlying transaction document. For the purchase of foreign currencies not exceeding such thresholds, the company must declare in a duly stamped or authenticated written statement by the Company letter that its aggregate foreign currency purchases do not exceed the thresholds in the Indonesian banking system.

Bank Indonesia also issued Bank Indonesia Regulation No. 18/19/PBI/2016 dated September 5, 2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties (“PBI 18/19/2016”). Similar to PBI 18/18/2016, PBI 18/19/2016 is intended to comprehensively govern foreign exchange transactions against Rupiah in Indonesia. However, unlike PBI 18/18/2016, which targets Indonesian bank customers, PBI 18/19/2016 governs foreign exchange transactions by banks and foreign parties.

PBI 18/19/2016 also requires an underlying transaction if a foreign exchange transaction exceeds certain threshold amounts. The thresholds set forth by PBI 18/19/2016, which are similar to the threshold amounts under PBI 18/18/2016, are: (i) for spot transactions, a purchase of foreign exchange against the Rupiah equivalent of US\$25,000 per month per foreign party, or its equivalent; and (ii) for derivative transactions, the sale and purchase of foreign exchange against the Rupiah equivalent of US\$1 million per transaction per foreign party or per outstanding amount of each of the derivative transaction per bank, or its equivalent.

The underlying transaction under PBI 18/19/2016 may consist of: (a) domestic and international trade of goods and services; and/or (b) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia.

The following transactions are not considered as underlying transactions: (i) Bank Indonesia Certificates for derivative transactions, (ii) a placement of funds in banks (vostro account) in the form of saving account, demand deposit account, time deposit, or NCD; (iii) the granting of facility which has not been withdrawn, such as standby loan and disbursed loan; and (iv) the usage of Bank Indonesia securities in foreign currencies.

CAPITALIZATION AND INDEBTEDNESS

The following table shows our cash and cash equivalents and our capitalization and indebtedness as of December 31, 2018, which has been prepared in accordance with Indonesian FAS, on an actual and as adjusted basis. This information has been extracted from our consolidated financial statements as of December 31, 2018. The “As adjusted” data set forth below gives effect to (i) the issuance of the Further Notes in this offering, (ii) the issuance of the 2021 Notes on January 22, 2019, (iii) the use of a portion of the net proceeds of the offering of the 2021 Notes to partially redeem the 2020 Notes, (iv) the use of approximately US\$73.0 million of the net proceeds therefrom to redeem all of the outstanding 2020 Notes at a redemption price of 100.0% of their principal amount plus accrued and unpaid interest, if any, to the redemption date and (v) the deposit of the remaining net proceeds in temporary cash deposits pending use thereof. See “Use of Proceeds.”

You should read this information in conjunction with our financial statements and the related notes included elsewhere in this Offering Memorandum and the sections in this Offering Memorandum entitled “Selected Consolidated Financial Information and Operating Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of December 31, 2018			
	Actual		As Adjusted ⁽¹⁾	
	Rp	US\$	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Cash and cash equivalents	459.0	31.7	1,197.7	82.7
Time Deposits	206.5	14.3	206.5	14.3
Indebtedness:				
Bank loans ⁽²⁾	851.5	58.8	851.5	58.8
Senior Notes due 2020	3,381.8	233.5	—	—
Senior Notes due 2021 ⁽³⁾	—	—	2,525.4	174.4
Original Notes	3,500.8	241.8	3,500.8	241.8
Further Notes issued ⁽⁴⁾	—	—	1,722.8	119.0
Total indebtedness	7,734.1	534.1	8,600.5	594.0
Equity:				
Share capital (par value Rp100 per share)				
(actual and as adjusted):				
Authorized capital – 24,000,000,000 shares				
(actual and as adjusted) Subscribed and				
paid-in capital	1,964.9	135.7	1,964.9	135.7
Additional paid-in capital	676.6	46.7	676.6	46.7
Difference in transactions with				
non-controlling interests	(99.8)	(6.9)	(99.8)	(6.9)
Appropriated retained earnings	7.0	0.5	7.0	0.5
Unappropriated retained earnings	6,894.7	476.1	6,766.5	467.3
Non-controlling interests	107.9	7.4	107.9	7.4
Total equity	9,551.4	659.6	9,423.1	650.7
Total capitalization and indebtedness	17,285.5	1,193.7	18,023.7	1,244.6

-
- (1) The “As Adjusted” column reflects (i) the issuance of the Further Notes in this offering, (ii) the issuance of the 2021 Notes on January 22, 2019, (iii) the use of a portion of the net proceeds of the offering of the 2021 Notes to partially redeem the 2020 Notes, (iv) the use of approximately US\$73.0 million of the net proceeds therefrom to redeem all of the outstanding 2020 Notes at a redemption price of 100.0% of their principal amount plus accrued and unpaid interest, if any, to the redemption date and (v) the deposit of the remaining net proceeds in temporary cash deposits pending use thereof.
 - (2) See “Description of Material Indebtedness” for a description of our indebtedness.
 - (3) Issued on January 22, 2019.
 - (4) This amount does not take into account the underwriting fees and commissions in connection with the offering of the Further Notes, which will be deducted from the gross proceeds of the offering of the Further Notes.

Except as disclosed or contemplated in this Offering Memorandum, there has been no material change in our capitalization since December 31, 2018.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the selected financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the section of this Offering Memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We have derived the selected consolidated statements of profit or loss and other comprehensive income and cash flows and other financial data for the years ended December 31, 2016, 2017 and 2018 and the selected consolidated statements of financial position as of December 31, 2016, 2017 and 2018 in the tables below from our audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018.

Our audited financial statements as of and for the years ended December 31, 2016, 2017 and 2018 were audited, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (Institut Akuntan Publik Indonesia or “IAPI”), by Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan (formerly known as Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan, an independent member of PKF International) (“PKF”), independent public accountants, who expressed an unqualified opinion on such financial statements, as stated in their audit report appearing in this Offering Memorandum.

The historical results presented below are not necessarily indicative of the results that may be expected for any future period. Further our results for any interim period may not be indicative of our results for the full year or for any period.

We have prepared and presented our consolidated financial statements in accordance with Indonesian FAS, which differs in certain material respects from IFRS. You should read the section of this Offering Memorandum entitled “Summary of Certain Significant Differences between Indonesian FAS and IFRS” for a description of certain principal differences between Indonesian FAS and IFRS.

	Year ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
<i>(Rp in billions and US\$ in millions)</i>				
Consolidated Statements of Profit or Loss and Other Comprehensive Income				
Sales, services and other revenues	2,715.7	3,917.1	3,975.3	274.5
Costs of sales, services and other revenues . .	1,250.8	1,541.1	1,531.3	105.7
Gross profit.	1,464.9	2,376.0	2,444.0	168.8
Selling expenses	(78.4)	(93.5)	(138.8)	(9.6)
General and administrative expenses	(290.0)	(297.0)	(327.2)	(22.6)
Final tax expenses	(132.1)	(130.9)	(119.6)	(8.3)
Interest income	53.1	42.7	19.1	1.3
Interest expenses	(225.6)	(314.1)	(442.4)	(30.6)
Hedging premium expense	(86.3)	(83.3)	(84.5)	(5.8)
Bank charges and provision	(4.9)	(14.1)	(1.6)	(0.1)
Bonds payable redemption expenses	(220.9)	–	–	–
Gain/(loss) on sale of fixed assets	0.0	0.2	0.0	0.0
Foreign exchange gain/(loss) – net	157.4	(31.8)	(316.8)	(21.9)
Others	(45.8)	(9.6)	3.2	0.2
Total	(873.5)	(931.4)	1,408.7	97.3
Profit before tax expenses	591.4	1,444.7	1,035.3	71.5
Tax expenses	81.1	59.5	64.7	4.5
Profit for the year.	510.2	1,385.2	970.6	67.0
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss				
– Remeasurement of a net defined benefit liability	10.7	(7.4)	8.4	0.6
– Income tax related to items that will not be reclassified subsequently to profit or loss	(0.3)	0.2	(0.3)	(0.0)
Items that will be reclassified subsequently to profit or loss				
	–	–	–	–
Total other comprehensive income after tax . .	10.4	(7.2)	8.1	0.6
Total comprehensive income for the year . .	520.6	1,377.9	978.7	67.6

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	(Rp in billions and US\$ in millions)			
Consolidated Statements of Financial Position				
Assets				
Current Assets				
Cash and cash equivalents	1,189.5	718.1	459.0	31.7
Time deposits	246.3	234.6	206.5	14.3
Other current financial assets	143.8	83.7	80.1	5.5
Trade receivables				
Third parties – net of allowance for declining in value amounting to Rp31,161,655 thousand (December 31, 2018), Rp22,842,525 thousand (December 31, 2017) and Rp16,710,294 thousand (December 31, 2016)	178.0	200.7	202.2	14.0
Related parties	0.0	9.6	9.4	0.7
Other receivables	18.6	21.9	22.3	1.5
Due from related parties	2.7	1.1	0.2	0.0
Inventories	1,208.5	960.8	414.6	28.6
Prepaid taxes	90.2	79.5	42.7	2.9
Prepaid expenses	3.8	6.6	5.5	0.4
Advance payments	1.0	1.3	7.4	0.5
Total current assets	3,082.3	2,318.0	1,449.8	100.1
Non-current assets				
Other non-current financial assets	654.4	682.8	805.5	55.6
Inventories	4,781.9	4,541.6	4,899.9	338.4
Prepaid taxes	29.0	8.0	18.6	1.3
Land for development	9,169.6	10,415.6	10,982.3	758.4
Advance for land purchases	161.3	325.8	192.2	13.3
Investment properties				
– net of accumulated depreciation of Rp213,552,448 thousand (December 31, 2018), Rp175,018,590 thousand (December 31, 2017) and Rp137,323,134 thousand (December 31, 2016)	1,007.9	1,037.5	1,042.3	72.0
Fixed assets				
– net of accumulated depreciation of Rp277,430,288 thousand (December 31, 2018), Rp229,618,134 thousand (December 31, 2017) and Rp 183,188,534 thousand (December 31, 2016)	1,148.6	1,225.4	1,329.3	91.8
Other assets	151.1	173.9	171.0	11.8
Total non-current assets	17,103.8	18,410.5	19,441.1	1,342.5
Total assets	20,186.1	20,728.4	20,890.9	1,442.6

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	(Rp in billions and US\$ in millions)			
Liabilities				
Current Liabilities				
Trade payables				
Third parties	345.7	198.3	220.6	15.2
Related parties	2.0	3.0	5.5	0.4
Others payable				
Third parties	273.6	353.8	421.8	29.1
Related parties	10.2	9.1	8.8	0.6
Taxes payable	111.3	44.3	23.3	1.6
Accrued expenses	160.1	163.1	178.8	12.3
Unearned revenue	54.0	36.4	36.5	2.5
Due to related parties	142.4	42.0	43.6	3.0
Deposit for future stock subscription	–	100.0	100.0	6.9
Sales advances	2,012.3	1,758.9	760.4	52.5
Current portion of long term bank loan	322.6	434.6	425.4	29.4
Total current liabilities	3,434.2	3,143.5	2,224.5	153.6
Non-current liabilities				
Deferred tax liabilities	10.1	8.1	8.4	0.6
Sales advances	669.7	515.1	650.8	44.9
Long term bank loans	1,189.3	788.5	426.1	29.4
Bonds payable	6,321.9	6,405.7	6,882.6	475.3
Refundable deposits	1,304.4	1,211.3	1,062.2	73.4
Employee benefits liability	68.6	83.6	84.8	5.9
Total non-current liabilities	9,564.1	9,012.3	9,115.0	629.4
Total liabilities	12,998.3	12,155.7	11,339.6	783.1
Equity				
Equity attributable to owners of the Company				
Share capital				
Authorized capital – 24,000,000,000 shares, par value of Rp100 (full Rupiah) per share				
Issued and fully paid 19,649,411,888 shares . .	1,964.9	1,964.9	1,964.9	135.7
Additional paid in capital-net	637.2	676.6	676.6	46.7
Difference in transactions with non-controlling interests	(99.8)	(99.8)	(99.8)	(6.9)
Retained earnings:				
Appropriated	5.0	6.0	7.0	0.5
Unappropriated	4,575.3	5,917.6	6,894.7	476.1
Total equity attributable to owners of the parent entity	7,082.7	8,465.4	9,443.5	652.1
Non-controlling interests	105.2	107.3	107.9	7.5
Total equity	7,187.8	8,572.7	9,551.4	659.6
Total liabilities and equity	20,186.1	20,728.4	20,890.9	1,442.6

	Year ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Cash flows from operating activities				
Cash receipt from customers	3,867.3	3,446.2	2,968.1	205.0
Cash payments to:				
Directors and employees	(159.5)	(183.7)	(198.4)	(13.7)
Contractors, suppliers and operations	(2,051.3)	(1,288.3)	(1,257.3)	(86.8)
Cash generated from operations	1,656.4	1,974.2	1,512.4	104.4
Interest income	53.1	42.7	19.1	1.3
Tax payments	(208.0)	(178.3)	(155.1)	(10.7)
(Payment) from other parties who are not customers	(19.5)	(12.7)	(6.8)	(0.5)
Net cash from operating activities	1,482.0	1,826.0	1,369.7	94.6
Cash flows from investing activities				
(Increase)/decrease in interest mortgage collateral	(41.4)	(35.9)	3.6	0.2
Addition to land for development	(34.3)	(631.4)	(231.2)	(16.0)
(Increase) in advance for land purchases	(273.5)	(732.9)	(323.2)	(22.3)
Addition to investment properties	(1.4)	(3.2)	(24.9)	(1.7)
Addition to fixed assets	(80.1)	(91.1)	(149.1)	(10.3)
Proceeds from sales of fixed assets	0.0	0.5	0.0	0.0
Decrease in time deposits	53.8	11.7	28.1	1.9
Net cash used for investing activities	(377.0)	(1,482.4)	(696.8)	(48.1)
Cash flows from financing activities				
Tax amnesty assets	–	14.0	–	–
Increase/(decrease) in bank loan	362.4	(288.7)	(434.6)	(30.0)
Drawdown of bank loan	–	–	63.0	4.4
Placement in interest reserve accounts	(7.1)	(8.4)	10.0	0.7
Interest payment	(751.2)	(599.1)	(579.6)	(40.0)
Redemption of bonds payable – net	(3,234.0)	–	–	–
Bond issuance – net	3,114.8	–	–	–
(Increase)/decrease in amount due from related parties	(0.2)	1.6	0.9	0.1
Received of hedging benefit	–	95.9	–	–
Addition of advance on paid in capital in subsidiary by non-controlling interest	–	100.0	–	–
Dividend payment	–	(29.5)	–	–
Increase/(decrease) in amount due to related parties	(38.5)	(101.6)	1.6	0.1
Net cash used for financing activities	(553.9)	(815.9)	(938.8)	(64.8)
Net increase/(decrease) in cash and cash equivalents	551.1	(472.4)	(265.9)	(18.4)
Cash and cash equivalents at beginning of the year	638.4	1,189.5	718.1	49.6
Effect of exchange rate changes on cash and cash equivalents	–	1.0	6.8	0.5
Cash and cash equivalents at end of the year	1,189.5	718.1	459.0	31.7

The following tables set forth certain key financial information for the periods presented.

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions, except ratios)</i>			
Adjusted EBITDA ⁽¹⁾	1,180.3	2,090.0	2,084.9	144.0
Adjusted EBITDA/Interest expense ⁽²⁾	1.7	3.3	3.4	—
Capital expenditures	389.3	1,458.6	728.4	50.3

Notes:

- (1) Our Adjusted EBITDA consists of profit before tax expenses plus (i) final tax expense, (ii) interest expense, (iii) hedging premium expense, (iv) foreign exchange loss (or gain), (v) bonds payable redemption expenses (if any) and (vi) depreciation and amortization in each case, for such period. We believe that Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense), and non-recurring expenses, such as bonds payable redemption expenses. Adjusted EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-GAAP/non-IFRS financial measures when reporting their results. Finally, Adjusted EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our financial condition or results of operations as reported under Indonesian FAS. In addition, Adjusted EBITDA as presented in this Offering Memorandum is calculated differently from EBITDA as defined in the Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes, as well as certain of our agreements. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses. See “Non-GAAP Financial Measures.” We calculate our Adjusted EBITDA as follows:

	For the years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Profit before tax expense	591.3	1,444.7	1,035.3	71.5
(+) Final tax expense	132.1	130.9	119.6	8.3
(+) Interest expense	225.6	314.1	442.4	30.6
(+) Hedging premium expense	86.3	83.3	84.5	5.8
(+) Foreign exchange loss (gain)	(157.4)	31.8	316.8	21.9
(+) Bonds payable redemption expenses	220.9	—	—	—
(+) Depreciation and amortization	81.4	85.2	86.3	6.0
Adjusted EBITDA	1,180.3	2,090.0	2,084.9	144.0

- (2) Interest expense includes capitalized interest expense. Adjusted EBITDA/Interest expense is calculated differently from Fixed Charge Coverage Ratio as defined in the Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes, as well as certain of our agreements.

Operating Data

	Year ended December 31,		
	2016	2017	2018
Residential property			
Landed Housing Clusters			
Alam Sutera township			
Number of landed houses sold	12	32	290
Total land area sold (square meters)	3,835	10,097	37,139
Total building area sold (square meters)	3,350	8,171	38,618
Average selling price ⁽¹⁾ (Rp billion per unit)	5.0	4.7	2.5
Suvarna Sutera township			
Number of landed houses sold	1,164	936	420
Total land area sold (square meters)	168,617	131,493	59,523
Total building area sold (square meters)	104,091	88,497	39,776
Average selling price ⁽¹⁾ (Rp billion per unit)	0.8	0.9	1.0
Land Lots Residential			
Alam Sutera township			
Number of land lots sold	21	10	28
Total land area sold (square meters)	11,695	4,387	7,226
Average selling price (Rp million per square meter)	6.3	11.3	12.3
Suvarna Sutera township			
Number of land lots sold	300	30	66
Total land area sold (square meters)	85,287	9,095	24,814
Average selling price (Rp million per square meter)	2.9	2.8	3.6
Apartments			
Number of units sold	157	1,524	462
Total building area sold (square meters)	8,340	54,325	18,305
Average selling price (Rp million per square meter)	18.7	12.4	14.7
Commercial property for sale			
Shophouses			
Alam Sutera Township			
Number of shophouses sold	2	2	48
Total land area sold (square meters)	216	166	4,232
Total building area sold (square meters)	838	444	10,894
Average selling price ⁽¹⁾ (Rp billion per unit)	1.9	2.0	2.8
Suvarna Sutera township			
Number of shophouses sold	28	112	15
Total land area sold (square meters)	2,309	21,269	1,294
Total building area sold (square meters)	6,147	26,939	3,453
Average selling price ⁽¹⁾ (Rp billion per unit)	1.4	2.1	1.5

	Year ended December 31,		
	2016	2017	2018
Land Lots Commercial			
Alam Sutera township			
Number of land lots sold	4	3	4
Total land area sold (square meters)	23,815	15,282	27,350
Average selling price (Rp million per square meter)	18.6	14.0	10.9
Suvarna Sutera township			
Number of land lots sold	2	2	8
Total land area sold (square meters)	179,266	636,389	562,133
Average selling price (Rp million per square meter)	0.8	2.0	2.1
Office tower			
Number of units sold	53	1	13
Total building area sold (square meters)	15,892	255	7,844
Average selling price (Rp million per square meter) . .	17.7	19.0	36.9
Commercial property for lease			
Flavor Bliss Phase 1			
Total leasable area (square meters)	5,573	5,573	5,573
Average occupancy rate	100%	95.7%	95.4%
Average rent (Rp thousands per square meter per month)	126.2	119.6	93.1
Flavor Bliss Phase 2			
Total leasable area (square meters)	12,750	12,750	12,281
Average occupancy rate	82.8% ⁽²⁾	60.8% ⁽²⁾	84.7% ⁽²⁾
Average rent (Rp thousands per square meter per month)	99.9	105.7	105.9
Pasar 8			
Number of stall leased	289	294	304
Average occupancy rate	92.9%	94.5%	97.7%
Average rent (Rp thousands per stall per month) . .	487.7	540.1	594.9
Mall@Alam Sutera			
Total leasable area (square meters)	67,722	67,722	67,722
Average occupancy rate	91.4% ⁽²⁾	90.0% ⁽²⁾	68.0% ⁽²⁾
Average rent (Rp thousands per square meter per month)	90.2	85.1	100.5

(1) Average selling price for landed housing clusters and shophouses is calculated by dividing the aggregate selling price of the landed houses and shophouses, respectively, for the relevant periods by the total number of units sold.

(2) For the period from the date on which the property was launched for lease to December 31, 2016, 2017 and 2018.

THE ISSUER

General

The Issuer of the Notes, Alam Synergy Pte. Ltd., was incorporated on February 26, 2013 under the laws of Singapore as a private company with limited liability and its company registration number is 201305124Z. The registered office of the Issuer is located at 1 Raffles Place, #28-02 One Raffles Place, Singapore 048616. The Issuer is a wholly-owned subsidiary of the Company.

Business Activity

The principal object of the Issuer is set out in Article 3 of its constitution and is to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in Singapore. As such, the Issuer is, inter alia, authorized to issue the Notes and to finance the business of the Company, including entering into the Indenture and any other transaction documents to which it is or will be a party. The Issuer has not engaged, since its incorporation, in any business activities other than the issuance of certain notes including the 2020 Notes, the 2021 Notes, the Original Notes and the proposed issue of the Further Notes and the authorization of documents and agreements referred to in this Offering Memorandum to which it is or will be a party.

The issuance of the Further Notes was approved by the Board of Directors on behalf of the Issuer on April 25, 2019.

Management

The directors of the Issuer are Irawati Widodo, Chong Weiyi and Gunawan Rusli, each of whose address for the purpose of their directorships of the Issuer is 1 Raffles Place, #28-02 One Raffles Place, Singapore 048616.

Capitalization

The Issuer has an issued and paid-up share capital of US\$1.00 comprising one ordinary share. As of the date of this Offering Memorandum, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than the indebtedness under the 2020 Notes, the 2021 Notes, the Original Notes and except as otherwise described in this Offering Memorandum.

For further general information on the Issuer, see “General Information.”

CARLISLE VENTURE PTE. LTD.

General

CVPL was incorporated on February 26, 2013 under the laws of Singapore as a private company with limited liability and its company registration number is 201305128D. The registered office of CVPL is located at 1 Raffles Place, #28-02 One Raffles Place, Singapore 048616. CVPL is a wholly owned subsidiary of the Issuer.

Business Activity

The principal object of CVPL is set out in Article 3 of its constitution. The directors of CVPL may undertake any business which CVPL is expressly or by implication empowered to undertake. CVPL is, inter alia, authorized to use the funds obtained from the Issuer to fund our corporate purposes by granting one or more loans or through other funding methods to the Company and/or its subsidiaries. CVPL has not engaged, since its incorporation, in any business activities other than (i) being the borrower under intercompany loans granted by the Issuer and the granting of loans to the Company and certain of its subsidiaries in relation to the net proceeds of certain notes, including the 2020 Notes, the 2021 Notes and the Original Notes, (ii) the authorization of documents and agreements referred to in this Offering Memorandum to which it is or will be a party and (iii) trading activities, including the trading of plastics materials.

Management

The directors of CVPL are Irawati Widodo, Choo Kooi Yoon Stephen and Tan Lian Kiow, each of whose address for the purpose of their directorships of CVPL is 1 Raffles Place, #28-02 One Raffles Place, Singapore 048616.

Capitalization

CVPL has an issued and paid-up share capital of US\$439,550,001 comprising 439,550,001 ordinary shares. As of the date of this Offering Memorandum, CVPL has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than the indebtedness under the intercompany loans granted by the Issuer to CVPL and except as otherwise described in this Offering Memorandum.

For further general information on CVPL, see “General Information.”

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with our financial statements, including the notes thereto. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See “Forward-Looking Statements and Associated Risks” for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under “Risk Factors” and elsewhere in this Offering Memorandum. Our financial statements have been prepared in accordance with Indonesian FAS. Indonesian FAS differs in certain material respects from IFRS. For a summary of significant differences between Indonesian FAS and IFRS, see “Summary of Certain Significant Differences Between Indonesian FAS and IFRS”.

Overview

We are one of the first Indonesian urban development companies to have developed and managed a large-scale, self-contained township that includes residential and commercial properties as well as complementary facilities and infrastructure within the township. Our Alam Sutera township in Serpong, Tangerang, which we have been developing since 1994, is located 15 kilometers west of Central Jakarta and is a large-scale mixed-use development with direct access to the Jakarta-Merak toll road, a major toll road into downtown Jakarta. The township spans a total site area of approximately 800 hectares, approximately 678 hectares of which had been developed. Our landbank available for development at the Alam Sutera township in Serpong, Tangerang was approximately 122 hectares as of December 31, 2018 and was valued at Rp18.4 trillion as of October 31, 2018 by KJPP.

We offer primarily middle to high-end residential properties in our Alam Sutera township, which we believe are attractive to the growing middle to high-income population in Greater Jakarta. We believe that we are one of the pioneers in Indonesia in the development of the “residential cluster” model for residential housing, in which typically 150 to 500 houses are developed within a large gated area of approximately four to 23 hectares to produce an exclusive and secure environment. Our customers can choose to purchase either land lots on which they may design and construct residential houses or commercial buildings of their own design and at their own expense, or residential houses or commercial buildings that we have constructed together with the land lots. We also offer commercial properties that are strategically located along the main roads of our Alam Sutera township, catering to a variety of businesses ranging from small-to-medium enterprises to large local and international companies. The commercial properties in our Alam Sutera township include developments such as office towers, retail malls, shophouses and multi-functional warehouses which are either developed by us or third parties. Phase 1 of our Alam Sutera township, which spans a total of 450 hectares, consisted primarily of residential clusters and shophouses. We are currently developing Phase 2 of our Alam Sutera township, diversifying our commercial property offerings to include retail facilities such as the Mall@Alam Sutera, a large-scale shopping center which commenced operations in December 2012, and office towers, the first of which was a 20-story strata title office tower named Synergy Building that was completed in the third quarter of 2012. We completed the construction of our second office tower, The Prominence Office Tower, in the first half of 2016. As of December 31, 2018, we had sold or leased a total of 14,184 land lots and properties that we have developed in Alam Sutera, of which 8,075 were residential land lots and properties located within 37 residential clusters. We have sold all units of Silkwood Residences and 411 units of Paddington Heights as of December 31, 2018.

We expect to continue to offer both residential and commercial properties at Alam Sutera for sale and lease. As of December 31, 2018, the population of Alam Sutera was approximately 36,304 people. The future JORR II, which is expected to be developed in the next few years, will link the Alam Sutera township directly to the Soekarno-Hatta International Airport, positioning it as an attractive secondary business district for Greater Jakarta and a meetings, incentive, convention and entertainment venue.

Our wholly-owned subsidiary, TMRE, holds a development license for 550 hectares of land in North Serpong, Tangerang. We are in the process of acquiring additional land, which is located in North Serpong, Tangerang, adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire approximately 150 hectares of land from Modernland. As of December 31, 2018, we have acquired 114 hectares of land from Modernland and expect to settle the remaining area of land within the next two years. We plan to consolidate this landbank, together with other land plots in North Serpong, Tangerang which we have acquired or will be acquiring, into a contiguous site and develop it as Phase 3 of our Alam Sutera township. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “Business – Landbank”. We plan to prepare a master plan for the development of the land in North Serpong once we have acquired most of the land that we require for development.

Our operating model is to develop a township over multiple phases as consolidated areas of land become available and to control demand for properties in our developments by coordinating the timing of when they come to market to match peak demand periods. We design our township developments based on target market segments that we have identified for our projects, including professionals and young executives for our residential properties, and local and international companies for our commercial properties. While we utilize contractors for certain aspects of the developments, we undertake master planning together with international consultants and architectural design with local and international consultants. We manage project development internally, which allows us to retain greater control and oversight of the budget and development timeline.

We are also in the process of acquiring and consolidating tracts of predominantly undeveloped land in Tangerang to develop our second mixed-use residential and commercial township: the Suvarna Sutera township in Pasar Kemis, which is located approximately 15 kilometers to the west of our Alam Sutera township and which is modeled after our Alam Sutera township. The Suvarna Sutera township is strategically located along the Jakarta-Merak toll road and is expected to have direct access to the toll road and also to the Soekarno-Hatta International Airport through the intersection of the existing Jakarta-Merak toll road with the proposed Tangerang Outer Ring Road.

We are currently actively focusing our efforts on planning and developing the Suvarna Sutera township. We have launched 21 clusters with a total land area of approximately 150.4 hectares in the township. We successfully launched our residential clusters, namely, Cempaka, Akasia, Puri Ayu, Mahoni and Puri Agung, in the Suvarna Padi Golf Estate of the Suvarna Sutera township between 2011 and 2013. We also launched additional residential clusters in 2013 and 2014, namely, the Alam, Bayu, Citra, Dhana, Elysia, Fedora, Giri, Helios and Indira clusters, in the Suvarna Jati “super cluster” of the township, and in 2014 we launched our Abira residential cluster which is part of the new Suvarna Padma “super cluster”. In 2015, we launched the Andara and Bahana residential clusters as part of the Suvarna Sari “super cluster”, Bianca residential cluster in the Suvarna Padma “super cluster” and also launched our first shophouses, Terrace 8, in the Suvarna Sutera township. We sold all 137 units available on the launch day. In 2016, we launched the Daru cluster as part of Suvarna Sari “super cluster”. In 2017, we launched the Chiara cluster, which is also a part of the Suvarna Sari “super cluster”, and a new shophouse project at Terrace 9. As of December 31, 2018, we have, on average, sold 90.6% of the houses and land lots that we had launched for sale in the Suvarna Sutera township. As of December 31, 2018, we have accumulated 1,620 hectares in Pasar Kemis. See “Business – Our Properties”.

In July 2012, we acquired approximately 7,290 square meters of land located in the CBD for Rp348.9 billion in order to construct an office building, The Tower. Construction of The Tower was completed in August 2016. In December 2012, we entered into a conditional sale and purchase agreement to acquire the WAM building, as well as a total of approximately 8,434 square meters of land on which the building stands and the land adjacent to the building, for an aggregate consideration of Rp327.3 billion. The sale and purchase transaction was completed on September 30, 2013. We plan to redevelop the WAM building into a combination of a premium office tower and apartments. See “Business – Developments in Jakarta CBD”.

In addition, in 2012 we acquired a 90.3% stake in PT Garuda Adhimatra Indonesia, which holds title over land located in the GWK Cultural Park in Bali for a total consideration of Rp812.6 billion. The GWK Cultural Park is a tourist attraction that is expected to become part of a 60 hectare mixed-used development in which we plan to include residential, hospitality and commercial properties for sale and for lease. See “Business – Garuda Wisnu Kencana Cultural Park” for details on the development of the GWK Cultural Park.

As of December 31, 2018, we had a landbank of approximately 2,262 hectares, of which approximately 90% was located in the Tangerang region in Greater Jakarta. A breakdown of our total landbank by location is set out below:

Location	Landbank as of June 30, 2016	Valuation⁽²⁾	Landbank as of December 31, 2018
	<i>(hectares)</i>	<i>(Rp billion)</i>	<i>(hectares)</i>
Serpong, Tangerang	154	18,392	122
Pasar Kemis, Tangerang	1,561	10,367	1,620
North Serpong, Tangerang ⁽¹⁾	262	6,951	272
Cikokol, Tangerang	15	N/A	15
Cianjur, West Java	80	N/A	80
Puncak, Cimacan	9	N/A	9
Sanur, Bali	6	N/A	6
Ungasan, South Kuta District, Bali . .	63	N/A	63
Tanjung Pinang, Riau	75	N/A	75
Total	<u>2,225</u>		<u>2,262</u>

(1) This refers to land located adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. As of December 31, 2018, we have acquired a total of 114 hectares of land from Modernland under the master agreement.

(2) The valuations of the landbank are based on the valuations conducted by KJPP on the landbank area as of October 31, 2018.

In addition to the landbank area set out above, we have acquired more land in Pasar Kemis and are in the process of obtaining or perfecting the relevant title, including the Certificate of Right to Build and the Deed of Relinquishment.

We have received the following awards and rankings:

Year	Award
2009	<ul style="list-style-type: none"> FIABCI Indonesia – BNI Prix d’Excellence Award for the Category of Best Master Plan for our Alam Sutera township
2010	<ul style="list-style-type: none"> Best Residential Developer in Indonesia by Euro money magazine Ranked first by Investor Magazine in the Best Listed Company in the Property and Building Construction category
2011	<ul style="list-style-type: none"> Ranked third by Investor Magazine in the Top Performing Listed Company category Placed on the A-List of the top 40 best performing small and mid-sized listed companies by Forbes Indonesia

Year	Award
2012	<ul style="list-style-type: none"> Placed amongst the Top Performing Listed Companies by Investor Magazine and was ranked sixth out of the Top 50 Best Companies by Forbes Indonesia Capital Market award for the category of Best Share Issuer with Market Capitalization up to Rp10 trillion from the Indonesia Stock Exchange Top Ten Developers award from BCI Asia FIABCI Indonesia – BNI Prix d’Excellence Award for Outstanding Achievement Master Plan in 2012
2013	<ul style="list-style-type: none"> Top Ten Developers award from BCI Asia Placed amongst the Top Performing Listed Companies 2013 by Investor Magazine for companies with market capitalization above Rp10 trillion Platinum Brand Champion of Most Preferred Developer Brand from MarkPlus Inc. for developers with assets below Rp15 trillion Ranked first by Forbes Asia amongst region’s top 200 small and mid-size companies
2014	<ul style="list-style-type: none"> Top Ten Developers award from BCI Asia Ranked fifth by Forbes Indonesia amongst Indonesia’s top 50 best companies Ranked first by Finance Asia as the Best Mid-Cap among Asia’s best companies Indonesia WOW Brand – Silver Champion Residential Property Developer Indocement Awards – Best Innovation in Sustainable Development IFLA APR Awards – Merit Award in the category Landscape Planning
2015	<ul style="list-style-type: none"> Top 50 Companies (Ranked 16th) in Best of the Best Awards 2015 by Forbes Indonesia Golden Award for Winning Five Years in a Row by Forbes Indonesia Indonesia Wow Brand – Bronze Champion Residential Property Developer Top Ten Developers award from BCI Asia Golden Property Awards of Indonesia Property Watch: Best Township Development Project Consumer Choice Awards by rumah123.com – Most Recommended Residential Project
2016	<ul style="list-style-type: none"> Top Ten Developers Award from BCI Asia Indonesia Property Awards – Alam Sutera as Highly Recognized Township Green Property Awards 2016 for the category of Green Planning Housing Estate – New Cluster for Cluster Leora Bali Best Brand Awards – The Best Park in Bali (for GWK Cultural Park Project)
2017	<ul style="list-style-type: none"> 100 Fastest Growing Companies Award by Infobank (Ranked 9th) Winner of Indonesia and Bali Leading Cultural Park from Indonesia Travel and Tourism Award for the GWK project

Year	Award
2018	<ul style="list-style-type: none"> • Economic Review Indonesian Corporate Secretary & Corporate Communication Award III-2018 – “The Big 15” • Economic Review Indonesian Corporate Secretary & Corporate Communication Award III-2018 (Ranked 3rd) • Indonesia Property Awards – Garuda Wisnu Kencana Cultural Park by Alam Sutera received the Special Recognition for Public Facility award • Corporate Governance Conference and Award – Top 50 Mid-Capitalization Public Listed Company from Indonesian Institute for Corporate Directorship

For the years ended December 31, 2016, 2017 and 2018, our sales, services and other revenues were Rp2,715.7 billion, Rp3,917.1 billion and Rp3,975.2 billion (US\$274.5 million), respectively. For the years ended December 31, 2016, 2017 and 2018, our Adjusted EBITDA was Rp1,180.3 billion, Rp2,090.0 billion and Rp2,084.9 billion (US\$144.0 million), respectively.

Factors Affecting our Business and Results of Operations

Set forth below are some of the significant factors that have affected our results of operations during the period under review, as well as factors that are currently expected to affect our results of operations in the foreseeable future. Other factors beyond those identified below may materially affect our results of operations. See “Risk Factors.”

Sales and Lease of Our Properties

We derive a significant portion of our revenue from the sale of land and the residential and commercial properties that are developed by us in the Alam Sutera township, and to a lesser extent, rental income from our leased properties in the township and sale of land the residential and commercial properties developed by us in the Suvarna Sutera township in Pasar Kemis and apartments in Kota Ayodhya, Tangerang. Going forward, we expect to also generate an increasing proportion of our revenue from the sale of land, the residential and commercial properties developed by us in Kota Ayodhya, Tangerang, revenue from the sales of office spaces in Setiabudi Jakarta and revenue from the sale of apartments and office spaces in the Alam Sutera township.

Accordingly, our sales, services and other revenues are significantly dependent on the number of land parcels and units in the residential and commercial properties that we are able to sell, the selling prices of such land parcels and units, the time of delivery of our properties to purchasers and to some extent, on the amount of retail and office space that we lease to tenants and the rental rates for properties that we are able to charge for such leased properties.

Sales

We sell lots of land in the township on which purchasers may construct residential and commercial properties. Sale of land represented approximately 33.2%, 40.4% and 41.6%, respectively, of our total sales, services and other revenues in the years ended December 31, 2016, 2017 and 2018, respectively. Factors that may affect the pricing of our land lots include the location of the land lot within the township, the size of the land lot and the purpose for which the land lot is or will be used, as commercial land lots are typically sold at a higher average selling price per square meter than residential land lots.

With regard to the residential and commercial properties that are developed by us in the township, we typically conduct pre-sales of our properties during which we sell a portion of our properties ahead of completion of the developments. Purchasers of our properties may pay the full purchase price at the time of sale in cash, or choose to finance their purchases through mortgages or other types of bank financing, or may elect to pay a portion of the purchase price at the time of sale, which is typically up to 20% of the

purchase price, and pay the remainder in installment periods ranging from 18 to 36 months. For further details, see “Business – Real Estate Development and Operations – Development Phase – Marketing and sales.”

The prices of our residential and commercial properties are initially set based on a number of criteria, including a property’s location within the township, the target market, the size of the property being sold, the amenities provided and general market conditions at the time of pricing. Factors that may affect the price of our residential and commercial properties include the type and design of the properties developed, supply of comparable or similar properties in the market and timing of completion. We typically develop our commercial and residential properties, in phases. We believe developing our properties in phases provides us with the flexibility to modify our product offerings in response to changing market demand. In the future, we expect to continue to pre-sell a large proportion of new units in our new project developments.

We recognize revenue from the sale of residential houses and shophouses (each including the land on which the houses or shophouses are constructed), apartments and office spaces when we have completed the construction of these properties and delivered the properties to the purchasers. Revenue from the sale of land is recognized once total payments made by the buyer have reached 20% of the selling price, there is certainty of the collection of the selling price and we have completed the surrounding infrastructure of the land. There is typically a time lapse between the time we commence pre-sale or sale of the residential and commercial properties and the delivery of these properties. We record the proceeds from our pre-sold properties as sales advances from customers on our statements of financial position and as part of cash inflows from operating activities on our statements of cashflows. There is also typically a time gap between the time we sell our land and the time at which we have received payments from purchasers of up to 20% of the selling price and completion of the land development process.

Our financial position may also be affected by cancellations by the purchasers of any of the properties which we develop and sell.

Lease

We lease certain of our completed commercial properties in the Alam Sutera township, including units in the Flavor Bliss, retail space in the Mall@Alam Sutera and Pasar 8 and office space in the WAM building and the Kota Ayodhya shopping arcade at Tangerang. The majority of leases for our properties are on a long-term basis with terms ranging from two to ten years. The average length of the lease of retail space at Mall@Alam Sutera is approximately five years. We leased most of the land lots at the Flavor Bliss to tenants for a period of ten years. In the Flavor Bliss, tenants are responsible for constructing buildings on the land lots for their own use at their expense and are required to return possession of the land and the vacant building to us upon the expiration of the lease. The lease may be renewed for a period to be agreed by us and the tenants. The average length of the office space lease at Wisma Argo Manunggal ranges from one to three years.

Factors that affect the amount of rental revenue we generate from our properties include demand from tenants for office and retail space, general economic conditions, supply of rental properties in the region in which we operate, competition from other office and retail properties, foot traffic to our retail properties, availability of our units, financial condition of our tenants and transportation and infrastructure developments. We typically determine rental rates by reference to the market rates for similar types of properties at comparable locations, adjusting for market conditions, the type of tenant and the size and location of the leased space. Although we expect revenues from the sale of our properties to continue to increase and continue to be our dominant source of revenue, we plan to continue to develop our investment property portfolio to generate attractive rental yields and stable recurring income over the long-term. See “Business – Our Strategy – Increase recurring income by selectively developing a portfolio of high quality investment properties.”

General Economic Conditions in Indonesia

Our business and results of operations are also affected by changes in the Indonesian property market. Factors affecting property values in Indonesia include supply and demand of comparable properties, interest rates, inflation, the rate of economic growth and political and economic developments. Property markets have historically been cyclical and future cyclical changes may result in fluctuations in property prices thereby affecting our financial condition and results of operations. For example, in 2015 and the first quarter of 2016, there was a marked slowdown in the property market in Indonesia. This slowdown resulted in decreased demand for, and lower pre-sales with respect to, our developments and properties in 2015 and the first half of 2016 compared to previous periods. The Indonesian property market partially rebounded in 2017 and 2018 due to increased demand, but has not reached pre-2015 highs.

We derive substantially all of our revenue from our property development activities in Greater Jakarta. Going forward, we expect to also generate an increasing amount of revenues from our property development and management activities in Bali. See “Business – Garuda Wisnu Kencana Cultural Park.”

Accordingly, our business and results of operations are subject to general economic conditions in Indonesia, including the rate of economic growth in Indonesia, levels of disposable income, standards of living, demographic changes, the availability of consumer financing, changes in utility and fuel costs, and property and other market pricing trends that affect the sales of our properties, as well as the trends and growth of the tourism industry in Indonesia. Any downturn in general economic conditions in Indonesia may also result in cancellations by purchasers of any of the properties that we develop and sell, which may have a material adverse impact on our business and results of operations. We expect that the projected population growth in Greater Jakarta, the continued urbanization trend in Indonesia and the current low mortgage penetration rate in Indonesia will continue to drive demand for real estate in Jakarta in the future. Any regulatory changes relating to mortgage financing in Indonesia could also affect the demand for our properties. See “Risk Factors – Risks Relating to Our Business – Our ability to sell our products will be affected by the availability of, and rate of interest on, financing to potential customers, especially for potential buyers of our residential properties.”

Fluctuations in Interest Rates

Our business and results of operations are subject to changes in interest rates, which affect the ability of customers to secure financing for their property purchases. Because the properties and land in our Alam Sutera township are primarily targeted at the middle to high-income market segment in Indonesia, who typically make payment for their purchases in cash, sales of our properties and land in the township are generally not significantly affected by changes in interest rates. However, we believe that sales of our properties and land in the Suvarna Sutera township could be affected by fluctuations in interest rates because such properties and land will be principally targeted at the middle income market segment, a significant proportion of which is expected to finance their purchases with mortgage loans. We enter into agreements with various domestic banks to provide mortgage loans to buyers of our residential properties, land and shophouses. We provide guarantees with respect to loans procured by the purchasers of our properties for up to 80% of the total purchase price for the applicable property for the period of time until the execution of deed of sale and purchase of land.

Changes in interest rates also affect the costs of financing incurred by us in connection with the construction and development of our properties. In line with industry practice, we enter into agreements with banks and financial institutions for the provision of mortgage financing schemes for some of our development projects which require substantial capital expenditure. We intend to use cash on hand, where possible, to finance our future development projects and may seek mortgage financing, if necessary.

Cost of Land Acquisition

Our business and results of operations are subject to the costs incurred in connection with acquiring land for development of our properties. We expect land acquisition costs, for any particular location where we plan to acquire land, to continue to increase in the future, as the supply of land available for development has decreased. Land acquisition costs typically do not affect the pricing of our properties, which are initially determined by a number of criteria including the location of the property, the target market, the size of the property being sold, the amenities provided and general market conditions at the time of pricing. Due to a lack of a linkage between land acquisition costs and the pricing of our completed properties, increases in land acquisition costs may have a negative impact on our overall profitability. See “– Sales and Lease of Our Properties – Sales.”

Construction and Raw Material Expenses

Our property development business is subject to fluctuations in construction and raw material expenses incurred to complete our projects. We typically enter into fixed lump sum price contracts with our building contractors for the construction of our projects. Our building contractors typically provide the materials required for the construction of the projects. We also enter into long-term contracts with suppliers of steel and may have to bear any increase in prices of construction materials in the event that our suppliers seek to re-negotiate the terms of our contracts, if significant increases in the prices of such materials are experienced. Increases in construction costs after the commencement of a project will result in projects becoming more expensive to complete than we had originally planned.

Access to and Cost of Financing

We typically fund our property development activities through medium to long-term debt (in the case of properties that require substantial capital expenditure) and through pre-sales of our new developments (in the case of residential properties). Our ability to obtain financing, as well as the cost of such financing, affects our results of operations and financial condition. Our access to funding and cost of financing are also affected by factors such as the amount of our outstanding indebtedness and any restrictions under our credit agreements or other loan documents, including the terms of the 2020 Notes and the 2021 Notes and the Indenture governing the Notes, in respect of incurrence of further debt.

Timing of Project Completion

If there are delays in the development and completion of our property projects, recognition of revenue from the sale of such properties and the commencement of the rental periods will also be delayed, which will affect our results of operations and our cash flows. The construction schedule of properties depends on a number of factors, including the time required to obtain the necessary construction approvals and permits, the work schedules of our contractors and subcontractors and our ability to meet substantial capital requirements for project development and construction.

Revenues from sales of our houses and shophouses (together with the land), apartments and office spaces are recognized when we have completed the construction of a property and delivered such property to the relevant purchaser. Revenues from sale of land are recognized once the total payments made by the buyer have reached 20% of the sale price, there is certainty of collection of the selling price and we have completed the surrounding infrastructure of the land. If any of the criteria for revenue recognition is not met, all of the payments received to such date will be recorded as sales advances and revenue recognition will be delayed, which could have an impact on our results of operations. See “– Critical Accounting Judgments, estimates and significant accounting assumptions – Recognition of Revenue.”

Re-valuation of Investment Properties

Currently, in accordance with Indonesian FAS, completed investment properties are required to be measured initially at cost and subsequent to initial recognition, companies may choose between recognition based on fair value or at cost. Fair value refers to the amount for which completed investment properties could be exchanged between knowledgeable and willing parties in an arm's-length transaction and should reflect market conditions as of the balance sheet date. If we choose to recognize our investment properties based on their fair values, the investment properties will have to be re-appraised in order to determine the fair values at the relevant time. Gains or losses arising from changes in the fair value of investment properties are required to be included in net profit or loss for the period in which it arises. We may recognize significant gains or losses in the event that we choose to recognize our investment properties based on their fair value. Such gains or losses may result in significant changes in our income before tax, which could, in turn, lead to significant changes in our tax expenses. See “– Risk Factors – Risks Relating to Our Business – We may be subject to a significant increase in tax expenses as a result of gains arising from recognition of our investment properties at fair value.”

We have elected to recognize the value of our completed investment properties at cost. Investment properties are currently recorded in our financial statements at cost less accumulated depreciation and any impairment losses.

Critical Accounting Judgments, Estimates and Significant Accounting Assumptions

Our consolidated financial statements have been prepared in accordance with Indonesian FAS. The preparation of these consolidated financial statements, in conformity with Indonesian Financial Accounting Standards, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. We continually evaluate such estimates and judgments. Actual results may differ from these estimates under different assumptions or actual conditions. In order to provide an understanding of how our management forms its judgment about future events, including the variables and assumptions underlying our estimates, and the sensitivity of judgments to different circumstances, we have identified the critical accounting policies discussed below. For more details, see Note 3 to our consolidated financial statements for the years ended December 31, 2016, 2017 and 2018 included in this Offering Memorandum.

Recognition of Revenue

Revenue from the sale of houses and shophouses, including the parcel of land is recognized based on the full accrual method if all of the following criteria are met:

- the sale process is completed;
- the selling price is collectible;
- our receivable is not subject to future subordination against other loans which may be obtained by the buyer; and
- we have transferred the risk and benefits of ownership of the building unit to the buyer through a transaction which is, in substance, a sale and we no longer have any significant obligations involved with the building unit.

Revenue from the sale of land without buildings will be recognized based on the full accrual method if all of the following criteria are met:

- total payments made by the buyer has reached 20% of the selling price and such payments cannot be claimed back by the buyer;
- the selling price is collectible;
- our receivables is not subject to future subordination against other loans which may be obtained by the buyer;
- the land development process is completed such that we are no longer obliged to develop the piece of land sold such as to improve the land or construct the agreed main facilities or having any obligation based on the purchase and sale commitment or any provision of prevailing law and regulation; and
- only the land is sold and we are under no obligation to be involved in the construction of buildings on the land.

Revenue from the sale of apartment and office buildings and similar types of buildings, which have been constructed for more than one year, are recognized using the percentage of completion method when all of the following criteria are met:

- the construction process has surpassed the initial phase, that is, the foundation of the building has been completed, and all of the requirements to commence the construction have been fulfilled;
- total payments of the buyer equal or exceed 20% of the agreed sales price and no refund could be made by the buyer; and
- total revenues and cost of building can be reliably estimated.

The level or percentage of completion is determined based on the proportion of the costs incurred up to a certain date compared with the total estimated costs to incur for the completion of the projects.

If any of the above criteria for revenue recognition using the full accrual method or percentage of completion are not satisfied, all of the payments made by the buyer will be recorded as sales advance using the deposit method.

Revenue from tourism is recognized when the services are rendered or goods are delivered.

Revenue from township management, recreation and sport and others are recognized when the services are rendered.

Rental revenue is recorded as deferred income in the statements of financial position and will be credited to the statements of income and other comprehensive income according to the expired portion of the related rental.

Inventories and land for development and cost of sales

Inventories and land for development are stated at lower of cost or net realizable value. Acquisition cost is determined using the weighted average method.

The cost of houses, shop houses and buildings, office buildings and apartments in progress include all costs of construction excluding the cost of land.

Acquisition cost of land inventory and land for development are stated at cost of raw land, cost of development of land and environment and other land costs, in addition to cost of funds in connection with loans received for funding the acquisition of land. Cost of land development, including land used for roads and infrastructure or non-saleable areas is allocated based on saleable land area.

Land for development is transferred into real estate inventory when the development process for its precinct has started based on the land area available for sale.

Cost of sales is recognized when incurred (accrual method). Cost of sales of land is stated at cost of land, borrowing costs and estimated development cost of land and environment. Estimated cost of land development and the environment are estimates made by management taking into account the cost of infrastructure that has occurred plus infrastructure costs estimated to be incurred until the project is substantially completed. These estimates are reviewed by management each year and will be adjusted according to current conditions.

Key Components of Our Income Statement

Sales, services and other revenues

We derive our sales, services and other revenues primarily from the sale of the land and houses that we constructed and developed on the land, as well as sales of shophouses, office space in the Synergy Building, Prominence Tower and apartments in Silkwood Residences, Paddington Heights and Kota Ayodhya.

We also generated revenue from town management, recreation and sports facilities and rental revenue (which includes rental revenue from the Mall@Alam Sutera, Flavor Bliss, Wisma Argo Manunggal and Pasar Delapan) (“Hospitality and Infrastructure Revenue”), included in the sales, services and other revenues line item of our consolidated statements of comprehensive income for the years ended December 31, 2016, 2017 and 2018.

In addition, we have included revenue generated from tourism activities, including sale of tickets at the GWK Cultural Park and revenues generated by the restaurants at the GWK Cultural Park (“Tourism Revenue”) into the sales, services and other revenues line item of our consolidated statements of comprehensive income for the years ended December 31, 2016, 2017 and 2018. See “Selected Consolidated Financial Information and Operating Data.”

The following table sets forth information the breakdown of our sales, services and other revenues and each item as a percentage of our total sales, services and other revenues for the periods indicated:

For the Years Ended December 31,							
	2016		2017		2018		
	Rp	%	Rp	%	Rp	US\$	%
Sales and service revenue							
Real Estate							
Land	902.1	33.2	1,581.5	40.4	1,654.8	114.3	41.6
Houses and shophouses ⁽¹⁾ . .	1,000.9	36.9	1,281.1	32.7	1,324.1	91.4	33.3
Apartments	156.3	5.8	675.2	17.2	268.3	18.5	6.7
Office tower	281.2	10.3	4.9	0.1	289.4	20.0	7.3
Hospitality and infrastructure							
Township Management	67.3	2.5	84.8	2.2	103.6	7.2	2.6
Recreation and sports	9.5	0.3	9.6	0.2	10.2	0.7	0.3
Rent	189.2	7.0	156.6	4.0	144.2	10.0	3.6
Others	36.0	1.3	54.2	1.4	73.6	5.1	1.9
Tourism							
Ticket	38.1	1.4	40.0	1.0	67.1	4.6	1.7
Restaurant	18.0	0.7	15.4	0.4	16.0	1.1	0.4
Rent	8.4	0.3	9.3	0.2	17.0	1.2	0.4
Others	7.0	0.2	2.8	0.1	5.5	0.4	0.1
Others	1.8	0.1	1.8	0.0	1.6	0.1	0.0
Total	2,715.7	100.0	3,917.1	100.0	3,975.3	274.5	100.0

(1) Sales from houses include sale of the buildings and the land on which the buildings have been constructed.

Cost of sales, services and other revenues

Our cost of sales, services and other revenues consists of the costs and expenses associated with (i) the sale of real estate, comprising land and houses, as well as shophouses, office space in the Synergy Building and The Tower and apartments in Silkwood Residences, Paddington Heights and Kota Ayodhya; (ii) the generation of Hospitality and Infrastructure Revenue, which includes township management costs, maintenance costs and security expenses; and (iii) the generation of Tourism Revenue, which includes infrastructure construction and maintenance costs. See “Selected Consolidated Financial Information and Operating Data.”

The following table sets forth the breakdown of our cost of sales and services and each item as a percentage of our total cost of sales and services for the periods indicated:

For the Years Ended December 31,							
	2016		2017		2018		
	Rp	%	Rp	%	Rp	US\$	%
<i>(Rp in billions and US\$ in millions except percentages)</i>							
Cost of sales and services							
Real Estate							
Land	195.6	15.6	210.8	13.7	301.3	20.8	19.7
Houses and shophouses . . .	581.3	46.5	629.5	40.8	553.9	38.2	36.2
Apartments	88.2	7.1	399.3	25.9	148.0	10.2	9.7
Office tower	118.4	9.5	1.9	0.1	163.1	11.3	10.6
Hospitality and Infrastructure							
Township Management . . .	84.1	6.7	92.7	6.0	112.9	7.8	7.4
Recreation and sports	5.6	0.4	4.9	0.3	6.1	0.4	0.4
Rent	121.9	9.7	118.2	7.7	122.7	8.5	8.0
Others	31.6	2.5	53.5	3.5	90.6	6.3	5.9
Tourism							
Ticket	10.4	0.8	16.9	1.1	17.3	1.2	1.1
Restaurant	8.7	0.7	7.9	0.5	11.0	0.8	0.7
Rent	1.3	0.1	1.8	0.1	0.7	0.0	0.0
Others	1.9	0.2	1.9	0.1	2.5	0.2	0.2
Others	1.7	0.1	1.8	0.1	1.5	0.1	0.1
Total	1,250.8	100.0	1,541.1	100.0	1,531.3	105.7	100.0

Expenses

Our expenses include the following:

Selling expenses, which include expenses incurred for promotion and advertisement, sales commission, office supplies, telephone and electricity and water.

General and administrative expenses, which include salaries, wages and allowances, retribution and contributions (which refer to the payment of certain duties to local governments such as land and building tax for properties that we have delivered to our customers prior to subdivision and issuance of land title to us by the National Land Agency, and taxes payable in connection with the use of billboards and banners in the township), project and office supplies, depreciation of fixed assets, telephone, fax, electricity and water, transportation, provision for employee benefits, insurance, allowance for declining in value of accounts receivable, permits, maintenance of assets and projects, security and tidiness, consultant fees, traveling and others.

Other income/(expenses) consist primarily of final tax expenses, interest income, interest expenses, hedging premium expenses, bank charges and provisions, bonds payable redemption expenses, gain/(loss) from sales of fixed assets, foreign exchange gain/(loss) and others. Interest income includes interest received on time deposits and cash deposited with banks. In respect of customers who finance their purchases by way of mortgage, banks typically disburse part of the mortgage amount to us after the mortgage documents have been executed by the bank and the purchaser, while the remaining amounts will be placed in time deposits and will be released to us upon the execution of the sale and purchase agreement of the property by the purchaser before the notary.

Taxes

The following table sets forth the breakdown of our current and deferred tax expenses for the periods indicated:

	For the Years ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Current tax:				
The Company	–	–	–	–
Subsidiaries	84.9	61.3	64.6	4.5
Deferred tax	(3.8)	(1.8)	0.1	0.0
Total tax expense	<u>81.1</u>	<u>59.5</u>	<u>64.7</u>	<u>4.5</u>

Pursuant to applicable Indonesian tax legislation, current tax expenses are calculated based on the taxable income for the year computed using prevailing tax rates.

Our final tax expenses for the relevant financial period is equal to the aggregate amount of (i) 5.0% and 2.5% of sales from land and houses until September 7, 2016 and from September 8, 2016, respectively, and (ii) 10.0% of rental revenue, for such financial period.

Our current tax expenses for the relevant financial period is equal to 20.0% for the Company and 25.0% for its subsidiaries of taxable income that is derived from township management, provision of recreation and sports facilities and other income, and the sale of tickets and the operation of restaurants at the GWK Cultural Park.

Results of Operations

The following tables set forth the breakdown of our results of operations for the periods indicated:

	For the Year ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	(Rp in billions and US\$ in millions)			
Consolidated Statements of Profit or Loss and Other Comprehensive Income				
Sales, services and other revenues	2,715.7	3,917.1	3,975.3	274.5
Costs of sales, services and other revenues . .	1,250.8	1,541.1	1,531.3	105.7
Gross profit	1,464.9	2,376.0	2,444.0	168.8
Selling expenses	(78.4)	(93.5)	(138.8)	(9.6)
General and administrative expenses	(290.0)	(297.0)	(327.2)	(22.6)
Final tax expenses	(132.1)	(130.9)	(119.6)	(8.3)
Interest income	53.1	42.7	19.1	1.3
Interest expenses	(225.6)	(314.1)	(442.4)	(30.6)
Hedging premium expense	(86.3)	(83.3)	(84.5)	(5.8)
Bank charges and provision	(4.9)	(14.1)	(1.6)	(0.1)
Bonds payable redemption expenses	(220.9)	–	–	–
Gain/(loss) on sale of fixed assets	0.0	0.2	0.0	0.0
Foreign exchange gain/(loss)				
– net	157.4	(31.8)	(316.8)	(21.9)
Others	(45.8)	(9.6)	3.2	0.2
Total	(873.5)	(931.4)	(1,408.7)	(97.3)
Profit before tax expenses	591.4	1,444.7	1,035.3	71.5
Tax expenses	81.1	59.5	64.7	4.5
Profit for the year	510.2	1,385.2	970.6	67.0
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss				
– Remeasurement of a net defined benefit liability	10.7	(7.4)	8.4	0.6
– Income tax related to items that will not be reclassified subsequently to profit or loss . .	(0.3)	0.2	(0.3)	(0.0)
Items that will be reclassified subsequently to profit or loss	–	–	–	–
Total other comprehensive income after tax . .	10.4	(7.2)	8.1	0.6
Total comprehensive income for the year	520.6	1,377.9	978.7	67.6

Result of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017

Sales, services and other revenues. Our sales, services and other revenues increased 1.5% to Rp3,975.3 billion (US\$274.5 million) for the year ended December 31, 2018 from Rp3,917.1 billion for the year ended December 31, 2017.

- *Land.* Sales from land increased 4.6% to Rp1,654.8 billion (US\$114.3 million) for the year ended December 31, 2018 from Rp1,581.5 billion for the year ended December 31, 2017. This increase was primarily due to commercial and residential land sales in Pasar Kemis (including land sales to CFLD under the Cooperation Agreement) and residential land sales in Serpong.
- *Houses and shophouses.* Sales from houses and shophouses increased 3.4% to Rp1,324.1 billion (US\$91.4 million) for the year ended December 31, 2018 from Rp1,281.1 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the sales of houses and shophouses in Serpong and offset by an decrease in the sales of houses and shophouses in Pasar Kemis that was recognized during the year ended December 31, 2018.
- *Apartments.* Sales from apartments decreased 60.3% to Rp268.3 billion (US\$18.5 million) for the year ended December 31, 2018 from Rp675.2 billion for the year ended December 31, 2017. This decrease was primarily due to a decrease in the sales of apartments in Kota Ayodhya that were recognized during the year ended December 31, 2018 compared to the same period in 2017.
- *Office tower.* Revenue derived from office towers increased substantially to Rp289.4 billion (US\$20.0 million) for the year ended December 31, 2018 from Rp4.9 billion for the year ended December 31, 2017 primarily due to an increase in the number of office unit sales for Prominence Tower, The Tower and the Synergy Building recognized during the year ended December 31, 2018.
- *Township management.* Revenue derived from township management increased 22.2% to Rp103.6 billion (US\$7.2 million) for the year ended December 31, 2018 from Rp84.8 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the cumulative number of residential units and shophouses that were completed and delivered to customers in 2018 which resulted in an increase in fees paid in connection with township management.
- *Recreation and sports.* Revenue derived from provision of recreation and sports facilities, which includes membership fees, increased 6.3% to Rp10.2 billion (US\$0.7 million) for the year ended December 31, 2018 compared to Rp9.6 billion for the year ended December 31, 2017. This increase was primarily due to an increase in revenue from one day passes and membership joining fees at the sports center at Alam Sutera.
- *Rent.* Rental revenue for the hospitality and infrastructure sector decreased 7.9% to Rp144.2 billion (US\$10.0 million) for the year ended December 31, 2018 from Rp156.6 billion for the year ended December 31, 2017. The decrease in rental revenue was primarily due to a decrease in occupancy at Mall@Alam Sutera due to the relocation of tenants and Wisma Argo Manunggal Building.
- *Others.* Other hospitality and infrastructure revenue increased 35.6% to Rp73.6 billion (US\$5.1 million) for the year ended December 31, 2018 from Rp54.3 billion for the year ended December 31, 2017. This increase was primarily due to an increase in revenue from the provision of utilities including electricity and maintenance charges.
- *Ticket.* Revenue from the sale of tickets to the GWK Cultural Park increased 67.6% to Rp67.1 billion (US\$4.6 million) for the year ended December 31, 2018 from Rp40.0 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the number of visitors as well as an increase in ticket prices.

- *Restaurant.* Revenue generated by the restaurants located in the GWK Cultural Park increased 4.2% to Rp16.0 billion (US\$1.1 million) for the year ended December 31, 2018 from Rp15.4 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the number of visitors and the scale of events held between January to December 2018 compared to the same period in 2017.
- *Rent.* Rental revenue for the tourism sector increased 83.1% to Rp17.0 billion (US\$1.2 million) for the year ended December 31, 2018 from Rp9.3 billion for the year ended December 31, 2017, primarily as a result of an increase in the number of commercial tenants at GWK Commercial Park in 2018.
- *Others.* Other tourism revenue, which includes revenues generated from the souvenir shops located in the GWK Cultural Park, increased 98.2% to Rp5.5 billion (US\$0.4 million) for the year ended December 31, 2018 from Rp2.8 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the number of visitors to the souvenir shops.
- *Others.* Sales of other goods decreased 15.2% to Rp1.6 billion (US\$0.1 million) for the year ended December 31, 2018 from Rp1.8 billion for the year ended December 31, 2017 due to a decrease in the sales of solar water heaters for our investment properties.

Cost of sales and services. Our cost of sales and services decreased 0.6% to Rp1,531.3 billion (US\$105.7 million) for the year ended December 31, 2018 from Rp1,541.1 billion for the year ended December 31, 2017.

- *Land.* Cost of sales relating to land increased 42.9% to Rp301.3 billion (US\$20.8 million) for the year ended December 31, 2018 from Rp210.8 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the cost of goods sold corresponding with commercial and residential land sales in Pasar Kemis and Serpong.
- *Houses and shophouses.* Cost of sales relating to houses and shophouses decreased 12.0% to Rp553.9 billion (US\$38.2 million) for the year ended December 31, 2018 from Rp629.5 billion for the year ended December 31, 2017. This decrease was primarily due to a decrease in the number of houses and shophouses that were completed and recognized in the year ended December 31, 2018.
- *Apartments.* Cost of sales relating to apartments decreased 62.9% to Rp148.0 billion (US\$10.2 million) for the year ended December 31, 2018 from Rp399.3 billion for the year ended December 31, 2017. This decrease was primarily due a decrease in the number of apartment unit sales recognized during the year ended December 31, 2018.
- *Office tower.* Cost of sales relating to office towers increased substantially to Rp163.1 billion (US\$11.3 million) for the year ended December 31, 2018 from Rp1.9 billion for the year ended December 31, 2017 primarily due to an increase in the number of office unit sales recognized during the year ended December 31, 2018.
- *Township management.* Cost of sales relating to township management increased 21.8% to Rp112.9 billion (US\$7.8 million) for the year ended December 31, 2018 from Rp92.7 billion for the year ended December 31, 2017. This increase was primarily due to an increase in the number of residential clusters in the Suvarna Sutra Township and the corresponding increase in maintenance costs arising from waste disposal services, landscaping and repairs.
- *Recreation and sports.* Cost of sales relating to provision of recreation and sports facilities increased 22.5% to Rp6.1 billion (US\$0.4 million) for the year ended December 31, 2018 from Rp4.9 billion for the year ended December 31, 2017. This increase was primarily due to an increase in repair and maintenance expenses for sports facilities.
- *Rent.* Cost of sales relating to rental revenue for the hospitality and infrastructure sector increased 3.8% to Rp122.7 billion (US\$8.5 million) for the year ended December 31, 2018 from Rp118.2

billion for the year ended December 31, 2017. This increase was primarily due to an increase in utilities expenses which are comprised of electricity fees, security costs and building maintenance expenses.

- *Others.* Cost of sales relating to other hospitality and infrastructure revenue increased 69.6% to Rp90.6 billion (US\$6.3 million) for the year ended December 31, 2018 from Rp53.5 billion for the year ended December 31, 2017. This increase was primarily due to an increase in building maintenance costs in line with higher occupancy rates of apartments.
- *Ticket.* Cost of sales relating to sale of tickets at the GWK Cultural Park increased 2.1% to Rp17.3 billion (US\$1.2 million) for the year ended December 31, 2018 from Rp16.9 billion for the year ended December 31, 2017. This increase was primarily due to an increase in commissions paid to agents and promotional fees.
- *Restaurant.* Cost of sales relating to the restaurants located in the GWK Cultural Park increased 39.2% to Rp11.0 billion (US\$0.8 million) for the year ended December 31, 2018 from Rp7.9 billion for the year ended December 31, 2017. This increase was primarily due to an increase in maintenance expenses for the restaurants at GWK Cultural Park.
- *Rent.* Cost of sales relating to rental revenue for the tourism sector decreased 62.6% to Rp0.7 billion (US\$0.0 million) for the year ended December 31, 2018 from Rp1.8 billion for the year ended December 31, 2017. This decrease was primarily due to a decrease in maintenance expenses for GWK Cultural Park in 2018.
- *Others.* Cost of sales relating to other tourism revenue derived from the GWK Cultural Park increased 27.4% to Rp2.5 billion (US\$0.2 million) for the year ended December 31, 2018 from Rp1.9 billion for the year ended December 31, 2017. This increase was primarily due to an increase in maintenance costs for the souvenir shops at GWK Cultural Park.
- *Others.* Cost of sales relating to purchases of other goods decreased 17.3% to Rp1.5 billion for the year ended December 31, 2018 from Rp1.8 billion for the year ended December 31, 2017. This was primarily due to a decrease in the cost of goods sold corresponding with reduced sales of hot water heaters for our investment properties.

Gross profit. As a result of the foregoing, our gross profit increased 2.9% to Rp2,444.0 billion (US\$168.8 million) for the year ended December 31, 2018 from Rp2,376.0 billion for the year ended December 31, 2017. Gross profit margin increased to 61.5% for the year ended December 31, 2018 from 60.7% for the year ended December 31, 2017. The increase in gross profit margin was due primarily to an increase in residential and commercial land sales in Suvarna Sutera and residential land and house sales in Serpong combined with a significant increase in office unit sales which were partially offset by a decrease in the sales of shophouses and apartments.

Selling expenses. Selling expenses increased by 48.5% to Rp138.8 billion (US\$9.6 million) in the year ended December 31, 2018 from Rp93.5 billion in the year ended December 31, 2017, mainly due to an increase in promotional and advertising expenses for the launch of the Lloyd low-rise apartment project combined with increases in sales commissions and office supplies.

General and administrative expenses. General and administrative expenses increased by 10.2% to Rp327.2 billion (US\$22.6 million) in the year ended December 31, 2018 from Rp297.0 billion in the year ended December 31, 2017, as a result of increases in salaries, wages and allowances due to an increase in the number of employees, maintenance of assets and project expenses, retribution and contribution expenses (taxes and fees paid to the local government) consultant fees, provision of employee benefits, allowance for a decline in the value of accounts receivable, project and office supplies and transportation, traveling and other expenses. These increases were offset by a decrease in expenses relating to depreciation of fixed assets, telephone, tax, electricity and water and insurance.

Final tax expense. Final tax expense decreased 8.6% to Rp119.6 billion (US\$8.3 million) in the year ended December 31, 2018 from Rp130.9 billion in the year ended December 31, 2017, mainly due to a decrease in the final tax rate for land and houses to 2.5% in September 2016 from 5.0% prior to September 2016 due to the one to two year delay in the recognition of our final tax expenses.

Interest income. Interest income decreased 55.2% to Rp19.1 billion (US\$1.3 million) in the year ended December 31, 2018 from Rp42.7 billion in the year ended December 31, 2017. This decrease was primarily due to a decrease in bank balances and time deposits.

Interest expenses. Interest expenses increased 40.9% to Rp442.4 billion (US\$30.6 million) in the year ended December 31, 2018 from Rp314.1 billion in the year ended December 31, 2017. This increase was primarily due to (i) the depreciation of the Rupiah against the U.S. dollar between January and December 2018; (ii) a greater portion of the interest due on our bank loans were expensed, while between January to December 2017 a greater portion was capitalized as the construction of our highrise projects was ongoing; and (iii) an increase in interest rate of bank loans.

Hedging premium expense. Hedging premium expense increased 1.4% to Rp84.5 billion (US\$5.8 million) in the year ended December 31, 2018 from Rp83.3 billion in the year ended December 31, 2017. This increase was primarily due to the depreciation of the Rupiah against the US dollar in the year ended December 31, 2018.

Bank charges and provisions. Bank charges and provisions decreased 88.4% to Rp1.6 billion (US\$0.1 million) in the year ended December 31, 2018 from Rp14.1 billion in the year ended December 31, 2017. This decrease was primarily due to provision charges related to bank loans recognized in the year ended December 31, 2018.

Foreign exchange loss. We recorded a foreign exchange loss of Rp316.8 billion (US\$21.9 million) for the year ended December 31, 2018 compared to a foreign exchange loss of Rp31.8 billion for the year ended December 31, 2017, primarily due to the depreciation of the Rupiah against the U.S. dollar.

Others. Revenue from other items decreased 133.1% to a gain of Rp3.2 billion (US\$0.2 million) in the year ended December 31, 2018 from a gain of Rp9.6 billion in the year ended December 31, 2017. This was primarily due to an increase in revenue from customers related to penalties and cancellation of sales.

Profit before tax expenses. Profit before tax expenses decreased 28.3% to Rp1,035.3 billion (US\$71.5 million) in the year ended December 31, 2018 from Rp1,444.7 billion in the year ended December 31, 2017.

Tax expenses. Tax expenses increased 8.8% to Rp64.7 billion (US\$4.5 million) for the year ended December 31, 2018 from Rp59.5 billion for the year ended December 31, 2017, primarily due to an increase in current period tax expenses to Rp64.6 billion (US\$4.5 million) for the year ended December 31, 2018 from Rp61.3 billion (US\$4.2 million) for the year ended December 31, 2017.

Total comprehensive income. As a result of all the foregoing factors, total comprehensive income decreased 29.0% to Rp978.7 billion (US\$67.6 million) in the year ended December 31, 2018 from Rp1,377.9 billion in the year ended December 31, 2017.

Result of operations for the year ended December 31, 2017 compared to the year ended December 31, 2016

Sales, services and other revenues. Our sales, services and other revenues increased 44.2% to Rp3,917.1 billion for the year ended December 31, 2017 from Rp2,715.7 billion for the year ended December 31, 2016.

- *Land.* Sales from land increased 75.3% to Rp1,581.5 billion for the year ended December 31, 2017 from Rp902.1 billion for the year ended December 31, 2016. This increase was primarily due to

commercial land sales in Pasar Kemis (including land sales to CFLD under the Cooperation Agreement) and commercial and residential land sales in Serpong.

- *Houses and shophouses.* Sales from houses and shophouses increased 28.0% to Rp1,281.1 billion for the year ended December 31, 2017 from Rp1,000.9 billion for the year ended December 31, 2016. This increase was primarily due to an increase in sales of houses and shophouses at Alam Sutera (with 34 units completed and delivered to purchasers in 2017 compared to 14 units in 2016) and Pasar Kemis (with 112 units completed and delivered to purchasers in 2017 compared to 28 units in 2016), combined with an increase in the average sale price of the houses and shophouses.
- *Apartments.* Sales from apartments increased 332.0% to Rp675.2 billion for the year ended December 31, 2017 from Rp156.3 billion for the year ended December 31, 2016. This increase was primarily due to the sale of 1,402 Kota Ayodya apartment units and 122 Paddington Heights apartment units in 2017, compared to the sale of 155 Paddington Heights units and two Silkwood Residences units in 2016.
- *Office tower.* Revenue derived from office tower decreased 98.3% to Rp4.9 billion for the year ended December 31, 2017 from Rp281.2 billion for the year ended December 31, 2016. This was primarily due to the decrease in the number of office units sold in 2017, during which we sold one unit of office space, compared to 2016, during which we sold 50 units of office space in Prominence Tower and three units of office space in the Synergy Building.
- *Township management.* Revenue derived from township management increased 25.9% to Rp84.8 billion for the year ended December 31, 2017 from Rp67.3 billion for the year ended December 31, 2016. This was primarily due to an increase in the cumulative number of residential units and shophouses that were completed and delivered to customers in 2017, which resulted in an increase in fees paid in connection with township management.
- *Recreation and sports.* Revenue derived from provision of recreation and sports facilities, which includes membership fees, increased 1.0% to Rp9.6 billion for the year ended December 31, 2017 compared to Rp9.5 billion for the year ended December 31, 2016. This was primarily due to an increase in revenue from the one day pass at our sports center at Alam Sutera, combined with an increase in course fees.
- *Rent.* Rental revenue decreased 17.2% to Rp156.6 billion for the year ended December 31, 2017 from Rp189.2 billion for the year ended December 31, 2016. The decrease in rental revenue was primarily due to a decrease in occupancy at Mall@Alam Sutera and Flavor Bliss.
- *Others.* Other hospitality and infrastructure revenue increased 50.8% to Rp54.3 billion for the year ended December 31, 2017 from Rp36.0 billion for the year ended December 31, 2016. This was primarily due to an increase in utilities revenue.
- *Ticket.* Revenue from the sale of tickets to the GWK Cultural Park increased 4.9% to Rp40.0 billion for the year ended December 31, 2017 from Rp38.1 billion for the year ended December 31, 2016. This was primarily due to higher ticket prices in 2017, which was partially offset by a decrease in the number of visitors in 2017.
- *Restaurant.* Revenue generated by the restaurants located in the GWK Cultural Park decreased 14.5% to Rp15.4 billion for the year ended December 31, 2017 from Rp18.0 billion for the year ended December 31, 2016. This decrease was primarily due to fewer events held in 2017, which resulted in fewer visitors in 2017 compared to 2016.
- *Rent.* Rental revenue increased 11.0% to Rp9.3 billion for the year ended December 31, 2017 from Rp8.4 billion for the year ended December 31, 2016, primarily as a result of an increase in commercial tenants at GWK Cultural Park in 2017.

- *Others.* Other tourism revenue, which includes revenues generated from the souvenir shops located in the GWK Cultural Park, decreased 60.5% to Rp2.8 billion for the year ended December 31, 2017 from Rp7.0 billion for the year ended December 31, 2016. This was primarily due to a decrease in the number of visitors to the souvenir shops.
- *Others.* Sales of other goods of Rp1.8 billion for the year ended December 31, 2017 was consistent with the year ended December 31, 2016.

Cost of sales and services. Our cost of sales and services increased 23.2% to Rp1,541.1 billion for the year ended December 31, 2017 from Rp1,250.8 billion for the year ended December 31, 2016.

- *Land.* Cost of sales relating to land increased 7.7% to Rp210.8 billion for the year ended December 31, 2017 from Rp195.6 billion for the year ended December 31, 2016. As cost of sales and services are recognized proportionately to sales, services and other revenues, this increase was primarily due an increase in the cost of goods sold, corresponding with commercial land sales in Pasar Kemis and commercial and residential land sales in Serpong in 2017.
- *Houses and shophouses.* Cost of sales relating to houses and shophouses increased 8.3% to Rp629.5 billion for the year ended December 31, 2017 from Rp581.3 billion for the year ended December 31, 2016. This increase was primarily due to an increase in the average cost of sales of houses and shophouses in 2017, corresponding with an increase in sales of houses and shophouses recognized in 2017 compared to 2016.
- *Apartments.* Cost of sales relating to apartments increased 352.8% to Rp399.3 billion for the year ended December 31, 2017 from Rp88.2 billion for the year ended December 31, 2016. This increase was primarily due to the significant increase in the number of apartment unit sales recognized in 2017 compared to 2016.
- *Office tower.* Cost of sales relating to office tower decreased 98.4% to Rp1.9 billion for the year ended December 31, 2017 from Rp118.4 billion for the year ended December 31, 2016. This decrease was in line with the significant decrease in sales of office unit spaces recognized in 2017 compared to 2016.
- *Township management.* Cost of sales relating to township management increased 10.2% to Rp92.7 billion for the year ended December 31, 2017 from Rp84.1 billion for the year ended December 31, 2016. This was primarily due to an increase in the number of residential clusters in the Suvana Sutera township and the corresponding increase in maintenance costs.
- *Recreation and sports.* Cost of sales relating to provision of recreation and sports facilities decreased 10.8% to Rp4.9 billion for the year ended December 31, 2017 from Rp5.6 billion for the year ended December 31, 2016. This was primarily due to lower repair and maintenance expenses for our sports facilities in 2017.
- *Rent.* Cost of sales relating to rental revenue decreased 3.1% to Rp118.2 billion for the year ended December 31, 2017 from Rp121.9 billion for the year ended December 31, 2016. This was primarily due to the implementation of cost efficiency programs and lower occupancy rates at Mall@Alam Sutera and Flavor Bliss.
- *Others.* Cost of sales relating to other hospitality and infrastructure revenue increased 69.4% to Rp53.5 billion for the year ended December 31, 2017 from Rp31.6 billion for the year ended December 31, 2016. This was primarily due to an increase in the building maintenance costs at Paddington Heights and Kota Ayodhya in 2017, in line with higher occupancy rates at Paddington Heights and Kota Ayodhya in 2017 compared to 2016.

- *Ticket.* Cost of sales relating to sale of tickets at the GWK Cultural Park increased 62.0% to Rp16.9 billion for the year ended December 31, 2017 from Rp10.4 billion for the year ended December 31, 2016. This was primarily due to an increase in commissions paid to agents and promotional fees.
- *Restaurant.* Cost of sales relating to the restaurants located in the GWK Cultural Park decreased 9.8% to Rp7.9 billion for the year ended December 31, 2017 from Rp8.7 billion for the year ended December 31, 2016. This was primarily due to a decrease in the number of events held in the restaurant in 2017 compared to 2016.
- *Rent.* Cost of sales relating to the rent increased 35.5% to Rp1.8 billion for the year ended December 31, 2017 from Rp1.3 billion for the year ended December 31, 2016. This was primarily due an increase in maintenance expenses in GWK Cultural Park in 2017.
- *Others.* Cost of sales relating to other tourism revenue derived from the GWK Cultural Park of Rp1.9 billion for the year ended December 31, 2017 was consistent with the year ended December 31, 2016.
- *Others.* Cost of sales relating to purchase of other goods increased 3.6% to Rp1.8 billion for the year ended December 31, 2017 from Rp1.7 billion for the year ended December 31, 2016. This was primarily due to an increase in the cost of accessories for our investment properties, such as street lights, solar water heaters, etc. in line with the increase in sales of other goods.

Gross profit. As a result of the foregoing, our gross profit increased 62.2% to Rp2,376.0 billion for the year ended December 31, 2017 from Rp1,464.9 billion for the year ended December 31, 2016. Gross profit margin increased to 60.7% for the year ended December 31, 2017 from 53.9% for the year ended December 31, 2016. The increase in gross profit margin was due primarily to an increase in commercial land sales located in Suvarna Sutera, combined with a significant increase in Kota Ayodhya apartment sales, which were partially offset by a decrease in sales of office spaces.

Selling expenses. Selling expenses increased 19.3% to Rp93.5 billion for the year ended December 31, 2017 from Rp78.4 billion for the year ended December 31, 2016. This increase was primarily due to an increase in promotion and advertisement expenses to Rp72.7 billion in 2017 from Rp54.6 billion in 2016.

General and administrative expenses. General and administrative expenses increased 2.4% to Rp297.0 billion for the year ended December 31, 2017 from Rp290.0 billion for the year ended December 31, 2016. This increase was primarily as a result of an increase in salaries, wages and allowances due to an increase in the number of employees as well as an increase in maintenance of assets and projects expenses, as well as retribution and contribution expenses (taxes and fees paid to the local government). These increases were offset by a decrease in expenses relating to provisions of employee benefits, telephone, fax, electricity and water, project and office supplies, transportation, permits, security, landscaping and allowances for the decline in value of accounts receivables.

Final tax expense. Final tax expense decreased 0.9% to Rp130.9 billion for the year ended December 31, 2017 from Rp132.1 billion for the year ended December 31, 2016, primarily due to a decrease in the final tax rate for land and houses to 2.5% in September 2016 from 5.0% prior to September 2016.

Interest income. Interest income decreased 19.6% to Rp42.7 billion for the year ended December 31, 2017 from Rp53.1 billion for the year ended December 31, 2016, primarily due to a decrease in bank balances and time deposits.

Interest expenses. Interest expenses increased 39.2% to Rp314.1 billion for the year ended December 31, 2017 from Rp225.6 billion for the year ended December 31, 2016, primarily due to the depreciation of the Rupiah against the U.S. dollars in 2017 and the refinancing of our 2019 Notes with the Original Notes. In addition, a greater portion of the interest due on our bank loans was expensed in 2017, while in 2016 a greater portion was capitalized as the construction of our high-rise projects was still ongoing in 2016.

Hedging premium expense. Hedging premium expense decreased 3.5% to Rp83.3 billion for the year ended December 31, 2017 from Rp86.3 billion for the year ended December 31, 2016, primarily due to the disbursement of hedging benefits in 2017, which resulted in lower hedging premium expenses compared to 2016.

Bank charges and provisions. Bank charges and provisions increased 189.9% to Rp14.1 billion for the year ended December 31, 2017 from Rp4.9 billion for the year ended December 31, 2016, primarily due to entering into an additional credit facility with PT Bank Central Asia Tbk in 2017.

Bonds payable redemption expenses. Bonds payable repurchase expenses decreased 100.0% to nil for the year ended December 31, 2017 from Rp220.9 billion for the year ended December 31, 2016, primarily due to the redemption of the 2019 Notes in 2016, and no redemption of notes in 2017.

Gain on sale of fixed assets. We recorded a gain on sale of fixed assets of Rp0.2 billion for the year ended December 31, 2017 compared to a gain on sale of fixed assets of nil for the year ended December 31, 2016. This increase was primarily due to sales of vehicles in 2017 while in 2016, gain on sales of fixed assets was derived from sales of computers, generators and other small fixed assets.

Foreign exchange loss. We recorded a foreign exchange loss of Rp31.8 billion for the year ended December 31, 2017 compared to a foreign exchange gain of Rp157.4 billion for the year ended December 31, 2016, primarily due to the depreciation of the Rupiah against the U.S. dollar.

Others. Expenses from other items decreased 79.1% to Rp9.6 billion for the year ended December 31, 2017 from Rp45.8 billion for the year ended December 31, 2016. This was primarily due to expensing the prepaid tax of the Company and its subsidiaries due to a tax amnesty program held by the government of Indonesia in 2016.

Profit before tax expenses. Profit before tax expenses increased 144.3% to Rp1,444.7 billion for the year ended December 31, 2017 from Rp591.4 billion for the year ended December 31, 2016.

Tax expenses. Tax expenses decreased 26.6% to Rp59.5 billion for the year ended December 31, 2017 from Rp81.1 billion for the year ended December 31, 2016, primarily due to a decrease in current period tax expenses to Rp61.3 billion for the year ended December 31, 2017 from Rp84.7 billion for the year ended December 31, 2016.

Total comprehensive income. As a result of all the foregoing factors, total comprehensive income increased 164.6% to Rp1,377.9 billion for the year ended December 31, 2017 from Rp520.6 billion for the year ended December 31, 2016.

Liquidity and Capital Resources

We have historically financed our capital requirements primarily through funds generated from our operations, predominantly pre-sales, and financing from banks. Our primary capital requirements have been to purchase land, development and construction of residential and commercial properties, and to fund general working capital requirements. We believe that we will have sufficient capital resources from our operations and financing from banks and other financial institutions to meet our capital requirements for at least the next 12 months. Subject to restrictions in our existing indebtedness, we may incur further indebtedness in connection with the operation of our business, which may result in an increase in our interest expenses.

As of December 31, 2018, we had cash and cash equivalents of approximately Rp459.0 billion (US\$31.7 million). For a description of our working capital facilities, see “Description of Material Indebtedness.”

Liquidity

The following table sets forth information regarding our cash flows for the years ended December 2016, 2017 and 2018, and our cash and cash equivalents at the end of each period:

	For the Years Ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Net cash from operating activities	1,482.0	1,826.0	1,369.7	94.6
Net cash used for investing activities	(377.0)	(1,482.4)	(696.8)	(48.1)
Net cash used for financing activities	(553.9)	(815.9)	(938.8)	(64.8)
Net increase/(decrease) in cash and cash equivalents	551.1	(472.4)	(265.9)	(18.4)
Cash and cash equivalents at beginning of period.	638.4	1,189.5	718.1	49.6
Effect of exchange rate charges on cash and cash equivalents	—	1.0	6.8	0.5
Cash and cash equivalents at end of period . .	1,189.5	718.1	459.0	31.7

Cash flows provided by operating activities

For the year ended December 31, 2018, our net cash provided by operating activities was Rp1,369.7 billion (US\$94.6 million), consisting of cash receipts from customers of Rp2,968.1 billion (US\$205.0 million) and interest income of Rp19.1 billion (US\$1.3 million). These were partially offset by payments to directors and employees of Rp198.4 billion (US\$13.7 million), payments to contractors, suppliers and operations of Rp1,257.3 billion (US\$86.8 million), tax payments of Rp155.1 billion (US\$10.7 million) and payments to other parties which are not customers of Rp6.8 billion (US\$0.5 million).

For the year ended December 31, 2017, our net cash provided by operating activities was Rp1,826.0 billion, consisting of cash receipts from customers of Rp3,446.2 billion and interest income of Rp42.7 billion. These were partially offset by payments to contractors, suppliers and operations of Rp1,288.3 billion, payments to directors and employees of Rp183.7 billion, tax payments of Rp178.3 billion and payments to other parties which are not customers of Rp12.7 billion.

For the year ended December 31, 2016, our net cash provided by operating activities was Rp1,482.0 billion, consisting of cash receipts from customers of Rp3,867.3 billion and interest income of Rp53.1 billion. These were partially offset by cash payments to contractors, suppliers and operations of Rp2,051.3 billion, tax payments of Rp208.0 billion, cash payments to directors and employees of Rp159.5 billion and payments to other parties which are not customers of Rp19.5 billion.

Cash flows used for investing activities

For the year ended December 31, 2018, our net cash used for investing activities was Rp696.8 billion (US\$48.1 million), consisting primarily of Rp231.2 billion (US\$16.0 million) used for additions to land for development, Rp323.2 billion (US\$22.3 million) used for advances on land purchases, Rp24.9 billion (US\$1.7 million) used for addition to investment properties, and Rp149.1 billion (US\$10.3 million) used for additions to fixed assets. These were partially offset by Rp28.1 billion (US\$1.9 million) received from decrease in time deposits and Rp3.6 billion (US\$0.2 million) received from an increase in collateral on sales through mortgages under time deposits which are discharged based on the progress of construction.

For the year ended December 31, 2017, our net cash used for investing activities was Rp1,482.4 billion, consisting primarily of Rp732.9 billion used for advances on land purchases, Rp35.9 billion used for interest reserve account and mortgage collateral, Rp631.4 billion used for additions to land for development, Rp91.1 billion used for additions to fixed assets and Rp3.2 billion used for additions of investment properties. These were partially offset by Rp11.7 billion received from an increase in time deposits and Rp0.5 billion in proceeds from sales of fixed assets.

For the year ended December 31, 2016, our net cash used for investing activities was Rp377.0 billion, consisting primarily of Rp273.5 billion used for advances for land purchases, Rp34.3 billion used for additions to land for development, Rp80.1 billion used for additions to fixed assets, Rp41.4 billion used for interest in mortgage collateral and Rp1.4 billion used for additions to investment properties. These were partially offset by Rp53.8 billion received from a decrease in time deposits.

Cash flows used for financing activities

For the year ended December 31, 2018, our net cash used for financing activities was Rp938.8 billion (US\$64.8 million), consisting primarily of payments of interest paid of Rp579.6 billion (US\$40.0 million) and payments on bank loans of Rp434.6 billion (US\$30.0 million). These were partially offset by Rp10.0 billion (US\$0.7 million) decrease in amounts placed in interest reserve accounts, a Rp1.0 billion decrease in the amount due from related parties, the drawdown of a bank loan of Rp63.0 billion (US\$4.4 million) and Rp1.6 billion (US\$0.1 million) in amounts due to related parties.

For the year ended December 31, 2017, our net cash used for financing activities was Rp815.9 billion, consisting primarily of payments of Rp288.7 billion on bank loans, interest paid of Rp599.1 billion, dividend payments of Rp29.5 billion Rp8.4 billion placed in interest reserve accounts and Rp101.6 billion paid to related parties. These were partially offset by Rp14.0 billion of tax amnesty assets, Rp1.6 billion decrease in amount due from related parties, receipt of a Rp95.9 billion hedging benefit and a Rp100.0 billion addition of advance on paid in capital in subsidiary by non-controlling interest.

For the year ended December 31, 2016, our net cash used for financing activities was Rp553.9 billion, consisting of Rp3,234.0 billion used for the redemption of bonds payable – net, Rp751.2 billion used for interest payments, Rp38.5 billion payment due to/from related parties, and Rp7.1 billion placed in interest reserve accounts. These were partially offset by Rp3,114.8 billion in proceeds from bond issuance – net and Rp362.4 billion from bank loan proceeds.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments to make future payments under our total debt and finance lease obligations as of December 31, 2018:

	Payment Due by Period					
	Total	Less Than 1 Year	1-2 Years	2-5 Years	More Than 5 Years	
	(Rp in billions)	(US\$ in millions)	(Rp in billions)			
Long-term debt obligations . .	7,734.1	534.1	425.4	3,628.9	3,679.8	–
Purchase obligations	220.6	15.2	220.6	–	–	–
Other long-term liabilities . . .	1,062.2	73.4	–	470.8	585.0	6.4
Total	9,016.9	622.7	646.0	4,099.7	4,264.8	6.4

Capital Expenditure

The following table sets forth information regarding our total capital expenditure for the periods indicated:

	For the Years Ended December 31,			
	2016	2017	2018	2018
	Rp	Rp	Rp	US\$
	<i>(Rp in billions and US\$ in millions)</i>			
Purchase of land for development	34.3	631.4	231.2	16.0
Increase in property investment	1.4	3.2	24.9	1.7
Purchase of fixed assets	80.1	91.1	149.1	10.3
Increase in advance on land purchase	273.5	732.9	323.2	22.3
Total capital expenditures	389.3	1,458.6	728.4	50.3

Off Balance Sheet Arrangements

We provide guarantees to the lending banks in respect of loans procured by the purchasers of our properties for the period of time until the title for the land has been subdivided and issued to us by the National Land Agency. If a purchaser defaults on its repayment obligations in respect of three consecutive installments prior to the sub-division of title, the banks are typically entitled to call on the guarantees and we will be required to repay the amounts outstanding under the loans. See “Business – Real Estate Development and Operations – Development Phase – Mortgages.” We have not, in recent years, experienced major defaults by purchasers of our properties under these mortgage financing arrangements. In addition, we are able to resell the properties under mortgages which have been defaulted upon to other purchasers. In the years ended December 31, 2016, 2017 and 2018, 43.0%, 57.4% and 46.9%, respectively, of the purchasers of our residential and commercial properties financed their purchases through mortgages or other bank financing.

Quantitative and Qualitative Disclosures about Market Risks

Our business exposes us to a variety of financial risks, including changes in foreign exchange rates, credit risk and liquidity risk. The following discussion summarizes our exposure to foreign exchange rates, credit risk and liquidity risk and our policies to address these risks. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about us. These statements are based upon current expectations and projections about future events. There are important factors that could cause our actual results and performance to differ materially from such forward-looking statements, including those risks discussed under “Risk Factors.”

Credit Risk

Credit risk refers to the risk of loss that may occur from the failure of a customer to make the required payments for the purchase or lease of our properties.

In respect of purchasers of our properties who elect to make payments pursuant to installment plans, we seek to manage the risk of default in installment payments by delivering title to the purchaser only after all installments have been paid in full. We also manage such risk by charging fees for late payments of installments and for cancellation of sales transactions, as well as retaining the right to repossess properties. The purchaser will be subject to a penalty of 0.05% and 0.1% of the outstanding installment amount per day for late payment of any installment for a period of up to 30 days and for a period exceeding 30 days, respectively. If the delay in payment of any installment exceeds 90 days, we are entitled to cancel the sale transaction and repossess properties and the purchaser will not be entitled to a refund of 25% of the purchase price.

We typically require our tenants to provide security deposits and/or bank guarantees for an amount equal to three to six months' rental in order to mitigate the credit risk arising from failure by tenants to make timely rental payments. Any late payment of rent by our tenants for a period of up to 30 days will be subject to a penalty of 0.3% of the amount due per day. In the event that the period of late payment exceeds 30 days, we are entitled to cancel the lease and the security deposits will be applied to the payment of any outstanding rental owed by the tenants to us.

Liquidity Risk

We are subject to the risk that we will not have sufficient funds to meet our operating requirements and financial obligations when they fall due. We manage our liquidity risk by pre-selling and pre-leasing our projects under development such that we can fund the project development from the sale proceeds (in the case of pre-sales), and booking fees and security deposits paid to us (in the case of pre-leasing), maintaining cashflows generated from our operations and ensuring the availability of credit facilities, managing credit terms and maintaining stringent collection policies.

Exchange Rate Risk

Following the issuance of the 2020 Notes in 2013, the Original Notes in 2016 and the 2021 Notes in 2019, a significant portion of our liabilities is denominated in US dollars. As of December 31, 2018, the aggregate outstanding amount under the 2020 Notes, the 2021 Notes and the Original Notes was Rp6,882.6 billion (US\$475.3 million). Following the redemption of all outstanding 2020 Notes with a portion of the net proceeds from the offering of the Further Notes, we will be subject to the risk of fluctuations in the exchange rate between the US dollar and the Rupiah pursuant to the 2021 Notes and the Notes. We have entered into hedging arrangements to manage the impact of fluctuations in the value of the US dollar.

Interest Risk

Our interest rate risk arises primarily from changes in interest rates relating to loans that we obtain from banks and loans that our customers obtain to purchase our properties. An increase in interest rates would lead to an increase in our interest expenses and could also result in a decrease in demand for our properties. We manage our borrowing costs by refinancing our bank loans when interest rates are favorable and funding our residential projects based on proceeds obtained from pre-sales of our residential properties.

Recent Accounting Pronouncements

The following are new revision, amendments and improvement of financial accounting standards and interpretation of FAS which are relevant to us.

Effective on January 1, 2018

- SFAS No. 2 (Amendment 2016) "Statement of Cash Flows about Disclosure Initiative" – This amendment requires an entity to explain changes in their liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows.
- SFAS No. 13 (Amendment 2017) "Investment Property about Transfers of Investment Property" – This amendment is an adoption of the IAS 40 Transfers of Investment Property. The amendment of SFAS 13 on Transfer of Property Investments reflects the principle that the change in use includes an assessment of whether the property meets, or ceases to meet, the definition of investment property and supporting evidence that a change of use has occurred. In addition, the amendment of SFAS 13 on the Transfer of Investment Properties re-characterizes the list of certain circumstances in SFAS 13 as a non-comprehensive list of examples.

- SFAS No. 16 (Amendment 2015) “Fixed Assets about Agriculture: Bearer Plants” – This amendment provides the clarification that biological assets that meet the definition of bearer plants are accounted for as fixed assets; definition, recognition and measurement of the bearer plants shall be made in accordance with the relevant standard.
- SFAS No. 46 (Amendment 2016) “Income Taxes about Deferred Tax Assets for Unrealized Losses” – This amendment clarifies the requirements for recognizing deferred tax assets on unrealized losses. This amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. The amendment also clarifies certain other aspects of accounting for deferred tax assets.
- SFAS No. 67 (Improvement 2017) “Disclosures of Interest in Other Entities” – This amendment clarifies that the disclosure requirements in SFAS 67 are also applied to any interest in an entity classified in accordance with SFAS 58: Non-Current Asset Held for Sale and Discontinued Operations.

The adoption of the above financial accounting standards do not have significant impact to the group’s consolidated financial statements.

The following are accounting standards issued by not yet effective. We are currently evaluating the impact of such revised accounting standards and have not yet determined the impact, if any, that these revised standards will have on the consolidated financial statements.

Effective on January 1, 2019

- IFAS 33: Foreign Currency Transactions and Advance Considerations – This amendment is an adoption of IFRIC 22 Foreign Currency Transactions and Advance Consideration. IFAS 33 clarifies the use of the transaction date to determine the exchange rate used in the initial recognition of asset, related expense or income at the time the entity has received or paid advance in the foreign currency.

Effective on January 1, 2020

- SFAS No. 15 (Amendment 2017) “Investments in Associates and Joint Ventures about Long Term Interest in Associate and Joint Ventures” – This amendment adopts IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures. The amendment of SFAS 15 adds that the enterprise also applies SFAS 71 to financial instruments to an associate or joint venture in which the equity method is not applied.
- SFAS No. 62 (Amendment 2017) “Insurance Contract – Applying SFAS No. 71: Financial Instruments with SFAS No. 62: Insurance Contract” – This amendment is an adoption of Amendments to IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The amendment of SFAS 62 provides attention to entities engaged in insurance concerning the link between the effective date of SFAS 71 and the new standards related to the Insurance Contract which will substitute SFAS 62.
- SFAS No. 71 (Amendment 2017) “Financial Instruments on the Acceleration of Redemption Fees with Negative Compensation” – This amendment is the adoption of IFRS Amendment 9 Financial Instruments: Prepayment Features with Negative Compensation. The amendment of SFAS 71 provides that financial assets with accelerated repayment features that may result in negative compensation qualify as contractual cash flows derived solely from principal and interest payments of principal amounts measured at amortized cost or fair value through other comprehensive income.

- SFAS No. 72 “Revenue from Contracts with Customers” – This new standard will replace all the standards associated with current revenue recognition. In order to determine revenue recognition, it requires the entity to perform a contractual transaction analysis in advance, comprising of a five step model frame work.
- SFAS No. 73 “Leases” – SFAS 73 was issued in September 2017 and establishes the principles of recognition, measurement, presentation, and disclosure of leases. The goal is to ensure that the lessee and lessor provide relevant information that accurately represents the transaction. This information provides the basis for users of financial statements to assess the impact of lease transactions on the financial position, financial performance, and cash flow of the entity.

BUSINESS

Overview

We are one of the first Indonesian urban development companies to have developed and managed a large-scale, self-contained township that includes residential and commercial properties as well as complementary facilities and infrastructure within the township. Our Alam Sutera township in Serpong, Tangerang, which we have been developing since 1994, is located 15 kilometers west of Central Jakarta and is a large-scale mixed-use development with direct access to the Jakarta-Merak toll road, a major toll road into downtown Jakarta. The township spans a total site area of approximately 800 hectares, approximately 678 hectares of which had been developed. Our landbank available for development at the Alam Sutera township in Serpong, Tangerang was approximately 122 hectares as of December 31, 2018 and was valued at Rp18.4 trillion as of October 31, 2018 by KJPP.

We offer primarily middle to high-end residential properties in our Alam Sutera township, which we believe are attractive to the growing middle to high-income population in Greater Jakarta. We believe that we are one of the pioneers in Indonesia in the development of the “residential cluster” model for residential housing, in which typically 150 to 500 houses are developed within a large gated area of approximately four to 23 hectares to produce an exclusive and secure environment. Our customers can choose to purchase either land lots on which they may design and construct residential houses or commercial buildings of their own design and at their own expense, or residential houses or commercial buildings that we have constructed together with the land lots. We also offer commercial properties that are strategically located along the main roads of our Alam Sutera township, catering to a variety of businesses ranging from small-to-medium enterprises to large local and international companies. The commercial properties in our Alam Sutera township include developments such as office towers, retail malls, shophouses and multi-functional warehouses which are either developed by us or third parties. Phase 1 of our Alam Sutera township, which spans a total of 450 hectares, consisted primarily of residential clusters and shophouses. We are currently developing Phase 2 of our Alam Sutera township, diversifying our commercial property offerings to include retail facilities such as the Mall@Alam Sutera, a large-scale shopping center which commenced operations in December 2012, and office towers, the first of which was a 20-story strata title office tower named Synergy Building that was completed in the third quarter of 2012. We completed the construction of our second office tower, The Prominence Office Tower, in the first half of 2016. As of December 31, 2018, we had sold or leased a total of 14,184 land lots and properties that we have developed in Alam Sutera, of which 8,075 were residential land lots and properties located within 37 residential clusters. We have sold all units of Silkwood Residences and 411 units of Paddington Heights as of December 31, 2018.

We expect to continue to offer both residential and commercial properties at Alam Sutera for sale and lease. As of December 31, 2018, the population of Alam Sutera was approximately 36,304 people. The future JORR II, which is expected to be developed in the next few years, will link the Alam Sutera township directly to the Soekarno-Hatta International Airport, positioning it as an attractive secondary business district for Greater Jakarta and a meetings, incentive, convention and entertainment venue.

Our wholly-owned subsidiary, TMRE, holds a development license for 550 hectares of land in North Serpong, Tangerang. We are in the process of acquiring additional land, which is located in North Serpong, Tangerang, adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire approximately 150 hectares of land from Modernland. As of December 31, 2018, we have acquired 114 hectares of land from Modernland and expect to settle the remaining area of land within the next two years. We plan to consolidate this landbank, together with other land plots in North Serpong, Tangerang which we have acquired or will be acquiring, into a contiguous site and develop it as Phase 3 of our Alam Sutera township. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “– Landbank”. We plan to prepare a master plan for the development of the land in North Serpong once we have acquired most of the land that we require for development.

Our operating model is to develop a township over multiple phases as consolidated areas of land become available and to control demand for properties in our developments by coordinating the timing of when they come to market to match peak demand periods. We design our township developments based on target market segments that we have identified for our projects, including professionals and young executives for our residential properties, and local and international companies for our commercial properties. While we utilize contractors for certain aspects of the developments, we undertake master planning together with international consultants and architectural design with local and international consultants. We manage project development internally, which allows us to retain greater control and oversight of the budget and development timeline.

We are also in the process of acquiring and consolidating tracts of predominantly undeveloped land in Tangerang to develop our second mixed-use residential and commercial township: the Suvarna Sutera township in Pasar Kemis, which is located approximately 15 kilometers to the west of our Alam Sutera township and which is modeled after our Alam Sutera township. The Suvarna Sutera township is strategically located along the Jakarta-Merak toll road and is expected to have direct access to the toll road and also to the Soekarno-Hatta International Airport through the intersection of the existing Jakarta-Merak toll road with the proposed Tangerang Outer Ring Road.

We are currently actively focusing our efforts on planning and developing the Suvarna Sutera township. We have launched 21 clusters with a total land area of approximately 150.4 hectares in the township. We successfully launched our residential clusters, namely, Cempaka, Akasia, Puri Ayu, Mahoni and Puri Agung, in the Suvarna Padi Golf Estate of the Suvarna Sutera township between 2011 and 2013. We also launched additional residential clusters in 2013 and 2014, namely, the Alam, Bayu, Citra, Dhana, Elysia, Fedora, Giri, Helios and Indira clusters, in the Suvarna Jati “super cluster” of the township, and in 2014 we launched our Abira residential cluster which is part of the new Suvarna Padma “super cluster”. In 2015, we launched the Andara and Bahana residential clusters as part of the Suvarna Sari “super cluster”, Bianca residential cluster in the Suvarna Padma “super cluster” and also launched our first shophouses, Terrace 8, in the Suvarna Sutera township. We sold all 137 units available on the launch day. In 2016, we launched the Daru cluster as part of Suvarna Sari “super cluster”. In 2017, we launched the Chiara cluster, which is also a part of the Suvarna Sari “super cluster”, and a new shophouse project at Terrace 9. As of December 31, 2018, we have, on average, sold 90.6% of the houses and land lots that we had launched for sale in the Suvarna Sutera township. As of December 31, 2018, we have accumulated 1,620 hectares in Pasar Kemis. See “– Our Properties”.

In July 2012, we acquired approximately 7,290 square meters of land located in the CBD for Rp348.9 billion in order to construct an office building, The Tower. Construction of The Tower was completed in August 2016. In December 2012, we entered into a conditional sale and purchase agreement to acquire the WAM building, as well as a total of approximately 8,434 square meters of land on which the building stands and the land adjacent to the building, for an aggregate consideration of Rp327.3 billion. The sale and purchase transaction was completed on September 30, 2013. We plan to redevelop the WAM building into a combination of a premium office tower and apartments. See “– Future developments in Jakarta CBD”.

In addition, in 2012 we acquired a 90.3% stake in PT Garuda Adhimatra Indonesia, which holds title over land located in the GWK Cultural Park in Bali for a total consideration of Rp812.6 billion. The GWK Cultural Park is a tourist attraction that is expected to become part of a 60 hectare mixed-used development in which we plan to include residential, hospitality and commercial properties for sale and for lease. See “– Garuda Wisnu Kencana Cultural Park” for details on the development of the GWK Cultural Park.

As of December 31, 2018, we had a landbank of approximately 2,262 hectares, of which approximately 90% was located in the Tangerang region in Greater Jakarta. A breakdown of our total landbank by location is set out below:

Location	Landbank as of June 30, 2016	Valuation⁽²⁾	Landbank as of December 31, 2018
	(hectares)	(Rp billion)	(hectares)
Serpong, Tangerang	154	18,392	122
Pasar Kemis, Tangerang	1,561	10,367	1,620
North Serpong, Tangerang ⁽¹⁾	262	6,951	272
Cikokol, Tangerang	15	N/A	15
Cianjur, West Java	80	N/A	80
Puncak, Cimaean	9	N/A	9
Sanur, Bali	6	N/A	6
Ungasan, South Kuta District, Bali	63	N/A	63
Tanjung Pinang, Riau	75	N/A	75
Total.	2,225		2,262

(1) This refers to land located adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. As of December 31, 2018, we have acquired a total of 114 hectares of land from Modernland under the master agreement.

(2) The valuations of the landbank are based on the valuations conducted by KJPP on the landbank area as of October 31, 2018.

In addition to the landbank area set out above, we have acquired more land in Pasar Kemis and are in the process of obtaining or perfecting the relevant title, including the Certificate of Right to Build and the Deed of Relinquishment.

We have received the following awards and rankings:

Year	Award
2009	<ul style="list-style-type: none"> FIABCI Indonesia – BNI Prix d’Excellence Award for the Category of Best Master Plan for our Alam Sutera township
2010	<ul style="list-style-type: none"> Best Residential Developer in Indonesia by Euro money magazine Ranked first by Investor Magazine in the Best Listed Company in the Property and Building Construction category
2011	<ul style="list-style-type: none"> Ranked third by Investor Magazine in the Top Performing Listed Company category Placed on the A-List of the top 40 best performing small and mid-sized listed companies by Forbes Indonesia
2012	<ul style="list-style-type: none"> Placed amongst the Top Performing Listed Companies by Investor Magazine and was ranked sixth out of the Top 50 Best Companies by Forbes Indonesia Capital Market award for the category of Best Share Issuer with Market Capitalization up to Rp10 trillion from the Indonesia Stock Exchange Top Ten Developers award from BCI Asia

Year	Award
2013	<ul style="list-style-type: none"> • FIABCI Indonesia – BNI Prix d’Excellence Award for Outstanding Achievement Master Plan in 2012 • Top Ten Developers award from BCI Asia • Placed amongst the Top Performing Listed Companies 2013 by Investor Magazine for companies with market capitalization above Rp10 trillion • Platinum Brand Champion of Most Preferred Developer Brand from MarkPlus Inc. for developers with assets below Rp15 trillion • Ranked first by Forbes Asia amongst region’s top 200 small and mid-size companies
2014	<ul style="list-style-type: none"> • Top Ten Developers award from BCI Asia • Ranked fifth by Forbes Indonesia amongst Indonesia’s top 50 best companies • Ranked first by Finance Asia as the Best Mid-Cap among Asia’s best companies • Indonesia WOW Brand – Silver Champion Residential Property Developer • Indocement Awards – Best Innovation in Sustainable Development • IFLA APR Awards – Merit Award in the category Landscape Planning
2015	<ul style="list-style-type: none"> • Top 50 Companies (Ranked 16th) in Best of the Best Awards 2015 by Forbes Indonesia • Golden Award for Winning Five Years in a Row by Forbes Indonesia • Indonesia Wow Brand – Bronze Champion Residential Property Developer • Top Ten Developers award from BCI Asia • Golden Property Awards of Indonesia Property Watch: Best Township Development Project • Consumer Choice Awards by rumah123.com – Most Recommended Residential Project
2016	<ul style="list-style-type: none"> • Top Ten Developers Award from BCI Asia • Indonesia Property Awards – Alam Sutera as Highly Recognized Township • Green Property Awards 2016 for the category of Green Planning Housing Estate – New Cluster for Cluster Leora • Bali Best Brand Awards – The Best Park in Bali (for GWK Cultural Park Project)
2017	<ul style="list-style-type: none"> • 100 Fastest Growing Companies Award by Infobank (Ranked 9th) • Winner of Indonesia and Bali Leading Cultural Park from Indonesia Travel and Tourism Award for the GWK project
2018	<ul style="list-style-type: none"> • Economic Review Indonesian Corporate Secretary & Corporate Communication Award III-2018 – “The Big 15” • Economic Review Indonesian Corporate Secretary & Corporate Communication Award III-2018 (Ranked 3rd) • Indonesia Property Awards – Garuda Wisnu Kencana Cultural Park by Alam Sutera received the Special Recognition for Public Facility award • Corporate Governance Conference and Award – Top 50 Mid-Capitalization Public Listed Company from Indonesian Institute for Corporate Directorship

For the years ended December 31, 2016, 2017 and 2018, our sales, services and other revenues were Rp2,715.7 billion, Rp3,917.1 billion and Rp3,975.3 billion (US\$274.5 million), respectively. For the years ended December 31, 2016, 2017 and 2018, our Adjusted EBITDA was Rp1,180.3 billion, Rp2,090.0 billion and Rp2,084.9 billion (US\$144.0 million), respectively.

Recent Developments

Our sales, services and other revenues decreased from Rp1,014.5 billion (US\$70.0 million) for the three months ended March 31, 2018 to Rp684.4 billion (US\$47.3 million) for the three months ended March 31, 2019. This decrease was primarily due to a decline in revenue recognition from China Fortune Land Development Co., Ltd. (“CFLD”) from Rp590.8 billion (US\$40.8 million) for the three months ended March 31, 2018 to Rp85.6 billion (US\$5.9 million) for the three months ended March 31, 2019. This decrease in revenue recognition from CFLD was due to fewer land sales to CFLD driven by delays in concluding the sale agreements. This has since been resolved and the delayed land sales are expected to be concluded in the second quarter of 2019. See “Risk Factors – Risks Relating to Our Business - It is difficult to predict our future performance and manage our cash flows because almost all of our revenue is of a non-recurrent nature and may fluctuate significantly from period to period due to various factors, including the timing of the pre-sale or sale of our projects, our revenue recognition policies, requirements under applicable law relating to the sale of real property, our accounting policies and factors beyond our control, which may result in an inability to fund our liquidity needs” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Business and Results of Operations – Timing of Project Completion”.

Our Competitive Strengths

Well-located townships with convenient access to transport infrastructure

Our Alam Sutera township, which is located approximately 15 kilometers to the west of Jakarta, is a large-scale township close to Central Jakarta. The township is considered an attractive alternative to Central Jakarta for middle-to high-income residents as well as businesses seeking to relocate away from the overcrowded downtown area. The traveling time to Central Jakarta by car is approximately 60 minutes during peak hours and 40 minutes during off-peak hours. There is direct access from the Alam Sutera township to the Jakarta-Merak toll road, the main highway linking Jakarta to western Java. The future JORR II will border the township’s eastern perimeter and will link the Alam Sutera township directly to the Soekarno-Hatta International Airport, positioning it as a potentially attractive secondary business district for Greater Jakarta and a meetings, incentive, convention and entertainment venue.

Our Suvarna Sutera township in Pasar Kemis is strategically located adjacent to the Jakarta-Merak toll road in Tangerang, being 30 kilometers west of Jakarta and 15 kilometers west of the Alam Sutera township. It is located within the highly populated Tangerang region, which is experiencing rapid economic growth. It is also an attractive area to young professionals and executives seeking good quality and affordable homes that are close to Jakarta. We commenced land and infrastructure development in the Suvarna Sutera township in the first half of 2013 and launched seven new residential clusters for sale in the township in 2013, three new residential clusters in 2014 and three new residential clusters, one shophouse project in 2015, one new cluster in 2016 and one new cluster and one new shophouse project in 2017. As of December 31, 2018, we have, on average, sold 90.6% of the houses and land lots that we had launched for sale in the Suvarna Sutera township. We believe we have achieved initial success in applying our experience in township development at the Alam Sutera township to the Suvarna Sutera township.

We obtained in-principle approval in February 2012 from the local government authorities to construct roads that provide direct access from the Suvarna Sutera township to the Jakarta-Merak toll road, which we believe will significantly improve the accessibility and attractiveness of the Suvarna Sutera township to potential buyers and tenants of our developments in the township. See “– Our Properties”.

Access to a large landbank for development of our existing and future property projects

We believe that our landbank is very attractive to our target customers and provides us with development opportunities (including at Pasar Kemis) for 15 to 20 years. As of December 31, 2018, our total landbank amounted to approximately 2,262 hectares. Approximately 90% of our total landbank is located in the high-growth Tangerang region located to the west of Central Jakarta where the Government has made or has announced plans to make significant investments to improve the region's infrastructure and accessibility. We acquired our landbank over a long period of time at relatively inexpensive prices and have the flexibility to access our landbank when market and pricing conditions are favorable, allowing us to enjoy healthy profit margins. We are also currently in the process of acquiring additional land, which is located in North Serpong, Tangerang adjacent to our Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire approximately 150 hectares of land located in Tangerang from Modernland. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “– Landbank”. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land under the master agreement with Modernland, and we anticipate acquiring more land within the next two years.

Our policy is to maintain the size of our current landbank by acquiring land at a rate that is similar to the rate at which land is being utilized for our developments, subject to the price and availability of land that meets our acquisition criteria, to ensure that we have a constant supply of land for development.

Well-balanced product offering that is flexible and scalable in order to meet market requirements

We offer our customers a well-balanced mix of residential and commercial retail real estate products including landed homes, high-rise apartment units, shophouses, office units, retail space and land lots for development. We believe that our diversified exposure to the residential and commercial retail real estate sub-sectors, which have different market cycles, diversifies our income base and mitigates risks associated with changes in demand for different property types. Commercial properties also typically have higher unit prices and therefore help to enhance our overall profitability. Specifically, our business model is primarily focused on the development of low-rise commercial and residential properties as well as the sale of land. Our focus on low-rise residential and commercial developments is beneficial because such projects require smaller capital expenditure and expose us to less development risks. Their shorter development cycles also afford us the flexibility to scale our development program to meet market conditions and ensure our financial position is not adversely affected by excessively large inventories during market downturns. The sale of land is highly profitable with significantly lower development risks as we do not need to construct buildings which, depending on the type of building, could require significant capital expenditure over a long period of time.

Strong brand image and recognized for high quality residential and commercial properties

We believe that the “Alam Sutera” brand name is very well-known in Jakarta. We are recognized by the market for our award-winning master plan, ability to develop high quality township and properties, strong property management service and commitment to quality in all stages of the property development cycle. Our flagship Alam Sutera township was awarded the FIABCI Indonesia – BNI Prix d'Excellence Award in 2009 for the Category of Best Master Plan for our Alam Sutera township. In 2010, we were also recognized by Euromoney Magazine as the Best Residential Developer in Indonesia and were ranked first by Investor Magazine as the Best Listed Company in the Property and Building Construction category. We also won the Top Ten Developers award from BCI Asia and the Outstanding Achievement Master Plan award from FIABCI Indonesia – BNI Prix d'Excellence in 2012. In 2013, we won the Top Ten Developers award from BCI Asia and were awarded the Platinum Brand Champion of Most Preferred Developer Brand from MarkPlus Inc. for developers with assets below Rp15 trillion. In 2014 and 2015 we were again recognized by BCI Asia with the Top Ten Developers Award. Furthermore, in 2015, we achieved the Golden Award from Forbes Indonesia for winning the Best of the Best award five years in a row. In 2016, our Alam Sutera Township was awarded the Highly Recognized Award by Indonesia Property and also won

the Top Ten Developers award from BCI Asia. In 2017, we were ranked 9th amongst the 100 Fastest Growing Companies by Infobank. Additionally, our GWK Cultural Park project in Bali was recognized as the Leading Cultural Park of Indonesia by Indonesia Travel & Tourism Awards. In 2018, we received the Special Recognition for Public Facility award at the Indonesia Property Awards for the Garuda Wisnu Kencana Cultural Park. We believe that our real estate product offerings are differentiated from our competitors' by their innovative concept, distinctive design and high quality. For example, we believe we pioneered the residential cluster concept, which is very popular among our customers. In designing our township masterplan and our property developments, we take into account the natural landscape and environment to create a clean, comfortable and highly desirable living space. We also provide high quality infrastructure, attractive landscaping and a wide range of ancillary facilities within our township to support business activities and to provide a comfortable living environment. In addition, we offer an enhanced security system in our residential clusters and maintain high security standards, including a 24-hour surveillance system, in our residential clusters. We have also launched a shuttle bus system called "Suteraloop" to improve transportation within the Alam Sutera area.

Well-positioned to take advantage of growth in the residential and commercial property market in Greater Jakarta

Tangerang is one of the fastest growing regions within Greater Jakarta due to urbanization, decentralization and growing affluence. Large-scale property and infrastructure development activities are generally limited in the northern part of Jakarta due to the proximity to the coastline and in the southern part of Jakarta due to the terrain and location of the water catchment area. Property development activities are also limited in the eastern part of Jakarta which is an industrial area where factories and warehouses are located. We believe that our existing and planned townships are strategically located and are well-positioned to capitalize on the demand for good quality residential and commercial property generated by middle and upper-class residents relocating towards the suburban districts to the west of Jakarta in search of more spacious and better quality living environments; upwardly mobile young graduates and professionals in the high-growth Tangerang region seeking to upgrade their housing conditions; businesses who cater to the needs of the growing suburban population; and domestic and international corporations who are looking to lower their occupancy costs and avoid congestion in the city center.

We believe we have been able to benefit from the demand for residential and commercial properties in Greater Jakarta. We have sold all of the units in the Maple and Oak Towers of Silkwood Residences and the Synergy Building in the Alam Sutera township, which we have completed within our allocated budget and timeframe. See "– Our Properties – Silkwood Residences". As of December 31, 2018, we have sold a majority of the units of Paddington Heights in the Alam Sutera township. See "– Our Properties – Paddington Heights". Between 2011 and 2017, we launched for sale new residential properties and land lots in the Suvarna Padi Golf Estate, as well as nine new residential clusters in the Suvarna Jati "super cluster", two new residential clusters in the Suvarna Padma "super cluster", four new residential clusters in the Suvarna Sari "super cluster", and two shophouse projects in the Suvarna Sutera township. We believe we have achieved initial success in our development of the Suvarna Sutera township in Pasar Kemis, having sold most of the properties in the residential clusters that we developed within the Suvarna Padi Golf Estate and within the Suvarna Jati "super cluster". See "– Our Properties". We have also been able to market our properties at prices that are higher than our previous launches of similar properties, due to the strong market demand for our properties.

We believe that we are well-placed to source strategically-located landbank on favorable terms, position our products to meet the needs and aspirations of our target customers and take advantage of other attractive opportunities in the Greater Jakarta region that would drive our future growth.

Experienced management team with strong track record

Our experienced Board of Directors and senior management team is comprised of a balanced mix of long-serving employees and recent hires of highly qualified individuals. They have extensive experience

in the real estate industry and property management, with proven track records in successfully managing high quality, large-scale real estate projects across the entire property development cycle. Under their leadership and oversight, we have established a presence and have extensive property development experience in West Jakarta where we have been operating since 1994 and have developed high quality residential and commercial properties. We have a proven track record in delivering high quality real estate products to our target customers in the middle-to high-income category who are typically more discerning. We have also put in place an effective corporate governance structure, cost management policies and closely managed in-house project delivery processes that minimize development risks and ensures quality control.

Our Strategy

Strategic focus on township development and acquisition of good quality landbank in strategic locations that will sustain project development and sales objectives

We intend to continue to concentrate on the further development of the Alam Sutera township. To that end, we plan to continue to selectively acquire land adjacent to the Alam Sutera township to increase the scale of the township and add further value to the existing development. Such land acquisition in Alam Sutera will be done at prices we consider to be favorable as and when such opportunities arise so as to manage land acquisition costs, as land prices in Serpong have increased significantly over the past several years. We are in the process of acquiring additional land, which is located in North Serpong, Tangerang, adjacent to the Alam Sutera township and across the Jakarta Merak toll road. We are acquiring land located in Tangerang from Modernland under a master agreement that we entered into in February 2013. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “– Landbank”. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement and we anticipate acquiring more land within the next two years. We plan to develop the land acquired as Phase 3 of our Alam Sutera township.

We also plan to focus on the development of the land and infrastructure of our Suvarna Sutera township in Pasar Kemis, where we have sold and developed properties in new residential clusters from 2011. In 2014 we launched three residential clusters and in 2015 we launched three new residential clusters and one shophouse project. We plan to launch and develop additional “super clusters”, shophouses and commercial properties in the township in the future. See “Business – Our Properties”. In respect of land acquisition, we are actively acquiring and consolidating land tracts in Pasar Kemis to create a contiguous land plot of a sufficient scale that is suitable for land and infrastructure development. Going forward, we intend to continue to focus management attention and our internal resources towards land acquisition in Pasar Kemis to take advantage of the current low cost of land in the region, and to own sufficient land to develop the township that we have planned.

As part of our land acquisition strategy, our senior management team continuously surveys and monitors the market for acquisition opportunities and tap their broad business networks to identify suitable locations in Greater Jakarta and other cities that are expected to be suitable for future township developments and/or property projects. We also plan to maintain a balance between our property development activities and our landbank acquisition so that our development activities will not result in a significant increase in the prices of the additional landbank to be acquired by us. In addition, our senior management team monitors commercially attractive opportunities to divest landbank assets that we consider to be non-core to our business so that we remain focused on our key developments.

Diversify geographic footprint in Jakarta and other locations, as well as product range and customer base, and identify merger and acquisition transactions that are in line with our strategic objectives

We plan to continue our efforts to diversify the locations of our property developments in Jakarta and other locations in Indonesia, with a view to increasing the scale and geographic diversity of our business. To gain exposure to what we believe is a market with attractive dynamics, in July 2012, we acquired property

in Jakarta CBD which we re-developed into a premium office tower. The construction commenced in September 2013 and was completed in August 2016. We have also acquired the WAM building and the land on which the building stands, as well as certain land adjacent to the WAM building. In addition, we have acquired a 90.3% equity interest in PT Garuda Adhimatra Indonesia, which holds titles over land with a total area of approximately 60 hectares located in the GWK Cultural Park.

In addition, we continue to diversify our range of products and customer base by developing a mass residential project, which is known as Kota Ayodhya, in Cikokol, Tangerang. Our targeted customers for this development are expected to be primarily customers seeking affordable housing in Greater Jakarta. This project is expected to satisfy the significant demand in the mass residential market in Greater Jakarta as a result of urbanization and income growth. We plan to develop the project in phases so as to maintain the flexibility to adjust to changes in market conditions and demand. The first phase of this project was launched in 2014, which consists of four 24-story towers. As of December 31, 2018, construction of all four towers has been completed and we have handed over 2,073 units to our customers.

Further, we plan to prudently and selectively pursue strategic merger and acquisitions (“M&A”) opportunities that will allow us to expand our portfolio of investment properties on a meaningful scale to generate greater recurring income in the medium term; acquire a high quality landbank that may not be readily available to be sold in the market; and diversify our real estate operations to other attractive locations and/or property subsectors that would drive our future growth. Our experienced management team monitors markets and taps their broad business networks for potential M&A opportunities that fit our vision, mission and strategic objectives. In evaluating potential M&A opportunities, we will consider the following selection criteria: first mover advantages, good future economic prospects, well-located properties/landbank and proximity to transportation links, attractive risk-adjusted returns that meet our internal requirements, ability to deliver intangible value such as enhancement of our brand and profile, and availability of adequate resources to finance and execute the acquisition successfully. Currently we are also considering a joint venture or joint operation with other parties to co-develop apartments, offices or retail products both in Alam Sutera and Suvarna Sutera township.

Enhancing development through cooperation

We intend to continue exploring the use of joint ventures or other forms of cooperation with third parties to develop new properties for the remainder of 2016. For example, we entered into a cooperation agreement with CFLD on June 22, 2016, for the right to develop an area located in Pasar Kemis (“Cooperation Area”). On July 28, 2016, the cooperation agreement became effective. CFLD, via its subsidiary in Indonesia, transferred a Rp1.45 trillion security deposit to ASRI on July 26, 2016, which will be used for landbank acquisition; therefore funding further land delivery to CFLD. We intend to continue and strengthen this cooperation and development of the Cooperation Area in Pasar Kemis with CFLD. We plan to sell approximately 100 hectares per year at a predetermined price to CFLD, from 2017 through 2021. CFLD has the option to extend the Cooperation Agreement for an additional five year period by paying us an additional security deposit. As of December 31, 2018, CFLD had acquired approximately 160 hectares from us and launched Lavon SwanCity in September 2017. We will also continue to look for other cooperation opportunities with other companies.

Increase recurring income by selectively developing a portfolio of high quality investment properties

In addition to continuing to expand our township developments, we intend to focus on enlarging our investment property portfolio by developing commercial properties that deliver attractive rental yields and stable recurring income over the long-term.

We currently derive recurring income from the lease of units and space at Flavor Bliss, the Mall@Alam Sutera, the GWK Cultural Park and also from estate management. For the years ended December 31, 2016, 2017 and 2018, recurring income (consisting of revenues from township management, recreation and sports, rent, ticket sales, restaurant and other revenues) was Rp373.5 billion, Rp372.8 billion and Rp437.1 billion (US\$30.2 million), respectively. Going forward we plan to develop additional investment

properties located in our Alam Sutera township to capitalize on the expected increase in demand for commercial real estate due to the population growth in Tangerang and the increase in disposable income, and the decentralization trend for certain businesses and corporations due to congestion in Jakarta. We will also look to commence progressive development of investment properties in our Suvarna Sutera township in Pasar Kemis to enhance the township's attractiveness by providing commercial space to businesses that offer retail facilities and services that meet our residents' needs, thereby stimulating the township's long-term population growth and value accretion.

The construction of the Garuda Wisnu Kencana was completed in August 2018 and its inauguration by the President of Indonesia took place in September 2018. See "Business – Our Properties – Garuda Wisnu Kencana Cultural Park". We believe the development of the GWK Cultural Park will increase and diversify our sources of recurring income. We recognize that the development of investment properties involves greater risks, as it requires us to invest large amounts of capital over an extended period of time, often over many years. As such, we will continue to adopt a prudent approach when developing investment properties to ensure that we take advantage of strategic growth opportunities.

Diversify access to capital sources and optimize resource allocation to support growth

Central to our growth strategies is our focus on delivering long-term sustainable growth through organic expansion, income diversification and strategic acquisitions. In executing our strategies, we have adopted and will continue to adopt a prudent approach by ensuring that we have adequate resources and maintain a prudent financing approach in order to support growth. In addition to maintaining healthy operating cash flows and a conservative credit profile with a strong balance sheet, we intend to diversify our access to available capital sources, including the capital markets. Further, we intend to continue to enhance our capital management and resource allocation capabilities by conducting comprehensive financial planning and budgeting regularly. We will also continue to improve the quality and performance of our human resources by providing education and training as well as strategically hiring experienced individuals.

History and Background

The following timeline sets forth the major events in the corporate history of the Company and its subsidiaries.

- | | | |
|--------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1973 | – | AGR, the company in our group that owns and manages our Alam Sutera township was established by the family of Mr. The Ning King. |
| 1978 | – | AGR developed its first residential project at Taman Alfa Indah, in West Jakarta. |
| 1984 | – | AGR was granted location permits to 532 hectares of land in the Serpong area that is now the Alam Sutera township. |
| 1990 | – | We commenced acquiring land in Pasar Kemis in the Tangerang region. |
| 1993 | – | PT Alam Sutera Realty was established. |
| 1994 | – | Alam Sutera township was launched. |
| 1994 to 2002 | – | We acquired location permits for an additional 512 hectares in Serpong. |
| 2007 | – | We undertook a restructuring prior to our initial public offering, with a number of companies with large landbanks being injected into the group by the controlling shareholder. |
| | – | In December 2007, PT Alam Sutera Realty Tbk. was listed on the Indonesia Stock Exchange. |
| 2009 | – | Direct toll road access to Alam Sutera township from the Jakarta-Merak toll road was completed. |
| | – | We were awarded the FIABCI Indonesia – BNI Prix d'Excellence Award for Best Master Plan for our Alam Sutera township. |

- Phase 1 of Flavor Bliss was completed and was officially opened.
- 2010 – We were recognized as the Best Residential Developer in Indonesia by Euro money magazine and were ranked first by Investor Daily Indonesia in the Best Listed Company in the Property & Building Construction category.
- Pasar 8 was completed and was officially opened.
- Ground breaking at the Mall@Alam Sutera, Silkwood Residences and the office tower in the Alam Sutera township.
- Commencement of operations at Phase 2 of Flavor Bliss.
- 2011 – We acquired six hectares of landbank in Sanur, Bali.
- We were ranked third by Investor Daily Indonesia for the Top Performing Listed Company category and were placed on the A-List of the top 40 best performing small and mid-sized listed companies by Forbes Indonesia.
- We commenced sales of land lots in Pasar Kemis to selected purchasers.
- 2012 – We undertook a non-preemptive issuance of 1,786,310,000 new shares to PT Manunggal Prime Development at Rp440.0 per share, raising gross proceeds of Rp786.0 billion.
- We issued the 2017 Notes with an aggregate principal amount of US\$150 million, which were rated “B2” by Moody’s and “B” by S&P.
- We completed and opened to the public our Mall@Alam Sutera and the first office tower, named Synergy Building, in the Alam Sutera township.
- We entered into agreements to acquire two properties in Jakarta CBD.
- We completed the acquisition of a 90.3% stake in the Garuda Wisnu Kencana Cultural Park, Bali.
- We were placed amongst the Top Performing Listed Companies by Investor Daily Indonesia and the Top 50 Best Companies by Forbes Indonesia, and received the Capital Market award for the category of Best Share Issuer with Market Capitalization up to Rp10 trillion from the Indonesia Stock Exchange, the Top Ten Developers award from BCI Asia and the FIABCI Indonesia – BNI Prix d’Excellence Award for Outstanding Achievement Master Plan.
- We launched four residential clusters, Sutera Sitara (Mentari and Orlanda), Sutera Renata (Aruna) and Sutera Tiara, in the Alam Sutera township.
- We launched two residential clusters, Puri Ayu and Mahoni, in the Suvarna Padi Golf Estate of the Suvarna Sutera township in Pasar Kemis.
- 2013 – We entered into a master agreement with Modernland to acquire approximately 150 hectares of land located in Tangerang. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement.
- We launched two residential clusters, the Sutera Palmyra and Sutera Victoria, in the Alam Sutera township.
- We issued the 2020 Notes with an aggregate principal amount of US\$235 million, which were upgraded to “B1” by Moody’s and rated “B+” by Fitch and “B” by S&P.
- We launched new residential properties in the Puri Ayu cluster and land lots in the Puri Agung cluster located in the Suvarna Padi Golf Estate of the Suvarna Sutera township.
- We launched six new clusters, namely, Alam, Bayu, Citra, Dhana, Elysia, Fedora and Giri, in the Suvarna Jati “super cluster” of the Suvarna Sutera township.

- We received the Top Ten Developers award from BCI Asia and the Platinum Brand Champion of Most Preferred Developer Brand from MarkPlus Inc. for developers with assets below Rp15 trillion, were placed amongst the Top Performing Listed Companies 2013 by Investor Magazine for companies with market capitalization above Rp10 trillion and were ranked first by Forbes Asia amongst region's top 200 small and mid-size companies.
- We have completed the acquisition of Lot 12 and the WAM building (including the land on which the building stands and certain land adjacent to the building), which are located in the Jakarta CBD.
- 2014
 - We issued the 2019 Notes with an aggregate principal amount of US\$225 million, which were rated “B1” Moody's, B+ by S&P and “B+” by Fitch.
 - We completed the repurchase of the 2017 Notes.
 - We launched developments at Kota Ayodhya, which included four 24-story towers.
 - We created an internal shuttle bus system for Alam Sutera called “Suteraloop” and opened one of the largest furniture stores in the world in the Alam Sutera development.
 - We launched three new clusters in the Suvarna Sutera township.
 - We held the topping-off ceremony for the Prominence Office Tower.
- 2015
 - We launched the Andara and Bahana clusters as part of the Suvarna Sari “super cluster” in the Suvarna Sutera township.
 - We launched Terrace 8 shophouses in Pasar Kemis, the North Tower at Paddington Heights and Ayodha Square shophouses in Kota Ayodhya.
 - We collaborated with the Teach for Indonesia (TF) Binus to organize Alam Sutera TFI – Run for Leprosy, as a charity aimed for increasing public awareness for leprosy, Sidharta Auctioneer to organize the Alam Sutera Artfordable Auction, an auction for local and foreign artworks at Mall@Alam Sutera, and MNC Channel to organize Run with Heart at Alam Sutera.
 - We completed the topping off of the Jade Tower, Coral Tower, Sienna Tower and Indigo Tower in Kota Ayodhya.
 - We completed the topping off of Paddington Heights in Alam Sutera.
 - We celebrated the completion of the Prominence Office Tower.
 - We completed the topping off of the Tower Office Building.
 - We entered into a Memorandum of Understanding with CFLD on December 28, 2015, with the intention to jointly develop the Cooperation Area.
- 2016
 - We entered into a cooperation agreement on June 22, 2016 with a subsidiary of CFLD to jointly develop the Cooperation Area in Pasar Kemis. On July 28, 2016, the cooperation agreement became effective. CFLD, via its subsidiary in Indonesia, transferred a Rp1.45 trillion security deposit to ASRI on July 26, 2016, which deposit will be gradually released as the cooperation progresses.
 - We launched the Daru Cluster in the Suvarna Sutera Township.
 - We launched the Leora Cluster in the Alam Sutera Township and successfully sold 100% of the units.
 - We completed the construction of the two towers at Kota Ayodhya and Paddington Heights.
 - We issued the Original Notes with an aggregate principal amount of US\$245 million, which were rated “B2” by Moody's, “B” by S&P and “B” by Fitch.
- 2017
 - We launched two cluster extensions, the Victoria and Orlanda Clusters, in Alam Sutera.

- We launched Crystal 8, a shophouse project in Alam Sutera, and we successfully sold all of the units on launch day.
- 2018 – We launched Lloyd, our first low-rise apartment project, and we successfully sold all of the units of phase 1 and phase 2 on launch day.
- The groundbreaking ceremony for the Cikupa interchange was conducted on June 28, 2018.
- We launched Pasar 8, a modern market in Suvarna Sutera Township.
- We were placed among “The Big 15” in the Economic Review’s Indonesian Corporate Secretary Communication Award III-2018.
- 2019 – We issued the 2021 Notes with an aggregate principal amount of US\$175.0 million.

Our Properties

We are in the business of owning, developing, selling, leasing and managing residential and commercial retail real estate in Indonesia, historically focused in the West Jakarta region. Since 1994, we have developed our Alam Sutera township and are currently developing the Suvarna Sutera township in Pasar Kemis, approximately 15 kilometers to the west of Alam Sutera.

Currently, we are actively focusing our efforts on the planning and development of Pasar Kemis, which will be modeled after Alam Sutera, into another large-scale and vibrant residential and commercial development. We plan to actively acquire additional land to increase our landbank in Pasar Kemis up to a total of approximately 2,600 hectares of land.

We are also focusing on the further development of our Alam Sutera township, where we plan to selectively acquire additional landbank for such development. Our wholly-owned subsidiary, TMRE, holds a development license for 550 hectares of land in Serpong, Tangerang. We are currently in the process of acquiring additional land, which is located in North Serpong, Tangerang adjacent to our Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire 150 hectares of land located in Tangerang from Modernland. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “– Landbank”. As of December 31, 2018, we have acquired a total of 114 hectares of land under the master agreement with Modernland and expect to settle the remaining area of land in 2019. Further, in December 2015, we entered into an agreement with Modernland in relation to the delivery of 30 hectares of the original contracted 150 hectares. Under the terms of this agreement, payment for such land is to be made in installments commencing December 2015 and ending in December 2016. The delivery of the remaining land and payment terms for such land are to be agreed by the parties. We plan to consolidate the land acquired from Modernland, together with other land that we have acquired and will be acquiring, into a contiguous site and develop as Phase 3 of our Alam Sutera township which will be a combination of residential and commercial areas.

In addition, we have acquired land in Bali where our subsidiary, PT Garuda Adhimatra Indonesia, holds titles over land with an area of approximately 60 hectares located in the GWK Cultural Park, and our other subsidiary, AGR, holds titles over land in Jakarta CBD where we are developing one premium commercial office tower.

The following map shows the geographic locations of our landbank areas in the Greater Jakarta, West Java, Bali and Riau areas.

Location	Landbank as of December 31, 2018
	(ha)
1. Serpong, Tangerang	122
2. Pasar Kemis, Tangerang	1,620
3. North Serpong, Tangerang	272
4. Cianjur, West Java	80
5. Cikokol, Tangerang	15
6. Puncak, Cimacan	9
7. Sanur, Bali	6
8. Ungasan, South Kuta District, Bali	63
9. Tanjung Pinang, Riau	75
	2,262



Alam Sutera

The Alam Sutera township is our award-winning flagship development covering approximately 800 hectares of land and is located in Serpong, Tangerang, West Jakarta. The Alam Sutera township is a large-scale urban development that is close to Central Jakarta, which is located approximately 15 kilometers away. The Alam Sutera township is also strategically located near the intersection of the existing Jakarta-Merak toll road and the future JORR II that is expected to open in the next few years. One 11.2 km section of JORR II is expected to open in 2018, while the rest remains under development. When opened, the JORR II will serve as a convenient connection between our Alam Sutera township in Serpong and Soekarno-Hatta International Airport, with travel time from the township to the airport estimated to be reduced in half to around 15 minutes.

The following is an artist's impression of the Alam Sutera township:



(Artist's impression may not represent the eventual appearance of the actual property development)

The following is a master plan of our Alam Sutera township:



We commenced acquisition of the location permits to develop rural land in Serpong in 1984, and since then have continued to acquire land lots and consolidate them in a single contiguous site. Following the development of a detailed urban master plan, we launched the Alam Sutera township in 1994 and commenced development of the project in the same year. Phase 1 of the township, spanning a total of 450 hectares, consists primarily of residential clusters, shophouses, a town center and an open-area food mall named Flavor Bliss, which was opened in 2009. We are currently in the process of developing Phase 2 of the township with a planned site area of a total of 350 hectares. Properties that we have developed in Phase 2 primarily include residential clusters, Maple and Oak towers of Silkwood Residences, Paddington Heights, Mall@Alam Sutera, The Prominence, shophouses and the Synergy Building. Additionally, we continue to sell land lots located in both phases of the township to third parties to develop certain complementary facilities in the township, including the Santa Laurensia private school, Bina Nusantara University, and several third parties to build apartments and offices. We believe our township is attractive to commercial customers, given its strategic location, accessibility, rapidly growing population and affluence and lower occupation cost compared to those of the Jakarta CBD. We also sell land lots to commercial customers who locate their corporate offices in the townships, including BCA and Alfamart, and those who build commercial properties that are complementary to the township, including the Mercure Hotel and the Living World Mall, IKEA and Giant Hypermart. We believe these complementary facilities provide convenience to the residents of the township and contribute to the desirability and quality of life in the township, and also promote the long-term growth of the township.

As of December 31, 2018, approximately 678 hectares of land in the Alam Sutera township had been developed and/or sold, while approximately 122 hectares of landbank was available for development. Our wholly-owned subsidiary, TMRE, holds a development license for 550 hectares of land in North Serpong, Tangerang. We are currently in the process of acquiring additional land, which is located in North Serpong, Tangerang adjacent to our Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire 150 hectares of land from Modernland. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. See “-Landbank”. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement and we anticipate acquiring more land within the next two years. We plan to develop the land that we have acquired or will be acquiring from Modernland, as well as other land plots that we have acquired and will be acquiring in North Serpong, Tangerang, as Phase 3 of the Alam Sutera township. Under our current landbank utilization strategy, we estimate that the land which we have acquired or will be acquiring in North Serpong, Tangerang, together with the land available for development in Alam Sutera township, will be sufficient for a further ten years of development in the Alam Sutera township.

We develop and manage the infrastructure, public utilities and urban landscaping within the Alam Sutera township. We also provide security services at the gates to each residential cluster, car parking facilities for commercial properties, street lighting and electrical grid connections, while water treatment and supply services are provided by our affiliate. In accordance with current Indonesian rules and regulations, we are required to manage areas occupied by infrastructure, public utilities and urban landscaping, to represent approximately 40% of the township’s total land area. We believe that creating a green, clean, safe and aesthetically appealing urban landscape is important in enhancing the attractiveness and competitiveness of our township developments. We believe that our commitment to the urban environment at various stages of the township’s development has enabled us to realize higher prices per square meter of land sold in our completed development.

Residential developments

Since 1994, we have developed 37 residential clusters within the Alam Sutera township. A residential cluster typically consists of 150 to 500 landed houses within a gated residential enclave occupying an aggregate site area of approximately four to 23 hectares. We endeavor to locate our residential clusters at a sufficient distance from main arterial roads in order to preserve and enhance the residential environment. Within a residential cluster, our customers can choose to purchase either land lots on which they may design and construct their houses at their own expense within certain broad specifications set by us, or houses constructed by us as well as the land lots on which they are constructed. In the Danau Biru cluster with larger individual land lots, we only offered land lots for sale, which we believe, given the size of the specific land lots, were more readily marketable to purchasers than properties constructed on these land lots. We typically construct a mix of detached, semi-detached, townhouses and terrace houses within a cluster, with the range of the sizes of the houses constructed on the land lots varying from cluster to cluster. Our residential properties are targeted at the middle to high-income market segment, including professionals, young executives and business owners.

In 2012, we launched Sutera Sitara with sub-clusters Mentari and Orlanda, Sutera Renata with sub-cluster Aruna, and Sutera Tiara, with a total site area of 26.7 hectares. Depending on factors such as location and size, the launching price for houses ranged between Rp2.8 billion to Rp7.8 billion per unit, and for lots without houses, was approximately between Rp7.6 million to Rp10.1 million per square meter. We received a strong market response for these houses and land lots, which were fully sold soon after launch. We were also able to raise the prices of our properties at which they were marketed at subsequent launches of similar properties in the township.

In addition, we launched Sutera Palmyra in January 2013 and Sutera Victoria in February 2013, with site areas of 1.2 hectares and 11.4 hectares, respectively, consisting of a total of 117 units and 70 land lots. Depending on factors such as location and size, the launching price for houses ranged between Rp3.0 billion to Rp6.9 billion per unit, and for lots without houses, was approximately between Rp11.0 million and Rp15.0 million per square meter.

In June 2016, we launched Sutera Sitara Leora with a site area of 6.1 hectares consisting of a total of 256 houses and 26 land lots. Depending on factors such as location and size, the launch price for houses ranged between Rp2.0 billion to Rp2.6 billion per unit, and for land lots approximately between Rp14.0 million and Rp15.0 million per square meter. As of December 31, 2018, approximately 99.0% of the houses and land lots in Sutera Sitara Leora had been sold.

The following is a photograph of one of the residential clusters in the Alam Sutera township:



The following table sets out details of the residential clusters that we have developed at Alam Sutera as of December 31, 2018:

Launch Year	Name of Clusters	Total Land Size (hectares)	Number of Buildings⁽¹⁾	Number of Land Parcels⁽²⁾
1994	Sutera Asri, Sutera Buana, Sutera Cemara, Sutera Delima, Sutera Elok, Sutera Flamboyan and Sutera Gardenia	57.8	612	913
1995	Sutera Harmoni and Sutera Jelita	21.9	402	347
1996	Sutera Kirana	12.9	389	47
1997	Griya Hijau	3.8	217	45
1998	Sutera Intan and Sutera Telaga Biru	17.6	133	118
2000	Sutera Lavender	17.5	34	168
2001	Sutera Magnolia	10.1	49	77
2002	Sutera Narada	13.8	73	161
2003	Sutera Amarylis	3.8	29	36
2005	Griya Sutera and Sutera Feronia	9.8	726	202
2006	Sutera Riviera	5.3	7	35
2007	Sutera Danau Biru, Sutera Onyx and Sutera Olivia	57.5	394	514
2008	Sutera Palma and Sutera Palmyra	19.0	210	188
2010	Sutera Renata (Aurora), Sutera Renata (Alba) and Sutera Feronia Park	17.4	305	86
2011	Sutera Sitara (Jingga and Pelangi)	17.0	216	53
2012	Sutera Sitara (Mentari and Orlanda), Sutera Renata (Aruna) and Sutera Tiara	26.7	364	131
2013	Sutera Palmyra and Sutera Victoria	12.6	117	70
2016	Sutera Sitara Leora	6.1	256	26
2017	Sutera Victoria and Sutera Orlanda Extensions	2.9	109	14

(1) Buildings that we have constructed and developed in the residential cluster (and do not include the buildings constructed by our customers on the land lots).

(2) Individual land lots that we have sold to our customers without buildings constructed on the land lots.

Shophouses

As of December 31, 2018, we had sold 1,484 shophouses in the Alam Sutera township. Our shophouses are generally three or four stories high, typically with GFA of approximately 220 square meters. Although shophouses are designed to have a small commercial space on the ground floor, with residential space for the owner or workers above these workplaces on the second and third floors, a majority of our shophouses are used solely as commercial properties housing retail or wholesale shops and offices. Shophouses have historically been generally popular and easily marketable to our customers. Shophouse clusters are typically strategically located along the main arterial roads within the township, including being located in front of certain residential clusters so as to preserve the quiet living environment of the residential areas and in the surrounding areas of the wet market complex at Pasar 8. The Pasar 8 complex includes 149 shophouses, 238 kiosks and 304 stands, and was officially opened in the first quarter of 2010. All of the properties in this project have been sold. To support the activities of Pasar 8, we also developed a multi-purpose warehouse zone known as T8, comprising 26 warehouse units and 16 land lots near the Pasar 8 complex. The following is a photograph of one of the shophouse clusters in the Alam Sutera township:



The following table sets forth details of the commercial land lots, the shophouses (including kiosks and stalls) in Alam Sutera as of the date of this Offering Memorandum:

Launch Year	Name of Developments	Number of Buildings	Number of Land Parcels
1995	Sutera Niaga I	52	N/A
1996	Griya Hijau	54	N/A
2001	Sutera Niaga II	52	N/A
2004	Sutera Niaga III	47	24
2007	Jalur Sutera and Alam Sutera Boulevard	208	50
2009	Sutera Niaga IV, Alam Sutera Town Center, Palmyra Square, T8, Jalur Sutera Barat and Pasar Delapan	668	52
2010	The Element	90	5
2011	Jalur Sutera Timur and Prominence	538	N/A
2012	Crystal Lane	68	N/A
2017	Crystal 8	46	N/A
2018	Victoria Lane and Woodlake	77	N/A

Mall@Alam Sutera

The Mall@Alam Sutera was completed on schedule in the first half of 2012 and officially commenced operations on December 12, 2012. The mall has a total land site area of approximately 7.8 hectares and a GFA of approximately 165,000 square meters, including parking areas for more than 2,000 vehicles spanning two floors. It has a total leasable floor area of approximately 67,722 square meters spread over three floors with approximately 351 units, which are leased to tenants for retail purposes. The concept for this development is a lifestyle mall in which shopping options are combined with entertainment facilities. For the year ended December 31, 2018, there were an average of 347,000 visitors per month.

As of December 31, 2018, we had an occupancy rate of approximately 69% for the leasable area of the mall. The majority of tenants in the mall has leases with five-year terms, with major anchor tenants, including Sogo department store, having five-year lease terms. The tenants in the Mall@Alam Sutera include a variety of both local and international brands, including Sogo, Starbucks and Adidas. As of December 31, 2018, we had spent a total of approximately Rp486.5 billion on the construction of the mall, which was within our initial budget of Rp520.0 billion. The breakdown of our tenant profile by trade sector as of December 31, 2018 was as follows:

Trade Sector	Number of Leased Units	Leased Area	
		(in square meters)	Percentage of Total (%)
Food and beverage	37	4,134	9
Specialty stores ⁽¹⁾	96	9,137	20
Anchor tenants ⁽²⁾	9	32,991	71
Total	142	46,262	100

(1) This includes fashion, electronic gadgets, accessories, beauty and hairdressing, and health and fitness retail stores.

(2) This includes Sogo and The Food Hall.

The following is a photograph of the Mall@Alam Sutera:



Synergy Building

In September 2012, we completed development of a 20-story office tower, which we named the Synergy Building, within our Alam Sutera township near the toll road access. The Synergy Building has a GFA of approximately 30,775 square meters and a saleable area of 28,902 square meters. Other than saleable area of approximately 8,966 square meters which we have retained for use as our office space, all of the area has been sold on a strata title basis. We have successfully sold and delivered all of the office space in the Synergy Building at an average of Rp13.5 million per square meter. Our customers include PT Indojasa Pratama Finance, which purchased one story of the office tower, and PT Bank CIMB Niaga Tbk., which purchased six stories of the office tower. We have appointed PT Jones Lang LaSalle to provide property management services for the Synergy Building, which include preventive and routine maintenance services and security services for the office tower.

The following is a photograph of the office tower:



Prominence Office Tower

In 2013, we commenced development of a 30-story office tower, known as the Prominence Office Tower, which is located strategically at the heart of Alam Sutera Township next to our Synergy Building. We completed construction of the Prominence Office Tower in January 2016. The Prominence Office Tower has a GFA of approximately 84,000 square meters and a saleable area of approximately 52,000 square meters.

As of December 31, 2018, a total of approximately 19,345 square meters of office space have been sold and delivered at an average price of Rp20.4 million per square meter. Our customers include PT Faminti Utama, which purchased two stories of the office tower, PT Federal Karyartama, which purchased one story of the office tower and Mandiri Healthcare, which purchased three stories of the office tower. We also lease out a total of approximately 3,914 square meters of office space to companies such as PT Softex Indonesia and PT Buhler Indonesia at an average rental charge ranging from Rp150,000 to Rp250,000 per square meter per month. We have appointed PT Jones Lang LaSalle to provide property management services for Prominence Office Tower, which include preventive and routine maintenance services and security services for the office tower.

The following is a photograph of the Prominence Office Tower:



Silkwood Residences

In 2013, we completed development of two 20-story apartment towers, known as the Silkwood Residences, next to the Bina Nusantara University campus and opposite Mall@Alam Sutera. The first tower, Maple, and second tower, Oak, were completed on March 18, 2013 and May 24, 2013, respectively. Each tower has 459 units, which are being sold on a strata title basis. Silkwood Residences has a GFA of approximately 48,625 square meters and a saleable area ranging from approximately 37.5 square meters to 79.8 square meters per unit. We commenced pre-sales of the units in the Maple and Oak towers in March 2010. We have successfully sold all units in both towers at an average price of Rp10.3 million per square meter.

The apartment towers house certain recreation facilities, including a swimming pool, children's playground and basketball court and small retail facilities.

The following is a photograph of the apartment towers:



Paddington Heights

In April 2016, we completed the development of our 30-story apartment within Alam Sutera Township, known as Paddington Heights that is located in Downtown Alam Sutera surrounded by prime commercial facilities, such as Bina Nusantara University, Mall@Alam Sutera, Synergy Building and The Prominence Office Tower. Paddington Heights has two towers, a North Tower and South Tower, with a total of 502 units that are being sold on a strata title basis. Paddington Heights has a GFA of approximately 60,000 square meters and a saleable area ranging from approximately 31.6 square meters to 205.5 square meters.

The targeted customers for this development are expected to be primarily within the middle to high income population in Greater Jakarta. As of December 31, 2018, we had sold a total floor area of approximately 22,945 square meters at an average price of approximately Rp22.0 million per square meter. The apartment offers premium facilities, including a rooftop garden, infinity swimming pool, BBQ area, fitness center and function hall.

The following is a photograph of the apartment towers:



Kota Ayodhya

Kota Ayodhya is located in the heart of Tangerang about 7 kilometers away from Alam Sutera and 2.5 kilometers away from Serpong Toll (Jakarta – Merak). Our targeted customers for this development are primarily customers seeking affordable housing in Greater Jakarta. The development of Kota Ayodhya also includes a shopping mall, apartments and shophouses. As of December 31, 2018, construction of all four towers has been completed and we have handed over 2,073 units to our customers.

In 2014, we launched the first phase of the project, which consisted of four 24-story apartment towers, namely Jade Tower, Coral Tower, Sienna Tower and Indigo Tower. The development of the first phase has a total site area of approximately 21,200 square meters. Kota Ayodhya has a GFA of approximately 187,000 square meters and a saleable area ranging from 23.8 square meters to 64.5 square meters per unit. The topping off of each tower was completed in August 2015, and the Ayodhya Square shophouses were launched in June 2015. As of December 2018, we had sold a total floor area of approximately 70,637 square meters at an average price of Rp13.0 million per square meter. Kota Ayodhya also offers several facilities, including a swimming pool, children's playground, athletic playground, basketball court and rooftop garden.

The following is a photograph of Kota Ayodhya:



Lloyd

Lloyd is a low-rise apartment project and is located within the Alam Sutera Township. This project has a total site area of 4.5 hectares and features 15 to 25 five-storey residential buildings. Each tower is comprised of only four to five units and up to 70% of the project has been allocated towards green open space.

The project was launched in April 2018 and has a GFA of approximately 80,000 square meters and saleable area ranging from approximately 99.3 square meters to 145.5 square meters. As of December 31, 2018, we had sold a total floor area of approximately 49,315 square meters at an average price of Rp19.6 million per square meter. The apartment offers premium facilities, including jogging track, indoor and outdoor gym, basketball court, BBQ area and swimming pool.

The following is an artist impression of the apartment towers:



Flavor Bliss

Flavor Bliss is an open-air food mall, including prominent brands such as Starbucks Coffee, Sushi Tei, and Wendy's. As of December 31, 2018, there were 29 tenants. Most of the land lots at Flavor Bliss are leased without buildings and the tenants are responsible for constructing buildings for their own use at their own expense. At the end of the lease term, the tenant is typically required to return possession of the land and the buildings that they have constructed to us. We have also constructed buildings upon request by certain key tenants according to their specifications.

Phase one of this development with a site area of 1.8 hectares was completed in 2009, and phase two with a site area of 5.9 hectares was opened in August 2010. The total site area of the development is 7.7 hectares, with a total leasable area (consisting of land on which tenants construct their own buildings and land on which we have constructed buildings for tenants) of approximately 18,300 square meters, while the remaining area is parking space. As of December 31, 2018, the occupancy for phases one and two of Flavor Bliss was approximately 95.4% and 81.6%, respectively. The lease term of the land lots in Flavor Bliss is typically for a period of 10 years with an option for renewal, although some tenants that have shorter terms chose not to renew their leases last year.

The following is a current photograph of Flavor Bliss:



Sports and Recreation Facilities

We provide sports and recreation facilities at the sports center located in our Alam Sutera township, which includes a swimming pool, tennis, badminton and basketball courts, an aerobic and fitness center and a sauna. Members of the sports center may participate in the sports and fitness classes conducted by our sports instructors. The multi-purpose hall located in the sports center may also be used for various events and functions.

Future Developments at Alam Sutera

We plan to continue to grow the residential population of the Alam Sutera township by continuing to provide new projects, as well as by providing complementary facilities to the residents of the township to enhance the level of convenience and the quality of living in the township. There are several projects we plan to develop in Alam Sutera such as low-rise apartments, an exhibition and convention center and the extension of Alam Sutera township in North Serpong. We believe these projects will bring great value to the township as well as to the Company.

Exhibition and Convention Center

We believe that there is great potential in the MICE market (Meetings, Incentive, Conventions, and Exhibitions). According to data from World Tourism Organisation (UNWTO), there were 154 million business trips or equal to 14% of total trips made worldwide in 2014. Furthermore, 54% of the business trips were related to MICE events. The MICE industry in Indonesia is also growing at a rapid pace. Based on this opportunity, we have prepared a total area of 20 hectares in the heart of Alam Sutera for this project. The project also includes mixed-use development such as apartments, office buildings, and hotels. To accelerate this plan, we are currently considering a joint venture or joint operation with other parties.

Development of North Serpong

We are planning to expand the Alam Sutera township and are in the process of acquiring additional land in North Serpong, Tangerang for the development of Phase 3 of the Alam Sutera township. In February 2013, we entered into a master agreement, through TMRE, to acquire 150 hectares of land located in Tangerang from Modernland. Further, in December 2015, we entered into an agreement with Modernland in relation to the delivery of 30 hectares of the original contracted 150 hectares. Under the terms of this agreement, payment for such land is to be made in installments commencing December 2015 and ending in December 2016. The delivery of the remaining land and payment terms for such land are expected to be agreed within the next two years. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement with Modernland and we anticipate acquiring more land within the next two years. We are preparing a master plan for Phase 3 of the township and to undertake the development of Phase 3 based on our existing business model and experience in township development.

Suvarna Sutera

Our Suvarna Sutera township is located at Pasar Kemis, Tangerang. Suvarna Sutera is located approximately 15 kilometers to the west of the Alam Sutera township along the Jakarta-Merak toll road and is built on approximately 2,600 hectares over which we have development rights, of which 1,595 hectares is in our landbank and 300 hectares has been developed. Our vision for the development is to include in the township residential developments that are initially targeted at young professionals and executives in the lower-middle income market segment (with a goal to subsequently attract the middle to high-income segment), shophouses, retail and commercial facilities and educational institutions, including a university campus, together with supporting infrastructure for the township. By targeting upwardly mobile customers in the lower-middle income market segment, our strategy is to initially provide our target customers with a more affordable and convenient option, given that housing prices in the Serpong area have increased in the last few years, with the expectation that these customers would upgrade into higher end properties that we would launch in our township in the future.

Sasaki, Walker & Associates, a reputable U.S.-based landscape architect, urban designer and planner, who also developed the Alam Sutera township, developed the master plan for the Suvarna Sutera township development in Pasar Kemis. We submitted the master plan of the Pasar Kemis development to the local government for approval, which we obtained in June 2012. Under the master plan, we would develop the Suvarna Sutera township in two phases, with the first phase of the township having a size of approximately 900 hectares.

We intend to create direct access to the existing Jakarta-Merak toll road which borders the southern perimeter of the Suvarna Sutera township. The Jakarta-Merak toll road is expected to intersect the future Tangerang Outer Ring Road, providing the Suvarna Sutera township with convenient access to the Soekarno-Hatta International Airport. We have obtained in-principle approval from the local government authorities to develop such access in February 2012. We have obtained location permits in respect of the land on which we intend to construct the toll road providing access to the Jakarta-Merak toll road and have acquired most of the land that will be required for the construction of such toll road.

Our first “super cluster” in the township, Suvarna Padi Golf Estate, which is located in the south-eastern corner of the planned township and close to the Jakarta-Merak toll road, consists of five clusters, namely, Akasia, Cempaka, Mahoni, Puri Ayu and Puri Agung. In October 2011, we commenced the sales of houses and land lots in the Akasia and Cempaka residential clusters. We own a 97.95% interest in the Suvarna Padi Golf Estate, which is an approximately 200 hectares existing development comprising an operational golf course and surrounding land plots and for which we have completed infrastructure development. Leveraging on the strong market demand for the Akasia and Cempaka clusters, in July 2012, we launched for sale land lots located in two further residential clusters in the Suvarna Padi Golf Estate, namely, Mahoni and the first phase of Puri Ayu. The launch price for lots with houses in these four clusters was approximately between Rp500 million to Rp1.6 billion per unit, and for lots without houses was approximately between Rp1.8 million to Rp3.3 million per square meter. Market reception of these clusters was strong and substantially all of the units had been sold as of December 31, 2018. In March 2013, we launched for sale residential properties located in the second phase of the Puri Ayu cluster and land lots located in the Puri Agung cluster. The launch price for land lots in the Puri Ayu cluster was approximately between Rp3.7 million to Rp3.9 million per square meter, and for land lots in the Puri Agung cluster was approximately Rp5.0 million per square meter. The launch price of the houses in the Puri Ayu cluster was approximately between Rp1.8 billion to Rp2.6 billion per unit. We have sold all housing units and land lots in the Suvarna Padi Golf Estate.

The second “super cluster” in the township, known as Suvarna Jati, consists of nine clusters, namely, Alam, Bayu, Citra, Dhana, Elysia, Fedora, Giri, Helios and Indira. We conducted a soft launch of the Alam, Bayu and Citra clusters on March 23, 2013 and launched the Dhana, Elysia, Fedora and Giri clusters for sale on September 15, 2013. We launched the Helios and Indira clusters for sale on July 12, 2014. As of December 31, 2018, approximately 96.2% of the total number of properties in the clusters in Suvarna Jati have been sold. The launch price for land lots in Helios and Indira clusters was approximately between Rp3.0 million to Rp3.3 million per square meter. The launch price for houses in these clusters was approximately between Rp525 million to Rp1.6 billion per unit.

The third “super cluster” in the township, Suvarna Padma, consists of two clusters, namely Abira and Bianca. We launched the Abira cluster for sale on November 14, 2014 and the Bianca cluster was launched on June 15, 2015. As of December 31, 2018, approximately 83.3% of the total number of properties in the clusters in Suvarna Padma have been sold. The launch price for land lots in Bianca Cluster was approximately between Rp3.5 million to Rp3.6 million per square meter. The launch price for houses in this cluster was approximately between Rp596 million to Rp606 million per unit.

The fourth “super cluster” in the township, Suvarna Sari, consists of three clusters, namely Andara, Bahana and Daru. We launched Andara and Bahana clusters for sale in February 2015 and the Daru Cluster in April 2016. As of December 31, 2018, approximately 85.6% of the total number of properties in the clusters in Suvarna Sari have been sold. The launch price for land lots in the Daru Cluster was approximately between Rp3.7 million to Rp3.8 million per square meter. The launch price for houses in this cluster was approximately between Rp1.3 billion to Rp1.9 billion per unit.

In April 2015, we launched the Terrace 8 shophouses in Pasar Kemis. The market reception was strong as we sold all of the units on the launch day.

We received strong market response for the houses and land lots in Suvarna Sutera township. As of December 31, 2018, we have, on average, sold 91.0% of the houses and land lots that we had launched for sale. We were also able to raise the selling prices of the properties at subsequent launches of similar properties in the township.

The following table sets out details of the residential clusters that we have launched for sale in the Suvarna Padi Golf Estate, Suvarna Jati, Suvarna Padma and Suvarna Sari as of December 31, 2018.

Launch Year	Super Cluster	Name of Clusters	Total Land Size (hectares)	Number of Houses	Number of Land Parcels
2011	Suvarna Padi Golf Estate	Cempaka	9.2	308	97
2011	Suvarna Padi Golf Estate	Akasia	7.7	50	134
2012	Suvarna Padi Golf Estate	Puri Ayu	9.2	82	59
2012	Suvarna Padi Golf Estate	Mahoni	8.9	198	85
2013	Suvarna Padi Golf Estate	Puri Agung	6.0	–	26
2013	Suvarna Jati	Alam	8.5	114	219
2013	Suvarna Jati	Bayu	4.1	230	61
2013	Suvarna Jati	Citra	5.5	107	128
2013	Suvarna Jati	Dhana	7.3	320	76
2013	Suvarna Jati	Elysia	5.9	258	29
2013	Suvarna Jati	Fedora	7.7	419	66
2013	Suvarna Jati	Giri	3.6	37	42
2014	Suvarna Jati	Helios	4.8	86	39
2014	Suvarna Jati	Indira	5.6	176	50
2014	Suvarna Padma	Abira	7.5	236	45
2015	Suvarna Sari	Andara	7.2	128	53
	Suvarna Sari	Bahana	8.4	219	47
	Suvarna Sari	Daru	9.7	187	62
	Suvarna Padma	Bianca	6.0	167	30
2017	Suvarna Sari	Chiara	11.0	325	36
2018	Suvarna Sari	Flavio	6.6	233	42
		Eldora	10.4	169	60
Total			150.4	3,880	1,426

We hold location permits with respect to the landbank in Pasar Kemis through PT Delta Mega Persada, PT Delta Manunggal Raharja and PT Duta Realtindo Jaya. As of December 31, 2018, we have acquired a landbank of approximately 1,620 hectares in Pasar Kemis. We have also acquired additional land in Pasar Kemis, which we are in the process of obtaining or perfecting the relevant titles, including the Certificate of Right to Build (Sertifikat Hak Guna Bangunan) and the Deed of Relinquishment (Akta Pelepasan Hak). We intend to continue to acquire land lots in the region where we hold location permits and consolidate them into a single contiguous site. We plan to finance the acquisition of the landbank in Pasar Kemis from internal sources and proceeds from any pre-sale of property in the Suvarna Sutera township. We also plan to partially fund the development of the township through bank loans, if necessary.

In 2013, we started to hand over units of houses and land lots to our customers. As of December 31, 2018, we have handed over a total of 3,810 units of houses and land lots to customers.

Cooperation Agreement with China Fortune Land Development Co., Ltd.

We entered into a cooperation agreement with CFLD on June 22, 2016, for the right to develop an area located in Pasar Kemis, Tangerang, Banten (the “Cooperation Area”). On July 28, 2016, the cooperation agreement became effective. CFLD, via its subsidiary in Indonesia, has transferred a Rp1.45 trillion

security deposit to ASRI on July 26, 2016, which deposit will be used for land bank acquisition. Under the terms of the Cooperation Agreement, we may sell approximately 100 hectares per year at a predetermined price to CFLD, from 2017 through 2021. CFLD has the option to extend the Cooperation Agreement for an additional five year period by paying us an additional security deposit. As of December 31, 2018, CFLD had acquired approximately 160 hectares from us and launched Lavon SwanCity in September 2017.

Founded in 1998, CFLD is one of the largest property companies in China that focuses on development of industrial new cities, with projects in more than 50 regions in China and upcoming projects outside China.

To enhance the economic development and urban construction in the Cooperation Area, CFLD will use its strength in the development and operation of industrial new cities, together with us, to build new townships for residential, business, commercial and industrial purposes. We and CFLD will enjoy exclusive cooperation and mutual benefits arising from joint development rights in the Cooperation Area.

CFLD is responsible for the investment, development and management, including overall planning, construction, and operation of infrastructure, public facilities, and industrial services in accordance with the overall planning of the Cooperation Area. ASRI is responsible for providing land and assisting CFLD in the aspects of development, construction and management.

Garuda Wisnu Kencana Cultural Park

In July 2012, we acquired a 90.3% equity interest in PT Garuda Adhimatra Indonesia, which holds title over land of approximately 60 hectares located in the GWK Cultural Park located at Ungasan Hill in the Kuta sub-district of Bali, for a total consideration of Rp812.6 billion. As of December 31, 2018, we have paid a portion of the consideration amounting to Rp758.8 billion, with the remaining consideration to be paid upon, among other things, receipt of complete land title documents. The development of the GWK Cultural Park involved the construction of the statue of Garuda Wisnu Kencana and the pedestal, which stands at a total height of 125 meters, as well as the development of commercial and residential facilities in the GWK Cultural Park. We have incurred approximately Rp100.0 billion in capital expenditure to complete the statue.

We engaged Mr. Nyoman Nuarta, one of the founding shareholders of the GWK Cultural Park, through an agreement with PT Siluet Nyoman Nuarta, for the construction of the statue in the park. We engaged a contractor, PT Tatamulia Nusantara Indah, to construct the pedestal for the statue. We commenced construction of the pedestal in August 2013 and the first module/panel of the statue was installed in August 2015. Both the pedestal and the statue were completed in the third quarter of 2018. We have renovated and improved the existing amenities in the GWK Cultural Park. Approximately 800,000 visitors have visited the GWK Cultural Park every year. For the year ended December 31, 2017, we had approximately 700,000 visitors.

We have completed the development of several facilities which include a diverse range of retail, entertainment and dining facilities, such as Street Theater, Commercial Strip, Lotus Pond, Amphitheater, Plaza Wisnu, Plaza Kura-Kura, Jendela Bali Restaurant, Beranda Restaurant, Indra Loka Garden, and Tirta Agung. These facilities generate additional revenues to the project such as lease and restaurant revenues.

In connection with the development of the GWK Cultural Park, we obtained a loan facility from PT Bank CIMB Niaga Tbk in the principal amount of Rp300.0 billion with an interest rate of 11% per annum to finance the construction of the statue and the development of the GWK Cultural Park. The loan will mature on November 21, 2021. The loan is secured by five parcels of land with total area of 33,559 square meters which are held under the name of PT Alfa Goldland Realty. The Company is also a guarantor of the loan. As of December 31, 2018, Rp218.8 billion (US\$15.1 million) was outstanding under the facility. See “Description of Material Indebtedness – Indebtedness with PT Bank CIMB Niaga Tbk”.

Developments in Jakarta CBD

The Tower

In July 2012, we acquired approximately 7,290 square meters of land located strategically in the Jakarta CBD for Rp348.9 billion. We have demolished the old building above the land and in September 2013, we started the development of a 50-story strata title office building, known as The Tower.

The Tower has a GFA of approximately 101,000 square meters and a saleable area of approximately 57,000 square meters.

Construction of the Tower was completed in August 2016 and a total of approximately 8,000 square meters of office space have been sold as of December 31, 2018, which were delivered at an average of Rp43.8 million per square meter.

The following is a photograph of The Tower:



Wisma Argo Manunggal Building

In December 2012, we entered into a conditional sale and purchase agreement to acquire the WAM building located in the Jakarta CBD, as well as a total of 8,434 square meters of land, consisting of land on which the building stands (with a site area of approximately 4,810 square meters) and three plots of land adjacent to the WAM building (with a total site area of approximately 3,624 square meters), from our affiliate, PT Daya Sakti Perdika, for an aggregate of Rp327.3 billion excluding VAT. The sale and purchase transaction was completed on September 30, 2013. As of December 31, 2018, the occupancy rate of the WAM building was approximately 61.9%.

The GFA of the WAM building is approximately 18,165 square meters. We plan to redevelop the building into a premium office tower in 2021. We expect to pre-sell the office tower prior to committing capital expenditures for its development.

Landbank

Subject to price and location, our policy has been to maintain a minimum gross landbank of 1,000 hectares, of which 600 hectares of the gross land area will be available for sale and development, while the remaining 400 hectares of land are required to be reserved for construction and development of infrastructure and other facilities. In recent years, we have been selling approximately 10 hectares of the land on a net basis available for sale and development per year and plan to gradually increase our sale to approximately between 20 to 30 hectares of such land (excluding land sold pursuant to our Cooperation Agreement with CFLD), now that our Suvarna Sutera township has been launched. We intend to replenish our landbank consistently with the rate of the sale of our land, subject to price and location.

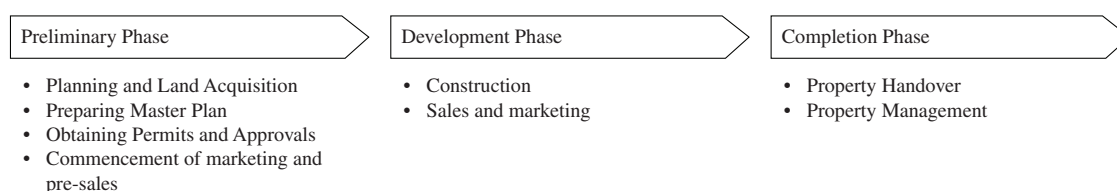
As of December 31, 2018, our total landbank that is available for residential or commercial development was approximately 2,262 hectares. In addition, we have acquired more land in Pasar Kemis for which we are in the process of obtaining or perfecting the relevant titles, including the Certificate of Right to Build (Sertifikat Hak Guna Bangunan) and the Deed of Relinquishment (Akta Pelepasan Hak).

Our wholly-owned subsidiary, TMRE, holds a development license for 550 hectares of land in Serpong, Tangerang. We are currently in the process of acquiring additional land, which is located in North Serpong, Tangerang adjacent to the existing Alam Sutera township and across the Jakarta-Merak toll road. In February 2013, we entered into a master agreement, through TMRE, to acquire approximately 150 hectares of land located in Tangerang from Modernland. Further, in December 2015, we entered into an agreement with Modernland in relation to the delivery of 30 hectares of the original contracted 150 hectares. Under the terms of this agreement, payment for such land is to be made in installments commencing December 2015 and ending in December 2016. The delivery of the remaining land and payment terms for such land are expected to be agreed in 2019. As of December 31, 2018, including the land that we have purchased from Modernland, we have acquired an aggregate of approximately 272 hectares of land in North Serpong, Tangerang. As of December 31, 2018, we have acquired a total of approximately 114 hectares of land from Modernland under the master agreement and we anticipate acquiring more land within the next two years.

Based on our rate of land development during the last three years and our current expansion plans, we believe that our landbank located in North Serpong, Tangerang (including the land that we have acquired and will be acquiring from Modernland), as well as our current landbank at Alam Sutera will be sufficient to meet our planned sales and development needs in the Alam Sutera township for another eight to ten years. In addition, our senior management team monitors commercially attractive opportunities to divest non-core landbank assets so that we remain focused on our key developments.

Real Estate Development and Operations

The following chart sets forth the key stages of a typical property development project undertaken by us:



Preliminary Phase

Planning and land acquisition

During this stage, we conduct market and other research to identify target sites for acquisition and landbank replenishment purposes, and conduct our acquisition through, among others, our management team, real estate agents, private tender and merger and acquisition activity. Our long track record in the Indonesian property market and our well-established relationships with real estate brokers and other industry participants provide us with opportunities for land acquisition. Our land acquisition department sources land on an ongoing basis. Pursuant to Indonesian regulations relating to the acquisition of large

tracts of land, we obtain location permits, which provide us with the exclusive rights to buy, clear and develop particular parcels of land, from local authorities over land that we wish to develop. After obtaining the location permit with respect to a particular parcel of land, we can then commence the land acquisition process and negotiate with individual land owners to acquire the land covered by the location permits. After the land acquisition is completed, we can then apply for and obtain ownership rights over the land from the relevant local land office. See “Regulation – Land Ownership and Acquisition Regulation”.

As a policy, we will generally not acquire real estate until a detailed feasibility study has been completed and the Board of Directors has approved of the acquisition. In developing the feasibility study, the project acquisition team will be required to conduct the requisite due diligence and market studies. The scope of such research generally includes site visits, legal, financial, geotechnical and environmental due diligence, market and financial analysis. This multi-department process is typically completed in three months, but can be accelerated depending on the competitive nature of the bid. In reviewing the feasibility study, the Board of Directors will take into consideration our overall corporate strategy, our current financial position, the pro forma impact of the acquisition, the projected returns of the project, the key risks and mitigants and overall development plans. The approval process typically requires one week, but can be accelerated depending on the competitive nature of the bid.

Master plan

Our marketing and project development departments are responsible for positioning our projects, based on their market research on the purchasing power and preferences of our target customers.

We seek to design the master plan for each project in detail to ensure that our designs and concepts are incorporated consistently throughout the project. We typically appoint internationally renowned consultants to design our master plans with SWA Groups, which includes Sasaki, Walker & Associates, Forrec Ltd. and PT Prada Tata International. We work with our consultants on the design criteria, the specifications of the project, zoning considerations, and land use and skyline plans. In selecting such consultants, we consider, among others, their reputation for reliability, quality and innovative design, their track record, the price quoted and the design proposed.

Permits and approvals

We are required to obtain certain permits and approvals during the course of our project developments. During the land acquisition process, we are required to apply for location permits. We are also required to perform certain environmental impact studies and analyses under applicable environmental regulations prior to the development of such land. Building permits are also required prior to the commencement of the construction process.

Development Phase

Land development, infrastructure and building construction

In preparing the architectural design of our projects, we work closely with our local and international professional advisers, including architects, engineers, planning experts and market consultants, and take into account factors such as the proposed type of development and the design or concept to be incorporated as part of the development, the project area and attributes, and the surrounding environment or neighborhood. Our management team monitors the progress and quality of the architect firms to ensure that they meet our requirements.

We outsource all of our construction work to construction companies and contractors. We have a significant number of contractors who regularly provide construction services to us for the development of our residential clusters. In relation to our larger scale projects, we seek to engage well-known contractors and quantity surveyors with a proven track record, such as Arcadis Indonesia, PT Nusa Raya Cipta and PT Tatamulia Nusantara Indah. These contractors are typically selected through a tender process. Our approval to engage a service provider and for the materials to be used is only given after we

are satisfied that all of our technical specifications are met. We negotiate directly with contractors and suppliers to set the price of key services, components and raw materials. Under the standard terms of these contracts, changes in material costs and project delays are borne by the contractor, and we would bear the impact of price volatility only in very limited circumstances. At the completion of such contracts, we will review the performance of each service provider, contractor and supplier to assess the quality of the work performed by the such service provider, contractor and supplier against an internal set of key performance indicators, which is a key consideration factor in the future selection process.

Marketing and sales

Our marketing and sales department is responsible for the marketing and positioning of our projects and coordinating sales and marketing efforts with third party agents based on their market research on the purchasing power and preferences of our target customers. We typically advertise our property developments in television and radio commercials, print advertisements, billboards and our website. Depending on market conditions, stage of development of the project and target customers, we may also participate in property road shows and exhibitions being held to coincide with or lead up to the project launch. Historically, we have offered incentive schemes to customers as part of our effort to promote property launches, including discounts, preferential payment schemes, free gifts and tie-ups with banks. We typically set up on-site sales offices at each project with in-house sales staff to attend to prospective walk-in buyers. Our in-house sales staff are typically paid a commission of 0.7% to 1.0% of the selling price less value-added tax for each successful sale. External property agents whom we engage to market our properties are typically paid a commission of up to 1.5% to 2.5% of the selling price less value-added tax in Indonesia for each successful sale.

Our property prices are initially set based on a number of criteria, including a property's location within the township, the target market, the size of the property being sold, the amenities provided and general market conditions at the time of pricing.

We offer three pricing tiers to purchasers of our properties based on the type of payment: cash sales, mortgages and installment plans. We typically offer a discount to our regular purchase price, with the amount of discount dependent on the type of payment selected by the purchaser. We offer higher discounts to customers who make cash payments so as to encourage cash sales, which provide us with a source of financing for the construction and development of the project. Our pricing options also provide us with flexibility to offer discounts while maintaining targeted profit margins.

In order to optimize sales for the Alam Sutera, we have also segregated our marketing division into three special teams: landed residential, high rise residential, and corporate/commercial marketing teams.

Cash sales. In the years ended December 31, 2016, 2017 and 2018, approximately 16.7%, 12.4% and 5.6%, respectively, of the purchasers of our properties paid the full purchase price in cash within 30 days of the signing of the order form for the properties.

Mortgages. Purchasers of our properties may choose to finance their purchases through mortgages or other bank financing. We make arrangements with various banks to provide mortgage loans to buyers of our properties. Pursuant to these mortgage finance scheme arrangements, we provide guarantees to the banks with respect to loans procured by the purchasers of our properties for the period of time until the title for the land has been subdivided and issued to us by the National Land Agency. If the purchaser defaults in repaying an installment for a period of three consecutive months prior to the sub-division of the title, the banks are entitled to call on the guarantees and we will be required to repay the amounts outstanding under the loans. If the purchaser defaults on the loan after the title has been sub-divided, the bank will be entitled to foreclose on the property. We have not, in recent years, experienced major defaults by purchasers of our properties under these mortgage financing arrangements. See "Risk Factors – Risks Relating to Our Business – During the construction phase, we provide guarantees to Indonesian banks with respect to loans procured by the purchasers of our properties to secure the repayment obligations of such purchasers". In the years ended December 31, 2016, 2017 and 2018, 43.0%, 57.4% and 46.9%, respectively, of the purchasers of our properties financed their purchases through mortgages or other bank financing.

There have been recent changes in the practice relating to the disbursement of proceeds of mortgage loans by the banks to us. Previously, the banks typically disburse a substantial portion of the mortgage amount to us after the mortgage documents have been executed by the bank and the purchaser, while the remaining amounts will be released to us upon the execution of the sale and purchase agreement of the property by the purchaser before the notary. However, currently the banks disburse the mortgage amounts to us based on the construction progress of the development, typically upon the submission of certificates evidencing the completion of the relevant stages of the project to the banks.

Installment plans. Purchasers of our residential and commercial properties may also elect to pay a portion of the purchase price within three months of signing of the order form for the property, which ranges between 20% and 30% of the purchase price, and pay the remaining balance in equal installments within 18 months to 36 months, depending on the project type and based on the anticipated delivery date to the purchaser. In the years ended December 31, 2016, 2017 and 2018, 40.3%, 30.2% and 47.5%, respectively, of the purchasers of our residential and commercial properties financed their purchases through installment plans.

Pre-sales of units are typically based on commercial contracts entered into between the buyers and us. Standard terms of pre-sale contracts include payment of a booking fee of Rp10.0 million, submission of all identity and related documents and completion of the receipt of order form. If any purchaser defaults on the payment of the installments, we have the right to cancel the sale and re-sell the property and to retain up to 25% of the purchase price. We have not, in recent years, experienced major defaults by purchasers of our residential properties who pay the purchase price through an installment plan.

Completion Phase

Delivery and hand-over of property

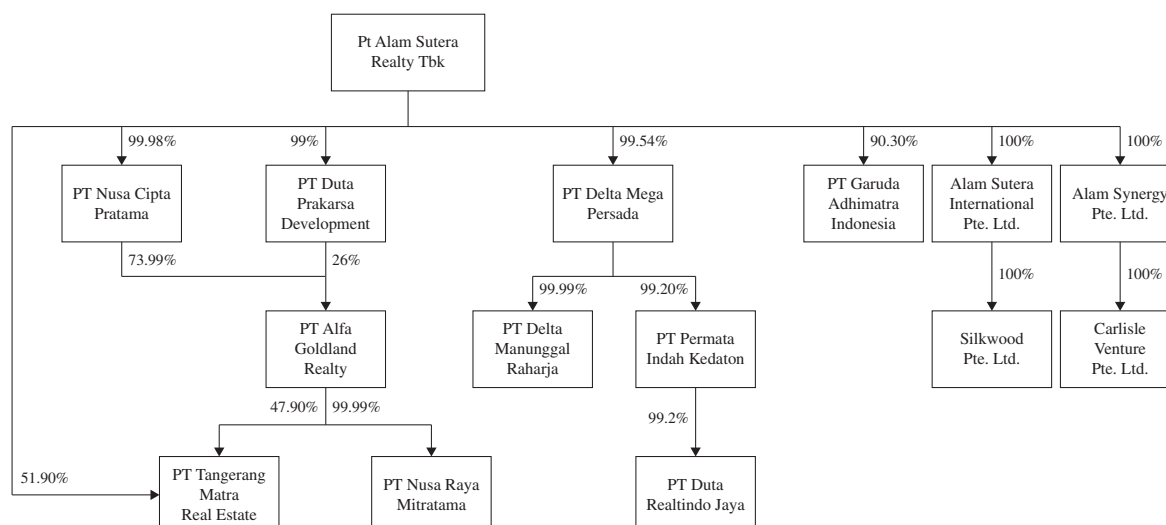
After a property is completed, our contractors will deliver the property to our construction department, who will carry out an inspection of the property to ensure that the quality of the property meets our technical specifications. Upon the completion of the inspection by our construction team, our estate management team will liaise with our finance department on the payment status of the customers before delivering the property to our customers. If all payments have been made by the purchasers (whether in cash or by way of mortgage or installment plans), the estate management team will contact the purchasers for handover of the property and our notary will deliver the original land title certificates to the purchasers. We typically have a grace period of three months from the date of delivery of the property indicated in the sale and purchase contract without being liable for any penalty for late delivery to a customer.

Property management services

Our township maintenance unit provides maintenance and property management services for our Alam Sutera township, including the provision of security and utilities, and the operation of our shopping mall, open-air food mall and other leased properties at the Alam Sutera township. The township maintenance unit is also responsible for setting the regulations and standard operating procedures in respect of the upkeep of all facilities in the township. Water treatment facilities in the township are provided by our affiliate while garbage disposal services are outsourced to third party contractors. We collect estate management fees from the residents and owners of our residential and commercial properties in the township.

Corporate Structure

The following is a corporate structure chart as of the date of the Offering Memorandum.



(1) PT Alam Sutera Realty Tbk. is listed on the Indonesia Stock Exchange.

Human Resources

As of December 31, 2018, we had 1,792 employees. Of these employees, 968 were permanent employees and 824 were contractual employees. Other than employees of PT Garuda Adhimatra Indonesia, who are covered by a collective bargaining agreement and are represented by a union named “Federasi Serikat Pekerja Pariwisata Unit Garuda Wisnu Kencana Cultural Park”, none of our employees are covered by a collective bargaining agreement or represented by a union.

We consider our relations with our employees to be good and have not experienced any significant labor stoppages or disputes in the past.

Competition

We compete with other property developers for property and land development projects and land acquisitions in high demand areas such as in West Jakarta. For land acquisition opportunities, we compete primarily on the ability to obtain location permits in respect of land that we are looking to develop. We also compete with other public and private property developers on the pricing of the properties that we develop, development concepts, and the types and range of new product offerings. We believe that our principal competitors include PT Lippo Karawaci Tbk, PT Summarecon Agung Tbk, PT Bumi Serpong Damai Tbk and PT Ciputra Development Tbk.

We believe that the integrated township development market is capital intensive and requires specialized industry knowledge. In competing for customers for our residential development projects, we believe that the principal factors that homeowners take into consideration are price, location, quality and design. These factors are affected by market perception of our corporate reputation and brand equity, particularly with respect to residential properties. Accordingly, we believe that prompt after-sale service to deal with any construction issues is important in maintaining our brand reputation. In competing for tenants for our commercial properties, we believe that principal factors which potential tenants take into account are, among others, location, rental rates, quality and design.

Insurance

We typically insure our projects that are under construction for material damage and third party liability in the types and amounts which we believe are consistent with industry practice and as required by applicable laws, regulations and other statutory requirements. We currently have insurance policies covering property all risks which include material damage, third party liability and earthquakes for the Mall@Alam Sutera, Pasar 8, The Prominence, Synergy Building, Silkwood Residences, Paddington Heights, our sports center and our clubhouse.

Trademarks

We hold or have applied for, all of the trademarks which we believe are necessary to operate our business. We currently own the trademark of “Alam Sutera”, “T8”, “Silkwood”, “the Imperial Walk”, “Silkwood Residences”, “Family Park Alam Sutera”, “Pasar 8 Delapan Alam Sutera”, “Garuda Wisnu Kencana”, and “Mall@Alam Sutera”, “Suvana Padi”, “Raveletion”, “Kota Ayodhya”, “The Prominence”, “Flavor Bliss”, “Paddington Heights”, “Suvana Sutera”, “Synergy Building”, and, and have applied for the registration of the trademark of “Lloyd”.

Litigation

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business, including proceedings that challenge actions taken by us or our title to land purchased or to be developed by us.

Currently, there are no material pending claims and legal proceedings that are in dispute.

Material Licenses

We believe that we have obtained the material licenses necessary for us to engage in the property developments which we are currently involved in. The material licenses we have obtained in connection with our business operations include (i) a property business license issued by the Investment Coordinating Board for our property development and management business, which will be valid as long as our property development and management business is conducted in accordance with applicable laws; and (ii) licenses relating to the use of land in the relevant locations and the construction of buildings in such locations in accordance with local urban planning rules.

We have obtained licenses in compliance with the local government’s urban planning rules, which consist of land usage permits and building construction permits, in connection with the construction of malls, shophouses and residences in several designated areas and the construction of buildings based on specified construction plans.

Environment

The Environmental Ministry regulates our compliance with environmental laws and regulations. We pay close attention to environmental issues surrounding the location and construction of each of our developments, for which we are required to commission an environment impact analysis (“AMDAL”). In April 2009, we secured the requisite approvals from the Governor of Banten based on the AMDAL we commissioned in respect of certain locations in Tangerang, Banten, where we planned to commence construction and development of land. We are required to seek approval for any expansion and/or amendment of our development plans which may impact the environment in a manner that is different from what was contained in the AMDAL. We have also obtained an Environmental License as required by the applicable environmental laws and regulations in Indonesia. See “Regulation – Environmental Regulation”.

We believe we are in compliance with applicable environmental laws and regulations in Indonesia in all material respects.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following table describes our primary consolidated indebtedness as of December 31, 2018. The summary of the principal terms of our material indebtedness below may not contain all of the information that may be important to you. You should read the notes to our financial statements for additional information about our indebtedness and the indebtedness of our subsidiaries.

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding as of December 31, 2018	
					Rp (Rp in Billions)	US\$ (US\$ in millions)
Senior Notes Due 2020 ⁽¹⁾	Alam Synergy Pte. Ltd.	–	US\$235.0 million	March 27, 2020	3,381.8 ⁽³⁾	233.5
Senior Notes Due 2021 ⁽²⁾	Alam Synergy Pte. Ltd.	–	US\$175.0 million	January 22, 2021	–	–
Original Notes	Alam Synergy Pte. Ltd. PT Garuda	–	US\$245.0 million	April 24, 2022	3,500.8 ⁽³⁾	242.0
Special transaction loan facility	Adhimatra Indonesia	PT Bank CIMB Niaga Tbk.	Rp300.0 billion	November 21, 2021	218.8	15.1
Installment committed loan facility	Parent Guarantor PT Alfa	PT Bank ICBC Indonesia	Rp363.8 billion	October 8, 2020	164.9	11.4
Investment loan facility	Goldland Realty PT Alfa	PT Bank KEB Hana Indonesia	Rp500.0 billion	January 25, 2020	184.4	12.7
Fixed direct facility (on revolving basis)	Goldland Realty PT Alfa	PT Bank MNC International Tbk.	Rp65.0 billion	November 28, 2019	63.0	4.4
Investment credit facility	Goldland Realty	PT Bank Central Asia Tbk.	Rp275.6 billion	December 20, 2022	220.5	15.2
Total Indebtedness					7,734.2	534.0

(1) Partially redeemed with a portion of the net proceeds of the offering of the 2021 Notes issued on January 22, 2019. To be fully redeemed with a portion of the net proceeds from the offering of the Further Notes. See “Use of Proceeds.”

(2) Issued on January 22, 2019.

(3) Net of bond issuance costs.

Senior Notes Due 2020

On March 27, 2013, we issued the 2020 Notes with an aggregate principal amount of US\$235.0 million through the Issuer, a wholly-owned subsidiary of the Company. The 2020 Notes were guaranteed by the Company and certain of its subsidiaries. The 2020 Notes bear interest at the rate of 6.95% per annum, which is payable semi-annually on March 27 and September 27 of each year, commencing on September 27, 2013. At any time on or after March 27, 2017, the Issuer may redeem the 2020 Notes, in whole or in part, at a redemption price equal to 103.475% (if redeemed in 2017), 101.738% (if redeemed in 2018) and 100.000% (if redeemed in 2019) of the principal amount of the 2020 Notes, plus accrued and unpaid interest, if any, to the redemption date. As of December 31, 2018, Rp3,381.8 billion (US\$233.5 million) was outstanding under the 2020 Notes. Under the terms of the 2020 Notes, the Company and certain of its subsidiaries are limited in their ability to, among other things, incur additional indebtedness, make investments or other payments, enter into agreements that restrict certain of the subsidiaries to pay dividends and transfer assets, and create encumbrances on their assets. We intend to redeem all of the outstanding 2020 Notes with a portion of the net proceeds from the offering of the Further Notes.

Original Notes

On October 24, 2016, we issued the Original Notes with an aggregate principal amount of US\$245.0 million through the Issuer, a wholly-owned subsidiary of the Company. The Original Notes were guaranteed by the Company and certain of its subsidiaries. The Original Notes bear interest at the rate of 6.625% per annum, which is payable semi-annually on April 24 and October 24 of each year, commencing on April 24, 2017. At any time on or after April 24, 2020, the Issuer may redeem the Original Notes, in whole or in part, at a redemption price equal to 103.313% (if redeemed in 2020) and 101.656% (if redeemed in 2021) of the principal amount of the Original Notes, plus accrued and unpaid interest, if any, to the redemption date. As of December 31, 2018, Rp3,500.8 billion (US\$242.0 million) was outstanding under the Original Notes. Under the terms of the Original Notes, the Company and certain of its subsidiaries are limited in their ability to, among other things, incur additional indebtedness, make investments or other payments, enter into agreements that restrict certain of the subsidiaries to pay dividends and transfer assets, and create encumbrances on their assets.

Senior Notes due 2021

On January 22, 2019, we issued the 2021 Notes with an aggregate principal amount of US\$175.0 million. The 2021 Notes were guaranteed by the Company and certain of its subsidiaries. The 2021 Notes bear interest at the rate of 11.5% per annum, which is payable semi-annually on April 22 and October 22 of each year, commencing on April 22, 2018. At any time on or after April 22, 2020, the Issuer may redeem the 2021 Notes, in whole or in part, at a redemption price equal to 102.875%, plus accrued and unpaid interest, if any, to the redemption date. Under the terms of the 2021 Notes, the Company and certain of its subsidiaries are limited in their ability to, among other things, incur additional indebtedness, make investments or other payments, enter into agreements that restrict certain of the subsidiaries to pay dividends and transfer assets, and create encumbrances on their assets.

Indebtedness with PT Bank CIMB Niaga Tbk

Pursuant to Deed of Credit Agreement No. 24 dated August 21, 2013, as amended by Deed No. 35 dated November 22, 2016, and Deed of General Terms of Credit No. 23 dated August 21, 2013, as amended by Deed No. 34 dated November 22, 2016, all of which were drawn up before Unita Christina Winata, SH, Notary in South Jakarta (the “CIMB Niaga Credit Agreement”), PT Garuda Adhimatra Indonesia (“GAIN”), a subsidiary of the Company, obtained special transaction loan facilities from PT Bank CIMB Niaga Tbk (“CIMB Niaga”) in the principal amount of Rp300.0 billion with an interest rate of 11% per annum. The loan will mature on November 21, 2021. The loan is secured by five parcels of land with total area of 33,559 square meters which are held under the name of PT Alfa Goldland Realty (“AGR”). The Company is a guarantor of the loan. The proceeds from the facility will be used to construct and develop the GWK Cultural Park Project in Bali.

Pursuant to the CIMB Niaga Credit Agreement, GAIN is required to provide written notification to CIMB prior to engaging in certain activities, including: (i) except if it is carried out in the ordinary course of business which will not affect the ability of GAIN to implement the terms of the CIMB Niaga Credit Agreement, selling and/or otherwise assigning the ownership rights or transferring or leasing all or part of GAIN’s assets; encumbering GAIN’s assets for the benefit of a third party; entering into agreements that could incur payment obligations to a third party; and granting new loans to any third party; and (ii) changing the objectives and purposes of GAIN; changing the composition of its directors, commissioners and or shareholders or management; changing its capital structure (through, among others, merger, consolidation, acquisition and spin-off); and announcing and distributing dividend on bonus shares to the shareholders of GAIN. Without prior written approval from CIMB Niaga, GAIN is prohibited from paying or repaying the outstanding shareholders loan. Further, pursuant to the CIMB Niaga Credit Agreement, GAIN is required to comply with certain financial covenants, including maintaining a (i) leverage ratio of a maximum of 2.5x until 2021; (ii) debt service coverage ratio of a minimum of 1.0x

from 2016 until 2021; and (iii) loan to EBITDA ratio of a maximum of 7.0% in 2016 and 4.5% from 2017 until 2021. As of December 31, 2018 Rp218.8 billion (US\$15.1 million) was outstanding under this facility.

In compliance with the terms of the CIMB Niaga Credit Agreement, GAIN has provided its written notification to CIMB Niaga in relation to the corporate guarantee to be provided by GAIN in the offering of the notes on April 25, 2019.

Indebtedness with PT Bank ICBC Indonesia

Pursuant to Deed of Credit Agreement No. 15 dated October 8, 2015, as amended by Deed of Amendment No. 43 dated February 20, 2017, both drawn up before Deni Thanur, S.E., S.H, M.Kn., Notary in Jakarta and the terms and conditions of account holder (the “ICBC Credit Agreement”), the Parent Guarantor obtained an installment committed loan from PT Bank ICBC Indonesia (“ICBC”) amounting to up to Rp363.8 billion and maturing on October 8, 2020. The facility incurs interest at a rate of 9.5% per annum. The loan facility is secured by a mortgage of land of 49,856 square meters which is held under the name of AGR located in Tangerang. The proceeds from loans shall be used to construct project Kota Ayodhya apartments.

Pursuant to the ICBC Credit Agreement, the Parent Guarantor is required to provide written notification to ICBC prior to engaging in certain activities, including to: (i) obtaining additional loans from third parties, (ii) granting loans (except in the ordinary course of business on an arm’s length basis) or acting as a guarantor for third party’s indebtedness, (iii) the consolidation, merger, and acquisition or making of an investment or equity placement in any other company, (iv) distributing dividends, and (v) changing its legal entity status, amending its Articles of Association, changing its shareholding composition, or changing its management composition. Without prior approval from ICBC, the Parent Guarantor is prohibited from (i) assigning its material assets which assets are required to support its main business activities, except if such assignment is made in the ordinary course of business, and (ii) changing its corporate purpose and objectives. As of December 31, 2018 Rp164.9 billion (US\$11.4 million) was outstanding under this facility.

In compliance with the terms of ICBC Credit Agreement, the Parent Guarantor has provided written notification to ICBC on April 26, 2019 in relation to the (i) loan to be obtained by the Parent Guarantor and (ii) corporate guarantee to be provided by Parent Guarantor in the offering of the notes.

Indebtedness with PT Bank KEB Hana Indonesia

On June 24, 2015, AGR obtained a term loan and installment loan facility from PT Bank KEB Hana Indonesia (“KEB Hana”) pursuant to the Deed of Investment Credit Facility No. 43, drawn up before Fenny Sugiharto, S.H., Notary in Jakarta and Notification on Approval of Credit Facility No. 27/2373/PN/CM dated June 11, 2015 (“KEB Hana Credit Agreement”) with a principal amount of Rp500.0 billion, which consists of (i) an installment loan of Rp250.0 billion and (ii) term loan of Rp250.0 billion, with the maturity period of (i) 42 months from the expiration of the grace period for the installment loan and (ii) 36 months from the expiration of the grace period for the term loan. The interest is charged at a rate of 11.75% per annum. The loan is secured by two parcels of land with a total area of 7,290 square meters, held under the name of AGR, which are located in South Jakarta. The proceeds from the facility shall be used to construct “The Tower” office building.

Pursuant to the KEB Hana Credit Agreement, AGR is required to provide written notification to KEB Hana prior to acting as guarantor for third party’s debt in other banks without prior approval from KEB Hana. AGR is prohibited from (i) changing its legal entity status, (ii) changing its corporate purposes and objectives as stipulated in the Articles of Association, (iii) granting any loans, except for its employees or subsidiaries or if the purpose of such loans will be used for daily business activities, and (iv) winding up and to declare bankruptcy. As of December 31, 2018 Rp184.4 billion (US\$12.7 million) was outstanding under this facility.

In compliance with the terms of KEB Hana Credit Agreement, AGR has provided written notification to KEB Hana in relation to the corporate guarantee to be provided by AGR in the offering of the notes on April 26, 2019.

Indebtedness with PT Bank MNC International Tbk.

Pursuant to Deed of Credit Facility No. 190 dated June 29, 2016, drawn up before Sulistyaningsih, S.H., Notary in Jakarta, as amended by an amendment agreement dated November 28, 2019, and General Terms and Conditions of Credit Facility (“MNC Credit Agreement”), AGR obtained a fixed direct facility (on revolving basis) with a principal amount of Rp65.0 billion and an interest rate of 11.5% per annum and that matures on November 28, 2019. The loan is secured by a land certificate with a total area of 38,414 square meters which is held under the name of AGR located in Tangerang, Banten. The proceeds from the facilities will be used for working capital to refinance the account receivables.

Pursuant to the MNC Credit Agreement, except if it is carried out in the ordinary course of business which will not affect the ability of AGR to implement the terms of MNC Credit Agreement, AGR is required to provide written notification to MNC prior to engaging in certain activities, including: (i) changing the composition of its management, shareholders, and amending the Articles of Association; (ii) granting any loans to third parties (other than affiliated parties and group companies, having non related business activities with AGR; (iii) acting as a guarantor or encumbering its assets to a third party having the value of not more than 51% of the total assets of AGR; (iv) making new investments or asset acquisitions outside the main business of AGR; and (v) distribute dividends. Without prior approval from MNC, except if it is carried out in the ordinary course of business which will not affect the ability of AGR to implement the terms of MNC Credit Agreement, AGR is prohibited from: (i) carrying out any change of control; (ii) encumbering more than 51% of its total assets; (iii) decreasing its paid up or issued capital; and (iv) receiving any other facility or loan from any financial institution or third party, except for the purpose of business transaction which may cause its bank loans to equity ratio will be less than 1.0. As of December 31, 2018 Rp63.0 billion (US\$4.4 million) was outstanding under this facility.

In compliance with the terms of the MNC Credit Agreement, AGR provided written notification to MNC in relation to the corporate guarantee to be provided by AGR in the offering of the notes on April 25, 2019.

Indebtedness with PT Bank Central Asia Tbk

Pursuant to (i) Deed of Credit Agreement No. 31 dated December 20, 2017, drawn up before Anijati Sambas, S.H, Notary in Tangerang and (ii) Deed of Credit Agreement No. 32 dated December 20, 2017, drawn up before Anijati Sambas, S.H, Notary in Tangerang (the “BCA Credit Agreements”), AGR obtained investment credit facilities from PT Bank Central Asia Tbk (“BCA”), amounting up to Rp275.6 billion with a maturity period of up to December 20, 2022. The facilities incur interest at a rate of 9.5% per annum. The loan facilities are secured by the following: (i) a mortgage of land of 9,000 square meters which is held under the name of AGR located in Tangerang (Paddington Heights land); (ii) a mortgage of 13,981 square meters which is held under the name of AGR located in Tangerang (Prominence Tower land); and (iii) a corporate guarantee from the Parent Guarantor. The proceeds from the loans was used to finance the Paddington and Prominence projects, respectively.

Without prior approval from BCA, AGR is prohibited from (i) obtaining new loan/facility from other third parties, other than its affiliates; (ii) distributing dividends; (iii) repaying loans to affiliates or shareholders loan; and (iv) acting as a guarantor in any form whatsoever if the Parent Guarantor could not satisfy the financial covenants as stipulated under its guarantee agreement, except if the facilities are for refinancing purposes, extension and additions to the value of the existing bonds at the date of the credit agreements. As of December 31, 2018 Rp220.5 billion (US\$15.2 million) was outstanding under this facility.

In compliance with the terms of BCA Credit Agreements, the Parent Guarantor provided written confirmation confirming that its financial covenants are not breached and will be satisfied on April 23, 2019.

RELATED PARTY TRANSACTIONS

In general, transactions between us and any of our related parties (as defined below) constitute “related party transactions.” We have summarized below the key related party transactions that we have entered into with some of our affiliates. We believe each of these arrangements as described below have been entered into on arm’s-length terms or on terms that we believe have been at least as favorable to us as similar transactions with non-related parties.

The related parties with whom we have entered into business transactions are:

PT Argo Manunggal Land Development (“AMLD”), our affiliate;

PT Daya Sakti Perdika (“DSP”), our affiliate;

JCTS Mills, our affiliate;

PT Cahaya Alam Raya (“PTCAR”), our affiliate; and

PT Selaras Cita Manunggal (“SCM”), our affiliate.

Loans

In August 2007, AMLD granted an interest-free loan to AGR, our subsidiary, in a principal amount of Rp174.7 billion. The amount outstanding under this loan as of December 31, 2018 was Rp12.3 billion (US\$0.8 million).

In November 2010, AMLD granted an interest-free loan (the “First Loan”) to PT Delta Mega Persada, our subsidiary, in a principal amount of Rp5.5 billion. On December 15, 2011, AMLD granted an interest-free loan to PT Delta Mega Persada (the “Second Loan”) in the principal amount of Rp40.0 billion for the purposes of acquiring land. There is no fixed maturity date for this First Loan and Second Loan. The total amount outstanding under the First Loan and the Second Loan as of December 31, 2018 was Rp29.7 billion (US\$2.1 million).

Payables to Related Parties

On February 28, 2006, AGR entered into a cooperation agreement with AMLD relating to the development of the Sutera Feronia residential cluster in our Alam Sutera township, which was situated on adjacent land parcels separately owned by AGR and AMLD. On behalf of both AGR and AMLD, AGR marketed the land lots and properties that were developed and received the sale proceeds from the customers who purchased the properties. AGR transferred to AMLD part of the sale proceeds received from buyers who purchased properties situated on land owned by AMLD. However, there is no agreed payment schedule for such payments. AGR is entitled to receive marketing commission in consideration for marketing the land lots and properties in Sutera Feronia. As of December 31, 2018, the amounts payable by us to AMLD was Rp6.7 billion (US\$0.5 million).

Office Space

Pursuant to a management service agreement, dated October 1, 2013, as lastly amended on September 30, 2016, relating to the WAM building entered into between us and DSP, we have appointed DSP to manage the building for a period of three years up to September 30, 2019 for a service fee of Rp200.0 million per month.

Purchase of Steel

We purchase steel from JCTS Mills in connection with the construction and development of our properties for a fixed price. JCTS is a company under common control with us. The term of our agreements with JCTS Mills is typically a period of one year. As of December 31, 2016, 2017 and 2018, trade payables due to JCTS Mills were Rp0.3 billion, Rp0.3 billion and Rp0.3 billion (US\$0.0 million), respectively.

Provision of clean water

We purchase clean water for residents in our townships from PT CAR, and the clean water fees are passed on to residents through township management fees. As of December 31, 2016, 2017 and 2018, trade receivables from PT CAR were Rp2.7 billion, Rp1.1 billion and Rp0.2 billion (US\$0.0 million), respectively. As of December 31, 2016, 2017 and 2018, trade payables due to PT CAR were Rp1.6 billion, Rp2.7 billion and Rp5.2 billion (US\$0.4 million), respectively.

Sales of land

In November 2018, we sold land located in Pinang District, Tangerang to SCM, in connection with land acquisition related to toll roads for the amount of Rp28.0 billion (US\$1.9 million).

MANAGEMENT

In accordance with Indonesian law, the Company has both a Board of Commissioners and a Board of Directors. The two boards are separate and no individual may serve as a member on both boards concurrently. The rights and obligations of each member on our Board of Commissioners and our Board of Directors are regulated by our Articles of Association (the “**Articles**”), the decision of our shareholders in general meeting, the Law No. 40 of 2007 on Limited Liability Company, OJK regulations and IDX regulations.

Under the Articles, the Board of Directors must consist of at least two members, one of which can be appointed as President Director. The Board of Directors can legally bind us, except that for certain transactions, such as to lend or borrow money on behalf of the Company exceeding the amount which has been decided by the Board of Commissioners, purchase or sell or receive or release any rights on moveable assets of the Company exceeding the amount which has been decided by the Board of Commissioners, to encumber the Company’s assets, to invest in any other company, to conduct capital participation or release the capital participation in any other companies or to act as a guarantor, the Board of Directors needs prior written approval from our Board of Commissioners. The Board of Commissioners must have at least two members, one of which can be appointed as President Commissioner. Under the Articles, members of our Board of Directors and Board of Commissioners each serve for a term of two years.

Board of Commissioners

The principal function of the Board of Commissioners is to supervise, give advice and recommendations to the shareholders and Board of Directors. Members of the Board of Commissioners are appointed and removed by a General Meeting of the Shareholders. Currently, the Board of Commissioners of the Company comprises five members who are as follows:

Name	Position	Age	Position Held Since
Harjanto Tirtohadiguno	President Commissioner	56	2015
The Nicholas	Commissioner	51	2015
Angeline Sutedja	Commissioner	55	2013
Pingki Elka Pangestu	Independent Commissioner	65	2007
Prasasto Sudyatmiko	Independent Commissioner	81	2007

Harjanto Tirtohadiguno is the President Commissioner of the Company, having been appointed in 2015. He served as Marketing Manager at PT Alfa Goldland Realty from 1988 to 1989, as Deputy General Manager at PT Megalopolis Manunggal Indonesia Development from 1990 to 1993, President Director of the Company from 2013 to 2015 and as President Director of PT Alfa Goldland Realty since 2012. He holds a Bachelor degree in Economics from the University of Missouri, United States.

The Nicholas is a Commissioner of the Company, having been appointed in 2015. The Nicholas is currently the President Commissioner of PT Peternakan Ayam Manggis, Commissioner of PT Ragam Logam Industrial, Vice President Commissioner of PT China Taiping Insurance Indonesia, President Commissioner of PT Argo Manunggal Land Development, President Director of PT Argo Manunggal Triasta, and President Commissioner of PT Kurabo Manunggal Textile Industry. He holds a Bachelor degree in Economics with a concentration in International Marketing from the University of Missouri, United States.

Angeline Sutedja is a Commissioner of the Company, having been appointed in 2013. Ms. Sutedja is currently serving as the President Commissioner of PT Daya Sembada Finance, a board member of Tunas Manunggal Foundation and the treasurer of Prasetya Mulya Foundation. She was the finance manager in

PT Alfa Goldland Realty from 1989 to 1990, and worked in the corporate internal control and human resources departments of PT Argo Manunggal International from 1991 to 1992 and 1992 to 1994, respectively. She was the treasurer at St. Laurensia School from 1995 to 2007. She holds a Bachelor of Arts from Sophia University in Tokyo, Japan and a Master of Business Administration from the University of Missouri, United States.

Pingki Elka Pangestu is an Independent Commissioner of the Company, having been appointed in 2007. Mr. Pangestu currently holds several positions including Commissioner of Karya Cipta Group, Director of PT Loka Mampang Indah Realty, Founder and Board Member of Urban Regional Development Institute, and Non-affiliated Commissioner of PT Nirvana Tbk. He has held executive positions in various organizations over the years, including serving as Planning Manager at PT Bumi Serpong Damai from 1985 to 1990, as Planning Director of PT Putra Alvita Pratama from 1990 to 1994, as Commissioner of PT Panca Wiratama Sakti from 1996 to 1997 and as Director of PT Casa Lelang from 2001 to 2002. He holds a Bachelor of Science from the University of New South Wales, Sydney, Australia, a Bachelor of Architecture from the University of Sydney, Australia and a Master of Town & Country Planning from the University of Sydney, Australia.

Prasasto Sudyatmiko is an Independent Commissioner of the Company, having been appointed in 2007. Mr. Sudyatmiko is currently a Lecturer of Civil Law at Atma Jaya Catholic University, Executive Director of Prasetya Mulya Foundation, Director/Secretary of BPH Prasetya Mulya Management Institute and Senior Partner at Johnny, Utami, Prasasto, Sugiyanto Law firm. He previously served as the Dean of the Faculty of Law at Atma Jaya Catholic University from 1986 to 1999. He graduated from the Faculty of Law and Society Studies at the University of Indonesia.

Board of Directors

Members of the Board of Directors are appointed and removed by the General Meeting of the Shareholders. The Board of Directors is currently comprised of four directors. The Board of Directors is responsible for the management of our business. The current members of the Board of Directors of the Company are as follows:

Name	Position	Age	Position Held Since
Joseph Sanusi Tjong	President Director	56	2016
Lilia Setiprawarti Sukotjo	Director	55	2007
RM Franky AD.	Director	52	2015
Andrew Charles Walker	Non-affiliated Director (Independent Director)	66	2012

Joseph Sanusi Tjong is the President Director of the Company, having been appointed in 2016. Prior to this, Mr. Tjong has been a Director of the Company since 2007. Mr. Tjong began his career in 1986 as a Structural Engineer, Project Manager and Team Leader at the consulting firm, Teddy Boen & Associates. Since then, he has held various positions at PT Alfa Goldland Realty, including as Project Manager from 1994 to 2000, Head of Finance from 2000 to 2003 and Technical Director from 2003 to 2007. He holds a Bachelor degree in Civil Engineering from the University of Indonesia and a Masters of Business Administration from the International University of Japan.

Lilia Setiprawarti Sukotjo is a Director of the Company, having been appointed in 2007. Ms. Sukotjo has held various positions throughout her career, including Assistant Architect of Gardening at PT Pangripta Multi Consultants from 1989 to 1990, lecturer in the Landscape and Environmental Technology Department at Trisakti University from 1989 to 1993, Operational Director at PT Bhumyagara Laras Konsultan from 1990 to 1993, Planning Manager of PT Alfa Goldland Realty from 1993 to 1997 and Director of Marketing of PT Alfa Goldland Realty from 1998 to 2007. She holds a Bachelor of Architecture degree from the Institute of Technology Surabaya and a Master of Landscape Architecture from the University of Pennsylvania, Philadelphia, United States.

RM Franky AD is a Director of the Company, having been appointed in 2015. He currently serves as a Project Development Director of PT Alfa Goldland Realty. He previously served as Project Manager of PT Graha Samara from 2011 to 2013, General Manager of PT Acset Indonusa from 2006 to 2011, Business and Development Project Director (Kemang City, Apartment Maryland, Jakarta) of PT Almaron Perkasa from 2005 to 2006, General Project Manager Blue Oasis, Bekasi of PT Rekapastika Asri from 2004 to 2005, Project Manager (Plaza Asia & Sudirman Mansion Project) of PT Metropolitan Mulia Persada from 2003 to 2004, and Project Manager of Wisma Nusantara Extension (Wisma Nusantara/Nikko Hotel Project, Jakarta) from 1990 to 2003. He holds a Bachelor of Civil Engineering Degree from Institut Teknologi Sepuluh November, Surabaya, Indonesia and a Magister Management Degree in International Management from Prasetya Mulya Business School, Jakarta, Indonesia.

Andrew Charles Walker is a non-affiliated Director of the Company, having been appointed in 2012. Mr. Walker began his career at Rendel Palmer & Tritton in London, holding various positions from 1975 to 1991, including Design Engineer, Site Engineer, Project Engineer and Senior Engineer. He served as the Director and General Manager (Indonesia) of PT Indurendco International from 1991 to 1999, the Country Representative (Indonesia) at Scott Wilson Asia Pacific Ltd from 1999 to 2003, the Chief Resident Engineer at Scott Wilson Malaysia from 2003 to 2007 and the Associate Director and Regional Manager at URS/Scott Wilson Malaysia since 2008. He holds a Bachelor of Engineering degree from the University of Bradford.

Senior Management

The current senior management of the Company are as follows:

Name	Position	Age	Position Held Since
Budi Mardijanto	Strategic Procurement Director	62	2016
Hendra Kurniawan	Operation Director	49	2014
Sari Setyaningrum	Township Director	48	2012
Silvanus Hoantonio Purnama	HR and Operation Director	56	2009
L. Hendra Tirtawinata	Mall Director	47	2017
Tony Rudiyanto	Corporate Secretary and Head of Corporate Finance	51	2016
Eric Kho	Head of Internal Audit	43	2017

Budi Mardijanto is the Strategic Procurement Director of the Company. Mr. Mardijanto joined the Company in 2007 and has 18 years of experience in property construction, development, leasing and property management. He was a project manager with PT Pantja Makmur from 1981 to 1982 and held various positions, including marketing and sales manager and director at companies in the PT Misori Utama and PT Indoksiar Djaya group from 1982 to 1993. He served as a technical director at AGR from 1993 to 1995 and as director at PT Bentala Kasablanka and PT Bentala Mahaya from 1995 to 1998. He re-joined AGR in 2007 as director. He holds a Bachelor of Civil Engineering degree from the Parahyangan Catholic University. Mr. Mardijanto is also a director at PT Alfa Goldland Realty.

Hendra Kurniawan is the Operation Director of the Company. Mr. Kurniawan joined the Company in 2008 and has 15 years of experience in strategy, business development, finance and capital market activities in several industries. He was an associate director at PT AAJ Batavia (an affiliate of RSM Associates) from 2006 to 2007 and was a member of the audit committee of PT Krakatau Steel (Persero) from 2004 to 2005. He was a financial advisor from 2003 to 2004 for the PT Intan Prima Group and the Permata Hijau Group, and was a manager in the internal audit division of PT Inti Salim Corpora from 1998 to 2003.

Sari Setyaningrum is the Township Director of the Company and is responsible for township management. Ms. Setyaningrum joined the Company in 2011 and has 18 years of experience in architecture, estate management and property management. She was the chief architect at PT Bias Tekno Art Kreasindo from 1994 to 1995, the customer relations coordinator for estate management at PT Ciputra Surya from 1995 to 1998 and the divisional manager for property management services at PT Procon Indah from 1998 to 2011. Ms. Setyaningrum is also the township director of PT Alfa Goldland Realty. She holds a Bachelor degree in Architecture from Parahyangan Catholic University.

Silvanus Hoantonio Purnama is the HR and Operation Director and also the member of Nomination and Remuneration Committee of the Company. He joined the Company in 2009 and began his career as a Tax Consultant at Drs. S. Rahardja Padang branch from 1987 to 1989. He worked at PT Pasaman Permai from 1989 to 1991, as a Public Accountant at KAP Gafar Salim & Co from 1991 to 1992 and as a Senior Accounting Manager at PT Smart Tbk from 1992 to 2009. He holds a Bachelor of Accounting degree from the Ekasakti University, Padang.

L. Hendra Tirtawinata is the Mall Director and joined the Company in 2017. Previously, he was a General Manager at Paperclip Stationery store from 2003 to 2005 and a Business Development Manager and Project Officer at Ciputra Group from 2005 to 2006 and the General Manager of Leasing at PT Summarecon Agung Tbk from 2006 to 2017. He holds a Bachelor of Architecture degree from Parahyangan University and Master of Business Administration degree from Indonusa Esa Unggul University.

Tony Rudiyanto is our Corporate Secretary and Head of Corporate Finance. Mr. Rudiyanto joined the Company in 2011. He has 15 years of professional experience in the banking industry dealing with retail and commercial banking, banking operations, business development and risk management. He also has five years of experience in property industry dealing with corporate finance, investor relations and capital markets. He served as a Manager at Bank Bali from 1998 to 2003, a Senior Manager of Risk Management from 2003 to 2005, the Head of Credit Approval and Credit Policy from 2006 to 2008 and Vice President from 2008 to 2010 at Permata Bank Tbk. He holds a Bachelor of Economic Management degree from Pancasila University, Jakarta.

Eric Kho is the Head of Internal Audit and joined the Company in 2013. He has 19 years of professional experience in the Accounting and Audit fields. Previously, he was a part of the Internal Audit team at PT Novell Pharmaceutical Laboratories from 2001 to 2004 and served as the Head of Internal Audit at PT Bumi Serpong Damai from 2004 to 2013. He holds a Bachelor of Accounting degree from STIE YPUP Makassar.

Compensation

Payment of compensation to the Commissioners and Directors is determined at the annual General Meeting of Shareholders. The aggregate compensation (including bonuses) paid to the commissioners and directors of the Company and its subsidiaries for the years ended December 31, 2016, 2017 and 2018 was Rp24.4 billion, Rp25.4 billion and Rp26.8 billion (US\$1.9 million), respectively.

Corporate Governance

Audit Committee

Since August 30, 2017 and as of the date of this Offering Memorandum, our audit committee consists of three members, namely, Mr. Prasasto Sudyatmiko, who is the chairman of the audit committee, Mr. Stania Suwita Pranoto and Mrs. Cecylia Ratna Sari S. The audit committee is regulated under IDX Listing Regulation No. I-A and OJK Regulation No. 55/POJK.04/2015 on the Formation and Working Guidelines of Audit Committees, dated December 29, 2015. It performs its function in accordance with its charter dated November 28, 2013, which was approved by our Board of Commissioners. The role of the audit committee is to provide professional and independent advice to the Board of Commissioners and to assist the Board of Commissioners in their function of supervising the performance of the Company and its subsidiaries. The audit committee also seeks to ensure proper application of financial reporting standards, procedures and to ensure the quality and transparency of financial reports.

Nomination and Remuneration Committee

Under OJK Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of the Issuer or Public Company, dated December 8, 2014, for the purposes of implementing good corporate governance, an issuer or a public company is required to have the function of nomination and remuneration conducted by the board of commissioners. The board of commissioners may form a nomination and remuneration committee consisting of at least three members, with an independent commissioner acting as the head of the committee, while the other members may be: (i) members of the board of commissioners; (ii) persons from outside the relevant issuer or public company; or (iii) persons serving managerial positions under the board of directors in charge of human resources.

Our nomination and remuneration committee consists of three members, namely, Mr. Prasasto Sudyatmiko, who is the chairman of the committee, Mr. Harjanto Tirtohadiguno and Mr. Silvanus Hoantonio Purnama. The main functions of the nomination and remuneration committee are to improve the quality of human resources in the Company and to assess the salaries and bonuses of our management personnel.

Corporate Secretary

In accordance with IDX Listing Regulation No. I-A, an issuer or a public company is required to have a corporate secretary for the purpose of implementing good corporate governance. The function of a corporate secretary must be performed by one of the directors of the listed company or an official of the listed company who is specifically appointed to conduct such function. In the event the corporate secretary is not a director of the relevant listed company, the board of directors of the listed company is responsible for any information submitted by the corporate secretary. As provided in OJK Regulation No. 35/POJK 04/2014 on Corporate Secretary of Issuer or Public Company, dated December 8, 2014, the functions of a corporate secretary are, among others, to keep himself or herself up-to-date with the capital market regulations, to ensure that information on the company is accessible to investors, to provide inputs to the Board of Directors with respect to the compliance to Law No. 8 of 1995 on Capital Market and its implementing regulations and act as contact person between the Company on the one hand, and the relevant authorities and the public on the other. On September 1, 2016, the Company appointed Mr. Tony Rudiyanto as our corporate secretary pursuant to the Decree of Board of Directors No. 036/HO – ASR/IX/16.

Internal Audit

Since August 4, 2017 and as of the date of this Offering Memorandum, our internal audit division consists of two members, namely Mr. Eric Kho, who is the chairman of the division, and Mr. Ricco Tjiptadi. The internal audit is regulated under OJK Regulation No. 56/POJK.04/2015 on the Formation and Guidelines on Drafting the Charter of Internal Audit Unit, dated December 29, 2015, and IDX Listing Regulation No. I-A. It performs its function in accordance with its charter which has been approved by the Board of Commissioners and the Board of Directors on February 1, 2010. The head of internal audit division is appointed by the President Director and approved by the Board of Commissioners. The role of the internal audit division is to audit, evaluate and analyze the operations of the Company and its subsidiaries, and to identify any potential risks of each activity. The internal audit division gives recommendations to the Board of Directors for potential improvements.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to our shareholders as of December 31, 2018:

Name	Number of Shares Held	Percentage of Total Outstanding Shares
PT Argo Manunggal Land Development	129,709,300	0.66%
PT Tangerang Fajar Industrial Estate	4,954,100,000	25.21%
PT Manunggal Prime Development	4,188,337,864	21.32%
Public	10,377,264,724	52.81%
Total	19,649,411,888	100.0%

Description of Principal Shareholders

As of December 31, 2018, PT Tangerang Fajar Industrial Estate, PT Argo Manunggal Land Development and PT Manunggal Prime Development collectively held 9,272,147,164 shares of the Company, representing approximately 47.2% of our issued and outstanding shares, and are controlled by the same shareholder group, which is owned directly and indirectly by the family of Mr. The Ning King.

REGULATION

The ownership, acquisition, development and use of land in Indonesia are subject to regulation by the Government and regional and local authorities.

Land Ownership and Acquisition Regulation

Ownership of land in Indonesia is principally regulated under the Basic Agrarian Law (Law No. 5 of 1960). The Basic Agrarian Law and its implementing regulations (including Government Regulation No. 24 of 1997 (the “GR on Land Registration”) and Government Regulation No. 40 of 1996 on Right to Cultivate or “HGU title,” Right to Build or “HGB title,” Right to Use or “Hak Pakai”) provide various forms of land title and a registration system to protect legal ownership. The closest form of land title to an internationally recognized concept of “freehold” title is Hak Milik or “right of ownership.” Hak Milik title is available only to Indonesian individuals and to land held by religious and social organizations, so long as such land is utilized for religious and social purposes and are acknowledged and protected. Hak Milik title is not available to companies (whether Indonesian or foreign-owned) or foreign individuals. Hak Pakai is the only land title that is open for ownership by foreign individuals in Indonesia.

Both Indonesian individuals and legal entities established under the laws of Indonesia and domiciled in Indonesia may acquire HGB title. A holder of HGB title to a parcel of land has the right to build and own buildings on such parcel of land owned by another party and transfer and encumber all or part of such parcel of land. HGB title is granted for a maximum initial term of 30 years. Upon submission of an extension application to the relevant local land office subsequent to the expiration of the initial term, HGB title may be extended for an additional term not exceeding 20 years. Following expiration of the initial term and the additional term, an application for renewal of HGB title upon the same parcel of land may be granted to the former holder of the previous HGB title. The application for extension and renewal of HGB title must be made no later than two years prior to the expiration term. The land office has discretion to grant the various extensions.

The Basic Agrarian Law also recognizes a form of title based on Indonesian traditional law commonly referred to as Girik title (or Hak Milik Adat title or other name depending on the region). Girik title arises as a result of occupation or residence on land and payment of taxes and retributions with respect to the land, or by renouncement of right by the previous holder of land covered by Girik title. Girik title is an unregistered form of title but may be evidenced by certificates registered in the books of the relevant local sub-district office. Such certificates include a brief description of the land and the holder of Girik title and details with respect to the payment of taxes and retributions with respect to the land.

Under the Minister of Agrarian Affairs and Spatial Planning/Head of National Land Agency Decree No. 14 of 2018 dated August 2, 2018 on a Location Permit (as defined below), in order to acquire the land needed for a business activity, a company must obtain a location permit which grants the exclusive right to buy, clear and develop the particular parcel and also applies as a permit to transfer rights and to use the land for business purposes and/or activities (“Location Permit”). The procedures for obtaining a Location Permit is conducted through the Online Single Submission Institution. The term of a Location Permit is for a period of three years, and extendable for another year upon approval from the relevant authorities on the condition that 50% of the total area being applied for has been purchased or obtained by the company. After obtaining the Location Permit with respect to a particular parcel of land, the holder can then begin with the land acquisition process. In order to acquire the land, the holder of the Location Permit is still required to negotiate with the individual landowners whose land is located within the area prescribed in the Location Permit. After the process of acquisition and the settlement of rights over the land with the previous land owners are completed, the holder of the Location Permit may apply for and be granted the relevant rights of land. Under the GR on Land Registration and the Regulation of the State Minister for Agrarian Affairs/Head of National Agency No. 9 of 1999 dated October 24, 1999, in order for a company to acquire HGB title to land purchased from a holder of Girik title, the company must make an application to the relevant land office together with a relinquishment of rights by the holder of Girik title. The company may then sell the land as developed or serviced plots.

On January 14, 2012, the Government enacted Law No. 2 of 2012 on Land Procurement for Public Interest, which is implemented by Presidential Regulation No. 71 of 2012 on the Implementation of Land Procurement for Public Interest, as lastly amended by Presidential Regulation No. 148 of 2015 (collectively, the “Land Procurement Law”). The Land Procurement Law aims to ensure the smooth execution of development activities for public interest, for which the purpose is required, and is expected to provide a more effective legal basis for public interest land procurement. Under the Land Procurement Law, the term “public interest” is defined as the interest of the Indonesian people, nation and community as manifested through the Government and used optimally for the welfare of all the people of Indonesia.

Under the Land Procurement Law, the Central Government and/or the Regional Government are given the task to ensure the availability of land required for the public interest. The Land Procurement Law also clearly stipulates that a party who owns or otherwise controls land objects (the “Entitled Party”) is obliged to release its rights upon such land objects for the purpose of public interest land procurement, following the provision of fair and reasonable compensation or a legally binding court decision. After such land is released, it becomes the property of the central government, the regional government or a state-owned enterprise, as the case may be.

The Land Procurement Law specifically stipulates the development projects for public interest as follows:

- (1) national defense and security;
- (2) public roads, toll roads, tunnels, railways, train stations, and train operating facilities;
- (3) water embankment, reservoirs, irrigation, drinking water channels, water disposal channels and sanitation and other water resource management construction;
- (4) seaports, airports, and terminals;
- (5) oil, gas, and geothermal infrastructure;
- (6) power plants, power transmission, switch yards, power networks and distribution;
- (7) government telecommunication and informatics networks;
- (8) waste disposal and processing places;
- (9) hospitals owned by the Central Government or Regional Government;
- (10) public safety facilities;
- (11) cemeteries owned by the Central Government or Regional Government;
- (12) social facilities, public facilities and public open green space;
- (13) wild life and culture preservation areas;
- (14) office areas for the Central Government, Regional Government or sub-districts/villages;
- (15) structuring of urban slum areas and/or land consolidation, and rented residential for low-income communities;
- (16) education facilities or schools under the Central Government or Regional Government;
- (17) sports facilities owned by Central Government or Regional Government; and
- (18) public markets and public car parks.

The Land Procurement Law introduces clear and more expedited steps for the procurement of land for public interest. Initially, a government entity that plans to procure land for public interest must have a public consultation with the Entitled Party on the proposed development plan until consensus is reached. In the event that no consensus can be reached, the Governor will set up a team to examine the reasons for the Entitled Party's objections. Based on this, the Governor will decide whether the targeted land can be approved to be procured for public interest. To the extent that the Entitled Party still has objections, it may file a legal claim to the State Administrative Court, whose decision can thereafter be subject to final appeal at the Supreme Court. If by virtue of a legally binding court decision, the land has been approved to be procured for public interest, then the National Land Agency shall appoint an independent appraisal team to determine the compensation value to be paid to the Entitled Party. To challenge the compensation value, if required, the Entitled Party may file a legal claim to a District Court and if required, the decision of the District Court can be filed for final appeal at the Supreme Court.

Strata Title

On November 10, 2011, Law No. 20 of 2011 on Strata Title Housing ("Law No. 20/2011") was enacted. This law was issued to replace the previous Law No. 16 of 1985 on Strata Title Housing.

Law No. 20/2011 classifies several types of Strata Title Housing, namely (i) common Strata Title Housing (rumah susun umum) provided for low income persons, (ii) special Strata Title Housing (rumah susun khusus) provided for special needs, (iii) state Strata Title Housing (rumah susun negara) which are owned and provided by the state for residential purposes for state officials, and (iv) commercial Strata Title Housing (rumah susun komersial) for commercial purposes. On October 30, 2013, the Minister of Public Housing issued Minister of Public Housing Regulation No. 7 of 2013 on the implementation of Housing and Settlement Areas with Balanced Housing ("Regulation No. 7 of 2013") which amended the Minister of Public Housing Regulation No. 10 of 2012 as the implementing regulation of Law No. 20/2011.

The Government is responsible for the development of common Strata Title Housing, special Strata Title Housing and state Strata Title Housing. Any party developing common Strata Title Housing is entitled to receive aid from the Government. The development of common Strata Title Housing and special Strata Title Housing may be conducted by a non-profit institution or business entity. The development of commercial Strata Title Housing may be conducted by any party. Under Law No. 20/2011 as implemented by Regulation No. 7 of 2013, the construction of balanced housing is implemented proportionally among luxury housing, medium housing, and decent housing. In terms of luxury housing construction, each developer is required to construct 3 (three) times the number of medium and decent houses than the total number of luxury houses to be constructed. In terms of medium housing construction, each developer is required to construct 1 ½ (one and a half) times the number of decent houses than the total number of medium houses to be constructed. If the developer cannot construct decent housing under these terms, the developer may construct common Strata Title Housing in an amount equivalent to the obligated price of decent housing in the same area. A developer of commercial Strata Title Housing must provide common Strata Title Housing with a floor area of at least 20% of the total floor area of its commercial Strata Title Housing. Such common housing may be located outside the premises of the commercial Strata Title Housing, but within the same regency or city, except in the Jakarta area. Under Regulation No. 7 of 2013, such public Strata Title Housing may be located in a different city, provided it is still within the Jakarta (DKI) special province. Violation of this obligation makes the developer subject to imprisonment of up to two years or a fine of up to Rp20 billion.

Strata Title Housing may only be constructed on a parcel of land where the developer has Hak Milik title to the land, HGB title to the land or a right to use the land if such land is state-owned, or HGB title or right to use over right to manage land (Hak Pakai diatas tanah Hak Pengelolaan). In addition, common Strata Title Housing and/or special Strata Title Housing can be constructed by utilizing the state or region-owned land (by way of lease or cooperation for the utilization) or utilization of wakaf lands (by way of lease or cooperation for the utilization pursuant to ikrar wakaf).

The developer of Strata Title Housing is required to divide the building into private property, common area, common property and common land. Such division is required to be elaborated in a clear picture design and description. The requirements to develop Strata Title Housing include administrative, technical and ecological requirements. The administrative requirements include (i) the status of the relevant land and (ii) building construction permit (“IMB”). Technical requirements include (i) the building landscape (location requirement, intensity and building architecture) and (ii) the building’s endurance (including safety, health, comfort and efficiency requirements). Ecological requirements include the balance and suitability of the environment. Further, the developer is required to submit the application to obtain a Certificate of Worthy-Function (Sertifikat Laik Fungsi/SLF) to the relevant regent/major after the completion of the entire or part of the Strata Title Housing, save for Jakarta, where the application to obtain SLF is required to be submitted to the Governor.

Foreign investment for the construction of Strata Title Housing is permitted under Law No. 20/2011 provided that prevailing regulations in the foreign investment sector are complied with.

Pursuant to this law, the developer may market the Strata Title Housing before the commencement of construction. However, prior to marketing the property, the developer is required to satisfy the following criteria: (i) the certainty of the space allotment; (ii) the certainty of the right over the land; (iii) the certainty of the status of the possession over the Strata Title Housing; (iv) holding a construction license; and (v) guarantee over the construction from the relevant surety institution. The developer may enter into a preliminary sale and purchase agreement with purchasers before a notary prior to completion of the Strata Title Housing. The preliminary sale and purchase agreement can only be entered into if the ownership of the land is clear, the building construction permit has been obtained, and in the event when the infrastructure, facilities and public utilities are available, the construction progress of the respective Strata Title Housing have reached at least 20% of the total construction and the object of the agreement is clear.

This law provides that the common Strata Title Housing may be owned or leased, the special Strata Title Housing may only be possessed by borrow-use or lease, state Strata Title Housing may only be possessed by borrow-use, lease or leasing, while commercial Strata Title Housing can be owned or leased. The title of ownership of a unit in Strata Title Housing constructed over the land with ownership right, right to build or right to use over state land, right to build or right to use over right to manage land is the Ownership Certificate for a Unit in Strata Title Housing (“SHM Sarusun”). The SHM Sarusun can be encumbered to secure loan repayments. The title of ownership for a unit in Strata Title Housing constructed over state/regional owned lands or a wakaf land is a Building Ownership Certificate for a Unit in Strata Title Housing (“SKBG Sarusun”). The SKBG Sarusun can be encumbered by fiduciary security to secure loan repayments.

Furthermore, based on Minister of Public Housing Regulation No. 21/PRT/M/2016 as amended by Regulation No. 26/PRT/M/2016 regarding the Convenience and/or Support of Housing Procurement for Low Income People, people with low income are provided with the credit facility to procure houses, one of which is the strata title house.

Regulation on the Development and Use of Land

Following the acquisition of land and prior to construction, a developer must obtain an environmental impact analysis for the proposed project. Based on State Minister of Environment Regulation No. 5 of 2012 on Type of Business Plan and/or Activity which requires an Environmental Impact Analysis (Analisis Mengenai Dampak Lingkungan Hidup, “AMDAL”), business activity within residential properties in (i) metropolitan cities occupying 25 hectares or more of land; (ii) large scale cities occupying 50 hectares or more of land; (iii) medium and small scale cities occupying 100 hectares or more of land; and (iv) construction of office projects, education, sports, arts or religious buildings or shopping malls with an area of five hectares or more of land and buildings of 10,000 square meters or more must obtain AMDAL. Thereafter, the developer (or contractor responsible for construction) must obtain an IMB from the regional government. After the IMB is received, development and construction may commence, including

clearing and preparing land and constructing infrastructure such as drainage systems, roads, landscaping, street lighting, electricity and telephone cables. If construction is conducted in various phases, an IMB must be obtained for each phase of construction.

The development of residential properties must also comply with regulatory requirements relating to the provision of social facilities benefiting the community, including schools, sports facilities, places of worship, markets, parks and playgrounds.

On January 22, 2010, the Government issued GR 11/2010 on the Administration and Utilization of Unused Land (Penertiban dan Pendayagunaan Tanah Terlantar) to replace Government Regulation No. 36 of 1998. Under GR 11/2010, the Government may revoke the Hak Milik, HGU, HGB, Hak Pakai and Hak Pengelolaan title and reclaim land without compensation in respect of land which has not been utilized, or is not being utilized in accordance with its conditions or characteristics and the purpose of the rights over the relevant land or the basis of possession over the land. However, unintentionally unused land registered as Hak Milik or HGB, which is privately owned or land authorized directly or indirectly and constitutes state-owned assets, are exempted from GR 11/2010. Before any land is declared unused, the Head of Regional Land Office will prepare an indicative list of unused land, which will be examined by a committee which is set up by the Head of Regional Land Office. Such investigation will commence (i) three years after the issuance of the respective land certificates; or (ii) on the expiry date of the document of the basis of repossession over the land. In the event that such examination results in a conclusion that the land is unused, the land office will issue three warning letters, each having a one-month period in between. Failure to rectify will lead to the Head of Regional Land Office declaring the land as unused land, terminating the land rights and the legal relations of the owner or controller with such land, and declaring that such area of land is under the direct control of the Government. As GR 11/2010 does not provide for any period of time to which it applies, GR 11/2010 is applicable to land acquired prior to its enactment.

Regulation of Land as Security for Financing

Law No. 4 of 1996 on Security Right on Land and Land Related Objects provides that a company may encumber its HGB title to land to secure obligations to creditors. A security right (Hak Tanggungan) may be granted over “immovable” property, including land, buildings erected therein and fixtures, which provides preferential rights over the land and property to the relevant creditor and is similar to a common law mortgage. Under Indonesian law, a mortgage (i) gives a preferential right to its holder; (ii) attaches to the secured object, regardless of the identity of the possessor of the object; and (iii) fulfills the principles of specialty and publicity in order to bind third parties and provides legal enforceability to the holder of the mortgage. The procedure for creation of a security right (Hak Tanggungan) over land requires firstly, the execution of an authenticated Deed of Grant of Security Right (Akta Pemberian Hak Tanggungan) (made in the Indonesian language) before a Land Deed Official and secondly, registration of the Deed of Grant of Security Right at the District Land Registration Office (“Land Office”) where the land is located. The security right (Hak Tanggungan) will only be effective upon the registration of the security rights in the land book by the Land Office. A Certificate of Security Rights (Sertipikat Hak Tanggungan) will be issued by the Land Office reflecting the lender as the secured party over the land. Security rights can be granted in ranks, where the first rank holder is the highest security rights holder.

Regulation of Mortgage Financing

Bank Indonesia regulates mortgage financing by specifying the maximum LTV ratio for loans granted by commercial banks and the maximum FTV ratio for financing granted by sharia banks. Under BI Regulation No. 20/08/PBI/2018 dated July 30, 2018, effective on August 1, 2018 and its implementing regulation under the Board of Governor Members Regulation No. 20/22/PADG/2018, effective as of September 18, 2018, Bank Indonesia stipulated the maximum LTV ratio for loans from commercial banks as being up to 90%, and the maximum FTV ratio for financing from sharia banks as being up to 90%, in each case depending on the area and type of the property (such as houses, properties (which includes penthouses,

condominiums, apartments and flats) and shophouses (including shophouses used for office purposes)), the nature of the facility and the number of mortgage facilities held by the applicant, which will be further described in the following table:

Property Loan (“PL”) and Sharia Property Financing (“PF”) based on Murabahah or Istishna Contract		
Type of Property (square meter)	PL and PF Limit	
	1st Mortgage	2nd and Subsequent Mortgage
House		
> 70 m ²	determined according to the bank’s policy	80%
22 – 70 m ²	determined according to the bank’s policy	85%
< 21 s	determined according to the bank’s policy	determined according to the bank’s policy
Strata Title Building		
> 70 m ²	determined according to the bank’s policy	80%
22 – 70 m ²	determined according to the bank’s policy	85%
< 21 s	determined according to the bank’s policy	85%
Shophouses and Shophouses Utilized for Office Purposes		
Any size	determined according to the bank’s policy	85%
PL and PF based on Musyarakah Mutanaqisah, or Ijarah Muntahiya Bittamlik Contract		
Type of Property (square meter)	PL and PF Limit	
	1st Mortgage	2nd and Subsequent Mortgage
House		
> 70 m ²	determined according to the bank’s policy	85%
22 – 70 m ²	determined according to the bank’s policy	90%
< 21 s	determined according to the bank’s policy	determined according to the bank’s policy
Strata Title Building		
PL and PF based on Musyarakah Mutanaqisah, or Ijarah Muntahiya Bittamlik Contract		
Type of Property (square meter)	PL and PF Limit	
	1st Mortgage	2nd and Subsequent Mortgage
House		
> 70 m ²	determined according to the bank’s policy	85%
22 – 70 m ²	determined according to the bank’s policy	85%
< 21 s	determined according to the bank’s policy	85%
Shophouses and Shophouses Utilized for Office Purposes		
Any size	determined according to the bank’s policy	85%

The abovementioned ratios are only applicable for banks which meet the following requirements: (i) net ratio of nonperforming loans from total loans or net ratio of nonperforming financing from total financing, is less than 5%, and (ii) gross ratio of nonperforming PL from total PL or net ratio of nonperforming PF from total PF, is less than 5%.

Regulation of Housing and Settlement Areas

In early 2011, the Government enacted Law No. 1 of 2011 dated January 12, 2011 on Housing and Settlement Areas ("Law on Housing"). The Law on Housing is intended to implement housing and settlement area programs that: (i) provide legal certainty; (ii) support zoning and housing development oriented towards low-income communities; (iii) improve the effectiveness and efficiency of natural resources that contribute to housing development, with due regard to the preservation of the environment (urban and rural areas); (iv) empower stakeholders in housing and settlement area development; (v) support economic, social and cultural growth; and (vi) provide housing that is healthy, secure, integrated and sustainable.

The Law on Housing provides five categories of housing: (i) commercial housing, housing that is built for business purposes; (ii) community-built housing, which is housing that is built by community initiatives; (iii) public housing, which is housing that is provided by the Government for low-income communities; (iv) special housing, which is housing that is built for a particular purpose; and (v) state housing, which is housing owned by the state, which serves as residences for Government officials and their families. In addition to the categories mentioned above, the Law on Housing provides that single-houses, cluster housing, and/or apartments may only be constructed on land with right of legal ownership, right to build (either on the state land or right to manage), or right to use on state land.

One of the objectives under this Law on Housing is the support by the Government for the procurement of proper housing for low income communities. Thus, to procure proper housing for low income communities (including any repairs and/or house leasing), the state provides facilities and/or aid in the form of, among others: housing subsidies, tax incentives, licensing procedures, insurance and guarantees, land procurement, land certification, facilities and public utilities.

Furthermore, this law also provides protection from unreliable housing developers. To market housing that is still under construction, a housing developer may utilize a preliminary sale and purchase agreement scheme, after the fulfillment of certain requirements, namely: (i) land ownership status, (ii) object of the agreement, (iii) obtaining the principal building permit, (iv) availability of infrastructure, facilities and public utilities, and (v) the construction progress having reached at least 20% of the total development area. In this regard, a housing developer is also prohibited from carrying out a hand-over and/or collecting more than 80% of the funds from the purchaser prior to the fulfillment of the aforementioned requirements. This law also sets out criminal sanctions for the violation of this provision in the form of imprisonment of up to one year or a fine of up to Rp1 billion. In addition, the Law on Housing prohibits property developers from selling land lots without buildings constructed on them, unless at least 25% of the housing area has been completed and there is a national monetary crisis affecting the liquidity of the property developer, or the land is being developed for low-income residents. Violation of the aforementioned requirement may subject the developer to imprisonment of up to five years and a fine of up to Rp5 billion.

The availability of land for housing and settlement area development constitutes the responsibility of the central government and regional government, which can be conducted by: granting of land title for lands directly possessed by the state, land consolidation with owners, transfer or release over right of land with owners, utilization and transfer of land owned by the state or regional government, utilization of state land which formerly was a neglected area, and/or procurement of land for the development of the public interest in accordance with the prevailing laws and regulations.

In Indonesia, pursuant to the enactment of Government Regulation No. 103 of 2015 on Ownership of House or Residential for Foreigners Domiciled in Indonesia (“GR No. 103/2015”), a foreign citizen holding stay permits may own a house or apartment, which is constructed over a land with right to use (Hak Pakai) over state land or a land with right to use (Hak Pakai) over right to own (Hak Milik) based on an agreement to grant right to use (Hak Pakai). The period of occupancy is set out in GR No. 103/2015, which allows for a 30-year occupancy period which can be extended for a period of no longer than 20 years with a potential renewal of 30 years.

Every developer must comply with the regional spatial layout plan determined by the Government as well as obtain the licensing and assurance to the feasibility of occupancy.

Further, there are two sanctions for the violation of certain provisions, which are:

- (1) administrative sanctions, in the form of, among others: written notices, temporary suspension of operations, license revocation, and building sealing; and
- (2) criminal sanctions, in the form of fines (ranging from Rp100 million up to Rp50 billion) and imprisonment (ranging from 1 to 5 years).

Pursuant to the Law on Housing, all required implementing regulations must be issued within one year from the enactment of this law. Moreover, the previously issued implementing regulations remain unaffected, as long as they do not contradict the provisions of the Law on Housing and are not replaced by new regulation.

The State Minister of Public Housing has issued several implementing regulations for the Law on Housing, one of which is the Regulation No. 7 of 2013. The Regulation No. 7 of 2013 relates to the Government’s obligation to provide low and medium cost housing based on the balance of housing and settlement area.

Pursuant to the Minister Regulation No. 7 of 2013, the requirement of balance of housing and settlement area is applicable to: (i) housing consisting of at least 15 to 1,000 houses, (ii) settlement consisting of at least 1,000 to 3,000 houses, (iii) estate area consisting of at least 3,000 to 10,000 houses, and (iv) settlement area consisting of more than 10,000 houses. The implementation of balance of housing and estate area must comply with the requirements on location and composition/ratio.

With regard to the location requirement, the balance of housing and estate is required to be implemented within one regency or city either in the same or in different areas. Such area is required to accommodate at least 1,000 houses. In the case of such balance being implemented in different areas, each area is required to accommodate at least 50 houses.

Regarding the composition/ratio requirement, the balance of housing and estate is required to be implemented based on either the number of houses or area of the land. Based on the number of houses, the ratio of low cost to medium to luxury houses is required to be in the ratio of 3:2:1. In the event that the low cost houses cannot be built in the form of single house, it can be built in the form of strata title housing. Based on the land area, such low-cost housing area is required to represent at least 25% of the total housing area, provided that the number of low-cost houses must be at least equal to the total number of luxury houses plus the medium houses. In addition, a commercial strata title building developer is required to develop public strata title building which represents at least 20% of the total floor area of the commercial strata title building.

To ensure that the relevant parties implement the requirements on balance of housing, the local government will control the planning, construction and development of housing and settlement areas conducted by developers, by giving written notification, sealing the location and suspending development activities, canceling the building construction permit, and/or imposing sanctions, which may be in the form of administrative sanctions or criminal sanctions.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including Law No. 32 of 2009 on Environmental Protection and Management (“Law 32/2009”), which was enacted on October 3, 2009 to replace Law No. 23 of 1997 Regarding Environmental Management. Law 32/2009 stipulates that all business sectors that are required to obtain an AMDAL or an Environment Management Effort and Environment Monitoring Effort (Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup or “UKL and UPL”) shall obtain an Environmental License, which is issued by the State Minister of Environment, Governor, or Mayor/Regent (in accordance with their respective authorities). Such Environmental License is issued based on an environmental feasibility decision (keputusan kelayakan lingkungan hidup) or UKL and UPL recommendation. We have obtained such environmental feasibility decision in April 2009 from the Governor of Banten.

Law 32/2009 further stipulates that within two years after its enactment date, all businesses that have obtained business licenses but do not yet have an AMDAL document or UKL and UPL are obligated to either complete an environmental audit, if they need an AMDAL, or to have an environment management document, if they need a UKL and UPL. Furthermore, Law 32/2009 obliges businesses to integrate their current environmental permits (AMDAL or UKL/UPL documents) issued by the minister, governor or mayor, into an Environmental License by the first anniversary of the enactment date. Businesses that fail to comply with the Environmental License requirements are subject to administrative sanctions, which may be in the form of (i) a written warning; (ii) Government coercion; (iii) suspension of the Environmental License; or (iv) revocation of the Environmental License.

Further, in February 2012, the Government issued Government Regulation No. 27 of 2012 on Environmental License (“GR 27/2012”) as one of the implementing regulations of Law 32/2009. GR 27/2012 became effective on February 23, 2012. According to GR 27/2012, the Environmental License will be issued by the State Minister of Environment, governor or mayor/regent (in accordance with their respective authorities) following the publication of the application for an environmental license submitted by a company and will be issued simultaneously with the issuance of the environmental feasibility decision (keputusan kelayakan lingkungan hidup) or UKL and UPL recommendations.

GR 27/2012 stipulates that any environmental document which has been approved prior to February 23, 2012, shall be declared as a valid document and deemed to be an Environmental License. This means our environmental feasibility decision (keputusan kelayakan lingkungan hidup) will be considered as a valid Environmental License.

Regulation of Money Laundering

On October 22, 2010, the Government enacted Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering Criminal Crime (“Law No. 8/2010”). This law regulates among others, the types of transactions which are required to be reported to the Indonesian Financial Transaction Reports and Analysis Center (Pusat Pelaporan dan Analisa Transaksi Keuangan) (“PPATK”) and the entities responsible to report such transactions. Under this law, a property developer (the “Reporting Party”) is also one of the entities that are responsible to submit such report. Under Law No. 8/2010, the Reporting Party is required to report to PPATK on any transaction entered into with its customers having a minimum amount of Rp500 million, or an equivalent value in other currencies, no later than 14 business days after the transaction is conducted (the “Reporting Obligation”). Failure to submit the report may subject the Reporting Party to administrative sanction(s) which will be imposed by the Supervisory and Regulatory Body (Lembaga Pengawas dan Pengatur) in the form of a warning letter, public announcement on the action or sanction and/or an administrative penalty. Law No. 8/2010 also provides protection to the Reporting Party and/or the witness with regard to its report and/or testimony such that the Reporting Party and/or the witness shall be free from any civil or criminal claim, unless the Reporting Party provides a false testimony while under oath. Further, Law No. 8/2010 stipulates that as long as the Supervisory and Regulatory Body has not been established, the PPATK is authorized to give the administrative sanctions.

The Reporting Obligation shall take effect two years after Law No. 8/2010 is enacted, which will be on October 22, 2012. To implement the reporting obligation, PPATK has issued Regulation of PPATK Head No. PER-12/1.02.01/PPATK/09/11 dated September 19, 2011 regarding Transaction Reporting Procedures for Providers of Goods and/or Other Services (“PPATK Regulation 12/2011”) and Regulation of PPATK No. 7 of 2017, dated November 24, 2017 regarding the implementation of Know Your Service Consumers Principles for Providers of Goods and/or Other Services (“PPATK Regulation 7/2017”) which particularly apply to providers of goods and/or services, among others, including developer companies. Under PPATK Regulation 7/2017, developer companies that carry out transactions with a minimum value of Rp100 million shall implement the Know Your Service Consumers principles in its business activities. Furthermore, pursuant to PPATK Regulation 12/2011, transactions with a minimum value of Rp500 million or equivalent in foreign currency shall be reported to PPATK and failure to so report shall be penalized with administrative sanction.

On June 23, 2015, Government Regulation No. 43 of 2015 on Reporting Parties in Preventing and Eradicating Criminal Act of Money Laundering was enacted which was issued as an implementing regulation of Law 8/2010, and added four additional categories of financial services providers that constitute Reporting Parties, which are (i) venture capital companies, (ii) infrastructure financing companies, (iii) micro financing companies, and (iv) export financing companies.

Regulation of Water-Resource Utilization

On January 25, 2016, Minister of Public Work and Public Housing issued regulation No. 01/PRT/M/2016 on Procedures for Securing Licenses to Manage or Utilize Water-Resources. Pursuant to the MPW Regulation 1/2006, there are two types of water-resource utilization, namely: (i) utilization for business purposes (pengusahaan) and (ii) utilization for non-business purposes (penggunaan). Any water-resource utilization shall be performed upon securing the water-resource utilization permits (previously known as Water Extraction Permit/Izin Pengambilan Air), from the Minister of Public Work and Public Housing Governor or Mayor/Regent (in accordance with their respective authorities). Such license is valid up to 10 years and extendable.

In addition, water-resource utilization licenses are subject to the following requirements:

1. to pay water management fees to the Government;
2. to protect and maintain the sustainability of water-resources;
3. to protect and maintain water-resource infrastructure;
4. to perform water pollution control measures;
5. to restore any environmental damage resulting from business activities; and
6. to grant access to water-resource for the surrounding community to fulfill their daily needs.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Issuer” refers only to Alam Synergy Pte. Ltd., a private company with limited liability incorporated under the laws of Singapore and a wholly-owned subsidiary of the Parent Guarantor, and any successor obligor on the Notes, and the term “Parent Guarantor” refers only to PT Alam Sutera Realty Tbk, a company incorporated with limited liability under the laws of Indonesia, and not to any of its Subsidiaries. The Parent Guarantor’s guarantee of the Notes is referred to as the “Parent Guarantee.” Each Subsidiary of the Parent Guarantor that guarantees the Notes is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.” The term “Guarantor” refers to either the Parent Guarantor or a Subsidiary Guarantor, as the context requires, and the term “Guarantee” refers to either the Parent Guarantee or a Subsidiary Guarantee, as the context requires. The term “Guarantors” refers to the Parent Guarantor and the Subsidiary Guarantors collectively, and the term “Guarantees” refers to the Parent Guarantee and the Subsidiary Guarantees collectively.

The US\$125.0 million 6.625% Senior Notes due 2022 offered pursuant to this Offering Memorandum (the “Further Notes”) are a further issuance of and will be fully consolidated and form a single series with, and will rank pari passu with, the US\$245 million 6.625% Senior Notes due 2022 issued on October 24, 2016 (the “Original Notes”). The Further Notes will be issued as additional notes under an indenture (the “Existing Indenture”), dated as of October 24, 2016, as supplemented by a first supplemental indenture dated as of February 27, 2019 (the “First Supplemental Indenture” and together with the Existing Indenture, the “Indenture”) among the Issuer, the Guarantors and The Bank of New York Mellon, London Branch as trustee (the “Trustee”) and The Bank of New York Mellon as the Collateral Agents (as defined below). Unless otherwise specified, references to the “Notes” means the Original Notes and the Further Notes and any additional notes that are actually issued under the Indenture.

The following is a summary of certain provisions of the Indenture, the Notes, the Guarantees and the Security Documents. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Guarantees and the Security Documents. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture are available during normal office hours at the corporate trust office of the Trustee at One Canada Square, London E14 5AL, United Kingdom.

Brief Description of the Notes

The Further Notes will be issued as additional notes under the Indenture and will be issued on the same terms and conditions (other than the issue date, issue price and first interest payment date) as the Original Notes, and will vote on any matter submitted to noteholders with holders of the Original Notes. The Further Notes will share ISIN numbers and Common Codes and be fungible with the Original Notes.

The Notes:

- are general obligations of the Issuer;
- are senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- rank at least pari passu in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- are guaranteed by the Guarantors on an unsubordinated basis, subject to the limitations described below under the caption “– Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral”;

- are effectively subordinated to the secured obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor (other than the Collateral); and
- are secured by the Collateral (subject to any Permitted Liens and, with respect to the Pari Passu Collateral, the Intercreditor Agreement) as described below under “– Security.”

The Notes will mature on April 24, 2022 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes (including the Further Notes) to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “– Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes (including the Further Notes) that are actually issued. The Further Notes will bear interest at 6.625% per annum from April 24, 2019 or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on April 24 and October 24 of each year (each an “Interest Payment Date”), commencing October 24, 2019.

Interest on the Notes will be paid to Holders of record at the close of business on April 9 or October 9 immediately preceding an Interest Payment Date (each a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

Except as described under “Optional Redemption” and “Redemption for Taxation Reasons” and as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. See “-Book-Entry; Delivery and Form.” No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Issuer at the office or agency of the Issuer maintained for that purpose (which currently is the corporate trust administration office of the Trustee currently located at One Canada Square, London E14 5AL, United Kingdom), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee

The Parent Guarantee:

- is a general obligation of the Parent Guarantor;
- is effectively subordinated to secured obligations of the Parent Guarantor, to the extent of the value of the assets serving as security therefor (other than the Collateral);
- is senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- ranks at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- is secured by the Collateral (subject to any Permitted Liens and, with respect to the Pari Passu Collateral, the Intercreditor Agreement) as described below under “– Security.”

Under the Indenture, the Parent Guarantor has guaranteed the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes. The Parent Guarantor has (1) agreed that its obligations under the Parent Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waived its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

Release of the Parent Guarantee

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; or
- upon a defeasance or satisfaction and discharge as described under “– Defeasance – Defeasance and Discharge” or “–Satisfaction and Discharge.”

Subsidiary Guarantees

On the Original Issue Date, the Issuer, its Wholly Owned Subsidiary, Carlisle Venture Pte. Ltd. (“Carlisle”), and each of the other Subsidiaries of the Parent Guarantor were Restricted Subsidiaries, and each of the Restricted Subsidiaries (other than the Issuer, Carlisle, Alam Sutera International Private Limited, Silkwood Private Limited, PT Permata Indah Kedaton and PT Duta Realtindo Jaya) were the initial Subsidiary Guarantors. The Parent Guarantor will cause each of its future Restricted Subsidiaries, immediately upon becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes.

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor (other than the Collateral to the extent applicable);

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- is secured by the Collateral (subject to any Permitted Liens and, with respect to the Pari Passu Collateral, the Intercreditor Agreement) as described below under “– Security.”

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors jointly and severally guarantees the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes. The Subsidiary Guarantors (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor’s liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See “Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – The Guarantees may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Guarantees.”

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance or satisfaction and discharge as described under “– Defeasance – Defeasance and Discharge” or “– Satisfaction and Discharge”;
- upon the designation by the Parent Guarantor of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale of such Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants described under the captions “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”, “– Certain Covenants – Limitation on Asset Sales” and “– Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Parent Guarantor’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary.

Under the circumstances described below under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries,” the Parent Guarantor will be permitted to designate certain of its future Subsidiaries as “Unrestricted Subsidiaries.” The Parent Guarantor’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Parent Guarantor’s Unrestricted Subsidiaries will not guarantee the Notes.

As of December 31, 2018, the Parent Guarantor and its consolidated subsidiaries had approximately Rp7,734.1 billion (US\$534.1 million) of consolidated indebtedness outstanding, of which approximately Rp851.5 billion (US\$58.8 million) was secured.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers’ Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Security

The obligations of the Issuer and the Guarantors under the Notes, the Guarantees and the Indenture are secured on a first priority basis (subject to Permitted Liens and, with respect to the Pari Passu Collateral, the Intercreditor Agreement) by a Lien on the Collateral which shall consists of:

- (i) pledges by the Parent Guarantor of the Capital Stock of the Issuer and by the Issuer of the Capital Stock of Carlisle (the “Pari Passu Collateral”); and
- (ii) assignments by Carlisle of all its interest in and rights under the Intercompany Loans (the “Notes Collateral”).

The Pari Passu Collateral and the Notes Collateral are collectively referred to as the “Collateral.” The proceeds realizable from the Collateral securing the Notes, the Guarantees and the Indenture are unlikely to be sufficient to satisfy the Issuer’s and the Guarantors’ obligations under the Notes, the Guarantees and the Indenture, and the Collateral securing the Notes, the Guarantees and the Indenture may be reduced or diluted under certain circumstances, including the issuance of Additional Notes (including the Further Notes) and other Permitted Pari Passu Secured Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture and, with respect to the Pari Passu Collateral, the Intercreditor Agreement. See “– Release of Security” and “Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – The value of the Collateral may not be sufficient to satisfy our obligations under the Notes.”

No appraisals of the Collateral have been prepared in connection with this offering of the Further Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture, the Intercreditor Agreement (with respect to the Pari Passu Collateral) and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Guarantees. All of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

So long as no Default has occurred and is continuing, and subject to the terms of the Security Documents and the Indenture, the Issuer and the Parent Guarantor, as the case may be, will be entitled to exercise any and all voting rights and to receive, retain and use any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the Capital Stock constituting Pari Passu Collateral.

Share Charge

The Issuer and the Parent Guarantor have agreed to pledge, for the benefit of the Holders, the Capital Stock of Carlisle and the Issuer, respectively, on a first-priority basis (subject to Permitted Liens and the Intercreditor Agreement) on the Original Issue Date in order to secure the obligations of the Issuer under the Notes and the Indenture and of the Parent Guarantor under the Parent Guarantee.

The Pari Passu Collateral will secure on a pari passu basis (i) the obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee, (ii) the obligations of the Issuer under the 2020 Notes and of the Parent Guarantor under its guarantee of the 2020 Notes and (iii) the obligations of the Issuer under the 2021 Notes and of the Parent Guarantor under its guarantee of the 2021 Notes. See “– The Intercreditor Agreement.”

Intercreditor Agreement

The Issuer, the Parent Guarantor, the Subsidiary Guarantors, Alam Sutera International Private Limited, The Bank of New York Mellon as the trustee of the 2017 Notes (the “2017 Notes Trustee”) on behalf of the holders of the 2017 Notes, The Bank of New York Mellon as the trustee of the 2020 Notes (the “2020 Notes Trustee”) on behalf of the holders of the 2020 Notes and The Bank of New York Mellon as the collateral agent with respect to the Pari Passu Collateral (the “Pari Passu Collateral Agent”) have entered into an intercreditor agreement dated March 27, 2013 (such intercreditor agreement, as supplemented and amended from time to time, the “Intercreditor Agreement”) to which (i) the trustee on behalf of the holders of the 2019 Notes (the “2019 Notes Trustee”) acceded on January 29, 2014, (ii) the Trustee on behalf of the Holders acceded on the Original Issue Date and (iii) the trustee on behalf of the holders of the 2021 Notes (the “2021 Notes Trustee”) acceded on January 22, 2019. Pursuant to a tender offer for the 2017 Notes conducted in January 2014 and the full redemption in April 2015 of the remainder of the 2017 Notes not repurchased in the tender offer, the 2017 Notes are no longer outstanding. Pursuant to the full redemption of the 2019 Notes in October 2016, the 2019 Notes are no longer outstanding. The Intercreditor Agreement will govern the relationship among the Holders, the holders of the 2020 Notes, the holders of the 2021 Notes and holders of any future Permitted Pari Passu Secured Indebtedness (or their representative) with respect to the Pari Passu Collateral.

Under the Intercreditor Agreement, the Trustee, the 2020 Notes Trustee and the 2021 Notes Trustee (collectively with each holder of any future Permitted Pari Passu Secured Indebtedness (or its representative) who becomes party to the Intercreditor Agreement pursuant to the terms thereof, the “Pari Passu Secured Parties”) have appointed The Bank of New York Mellon to act as the Pari Passu Collateral Agent with respect to the Pari Passu Collateral securing the obligations under the Indenture, the indenture governing the 2020 Notes and the indenture governing the 2021 Notes, to exercise remedies (subject to the terms of the Indenture, the indenture governing the 2020 Notes and the indenture constituting the 2021 Notes) in respect thereof upon the occurrence of an event of default under the Indenture, the indenture governing the 2020 Notes, the indenture governing the 2021 Notes or any document governing Permitted Pari Passu Secured Indebtedness, and to act as provided in the Intercreditor Agreement.

The Intercreditor Agreement provides, among other things, that (i) the Pari Passu Secured Parties shall share equal priority and pro rata entitlement in and to the Pari Passu Collateral, (ii) the conditions under which the Pari Passu Secured Parties will consent to the release of or granting of any Lien on such Pari Passu Collateral and (iii) the conditions under which the Pari Passu Secured Parties will enforce their rights with respect to such Pari Passu Collateral and the Indebtedness secured thereby.

In connection with any future Permitted Pari Passu Secured Indebtedness (other than Additional Notes), the holders of such Permitted Pari Passu Secured Indebtedness (or their representative) will accede to the Intercreditor Agreement and become parties to it.

By accepting the Notes, each Holder shall be deemed to have consented to the execution of the Pari Passu Intercreditor Agreement, any supplements, amendments or modifications thereto, and any future intercreditor agreement required and permitted under the Indenture.

Permitted Pari Passu Secured Indebtedness

On or after the Original Issue Date and subject to the Indenture, the Parent Guarantor and the Issuer may create Liens on the Pari Passu Collateral pari passu with the Lien for the benefit of the Holders to secure Indebtedness of the Issuer (including Additional Notes) and the Parent Guarantor (“Permitted Pari Passu Secured Indebtedness”); provided that (i) the Issuer or the Parent Guarantor was permitted to Incur such Indebtedness under the covenant under the caption “Limitation on Indebtedness and Preferred Stock,” (ii) the holders of such Indebtedness (or their representative) become party to the Intercreditor Agreement, (iii) the agreement in respect of such Indebtedness contains provisions with respect to releases of Pari Passu Collateral substantially similar to and no more restrictive on the Issuer and the Parent Guarantor than the provisions of the Indenture and the Security Documents relating to the Pari Passu Collateral, and (iv) the Issuer and the Parent Guarantor deliver to the Trustee and the Pari Passu Collateral Agent an Opinion of Counsel and Officers’ Certificate with respect to compliance with the conditions stated in (i), (ii) and (iii) above and corporate and collateral matters in connection with the Security Documents relating to the Pari Passu Collateral in form and substance as set forth in such Security Documents. The Trustee and the Pari Passu Collateral Agent will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents relating to the Pari Passu Collateral or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Pari Passu Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph (including, without limitation, the appointment of any collateral agent under the Intercreditor Agreement to hold the Pari Passu Collateral on behalf of the Holders and the holders of Permitted Pari Passu Secured Indebtedness) and the terms of the Indenture.

Except for certain Permitted Liens and the Permitted Pari Passu Secured Indebtedness, the Company and its Restricted Subsidiaries will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Pari Passu Collateral without the consent of each Holder of the Notes then outstanding.

Enforcement of Security

The first-priority Liens (subject to any Permitted Lien and, with respect to the Pari Passu Collateral, the Intercreditor Agreement) securing the Notes and the Parent Guarantee of the Parent Guarantor have been granted to, with respect to the Pari Passu Collateral, the Pari Passu Collateral Agent, and, with respect to the Notes Collateral, The Bank of New York Mellon as collateral agent (the “Notes Collateral Agent” and, together with the Pari Passu Collateral Agent, the “Collateral Agents”). The Collateral Agents, subject to the Intercreditor Agreement with respect to the Pari Passu Collateral, hold such Liens over the Collateral granted pursuant to the Security Documents with sole authority as directed by the written instructions of the Holders to exercise remedies under the Security Documents. Each of the Collateral Agents has agreed to act as secured party under the applicable Security Documents on behalf of the Holders, to follow the instructions provided to it under the Indenture, the Intercreditor Agreement (with respect to the Pari Passu Collateral) and the Security Documents, and to carry out certain other duties. The Trustee will give instructions to the Collateral Agents by itself or in accordance with instructions it receives from the Holders under the Indenture.

The Indenture and/or the Security Documents principally provide that, at any time while the Notes are outstanding, the applicable Collateral Agent has the right, subject to the Intercreditor Agreement (with respect to the Pari Passu Collateral), to perform and enforce the terms of the Security Documents relating to the Collateral and to exercise and enforce all privileges, rights and remedies thereunder according to its direction, including to take or retake control or possession of such Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Collateral, including, without limitation, following the occurrence of an Event of Default under the Indenture.

With respect to the Notes Collateral, all payments received and all amounts held by the Notes Collateral Agent in respect of the Notes Collateral under the Security Documents relating to the Notes Collateral will be applied as follows:

- *first*, to the Trustee to the extent necessary to reimburse the Trustee, the Agents and their agents, delegates and any receivers for any expenses (including properly incurred expenses of its counsel) incurred in connection with the collection or distribution of such amounts held or realized or in connection with expenses incurred in enforcing all available remedies under the Security Documents relating to the Notes Collateral and preserving the Notes Collateral and all amounts for which the Trustee, its agents, delegates and any receivers are entitled to indemnification under the Indenture and the Security Documents;
- *second*, to the Notes Collateral Agent to the extent necessary to reimburse the Notes Collateral Agent, its agents, delegates and any receivers, for any expenses (including properly incurred expenses of its counsel) incurred in connection with the collection or distribution of such amounts held or realized or in connection with expenses incurred in enforcing all available remedies under the Security Documents relating to the Notes Collateral and preserving the Notes Collateral and all amounts for which the Notes Collateral Agent, its agents, delegates and any receivers, is entitled to indemnification under the Security Documents relating to the Notes Collateral;
- *third*, to the Trustee for the benefit of the Holders; and
- *fourth*, any surplus remaining after such payments will be paid to the Issuer or the Parent Guarantor or to whomever may be lawfully entitled thereto.

With respect to the Pari Passu Collateral, the Intercreditor Agreement will provide, among other things, that any Pari Passu Secured Party may instruct the Pari Passu Collateral Agent to enforce the Pari Passu Collateral and to deliver a notice of enforcement to the Issuer and the Parent Guarantor (such instructions, the “Enforcement Instructions”). Upon receipt of an Enforcement Instruction from any Secured Party, the Pari Passu Collateral Agent will provide a copy of such Enforcement Instruction and notice of enforcement to the Issuer, the Parent Guarantor and the other Pari Passu Secured Parties. If (a) the Pari Passu Collateral Agent identifies a conflict (i) between the interests of the Pari Passu Secured Parties in connection with any Enforcement Instruction or (ii) in the event more than one Enforcement Instruction is issued, between those Enforcement Instructions, and (b) the Pari Passu Collateral Agent believes in its sole discretion that the interests of the Pari Passu Secured Parties would be in conflict upon the exercise of those Enforcement Instructions, or that compliance with an Enforcement Instruction would cause the Pari Passu Collateral Agent to contravene another Enforcement Instruction, the Pari Passu Collateral Agent shall notify each Pari Passu Secured Party in writing not more than five Business Days after it becomes aware of such conflict. In such circumstances, the Pari Passu Collateral Agent is not obligated to take any action if it identifies such conflict.

The Pari Passu Collateral Agent will be under no obligation to exercise any rights or powers conferred under the Security Documents relating to the Pari Passu Collateral, the Intercreditor Agreement or any related document unless the holders of the Permitted Pari Passu Indebtedness, of the Notes, of the 2020 Notes and/or of the 2021 Notes have offered to the Pari Passu Collateral Agent indemnity and/or security satisfactory to the Pari Passu Collateral Agent against any loss, liability or expense.

The Intercreditor Agreement will provide that all payments received and all amounts held by the Pari Passu Collateral Agent in respect of the Pari Passu Collateral under the Security Documents relating to the Pari Passu Collateral will be applied as follows:

- *first*, pro rata to each of the Trustee, the 2020 Notes Trustee, the 2021 Notes Trustee and the Pari Passu Collateral Agent to the extent necessary to reimburse them and their respective agents, the Agents, delegates and any receivers for any fees, costs and expenses (including properly incurred expenses of their respective counsels) incurred in connection with the collection or distribution of

such amounts held or realized or in connection with expenses incurred in enforcing all available remedies under the Security Documents relating to the Pari Passu Collateral and preserving the Pari Passu Collateral and all amounts for which they or any of their respective agents, delegates and any receivers are entitled to indemnification under the Indenture, the indenture constituting the 2020 Notes and the 2021 Notes, the Intercreditor Agreement or the Security Documents relating to the Pari Passu Collateral;

- *second*, to the extent applicable, to any representative of holders of any Permitted Pari Passu Secured Indebtedness, to the extent necessary to reimburse each of them, or any of their respective agents, delegates and any receivers, for any fees, costs and expenses (including properly incurred expenses of its counsel) incurred in connection with the collection or distribution of such amounts held or realized or in connection with expenses incurred in enforcing all available remedies under the Security Documents relating to the Pari Passu Collateral and preserving the Pari Passu Collateral and all amounts for which each of them, or any of their respective agents, delegates and any receivers, is entitled to indemnification under the Security Documents relating to the Pari Passu Collateral;
- *third*, pro rata to each of the Trustee for the benefit of the Holders, the 2020 Notes Trustee for the benefit of the holders of the 2020 Notes and the 2021 Notes Trustee for the benefit of the holders of the 2021 Notes, and to the extent applicable, holders of any Permitted Pari Passu Secured Indebtedness (or their representative for the benefit of such holders); and
- *fourth*, any surplus remaining after such payments will be paid to the Issuer or the Parent Guarantor or to whomever may be lawfully entitled thereto.

Each Collateral Agent may decline to expend its own funds, foreclose on the Collateral or exercise remedies available if it does not receive indemnification and/or security and/or pre-funding to its satisfaction. In addition, each Collateral Agent's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties, prior Liens and practical problems associated with the realization of such Collateral Agent's Liens on the Collateral. Neither the Trustee, the Collateral Agents nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

The Security Documents provide that the Issuer and the Parent Guarantor will indemnify the Collateral Agents for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against such Collateral Agent arising out of the Security Documents to which it is party except to the extent that any of the foregoing are finally judicially determined to have resulted from the gross negligence or willful misconduct of such Collateral Agent.

This section, "– Enforcement of Security," shall be subject to any amendments to the Security Documents relating to the Pari Passu Collateral or the Indenture to permit the creation of Liens on the Pari Passu Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with "– Permitted Pari Passu Secured Indebtedness" above.

Release of Security

Subject to the provisions of the Intercreditor Agreement (with respect to the Pari Passu Collateral), the security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon defeasance and discharge or satisfaction and discharge of the Notes as provided below under “– Defeasance – Defeasance and Discharge” or “–Satisfaction and Discharge”;
- upon certain dispositions of the Collateral in compliance with the covenants described under “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries” or “– Certain Covenants – Limitation on Asset Sales” or in accordance with the provision described under “– Consolidation, Merger and Sale of Assets”; and
- in whole or in part, with the requisite consent of the Holders (other than as provided in the Indenture and the Security Documents) in accordance with the provisions described under “– Amendment and Waivers.”

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided that the issuance of any such Additional Notes shall then be permitted under the “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant described below and the other provisions of the Indenture.

In addition, the issuance of any Additional Notes by the Issuer will be subject to the following conditions:

- (1) all obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Guarantees and any other Note Documents to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;
- (2) the proceeds of such Additional Notes are transferred to Carlisle by the Issuer;
- (3) the proceeds of such transfer to Carlisle are on-lent by Carlisle to the Parent Guarantor and/or the Subsidiary Guarantors pursuant to Intercompany Loans;
- (4) the Parent Guarantor and the Issuer have delivered to the Trustee an Officers’ Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture and is permitted by the Indenture; and
- (5) the Parent Guarantor and the Issuer have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes does not conflict with applicable law.

Optional Redemption

At any time on or after April 24, 2020, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on April 24 of any year set forth below:

Period	Redemption Price
2020	103.313%
2021	101.656%

At any time prior to April 24, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 106.625% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Parent Guarantor and its Affiliates) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

At any time prior to April 24, 2020, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. None of the Trustee or the Paying Agent shall be responsible for calculating the Applicable Premium.

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed, the Trustee will select Notes for redemption as follows:

- if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then traded; or
- if the Notes are not listed on any securities exchange, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate.

However, no Note of US\$200,000 in principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer and the Parent Guarantor have agreed in the Indenture that they will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer or the Parent Guarantor is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer or the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default under certain other debt instruments. Future debt of the Issuer or the Parent Guarantor may also (i) prohibit the Issuer or the Parent Guarantor from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer or the Parent Guarantor to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer or the Parent Guarantor. The ability of the Issuer or the Parent Guarantor to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's or the Parent Guarantor's then existing financial

resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture governing the Notes.”

The definition of “Change of Control” includes a phrase “all or substantially all,” as used with respect to the assets of the Parent Guarantor or the Issuer. No precise definition of the phrase has been established under applicable law, and the phrase will likely be interpreted under applicable law of the relevant jurisdictions based on particular facts and circumstances. Accordingly, there may be a degree of uncertainty as to the ability of a Holder of Notes to require the Parent Guarantor or the Issuer to repurchase such Holder’s Notes as a result of a sale of “all or substantially all” the assets of the Parent Guarantor or the Issuer to another person or group.

Notwithstanding the above, the Parent Guarantor and the Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer to be made by the Parent Guarantor or the Issuer and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer or the Parent Guarantor purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of and premium (if any) and interest on the Notes and all payments under the Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”) or an applicable Guarantor is organized or resident for tax purposes or any jurisdiction from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the applicable Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note of such amounts payable under the Notes or the Guarantees as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts will be payable:

(a) for or on account of:

- (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident

thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person or any Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or
 - (D) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (iii) is payable other than by deduction or withholding from payments made on or with respect to any Note;
 - (iv) any withholding or deduction imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, and any current or future regulations promulgated thereunder (generally referred to as "FATCA"), the laws of any Relevant Jurisdiction implementing FATCA, or any agreement between the Issuer and the United States or any authority thereof entered into for FATCA purposes; and
 - (v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or
- (b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Notwithstanding the foregoing, the limitations on the obligations of the Issuer, a Surviving Person or any Guarantor, as applicable, to pay Additional Amounts set forth in clause (a)(1)(C) above will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (a)(1)(C) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as U.S. Internal Revenue Service Forms W-8BEN and W-9). For the avoidance of doubt,

no Holder or beneficial owner of a Note shall have any obligation to establish eligibility for a reduced withholding tax rate under any income tax treaty.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or any Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer, the Parent Guarantor or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes, the Indenture, the Intercompany Loans or a Guarantee (or, in the case of a Surviving Person or future Subsidiary Guarantor, the date such Person became a Surviving Person or Guarantor, as the case may be), the Issuer, a Guarantor or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts (or, in the case of any payment with respect to the Intercompany Loans, would be required to withhold or deduct any taxes, duties, assessments or governmental charges of whatever nature), and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, such Guarantor or the Surviving Person, as the case may be; provided that changing the jurisdiction of the Issuer, a Guarantor or the Surviving Person is not a reasonable measure for the purposes of this section; provided further that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer, a Guarantor or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts (or, in the case of the Intercompany Loans, withhold or deduct such taxes, duties, assessments or governmental charges) if a payment in respect of the Notes (or on the Intercompany Loans, as applicable) were then due; provided further that where any such requirement to pay Additional Amounts (or withhold or deduct an amount from any payment with respect to the Intercompany Loans) is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), this provision shall only have effect to permit the Notes to be redeemed in the event that the rate of withholding or deduction in respect of which Additional Amounts are required (or in respect of which withholding is required on payments on the Intercompany Loans) is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, a Guarantor or Surviving Person, as the case may be, will deliver or procure that there is delivered to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

- (1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, such Guarantor or such Surviving Person, as the case may be, by taking reasonable measures available to it; and

- (2) an Opinion of Counsel of recognized standing, or an opinion of a tax consultant of international recognized standing, with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such Officers' Certificate and Opinion of Counsel (or opinion of a tax consultant) as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (a) The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness) and the Parent Guarantor will not permit any Restricted Subsidiary to issue any Preferred Stock (other than any Preferred Stock issued by Carlisle to the Issuer or by Silkwood Private Limited to Alam Sutera International Private Limited); provided that the Parent Guarantor, the Issuer or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (x) no Default has occurred and is continuing, (y) the Fixed Charge Coverage Ratio would be not less than 2.5 to 1.0 and (z) if such Indebtedness constitutes Priority Indebtedness, such Indebtedness constitutes Permitted Priority Indebtedness. Notwithstanding the foregoing, the Parent Guarantor will not, will not permit any Restricted Subsidiary to, Incur any Disqualified Stock (other than Disqualified Stock held by the Parent Guarantor, the Issuer or a Subsidiary Guarantor, so long as it is so held).
- (b) Notwithstanding the foregoing, the Parent Guarantor and, to the extent provided below, the Issuer, any Subsidiary Guarantor or any Restricted Subsidiary, may Incur each and all of the following ("Permitted Indebtedness"):
- (1) Indebtedness under the Notes (excluding any Additional Notes and any Permitted Pari Passu Secured Indebtedness), the Guarantees and the Intercompany Loans;
 - (2) Indebtedness of the Parent Guarantor or any Restricted Subsidiary outstanding on the Original Issue Date, excluding Indebtedness permitted under clause (b)(3) of this covenant below;
 - (3) Indebtedness of the Parent Guarantor, the Issuer or any Restricted Subsidiary owed to the Parent Guarantor, the Issuer or any Restricted Subsidiary; provided that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Parent Guarantor, the Issuer or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (b)(3), (y) if the Issuer or the Parent Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, in the case of the Issuer, or the Parent Guarantee, in the case of the Parent Guarantor and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

- (4) Indebtedness of the Parent Guarantor, the Issuer or any Restricted Subsidiary (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with but in any case before the Incurrence of such Permitted Refinancing Indebtedness) Incurred under clause (a) or clause (b)(1), (b)(2), (b)(4), (b)(10) or (b)(13) of this covenant and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Guarantee will only be permitted under this clause 0 if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with the remaining Notes or such Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (C) such new Indebtedness has an aggregate principal amount, or if Incurred with original issue discount, an aggregate issue price, that is equal to or less than the aggregate principal amount, or if Incurred with original issue account, the aggregate accreted value, then outstanding or committed, plus fees and expenses, including any premium and defeasance costs, under the Indebtedness being Refinanced, (D) in no event may Indebtedness of the Issuer or any Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary (other than the Issuer or any Subsidiary of the Parent Guarantor that issues debt obligations similar to the Notes in the future) that is not a Subsidiary Guarantor and (E) in no event may unsecured Indebtedness of the Issuer or any Guarantor be refinanced pursuant to this clause with Secured Indebtedness;
- (5) Indebtedness Incurred by the Parent Guarantor or any Subsidiary Guarantor pursuant to Hedging Obligations for the purpose of protecting the Parent Guarantor or any of such Subsidiary Guarantor from fluctuations in interest rates, currencies or commodity prices and not for speculation;
- (6) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Parent Guarantor or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Parent Guarantor or any Restricted Subsidiary from the disposition of such business, assets or Capital Stock of a Restricted Subsidiary;
- (7) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

- (8) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary (other than the Issuer and Carlisle) constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (9) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary (other than the Issuer and Carlisle) constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Parent Guarantor or such Restricted Subsidiary (other than Carlisle) of a demand for reimbursement;
- (10) Indebtedness Incurred by the Issuer, the Parent Guarantor or any Subsidiary Guarantor represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations in the ordinary course of business after the Original Issue Date to finance all or any part of the purchase price or cost of construction, installation or improvement of property (real or personal) (including the lease purchase price of land use rights), plant or equipment (including through the acquisition of Capital Stock of any Person that owns property, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary) to be used in the Permitted Business; provided that (i) such Indebtedness shall be Incurred no later than 90 days after the acquisition, construction, installation or improvement of such property (real or personal), plant or equipment and (ii) on the date of Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount of such Indebtedness at any time outstanding (together with refinancings thereof) shall not exceed an amount equal to 10.0% of Total Assets;
- (11) Pre-Registration Mortgage Guarantees by the Parent Guarantor or any Restricted Subsidiary;
- (12) guarantees by any Guarantor of Indebtedness of any other Guarantor that was permitted to be Incurred by another provision of this covenant;
- (13) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount at any time outstanding (together with refinancings thereof) not to exceed US\$20.0 million (or the Dollar Equivalent thereof); and
- (14) Indebtedness incurred at any time under the CIMB Loan,

provided that, with respect to the Incurrence of Indebtedness under clause (b) of this covenant (other than the Incurrence of Indebtedness pursuant to clause (b)(13) of this covenant), if such Indebtedness constitutes Priority Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto, such Indebtedness constitutes Permitted Priority Indebtedness.

- (c) For purposes of determining compliance with this “– Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of clause (a) of this covenant, the Parent Guarantor, in its sole discretion, will classify and, other than with respect to Indebtedness Incurred under clause (b)(14) of this covenant, from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types; provided, however, Indebtedness under the CIMB Loan outstanding on the Original Issue Date will be deemed to have been Incurred under clause (b)(14) of this covenant and will not be deemed as Incurred under clause (b)(2) of this covenant.

- (d) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness; provided, in each such case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Parent Guarantor as accrued.
- (e) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Limitation on Restricted Payments

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Parent Guarantor’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid solely in shares of the Parent Guarantor’s or any Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Issuer, the Parent Guarantor or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) of the Parent Guarantor, any Restricted Subsidiary or any direct or indirect parent of the Parent Guarantor held by any Persons other than the Issuer, the Parent Guarantor or any Restricted Subsidiary;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Guarantee (excluding (i) the Intercompany Loans or (ii) any intercompany Indebtedness between or among the Parent Guarantor and any Subsidiary Guarantor); or
- (4) make any Investment, other than a Permitted Investment,

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (B) the Parent Guarantor could not Incur at least US\$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”; or
- (C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Parent Guarantor and its Restricted Subsidiaries after the Measurement Date, would exceed the sum (without duplication) of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Parent Guarantor (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter immediately following the Measurement Date and ending on the last day of the Parent Guarantor’s most recently ended fiscal quarter for which consolidated financial

statements of the Parent Guarantor (which the Parent Guarantor will use its reasonable best efforts to compile in a timely manner) are available and have been provided to the Trustee at the time of such Restricted Payment; plus

- (ii) 100% of the aggregate Net Cash Proceeds received by the Parent Guarantor after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Parent Guarantor, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Parent Guarantor into Capital Stock (other than Disqualified Stock) of the Parent Guarantor, or (y) the exercise by a Person who is not a Subsidiary of the Parent Guarantor of any options, warrants or other rights to acquire Capital Stock of the Parent Guarantor (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Parent Guarantor; plus
- (iii) the amount by which Indebtedness of the Parent Guarantor or any Restricted Subsidiary is reduced on the Parent Guarantor's balance sheet upon conversion or exchange (other than by a Subsidiary of the Parent Guarantor) subsequent to the Measurement Date of any Indebtedness of the Parent Guarantor or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Parent Guarantor (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Parent Guarantor upon such conversion or exchange); plus
- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Parent Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (b) the unconditional release of a guarantee provided by the Parent Guarantor or any Restricted Subsidiary after the Measurement Date of an obligation of another Person, (c) the Net Cash Proceeds from the sale of any such Investment (except to the extent such Net Cash Proceeds are included in the calculation of Consolidated Net Income) or (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Parent Guarantor or a Restricted Subsidiary after the Measurement Date in any such Person.

The foregoing provision will not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Parent Guarantor or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph;

- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph;
- (5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Parent Guarantor, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Parent Guarantor; or
- (6) other Restricted Payments in an aggregate amount, when taken together with all other Restricted Payments made pursuant to this clause (6), not to exceed US\$10.0 million (or the Dollar Equivalent thereof) since the Original Issue Date;

provided that in the case of clause (2), (3), (4) or (6) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clauses (1) and (5) (but only to the extent that dividends are paid to Persons other than the Parent Guarantor or a Subsidiary Guarantor) of the preceding paragraph made after the Measurement Date will be included in calculating whether the conditions of clause (C) of the first paragraph of this “– Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized national standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “– Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (a) Except as provided below, the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Parent Guarantor or any other Restricted Subsidiary;
 - (2) pay any Indebtedness or other obligation owed to the Parent Guarantor or any other Restricted Subsidiary;
 - (3) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or

- (4) sell, lease or transfer any of its property or assets to the Parent Guarantor or any other Restricted Subsidiary;

provided that it being understood that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Parent Guarantor and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

- (b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:

- (1) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Guarantees, the Indenture, the Security Documents or under any Permitted Pari Passu Secured Indebtedness and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (2) existing under or by reason of applicable law, rule, regulation or government order;
- (3) with respect to any Person or the property or assets of such Person acquired by the Parent Guarantor or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (4) that otherwise would be prohibited by the provision described in clause (a)(4) of this covenant if they arise, or are agreed to in the ordinary course of business, and that (x) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (y) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by the Indenture or (z) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or any Restricted Subsidiary;
- (5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Limitation on Indebtedness and Preferred Stock” and “– Limitation on Asset Sales” covenants;
- (6) imposed pursuant to any Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; or

- (7) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under clause (b)(10) of the “Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially or adversely affect the ability of the Issuer or the Parent Guarantor to make required payment on the Notes or the Parent Guarantee.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer and the Parent Guarantor will not sell, and the Parent Guarantor will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (a) to the Parent Guarantor, the Issuer or a Restricted Subsidiary;
- (b) to the extent such Capital Stock represents director’s qualifying shares or is required by applicable law to be held by a Person other than the Parent Guarantor or a Restricted Subsidiary;
- (c) the sale of the shares of Capital Stock of a Restricted Subsidiary (other than Carlisle) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the “– Limitation on Restricted Payments” covenant if made on the date of such issuance or sale and if permitted under, and made in accordance with, the “– Limitation on Asset Sales” covenant; and
- (d) the issuance or sale of Capital Stock of a Restricted Subsidiary (other than Carlisle) (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Parent Guarantor or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the “– Limitation on Asset Sales” covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Parent Guarantor will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness (“Guaranteed Indebtedness”) of the Parent Guarantor or any other Restricted Subsidiary, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Parent Guarantor or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks pari passu in right of payment with the Notes or any Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank pari passu in right of payment with, or subordinated to, the Guarantee or (B) is subordinated in right of payment to the Notes or any Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (a) any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Parent Guarantor or (b) any Affiliate of the Parent Guarantor (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s-length transaction by the Parent Guarantor or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Parent Guarantor or such Restricted Subsidiary; and
- (2) the Parent Guarantor delivers to the Trustee:
 - (A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$7.5 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$12.5 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(A) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized national standing as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view.

The foregoing limitation does not limit, and will not apply to:

- (1) the payment of reasonable and customary regular fees to directors of the Parent Guarantor or any Restricted Subsidiary who are not employees of the Parent Guarantor or any Restricted Subsidiary;
- (2) transactions otherwise permitted under the Indenture between or among the Parent Guarantor and any Subsidiary Guarantor or between or among Subsidiary Guarantors;
- (3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under the caption “– Limitation on Restricted Payments” if permitted by that covenant;
- (4) transactions or payments pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business, approved by the Board of Directors and in compliance with the listing rules of the Indonesian Stock Exchange; and
- (5) any sale of Capital Stock (other than Disqualified Stock) of the Parent Guarantor.

In addition, the requirements of clause (2) of the first paragraph of this covenant will not apply to (i) Investments (other than Permitted Investments) not prohibited by the “– Limitation on Restricted Payments” covenant, (ii) Investments permitted by clause (16) of the definition of “Permitted Investments,” (iii) transactions pursuant to agreements in effect on the Original Issue Date and described in this Offering Memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Parent Guarantor and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iv) any

transaction between or among the Parent Guarantor and any Restricted Subsidiary that is not a Subsidiary Guarantor; provided that in the case of clause (iv), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners (if any) of or in such Restricted Subsidiary is a Person described in clauses (a) or (b) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer, commissioner or director of such Restricted Subsidiary) or (v) any transaction between or among (a) the Parent Guarantor, the Issuer or Carlisle permitted under the Indenture, the indenture governing the 2020 Notes or the indenture governing the 2019 Notes.

Limitation on Liens

The Issuer will not, and the Parent Guarantor will not permit the Issuer or any Subsidiary Guarantor to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on the Collateral (other than Permitted Liens).

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes or any Guarantee, senior in priority to) the obligation or liability so secured for so long as such obligation or liability is so secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; provided that the Parent Guarantor may enter into a Sale and Leaseback Transaction if:

- (a) the Parent Guarantor could have (1) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption “– Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Parent Guarantor applies the proceeds of such transaction in compliance with, the covenant described under the caption “– Limitation on Asset Sales.”

Limitation on Asset Sales

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (a) no Default will have occurred and be continuing or would occur as a result of such Asset Sale;
- (b) the consideration received by the Parent Guarantor or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (c) in the case of an Asset Sale that constitutes an Asset Disposition, the Parent Guarantor could Incur, at the time of and after giving pro forma effect to such Asset Disposition, at least US\$1.00 of

Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”;

- (d) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; provided that in the case of an Asset Sale in which the Parent Guarantor or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), the Parent Guarantor shall deliver to the Trustee an opinion as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized national standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (A) any liabilities, as shown on the Parent Guarantor’s most recent consolidated balance sheet, of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Parent Guarantor or such Restricted Subsidiary from further liability; and
 - (B) any securities, notes or other obligations received by the Parent Guarantor or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Parent Guarantor or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Parent Guarantor (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

- (1) permanently repay any Senior Indebtedness of the Parent Guarantor or a Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Parent Guarantor or a Restricted Subsidiary;
- (2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or properties or assets (other than current assets) that will be used in the Permitted Business (“Replacement Assets”); or
- (3) make an Investment in cash or Temporary Cash Investments pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the immediately preceding paragraph will constitute “Excess Proceeds.” Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds equal or exceed US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Parent Guarantor or the Issuer must make an Offer to Purchase Notes having a principal amount equal to:

- (i) accumulated Excess Proceeds, multiplied by;
- (ii) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all pari passu Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Parent Guarantor may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and any other pari passu Indebtedness tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such other pari passu Indebtedness will be purchased on a pro rata basis based on the principal amount of Notes and such other pari passu Indebtedness tendered (or required to be prepaid or redeemed). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Notwithstanding the provisions of this covenant “Limitation on Asset Sales”, the Issuer and the Parent Guarantor will not, and will not permit Carlisle to, sell or otherwise transfer the Intercompany Loans.

Limitation on the Parent Guarantor’s Business Activities

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; provided, however, that the Parent Guarantor or any Restricted Subsidiary (other than Carlisle) may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant under the caption “– Limitation on Restricted Payments.”

Limitation on the Activities of the Issuer

Notwithstanding anything contained in the Indenture to the contrary, the Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the offering, sale or issuance of the Notes (including Additional Notes) and the incurrence of Indebtedness represented by the Notes or any Additional Notes issued under the Indenture, (b) relating to the offering, sale or issuance of the 2020 Notes or the 2021 Notes (including any additional 2020 Notes or 2021 Notes) and the incurrence of Indebtedness represented by the 2020 Notes or the 2021 Notes or any additional 2020 Notes or 2021 Notes issued under the indenture governing the 2020 Notes or 2021 Notes, as the case may be, (c) relating to the offering, sale or issuance of debt obligations similar to the Notes in the future and the incurrence of Indebtedness represented by such debt obligations, (d) transferring the proceeds of debt issuances under clause (a), clause (b) or clause (c) to Carlisle, (e) undertaken with the purpose of fulfilling any obligations under the Indebtedness referred to in clause (a), clause (b), clause (c) or the Indenture, the Security Documents, the indenture governing the 2020 Notes or the 2021 Notes, the security documents relating to the 2020 Notes or the 2021 Notes or any future indenture or similar document related to such Indebtedness or for purposes of consent solicitation or tender for such Indebtedness or refinancing of such Indebtedness or (f) directly related to the establishment and/or maintenance of the Issuer’s corporate existence.

The Issuer will not (a) issue any Capital Stock other than the issuance of its ordinary shares to the Parent Guarantor or (b) acquire or receive any property or assets (including, without limitation, any Capital Stock or Indebtedness of any Person), other than (x) the Capital Stock of Carlisle, and (y) cash for ongoing corporate activities of the Issuer described in the preceding paragraph.

The Issuer will at all times remain a Wholly Owned Restricted Subsidiary of the Parent Guarantor.

In the event that the Issuer is the obligor on Indebtedness owed to Carlisle, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Notes.

Whenever the Issuer receives a dividend or distribution on the Capital Stock of Carlisle, it shall use all or substantially all of the funds received solely to satisfy its obligations (to the extent of the amount owing in respect of such obligations) under the Notes and the Indenture.

For so long as any Notes are outstanding, none of the Issuer, Carlisle or the Parent Guarantor will commence or take any action to cause a winding-up or liquidation of the Issuer or Carlisle except that the

Issuer may be wound up or liquidated subsequent to a consolidation, merger or transfer of assets conducted in accordance with the first paragraph of the covenant described under the caption “– Consolidation, Merger and Sale of Assets.”

Amendments to or Prepayments of the Intercompany Loans

The Issuer will transfer the net proceeds of the offering of the Further Notes, after deducting underwriting discounts and other estimated expenses related to the offering, to Carlisle. Such net proceeds will subsequently be on-lent to the Parent Guarantor and/or the Subsidiary Guarantors pursuant to one or more Intercompany Loans. The Intercompany Loans will be subordinated in right of payment to the Guarantees. The Parent Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by any Subsidiary Guarantor in respect of its obligations under the Intercompany Loan between such Subsidiary Guarantor and Carlisle.

Without the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding, the Issuer and the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, (i) prepay or otherwise reduce or permit the prepayment or reduction of the Intercompany Loans or (ii) amend, modify or alter the instrument governing the Intercompany Loans in any manner adverse to the Holders; provided that, without the consent of all holders, the Issuer and the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, amend, modify or alter the Intercompany Loans to:

- (1) change the Stated Maturity of the Intercompany Loans;
- (2) change the currency for payment of principal or interest on the Intercompany Loans; or
- (3) reduce the above-stated percentage of Notes the consent of whose holders is necessary to modify or amend the Intercompany Loans.

Notwithstanding the foregoing, without the consent of any Holder of Notes, the Intercompany Loans may be amended solely (x) to provide for the issuance of Additional Notes, and may be prepaid or reduced to facilitate or otherwise accommodate or reflect a redemption, repurchase or exchange of outstanding Notes, outstanding 2020 Notes or outstanding 2021 Notes in accordance with the terms of the Indenture, the indenture governing the 2020 Notes or the indenture governing the 2021 Notes or through any tender offer or exchange offer or (y) to reduce any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer or the Parent Guarantor is organized or resident for tax purposes; provided that in the case of clause (y), prior to such amendment, the Issuer or the Parent Guarantor will deliver to the Trustee an Opinion of Counsel or an opinion of a tax consultant of recognized international standing that such amendment to the Intercompany Loans will reduce such withholding or deduction.

The Issuer and the Parent Guarantor will not, and will not permit Carlisle to, sell or otherwise transfer the Intercompany Loans or to directly or indirectly, incur, assume or permit to exist any Lien on the Intercompany Loans (other than Permitted Liens).

Maintenance of Insurance

The Parent Guarantor will, and will cause each Restricted Subsidiary, to maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similar companies engaged in similar business to the Permitted Business in the jurisdictions in which the Parent Guarantor or such Restricted Subsidiary conducts its businesses, including, without limitation, property and casualty insurance.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (other than the Issuer or Carlisle) to be an Unrestricted Subsidiary; provided that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) neither the Parent Guarantor nor any Restricted Subsidiary guarantees or provides credit support for the Indebtedness or other liabilities of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Parent Guarantor or any other Restricted Subsidiary; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Parent Guarantor or Disqualified Stock or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Parent Guarantor or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “– Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under “– Limitation of Liens”; (e) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; (f) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption “– Limitation on Restricted Payments”; and (g) such Restricted Subsidiary does not own or operate or possess any material license, franchise or right used in connection with the ownership or operation of any part of the Parent Guarantor’s or its Restricted Subsidiaries’ business.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”; (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– Limitation on Liens”; (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (e) such Restricted Subsidiary will upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor. All designations must be evidenced by a Board Resolution delivered to the Trustee certifying compliance with the preceding provisions.

Carlisle will at all times remain a Wholly Owned Subsidiary of the Issuer and a Restricted Subsidiary of the Parent Guarantor.

Use of Proceeds

The Issuer, Carlisle and the Parent Guarantor (as applicable) will (a) use the net proceeds received from the Notes as set forth in this Offering Memorandum under the caption “Use of Proceeds” and (b) pending application of all of such net proceeds in such manner, be permitted to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Government Approvals and Licenses; Compliance with Law

The Issuer and the Parent Guarantor will, and the Parent Guarantor will cause each Restricted Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply

would not reasonably be expected to have a material adverse effect on (1) the business, results of operations or prospects of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, or (2) the ability of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to perform their obligations under the Notes, the relevant Guarantee or the Indenture.

Anti-Layering

The Issuer will not Incur, and the Parent Guarantor will not and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from either of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (2) “– Certain Covenants – Limitation on Restricted Payments”;
- (3) “– Certain Covenants – Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “– Certain Covenants – Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (6) “– Certain Covenants – Limitation on Asset Sales”;
- (7) “– Certain Covenants – Maintenance of Insurance”; and
- (8) “– Certain Covenants – Anti-Layering.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor, the Issuer or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under the caption “– Certain Covenants – Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve an Investment Grade Rating or that, if achieved, any such rating will be maintained.

Provision of Financial Statements and Reports

- (a) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Indonesia Stock Exchange or any other national stock exchange on which the Parent Guarantor's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; provided that, if at any time the Common Stock of the Parent Guarantor ceases to be listed for trading on the Indonesia Stock Exchange or any other national stock exchange, the Parent Guarantor will file with the Trustee and furnish to the Holders:
- (1) as soon as they are available, but in any event within 90 calendar days after the end of each fiscal year of the Parent Guarantor, annual reports containing, and in a level of detail that is comparable in all material respects to that included in this Offering Memorandum, the following information: (i) audited consolidated balance sheets of the Parent Guarantor of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA (as presented in this Offering Memorandum) and liquidity and capital resources of the Parent Guarantor, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies; and (iii) description of the business, management and shareholders of the Parent Guarantor (on a consolidated basis);
 - (2) as soon as they are available, but in any event within 45 calendar days after the end of the first semi-annual fiscal period of the Parent Guarantor, semi-annual reports of the Parent Guarantor containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such semi-annual period and unaudited condensed consolidated statements of income and statements of cash flow of the Parent Guarantor for the most recent semi-annual fiscal period ending on the unaudited condensed consolidated balance sheet date, and the comparable prior year period, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, such semi-annual fiscal period; and (ii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA (as presented in this Offering Memorandum) and liquidity and capital resources of the Parent Guarantor, and a discussion of material recent developments and material changes in commitments and contingencies and critical accounting policies since the most recent annual report;
 - (3) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third fiscal quarters of the Parent Guarantor, quarterly reports of the Parent Guarantor containing an unaudited condensed consolidated balance sheet as of the end of such fiscal quarter and unaudited condensed consolidated statements of income and statements of cash flow of the Parent Guarantor for the most recent fiscal quarter ending on the unaudited condensed consolidated balance sheet date, and the comparable prior year period, prepared on a basis consistent with the audited financial statements of the Parent Guarantor, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, the relevant quarterly period; and

- (4) promptly after the occurrence of (i) any Material Acquisition or Disposition or restructuring, (ii) any senior executive officer changes at the Parent Guarantor or change in auditors of the Parent Guarantor or (iii) any other material event not in the ordinary course of business, solely with respect to this sub-clause (iii), that the Parent Guarantor or the Issuer announces publicly, a report containing a description of such event and, in the event of the occurrence of any Material Acquisition or Disposition, within 75 days following the occurrence of such Material Acquisition or Disposition, unaudited pro forma consolidated income statement information and balance sheet information of the Parent Guarantor (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any such Material Acquisition or Disposition.
- (b) In addition, so long as any of the Notes remain outstanding, the Parent Guarantor will provide to the Trustee (1) within 90 days after the close of each fiscal year, a property valuation report prepared by an independent property valuer of recognized standing in Indonesia (substantially similar to, and in a substantially similar level of detail as, the property valuation report prepared in connection with the offering of the Notes), valuing all properties (other than immaterial properties) of the Parent Guarantor and its Subsidiaries as of the close of such fiscal year; (2) within 90 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Parent Guarantor's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; and (3) as soon as possible and in any event within 20 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of a Default and/or an Event of Default (and also within 14 days of any request in writing by the Trustee), an Officer's Certificate of the Parent Guarantor setting forth the details thereof and the action the Parent Guarantor is taking or proposes to take with respect thereto.

All historical financial statements shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; provided, however, that the reports set forth in clauses (a)(1), (a)(2) and (a)(3) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods.

At any time that any of the Parent Guarantor's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Parent Guarantor, then the annual, semi-annual and quarterly financial information required by clauses (a)(1), (a)(2) and (a)(3) above shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA (as presented in this Offering Memorandum), net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Further, the Issuer and the Parent Guarantor have agreed that, during any period in which the Issuer, the Parent Guarantor is neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer or the Parent Guarantor, as the case may be, will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Events of Default

The following events will be defined as “Events of Default” in the Indenture:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of the covenants described under the captions “– Consolidation, Merger and Sale of Assets” or “– Certain Covenants – Limitation on Liens,” or the failure to make or consummate an Offer to Purchase in the manner described under the captions “– Repurchase of Notes upon a Change of Control” or “– Certain Covenants – Limitation on Asset Sales,” or any failure by the Parent Guarantor to create, or cause its Restricted Subsidiaries to create, a first-priority Lien (subject to any Permitted Liens and, with respect to the Pari Passu Collateral, the Intercreditor Agreement) on the Collateral in accordance with the provisions described under “– Security”;
- (d) the Parent Guarantor or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;
- (e) there occurs with respect to any Indebtedness of the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount of US\$5.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, (1) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (2) a failure to pay principal of, or interest or premium (subject to the applicable grace period in the relevant documents) on, such Indebtedness when the same becomes due;
- (f) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$5.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Parent Guarantor or any Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Restricted Subsidiary or for any substantial part of the property and assets of the Parent Guarantor or any Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (h) the Parent Guarantor or any Restricted Subsidiary (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Restricted Subsidiary or for all or substantially all of the property and assets of the Parent Guarantor or any Restricted Subsidiary or (3) effects any general assignment for the benefit of creditors;
- (i) any Guarantor denies or disaffirms in writing its obligations under its Guarantee or any Guarantee is finally determined in any judicial proceeding to be unenforceable or invalid or will for any reason cease to be in full force and effect, or the Issuer or any Guarantor repudiates the Indenture, the Notes or any Guarantee or does or causes or permits to be done any act or thing evidencing an intention to repudiate such agreement or, except as permitted by the Indenture;
- (j) a moratorium is agreed or declared in respect of any Indebtedness of the Issuer or any Guarantor or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Issuer or any Guarantor or all or a substantial part of the Capital Stock of the Issuer or any Guarantor, the Notes or any Guarantee, or the Issuer or any Guarantor shall be prevented from exercising normal control over all or a substantial part of its property;
- (k) the capital and/or currency exchange controls in place in the Republic of Indonesia on the Original Issue Date shall be modified or amended in a manner that prevents or will prevent the Issuer or any Guarantor from performing its payment obligations under the Indenture, the Notes or any Guarantee;
- (l) the entire issued share capital of the Issuer ceases to be wholly-owned, directly or indirectly, by the Parent Guarantor, or the entire issued share capital of Carlisle ceases to be wholly-owned, directly or indirectly, by the Issuer;
- (m) it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its obligations under or in respect of the Indenture, the Notes or any Guarantor;
- (n) any default by the Issuer, Carlisle or the Parent Guarantor in the performance of any of its obligations under the Security Documents that adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or that adversely affects the condition or value of the Collateral, taken as a whole, in any material respect; or
- (o) the Issuer, Carlisle or the Parent Guarantor denies or disaffirms its obligations under any Security Document or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the applicable Collateral Agent or the Trustee ceases to have a first-priority Lien over the Collateral (subject to any Permitted Liens and, with respect to the Pari Passu Collateral, the Intercreditor Agreement).

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will (subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Parent Guarantor or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee (subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction by such Holders), may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes, the Indenture or the Security Documents. The Trustee or the Collateral Agents may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon written direction of the Holders of at least 25% in aggregate principal amount of outstanding Notes (i) give each Collateral Agent a written notice of the occurrence of such continuing Event of Default and (ii) instruct, subject to the provisions of the Intercreditor Agreement, the Pari Passu Collateral Agent in accordance with the terms of the Indenture and the Security Documents relating to the Pari Passu Collateral to foreclose on the Pari Passu Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders with respect to the Collateral as the Trustee deems appropriate. See “– Security.”

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or the applicable Collateral Agent or exercising any trust or power conferred on the Trustee or the applicable Collateral Agent. However, the Trustee or the applicable Collateral Agent may refuse to follow any direction that conflicts with law, the Indenture or the Security Documents that may involve the Trustee or such Collateral Agent in personal liability, or that the Trustee or such Collateral Agent determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not pursue any remedy with respect to the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and/or security satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Two officers of each of the Issuer and the Parent Guarantor must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Parent Guarantor and its Restricted Subsidiaries and the Parent Guarantor's and its Restricted Subsidiaries' performance under the Indenture and the Notes and that the Parent Guarantor and its Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Issuer and the Parent Guarantor will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See “-Provision of Financial Statements and Reports.”

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with, merge with or into, another Person (other than the Parent Guarantor), permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to any Person (other than the Parent Guarantor); provided that, in the event the Issuer so consolidates with, merges with or into, the Parent Guarantor or sells, conveys, transfers, leases or otherwise disposes of all or substantially all of its properties and assets to the Parent Guarantor, the Parent Guarantor immediately after such transaction, will (a) assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and the Notes, which shall remain in full force and effect and (b) deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that such transaction and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with.

The Parent Guarantor will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (a) the Parent Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the “Surviving Person”) will be a corporation organized and validly existing under the laws of Indonesia and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under the Indenture, the Notes, the Parent Guarantee and the Security Documents, as the case may be, and the Indenture, the Notes, the Parent Guarantee and the Security Documents, as the case may be, will remain in full force and effect;
- (b) immediately after giving effect to such transaction, no Default will have occurred and be continuing;
- (c) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Surviving Person, as the case may be, will have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;
- (d) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Surviving Person, as the case may be, could incur at least US\$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;

- (e) the Parent Guarantor delivers to the Trustee (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (c) and (d) of this paragraph and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
- (f) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Parent Guarantor has entered into a transaction described under this covenant, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Parent Guarantor or the Surviving Person in accordance with the Notes and the Indenture; and
- (g) no Rating Decline will have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Parent Guarantor or another Subsidiary Guarantor), unless:

- (A) such Subsidiary Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be the Parent Guarantor or another Subsidiary Guarantor or will become a Subsidiary Guarantor concurrently with the transaction, and such Person shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor under the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, shall remain in full force and effect;
- (B) immediately after giving effect to such transaction, no Default will have occurred and be continuing;
- (C) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor will have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;
- (D) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor could Incur at least US\$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (E) the Issuer or the Parent Guarantor delivers to the Trustee (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (C) and (D) of this paragraph and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (F) no Rating Decline will have occurred;

provided that this paragraph will not apply to (a) any sale or other disposition that complies with the “– Certain Covenants – Limitation on Asset Sales” covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under “– Subsidiary Guarantees – Release of Subsidiary Guarantees” and (2) a consolidation or merger of any Subsidiary Guarantor with and into the Parent Guarantor or any other Subsidiary Guarantor, so long as the Parent Guarantor or such Subsidiary Guarantor survives such consolidation or merger.

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Parent Guarantor that may adversely affect Holders.

No Payments for Consents

The Parent Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange offer, the Parent Guarantor and any of its Subsidiaries may exclude (i) Holders or beneficial owners of the Notes that are not “qualified institutional buyers” as defined in Rule 144A under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Parent Guarantor or any of its Subsidiaries to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Parent Guarantor in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture provides that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture and the Security Documents will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

- (a) the Issuer has (1) deposited with the Trustee, in trust, money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in the trust;
- (b) the Issuer has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of

the Issuer's exercise of its option under this "– Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (2) an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

- (c) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;
- (d) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any Restricted Subsidiary is a party or by which the Parent Guarantor or any Restricted Subsidiary is bound; and
- (e) the Issuer must deliver to the Trustee an Officers' Certificate acceptable to the Trustee and an Opinion of Counsel, each stating that all conditions precedent relating to such defeasance have been complied with.

In case of either discharge or defeasance of the Notes, the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture provides that the provisions of the Indenture will no longer be in effect with respect to clauses (c), (d), (e)(1) and (g) under the second paragraph and clauses (C), (D), (E)(1) and (F) under the third paragraph under "– Consolidation, Merger and Sale of Assets" and all the covenants described herein under "– Certain Covenants" other than as described under "– Certain Covenants – Anti-Layering," clause (c) under "– Events of Default" with respect to such clauses (c), (d), (e)(1) and (g) under the second paragraph and clauses (C), (D), (E)(1) and (F) under the third paragraph under "– Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (d) under "– Events of Default" with respect to such other covenants and clauses (e) and (f) under "– Events of Default" will be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (b)(2), (c) and (e) of the preceding paragraph and the delivery by the Issuer to the Trustee an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that the beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

If in the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer and the Guarantors under the Indenture will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
 - (a) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust by the Issuer and thereafter repaid to the Issuer) have been delivered to the Trustee for cancellation; or
 - (b) (i) all Notes not previously delivered to the Paying Agent for cancellation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year or (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; and (ii) the Issuer has irrevocably deposited or caused to be deposited with the Trustee or the Paying Agent funds, in cash in U.S. dollars or U.S. Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be, together with irrevocable written instructions from the Issuer directing the Trustee or the Paying Agent to apply such funds to the payment thereof at Stated Maturity or on the redemption date, as the case may be;
- (2) the Issuer or any Guarantor has paid all other sums payable under the Indenture; and
- (3) such deposit will not result in a breach or violation of, or constitute a default under, any material instruments to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound, including the Indenture.

In addition, the Parent Guarantor must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Intercreditor Agreement, any Guarantee and the Security Documents may be amended, without the consent of any Holder, to:

- (a) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Intercreditor Agreement, any Guarantee, the Security Documents or the Notes;

- (b) comply with the provisions described under “– Consolidation, Merger and Sale of Assets”;
- (c) evidence and provide for the acceptance of appointment by a successor Trustee;
- (d) add any Guarantor or any Guarantee or release any Guarantor from any Guarantee as provided or permitted by the terms of the Indenture;
- (e) add additional Collateral to secure the Notes and the Guarantees;
- (f) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (g) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (h) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
- (i) make any other change that does not materially and adversely affect the rights of any Holder of Notes;
- (j) permit Permitted Pari Passu Secured Indebtedness in accordance with the terms of the Indenture (including, without limitation, permitting the Trustee to enter into the Intercreditor Agreement or any amendments to the Security Documents relating to the Pari Passu Collateral or the Indenture, the appointment of any collateral agent under any Intercreditor Agreement to hold the Pari Passu Collateral on behalf of the Holders and the holders of Permitted Pari Passu Secured Indebtedness and taking any other action necessary to permit the creation and registration of Liens on the Pari Passu Collateral to secure Permitted Pari Passu Secured Indebtedness, in accordance with the Indenture); or
- (k) conform the text of the Indenture, the Notes, the Guarantees, the Intercreditor Agreement or the Security Documents to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Guarantees, the Intercreditor Agreement or the Security Documents.

Amendments With Consent of Holders

Amendments of the Indenture, the Intercreditor Agreement, any Guarantee or any Security Document may be made by the Issuer, the Parent Guarantor, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer, the Parent Guarantor or the Subsidiary Guarantors with any provision of the Indenture, the Notes, the Guarantees, the Intercreditor Agreement or the Security Documents; provided, however, that no such modification, amendment or waiver may, without the consent of each Holder:

- (a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (b) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;
- (d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Guarantee;

- (e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (g) release any Guarantor from its Guarantee, except as provided in the Indenture;
- (h) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (i) amend, change or modify any Guarantee in a manner that adversely affects the Holders;
- (j) release any Collateral, except as provided in the Indenture, the Intercreditor Agreement (with respect to the Pari Passu Collateral) and the Security Documents;
- (k) amend, change or modify any provision of any Security Document, any Intercreditor Agreement or any provision of the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture or such Security Document or Intercreditor Agreement;
- (l) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale;
- (m) change the redemption date or the redemption price of the Notes from that stated under “– Optional Redemption” or “– Redemption for Tax Reasons”;
- (n) amend, change or modify the obligation of the Issuer or any Guarantor to pay Additional Amounts;
or
- (o) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required under the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Guarantees or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, stockholder, officer, commissioner, director, employee or controlling person of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Guarantees. Such waiver may not be effective to waive liabilities under any applicable securities law.

Concerning the Trustee and the Agents

The Bank of New York Mellon, London Branch has been appointed as Trustee, and paying agent (the “Paying Agent”) under the Indenture, and The Bank of New York Mellon SA/NV, Luxembourg Branch has been appointed as registrar and transfer agent (the “Registrar” and “Transfer Agent” and together with the Paying Agent, the “Agents”) with regard to the Notes. The Bank of New York Mellon has been appointed as the Pari Passu Collateral Agent and Notes Collateral Agent with regard to the Collateral under the Security Documents. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture and the Security Documents. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture and the Security Documents as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Parent Guarantor and its Affiliates; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any loss, liability or expense.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the “Global Note”). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “-Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants

must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Guarantors, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with the procedures of Euroclear and Clearstream, respectively. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “-Additional Amounts.”

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Guarantors, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note.

The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes

as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream Holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Guarantors, the Trustee or any of their respective agents will have responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Issuer within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “-Events of Default” and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by or on behalf of the registrar for delivery to Holders.

Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Issuer, the Parent Guarantor or any Subsidiary Guarantor or the Trustee) addressed to the Issuer, the Parent Guarantor, such Subsidiary Guarantor or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

While the Notes are in global form, any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice will be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer, the Parent Guarantor and each of the Subsidiary Guarantors have irrevocably (i) submitted to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Guarantee or the Indenture or any transaction contemplated thereby and (ii) designated and appointed Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“2017 Notes” means the 10.75% Senior Notes due 2017 issued by Alam Sutera International Private Limited.

“2019 Notes” means the 9.0% Senior Notes due 2019 issued by the Issuer.

“2020 Notes” means the 6.95% Senior Notes due 2020 issued by the Issuer.

“2021 Notes” means the 11.5% Senior Notes due 2021 issued by the Issuer.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a director, commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means, with respect to a Note at any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such Note on April 24, 2020 (such redemption price being described in the first paragraph in the “– Optional Redemption” section exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through April 24, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (i) an Investment by the Parent Guarantor or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary or will be merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary, or (ii) an acquisition by the Parent Guarantor or any Restricted Subsidiary of the property and assets of any Person other than the Parent Guarantor or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Parent Guarantor or any Restricted Subsidiary (other than to the Parent Guarantor or another Restricted Subsidiary) of (i) all or substantially all of the Capital Stock of any Restricted Subsidiary or (ii) all or substantially all of the assets that constitute a division or line of business of the Parent Guarantor or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition of any of its property or assets (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Parent Guarantor or any Restricted Subsidiary to any Person; provided that “Asset Sale” will not include:

- (a) any sale, transfer or other disposition of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (b) any sale, transfer or other disposition of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant described under the caption “– Certain Covenants – Limitation on Restricted Payments”;
- (c) any sale, transfer or other disposition of assets with a Fair Market Value not in excess of US\$2.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (d) any sale, transfer or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Parent Guarantor or its Restricted Subsidiaries;
- (e) any sale, transfer or other disposition deemed to occur in connection with creating or granting any Lien not prohibited by the Indenture;
- (f) a transaction covered by the covenant under the caption “– Consolidation, Merger and Sale of Assets”; and
- (g) any sale, transfer or other disposition of any assets by the Parent Guarantor or any Restricted Subsidiary to the Parent Guarantor or to a Subsidiary Guarantor.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, determined in accordance with GAAP.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or exercisable only upon the occurrence of a subsequent condition. The terms “Beneficially Owns” and “Beneficially Owned” will have a corresponding meaning.

“Board of Directors” means the board of directors of the Parent Guarantor elected or appointed by the stockholders of the Parent Guarantor to manage the business of the Parent Guarantor or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London, Singapore or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, to any “person” within the meaning of Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;
- (2) the Parent Guarantor consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Parent Guarantor, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Parent Guarantor or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Parent Guarantor outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (3) (i) the Permitted Holders cease to be the Beneficial Owner, directly or indirectly, of at least 35% in the aggregate of the voting power of the Voting Stock of the Parent Guarantor, or (ii) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of a larger percentage of the voting power of such Voting Stock than the Permitted Holders;
- (4) individuals who on the Original Issue Date constituted the Board of Directors (together with any new directors whose election was approved by a vote of at least a majority of the members of the Board of Directors then in office who were members of the Board of Directors on the Original Issue Date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor.

“CIMB Loan” means the transaction loan facility in the amount of up to Rp300.0 billion pursuant to a credit agreement between PT Garuda Adhimatra Indonesia, as borrower, the Parent Guarantor, as guarantor, and PT Bank CIMB Niaga Tbk, as lender, dated August 21, 2013 with a maturity of seven years and at an interest rate of 12% per annum to finance the construction of the statue and the development of the Garuda Wisnu Kencana Cultural Park in Bali, Indonesia, including any related notes, bonds, debentures, guarantees, collateral documents, instruments, indenture, trust deed and agreements executed in connection therewith and, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced (whether upon or after termination or otherwise).

“Clearstream” means Clearstream Banking S.A. or any successor thereof. “Collateral” means the Pari Passu Collateral and the Notes Collateral.

“Commodity Agreement” means any forward or futures contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices and not for speculation.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to April 24, 2020.

“Comparable Treasury Price” means, with respect to any redemption date: (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities”; or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for the Parent Guarantor and its Restricted Subsidiaries in conformity with GAAP; provided that if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA will be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Parent Guarantor or any Restricted Subsidiary.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Parent Guarantor or any Restricted Subsidiary held by Persons other than the Parent Guarantor or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Parent Guarantor’s Capital Stock (other than Disqualified Stock).

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Parent Guarantor and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Parent Guarantor and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Parent Guarantor or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees) or secured by a Lien on assets of the Parent Guarantor or any Restricted Subsidiary proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest and (viii) all other non-cash interest expense; provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; provided that the following items will be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person during such period;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Parent Guarantor or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (A) any property or assets of the Parent Guarantor or any Restricted Subsidiary which is not sold in the ordinary course of business or (B) any Capital Stock of any Person (including any gains by the Parent Guarantor realized on sales of Capital Stock of the Parent Guarantor or any Restricted Subsidiary);
- (6) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available annual, semi-annual or quarterly consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Parent Guarantor, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Parent Guarantor or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement, currency hedge agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates and not for speculation.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the date that is 366 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock on or prior to the date that is 366 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 366 days after the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer’s repurchase of the Notes as are required to be repurchased pursuant to the “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes Upon a Change of Control” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bank Indonesia or its successor on the date of determination.

“Equity Offering” means any underwritten public offering or private placement of Common Stock of the Parent Guarantor after the Original Issue Date to any Person other than to a Wholly Owned Restricted Subsidiary or any Permitted Holder; provided that the aggregate gross cash proceeds received by the Parent Guarantor from such transaction will be no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended. “Euroclear” means Euroclear Bank S.A./N.V. or any successor thereof.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (A) pro forma effect will be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement or any predecessor revolving credit or similar arrangement); provided that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Parent Guarantor or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;
- (B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (C) pro forma effect will be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (D) pro forma effect will be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (E) pro forma effect will be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Parent Guarantor or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (D) or (E) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“Four Quarter Period” means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor will use its reasonable best efforts to compile in a timely manner) are available and have been provided to the Trustee.

“GAAP” means generally accepted accounting principles in the Republic of Indonesia as in effect from time to time. All ratios and computations contained or referred to in the Indenture will be computed in conformity with GAAP applied on a consistent basis.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality

of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term “guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“Guarantees” means the Parent Guarantee and the Subsidiary Guarantees.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock (to the extent provided for when the Indebtedness or Preferred Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;

- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends; and
- (10) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person.

The amount of Indebtedness of any Person at any time will be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided:

- (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (C) the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

“Intercompany Loans” means the loan or loans in U.S. dollars between the Parent Guarantor or the Subsidiary Guarantors (as the case may be), as borrower, and Carlisle, as lender, pursuant to intercompany loan agreements as may be entered into, for an aggregate amount equal to at least the net proceeds of the offering of the Notes, or any similar intercompany loan entered into between the Parent Guarantor or the Subsidiary Guarantors, as the case may be, and Carlisle in connection with the sale of Additional Notes.

“Intercreditor Agreement” has the meaning set forth under “– Security.”

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

“Investment” means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person;
- (ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person;
- (iv) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person; or
- (v) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a balance sheet of such Person prepared in accordance with GAAP.

For the purposes of the provisions of the “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” and “– Certain Covenants – Limitation on Restricted Payments” covenants: (i) the Parent Guarantor will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Parent Guarantor’s proportionate interest in the assets (net of the Parent Guarantor’s proportionate interest in the liabilities owed to any Person other than the Parent Guarantor or a Restricted Subsidiary and that are not guaranteed by the Parent Guarantor or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (ii) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of “Aaa,” “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA,” “AA,” “A,” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Parent Guarantor as having been substituted for S&P or Moody’s or both, as the case may be.

“Land Acquisition Affiliate” means an Affiliate of the Parent Guarantor which is a special purpose vehicle that is or was established in connection with the direct or indirect acquisition of real property or land use rights by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of a Permitted Business.

“Lien” means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Material Acquisitions or Dispositions” means any transaction that would require the preparation of pro forma financial information pursuant to Rule 11-01(a) or (b) of Regulation S-X promulgated under the Securities Act, assuming that such Rule is applicable to the Parent Guarantor.

“Measurement Date” means March 27, 2012.

“Moody’s” means Moody’s Investors Service, Inc. and its affiliates.

“Net Cash Proceeds” means:

- (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:
 - (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole;
 - (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

- (4) appropriate amounts to be provided by the Parent Guarantor or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Note Documents" means the Indenture, the Notes and the Guarantees.

"Notes Collateral" means all collateral (other than the Pari Passu Collateral) securing, or purported to be securing, directly or indirectly, the Notes or any Guarantee pursuant to the Security Documents (other than the Security Documents relating to the Pari Passu Collateral), and initially consists of the Intercompany Loans.

"Offer to Purchase" means an offer to purchase the Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer or the Parent Guarantor defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US\$200,000 or integral multiples of US\$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Issuer or the Parent Guarantor for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor will (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer or the Parent Guarantor. The Paying Agent will promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar will promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US\$200,000 or integral multiples of US\$1,000. The Issuer or the Parent Guarantor will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer or the Parent Guarantor will comply with Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations thereunder, in the event that the Issuer or the Parent Guarantor is required to repurchase Notes pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer or the Parent Guarantor to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the Indenture governing the relevant Offer to Purchase, the Parent Guarantor and the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Indenture and the Guarantees by virtue of their compliance with such securities laws or regulations.

"Officer" means a director of the Issuer, in the case of the Issuer, or one of the executive officers of the Parent Guarantor, in the case of the Parent Guarantor, or, in the case of a Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor.

"Officers' Certificate" means a certificate signed by two Officers, one of whom is, in the case of the Issuer, a managing director.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee that meets the requirements of the Indenture.

"Original Issue Date" means the date on which the Original Notes are originally issued under the Indenture.

"Parent Guarantee" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by the Parent Guarantor.

"Pari Passu Collateral" means all collateral (other than the Notes Collateral) securing, or purported to be securing, directly or indirectly, the Notes or any Guarantee pursuant to the Security Documents (other than the Security Documents relating to the Notes Collateral), and shall initially consist of the Capital Stock of the Issuer and Carlisle.

"Permitted Business" means any business conducted or proposed to be conducted (as described in the Offering Memorandum) by the Parent Guarantor and its Restricted Subsidiaries on the Original Issue Date and any other business reasonably related, ancillary or complementary to any such business.

“Permitted Holders” means any or all of the following:

- (1) Mr. The Ning King, his spouse and his immediate family members or any trust established for the benefit of any of them;
- (2) any Affiliate (other than an Affiliate as defined in clause (ii) of the definition of “Affiliate”) of the Person specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Parent Guarantor, the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP and not in excess of US\$3.0 million (or the Dollar Equivalent thereof) outstanding at any time;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Parent Guarantor or any Restricted Subsidiary against fluctuations in interest rates, foreign currency exchange rates or commodity prices and not for speculation;
- (7) receivables owing to the Parent Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under the caption “– Certain Covenants – Limitation on Liens”;
- (10) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of a Permitted Business that are recorded as deposits or prepaid expenses on the Parent Guarantor’s consolidated balance sheet;
- (11) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;

- (12) any Investment pursuant to Pre-Registration Mortgage Guarantees by the Parent Guarantor or any Restricted Subsidiary otherwise permitted to be incurred under the Indenture;
- (13) deposits made in order to secure the performance of the Parent Guarantor or any Restricted Subsidiary in connection with the direct or indirect acquisition of real property or land use rights by the Parent Guarantor or any Restricted Subsidiary, in each case, in the ordinary course of a Permitted Business;
- (14) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (15) repurchases of the Notes; and
- (16) any advance, loan or other extension of credit to a Land Acquisition Affiliate; provided that the entire Capital Stock of such Land Acquisition Affiliate is pledged or charged to, or for the benefit of, the Parent Guarantor or any Restricted Subsidiary to secure such advance, loan or other extension of credit.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as will be required in conformity with GAAP will have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as required in conformity with GAAP will have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Parent Guarantor or its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Parent Guarantor or any Restricted Subsidiary arising from progress or partial payments by a customer of the Parent Guarantor or its Restricted Subsidiaries relating to such property or assets;
- (6) any interest or title of a lessor in the property subject to any operating lease;
- (7) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (8) Liens in favor of the Parent Guarantor, the Issuer or any Subsidiary Guarantor;

- (9) Liens arising from attachment or the rendering of a final judgment or order against the Parent Guarantor or any Restricted Subsidiary that does not give rise to an Event of Default;
- (10) Liens existing on the Original Issue Date;
- (11) Liens securing Indebtedness which is Incurred to refinance Secured Indebtedness which is permitted to be Incurred under clause (b)(4) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; provided that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (12) Liens (including extensions and renewals thereof) upon real or personal property acquired after the Original Issue Date; provided that (a) such Lien is created solely for the purpose of securing Indebtedness Incurred under clause (b)(10) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock,” (b) such Lien is created prior to, at the time of or within 90 days after the later of the acquisition or the completion of development, construction or improvement of such property, (c) the principal amount of Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement, and (d) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item;
- (13) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Parent Guarantor or any Restricted Subsidiary;
- (14) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (b)(5) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (15) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers’ compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;
- (16) Liens securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (b)(11) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”;
- (17) Liens on deposits made in order to secure the performance of the Parent Guarantor or any Restricted Subsidiary in connection with the acquisition of real property or land use rights by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;
- (18) Liens under the Security Documents;
- (19) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (20) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

- (21) Liens on (i) 28 parcels of land in the Alam Sutera township of approximately 3.3559 hectares and (ii) the assets relating to the Garuda Wisnu Kencana Cultural Park, or the Capital Stock of the entity holding such assets, in each case owned directly or indirectly by the Parent Guarantor or any Restricted Subsidiary, securing the CIMB Loan permitted to be Incurred under clause (b)(14) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (22) Liens to secure Indebtedness permitted under clause (b)(13) under the caption “Limitation on Indebtedness and Preferred Stock”;
- (23) Liens on the Pari Passu Collateral securing any Permitted Pari Passu Secured Indebtedness that complies with each of the requirements set forth under “– Security – Permitted Pari Passu Secured Indebtedness”;
- (24) Liens on (a) any interest reserve or similar account used to service interest payments on debt obligations similar to the Notes issued by the Issuer in the future or (b) any intercompany loans or advances of any or all of the net proceeds from such debt obligations by the Issuer or Carlisle to the Parent Guarantor or any Subsidiary of the Parent Guarantor, in each case securing such debt obligations for the sole benefit of the holders of such debt obligations and so long as such debt obligations are permitted to be Incurred under the covenant “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; and
- (25) Liens securing Permitted Priority Indebtedness;

provided that, with respect to Liens on the property or assets of Carlisle (other than the Intercompany Loans), Permitted Liens will include only Liens described in paragraphs (1), (2), (9) and (15) above only, and provided further that for purposes of the Collateral, Permitted Liens shall mean Liens described in clauses (1), (18), (20) and, solely in respect of Pari Passu Collateral, (23) above only.

“Permitted Pari Passu Secured Indebtedness” has the meaning set forth under “– Security – Permitted Pari Passu Secured Indebtedness.”

“Permitted Priority Indebtedness” means any Priority Indebtedness; provided that, on the date of determination, the aggregate amount of Priority Indebtedness then outstanding does not exceed 15.0% of Total Assets. In making the foregoing calculations, the amount of Permitted Priority Indebtedness, Priority Indebtedness and Total Assets as of any date of determination shall be as of the date (the “Reference Date”) of the last day of the most recent quarter for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor shall use its reasonable best efforts to compile in a timely manner and which may be internal financial statements) are available calculated after giving pro forma effect to:

- (1) any Priority Indebtedness Incurred, repaid or redeemed during the period from the Reference Date to such date of determination (the “Relevant Period”);
- (2) the provision of any Liens on Indebtedness during the Relevant Period that would result in such Indebtedness becoming Priority Indebtedness, or the release of any Liens during the Relevant Period that would result in any Priority Indebtedness ceasing to meet the definition of Priority Indebtedness;
- (3) the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the Relevant Period;
- (4) the creation of any Restricted Subsidiaries that are not Subsidiary Guarantors during the Relevant Period;
- (5) Asset Sales and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Sales) during the Relevant Period; and

- (6) asset sales and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset sale) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Parent Guarantor or any Restricted Subsidiary during the Relevant Period and that would have constituted Asset Sales or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset sales or asset acquisitions were Asset Sales or Asset Acquisitions.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Pre-Registration Mortgage Guarantees” means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of properties from the Parent Guarantor or any Restricted Subsidiary; provided that any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

“Priority Indebtedness” means, without duplication (a) any Indebtedness of any Restricted Subsidiary (other than a Subsidiary Guarantor, the Issuer, Carlisle or any Subsidiary of the Parent Guarantor that issues debt obligations similar to the Notes) other than Indebtedness Incurred, and that continues to be classified, under clause (b)(3) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” and (b) any Secured Indebtedness of the Company or a Guarantor (other than the Notes (including any Additional Notes), the Guarantees, the 2020 Notes, the 2021 Notes, the guarantees provided by the Guarantors under the 2020 Notes and the guarantees provided by the Guarantors under the 2021 Notes or Indebtedness Incurred, and that continues to be classified, under clauses (b)(3) or (b)(5) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” and other than any Permitted Pari Passu Secured Indebtedness).

“Rating Agencies” means (i) S&P and (ii) Moody’s; provided that if S&P or Moody’s shall not make a rating of the Notes publicly available, one or more “nationally recognized statistical rating organizations,” as the case may be, within the meaning of Rule 15c3-I(c) (2)(iv)(F) under the Exchange Act, selected by the Parent Guarantor, which will be substituted for S&P or Moody’s or both, as the case may be.

“Rating Category” means (i) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (ii) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means in connection with actions contemplated under the caption “– Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means in connection with actions contemplated under the caption “– Consolidation, Merger and Sale of Assets,” the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by both S&P and Moody’s on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade;
- (b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Reference Period” means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Trustee by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

“Restricted Subsidiary” means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

“S&P” means S&P Global Ratings and its affiliates.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Parent Guarantor or any Restricted Subsidiary transfers such property to another Person and the Parent Guarantor or any Restricted Subsidiary leases it from such Person.

“Secured Indebtedness” means any Indebtedness of the Parent Guarantor or a Restricted Subsidiary secured by a Lien.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Security Documents” means, collectively, the pledge or charge agreements and any other agreements or instruments that, including the Indenture, may evidence or create any security interest in favor of the Collateral Agents, the Trustee and/or any Holders in any or all of the Collateral.

“Senior Indebtedness” of the Parent Guarantor or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Parent Guarantor or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes or, in respect of the Parent Guarantor, its Parent Guarantee or, in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee; provided that Senior Indebtedness does not include (a) any obligation to the Parent Guarantor or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Indenture.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date; provided that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, the Parent Guarantee or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

“Subsidiary Guarantee” means any guarantee of the obligations of the Issuer under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; provided that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, Singapore or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America, Singapore or any agency thereof, in each case maturing within one year;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, the United Kingdom, Hong Kong or Singapore, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Parent Guarantor) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;

- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s;
- (6) any mutual fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and
- (7) demand or time deposit accounts, certificates of deposit and money market deposits with (i) Bank Negara Indonesia (BNI), Bank Internasional Indonesia (BII), Bank Rakyat Indonesia (BRI), Bank Mandiri and Bank Central Asia (BCA), Permata Bank, Bank CIMB Niaga and Bank Bukopin, (ii) any other bank or trust company organized under the laws of the Republic of Indonesia whose long-term debt rating by Moody’s or S&P is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iii) any other bank organized under the laws of the Republic of Indonesia; provided that, in the case of clause (iii), such deposits do not exceed US\$10.0 million (or the Dollar Equivalent thereof) with any single bank or US\$30.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

“Total Assets” means, as of any date of determination, the total consolidated assets of the Parent Guarantor and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor shall use its reasonable best efforts to compile in a timely manner) are available and have been provided to the Trustee; *provided* that only with respect to the definition of “Permitted Priority Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property, asset or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Parent Guarantor or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

“Transaction Date” means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, (ii) any Restricted Payment, the date such Restricted Payment is to be made, and (iii) the incurrence or assumption of any Lien, the date such Lien is to be incurred or assumed.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Parent Guarantor that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of 100% of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this Offering Memorandum. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Notes. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Indonesian Taxation

The following is a summary of the principal Indonesian tax consequences relevant to prospective holders of the Notes that are not tax resident in Indonesia and have no permanent establishment (“branch”) in Indonesia. The summary does not address any laws other than the tax laws of Indonesia in force and as they are applied in practice as of the date of this Offering Memorandum. The summary represents a general guide only and should not be relied upon by individual or corporate holders of the notes offered hereby. It is recommended that holders of the Notes seek independent tax advice relevant to their facts and circumstances.

General

Generally, an individual is considered a non-resident of Indonesia if the individual:

- is not domiciled in Indonesia,
- is not present in Indonesia for more than 183 days within a 12-month period, and
- is not present in Indonesia during a tax year with the intention of residing in Indonesia.

A company will be considered a non-resident of Indonesia if it is not established or domiciled in Indonesia. Non-resident individuals and non-resident companies are further classified into those that have a permanent establishment in Indonesia, and those that do not. Those that have a permanent establishment in Indonesia will, in general, be subject to the same taxation rules as a tax resident. Therefore this section assumes that the non-resident individual and non-resident company do not have a permanent establishment in Indonesia.

In determining the tax residency of an individual or company and the allocation of taxing rights on income between two countries, consideration will also be given to the provisions of any applicable tax treaty which Indonesia has concluded with other jurisdictions. In this section, both a non-resident individual and a non-resident company will be referred to as “Non-resident Taxpayers” unless the context states otherwise.

Subject to the provisions of any applicable tax treaty, Non-resident Taxpayers who derive income sourced in Indonesia from (among other things):

- the sale of certain assets situated in Indonesia; and
- interest, or payments in the nature of interest, such as premiums,

are generally subject to a withholding tax on that income at the final rate of 20.0%.

For the sale of certain Indonesian assets by Non-resident Taxpayers with no permanent establishment in Indonesia, the 20.0% withholding tax is imposed on the estimated net income.

Taxation on Interest and Premium

Payments or accruals of principal under the Notes by the Issuer should not be subject to withholding tax in Indonesia.

The amount of any payment or accruals by the Parent Guarantor and/or Subsidiary Guarantors, which is an Indonesian tax resident, under a Guarantee attributable to an interest or premium payment (these amounts are generally treated as interest) payable on the Notes to a Non-resident Taxpayer will be subject to withholding tax in Indonesia at the rate of 20.0% pursuant to Article 26(1) of the Income Tax Law No. 36 Year 2008, unless reduced by an applicable tax treaty.

The 20.0% withholding tax is a final tax. The lower rate of withholding tax applicable to Non-resident Taxpayers who reside in a tax treaty country is also subject to satisfying the eligibility and reporting requirements for the relevant tax treaty and the Indonesian tax regulations. See “– Agreements for the Avoidance of Double Taxation” and “– Application of Tax Treaties under Indonesian Tax Regulations”.

To the extent that the Parent Guarantor and/or Subsidiary Guarantors is or are required to pay additional amounts or any excess of the principal in accordance with the terms of a Guarantee, these amounts will be subject to withholding tax in the manner described above. For a description of the circumstances under which the Parent Guarantor and/or Subsidiary Guarantors may be required to pay additional amounts with respect to the Indonesian taxation on premiums on payments made under a Guarantee of the Notes, see “Description of the Notes.”

Payments or accruals of interest made or considered to be made by the Company to CVPL under the Intercompany Loan will be subject to withholding tax in Indonesia. As described above, the statutory rate of such withholding tax is 20.0% or the relevant reduced rate under any applicable tax treaty.

In this regard, the term “interest” as used in the Singapore-Indonesia Tax Treaty means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor’s profits and in particular, income from government securities and income from bonds or debentures including premiums and prizes attaching to such securities bonds or debentures. The Singapore-Indonesian Tax Treaty provides for a reduced rate of 10.0% withholding tax on interest (if the recipient has no permanent establishment in Indonesia), subject to satisfying the eligibility and reporting requirements for the tax treaty as set out in the section “– Application of Tax Treaties under Indonesian Tax Regulations”.

Taxation on Capital Gains

Income derived by Non-resident Taxpayers, without a permanent establishment in Indonesia, from the disposal of Notes to other Non-resident Taxpayers, without a permanent establishment in Indonesia, should not be subject to Indonesian income tax. However, if such gains from disposal of the Notes are derived by a resident Taxpayer, including a Non-resident Taxpayer with a permanent establishment in Indonesia, then the capital gain is taxable in Indonesia and subject to income tax up to a maximum rate of 30.0% for individuals or 25.0% for companies and permanent establishments.

Other Indonesian Taxes

There are no Indonesian estates, inheritance, succession, or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes by Non-resident Taxpayers. There are no Indonesian registration or similar taxes or duties payable by the holders of the Notes.

Agreements for the Avoidance of Double Taxation

Indonesia has concluded tax treaties with a number of countries including Australia, Belgium, Canada, China, France, Germany, Japan, The Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America.

Where a tax treaty exists and the eligibility requirements of that treaty are satisfied, a reduced rate of withholding tax may be applicable in the case of interest (or payments in the nature of interest such as premium) paid by the Parent Guarantor or the Subsidiary Guarantors under the Intercompany Loans. To obtain the benefit of an applicable tax treaty, the Non-resident Taxpayer must be the actual owner of the economic benefits of the income (referred to as the beneficial owner of the income) and comply with the eligibility requirements of the tax treaty and the specific requirements in Indonesia. See “– Beneficial Owner”, “– Application of Tax Treaties under Indonesian Tax Regulations” and “– Certificate of Domicile” for further details.

Beneficial Owner.

Under Indonesian tax regulations the actual owner of the economic benefits of the income (beneficial owner), is defined as the income recipient who is not acting as:

- An agent, which refers to an individual or company who acts as an intermediary and carries out activities for and/or on behalf of other parties;
- A nominee, which refers to an individual or company which legally owns (legal owner) an asset and/or income, for the benefit of, or acts under the instruction of, the actual asset owner and/or the actual party which actually enjoys the benefit of the income; or
- A conduit company, which is a company who enjoys benefits from the tax treaty in relation to the income arising in other country, whilst the economic benefits from that income is owned by persons in another country who cannot enjoy tax treaty benefits if the income was received directly.

These concepts are implemented in the regulations by requiring non-residents to satisfy certain tests in order to be viewed as the “beneficial owner” and not engaged in treaty abuse.

Application of Tax Treaties under Indonesian Tax Regulations.

In accordance with Indonesian Director-General of Taxation (DGT) Regulation No. PER-25/PJ/2018 dated November 21, 2018 regarding the Procedures for Applying Tax Treaties (PER-25/2018), the Indonesian tax withholder is allowed to withhold the tax at the reduced rate in accordance with a tax treaty, provided that:

- a. the Non-resident Taxpayer is not an Indonesian tax resident;
- b. the Non-resident Taxpayer is a tax resident of a tax treaty partner;
- c. the administrative requirements have been fulfilled;
- d. there is no tax treaty misuse by the Non-resident Taxpayer; and
- e. the Non-resident Taxpayer is the beneficial owner of the income (if so required by the tax treaty).

If the above requirements are not met, then the tax withholder shall withhold the tax in accordance with Indonesian tax regulations, i.e. withholding tax at the rate of 20.0%.

Under PER-25/2018, misuse of a tax treaty can happen if one of the purposes of the arrangement(s) or transaction(s) is to obtain a benefit under the tax treaty contrary to the object and purpose of the tax treaty or if the transactions/structure do not have substance. A lack of substance is considered to occur if:

- a. the transaction or structure does not have economic substance;
- b. the legal form of the structure/transactions is different from the economic substance;
- c. the business operation is not managed by its own management and the management does not have appropriate authority to carry out transactions;
- d. the entity's assets, other than the assets to generate income from Indonesia, are not sufficient and adequate to carry out business operations in the tax treaty partner country;
- e. the entity does not have sufficient qualified employees to conduct its business operations; or
- f. the entity has no active business other than receiving income from dividend, interest and/or royalty originating from Indonesia.

Where the Non-resident Taxpayer is required by a tax treaty to be the beneficial owner of the income (e.g. for interest income) then, in addition to satisfying the conditions for non-abuse of the tax treaty, that Non-resident Taxpayer must fulfill the following:

- a. if it is an individual:
 - i. they are not acting as an agent or nominee, or
- b. if it is a company:
 - i. it is not acting as an agent, nominee or conduit and the company:
 - 1. has the power to use or enjoy the funds, assets, or right to earn income from Indonesia;
 - 2. does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties (excluding payments of reasonable remuneration to employees and other expenses normally incurred by the company in running the business);
 - 3. bears the risk on its own assets, capital and/or liabilities; and
 - 4. it does not have any contractual or legal obligation to transfer the whole or part of the income received from Indonesia to another party.

In the case that there is a misuse of the tax treaty or the income recipient is not the beneficial owner, the following are applied:

- a. the tax withholder is not allowed to implement the regulations stipulated in the tax treaty and must withhold tax in accordance with Indonesia's tax regulations, i.e. withholding tax at the rate of 20.0%; and
- b. the Non-resident Taxpayer who misuses the tax treaty cannot apply for a refund for the overpayment of tax.

If there is a difference between the legal form of a structure/scheme and the economic substance, the applicable tax regulations will be the tax regulations in accordance with the economic substance (substance over form).

Certificate of Domicile (“COD”).

The administrative requirements to be fulfilled by the Non-resident Taxpayer to enjoy the tax treaty benefits are in the new COD form, which must be:

- a. in the form prescribed in the attachment to PER-25/2018 (i.e. DGT Form);
- b. filled in completely by the Non-resident Taxpayer;
- c. signed by the Non-resident Taxpayer;
- d. certified by the competent tax authority in the tax treaty partner country (or a separate COD shall be provided by the foreign tax authority as was used prior to the application of PER-25/2018); and
- e. the form must be provided to the Indonesian tax withholder before the end of the deadline to submit the monthly tax returns for the relevant tax payable period.

The certified first page of DGT Form or the separate COD used in lieu thereof, has a validity based on the period specified on the document, to a maximum of 12 months, and may be reused during this time for other payments to that Non-resident Taxpayer.

The Non-resident Taxpayer should provide the original COD form to the tax withholder (if this is the first transaction with an Indonesian tax withholder that is utilizing the COD); otherwise the Non-resident Taxpayer shall provide to the tax withholder a copy of the electronic receipt of the lodgment of the original COD for the first transaction. The tax withholder is required to submit the COD (if it is the first transaction using the COD) or electronic lodgment receipt (for future transactions) in the relevant monthly tax return via e-filing.

In the case that there is income received or earned by a Non-resident Taxpayer, but no tax is withheld in Indonesia according to the tax treaty, the tax withholder is still obliged to arrange reporting of the COD.

Tax Residency. With regard to the tax residency country of the recipient of certain income (including interest income), Article 26 paragraph (1a) of Law No. 36 of 2008 on Income Tax (“the Income Tax Law”) (and its elucidation), states that the domicile country of a Non-resident Taxpayer (that does not conduct business activities through a permanent establishment in Indonesia), is defined as the country where the Non-resident Taxpayer who truly receives the benefits of such income, resides or domiciles. The law also includes further requirements about the country of domicile as follows:

- that the domicile country of the Non-resident Taxpayer who derives income from Indonesia (not through a permanent establishment in Indonesia) is determined based on the domicile country of the Non-resident Taxpayer that actually receives the benefits of the income (hereinafter referred to as the beneficial owner). Accordingly, the country of domicile shall not only be determined based on COD, but also on residence or domicile of the beneficiary of the income.
- in the event that the beneficial owner is an individual, his/her country of domicile shall be the country where the individual resides or lives.
- if the beneficial owner is a company (corporate or enterprise), its country of domicile shall be the country in which the owner or the shareholders with more than 50.0% ownership (either individually or commonly) of the company domiciles or where “effective management” is.

Stamp Duty

No Indonesian stamp duty should be due because the Notes are issued by a Singapore company.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, administrative guidelines and circulars issued by the MAS in force as of the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, administrative guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that neither the Issuer nor any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties, subject to conditions being met.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after January 1, 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the issue of the Original Notes and the Further Notes are lead-managed by Financial Sector Incentive – Standard Tier, Financial Sector Incentive – Bond Market or Financial Sector Incentive – Capital Market Companies (as defined in the ITA) at such time, and the Further Notes are issued as debt securities before December 31, 2023, the Further Notes would be, qualifying debt securities (“QDS”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Further Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Further Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Further Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Further Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Further Notes using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “Qualifying Income”) from the Further Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Further Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Further Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Further Notes as the MAS may require, Qualifying Income from the Further Notes paid by the Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Further Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Further Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Further Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Further Notes as the MAS may require,

payments of Qualifying Income derived from the Notes and made by the Issuer are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of the Further Notes, the Further Notes are issued to fewer than four persons and 50% or more of the issue of the Further Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Further Notes would not qualify as QDS; and
- (B) even though the Notes are QDS, if, at any time during the tenure of the Notes, 50% or more of the Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Notes held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA.

Gains on Disposal of the Notes

Any gains considered to be in the nature of capital made from the disposal of the Notes will not be taxable in Singapore. However, any gains derived by any person from the disposal of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (“SFRS(I) 9”) (as the case may be) may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of sale or disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes.”

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual financial periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after February 15, 2008.

PLAN OF DISTRIBUTION

J.P. Morgan (S.E.A.) Limited (the “Initial Purchaser”) is acting as the lead manager of the offering of the Further Notes. Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Memorandum (the “Purchase Agreement”), the Initial Purchaser has agreed to purchase, and the Issuer has agreed to sell to the Initial Purchaser, US\$125,000,000 in aggregate principal amount of the Further Notes.

The Purchase Agreement provides that the obligations of the Initial Purchaser to purchase the Further Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The Initial Purchaser must purchase all of the Further Notes if it purchases any of the Further Notes. The offering price is set forth on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchaser may change the offering price and other selling terms. The Initial Purchaser reserves the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the Further Notes is expected to occur on or about May 8, 2019.

The Issuer and the Guarantors have agreed to indemnify the Initial Purchaser against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchaser may be required to make in respect of any of such liabilities.

The Issuer and the Guarantors have agreed not to, for a period of 60 days after the date of this Offering Memorandum (i) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities substantially similar to the Notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities substantially similar to the Notes or securities convertible, exercisable or exchangeable into debt securities or (iv) publicly announce an offering of any debt securities substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of the Initial Purchaser.

The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

The Further Notes will constitute a new class of securities with no established trading market. Approval in-principle has been received for the listing of the Further Notes on the SGX-ST. The offering and settlement of the Further Notes is not conditioned upon obtaining the listing. The Issuer does not intend to apply for listing or quotation of the Notes on any national securities exchange in the United States or through Nasdaq. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes after the completion of the offering will develop and continue after this offering. The Initial Purchaser has advised us that it intends to conduct market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

In connection with this offering, J.P. Morgan (S.E.A.) Limited, as stabilizing manager, or any person acting for it, may purchase and sell Further Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Further Notes than the Initial Purchaser is required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in

progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing manager and not for and on behalf of the Issuer.

The Initial Purchaser may, from time to time, engage in transactions with and perform services for the Issuer or the Parent Guarantor in the ordinary course of their business.

Delivery of the Further Notes is expected on or about May 8, 2019, which is the sixth business day following the date of this Offering Memorandum (such settlement cycle being referred to as “T+6”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding two business days will be required, because the Further Notes initially will settle in T+6, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers who wish to trade the Further Notes on the pricing date or the next succeeding business day should consult their own advisers.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Issuer, the Parent Guarantor or the Initial Purchaser that would permit a public offering of Further Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Further Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Further Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Further Notes are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Further Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Further Notes. Accordingly, any person making or intending to make an offer in that Member State of Further Notes which are the subject of the offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Lead Manager has authorized, nor does it authorize, the making of any offer of Further Notes in circumstances in which an obligation arises for the Issuer or the Lead Manager to publish a prospectus for such offer. Neither the Issuer nor the Lead Manager is authorized, nor do they authorize, the making of any offer of Further Notes through any financial intermediary, other than offers made by the Lead Manager, which constitute the final placement of the Further Notes contemplated in this Offering Memorandum. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

The Lead Manager has represented and agreed that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Further Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Further Notes to be offered so as to enable an investor to decide to purchase or subscribe the Further Notes.

Hong Kong

The Further Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Further Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Further Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Indonesia

This offering does not constitute a public offering in Indonesia under Law No. 8 of 1995 regarding Capital Markets and its implementing regulations. This Offering Memorandum may not be distributed in Indonesia and the Further Notes may not be offered in Indonesia or sold to Indonesian citizens wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offering under the laws and regulations of Indonesia.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. As such, the Lead Manager will represent, warrant and agree, and each investor should note, as the case may be, that the Further Notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may the Offering Memorandum or any of the documents or materials in connection with the offer or sale or invitation for subscription or any Further Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Further Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Further Notes are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act.

By its purchase of the Further Notes, each purchaser of the Further Notes will be deemed to:

1. represent that it is purchasing the Further Notes for its own account or an account with respect to which it exercises sole investment discretion and is purchasing the Further Notes in an offshore transaction in accordance with Regulation S;
2. acknowledge that the Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except as set forth below;
3. agree that it will inform each person to whom it transfers Notes of any restrictions on transfer of such Notes; and
4. acknowledge that the Issuer, the Company, the Initial Purchaser, the Transfer Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agree that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Further Notes are no longer accurate, it shall promptly notify the Issuer, the Company and the Initial Purchaser. If it is acquiring any Further Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Milbank LLP as to matters of United States federal and New York law, Melli Darsa & Co as to matters of Indonesian law and Allen & Gledhill LLP as to matters of Singapore law. Certain legal matters will be passed upon for the Lead Manager by Shearman & Sterling as to matters of United States federal and New York law and Assegaf Hamzah & Partners as to matters of Indonesian law.

INDEPENDENT AUDITORS

Our audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 have been audited by PKF, independent public accountants, in accordance with auditing standards established by IAPI, as stated in their report appearing in this Offering Memorandum.

INDEPENDENT VALUER

KJPP has given its written consent to the issue of this Offering Memorandum with the inclusion herein of its name and all references thereto and to the inclusion of its property valuation summary report as an appendix to the Offering Memorandum, in the form and context in which it appears in the Offering Memorandum. The property valuation summary report, dated December 31, 2018, by KJPP has not been updated since October 31, 2018, and any changes in the factors upon which KJPP's report are based since October 31, 2018 could have materially affected the statements, estimates, forecasts and conclusions contained in the report.

RATINGS

The Further Notes are rated “B2” by Moody’s and “B” by S&P. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “Risk Factors – Risks Relating to the Notes, the Guarantees and the Collateral – The ratings assigned to the Notes may be lowered or withdrawn.”

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FAS AND IFRS

Our consolidated financial statements included in this Offering Memorandum are prepared and presented in accordance with Indonesian FAS, which differs in certain material respects from IFRS. Certain significant differences between Indonesian FAS and IFRS applicable to us are summarized below. This summary should not be construed to be exhaustive list of all the difference between Indonesian FAS and IFRS. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and our financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indonesian FAS and IFRS and how these differences might affect the financial information herein. We cannot assure you that our consolidated financial statements would not be materially different if prepared in accordance with IFRS. Additionally, no attempt has been made, to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions and events are presented in the consolidated financial statements or notes thereto. Further, no attempt has been made to identify future differences between Indonesian FAS and IFRS as the result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indonesian FAS and IFRS have significant projects ongoing that could affect comparisons such as this one in the future.

Finally, no attempt has been made to identify all future differences between Indonesian FAS and IFRS that may affect our consolidated financial statements as a result of transactions or events that may occur in the future.

1. Principles of consolidation

Preparation of consolidated and separate financial statements (parent company)

Under Indonesian FAS, all parent entities are required to present consolidated financial statements, without exemptions.

A parent entity is not allowed to present its own separate financial statements as standalone general purpose financial statements but such may be presented as supplementary information to the consolidated financial statements.

Under IFRS, a parent entity is required to present consolidated financial statements in which it consolidates its investments in subsidiaries. However, a parent entity need not present consolidated financial statements if and only if: (a) the parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements; (b) the parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); (c) the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and (d) the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with IFRS. A parent entity that elects the above exemption to present consolidated financial statements presents only separate financial statements.

2. Business Combination

Under Indonesian FAS, business combinations for entities under common control are recognized at the carrying value based on the pooling of interest method. Any difference between amount of consideration transferred and the carrying value of the business combination for entities under common control is recognized as additional paid-in capital as part of equity.

Under IFRS (IFRS 3), the acquisition method is used for all business combinations but does not apply to business combination of entities under common control. There is no equivalent standard in IFRS for business combination of entities under common control.

3. Fixed Assets – Land

In Indonesia, land use is regulated through the granting of land rights where the holder of the rights enjoys the full use of the land for a stated period of time subject to extension.

Under Indonesian FAS, land rights are not amortized unless there is an indication that the renewal or extension of the rights is not probable or cannot be obtained. Costs to obtain those rights for the first time are capitalized as land cost but subsequent costs to extend or renew the rights are recognized as intangible assets and amortized over the shorter of the economic life of the land or term of the right.

Under IFRS, an “agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time” is considered a lease. In determining whether the land use right is an operating or a finance lease, an important consideration is whether the lessee has an absolute right on such property. If the lessee does not and will not substantially own the land because the government has a right to reject the renewal, such right is accounted for as a lease and the cost is amortized over the period the holder is expected to retain the land rights.

4. Revenue Recognitions

Under Indonesian FAS, revenue for real estate industry are recognized as follows:

Revenue from the sale of houses and shop houses including the parcel of land is recognized based on the full accrual method if all of the following criteria are met: (i) The sale process is completed, (ii) the selling price is collectible, (iii) The seller’s receivable is not subject to future subordination against other loans which will be obtained by the buyer, and (iv) the seller has transferred the risk and reward of the ownership to the buyer through a transaction which in substance is a sale and the seller has no more significant obligation or involvement with the building unit.

Revenue from the sale of land lots without buildings is recognized based on the full accrual method if all the following criteria are met: (i) total payments from the buyer equal to at least 20% of the agreed selling price and the amount is not refundable to the buyer; (ii) the selling price is collectible; (iii) the seller’s receivables is not subject to subordinated against other loans which will be obtained by the buyer in the future; (iv) the land development process is completed so that the seller is no longer obligated to complete the piece of land sold, such as the obligation to improve the land or the obligation to construct the agreed main facilities or the obligation of the seller based on the purchase and sale commitment or the provisions of prevailing law and regulation; (v) only land lot is sold, there is no obligation of the sellers to involve in the construction of building on the land lot.

Revenues from sale of apartment, office buildings and similar type of buildings, which are constructed for more than one year are recognized based on the percentage of completion method, when all of the following conditions are met: (i) the construction process has surpassed the initial phase, which is, the foundation of the building has been completed and all of the requirements to commence the construction have been fulfilled; (ii) total payments from the buyer equal or exceed 20% of the agreed sales price and the amount is not refundable to the buyer; and (iii) total revenues and costs of building can be reliably estimated.

Under the percentage-of-completion method, the amount of revenues and expenses recognized for each accounting period are determined in accordance with the level or percentage of completion of the assets.

The level or percentage of completion is determined based on the costs incurred up to a certain date compared with the total estimated costs to incur for completion the projects.

If the criteria for revenue recognition from sales with the full accrual method and the percentage of completion method are not met, then all payments are recorded as sales advances with the deposit method.

Under current IFRS, sale of goods shall be recognized when all the criteria have been satisfied: (i) the seller has transferred to the buyer the significant risks and rewards of ownership; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Rendering of services shall be recognized when all the criteria have been satisfied by reference to the stage of completion of the transaction at the balance sheet date (the “percentage-of-completion” method), as follows: (i) the amount of revenue can be measured reliably; (ii) it is probable that the economic benefits will flow to the seller; the stage of completion at the balance sheet date can be measured reliably; and (iii) the costs incurred, or to be incurred, in respect of the transaction can be measured reliably. When the above criteria are not met, revenue arising from the rendering of services should be recognized only to the extent of the expenses recognized that are recoverable (a “cost-recovery” approach).

Starting January 1, 2018, the revenue recognitions principle is to delivered in a five-step model framework: (i) Identifying the contract(s) with a customer; (ii) Identifying the performance obligations in the contract; (iii) Determining on the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; (v) Recognition of revenue when (or as) the entity satisfies a performance obligation.

Starting January 1, 2020, Indonesian FAS has implemented the same provisions under IFRS, and early adoption is permitted.

5. Tax amnesty

Under Indonesian FAS, when recorded for commercial accounting purposes, tax amnesty assets and liabilities recognized in connection with the Tax Amnesty Law of 2016 are accounted for: (i) Using the existing relevant accounting standards (the “General” approach), or (ii) At the amounts reported in the Tax Amnesty Notification Letter (Surat Keterangan Pengampunan Pajak (“SKPP”)) (the “Deemed Cost” approach).

Any recognized tax amnesty liability shall be measured at the amount of cash or cash equivalents that is required to settle the contractual obligation related to the acquisition of such tax amnesty asset. The difference between the amount initially recognized for the tax amnesty assets and the related tax amnesty liabilities shall be recorded as “additional paid-in capital” (“APIC”) in the statement of financial position. The APIC shall not be recycled to earnings or recycled to retained earnings subsequently. The amount of tax paid in connection with the entity’s participation in the tax amnesty program shall be charged directly to earnings in the period when the SKPP is received. When the General approach is selected, the Indonesian Statement of Financial Accounting Standard 25, “Accounting Policies, Change in Estimates and Errors” shall be applied where restatement of prior periods’ financial statements may be required. When the Deemed Cost approach is selected, tax amnesty assets and liabilities shall be recognized prospectively.

Under IFRS, there is no specific accounting standard that governs the recognition and measurement of tax amnesty assets and liabilities.

GENERAL INFORMATION

- (a) The Issuer was incorporated on February 26, 2013 as a private company with limited liability under the laws of Singapore and its company registration number is 201305124Z. The registered office of the Issuer is located at 1 Raffles Place, #28-02 One Raffles Place, Singapore 048616.
- (b) CVPL was incorporated on February 26, 2013 as a private company with limited liability under the laws of Singapore and its company registration number is 201305128D. The registered office of CVPL is located at 1 Raffles Place, #28-02 One Raffles Place, Singapore 048616.
- (c) The Company was incorporated in Jakarta, Indonesia under the laws of the Republic of Indonesia and is registered in the Company Registration Office of South Jakarta. The Company's registration number is 09.03.1.68.16419, dated August 7, 2017, which is valid until August 31, 2022. The Company's registered office is situated at Wisma Argo Manunggal 18th Floor, Jl. Jend. Gatot Subroto Kav. 22, Jakarta 12930, Indonesia.
- (d) Copies of the Issuer's constitution and the Company's articles of association and copies of the Indenture will be available for inspection by any Noteholder during usual business hours on any weekday (except Saturdays and public holidays) at the Company's registered office.
- (e) The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream Banking. Certain trading information with respect to the Notes is set forth below:

	<u>ISIN</u>	<u>COMMON CODE</u>
Regulation S Notes	XS1504809499	150480949

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream Banking.

- (f) We have provided written notification to ICBC, CIMB Niaga, MNC and KEB Hana, for the issue of the Further Notes, entry into the intercompany loans and the giving of the Guarantees.
- (g) We have obtained all necessary consents, approvals and authorizations in Singapore and Indonesia, as applicable, in connection with the issue and performance of the Notes and the Guarantees. The issue of the Notes by the Issuer has been authorized by a resolution of the board of directors of the Issuer dated April 25, 2019 and a resolution of the sole shareholder of the Issuer dated April 25, 2019. The giving of the Guarantee by the Company and the entering into an intercompany loan have been authorized by a resolution of the Board of Commissioners of the Company dated April 26, 2019. The giving of the Guarantees by the Subsidiary Guarantors and/or the entry into the intercompany loans have been authorized by the resolutions of the Board of Commissioners and/or shareholders, as applicable, of PT Duta Prakarsa Development, PT Alfa Goldland Realty, PT Nusa Cipta Pratama, PT Delta Mega Persada, PT Tangerang Matra Real Estate, PT Nusa Raya Mitratama and PT Delta Manunggal Raharja, each dated April 26, 2019.
- (h) Except as disclosed in this Offering Memorandum, there has been no adverse change in our financial or trading position and no material adverse change in our financial position or prospects since December 31, 2018. Except as disclosed in this document, there has not been any development reasonably likely to involve an adverse change in our financial or trading position, or our financial position or prospects.

- (i) Except as disclosed in this document, we are not involved in any legal or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Notes or the giving of the Guarantees and so far as we are aware, no such litigation or arbitration is pending or threatened.
- (j) Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan (an independent member of PKF International), independent public accountants, have audited and rendered an unqualified audit report on our consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018.
- (k) Submission by us to the jurisdiction of the courts of the State of New York, and the appointment of an agent for service of process, are valid and binding under Indonesian law. The choice of courts of the State of New York as the governing law, under the laws of Indonesia, is a valid choice of law and should be honored by the courts of Indonesia, subject to proof thereof and considerations of public policy. A judgment of a foreign (non-Indonesian) court will not be enforceable by the courts of Indonesia, although such a judgment could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court and would be given such evidentiary weight as the court may deem appropriate.
- (l) The Trustee is entitled under the Indenture to rely without liability to the Noteholders on certificates prepared by the directors of the Company accompanied by a certificate or report prepared by an internationally recognized firm of accountants to the Company whether or not addressed to the Trustee, and whether or not the same are subject to any limitation on the liability of the internationally recognized firm of accountants to the Company and whether by reference to a monetary cap or otherwise limited or excluded.

This page has been intentionally left blank.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Directors' Statement Letter for the Consolidated Financial Statements as of and for years ended December 31, 2017 and 2018	F-4
Independent auditor's report for the Consolidated Financial Statements as of and for year ended December 31, 2018	F-5
Consolidated Statements of Financial Position as of December 31, 2017 and 2018	F-7
Consolidated Statements of Profit or Loss and Other Comprehensive Income for years ended December 31, 2017 and 2018	F-10
Consolidated Statements of Changes in Equity for years ended December 31, 2017 and 2018	F-12
Consolidated Statements of Cash Flows for years ended December 31, 2017 and 2018	F-13
Notes to the Consolidated Financial Statements as of and for the years ended December 31, 2017 and 2018	F-15
Directors' Statement Letter for the Consolidated Financial Statements as of and for years ended December 31, 2016 and 2017	F-121
Independent auditor's report for the Consolidated Financial Statements as of and for years ended December 31, 2017	F-122
Consolidated Statements of Financial Position as of December 31, 2016 and 2017	F-124
Consolidated Statements of Profit or Loss and Other Comprehensive Income for years ended December 31, 2016 and 2017	F-127
Consolidated Statements of Changes in Equity for years ended December 31, 2016 and 2017	F-129
Consolidated Statements of Cash Flows for years ended December 31, 2016 and 2017	F-130
Notes to the Consolidated Financial Statements as of and for years ended December 31, 2016 and 2017	F-132

**PT Alam Sutera Realty Tbk.
dan Entitas Anak/
*and Subsidiaries***

Laporan Keuangan Konsolidasian
per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017
beserta Laporan Auditor Independen

*Consolidated Financial Statements
as of and for the years ended
31 December 2018 and 2017
with Independent Auditor's Report thereon*



PT ALAM SUTERA REALTY Tbk

**Halaman/
Page**

Pernyataan Direksi

Directors' Statement

Laporan Auditor Independen

Independent Auditor's Report

Laporan Keuangan Konsolidasian

Consolidated Financial Statements

Laporan Posisi Keuangan Konsolidasian

1 – 3

Consolidated Statements of Financial Position

Laporan Laba Rugi dan Penghasilan
Komprehensif Lain Konsolidasian

4 - 5

*Consolidated Statements of Profit or Loss
and Other Comprehensive Income*

Laporan Perubahan Ekuitas Konsolidasian

6

Consolidated Statements of Changes in Equity

Laporan Arus Kas Konsolidasian

7 – 8

Consolidated Statements of Cash Flows

Catatan atas Laporan Keuangan Konsolidasian

9 – 112

Notes to the Consolidated Financial Statements



PT ALAM SUTERA REALTY Tbk

Pernyataan Direksi
tentang
Tanggung Jawab atas
Laporan Keuangan Konsolidasian
Per tanggal dan untuk tahun-tahun yang berakhir
31 Desember 2018 dan 2017

PT Alam Sutera Realty Tbk dan Entitas Anak

Kami yang bertanda tangan di bawah ini :

Nama : Joseph Sanusi Tjong
Alamat kantor : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Nomor telepon : 021 - 2523838
Jabatan : Direktur Utama

Nama : Lilia Setiprawarti Sukotjo
Alamat kantor : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Nomor telepon : 021 - 2523838
Jabatan : Direktur

Menyatakan bahwa :

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak;
2. Laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak telah dimuat secara lengkap dan benar;
b. Laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Alam Sutera Realty Tbk dan Entitas Anak.

Demikian pernyataan ini dibuat dengan sebenarnya.

Directors' Statement
regarding
The Responsibility for
the Consolidated Financial Statements
As of and for the years ended
31 December 2018 and 2017

PT Alam Sutera Realty Tbk and Its Subsidiaries

We, the undersigned :

Name : Joseph Sanusi Tjong
Office address : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Telephone number : 021 - 2523838
Position : President Director

Name : Lilia Setiprawarti Sukotjo
Office address : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Telephone number : 021 - 2523838
Position : Director

State that :

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries;
2. The consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries has been disclosed in a complete and in truthful manner;
b. The consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries do not contain any incorrect information or material fact, nor omitting information or material fact;
4. We are responsible for PT Alam Sutera Realty Tbk and its Subsidiaries' internal control system.

This statement letter is made truthfully.

Jakarta, 25 Maret/ March 2019

Atas nama dan mewakili Direksi/
For and on behalf of the Directors





Joseph Sanusi Tjong
Direktur Utama/ President Director

Lilia Setiprawarti Sukotjo
Direktur/ Director

Head Office : Wisma Argo Manunggal, 18th Floor, Jl. Jend. Gatot Subroto Kav. 22, Jakarta 12930, Indonesia
Telp. : (021) 252 - 3838 (Hunting) Fax : (021) 252 - 5050 www.alam-sutera.com
Site Office : Synergy Building, 16th - 19th Floor, Jl. Jalur Sutera Barat No.17, Alam Sutera, Tangerang 15143, Indonesia
Telp. : (021) 3043 - 8888 (Hunting) Fax : (021) 3043 - 8877 www.alam-sutera.com

**Paul Hadiwinata, Hidajat, Arsono,
Retno, Palilingan & Rekan**

Registered Public Accountants

Decree of the Finance Minister of the Republic of Indonesia No. 855/KM.1/2017



No. : 00453/2.1133/AU.1/03/1325-1/1/III/2019

Laporan Auditor Independen

Pemegang saham, Dewan Komisaris dan Direksi
PT Alam Sutera Realty Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Alam Sutera Realty Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2018, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung Jawab Manajemen atas Laporan Keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung Jawab Auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditor's Report

The Shareholders, Board of Commissioners and Directors

PT Alam Sutera Realty Tbk

We have audited the accompanying consolidated financial statements of PT Alam Sutera Realty Tbk ("the Company") and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Tel: 021 - 3000 7879 • Fax: 021 - 3000 7898 • Email: jkt-office@pkfhadiwinata.com • www.pkf.co.id
Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan • UOB Plaza 30th & 42nd Floor • Jl. MH. Thamrin Lot 8-10
Central Jakarta 10230 • Indonesia

Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

**Paul Hadiwinata, Hidajat, Arsono,
Retno, Palilingan & Rekan**

Registered Public Accountants

Decree of the Finance Minister of the Republic of Indonesia No. 855/KM.1/2017



Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Alam Sutera Realty Tbk dan entitas anaknya tanggal 31 Desember 2018, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Alam Sutera Realty Tbk and its subsidiaries as of 31 December 2018, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Kantor Akuntan Publik
Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan

Denny Prima Pratama,
S.E., MPA., MFA., ASA., CPA

Ijin Akuntan Publik/ *License of Public Accountant* No. AP. 1325
Ijin Usaha/ *Business License* No. 855/KM.1/2017

25 Maret/ *March* 2019

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ December		
		2018	2017	
Aset				Assets
Aset lancar				Current assets
Kas dan setara kas	5	459.009.210	718.086.444	Cash and cash equivalents
Deposito berjangka	6	206.525.844	234.608.767	Time deposits
Aset keuangan lancar lainnya	7a	80.131.017	83.681.896	Other current financial assets
Piutang usaha	8			Trade receivables
Pihak ketiga - setelah dikurangi cadangan penurunan nilai sebesar Rp 31.161.655 ribu (31 Desember 2018) dan Rp 22.842.525 ribu (31 Desember 2017)		202.180.292	200.701.605	Third parties - net of allowance for declining in value amounting to Rp 31,161,655 thousands (31 December 2018) and Rp 22,842,525 thousands (31 December 2017)
Pihak berelasi		9.434.982	9.567.717	Related parties
Piutang lain-lain		22.263.076	21.899.607	Other receivables
Piutang pihak berelasi	9	176.000	1.076.000	Due from related parties
Persediaan	10	414.571.442	960.844.008	Inventories
Pajak dibayar di muka	11a	42.659.585	79.545.260	Prepaid taxes
Biaya dibayar di muka		5.545.888	6.603.801	Prepaid expenses
Uang muka dibayar		7.350.820	1.343.177	Advance payments
Jumlah aset lancar		<u>1.449.848.156</u>	<u>2.317.958.282</u>	Total current assets
Aset tidak lancar				Non-current assets
Aset keuangan tidak lancar lainnya	7b	805.484.968	682.813.651	Other non-current financial assets
Persediaan	10	4.899.945.050	4.541.580.553	Inventories
Pajak dibayar di muka	11a	18.600.830	8.003.082	Prepaid taxes
Tanah untuk dikembangkan	12	10.982.250.129	10.415.617.965	Land for development
Uang muka pembelian tanah	13	192.183.869	325.778.530	Advance for land purchases
Properti investasi				Investment properties
- setelah dikurangi akumulasi penyusutan sebesar Rp 213.552.448 ribu (31 Desember 2018) dan Rp 175.019.590 ribu (31 Desember 2017)	14	1.042.301.291	1.037.453.281	- net of accumulated depreciation of Rp 213,552,448 thousands (31 December 2018) and Rp 175,019,590 thousands (31 December 2017)
Aset tetap				Fixed assets
- setelah dikurangi akumulasi penyusutan sebesar Rp 277.430.288 ribu (31 Desember 2018) dan Rp 229.618.134 ribu (31 Desember 2017)	15	1.329.283.319	1.225.363.874	- net of accumulated depreciation of Rp 277,430,288 thousands (31 December 2018) and Rp 229,618,134 thousands (31 December 2017)
Aset lain-lain		<u>171.027.952</u>	<u>173.861.269</u>	Other assets
Jumlah aset tidak lancar		<u>19.441.077.408</u>	<u>18.410.472.205</u>	Total non-current assets
Jumlah aset		<u>20.890.925.564</u>	<u>20.728.430.487</u>	Total assets

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Posisi Keuangan Konsolidasian
(lanjutan)
Per tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Financial Position
(continued)
As of 31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ December		
		2018	2017	
Liabilitas				Liabilities
Liabilitas jangka pendek				Current liabilities
Utang usaha	16			Trade payables
Pihak ketiga		220.649.379	198.274.290	Third parties
Pihak berelasi		5.480.393	2.974.794	Related parties
Utang lain-lain	17			Other payables
Pihak ketiga		421.760.755	353.843.069	Third parties
Pihak berelasi		8.784.395	9.078.395	Related parties
Utang pajak	11b	23.294.442	44.341.667	Taxes payable
Beban masih harus dibayar		178.765.128	163.055.026	Accrued expenses
Pendapatan diterima di muka		36.459.130	36.398.086	Unearned revenue
Utang pihak berelasi	18	43.565.000	41.950.000	Due to related parties
Uang muka setoran modal	19	100.000.000	100.000.000	Deposit for future stock subscription
Uang muka penjualan	20	760.413.116	1.758.941.410	Sales advances
Bagian lancar atas utang bank jangka panjang	21	<u>425.363.232</u>	<u>434.622.386</u>	Current portion of long term bank loan
Jumlah liabilitas jangka pendek		<u>2.224.534.970</u>	<u>3.143.479.123</u>	Total current liabilities
Liabilitas jangka panjang				Non-current liabilities
Liabilitas pajak tangguhan	11e	8.444.761	8.088.809	Deferred tax liabilities
Uang muka penjualan	20	650.818.351	515.092.818	Sales advances
Utang bank jangka panjang	21	426.131.704	788.494.935	Long term bank loans
Utang obligasi	22	6.882.608.152	6.405.680.614	Bonds payable
Uang jaminan yang dapat dikembalikan	23	1.062.198.897	1.211.342.259	Refundable deposits
Liabilitas imbalan kerja	24	<u>84.831.621</u>	<u>83.560.349</u>	Employee benefits liability
Jumlah liabilitas jangka panjang		<u>9.115.033.486</u>	<u>9.012.259.784</u>	Total non-current liabilities
Jumlah liabilitas		<u>11.339.568.456</u>	<u>12.155.738.907</u>	Total liabilities

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ December 2018	2017	
Ekuitas				Equity
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk				Equity attributable to owners of the Company
Modal saham				Share capital
Modal dasar - 24.000.000.000 saham, nilai nominal Rp 100 (Rupiah penuh) per saham. Telah ditempatkan dan disetor penuh 19.649.411.888 saham	25	1.964.941.189	1.964.941.189	Authorized capital - 24,000,000,000 shares, par value of Rp 100 (full Rupiah) per share. Issued and fully paid 19,649,411,888 shares
Tambahan modal disetor-neto	26	676.623.405	676.623.405	Additional paid in capital-net
Selisih transaksi dengan kepentingan non-pengendali	27	(99.755.450)	(99.755.450)	Difference in transactions with non-controlling interests
Saldo laba :				Retained earnings :
Ditentukan penggunaannya	28	7.000.000	6.000.000	Appropriated
Belum ditentukan penggunaannya		<u>6.894.694.323</u>	<u>5.917.605.512</u>	Unappropriated
Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk		9.443.503.467	8.465.414.656	Total equity attributable to owners of the parent entity
Kepentingan non-pengendali	29	<u>107.853.641</u>	<u>107.276.924</u>	Non-controlling interests
Jumlah ekuitas		<u>9.551.357.108</u>	<u>8.572.691.580</u>	Total equity
Jumlah liabilitas dan ekuitas		<u>20.890.925.564</u>	<u>20.728.430.487</u>	Total liabilities and equity

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Laba Rugi dan Penghasilan
Komprehensif Lain Konsolidasian
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Profit or Loss
and Other Comprehensive Income
For the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ 2018	December 2017	
Penjualan, pendapatan jasa dan usaha lainnya	30	3.975.258.160	3.917.107.098	Sales, services and other revenues
Beban pokok penjualan, pendapatan jasa dan usaha lainnya	31	<u>1.531.274.814</u>	<u>1.541.083.916</u>	Cost of sales, services and other revenues
Laba bruto		2.443.983.346	2.376.023.182	Gross profit
Beban penjualan	32	(138.813.367)	(93.508.181)	Selling expenses
Beban umum dan administrasi	33	(327.224.054)	(296.983.699)	General and administrative expenses
Beban pajak final	11c	(119.629.336)	(130.944.829)	Final tax expenses
Pendapatan bunga		19.128.723	42.715.169	Interest income
Beban bunga		(442.404.865)	(314.061.338)	Interest expenses
Beban premi lindung nilai	7	(84.471.263)	(83.338.565)	Hedging premium expense
Provisi dan administrasi bank		(1.634.310)	(14.126.301)	Bank charges and provision
Laba penjualan aset tetap	15	3.800	236.184	Gain/(loss) on sale of fixed assets
Laba/(rugi) selisih kurs - bersih		(316.835.466)	(31.776.255)	Foreign exchange gain/(loss) - net
Lainnya		<u>3.169.720</u>	<u>(9.570.936)</u>	Others
Jumlah		<u>(1.408.710.418)</u>	<u>(931.358.751)</u>	Total
Laba sebelum beban pajak		1.035.272.928	1.444.664.431	Profit before tax expenses
Beban pajak	11d	<u>64.686.328</u>	<u>59.475.254</u>	Tax expenses
Laba tahun berjalan		970.586.600	1.385.189.177	Profit for the year
Penghasilan (rugi) komprehensif lain :				Other comprehensive income (loss) :
- Pos-pos yang tidak akan direklasifikasi ke laba rugi :				- Items that will not be reclassified subsequently to profit or loss
- Pengukuran kembali liabilitas imbalan pasti	24	8.364.168	(7.439.935)	- Remeasurement of a net defined benefit liability
- Pajak penghasilan terkait pos-pos yang tidak akan direklasifikasi ke laba rugi	11e	(285.240)	200.508	- Income tax related to items that will not be reclassified subsequently to profit or loss
- Pos-pos yang akan direklasifikasi ke laba rugi		<u>-</u>	<u>-</u>	- Items that will be reclassified subsequently to profit or loss
Jumlah penghasilan komprehensif lain tahun berjalan, setelah pajak		<u>8.078.928</u>	<u>(7.239.427)</u>	Total other comprehensive income for current year, after tax
Jumlah penghasilan komprehensif tahun berjalan		<u>978.665.528</u>	<u>1.377.949.750</u>	Total comprehensive income for the year

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Laba Rugi dan Penghasilan
Komprehensif Lain Konsolidasian (lanjutan)
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Profit or Loss
and Other Comprehensive Income (continued)
For the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ 2018	December 2017	
Jumlah laba tahun berjalan yang dapat diatribusikan kepada :				<i>Total profit for the year attributable to :</i>
Pemilik entitas induk		970.096.143	1.379.979.809	<i>Owners of the parent company</i>
Kepentingan non-pengendali	29	<u>490.457</u>	<u>5.209.368</u>	<i>Non-controlling interest</i>
		<u>970.586.600</u>	<u>1.385.189.177</u>	
Jumlah penghasilan komprehensif tahun berjalan yang dapat diatribusikan kepada :				<i>Total comprehensive income for the year attributable to :</i>
Pemilik entitas induk		978.088.811	1.372.802.958	<i>Owners of the parent company</i>
Kepentingan non-pengendali		<u>576.717</u>	<u>5.146.792</u>	<i>Non-controlling interest</i>
		<u>978.665.528</u>	<u>1.377.949.750</u>	
Laba per saham - dasar (Rupiah penuh)	3s,34	<u>49,37</u>	<u>70,23</u>	<i>Earning per share - basic (full Rupiah)</i>

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**

Laporan Perubahan Ekuitas Konsolidasian
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**

Consolidated Statements of Changes in Equity
For the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

Catatan/ Notes	Modal saham/ Share capital	Tambahan modal disor/ Additional paid in capital	Selisih transaksi dengan kepentingan non-pengendali/ Difference in transactions with non-controlling interests	Saldo laba/ Retained earnings		Kepentingan non-pengendali atas aset bersih entitas anak/ Non-controlling interests in net assets of subsidiaries	Jumlah/ Total	Jumlah ekuitas/ Total equity
				Ditentukan penggunaannya/ Appropriated	Belum ditentukan penggunaannya/ Unappropriated			
Saldo 1 Januari 2017	1.964.941.189	637.207.927	(99.755.450)	5.000.000	4.575.276.672	105.174.743	7.082.670.338	7.187.845.081
Pencadangan saldo laba sebagai cadangan umum	-	-	-	1.000.000	(1.000.000)	-	-	-
Pembagian dividen	-	-	-	-	(29.474.118)	-	(29.474.118)	-
Pembagian dividen pada entitas anak - bagian kepentingan non-pengendali	-	-	-	-	-	(3.498.154)	-	(3.498.154)
Pengampunan pajak	-	39.415.478	-	-	-	453.543	39.415.478	39.869.021
Pendapatan komprehensif : Laba tahun berjalan	-	-	-	-	1.379.979.809	5.209.368	1.379.979.809	1.385.189.177
Penghasilan (rugi) komprehensif lain : - Pos-pos yang tidak akan direklasifikasi ke laba rugi : - Pengukuran kembali liabilitas imbalan pasti	-	-	-	-	(7.176.851)	(62.576)	(7.176.851)	(7.239.427)
Saldo 31 Desember 2017	1.964.941.189	676.623.405	(99.755.450)	6.000.000	5.917.605.512	107.276.924	8.465.414.656	8.572.691.580
Pencadangan saldo laba sebagai cadangan umum	-	-	-	1.000.000	(1.000.000)	-	-	-
Pendapatan komprehensif : Laba tahun berjalan	-	-	-	-	970.096.143	490.457	970.096.143	970.586.600
Penghasilan (rugi) komprehensif lain : - Pos-pos yang tidak akan direklasifikasi ke laba rugi : - Pengukuran kembali liabilitas imbalan pasti	-	-	-	-	7.992.668	86.260	7.992.668	8.078.928
Saldo 31 Desember 2018	1.964.941.189	676.623.405	(99.755.450)	7.000.000	6.894.694.323	107.853.641	9.443.503.467	9.551.357.108

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Arus Kas Konsolidasian
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Cash Flows
For the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ December 2018	2017	
Arus kas dari aktivitas operasi				Cash flows from operating activities
Penerimaan kas dari pelanggan		2.968.102.791	3.446.212.658	Cash receipt from customers
Pembayaran kas kepada :				Cash payments to :
Direksi dan karyawan		(198.386.866)	(183.706.655)	Directors and employees
Kontraktor, pemasok dan operasional		<u>(1.257.286.242)</u>	<u>(1.288.318.124)</u>	Contractors, suppliers and operations
Kas dari operasi		1.512.429.683	1.974.187.879	Cash generated from operations
Penerimaan bunga		19.128.723	42.715.169	Interest income
Pembayaran pajak		(155.104.363)	(178.265.786)	Tax payments
Pembayaran dari pihak yang bukan pelanggan		<u>(6.769.494)</u>	<u>(12.686.460)</u>	Payment from other parties who are not customers
Kas bersih dari aktivitas operasi		<u>1.369.684.549</u>	<u>1.825.950.802</u>	Net cash from operating activities
Arus kas dari aktivitas investasi				Cash flow from investing activities
Kenaikan/(penurunan) jaminan KPR	7a	3.550.879	(35.908.336)	Increase/(decrease) in mortgage collateral
Penambahan tanah untuk dikembangkan	12	(231.217.472)	(631.441.537)	Addition to land for development
Kenaikan uang muka pembelian tanah	13	(323.206.496)	(732.891.732)	Increase in advance for land purchases
Penambahan properti investasi	14	(24.873.756)	(3.162.797)	Addition to investment properties
Penambahan aset tetap	15	(149.111.236)	(91.082.250)	Addition to fixed assets
Hasil penjualan aset tetap	15	3.800	450.000	Proceeds from sales of fixed assets
Penurunan deposito berjangka	6	<u>28.082.923</u>	<u>11.666.107</u>	Decrease in time deposits
Kas bersih digunakan untuk aktivitas investasi		<u>(696.771.358)</u>	<u>(1.482.370.545)</u>	Net cash used for investing activities

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Arus Kas Konsolidasian (lanjutan)
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Cash Flows (continued)
For the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember/ December		
		2018	2017	
Arus kas dari aktivitas pendanaan				Cash flows from financing activities
Pembayaran utang bank	21	(434.622.385)	(288.740.487)	Payment in bank loan
Penarikan utang bank	21	63.000.000	-	Drawdown of bank loan
(Kenaikan)/penurunan dana jaminan				(Increase)/decrease in interest
pembayaran bunga	7b	9.968.683	(8.439.179)	reserve accounts
Pembayaran bunga		(579.633.815)	(599.127.544)	Interest payment
Penerimaan				Received of amount
piutang pihak berelasi		900.000	1.615.000	due from related parties
Aset pengampunan pajak		-	13.958.621	Tax amnesty assets
Penerimaan manfaat lindung nilai		-	95.870.387	Received of hedging benefit
Penambahan uang muka setoran				Addition of advance on paid
modal pada entitas anak oleh				in capital in subsidiary
kepentingan non-pengendali		-	100.000.000	by non-controlling interest
Pembayaran dividen		-	(29.474.118)	Dividend payment
(Pembayaran)/penerimaan utang				(Payment)/received in amount
pihak berelasi		1.615.000	(101.607.105)	due to related parties
Kas bersih digunakan untuk		(938.772.517)	(815.944.425)	Net cash used for financing
aktivitas pendanaan				activities
Kenaikan/ (penurunan) bersih kas		(265.859.326)	(472.364.168)	Net increase/ (decrease) in cash
dan setara kas				and cash equivalents
Dampak perubahan selisih kurs		6.782.092	991.689	Effect of exchange rate changes
terhadap kas dan setara kas				on cash and cash equivalents
Kas dan setara kas				Cash and cash equivalents
awal tahun		718.086.444	1.189.458.923	at beginning of the year
Kas dan setara kas				Cash and cash equivalents
akhir tahun	5	459.009.210	718.086.444	at end of the year
Transaksi yang tidak mempengaruhi				Transaction which not affect to
kas dan setara kas				the cash and cash equivalents
(lihat Catatan 42)				(see Note 42)

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

1. Umum

a. Pendirian Perusahaan

PT Alam Sutera Realty Tbk. (selanjutnya disebut Perusahaan) didirikan berdasarkan akta notaris Ny. Erly Soehandjojo SH., No. 15 tanggal 3 November 1993. Anggaran dasar Perusahaan telah mengalami beberapa kali perubahan, terakhir berdasarkan akta No. 256 tanggal 10 November 1997 oleh Erly Soehandjojo SH., notaris di Jakarta. Perubahan anggaran dasar ini telah disahkan oleh Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. C2-4967.HT.01.04-TH.1998 tanggal 12 Mei 1998. Berdasarkan akta notaris Misahardi Wilamarta SH., No. 94 tanggal 23 April 2007, modal dasar Perusahaan ditingkatkan dari Rp 20 milyar menjadi Rp 250 milyar. Perubahan anggaran dasar ini telah mendapat persetujuan dari Menteri Kehakiman dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. W7-05242.HT.01.04-TH.2007 tanggal 8 Mei 2007. Berdasarkan akta No. 111 tanggal 23 Agustus 2007 yang dibuat oleh notaris Misahardi Wilamarta SH., Perusahaan telah meningkatkan modal dasarnya dari Rp 250 milyar menjadi Rp 2.400 milyar, dan mengubah nama Perusahaan dari PT Adhihutama Manunggal menjadi PT Alam Sutera Realty, dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. W7.09419.HT.01.04-TH.2007 tanggal 27 Agustus 2007.

Berdasarkan akta notaris Misahardi Wilamarta SH., No. 162 tanggal 29 Agustus 2007 yang telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia No. W7-09583.HT.01.04-TH.2007 tanggal 30 Agustus 2007, maksud dan tujuan didirikan Perusahaan adalah berusaha dalam bidang pembangunan dan pengelolaan perumahan.

1. General

a. The Company's establishment

PT Alam Sutera Realty Tbk. ("the Company"), was established based on notarial deed made by Mrs. Erly Soehandjojo, SH., No. 15 dated 3 November 1993. The articles of association were amended several times, the latest by deed No. 256 dated 10 November 1997 of notary Mrs. Erly Soehandjojo SH., notary in Jakarta. The amendments of the articles of association were approved by Minister of Justice of Republic of Indonesia by Decision Letter No. C2-4967.HT.01.04.TH.1998 dated 12 May 1998. Based on deed No. 94 dated 23 April 2007 by notary Misahardi Wilamarta SH., the authorized capital of the Company was increased from Rp 20 billion to Rp 250 billion. The amendments of articles of association was approved by Minister of Justice and Human Rights of Republic of Indonesia with decision letter No. W7-05242.HT.01.04-TH.2007 dated 8 May 2007. Based on deed No. 111 dated 23 August 2007 by notary Misahardi Wilamarta SH., the Company increased its authorized capital from Rp 250 billion to Rp 2,400 billion, and changed the Company's name from PT Adhihutama Manunggal into PT Alam Sutera Realty. These changes were approved by Minister of Law and Human Rights of Republic of Indonesia with decision letter No. W7.09419.HT.01.04-TH.2007 dated 27 August 2007.

Based on deed No. 162 dated 29 August 2007 by notary Misahardi Wilamarta SH., which was approved by Minister of Law and Human Right of Republic of Indonesia No. W7-09583.HT.01.04-TH.2007 dated 30 August 2007, the aims and objectives of the company's establishment are to engage in development and management of housing.

1. Umum (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Berdasarkan akta notaris Misahardi Wilamarta, SH., No. 71 tanggal 19 September 2007 tentang risalah Rapat Umum Pemegang Saham Luar Biasa Perusahaan, disetujui untuk : mengubah status Perusahaan dari Perusahaan tertutup menjadi Perusahaan terbuka; mengubah nilai nominal saham dari Rp 1.000 per saham menjadi Rp 100 per saham; menyetujui Perusahaan melakukan penawaran umum perdana kepada masyarakat di Indonesia; menyetujui memberikan kuasa kepada direksi Perusahaan untuk menyatakan dalam akta notaris tersendiri mengenai peningkatan modal ditempatkan dan disetor Perusahaan setelah penawaran umum dilaksanakan; menyetujui perubahan anggaran dasar Perusahaan, disesuaikan dengan Undang-Undang No. 8 Tahun 1995 tentang Pasar Modal dan peraturan pelaksanaannya dalam rangka menjadi Perseroan Terbuka.

Sehubungan dengan hal tersebut di atas, maka Perusahaan menjadi bernama PT Alam Sutera Realty Tbk, dengan maksud dan tujuan Perusahaan adalah bergerak dalam bidang pembangunan dan pengelolaan perumahan. Modal dasar Perusahaan berjumlah Rp 2.400.000.000 ribu yang terbagi atas 24.000.000.000 saham dengan nilai nominal Rp 100 per saham (Rupiah penuh).

Akta notaris ini telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. C-01547/HT.01.04-TH.2007 tanggal 29 Oktober 2007.

Berdasarkan akta notaris Unita Christina Winata, SH., No. 22 tanggal 16 Juni 2009, anggaran dasar Perusahaan telah disesuaikan dengan Undang-Undang No. 40 tahun 2007 tentang Perseroan Terbatas dan ketentuan peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam - LK), dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. AHU-36820.AH.01.02.Tahun 2009 tanggal 3 Agustus 2009.

Berdasarkan akta notaris Aryanti Artisari, SH., No. 42 tanggal 8 Maret 2012, anggaran dasar Perusahaan telah diubah dan perubahan ini telah didaftarkan kepada Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Daftar Perseroan No. AHU.0026346.AH.01.09.Tahun 2012 tanggal 27 Maret 2012.

1. General (continued)

a. The Company's establishment (continued)

Based on Extra Ordinary Shareholders Meeting, by notarial deed of Misahardi Wilamarta, SH., No. 71 dated 19 September 2007, it was agreed to : change the Company's status from private Company into Public Company, amend the par value of shares from Rp 1,000 per share to Rp 100 per share; permit the Company to conduct initial public offering in Indonesia, give right to Company's board of Directors to state in the notarial deed regarding the increase of the Company's issued and fully paid up capital after public offering; allow to change the Company's articles of association, to conform with Law No. 8 year 1995 about Capital Market and the related regulations in the frame of Public Company.

In relation with the above changes, the Company's name became PT Alam Sutera Realty Tbk, the aims and objectives of the Company are to engage in development and management of housing. The Company's authorized capital amounting to Rp 2,400,000,000 thousands consisting of 24,000,000,000 shares with par value of Rp 100 per share (full Rupiah).

This notarial deed has been approved by Minister of Law and Human Rights of Republic of Indonesia by decision letter No. C-01547/HT.01.04-TH.2007 dated 29 October 2007.

Based on deed No. 22 dated 16 June 2009 by notary Unita Christina Winata, SH., the Company's articles of association has been amended to comply with Law No. 40 year 2007 regarding Limited Company and stipulation of regulation of Capital Market and Financial Institution Supervisory Board, which has been approved by Minister of Law and Human Rights of the Republic of Indonesia with decision letter No. AHU-36820.AH.01.02.Tahun 2009 dated 3 August 2009.

Based on deed No. 42 dated 8 March 2012 by notary Aryanti Artisari, SH., the Company's articles of association has been amended and the amendments were registered to Minister of Law and Human Rights of the Republic of Indonesia by the Company registered No. AHU.0026346.AH.01.09.Tahun 2012 dated 27 March 2012.

1. Umum (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Berdasarkan Berita Acara Rapat Umum Pemegang Saham Luar Biasa No. 10 tanggal 23 Juni 2015 oleh notaris Aulia Taufani SH., disetujui untuk melakukan perubahan Anggaran Dasar Perseroan dalam rangka penyesuaian dengan ketentuan peraturan-peraturan Otoritas Jasa Keuangan. Perubahan Anggaran Dasar Perseroan tersebut telah dilaporkan kepada Menteri Hukum dan Asasi Manusia Republik Indonesia dengan nomor AHU-AH.01.03-0949437 tanggal 8 Juli 2015.

Perusahaan dan entitas anak (bersama-sama disebut "Grup") berkedudukan di Wisma Argo Manunggal, Jl. Jend. Gatot Subroto Kav. 22 Jakarta dan mempunyai proyek real estat yang berkedudukan di Kecamatan Serpong, Kecamatan Tangerang dan Kecamatan Pasar Kemis, Tangerang, Provinsi Banten, Kecamatan Setia Budi, Jakarta Selatan dan Kecamatan Kuta Selatan, Badung, Bali serta memiliki tanah untuk dikembangkan yang terletak di Kecamatan Pinang, Kecamatan Pasar Kemis, Kecamatan Tangerang Provinsi Banten, di Kecamatan Cipanas, Kabupaten Cianjur, Provinsi Jawa Barat, di Kecamatan Tanjung Pinang Timur, Provinsi Riau, di Kecamatan Denpasar Selatan, Badung, Bali, serta di Kecamatan Cibitung dan Kecamatan Setu, Bekasi.

Perusahaan mulai melakukan kegiatan operasional dengan pembelian tanah dalam tahun 1999.

Proyek real estat utama yang dimiliki oleh Perusahaan dan entitas anak pada saat ini adalah proyek Kawasan Alam Sutera di Serpong dan proyek Suvarna Padi dan Suvarna Sutera di Pasar Kemis, Tangerang, Kota Ayodhya di Kecamatan Tangerang, proyek gedung perkantoran The Tower dan gedung perkantoran Wisma Argo Manunggal di Jakarta, serta Garuda Wisnu Kencana Cultural Park di Bali.

b. Entitas Induk dan Entitas Induk Utama

Pemegang saham utama dan pengendali Grup adalah keluarga Tuan The Ning King.

1. General (continued)

a. The Company's establishment (continued)

Based on the Deed of the Extraordinary General Meeting of the Shareholders No. 10 dated 23 June 2015 by notary Aulia Taufani SH., it was approved to amend the articles of association of the Company in order to comply with the rules of the Financial Services Authority. Amendments to the Articles of Association have been reported to the Minister of Law and Human Rights of the Republic of Indonesia with register number AHU-AH.01.03-0949437 dated 8 July 2015.

The Company and its subsidiaries (together called "Group") is domiciled at Wisma Argo Manunggal Jl. Jend. Gatot Subroto Kav. 22 Jakarta and owns real estate projects which are located at Kecamatan Serpong, Kecamatan Tangerang and Kecamatan Pasar Kemis, Kabupaten Tangerang, Province Banten, Kecamatan Setia Budi, Jakarta Selatan and Kecamatan Kuta Selatan, Badung, Bali and has owned lands for development located in Kecamatan Pinang, Kecamatan Pasar Kemis, Kecamatan Tangerang Province Banten, in Kecamatan Cipanas, Kabupaten Cianjur, Province West Java and Kecamatan Tanjung Pinang Timur, Province Riau, in Kecamatan Denpasar Selatan, Badung, Bali, and in Kecamatan Cibitung and Kecamatan Setu, Bekasi.

The Company commenced its operational activity and purchases of land in 1999.

The main real estate projects owned by the Company and its subsidiaries recently are Alam Sutera Residential and Commercial projects in Serpong and Suvarna Padi and Suvarna Sutera projects in Pasar Kemis, Tangerang, Kota Ayodhya in Kecamatan Tangerang, The Tower office building project and Wisma Argo Manunggal office building in Jakarta, and Garuda Wisnu Kencana Cultural Park in Bali

b. Parent and Ultimate Parent Company

The principal shareholder and the controlling Group are the family of Mr. The Ning King.

1. Umum (lanjutan)

1. General (continued)

**c. Dewan Komisaris dan Direksi, Komite Audit,
Sekretaris Perusahaan dan Karyawan**

**c. Boards of Commissioners and Directors, Audit
Committee, Corporate Secretary and Employees**

Susunan Dewan Komisaris dan Direksi
Perusahaan adalah sebagai berikut :

*The compositions of Board of Commissioners and
Directors of the Company are as follows :*

Berdasarkan akta No. 1
tanggal 07 Juni 2017/
*Based on deed No. 1
dated 07 June 2017*

Dewan Komisaris

Boards of Commissioners

Komisaris Utama	Tn/ Mr. Harjanto Tirtohadiguno
Komisaris	Ny/ Mrs. Angeline Sutedja
Komisaris	Tn/ Mr. The Nicholas
Komisaris Independen	Tn/ Mr. Pingki Elka Pangestu
Komisaris Independen	Tn/ Mr. Prasasto Sudyatmiko

*President Commissioner
Commissioner
Commissioner
Independent Commissioner
Independent Commissioner*

Direksi

Boards of Directors

Direktur Utama	Tn/ Mr. Joseph Sanusi Tjong
Direktur	Ny/ Mrs. Ir. Lilia Setiprawarti Sukotjo
Direktur	Tn/ Mr. RM Frangky AD
Direktur (tidak terafiliasi)	Tn/ Mr. Andrew Charles Walker

*President Director
Director
Director
Director (non affiliate)*

Berdasarkan hasil rapat Dewan Komisaris tanggal
30 Agustus 2017, disetujui untuk menunjuk
susunan Komite Audit Perusahaan yang berlaku
sejak 30 Agustus 2017 dengan susunan sebagai
berikut :

*Based on Board of Commissioners meeting dated
30 August 2017, it was agreed to appoint the
Audit Committee effective from 30 August 2017
with the composition as follows :*

2017

2017

Ketua	: Prasasto Sudyatmiko
Anggota	: Stania Suwita Pranoto
Anggota	: Cecylia Ratna Sari S.

<i>Chairman</i>	<i>: Prasasto Sudyatmiko</i>
<i>Member</i>	<i>: Stania Suwita Pranoto</i>
<i>Member</i>	<i>: Cecylia Ratna Sari S.</i>

Berdasarkan surat tanggal 1 September 2016,
Perusahaan menunjuk Tony Rudiyanto sebagai
Sekretaris Perusahaan.

*Based on letter dated 1 September 2016, the
Company appointed Tony Rudiyanto as Corporate
Secretary.*

Jumlah remunerasi yang diberikan kepada Dewan
Komisaris dan Direksi Perusahaan sebesar
Rp 26.764.532 ribu dan Rp 25.405.098 ribu
masing-masing untuk tahun yang berakhir pada
tanggal 31 Desember 2018 dan 2017.

*Total remuneration given to Board of
Commissioners and Directors of the Company
amounted to Rp 26,764,532 thousands and Rp
25,405,098 thousands, respectively, for the year
ended 31 December 2018 and 2017.*

Perusahaan dan entitas anak memiliki 1.828 orang
dan 1.841 orang pada tanggal-tanggal 31
Desember 2018 dan 31 Desember 2017 (tidak
diaudit).

*The Company and its subsidiaries employed
1,828 and 1,841 employees as of 31 December
2018 and 31 December 2017, respectively
(unaudited).*

1. Umum (lanjutan)

1. General (continued)

d. Struktur Perusahaan dan entitas anak

d. The structure of the Company and its subsidiaries

Pada tanggal 31 Desember 2018 dan 2017, entitas anak yang dikonsolidasikan adalah sebagai berikut :

As of 31 December 2018 and 2017, the consolidated subsidiaries are as follows :

<u>Nama entitas anak/ Subsidiaries name</u>	<u>Kegiatan utama/ Main activities</u>	<u>Kedudukan/ Domicile</u>	<u>Tahun mulai operasi/ Years of commencing operations</u>
Entitas anak yang dimiliki secara langsung :/ <i>Directly owned subsidiaries :</i>			
PT Delta Mega Persada	Real estat/ <i>Real estate</i>	Jakarta	2013
PT Duta Prakarsa Development	Real estat dan pengelola gedung/ <i>Real estate and building management</i>	Jakarta	2013
PT Nusa Cipta Pratama	Konsultasi, investasi dan pengelolaan gedung/ <i>Consultant, investments and building management</i>	Jakarta	2013
PT Garuda Adhimatra Indonesia	Pariwisata dan real estat/ <i>Tourism and real estate</i>	Bali	2000
PT Tangerang Matra Real Estate	Real estat dan pengelolaan gedung/ <i>Real estate and building management</i>	Jakarta	2017
Alam Sutera International Pte. Ltd.	Entitas bertujuan khusus/ <i>Special purpose entity</i>	Singapura/ <i>Singapore</i>	2012
Alam Synergy Pte. Ltd.	Entitas bertujuan khusus/ <i>Special purpose entity</i>	Singapura/ <i>Singapore</i>	2013
Melalui/ <i>Through</i> PT Nusa Cipta Pratama dan/ <i>and</i> PT Duta Prakarsa Development : PT Alfa Goldland Realty	Real estat dan pengelolaan gedung/ <i>Real estate and building management</i>	Jakarta	1994
Melalui/ <i>Through</i> PT Alfa Goldland Realty : PT Nusa Raya Mitratama	Real estat/ <i>Real estate</i>	Jakarta	1996
Melalui/ <i>Through</i> PT Delta Mega Persada : PT Permata Indah Kedaton	Sub-perusahaan induk/ <i>Sub-holding</i>	Jakarta	2011
PT Delta Manunggal Raharja	Real estat/ <i>Real estate</i>	Jakarta	2017
Melalui/ <i>Through</i> PT Permata Indah Kedaton : PT Duta Realtindo Jaya	Real estat/ <i>Real estate</i>	Jakarta	2011
Melalui/ <i>Through</i> Alam Sutera International Pte. Ltd.: Silkwood Pte. Ltd.	Manajemen bisnis, jasa konsultan dan investasi konsultasi manajemen/ <i>Business management, consultancy services and investment</i>	Singapura/ <i>Singapore</i>	2012
Melalui/ <i>Through</i> Alam Synergy Pte. Ltd : Carlisle Venture Pte. Ltd.	Jasa pelayanan bisnis, meminjamkan dana dan penjualan barang/ <i>Business services, money lending and sale of goods</i>	Singapura/ <i>Singapore</i>	2013

1. Umum (lanjutan)

1. General (continued)

d. Struktur Perusahaan dan entitas anak
(lanjutan)

d. The structure of the Company and its
subsidiaries (continued)

Nama entitas anak/ <i>Subsidiaries name</i>	Persentase pemilikan (%)/ <i>Percentage of ownership (%)</i>	
	31 Des./ Dec. 2018	31 Des./ Dec. 2017
Entitas anak yang dimiliki secara langsung :/ <i>Directly owned subsidiaries :</i>		
PT Delta Mega Persada	99,54	99,54
PT Duta Prakarsa Development	99,00	99,00
PT Nusa Cipta Pratama	99,98	99,98
PT Garuda Adhimatra Indonesia	90,29	90,29
PT Tangerang Matra Real Estate	99,80	99,80
Alam Sutera International Pte. Ltd.	100,00	100,00
Alam Synergy Pte. Ltd.	100,00	100,00
Entitas anak yang dimiliki secara tidak langsung :/ <i>Indirectly owned subsidiaries :</i>		
Melalui/ <i>Through</i> PT Nusa Cipta Pratama dan/ <i>and</i> PT Duta Prakarsa Development :		
PT Alfa Goldland Realty	99,99	99,99
Melalui/ <i>Through</i> PT Alfa Goldland Realty :		
PT Nusa Raya Mitratama	99,99	99,99
Melalui/ <i>Through</i> PT Delta Mega Persada :		
PT Permata Indah Kedaton	99,20	99,20
PT Delta Manunggal Raharja	99,99	99,99
Melalui/ <i>Through</i> PT Permata Indah Kedaton :		
PT Duta Realtindo Jaya	99,20	99,20
Melalui/ <i>Through</i> Alam Sutera International Pte. Ltd. :		
Silkwood Pte. Ltd.	100,00	100,00
Melalui/ <i>Through</i> Alam Synergy Pte. Ltd. :		
Carlisle Venture Pte. Ltd.	100,00	100,00
Total aset (sebelum eliminasi)/ <i>Total assets (before elimination)</i>		
	31 Des./ Dec. 2018	31 Des./ Dec. 2017
	(dalam ribuan Rupiah/ <i>expressed in</i>	(dalam ribuan Rupiah/ <i>expressed in</i>
	<i>thousands Rupiah)</i>	<i>thousands Rupiah)</i>
Nama entitas anak/ <i>Subsidiaries name</i>		
Entitas anak yang dimiliki secara langsung :/ <i>Directly owned subsidiaries :</i>		
PT Delta Mega Persada dan entitas anak/ <i>and its subsidiaries</i>	6.191.778.208	5.473.016.312
PT Duta Prakarsa Development	1.187.468.451	1.086.639.566
PT Nusa Cipta Pratama dan entitas anak/ <i>and its subsidiaries</i>	6.922.068.200	7.265.783.218
PT Garuda Adhimatra Indonesia	1.583.052.153	1.439.236.890
PT Tangerang Matra Real Estate	6.007.339.149	5.804.283.438
Alam Sutera International Pte. Ltd. dan entitas anak/ <i>and its subsidiary</i>	43.314.665	67.452.351
Alam Synergy Pte. Ltd. dan entitas anak/ <i>and its subsidiary</i>	6.825.146.400	6.552.880.459

1. Umum (lanjutan)

1. General (continued)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

**d. The structure of the Company and its
subsidiaries (continued)**

Nama entitas anak/ <i>Subsidiaries name</i>	Total aset (sebelum eliminasi)/ <i>Total assets (before elimination)</i>	
	31 Des./ Dec. 2018 (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)	31 Des./ Dec. 2017 (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)
Entitas anak yang dimiliki secara tidak langsung :/ <i>Indirectly owned subsidiaries :</i>		
Melalui/ <i>Through</i> PT Nusa Cipta Pratama dan/ <i>and</i> PT Duta Prakarsa Development :		
PT Alfa Goldland Realty dan entitas anak/ <i>and its subsidiary</i>	6.913.699.143	7.258.711.729
Melalui/ <i>Through</i> PT Alfa Goldland Realty :		
PT Nusa Raya Mitratama	238.865.908	228.358.278
Melalui/ <i>Through</i> PT Delta Mega Persada :		
PT Permata Indah Kedaton dan entitas anak/ <i>and its subsidiary</i>	308.233.285	296.232.563
PT Delta Manunggal Raharja	1.021.310.874	930.293.979
Melalui/ <i>Through</i> PT Permata Indah Kedaton :		
PT Duta Realtindo Jaya	308.229.590	296.193.462
Melalui/ <i>Through</i> Alam Sutera International Pte. Ltd.:		
Silkwood Pte. Ltd.	2.205.500	26.496.543
Melalui/ <i>Through</i> Alam Synergy Pte. Ltd.:		
Carlisle Venture Pte. Ltd.	8.741.370.402	8.358.567.226

Informasi keuangan entitas anak yang dimiliki
oleh kepentingan non-pengendali dalam jumlah
material pada tanggal dan untuk tahun yang
berakhir 31 Desember 2018 dan 2017 adalah
sebagai berikut :

*Financial information of subsidiaries that have
material non-controlling interests as of and for
the year ended 31 December 2018 and 2017 are
as follows :*

Nama Entitas Anak/ <i>Name of Subsidiary</i>		Bagian kepemilikan/ <i>Equity held</i> (%)	Bagian kepentingan non-pengendali atas aset bersih entitas anak/ <i>Portion of non- controlling interest on subsidiaries net assets</i> (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)	Bagian kepentingan non-pengendali atas jumlah laba tahun berjalan entitas anak/ <i>Portion of non-controlling interest on total profit for the year of subsidiaries</i> (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)
PT Garuda Adhimatra Indonesia (GAIN)	(2018)	9,71%	71.762.997	(5.776.402)
	(2017)	9,71%	77.460.251	(2.808.435)

Berikut adalah ringkasan informasi keuangan dari
entitas anak. Jumlah-jumlah tersebut sebelum
dieliminasi dengan transaksi antar entitas dalam
Grup.

*The summarized financial information of these
subsidiaries is provided below. This information
is based on amounts before inter-company
eliminations.*

1. Umum (lanjutan)

1. General (continued)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

**d. The structure of the Company and its
subsidiaries (continued)**

Ringkasan laporan posisi keuangan GAIN pada
tanggal 31 Desember 2018 dan 2017:

Summarized statement of financial position of
GAIN as of 31 December 2018 and 2017:

	GAIN (dalam ribuan Rupiah/ expressed in thousands Rupiah)		
	2018	2017	
Aset lancar	36.277.498	24.267.547	Current assets
Aset tidak lancar	1.546.774.655	1.414.969.342	Non-current assets
Jumlah aset	1.583.052.153	1.439.236.889	Total assets
Liabilitas jangka pendek	152.506.442	100.897.070	Current liabilities
Liabilitas jangka panjang	652.875.296	501.972.495	Non-current liabilities
Jumlah liabilitas	805.381.738	602.869.565	Total liabilities
Jumlah ekuitas	777.670.415	836.367.324	Total equity

Ringkasan laporan laba rugi dan penghasilan
komprehensif lain untuk tahun yang berakhir 31
Desember 2018 dan 2017:

Summarized statement of profit or loss and other
comprehensive income for the year ended 31
December 2018 and 2017:

	GAIN (dalam ribuan Rupiah/ expressed in thousands Rupiah)		
	2018	2017	
Pendapatan	105.561.980	67.451.102	Revenue
Laba (rugi) tahun berjalan	(59.512.347)	(28.934.367)	Profit (loss) for the year
Penghasilan (beban) komprehensif lain setelah pajak	815.437	(554.637)	Other comprehensive income (loss) after tax
Jumlah penghasilan (rugi) komprehensif tahun berjalan	(58.696.910)	(29.489.004)	Total comprehensive income (loss) for the year
Dividen yang dibayarkan pada kepentingan non-pengendali	-	-	Dividends paid to non- controlling interest

Ringkasan informasi arus kas untuk tahun yang
berakhir 31 Desember 2018 dan 2017:

Summarized cash flow information for the year
ended 31 December 2018 and 2017:

	GAIN (dalam ribuan Rupiah/ expressed in thousands Rupiah)		
	2018	2017	
Operasi	34.050.283	10.133.969	Operating
Investasi	(120.669.085)	(66.647.122)	Investing
Pendanaan	92.959.680	63.221.611	Financing
Kenaikan (penurunan) bersih kas dan setara kas	6.340.878	6.708.458	Net increase (decrease) in cash and cash equivalents

1. Umum (lanjutan)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

Perubahan persentase kepemilikan

Tahun 2015

Pada bulan Januari 2015, entitas anak - PT Delta Manunggal Raharja telah meningkatkan modal dasar dari Rp 10 milyar menjadi Rp 153 milyar, dan modal disetor dari Rp 2.500.000 ribu menjadi Rp 153.000.000 ribu yang seluruhnya diambil bagian oleh entitas anak - PT Delta Mega Persada sehingga persentase kepemilikan saham PT Delta Mega Persada pada PT Delta Manunggal Raharja menjadi 99,99%.

Berdasarkan akta notaris Audrey Tedja, SH., M.Kn., No. 4 dan 5 tanggal 29 Juli 2015, PT Delta Mega Persada telah membeli sebanyak 33.555 saham PT Permata Indah Kedaton - entitas anak dari kepentingan non-pengendali - PT Bumi Asri Cipta Mandiri sebesar Rp 314.730.850 ribu, sehingga kepemilikan saham PT Delta Mega Persada pada PT Permata Indah Kedaton menjadi 99,20% (Catatan 27).

Pada bulan Oktober 2015, entitas anak - PT Delta Mega Persada telah meningkatkan modal disetor dari Rp. 600.000.000 ribu menjadi Rp 1.132.248.152 ribu yang seluruhnya diambil bagian oleh Perusahaan sehingga persentase kepemilikan saham Perusahaan pada PT Delta Mega Persada menjadi 99,54%.

Tahun 2016

Berdasarkan akta notaris Audrey Tedja, SH., M.Kn., No. 33 dan 34 tanggal 30 Desember 2015, yang telah dilaporkan kepada Menteri Hukum dan Asasi Manusia Republik Indonesia dengan nomor AHU-AH.01.03-0008804 tanggal 29 Januari 2016, bahwa PT Permata Indah Kedaton telah membeli saham PT Duta Realtindo Jaya - entitas anak sebanyak 5.280 saham dari kepentingan non-pengendali - PT Bumi Asri Cipta Mandiri sebesar Rp 13.200.000 ribu, sehingga kepemilikan saham PT Permata Indah Kedaton pada PT Duta Realtindo Jaya menjadi 99,20% (Catatan 27).

1. General (continued)

d. The structure of the Company and its subsidiaries (continued)

Change in ownership interest

Year 2015

In January 2015, the subsidiary - PT Delta Manunggal Raharja increased the authorized capital from Rp 10 billion to Rp 153 billion and paid up capital from Rp 2,500,000 thousands to Rp 153,000,000 thousands which was entirely subscribed by subsidiary - PT Delta Mega Persada so that the percentage of ownership of PT Delta Mega Persada in PT Delta Manunggal Raharja becomes 99.99%.

Based on notarial deed Audrey Tedja, SH., M.Kn., No. 4 and 5 dated 29 July 2015, PT Delta Mega Persada has bought with total of 33,555 shares of PT Permata Indah Kedaton - subsidiary from non-controlling interests - PT Bumi Asri Cipta Mandiri amounting to Rp 314,730,850 thousands, therefore the share ownership of PT Delta Mega Persada in PT Permata Indah Kedaton becomes 99.20% (Note 27).

In October 2015, the subsidiary - PT Delta Mega Persada increased its paid-up capital of Rp 600,000,000 thousands to Rp 1,132,248,152 thousands which was entirely subscribed by the Company so that the percentage of ownership of the Company's shares in PT Delta Mega Persada becomes 99.54%.

Year 2016

Based on notarial deed Audrey Tedja, SH., M.Kn., No. 33 dan 34 dated 30 December 2015, which has been reported to the Minister of Law and Human Rights of the Republic of Indonesia with register number AHU-AH.01.03-0008804 dated 29 January 2016, that PT Permata Indah Kedaton has purchased shares of PT Duta Realtindo Jaya - subsidiary with total of 5,280 shares from non-controlling interests - PT Bumi Asri Cipta Mandiri amounting to Rp 13,200,000 thousands, therefore the share ownership of PT Permata Indah Kedaton in PT Duta Realtindo Jaya becomes 99.20% (Note 27).

1. Umum (lanjutan)

d. Struktur Perusahaan dan entitas anak (lanjutan)

Berdasarkan akta notaris Audrey Tedja, SH., M.Kn., No. 6 tanggal 20 Juli 2016, Perusahaan telah menjual saham PT Delta Mega Persada - entitas anak, sebanyak 10.000 saham kepada CFLD Investment II Pte. Ltd., sehingga persentase kepemilikan saham Perusahaan pada PT Delta Mega Persada menjadi 99,54% (catatan 27).

Berdasarkan akta notaris Audrey Tedja S.H, M.Kn. No. 15 tanggal 21 Desember 2016, yang telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui Keputusan No. AHU-0024510.AH.01.02. TAHUN 2016 tanggal 21 Desember 2016, modal dasar PT Tangerang Matra Real Estate - entitas anak ditingkatkan dari semula Rp 1.250.000.000 ribu menjadi Rp 2.500.000.000 ribu, terdiri dari 2.500.000.000 saham @ Rp 1.000. Peningkatan modal ditempatkan dan disetor penuh sebesar Rp 1.000.000.000 ribu telah diambil bagian oleh PT Alam Sutera Realty Tbk sebesar Rp 517.660.000 ribu, PT Alfa Goldland Realty sebesar Rp 477.840.000 ribu dan PT Rawa Intan sebesar Rp 4.500.000 ribu, sehingga persentase kepemilikan saham Grup pada PT Tangerang Matra Real Estate menjadi 99,80%.

e. Penawaran umum perdana saham

Pada tanggal 7 Desember 2007, Perusahaan memperoleh pernyataan efektif dari Ketua Badan Pengawas Pasar Modal (Bapepam - LK) dengan suratnya No. S.6232/BL/2007 untuk melakukan penawaran umum atas 3.142.000.000 saham Perusahaan kepada masyarakat. Pada tanggal 18 Desember 2007, saham tersebut telah dicatatkan pada Bursa Efek Jakarta dan Surabaya.

f. Penyusunan dan penerbitan laporan keuangan konsolidasian

Laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan entitas anak untuk tahun yang berakhir pada tanggal 31 Desember 2018 telah diselesaikan dan diotorisasi untuk diterbitkan oleh direksi perusahaan pada tanggal 25 Maret 2019. Direksi Perusahaan bertanggungjawab atas penyusunan dan penyajian laporan keuangan konsolidasian tersebut.

1. General (continued)

d. The structure of the Company and its subsidiaries (continued)

Based on notarial deed Audrey Tedja, SH., M.Kn., No. 6 dated 20 July 2016, The Company has sold shares of PT Delta Mega Persada - subsidiary, with total of 10,000 shares to CFLD Investment II Pte. Ltd., so that the percentage of ownership of the Company's shares in PT Delta Mega Persada become 99.54% (note 27).

Based on the notarial deed of Audrey Tedja S.H, M.Kn. No. 15 dated 21 December 2016, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia through the Decree No. AHU-0024510.AH.01.02. TAHUN 2016 dated 21 December 2016, authorized capital of PT Tangerang Matra Real Estate - subsidiary increased from Rp 1,250,000,000 thousands to Rp 2,500,000,000 thousands, consists of 2,500,000,000 shares @ Rp 1,000. Increased issued and fully paid amounted Rp 1,000,000,000 thousands had taken by PT Alam Sutera Realty Tbk amounted Rp 517,660,000 thousands, PT Alfa Goldland Realty amounted Rp 477,840,000 thousands and PT Rawa Intan amounted Rp 4,500,000 thousands, so that the percentage of ownership of the Group's shares in PT Tangerang Matra Real Estate become 99.80%.

e. Initial public offering

On 7 December 2007, the Company obtained the notice of effectivity from the Chairman of the Capital Market Supervisory Agency ("Bapepam - LK") in his letter No. S.6232/BL/2007 for its public offering of 3,142,000,000 shares. On 18 December 2007, these shares were listed on the Jakarta and Surabaya stock exchanges.

f. The preparation and publication of the consolidated financial statements

The consolidated financial statements of PT Alam Sutera Realty Tbk and its subsidiaries for the year ended 31 December 2018 were completed and authorized for issuance on 25 March 2019. The Company's Directors are responsible for the preparation and presentation of the consolidated financial statements.

2. Restrukturisasi entitas sepengendali

Perusahaan melakukan berbagai transaksi yang merupakan transaksi restrukturisasi entitas sepengendali sebagai berikut (dalam ribuan Rupiah) :

Tahun 2007	(39.695.517)
Tahun 2012	<u>355.999</u>
Jumlah	<u>(39.339.518)</u>

Tahun 2007, antara lain :

- Pada tanggal 23 Agustus 2007, Perusahaan telah meningkatkan modal saham dengan menerima inbreng kepemilikan saham PT Tangerang Fajar Industrial Estate pada PT Duta Prakarsa Development sebesar 94.000.000 saham senilai Rp 94 Milyar atau dengan kepemilikan sebesar 98,95%.
- Pada tanggal 23 Agustus 2007, Perusahaan telah meningkatkan modal saham dengan menerima inbreng kepemilikan saham PT Manunggal Prime Development, PT Bukit Asri Padang Golf; PT Tangerang Fajar Industrial Estate pada PT Delta Mega Persada masing-masing sebesar 266.480.000 saham, 106.190.000 saham, dan 204.095.000 saham masing-masing senilai Rp 266.480.000 ribu, Rp 106.190.000 ribu, dan Rp 204.095.000 ribu atau dengan kepemilikan masing-masing sebesar 45,70%, 18,21% dan 35,00%.
- Pada tanggal 23 Agustus 2007, Perusahaan telah meningkatkan modal saham dengan menerima inbreng kepemilikan saham PT Argo Manunggal Land Development pada PT Nusa Cipta Pratama sebesar 515.916.000 saham senilai Rp 515.916.000 ribu atau dengan kepemilikan sebesar 99,98%.

Perusahaan dan entitas anak sebelum dan setelah inbreng saham-saham tersebut merupakan perusahaan-perusahaan yang baik langsung maupun tidak langsung dikendalikan oleh PT Selaras Citamanunggal di mana pemegang saham mayoritasnya adalah PT Tunas Koralindo melalui pemilikan saham dan atau kemampuan menunjuk atau memberhentikan mayoritas pengurus, dan atau mempunyai hak suara yang melebihi 50% pada perusahaan-perusahaan tersebut, sehingga transaksi tersebut merupakan transaksi entitas sepengendali.

Rincian jumlah lembar saham, harga perolehan dan bagian proporsional saham atas nilai buku aset bersih entitas anak pada saat diakuisisi adalah sebagai berikut :

2. Restructuring of entities under common control

The Company conducted several transactions which represent restructuring of entities under common control as follows (expressed in thousands Rupiah) :

Year 2007	
Year 2012	
Total	

Year 2007, among others :

- On 23 August 2007, the Company increased share capital by receiving in-specie contribution of share ownership of PT Tangerang Fajar Industrial Estate in PT Duta Prakarsa Development of 94,000,000 shares with nominal value of Rp 94 billion or 98.95% ownership.
- On 23 August 2007, the Company increased the share capital by receiving in-specie contribution of share ownership of PT Manunggal Prime Development, PT Bukit Asri Padang Golf; PT Tangerang Fajar Industrial Estate in PT Delta Mega Persada, of 266,480,000 shares, 106,190,000 shares and 204,095,000 share of each with nominal value of Rp 266,480,000 thousands, Rp 106,190,000 thousands and Rp 204,095,000 thousands or 45.70%, 18.21% and 35.00% ownership, respectively.
- On 23 August 2007, the Company increased share capital by receiving in-specie contribution of shares ownership of PT Argo Manunggal Land Development in PT Nusa Cipta Pratama of 515,916,000 shares with nominal value of Rp 515,916,000 thousands or 99.98% ownership.

The Company and its subsidiaries before and after contribution in specie of said shares are controlled directly or indirectly by PT Selaras Citamanunggal where its majority shareholder is PT Tunas Koralindo through share ownership and or has the right to appoint or terminate the majority of the members of the board of directors and or has over 50% of the voting right of said companies, so the said transaction as transaction of entities under common control.

The breakdown of total shares, acquisition cost and share proportion on book value of subsidiaries's net assets at acquisition date area as follows :

2. Restrukturisasi entitas sepengendali (lanjutan)

2. Restructuring of entities under common control (continued)

	Jumlah lembar saham/ <i>Total shares</i>	Harga perolehan/ <i>Acquisition cost</i> (Rp 000)	Bagian proporsional saham atas nilai buku aset bersih/ <i>Portion of share on book value of net assets</i> (Rp 000)	Selisih nilai transaksi restrukturisasi entitas sepengendali/ <i>Difference in value of restructuring transaction between entities under common control</i> (Rp 000)
PT Nusa Cipta Pratama	515.916.000	515.916.000	485.263.545	(30.652.455)
PT Delta Mega Persada	576.765.000	576.765.000	572.660.843	(4.104.157)
PT Duta Prakarsa Development	94.000.000	94.000.000	89.061.095	(4.938.905)
Jumlah/ Total	1.186.681.000	1.186.681.000	1.146.985.483	(39.695.517)

Tahun 2012

Year 2012

Berdasarkan akta jual beli saham No. 43, 44 dan 45 tanggal 19 Desember 2012 oleh notaris Jose Dima Satria SH., MKn., PT Manunggal Prime Development - pihak berelasi, pemilik 1.980.000 saham PT Delta Manunggal Raharja ("DMR"), dan Tuan Hungkang Sutedja - pihak berelasi, pemilik sebanyak 500.000 saham DMR, menjual saham-sahamnya kepada PT Delta Mega Persada (DMP) - entitas anak, dengan harga seluruhnya sebesar Rp 4.960.000 ribu.

Based on share purchase deed No. 43, 44 and 45 dated 19 December 2012 by notary Jose Dima Satria SH., MKn., PT Manunggal Prime Development - related party, owned 1,980,000 shares of PT Delta Manunggal Raharja ("DMR") and Mr. Hungkang Sutedja - related party, owned 500,000 shares of DMR were sold their shares to PT Delta Mega Persada (DMP) - subsidiary, at a price of Rp 4,960,000 thousands.

Atas transaksi-transaksi pembelian saham DMR di atas, entitas anak (DMP) secara langsung menguasai 99,20% saham DMR.

Upon purchase of the above DMR shares, subsidiary (DMP) has directly controlled 99.20% of DMR shares.

Rincian biaya perolehan dan bagian proporsional atas nilai buku aset bersih entitas anak pada saat diakuisisi adalah sebagai berikut (dalam ribuan Rupiah) :

The breakdown of acquisition cost and share portion on book value of subsidiary's net assets at acquisition date are as follows (expressed in thousands Rupiah) :

Nilai buku aset bersih yang diambil alih (99,20%)	5.319.232
Biaya perolehan	<u>(4.960.000)</u>

Net assets - book value which
taken over (99.20%)
Acquisition cost

**Selisih nilai transaksi
restrukturisasi
entitas sepengendali**

359.232

**Difference in value of restructuring
transaction between entities under
common control**

Transaksi di atas menghasilkan selisih nilai transaksi restrukturisasi entitas sepengendali sebesar Rp 359.232 ribu yang dicatat sebagai "Selisih Nilai Transaksi Restrukturisasi Entitas Sepengendali" pada bagian ekuitas pada DMP yang menghasilkan Selisih Nilai Transaksi Restrukturisasi Entitas Sepengendali pada ekuitas Grup sebanyak Rp 355.999 ribu, dan disajikan dalam kelompok akun tambahan modal disetor.

The above transactions resulted in a difference in value of restructuring transaction between entities under common control of Rp 359,232 thousands which was recorded as "Difference in Value from Restructuring Transaction Between Entities Under Common Control" in the equity section of DMP resulting in Difference in Value from Restructuring Transaction Between Entities Under Common Control at equity of Group amounting to Rp 355,999 thousands, which presented into additional paid in capital account.

3. Ikhtisar kebijakan akuntansi penting

Kebijakan akuntansi penting yang diterapkan Perusahaan dan entitas anak ("Grup") dalam penyusunan dan penyajian laporan keuangan konsolidasian ini adalah sebagai berikut :

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian

Laporan keuangan konsolidasian telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia ("SAK"), yang mencakup Pernyataan Standar Akuntansi Keuangan dan Interpretasi Standar Akuntansi Keuangan yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia serta Peraturan No. VIII.G.7 tentang "Penyajian dan Pengungkapan Laporan Keuangan Emiten atau Perusahaan Publik" Lampiran Keputusan Ketua Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam-LK) (sekarang Otoritas Jasa Keuangan/OJK) berdasarkan keputusan Ketua BAPEPAM-LK No. KEP-347/BL/2012 tanggal 25 Juni 2012.

Laporan keuangan konsolidasian, kecuali laporan arus kas konsolidasian, disusun berdasarkan metode akrual dengan menggunakan konsep biaya historis, kecuali untuk beberapa akun tertentu yang diukur berdasarkan pengukuran sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut.

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung, yang menyajikan penerimaan dan pengeluaran kas dan setara kas yang diklasifikasikan sebagai aktivitas operasi, investasi dan pendanaan.

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian untuk tahun yang berakhir 31 Desember 2018 adalah konsisten dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian untuk tahun yang berakhir 31 Desember 2017.

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan konsolidasian adalah Rupiah yang merupakan mata uang fungsional Grup. Seluruh angka dalam laporan keuangan konsolidasian ini, kecuali dinyatakan secara khusus, dibulatkan menjadi ribuan Rupiah yang terdekat.

3. Summary of significant accounting policies

The significant accounting policies adopted by the Company and its subsidiaries ("The Group") in the preparation and presentation of these consolidated financial statements are as follows :

a. Basis of preparation and measurement of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise of the Statements of Financial Accounting Standards and Interpretations of Financial Accounting Standards issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Regulations No. VIII.G.7 regarding "Presentation and Disclosure of Financial Statements of Public Companies" included in the appendix of the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) (currently Financial Services Authority) No. KEP-347/BL/2012 dated 25 June 2012.

The consolidated financial statements, except for the consolidated statements of cash flows, have been prepared based on the accrual basis using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies of each account.

The consolidated statements of cash flows have been prepared by using the direct method, presents receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities.

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2018 are consistent with the accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2017.

The reporting currency used in the preparation of the consolidated financial statements is Indonesian Rupiah, which is the functional currency of the Group. All figures in the consolidated financial statements, unless stated specifically, are rounded to the nearest thousands of Rupiah.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian (lanjutan)

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mengharuskan penggunaan estimasi tertentu. Hal tersebut juga mengharuskan manajemen untuk membuat pertimbangan dalam proses penerapan kebijakan akuntansi Grup. Area yang kompleks atau memerlukan tingkat pertimbangan yang lebih tinggi atau area di mana asumsi dan estimasi berdampak signifikan terhadap laporan keuangan konsolidasian diungkapkan di Catatan 4.

Perubahan atas Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK")

Berikut adalah revisi, amandemen dan penyesuaian baru atas standar akuntansi keuangan (SAK) serta interpretasi atas SAK.

Berlaku efektif 1 Januari 2018

- PSAK No. 2 (Amandemen 2016) "Laporan Arus Kas tentang Prakarsa Pengungkapan"
- PSAK No. 13 (Amandemen 2017) "Properti Investasi tentang Pengalihan Properti Investasi"
- PSAK No. 16 (Amandemen 2015) "Aset Tetap tentang Agrikultur : Tanaman Produktif"
- PSAK No. 46 (Amandemen 2016) "Pajak Penghasilan tentang Pengakuan Aset Pajak Tangguhan untuk Rugi yang belum direalisasi"
- PSAK No. 67 (Penyesuaian 2017) "Pengungkapan Kepentingan dalam Entitas Lain"

Penerapan standar akuntansi keuangan tersebut tidak memiliki pengaruh signifikan terhadap laporan keuangan konsolidasian Grup.

Berikut adalah standar akuntansi yang telah diterbitkan namun belum berlaku efektif

Berlaku efektif 1 Januari 2019

- ISAK No. 33 "Transaksi Valuta Asing dan Imbalan Dimuka"

3. *Summary of significant accounting policies (continued)*

a. *Basis of preparation and measurement of consolidated financial statements (continued)*

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the consolidated financial statement are disclosed in Note 4.

Changes to the statements of financial accounting standards ("SFAS") and interpretations of statements of financial accounting standards ("IFAS")

The following are new revision, amendments and improvements of financial accounting standards (FAS) and interpretation of FAS.

Effective on 1 January 2018

- *SFAS No. 2 (Amendment 2016) "Statement of Cash Flows about Disclosure Initiative"*
- *SFAS No. 13 (Amendment 2017) "Investment Property about Transfers of Investment Property"*
- *SFAS No. 16 (Amendment 2015) "Fixed Assets about Agriculture : Bearer Plants"*
- *SFAS No. 46 (Amendment 2016) "Income Taxes about Deferred Tax Assets for Unrealized Losses"*
- *SFAS No. 67 (Improvement 2017) "Disclosures of Interest in Other Entities"*

The adoption of the financial accounting standards do not have significant impact to the Group's consolidated financial statements.

The following are accounting standards issued but not yet effective

Effective on 1 January 2019

- *IFAS No. 33 "Foreign Currency Transactions and Advance Considerations"*

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian (lanjutan)

Berlaku efektif 1 Januari 2020

- PSAK No. 15 (Amandemen 2017) "Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama"
- PSAK No. 62 (Amandemen 2017) "Kontrak Asuransi – Menerapkan PSAK No. 71 : Instrumen Keuangan dengan PSAK 62 : Kontrak Asuransi"
- PSAK No. 71 (Amandemen 2017) "Instrumen Keuangan tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif"
- PSAK No. 72 "Pendapatan dari Kontrak dengan Pelanggan"
- PSAK No. 73 "Sewa"

Grup masih mengevaluasi dampak penerapan PSAK dan ISAK di atas dan dampak terhadap laporan keuangan konsolidasian Grup dari penerapan PSAK dan ISAK tersebut belum dapat ditentukan.

b. Prinsip konsolidasian

Grup menerapkan PSAK No. 65, "Laporan Keuangan Konsolidasian". PSAK ini menetapkan prinsip penyusunan dan penyajian laporan keuangan konsolidasian ketika entitas mengendalikan satu atau lebih entitas lain.

Laporan keuangan konsolidasian menggabungkan seluruh entitas anak yang dikendalikan oleh Perusahaan dan entitas anak (Grup).

Grup memiliki pengendalian jika dan hanya jika memiliki seluruh hal berikut :

- kekuasaan atas *investee*;
- eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*; dan
- kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil Grup.

3. *Summary of significant accounting policies (continued)*

a. *Basis of preparation and measurement of consolidated financial statements (continued)*

Effective on 1 January 2020

- *SFAS No. 15 (Amendment 2017) "Investments in Associates and Joint Ventures about Long Term Interest in Associate and Joint Ventures"*
- *SFAS No. 62 (Amendment 2017) "Insurance Contract – Applying SFAS No. 71 : Financial Instruments with SFAS No. 62 : Insurance Contract"*
- *SFAS No. 71 (Amendment 2017) "Financial Instruments about Prepayment Features with Negative Compensation"*
- *SFAS No. 72 "Revenue from Contracts with Customers"*
- *SFAS No. 73 "Leases"*

The Group is still evaluating the impact of adoption of the above SFAS and IFAS and the impact on the Group's consolidated financial statements from the adoption of the SFAS and IFAS has not yet to be determined.

b. *Principles of consolidation*

The Group adopted SFAS No. 65, "Consolidated Financial Statements". This SFAS provides guidance for the preparation and presentation of consolidated financial statements when an entity has control over another entity.

The consolidated financial statements consolidate all subsidiaries that are controlled by the Company and its subsidiaries (Group).

The Group has control if and only if the investor has all of the following elements :

- *power over the investee.*
- *exposure, or rights, to variable returns from its involvement with the investee.*
- *the ability to use its power over the investee to affect the amount of the investor's returns.*

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

b. Prinsip konsolidasian (lanjutan)

Pengkonsolidasian entitas anak dimulai pada saat Grup memperoleh pengendalian atas entitas anak dan berakhir pada saat Grup kehilangan pengendalian atas entitas anak. Secara khusus, penghasilan dan beban entitas anak yang diakuisisi atau dilepaskan selama tahun berjalan termasuk dalam laba rugi sejak tanggal Grup memperoleh pengendalian sampai dengan tanggal Grup kehilangan pengendalian atas entitas anak.

Laba rugi dan setiap komponen penghasilan komprehensif lain diatribusikan kepada pemilik Perusahaan dan kepentingan non-pengendali (KNP) meskipun hal tersebut mengakibatkan KNP memiliki saldo defisit.

Seluruh aset dan liabilitas, ekuitas, penghasilan, beban dan arus kas dalam intra kelompok usaha terkait dengan transaksi antar entitas dalam Grup dieliminasi secara penuh dalam laporan keuangan konsolidasian.

Jika kehilangan pengendalian atas entitas anak, maka Grup :

- menghentikan pengakuan aset (termasuk setiap *goodwill*) dan liabilitas entitas anak;
- menghentikan pengakuan jumlah tercatat setiap KNP
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian dalam laba rugi; dan
- mereklasifikasi bagian entitas induk atas komponen yang sebelumnya diakui sebagai penghasilan komprehensif lain ke laba rugi, atau mengalihkan secara langsung ke saldo laba.

3. *Summary of significant accounting policies (continued)*

b. *Principles of consolidation (continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest (NCI) even if this results in the NCI having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated upon consolidation.

In case of loss of control over a subsidiary, the Group :

- *derecognizes the assets (including goodwill) and liabilities of the subsidiary;*
- *derecognizes the carrying amount of any NCI;*
- *derecognizes the cumulative translation differences, recorded in equity, if any;*
- *recognizes the fair value of the consideration received;*
- *recognizes the fair value of any investment retained;*
- *recognizes any surplus or deficit in profit or loss; and*
- *reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.*

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

b. Prinsip konsolidasian (lanjutan)

KNP mencerminkan bagian atas keuntungan atau kerugian dan aset neto dari entitas-entitas anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung oleh Perusahaan, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

Transaksi dengan kepentingan non-pengendali yang tidak mengakibatkan hilangnya pengendalian dicatat sebagai transaksi ekuitas. Selisih antara nilai wajar imbalan yang dialihkan dengan bagian relatif atas nilai tercatat aset bersih entitas anak yang diakuisisi dicatat di ekuitas. Keuntungan atau kerugian dari pelepasan kepada kepentingan non-pengendali juga dicatat di ekuitas.

c. Instrumen keuangan

i. Aset keuangan

Seluruh aset keuangan diakui dan dihentikan pengakuannya pada tanggal diperdagangkan di mana pembelian dan penjualan aset keuangan berdasarkan kontrak yang mensyaratkan penyerahan aset keuangan dalam kurun waktu yang ditetapkan oleh kebiasaan pasar yang berlaku, dan awalnya diukur sebesar nilai wajar ditambah biaya transaksi.

Pada tanggal 31 Desember 2018 dan 2017, aset keuangan Perusahaan dan entitas anak diklasifikasikan sebagai pinjaman yang diberikan dan piutang.

3. Summary of significant accounting policies (continued)

b. Principles of consolidation (continued)

NCI represents the portion of the profit or loss and net assets of the subsidiaries attributable to equity interests that are not owned directly or indirectly by the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to owners of the parent company.

Transactions with NCI that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

c. Financial instruments

i. Financial assets

All financial assets are recognized and derecognized on trade date where the purchase and sale of a financial asset under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

As of 31 December 2018 and 2017, financial assets of the Company and its subsidiaries are classified as loans and receivables.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan, yang tidak mempunyai kuotasi di pasar aktif. Aset keuangan tersebut diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif, dikurangi dengan penurunan nilai. Keuntungan dan kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat pinjaman yang diberikan dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, serta melalui proses amortisasi.

Kas dan setara kas, deposito berjangka, aset keuangan lancar lainnya, aset keuangan tidak lancar lainnya, piutang usaha, piutang lain-lain dan piutang pihak berelasi termasuk dalam kategori pinjaman yang diberikan dan piutang.

Metode suku bunga efektif

Metode suku bunga efektif adalah metode yang digunakan untuk menghitung biaya perolehan diamortisasi dari instrumen keuangan dan metode untuk mengalokasikan pendapatan bunga selama periode yang relevan. Suku bunga efektif adalah suku bunga yang secara tepat mendiskontokan estimasi penerimaan kas di masa datang (mencakup seluruh komisi dan bentuk lain yang dibayarkan dan diterima oleh para pihak dalam kontrak yang merupakan bagian yang tak terpisahkan dari suku bunga efektif, biaya transaksi dan premium dan diskonto lainnya) selama perkiraan umur instrumen keuangan, atau, jika lebih tepat, digunakan periode yang lebih singkat untuk memperoleh nilai tercatat bersih dari aset keuangan pada saat pengakuan awal.

Pendapatan diakui berdasarkan suku bunga efektif untuk instrumen keuangan.

3. *Summary of significant accounting policies (continued)*

c. *Financial instruments (continued)*

i. *Financial assets (continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such financial assets are carried at amortized cost using the effective interest method, less any impairment. Gains and losses are recognized in the consolidated statements of income and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents, time deposit, other current financial assets, other non current financial assets, trade receivables, other receivables and due from related parties are included in loans and receivables category.

The effective interest method

The effective interest method is a method used for calculating the amortized cost of a financial instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and other forms of paid and received by the parties to the contract that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, if more appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition.

Revenue is recognized based on effective interest rates for financial instruments.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

Grup tidak mempunyai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi ("FVTPL"), investasi dimiliki hingga jatuh tempo ("HTM") dan aset keuangan tersedia untuk dijual ("AFS") per 31 Desember 2018 dan 2017.

Penurunan nilai aset keuangan

Aset keuangan dievaluasi terhadap indikator penurunan nilai pada setiap tanggal laporan posisi keuangan. Aset keuangan diturunkan nilainya bila terdapat bukti objektif, sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset keuangan, dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan yang dapat di estimasi secara andal.

Untuk aset keuangan lainnya, bukti objektif penurunan nilai termasuk sebagai berikut :

- kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam; atau
- pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga; atau
- terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan.

Untuk kelompok aset keuangan tertentu, seperti piutang, aset yang dinilai tidak diturunkan secara individual akan dievaluasi penurunan nilainya secara kolektif. Bukti objektif dari penurunan nilai portofolio piutang dapat termasuk pengalaman Perusahaan atas tertagihnya piutang di masa lalu, peningkatan keterlambatan penerimaan pembayaran piutang dari rata-rata periode kredit, dan juga pengamatan atas perubahan kondisi ekonomi nasional atau lokal yang berkorelasi dengan kegagalan atas piutang.

3. Summary of significant accounting policies (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

The Group did not have any financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments ("HTM") and available-for-sale financial assets ("AFS") as of 31 December 2018 and 2017.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position date. Financial assets are impaired where there is objective evidence, as a result of one or more events that occurred after the initial recognition of financial assets, and the adverse event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For other financial assets, objective evidence of impairment could include the following :

- significant financial difficulty of the issuer or obligor; or
- breach of contract, such as a default or delinquency in interest or principal payments, or
- it is probable that the borrower will enter bankruptcy or financial reorganization.

For a group of financial assets, such as receivables, assets that are assessed not be lowered individual will be evaluated collectively for impairment. Objective evidence of impairment of receivables portfolio may include the Company's accounts receivable experience in the past, increasing delays in receipt of payments due from the average credit period, as well as observations of changes in national or local economic conditions that correlate with the failure of the receivables.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

Untuk aset keuangan yang diukur pada biaya perolehan yang diamortisasi, jumlah kerugian penurunan nilai merupakan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan.

Nilai tercatat aset keuangan tersebut dikurangi dengan kerugian penurunan nilai secara langsung atas aset keuangan, kecuali piutang yang nilai tercatatnya dikurangi melalui penggunaan akun penyisihan piutang. Jika piutang tidak tertagih, piutang tersebut dihapuskan melalui akun penyisihan piutang. Pemulihan kemudian dari jumlah yang sebelumnya telah dihapuskan dikreditkan terhadap akun penyisihan. Perubahan nilai tercatat akun penyisihan piutang diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Penghentian pengakuan aset keuangan

Grup menghentikan pengakuan aset keuangan, jika dan hanya jika: hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau Grup telah mentransfer hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan; atau tetap memiliki hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan namun juga menanggung liabilitas kontraktual untuk membayar arus kas yang diterima tersebut kepada satu atau lebih pihak penerima melalui suatu kesepakatan yang memenuhi persyaratan tertentu. Ketika Grup mentransfer aset keuangan, maka Grup mengevaluasi sejauh mana Grup tetap memiliki risiko dan manfaat atas kepemilikan aset keuangan tersebut.

ii. Liabilitas keuangan dan instrumen ekuitas

Liabilitas keuangan dan instrumen ekuitas yang diterbitkan oleh Perusahaan dan entitas anak diklasifikasi sesuai dengan substansi perjanjian kontraktual dan definisi liabilitas keuangan dan instrumen ekuitas.

3. Summary of significant accounting policies (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

For financial assets measured at amortized cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of financial assets.

The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets, except for receivables carrying amount is reduced through the use of an allowance account receivable. If doubtful accounts, accounts receivable written off through the allowance account. Later recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying value of accounts receivable allowance account are recognized in profit or loss and other comprehensive income.

Derecognition of financial assets

The Group shall derecognize financial assets when, and only when: the contractual rights to the cash flows from the financial asset expire; or the contractual rights to receive the cash flows of the financial asset are transferred to another entity; or the contractual rights to receive the cash flows of the financial asset are retained but they assume a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets certain conditions. When the Group transfers a financial asset, they shall evaluate the extent to which they retain the risks and rewards of ownership of the financial asset.

ii. Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company and its subsidiaries are classified according to the substance of the contractual arrangement and the definitions of financial liabilities and equity instruments.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

ii. Liabilitas keuangan dan instrumen ekuitas (lanjutan)

Instrumen ekuitas

Instrumen ekuitas adalah setiap kontrak yang memberikan hak residual atas aset Perusahaan dan entitas anak setelah dikurangi dengan seluruh liabilitasnya. Instrumen ekuitas dicatat sebesar hasil penerimaan bersih setelah dikurangi biaya penerbitan langsung.

Pembelian kembali instrumen ekuitas Perusahaan (saham diperoleh kembali) diakui dan dikurangkan secara langsung dari ekuitas. Keuntungan dan kerugian yang timbul dari pembelian, penjualan, penerbitan atau pembatalan instrumen ekuitas Perusahaan tersebut tidak diakui dalam laba rugi.

Liabilitas keuangan diukur pada biaya perolehan yang diamortisasi

Pada saat pengakuan awal, liabilitas keuangan yang diukur pada biaya perolehan yang diamortisasi, diakui pada nilai wajarnya, setelah dikurangi biaya transaksi yang dapat diatribusikan secara langsung dengan penerbitan liabilitas keuangan tersebut. Pengukuran selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Selisih antara hasil emisi (setelah dikurangi biaya transaksi) dengan penyelesaian atau pelunasan pinjaman diakui sebagai beban selama jangka waktu pinjaman.

Utang usaha, utang lain-lain, beban masih harus dibayar, utang pihak berelasi, utang bank jangka panjang, utang obligasi dan uang jaminan yang dapat dikembalikan diukur pada biaya perolehan yang diamortisasi.

Liabilitas keuangan diukur pada nilai wajar melalui laporan laba rugi ("FVTPL")

Grup tidak memiliki liabilitas keuangan diklasifikasikan dalam nilai wajar melalui laba rugi ("FVTPL").

3. Summary of significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that provides a residual interest in the assets of the Company and its subsidiaries after deducting all liabilities. Equity instruments are recorded at the proceeds received, net of direct issuance costs.

Repurchase of the Company's own equity instruments (treasury shares) is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities measured at amortized cost

At the time of initial recognition, financial liabilities measured at amortized cost are recognized at fair value, after less of transaction costs that are directly attributable to the issuance of financial liabilities. Measurement are subsequently measured at amortized cost using the effective interest method.

The difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized as expenses over the term of the loan.

Trade payables, other payables, accrued expenses, due to related parties, long term bank loan, bonds payable and refundable deposit measured at amortized cost.

Financial liabilities measured at fair value through profit or loss ("FVTPL")

Group has no financial liabilities classified as fair value through profit or loss ("FVTPL").

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

ii. Liabilitas keuangan dan instrumen ekuitas
(lanjutan)

Penghentian pengakuan liabilitas keuangan

Perusahaan dan entitas anak menghentikan pengakuan liabilitas keuangan, jika dan hanya jika, liabilitas Perusahaan dan entitas anak telah dilepaskan, dibatalkan atau kadaluwarsa.

iii. Saling hapus antar aset dan liabilitas keuangan

Aset dan liabilitas keuangan Perusahaan dan entitas anak saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan jika dan hanya jika,

- saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut; dan
- berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

iv. Nilai wajar instrumen keuangan yang diperdagangkan secara aktif di pasar keuangan yang terorganisasi ditentukan dengan mengacu pada kuotasi harga penawaran atau harga yang diminta pada penutupan bisnis akhir periode pelaporan. Untuk instrumen keuangan yang tidak memiliki pasar aktif, nilai wajar ditentukan dengan menggunakan teknik penilaian.

Teknik penilaian tersebut mencakup penggunaan transaksi-transaksi pasar wajar antara pihak-pihak yang mengerti dan berkeinginan (*arm's length market transaction*), referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, analisa arus kas yang didiskontokan, atau model penilaian lainnya.

Bila nilai wajar instrumen keuangan yang tidak diperdagangkan di pasar aktif tidak dapat ditentukan secara andal, aset keuangan tersebut diakui dan diukur pada nilai tercatatnya.

3. *Summary of significant accounting policies (continued)*

c. *Financial instruments (continued)*

ii. *Financial liabilities and equity instruments (continued)*

Derecognition of financial liabilities

The Company and its subsidiaries derecognizes financial liabilities, if and only if, the liabilities of the Company and its subsidiaries have been released, cancelled or expired.

iii. *Offsetting between financial assets and liabilities*

Financial assets and financial liabilities of the Company and its subsidiaries are offset and the net amount presented in the statement of financial position if, and only if,

- *currently has a legally enforceable right to offset the recognized amounts of such, and*
- *intends to settle on a net basis or to realize the assets and settle liabilities simultaneously.*

iv. *The fair value of financial instruments that are traded actively in organized financial markets is determined by referring to the quoted market bid or ask prices at the close of business at the end of the reporting period. For financial instruments that do not have an active market, fair value is determined using valuation techniques.*

These valuation techniques include the use of fair market transactions between arm's length market transactions, references to the current fair value of other instruments that are substantially the same, discounted cash flow analysis, or other valuation models.

If the fair value of financial instruments that are not traded in an active market cannot be reliably determined, the financial assets are recognized and measured at their carrying amount.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

d. Akuntansi kombinasi bisnis entitas sependengali

Transaksi kombinasi bisnis entitas sependengali berupa pengalihan instrumen kepemilikan yang dilakukan dalam rangka reorganisasi entitas-entitas yang berada dalam suatu kelompok usaha yang sama tidak mengakibatkan perubahan substansi ekonomi kepemilikan, dan oleh karena itu, transaksi tersebut tidak menimbulkan laba atau rugi bagi seluruh kelompok Perusahaan maupun bagi entitas individu dalam kelompok Perusahaan tersebut. Berdasarkan PSAK No. 38 "Akuntansi Restrukturisasi Entitas Sependengali", transaksi tersebut harus dicatat sesuai dengan nilai buku seperti penggabungan usaha berdasarkan metode penyatuan kepemilikan (*pooling of interests method*).

Dalam menerapkan metode penyatuan kepemilikan, unsur-unsur laporan keuangan dari entitas-entitas yang direstrukturisasi untuk periode terjadinya restrukturisasi tersebut dan untuk periode perbandingan yang disajikan, harus disajikan sedemikian rupa seolah-olah Perusahaan tersebut telah tergabung sejak permulaan periode perbandingan yang disajikan tersebut. Selisih antara harga pengalihan dengan nilai buku dalam transaksi restrukturisasi entitas sependengali dicatat dalam akun "Selisih Nilai Transaksi Restrukturisasi Entitas Sependengali" yang disajikan sebagai bagian dari ekuitas pada laporan posisi keuangan konsolidasian.

Berdasarkan PSAK No. 38, Kombinasi Bisnis Entitas Sependengali, yang efektif tanggal 1 Januari 2013, selisih antara harga pengalihan dengan nilai buku setiap transaksi restrukturisasi entitas sependengali dicatat sebagai "Tambahan modal disetor".

e. Transaksi dengan pihak berelasi

Pihak berelasi adalah orang atau entitas yang terkait dengan entitas pelapor :

- a. Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut :

3. Summary of significant accounting policies (continued)

d. Accounting for business combinations of entities under common control

Business combinations transactions entities under common control in the forms of transfer of assets, liabilities, shares or other instruments of ownership carried out within the framework of reorganizing the entities under the same business segment, do not constitute a change of ownership within the meaning of economic substance, so that such transactions would not result in a profit or loss to the company group or to the individual entity within the same company group. Based on Statement of Financial Accounting Standard (SFAS) No. 38 "Accounting for Restructuring of Entities Under Common Control", those transactions must be recorded at book value as business combination using the pooling of interests method.

In applying the pooling of interest method, the components of the financial statements for the period, during which the restructuring occurred and for other periods presented for comparison purposes, must be presented in such a manner as if the companies were combined from the beginning of the period presented. Any difference between the transfer price and the book value of each restructuring transaction between entities under common control shall be recorded in the account "Difference in the value of restructuring transaction between entities under common control". The balance of this account shall be presented as a component of equity under consolidated statement of financial position.

Based on SFAS No. 38, Business Combination of Entities Under Common Control, which effective from 1 January 2013, the difference between transfer price and book value for each restructuring transactions of entities under common control is recorded as "Additional paid-in-capital".

e. Transactions with related parties

A related party is a person or entity who is related to the reporting entity :

- a. A person or a close member of that person's family is related to the reporting entity if that person :

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

e. Transaksi dengan pihak berelasi (lanjutan)

- i. memiliki pengendalian atau pengendalian bersama entitas pelapor;
 - ii. memiliki pengaruh signifikan atas entitas pelapor; atau
 - iii. personil manajemen kunci entitas pelapor atau entitas induk dari entitas pelapor.
- b. Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut :
- i. Entitas dan entitas pelapor adalah anggota kelompok usaha yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain).
 - ii. Suatu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau entitas ventura bersama yang merupakan anggota suatu kelompok usaha, yang mana entitas lain tersebut adalah anggotanya).
 - iii. Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama.
 - iv. Suatu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga.
 - v. Entitas tersebut adalah suatu program imbalan pasca kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor.
 - vi. Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf (a).
 - vii. Orang yang diidentifikasi dalam huruf (a)
 - (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

Transaksi signifikan yang dilakukan dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan konsolidasian.

3. Summary of significant accounting policies (continued)

e. Transactions with related parties (continued)

- 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 of a parent of the reporting entity.
- b. An entity is related to the 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, 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 party.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is maintaining such plan by itself, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (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).

Significant transactions with related parties are disclosed in the notes to the consolidated financial statements.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

f. Kas dan setara kas

Kas dan setara kas terdiri dari uang kas, uang yang ada di bank serta deposito berjangka yang akan jatuh tempo dalam waktu tiga bulan atau kurang dari tanggal penempatannya dan tidak digunakan sebagai jaminan atas utang serta tidak dibatasi penggunaannya.

g. Deposito berjangka

Penempatan deposito dengan jangka waktu lebih dari 3 (tiga) bulan atau dijaminan dinyatakan sebesar nilai nominal, disajikan sebagai deposito berjangka.

h. Piutang usaha dan piutang lain-lain

Piutang pada awalnya diakui sebesar nilai wajar dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode bunga efektif, dikurangi penyisihan atas penurunan nilai. Penyisihan atas penurunan nilai piutang dibentuk pada saat terdapat bukti obyektif bahwa saldo piutang Grup tidak dapat ditagih.

Besarnya penyisihan merupakan selisih antara nilai aset tercatat dan nilai sekarang dari estimasi arus kas masa depan, didiskontokan dengan tingkat suku bunga efektif. Penurunan nilai aset tercatat dicatat di dalam akun penyisihan dan nilai kerugian diakui di dalam laba atau rugi. Ketika tidak dapat ditagih, piutang dihapuskan bersama dengan penyisihan piutang. Pemulihan nilai setelah penghapusan piutang diakui sebagai penghasilan di dalam laba atau rugi periode berjalan.

i. Persediaan dan tanah untuk dikembangkan dan beban pokok penjualan

Persediaan dan tanah untuk dikembangkan dinyatakan berdasarkan nilai terendah antara harga perolehan atau nilai yang dapat direalisasikan (*Net Realizable Value*).

Harga perolehan ditentukan dengan menggunakan metode rata-rata tertimbang (*weighted average method*).

3. Summary of significant accounting policies (continued)

f. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and in banks and term deposits with maturity in three months or less after placement date and are not used as collateral for loan and the usage are not restricted.

g. Time deposits

Placements of term deposits with maturities in more than 3 (three) months or pledged as collateral are stated at nominal value and presented as time deposits.

h. Trade and other receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the outstanding amounts of the Group's receivables can not be collected.

The amount of the allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance for impairment of receivables. Subsequent recoveries of amounts previously written off are credited as income in current period's profit or loss.

i. Inventories and land for development and cost of sales

Inventories and land for development are stated at lower of cost or net realizable value.

Acquisition cost is determined using the weighted average method.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

i. Persediaan dan tanah untuk dikembangkan dan beban pokok penjualan (lanjutan)

Harga perolehan persediaan rumah jadi, rumah toko dan unit bangunan, gedung perkantoran dan apartemen dalam pelaksanaan termasuk seluruh biaya konstruksi di luar nilai tanah.

Harga perolehan persediaan tanah dan tanah untuk dikembangkan dinyatakan sebesar biaya perolehan tanah, pematangan, pengembangan tanah dan lingkungan dan biaya tanah lainnya, serta biaya pinjaman berkenaan dengan pinjaman yang diterima untuk mendanai perolehan tanah. Biaya pengembangan tanah, termasuk tanah yang digunakan untuk jalan dan prasarana atau area yang tidak dijual, dialokasikan berdasarkan luas tanah yang dapat dijual.

Tanah untuk dikembangkan dipindahkan menjadi persediaan real estat pada saat proses pematangan untuk zona tersebut dimulai berdasarkan luas tanah yang dapat dijual.

Beban pokok penjualan tanah dinyatakan sebesar harga perolehan tanah ditambah beban pinjaman, dan taksiran biaya pengembangan tanah serta lingkungan. Taksiran biaya pengembangan tanah dan lingkungan merupakan taksiran yang dibuat oleh manajemen dengan mempertimbangkan biaya prasarana yang telah terjadi ditambah taksiran biaya prasarana yang akan dikeluarkan sampai dengan proyek dalam kawasan tersebut dinyatakan selesai secara substansial. Taksiran ini direvisi oleh manajemen pada setiap tahunnya dan akan dilakukan penyesuaian sesuai kondisi terkini.

Beban pokok penjualan diakui pada saat terjadinya (metode akrual).

j. Properti investasi

Properti investasi adalah properti yang dikuasai oleh pemilik atau penyewa melalui sewa pembiayaan untuk menghasilkan rental atau untuk kenaikan nilai atau kedua-duanya, dan tidak untuk digunakan dalam produksi atau penyediaan barang atau jasa atau untuk tujuan administratif atau dijual dalam kegiatan usaha sehari-hari.

3. Summary of significant accounting policies (continued)

i. Inventories and land for development and cost of sales (continued)

The cost of houses, shop houses and building, office building and apartment in progress include all costs of construction excluding the cost of land.

Acquisition cost of land inventory and land for development are stated at cost of raw land, cost of development of land and environment and other land cost, also cost of fund in connection with loan received for funding the acquisition of land. Cost of land development, including land used for roads and infrastructure or non-saleable area is allocated based on saleable land area.

Land for development is transferred into real estate inventory when the development process for its precinct has started based on land area available for sale.

Cost of sales of land is stated at cost of land, borrowing cost and estimated development cost of land and environment. Estimated cost of land development and the environment are estimates made by management taking into account the cost of infrastructure that has occurred plus infrastructure costs estimated to be incurred until the project is announced substantially completed. These estimates are reviewed by management on each year and will be adjusted according to the current conditions.

Cost of sales is recognized when incurred (accrual method).

j. Investment properties

Investment properties represent properties owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

j. Properti investasi (lanjutan)

Properti investasi dinyatakan berdasarkan model biaya yang dicatat sebesar biaya perolehan dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai aset. Hak atas tanah tidak disusutkan dan disajikan sebesar biaya perolehan. Biaya pemeliharaan dan perbaikan dibebankan pada saat terjadinya, sedangkan pemugaran dan penambahan dikapitalisasi.

Penyusutan properti investasi dihitung dengan menggunakan metode garis lurus, berdasarkan estimasi masa manfaat sebagai berikut :

Masa manfaat

Bangunan dan prasarana 10 - 20 tahun

Properti investasi dihentikan pengakuannya pada saat pelepasan atau ketika properti investasi tersebut tidak digunakan lagi secara permanen dan tidak memiliki manfaat ekonomis di masa depan yang dapat diharapkan pada saat pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan atau pelepasan properti investasi diakui dalam laba rugi tahun terjadinya penghentian atau pelepasan tersebut.

Transfer ke properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan berakhirnya pemakaian oleh pemilik, dimulainya sewa operasi ke pihak lain. Transfer dari properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan dimulainya penggunaan oleh pemilik atau dimulainya pengembangan untuk dijual.

Untuk transfer dari properti investasi ke aset yang digunakan dalam operasi, Grup menggunakan metode biaya pada tanggal perubahan penggunaan. Jika aset yang digunakan Grup menjadi properti investasi, Grup mencatat aset tersebut sesuai dengan kebijakan aset tetap sampai dengan saat tanggal terakhir perubahan penggunaannya.

3. Summary of significant accounting policies (continued)

j. Investment properties (continued)

Investment properties are carried at cost less their accumulated depreciation and any accumulated impairment losses (cost model). Land is not depreciated and presented at acquisition cost. The cost of repairs and maintenance is charged to operation as incurred, whilst significant renovations and additions are capitalized.

Depreciation of investment properties is computed on straight-line method, based on the estimated useful lives as follows :

Useful lives

Buildings and infrastructure 10 - 20 years

An investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition or disposal of an investment property are recognized in the profit or loss in the year of derecognition or disposal.

Transfers to investment properties should be made when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers from investment properties should be made when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to an asset used in operation, the Group uses the cost method at the date of change in used. If the asset used by the Group becomes an investment property, the Group account for such asset in accordance with the policy stated under property and equipment up to the date of change in use.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

j. Properti investasi (lanjutan)

Aset dalam penyelesaian

Aset dalam penyelesaian dinyatakan sebesar biaya perolehan dan disajikan sebagai bagian dari aset tetap. Biaya pinjaman, termasuk selisih kurs yang timbul dari pinjaman dalam mata uang asing sejauh bahwa selisih kurs adalah penyesuaian terhadap biaya bunga yang dikeluarkan khusus untuk mendanai pembangunan, dikapitalisasi selama periode sampai selesai. Setelah pembangunan selesai, biaya yang dikapitalisasi tersebut dipindahkan ke properti investasi.

k. Aset tetap

Aset tetap, kecuali tanah dinyatakan berdasarkan biaya perolehan dikurangi akumulasi penyusutan dan akumulasi penurunan nilai, jika ada. Tanah tidak disusutkan dan dinyatakan sebesar biaya perolehan dikurangi penurunan nilai, jika ada.

Awalnya suatu aset tetap diukur sebesar biaya perolehan, yang terdiri dari harga perolehannya dan biaya-biaya yang dapat diatribusikan secara langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan agar aset siap digunakan sesuai dengan keinginan dan maksud manajemen, serta estimasi awal biaya pembongkaran dan pemindahan aset tetap dan restorasi lokasi aset.

Biaya pengurusan legal hak atas tanah ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan aset tanah dan biaya ini tidak disusutkan. Biaya pengurusan perpanjangan atau pembaharuan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

Biaya-biaya setelah perolehan awal seperti penggantian komponen dan inspeksi yang signifikan, diakui dalam jumlah tercatat aset tetap jika besar kemungkinan manfaat ekonomis di masa depan akan mengalir ke Perusahaan dan biaya tersebut dapat diukur secara andal. Sisa jumlah tercatat biaya komponen yang diganti atau biaya inspeksi terdahulu dihentikan pengakuannya. Biaya perbaikan dan pemeliharaan yang tidak memenuhi kriteria pengakuan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat terjadinya.

3. Summary of significant accounting policies (continued)

j. Investment properties (continued)

Assets in progress

Assets in progress is stated at cost and presented as part of fixed assets. Borrowing costs, including exchange differences arising from borrowings denominated in foreign currencies to the extent that the exchange differences are adjustments to interest costs incurred specifically to fund the construction, are capitalized during the period until completion. Upon completion of construction, the costs capitalized are transferred to investment properties.

k. Fixed assets

Fixed assets except land are carried at cost less accumulated depreciation, and impairment in value, if any. Land is not depreciated and is stated at cost less impairment in value, if any.

Initially an item of fixed assets is measured at cost which consists of its acquisition costs and any costs directly attributable to taking the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land and these costs are not depreciated. The legal cost incurred to extend or renew the land rights are recorded as intangible assets and amortized over the shorter of the rights legal life or land's economic life.

Subsequent costs after initial acquisition such as significant cost of replacing part of the assets and major inspection cost, are recognized in the carrying amounts if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Any remaining carrying amounts of the cost of the previous replacement or inspection cost is derecognized. Repairs and maintenance cost that do not meet the recognition criteria are recognized in the consolidated statements of profit or loss and other comprehensive income as incurred.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

k. Aset tetap (lanjutan)

Penyusutan aset tetap dihitung dengan menggunakan metode garis lurus, berdasarkan estimasi masa manfaat ekonomis aset tetap sebagai berikut :

<u>Jenis aset tetap</u>	<u>Masa manfaat</u>
Bangunan	10 - 40 tahun
Kendaraan	8 tahun
Perlengkapan kantor	4 - 8 tahun
Peralatan proyek	2 - 4 tahun

Nilai residu, umur manfaat dan metode penyusutan direviu setiap akhir tahun buku untuk memastikan nilai residu, umur manfaat dan metode depresiasi diterapkan secara konsisten sesuai dengan ekspektasi pola manfaat ekonomis dari aset tersebut.

Ketika suatu aset dilepaskan atau tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya, biaya perolehan dan akumulasi penyusutan dan akumulasi rugi penurunan nilai, jika ada, dikeluarkan dari akun tersebut. Laba atau rugi yang timbul dari penghentian pengakuan aset tetap akan dimasukkan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Aset dalam penyelesaian

Aset dalam penyelesaian dinyatakan sebesar biaya perolehan dan disajikan sebagai bagian dari aset tetap. Biaya pinjaman, termasuk selisih kurs yang timbul dari pinjaman dalam mata uang asing sejauh bahwa selisih kurs adalah penyesuaian terhadap biaya bunga yang dikeluarkan khusus untuk mendanai pembangunan, dikapitalisasi selama periode sampai selesai. Setelah pembangunan selesai, biaya yang dikapitalisasi tersebut dipindahkan ke aset tetap.

3. Summary of significant accounting policies (continued)

k. Fixed assets (continued)

Depreciation of fixed assets is computed on straight-line method, based on the estimated economic useful lives of fixed assets as follows :

<u>Type of fixed assets</u>	<u>Useful lives</u>
Buildings	10 - 40 years
Vehicles	8 years
Office furniture	4 - 8 years
Project equipments	2 - 4 years

The residual value, useful lives and depreciation methods shall be reviewed at each financial year end to ensure the residual value, useful lives and depreciation methods are applied consistently in line with the expected pattern of economic benefits of that assets.

When an item of assets is disposed of or when no future economic benefits are expected from its use or disposal, acquisition costs and accumulated depreciation and accumulated impairment loss, if any, are removed from the accounts. Any resulting gains or losses on the disposal of fixed assets are recognized in the consolidated statements of profit or loss and other comprehensive income.

Assets in progress

Assets in progress is stated at cost and presented as part of fixed assets. Borrowing costs, including exchange differences arising from borrowings denominated in foreign currencies to the extent that the exchange differences are adjustments to interest costs incurred specifically to fund the construction, are capitalized during the period until completion. Upon completion of construction, the costs capitalized are transferred to fixed assets.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

l. Penurunan nilai aset non-keuangan

Perusahaan menerapkan PSAK No. 48 (Revisi 2014), "Penurunan Nilai Aset". PSAK revisi menetapkan prosedur-prosedur yang diterapkan entitas agar aset dicatat tidak melebihi jumlah terpulihkannya. Suatu aset dicatat melebihi jumlah terpulihkannya jika jumlah tersebut melebihi jumlah yang akan dipulihkan melalui penggunaan atau penjualan aset. Pada kasus demikian, aset mengalami penurunan nilai dan pernyataan ini mensyaratkan entitas mengakui rugi penurunan nilai. PSAK yang direvisi ini juga menentukan kapan entitas membalik suatu rugi penurunan nilai dan pengungkapan yang diperlukan.

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat indikasi aset mengalami penurunan nilai. Jika terdapat indikasi tersebut, maka Grup mengestimasi jumlah terpulihkan aset tersebut. Jumlah terpulihkan suatu aset atau unit penghasil kas adalah jumlah yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakainya. Jika jumlah terpulihkan suatu aset lebih kecil dari nilai tercatatnya, nilai tercatat aset harus diturunkan menjadi sebesar jumlah terpulihkan. Kerugian penurunan nilai diakui segera dalam laba atau rugi.

m. Pengakuan pendapatan dan beban

Pendapatan penjualan bangunan rumah dan ruko beserta kavling tanahnya diakui dengan metode akrual penuh (*full accrual method*) jika syarat-syarat berikut terpenuhi :

- Proses penjualan telah selesai;
- Harga jual akan tertagih;
- Tagihan penjual tidak akan bersifat subordinasi di masa yang akan datang terhadap pinjaman lain yang akan diperoleh pembeli; dan
- Penjual telah mengalihkan risiko dan manfaat kepemilikan unit bangunan kepada pembeli melalui suatu transaksi yang secara substansi adalah penjualan dan penjual tidak lagi berkewajiban atau terlibat secara signifikan dengan unit bangunan tersebut.

3. Summary of significant accounting policies (continued)

l. Impairment of non-financial assets

The Company applied SFAS No. 48 (Revised 2014), "Impairment of Assets". This revised SFAS prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised SFAS requires the entity to recognize an impairment loss. This revised SFAS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

At the end of reporting period, the Group evaluates whether any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

m. Revenue recognition and expenses

Revenue from the sale of houses and shop houses including the parcel of land is recognized based on the full accrual method if all of the following criteria are met :

- The sale process is completed;
- The selling price is collectible;
- The seller's receivable is not subject to future subordination against other loans which will be obtained by the buyer; and
- The seller has transferred the risk and reward of the ownership to the buyer through a transaction which in substance is a sale and the seller has no more significant obligation or involvement with the building unit.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

m. Pengakuan pendapatan dan beban (lanjutan)

Pendapatan penjualan kavling tanah tanpa bangunan diakui dengan metode akrual penuh (*full accrual method*) jika syarat-syarat berikut terpenuhi :

- jumlah pembayaran oleh pembeli telah mencapai 20% dari harga jual yang disepakati dan jumlah tersebut tidak dapat diminta kembali oleh pembeli;
- harga jual akan tertagih;
- tagihan penjual tidak subordinasi terhadap pinjaman lain yang akan diperoleh pembeli di masa yang akan datang;
- proses pengembangan tanah telah selesai sehingga penjual tidak berkewajiban lagi untuk menyelesaikan kavling tanah yang dijual, seperti kewajiban untuk memamatkan kavling tanah atau kewajiban untuk membangun fasilitas-fasilitas pokok yang dijanjikan oleh atau yang menjadi kewajiban penjual, sesuai dengan pengikatan jual beli atau ketentuan peraturan perundang-undangan;
- hanya kavling tanah saja yang dijual, tanpa diwajibkan keterlibatan penjual dalam pendirian bangunan di atas kavling tersebut.

Pendapatan dari penjualan apartemen, perkantoran dan bangunan sejenisnya, yang pembangunannya dilaksanakan lebih dari satu tahun diakui dengan menggunakan metode persentase penyelesaian (*percentage of completion method*), apabila seluruh syarat berikut terpenuhi :

- Proses konstruksi telah melampaui tahap awal, yaitu pondasi bangunan telah selesai dan semua persyaratan untuk memulai pembangunan telah terpenuhi;
- Jumlah pembayaran oleh pembeli telah mencapai 20% dari harga jual yang telah disepakati dan jumlah tersebut tidak dapat diminta kembali oleh pembeli; dan
- Jumlah pendapatan penjualan dan biaya unit bangunan dapat diestimasi dengan andal.

3. *Summary of significant accounting policies (continued)*

m. Revenue recognition and expenses (continued)

Revenue from the sale of land lots without buildings is recognized based on the full accrual method if all the following criteria are met :

- *total payments from the buyer equal to at least 20% of the agreed selling price and the amount is not refundable to the buyer;*
- *the selling price is collectible;*
- *the seller's receivable is not subject to subordinated against other loans which will be obtained by the buyer in the future;*
- *the land development process is completed so that the seller is no longer obligated to complete the piece of land sold, such as the obligation to improve the land or the obligation to construct the agreed main facilities or the obligation of the seller based on the purchase and sale commitment or the provisions of prevailing law and regulation;*
- *only land lot is sold, there is no obligation of the sellers to involve in the construction of building on the land lot.*

Revenues from sale of apartment, office buildings and similar type of buildings, which are constructed for more than one year are recognized based on the percentage of completion method, when all of the following conditions are met :

- *The construction process has surpassed the initial phase, which is, the foundation of the building has been completed and all of the requirements to commence the construction have been fulfilled;*
- *Total payments from the buyer equal or exceed 20% of the agreed sales price and the amount is not refundable to the buyer; and*
- *Total revenues and costs of building can be reliably estimated.*

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

m. Pengakuan pendapatan dan beban (lanjutan)

Dengan metode persentase penyelesaian, jumlah pendapatan dan beban yang diakui untuk setiap periode akuntansi harus sesuai dengan tingkat atau persentase penyelesaian dari aset tersebut.

Tingkat atau persentase penyelesaian ditentukan berdasarkan biaya yang telah dikeluarkan sampai dengan tanggal tertentu dibandingkan dengan jumlah estimasi biaya yang harus dikeluarkan untuk menyelesaikan proyek tersebut.

Apabila kriteria pengakuan pendapatan dari penjualan dengan metode akrual penuh dan persentase penyelesaian tidak terpenuhi, maka semua pembayaran dicatat sebagai uang muka dengan metode deposit.

Pendapatan sewa dicatat sebagai pendapatan yang ditangguhkan pada laporan posisi keuangan dan akan diperhitungkan pada laporan laba rugi dan pendapatan komprehensif lain sesuai dengan masa sewa, dan pendapatan jasa pelayanan diakui pada saat jasa diberikan.

Pendapatan dari pariwisata diakui pada saat jasa diberikan atau barang diserahkan.

Pendapatan dari pengelolaan kota, rekreasi dan olah raga dan lainnya diakui pada saat jasa diberikan.

Beban diakui pada saat terjadinya (*accrual basis*).

n. Pajak penghasilan

PSAK No. 46 mengisyaratkan Grup untuk memperhitungkan konsekuensi pajak kini dan mendatang dari pemulihan (penyelesaian) jumlah tercatat aset (liabilitas) masa depan yang diakui dalam laporan posisi keuangan konsolidasian, dan transaksi dan kejadian lain dari periode kini yang diakui dalam laporan keuangan konsolidasian.

3. Summary of significant accounting policies (continued)

m. Revenue recognition and expenses (continued)

Under the percentage-of-completion method, the amount of revenues and expenses recognized for each accounting period are determined in accordance with the level or percentage of completion of the assets.

The level or percentage of completion is determined based on the costs incurred up to a certain date compared with the total estimated costs to incur for completion the projects.

If the criteria for revenue recognition from sales with the full accrual method and the percentage of completion method are not met, then all payments are recorded as sales advances with the deposit method.

Rental revenue is recorded as deferred income in the statements of financial position and will be credited to the statements of income and other comprehensive income according to the expired portion of the related rental, and service revenue is recognized when service are rendered.

Revenue from tourism is recognized when the services are rendered or goods are delivered.

Revenue from township management, recreation and sport and others are recognized when the services are rendered.

Expenses are recognized when incurred (accrual basis).

n. Income tax

SFAS No. 46 requires the Group to calculate the tax consequences of current and future tax from recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the consolidated statement of financial position, and the transactions and events another of the current period that are recognized in the consolidated financial statements.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

n. Pajak penghasilan (lanjutan)

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Beban pajak diakui dalam laba rugi tahun berjalan, kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui di pendapatan komprehensif lain. Dalam hal ini, pajak tersebut masing-masing diakui dalam pendapatan komprehensif lain.

Pajak kini

Pajak kini ditentukan berdasarkan laba kena pajak dalam tahun yang bersangkutan yang dihitung berdasarkan tarif pajak yang berlaku.

Pajak tangguhan

Aset dan liabilitas pajak tangguhan diakui atas perbedaan temporer antara aset dan liabilitas untuk tujuan komersial dan untuk tujuan perpajakan setiap tanggal pelaporan.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang. Liabilitas pajak tangguhan diakui atas semua perbedaan temporer kena pajak. Manfaat pajak di masa mendatang, seperti saldo rugi fiskal yang belum digunakan, diakui sejauh besar kemungkinan realisasi atas manfaat pajak tersebut.

Aset dan liabilitas pajak tangguhan diukur pada tarif pajak yang diharapkan akan digunakan pada periode ketika aset direalisasi atau ketika liabilitas dilunasi berdasarkan tarif pajak (dan peraturan perpajakan) yang berlaku atau secara substansial telah diberlakukan pada akhir periode pelaporan.

Surat Ketetapan Pajak

Jumlah tambahan pokok dan denda pajak yang ditetapkan dengan Surat Ketetapan Pajak ("SKP") diakui masing-masing sebagai beban pajak kini dan beban lain-lain dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian, kecuali jika diajukan upaya penyelesaian selanjutnya. Jumlah tambahan pokok pajak dan denda yang ditetapkan dengan SKP ditangguhkan pembebanannya sepanjang memenuhi kriteria pengakuan aset.

3. Summary of significant accounting policies (continued)

n. Income tax (continued)

The tax expense comprises of current and deferred tax. Tax expense is recognized in the net income for the year, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

Current tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax

Deferred tax assets and liabilities are recognized for temporary differences between the financial and tax bases of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Tax Assessment Notice

Additional principal amount of taxes and penalties determined by the Tax Assessment Notice ("SKP") is recognized respectively as current tax and other expense in the consolidated statements of income and other comprehensive income, unless there is further settlement efforts. An additional principal amount of taxes and penalties determined by SKP are deferred as long as it meets the recognition criteria of assets.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

n. Pajak penghasilan (lanjutan)

Pajak final

Peraturan perpajakan di Indonesia mengatur beberapa jenis penghasilan dikenakan pajak yang bersifat final. Pajak final yang dikenakan atas nilai bruto transaksi tetap dikenakan walaupun atas transaksi tersebut pelaku transaksi mengalami kerugian.

Mengacu pada PSAK No. 46 yang disebutkan di atas, beban pajak final tersebut tidak termasuk dalam lingkup yang diatur oleh PSAK No. 46. Oleh karena itu Grup memutuskan untuk menyajikan beban pajak final sehubungan dengan pendapatan sewa dan pengalihan hak atas tanah dan/atau bangunan sebagai beban pajak final.

o. Transaksi dan saldo dalam mata uang asing

Grup menyelenggarakan pembukuannya dalam Rupiah. Transaksi dalam mata uang selain Rupiah dicatat dengan menggunakan kurs tukar yang berlaku pada tanggal transaksi.

Pada tanggal laporan posisi keuangan konsolidasian, seluruh aset dan liabilitas moneter dalam mata uang selain Rupiah telah dijabarkan dengan menggunakan kurs tengah yang ditetapkan oleh Bank Indonesia pada tanggal tersebut. Keuntungan atau kerugian selisih kurs bersih yang timbul dari penjabaran tersebut diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian periode berjalan, kecuali jika ditangguhkan di dalam ekuitas sebagai lindung nilai arus kas dan lindung nilai investasi bersih yang memenuhi syarat.

Kurs yang berlaku pada tanggal-tanggal tersebut adalah sebagai berikut :

	31 Desember/ December		
	2018	2017	
USD 1	Rp 14.481	Rp 13.548	USD 1
SGD 1	Rp 10.603	Rp 10.134	SGD 1

3. *Summary of significant accounting policies (continued)*

n. Income tax (continued)

Final tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to SFAS No. 46 as mentioned above, final tax expense is no longer in scope of SFAS No. 46. Therefore, the Group has decided to present all of the final tax arising from rental income and transfer land and/or building right as final tax expenses.

o. Transactions and balances in foreign currencies

The Group maintains its accounting records in Rupiah. Transactions in currencies other than Rupiah are recorded at the prevailing rates of exchange in effect on the date of the transactions.

As of the consolidated statements of financial position date, all monetary assets and liabilities denominated in currencies other than Rupiah have been translated at the middle exchange rates quoted by Bank Indonesia (Indonesian Central Bank) on that date. The net foreign exchange gains or losses arising from the translation are recognized in the current year's consolidated statements of profit or loss and other comprehensive income, except when deferred in the equity as qualifying cash flow hedges and qualifying net investment hedges.

The exchange rates prevailing at those dates are as follows :

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

p. Imbalan kerja

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek diakui pada saat terutang kepada karyawan berdasarkan metode akrual.

Imbalan pasca kerja

Imbalan pasca kerja seperti pensiun, uang pisah dan uang penghargaan masa kerja dihitung berdasarkan Undang-Undang Ketenagakerjaan No. 13/2003.

Grup mengakui jumlah liabilitas imbalan pasti neto sebesar nilai kini kewajiban imbalan pasti pada akhir periode pelaporan dikurangi nilai wajar aset program yang dihitung oleh aktuaris independen dengan menggunakan metode *Projected Unit Credit*. Nilai kini kewajiban imbalan pasti ditentukan dengan mendiskontokan imbalan tersebut.

Grup mencatat tidak hanya kewajiban hukum berdasarkan persyaratan formal program imbalan pasti, tetapi juga kewajiban konstruktif yang timbul dari praktik informal entitas.

Biaya jasa kini, setiap biaya jasa lalu dan keuntungan atau kerugian atas penyelesaian dan bunga neto atas liabilitas (aset) imbalan pasti neto diakui dalam laba rugi.

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto yang terdiri dari keuntungan dan kerugian aktuarial, imbal hasil atas aset program dan setiap perubahan dampak batas atas aset diakui sebagai penghasilan komprehensif lain.

q. Biaya pinjaman

Biaya pinjaman yang dapat diatribusikan secara langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian, merupakan aset yang membutuhkan waktu yang cukup lama agar siap untuk digunakan atau dijual, dikapitalisasi pada biaya perolehan aset tersebut.

Penghasilan investasi yang diperoleh atas investasi sementara dari pinjaman yang secara spesifik belum digunakan untuk pengeluaran aset kualifikasian dikurangi dari biaya pinjaman yang dikapitalisasi.

3. *Summary of significant accounting policies (continued)*

p. Employee benefits

Short term employee benefits

Short term employee benefits are recognized when payable to employees on the accrual basis.

Post employment benefits

Post employment benefits such as retirement, severance and service payment are calculated based on Labour Law No. 13/2003.

The Group recognizes the amount of the net defined benefit obligation at the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets as determined by an independent actuary using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the benefits.

The Group account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligations that arises from the informal practices of the entity.

Current service cost, any past service cost and gain or loss on settlement and net interests on the net defined benefit liabilities (assets) recognized in profit or loss.

The remeasurement of the net defined benefit liability (assets) comprise actuarial gain and losses, return on plan assets and any change in effect of the asset ceiling recognized in other comprehensive income.

q. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, an asset that takes a long time to get ready for use or sale, are capitalized to the cost of that asset.

Investment income earned from temporary investment of specific borrowings not yet used for qualifying assets is deducted from the capitalized borrowing costs.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

q. Biaya pinjaman (lanjutan)

Kapitalisasi biaya pinjaman dihentikan pada saat aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian dinyatakan selesai secara substansial dan aset dapat digunakan atau dijual.

Semua biaya pinjaman lainnya diakui dalam laporan laba rugi dan penghasilan komprehensif lain pada periode terjadinya.

r. Provisi

Provisi diakui jika Perusahaan mempunyai kewajiban kini (hukum maupun konstruktif) sebagai akibat peristiwa masa lalu, yang memungkinkan Perusahaan harus menyelesaikan kewajiban tersebut dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

Jumlah yang diakui sebagai provisi adalah hasil estimasi terbaik pengeluaran yang diperlukan untuk menyelesaikan kewajiban kini pada tanggal pelaporan, dengan mempertimbangkan risiko dan ketidakpastian terkait kewajiban tersebut.

s. Laba per saham dasar

Laba per saham dasar dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham yang beredar pada periode yang bersangkutan.

t. Modal saham

Saham biasa dikelompokkan sebagai ekuitas.

Biaya langsung yang berkaitan dengan penerbitan saham baru disajikan sebagai pengurang ekuitas, setelah dikurangi pajak, dari jumlah yang diterima.

u. Dividen

Pembagian dividen kepada pemegang saham Perusahaan yang belum dibayarkan diakui sebagai liabilitas dalam laporan keuangan konsolidasian dalam tahun di mana pembagian dividen tersebut disetujui oleh pemegang saham Perusahaan.

3. Summary of significant accounting policies (continued)

q. Borrowing costs (continued)

Capitalization of borrowing costs ceases when the activities necessary to prepare the qualifying assets is completed substantially and assets can be used or sold.

All other borrowing costs are recognized in the statement of income and other comprehensive income in the period incurred.

r. Provisions

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

s. Earning per share - basic

Earning per share - basic is computed by dividing net income attributable to owners of the parent company over the weighted average number of shares outstanding during the period.

t. Shares capital

Ordinary shares are classified as equity.

Direct costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

u. Dividend

Dividend distributions to the Company's shareholders which have not been paid are recognized as liabilities in the consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

v. Segmen operasi

PSAK 5 (Penyesuaian 2015) mengharuskan segmen operasi diidentifikasi berdasarkan laporan internal mengenai komponen dari Perusahaan dan entitas anak yang secara regular direviu oleh "pengambil keputusan operasional" dalam rangka mengalokasikan sumber daya dan menilai kinerja segmen operasi.

Segmen operasi adalah suatu komponen dari entitas :

- i. yang terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- ii. yang hasil operasinya dikaji ulang secara regular oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- iii. di mana tersedia informasi keuangan yang dapat dipisahkan.

Informasi yang digunakan oleh pengambil keputusan operasional dalam rangka alokasi sumber daya dan penilaian kinerja mereka terfokus pada kategori dari setiap produk, yang menyerupai informasi segmen usaha yang dilaporkan di periode sebelumnya.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mewajibkan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah-jumlah yang dilaporkan dalam laporan keuangan konsolidasian. Sehubungan dengan adanya ketidakpastian yang melekat dalam membuat estimasi, hasil sebenarnya yang dilaporkan di masa mendatang dapat berbeda dengan jumlah estimasi yang dibuat. Manajemen berkeyakinan bahwa pengungkapan berikut telah mencakup ikhtisar pertimbangan, estimasi dan asumsi signifikan yang berpengaruh terhadap jumlah-jumlah yang dilaporkan serta pengungkapan dalam laporan keuangan konsolidasian.

3. Summary of significant accounting policies (continued)

v. Operating segment

SFAS 5 (Improvements 2015) requires that operating segments are identified based on internal reports about components of the Company and its subsidiaries, and are regularly reviewed by the "operational decision makers" in order to allocate resources and assess performance of the operating segments.

Operating segment is a component of an entity :

- i. engaged in the business activities which generate revenue and burdens (including revenues and expenses relating to transactions with other components of the same entity);
- ii. whose operating results are reviewed regularly by operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- iii. where the financial information that can be separated is available.

The information used by operational decision-makers in resource allocation and performance evaluation focused on the category of each product, which resembles a business segment information reported in the previous period.

4. Critical accounting judgement, estimates and significant accounting assumptions

The preparation of consolidated financial statements, in conformity with Indonesian Financial Accounting Standards, requires management to make judgements, estimations and assumptions that affect amounts reported in the consolidated financial statements. Due to inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. Management believes that the following disclosure has included a summary of considerations, estimates and significant assumptions that affect the reported amounts and disclosures in the consolidated financial statements.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Pertimbangan

Menentukan klasifikasi aset dan liabilitas keuangan

Grup menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan apakah definisi yang ditetapkan PSAK No. 55 dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Grup seperti diungkapkan pada Catatan 3.

Aset keuangan yang tidak memiliki kuotasi harga di pasar aktif

Grup mengklasifikasikan aset keuangan dengan mengevaluasi, antara lain, apakah aset tersebut memiliki atau tidak memiliki kuotasi harga di pasar yang aktif. Evaluasi tersebut juga mencakup apakah kuotasi harga suatu aset keuangan di pasar yang aktif, merupakan kuotasi harga yang tersedia secara reguler, dan kuotasi harga tersebut mencerminkan transaksi di pasar yang aktual dan terjadi secara reguler dalam suatu transaksi wajar.

Estimasi dan asumsi

Menentukan nilai wajar atas instrumen keuangan

Grup mencatat aset dan liabilitas keuangan tertentu pada nilai wajar, yang mengharuskan penggunaan estimasi akuntansi. Sementara komponen signifikan atas pengukuran nilai wajar ditentukan menggunakan bukti objektif yang dapat diverifikasi, jumlah perubahan nilai wajar dapat berbeda bila Grup menggunakan metodologi penilaian yang berbeda. Perubahan nilai wajar aset dan liabilitas keuangan tersebut dapat mempengaruhi secara langsung laba atau rugi Grup.

Nilai wajar aset dan liabilitas keuangan per 31 Desember 2018 dan 2017 telah diungkapkan dalam catatan 39.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Considerations

Determining classification of financial assets and financial liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 3.

Financial assets not quoted in active market

The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Estimates and assumptions

Determining fair value of financial instruments

The Group carries certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Group utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss.

The fair value of financial assets and liabilities as of 31 December 2018 and 2017 are disclosed in note 39.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Menilai penyisihan penurunan nilai piutang

Grup mengevaluasi akun tertentu yang diketahui bahwa para pelanggannya tidak dapat memenuhi liabilitas keuangannya. Dalam hal tersebut, Grup mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit dari pelanggan berdasarkan catatan kredit dari pihak ketiga yang tersedia dan faktor pasar yang telah diketahui, untuk mencatat provisi spesifik atas pelanggan terhadap jumlah terutang guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Grup.

Provisi spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan atas penurunan nilai piutang.

Nilai tercatat atas piutang telah diungkapkan dalam catatan 8.

Menentukan masa manfaat properti investasi

Biaya perolehan properti investasi disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis properti investasi 10 - 20 tahun. Ini adalah masa manfaat yang secara umum diharapkan dalam industri di mana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa properti investasi, dan karenanya biaya penyusutan masa depan mungkin direvisi.

Nilai tercatat atas properti investasi telah diungkapkan dalam catatan 14.

Menentukan masa manfaat aset tetap

Biaya perolehan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis aset tetap antara 2 sampai 40 tahun. Ini adalah masa manfaat yang secara umum diharapkan dalam industri di mana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi.

Nilai tercatat atas aset tetap telah diungkapkan dalam catatan 15.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Assessing impairment of receivables

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on any available third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect.

These specific provisions are reevaluated and adjusted as additional information received affects the allowance for impairment.

The carrying amount of receivables are disclosed in note 8.

Determining useful lives of investment properties

The costs of investment properties are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these investment properties to be within 10 - 20 years. These are generally useful lives expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these investment properties, and therefore future depreciation charges could be revised.

The carrying amount of investment properties are disclosed in note 14.

Determining useful lives of fixed assets

The costs of fixed assets are depreciated on a straight line basis over their estimated useful lives. Management properly estimates the useful lives of these fixed assets ranging from 2 to 40 years. These are generally useful lives expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

The carrying amount of fixed assets are disclosed in note 15.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Menilai penurunan nilai aset non-keuangan tertentu

PSAK No. 48 (Revisi 2014) mensyaratkan bahwa penilaian penurunan nilai dilakukan pada aset non-keuangan tertentu apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat tidak dapat diperoleh kembali. Faktor-faktor yang dianggap penting oleh Grup yang dapat memicu penelaahan atas penurunan nilai adalah sebagai berikut :

- kinerja yang kurang signifikan relatif terhadap *expected historical* atau hasil dari operasional yang diharapkan dari proyek masa depan;
- perubahan signifikan dalam cara penggunaan aset yang diperoleh atau strategi bisnis secara keseluruhan; dan
- tren negatif yang signifikan atas industri atau ekonomi.

Kerugian akibat penurunan nilai diakui apabila nilai tercatat aset non-keuangan melebihi jumlah yang dapat dipulihkan. Menentukan jumlah yang dapat dipulihkan atas aset-aset tersebut membutuhkan estimasi atas arus kas yang diharapkan dapat dihasilkan dari penggunaan lanjutan dan disposisi akhir dari aset tersebut.

Per 31 Desember 2018 dan 2017, Grup menilai bahwa tidak terdapat penurunan nilai aset non-keuangan.

Menentukan biaya dan liabilitas imbalan kerja

Penentuan biaya dan liabilitas imbalan kerja Grup bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji tahunan, umur pensiun dan tingkat kematian. Perubahan signifikan dalam asumsi yang ditetapkan Grup dapat mempengaruhi secara material liabilitas diestimasi atas imbalan kerja dan beban imbalan kerja bersih. Sementara hasil aktual dapat berbeda dari asumsi yang ditetapkan Grup. Grup berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai.

Nilai tercatat liabilitas imbalan kerja per 31 Desember 2018 dan 2017 telah diungkapkan dalam catatan 24.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Assessing impairment of certain non-financial assets

SFAS No. 48 (Revised 2014) requires that an impairment review to be performed on certain non-financial assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following :

- significant underperformance relative to the *expected historical* or project future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of a non-financial asset exceeds its recoverable amount. Determining the recoverable amount of such assets requires the estimation of cash flows expected to be generate from the continued use and ultimate disposition of such assets.

As of 31 December 2018 and 2017, the Group assessed that there is no certain impairment non-financial assets.

Determining employee benefits expense and obligation

The determination of the Group's obligations and expense for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, annual salary increase rate, retirement age and mortality rate. Significant changes in the Group's assumptions may materially affect its estimated liabilities for employee benefits and net employee benefits expense. While the actual results that differ from the Group's assumptions. The Group believes that its assumptions are reasonable and appropriate.

The carrying amount of employee benefits obligations as of 31 December 2018 and 2017 are disclosed in note 24.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Menentukan beban pokok penjualan

Beban pokok penjualan tanah dinyatakan sebesar harga perolehan tanah ditambah beban pinjaman dan taksiran biaya pengembangan tanah serta lingkungan. Taksiran biaya pengembangan tanah dan lingkungan merupakan taksiran yang dibuat oleh manajemen dengan mempertimbangkan biaya prasarana yang telah terjadi ditambah taksiran biaya prasarana yang akan dikeluarkan sampai dengan proyek dalam kawasan tersebut dinyatakan selesai. Taksiran ini direviu oleh manajemen pada setiap tahunnya dan akan dilakukan penyesuaian sesuai kondisi terkini.

Menilai provisi atas pajak penghasilan

Menentukan provisi atas Pajak Penghasilan Badan mewajibkan pertimbangan signifikan oleh manajemen. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti sepanjang kegiatan usaha normal. Grup mengakui liabilitas atas Pajak Penghasilan Badan berdasarkan estimasi Pajak Penghasilan Badan.

Liabilitas atas Pajak Penghasilan Badan Grup per 31 Desember 2018 dan 2017 telah diungkapkan dalam catatan 11b.

Menilai pajak tangguhan

Grup menelaah aset/liabilitas pajak tangguhan pada setiap tanggal pelaporan dan mengurangi nilai tercatat sepanjang tidak ada kemungkinan bahwa laba kena pajak memadai untuk mengkompensasi sebagian atau seluruh aset pajak tangguhan. Grup juga menelaah waktu yang diharapkan dan tarif pajak atas pemulihan perbedaan temporer dan menyesuaikan pengaruh atas pajak tangguhan yang sesuai.

Aset/liabilitas pajak tangguhan bersih Grup per 31 Desember 2018 dan 2017 diungkapkan dalam catatan 11e.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Determining cost of sales

Cost of sales land is stated at cost plus loan expense and the estimated cost of land development and the environment. Estimated cost of land development and the environment are estimates made by management taking into account the cost of infrastructure that has occurred plus infrastructure costs estimated to be incurred until the project is declared complete. These estimates are reviewed by management on each year and will be adjusted according to the current conditions.

Assessing provision for income tax

Determining the provision for Corporate Income Tax requires significant judgment by management. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for Corporate Income Tax based on estimation of Corporate Income Tax.

The Group's Corporate Income Tax Payable as of 31 December 2018 and 2017 are disclosed in note 11b.

Assessing deferred tax

The Group reviews its deferred tax assets/liabilities at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly.

The Group's net deferred tax assets/liabilities as of 31 December 2018 and 2017 are disclosed in note 11e.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

5. Kas dan setara kas

5. Cash and cash equivalents

	31 Desember/ December		
	2018	2017	
Terdiri dari :			Consist of :
Kas	4.458.011	8.553.729	Cash on hand
Bank - pihak ketiga :			Bank - third parties :
Dalam Rupiah			In Rupiah
PT Bank Central Asia Tbk	158.278.690	167.720.241	PT Bank Central Asia Tbk
PT Bank Mandiri (Persero) Tbk	77.991.370	140.560.359	PT Bank Mandiri (Persero) Tbk
PT Bank Pembangunan Daerah Jawa Barat dan Banten	45.649.574	28.767.014	PT Bank Pembangunan Daerah Jawa Barat dan Banten
PT Bank CIMB Niaga Tbk	28.378.547	135.247.042	PT Bank CIMB Niaga Tbk
PT Bank ICBC Indonesia	19.897.791	45.585.943	PT Bank ICBC Indonesia
PT Bank KEB Hana Indonesia	18.042.861	13.263.093	PT Bank KEB Hana Indonesia
PT Bank Negara Indonesia (Persero) Tbk	16.033.389	71.645.054	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Danamon Indonesia Tbk	4.874.557	4.048.373	PT Bank Danamon Indonesia Tbk
PT Bank MNC Internasional Tbk	1.739.118	1.225.464	PT Bank MNC Internasional Tbk
PT Bank Maybank Indonesia Tbk	1.730.749	5.535.970	PT Bank Maybank Indonesia Tbk
PT Bank UOB Indonesia	1.283.038	1.196.192	PT Bank UOB Indonesia
PT Bank OCBC NISP Tbk	592.884	2.527.043	PT Bank OCBC NISP Tbk
PT Bank Bukopin Tbk	164.979	162.582	PT Bank Bukopin Tbk
PT Bank Pembangunan Daerah Bali	137.484	88.032	PT Bank Pembangunan Daerah Bali
PT Bank Rakyat Indonesia (Persero) Tbk	40.887	814.386	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Tabungan Negara (Persero) Tbk	32.738	29.809	PT Bank Tabungan Negara (Persero) Tbk
PT Bank J Trust Indonesia Tbk	-	199.925	PT Bank J Trust Indonesia Tbk
Dalam Dolar Amerika Serikat			In US Dollar
The Bank of New York Mellon	30.860.600	20.972.393	The Bank of New York Mellon
PT Bank Negara Indonesia (Persero) Tbk	23.746.726	83.694.137	PT Bank Negara Indonesia (Persero) Tbk
PT Bank CIMB Niaga Tbk	1.717.337	10.377	PT Bank CIMB Niaga Tbk
DBS Bank, Singapura	1.189.364	1.280.048	DBS Bank, Singapore
Dalam Dolar Singapura			In Singapore Dollar
PT Bank CIMB Niaga Tbk	1.186.034	-	PT Bank CIMB Niaga Tbk
DBS Bank, Singapura	869.267	1.404.785	DBS Bank, Singapore
Jumlah – dipindahkan	438.895.995	734.531.991	Total – carried forward

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

5. Kas dan setara kas (lanjutan)

5. Cash and cash equivalents (continued)

	31 Desember/ December		
	2018	2017	
Jumlah – pindahan	438.895.995	734.531.991	Total – brought forward
Deposito berjangka jangka pendek - pihak ketiga :			Short-term deposits third parties :
Dalam Rupiah			In Rupiah
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	33.000.000	43.500.000	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk
PT Bank CIMB Niaga Tbk	23.000.000	9.000.000	PT Bank CIMB Niaga Tbk
PT Bank Tabungan Negara (Persero) Tbk	12.500.000	13.400.000	PT Bank Tabungan Negara (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	5.000.000	5.000.000	PT Bank Mandiri (Persero) Tbk
PT Bank Central Asia Tbk	1.050.000	1.050.000	PT Bank Central Asia Tbk
PT Bank Negara Indonesia (Persero) Tbk	-	25.900.000	PT Bank Negara Indonesia (Persero) Tbk
Dalam Dolar Amerika Serikat			In US Dollar
PT Bank Negara Indonesia (Persero) Tbk	46.339.200	-	PT Bank Negara Indonesia (Persero) Tbk
Jumlah	559.785.195	832.381.991	Total
Dikurangi (Catatan 7) :			Less (Note 7) :
Jaminan KPR :			Collateral on sales through KPR (Mortgage):
Dalam Rupiah :			In Rupiah:
PT Bank Central Asia Tbk	78.197.546	81.835.271	PT Bank Central Asia Tbk
PT Bank UOB Indonesia	1.283.038	1.196.192	PT Bank UOB Indonesia
PT Bank Negara Indonesia (Persero) Tbk	650.433	650.433	PT Bank Negara Indonesia (Persero) Tbk
	80.131.017	83.681.896	
Cadangan pembayaran bunga :			Interest reserve accounts :
Dalam Rupiah :			In Rupiah:
PT Bank ICBC Indonesia	10.737.190	21.073.499	PT Bank ICBC Indonesia
PT Bank KEB Hana Indonesia	9.907.778	9.540.152	PT Bank KEB Hana Indonesia
	20.644.968	30.613.651	
Jumlah	459.009.210	718.086.444	Total
Tingkat bunga deposito berjangka per tahun :			Interest rates of time deposits per annum :
Dalam Rupiah	4,00% - 7,75%	4,00% - 7,50%	In Rupiah
Dalam Dolar Amerika Serikat	0,75% - 2,00%	-	In US Dollar

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

6. Deposito berjangka

6. Time deposits

	31 Desember/ December		
	2018	2017	
Terdiri dari :			Consist of :
Dalam Rupiah :			In Rupiah :
PT Bank Central Asia Tbk	63.321.868	85.890.439	PT Bank Central Asia Tbk
PT Bank Mandiri (Persero) Tbk	43.967.192	43.469.932	PT Bank Mandiri (Persero) Tbk
PT Bank Permata Tbk	25.954.140	35.832.192	PT Bank Permata Tbk
PT Bank CIMB Niaga Tbk	23.336.177	21.449.780	PT Bank CIMB Niaga Tbk
PT Bank Maybank Indonesia Tbk	11.921.492	12.046.511	PT Bank Maybank Indonesia Tbk
PT Bank KEB Hana Indonesia	11.643.547	-	PT Bank KEB Hana Indonesia
PT Bank OCBC NISP Tbk	11.145.709	18.768.137	PT Bank OCBC NISP Tbk
PT Bank UOB Indonesia	6.504.751	7.317.475	PT Bank UOB Indonesia
PT Bank Danamon Indonesia Tbk	2.311.100	3.119.696	PT Bank Danamon Indonesia Tbk
PT Bank Negara Indonesia (Persero) Tbk	1.908.709	1.662.571	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	1.642.120	2.520.163	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank China Construction Bank Indonesia Tbk	830.673	1.257.468	PT Bank China Construction Bank Indonesia Tbk
PT Bank Pan Indonesia Tbk	726.061	200.979	PT Bank Pan Indonesia Tbk
PT Bank Tabungan Negara (Persero) Tbk	601.045	510.224	PT Bank Tabungan Negara (Persero) Tbk
PT Bank Victoria Internasional Tbk	385.459	305.817	PT Bank Victoria Internasional Tbk
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	325.801	257.383	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk
Jumlah	206.525.844	234.608.767	Total
Tingkat bunga per tahun :	3,50% - 7,00%	3,50% - 6,30%	Interest rates per annum :

Merupakan deposito berjangka dalam mata uang Rupiah dengan jangka waktu lebih dari tiga bulan.

Represents term deposits in Rupiah currency with maturity more than three months.

Semua deposito berjangka telah dijadikan sebagai jaminan atas penjualan melalui Kredit Pemilikan Rumah (KPR).

All time deposits have been pledged as collateral for sales through Kredit Pemilikan Rumah (Mortgage).

7. Aset keuangan lainnya

7. Other financial assets

	31 Desember/ December		
	2018	2017	
a. Aset keuangan lancar lainnya :			a. Other current financial assets :
Jaminan KPR :			Collateral on sales through KPR (mortgage):
Dalam Rupiah :			In Rupiah:
PT Bank Central Asia Tbk	78.197.546	81.835.271	PT Bank Central Asia Tbk
PT Bank Negara Indonesia (Persero) Tbk	650.433	650.433	PT Bank Negara Indonesia (Persero) Tbk
PT Bank UOB Indonesia	1.283.038	1.196.192	PT Bank UOB Indonesia
Jumlah	80.131.017	83.681.896	Total

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

7. Aset keuangan lainnya (lanjutan)

7. Other financial assets (continued)

a. Aset keuangan lancar lainnya : (lanjutan)

a. Other current financial assets : (continued)

Jaminan KPR merupakan penempatan pada rekening giro yang dijadikan sebagai jaminan atas penjualan melalui Kredit Pemilikan Rumah (KPR).

Collateral on KPR (mortgage) represents placement on current accounts which are pledged as collateral for sales through Kredit Pemilikan Rumah (mortgage).

b. Aset keuangan tidak lancar lainnya :

b. Other non current financial assets :

	31 Desember/ December	
	2018	2017
Terdiri dari :		
Jaminan pembayaran bunga	20.644.968	30.613.651
Manfaat lindung nilai	784.840.000	652.200.000
Jumlah	805.484.968	682.813.651

Consists of :

Interest reserve accounts
Hedging benefits

Total

Jaminan pembavaran bunga

Interest reserve accounts

Dalam Rupiah :

In Rupiah:

PT Bank ICBC Indonesia	10.737.190	21.073.499
PT Bank KEB Hana Indonesia	9.907.778	9.540.152
Jumlah	20.644.968	30.613.651

PT Bank ICBC Indonesia
PT Bank KEB Hana Indonesia

Total

Merupakan pembukaan rekening *escrow* untuk satu bulan pembayaran bunga selama jangka waktu kredit (catatan 21).

Represents *escrow* accounts for maintaining one-month interest payments during the loan period (note 21).

Manfaat lindung nilai

Hedging benefits

Merupakan piutang derivatif - opsi *call spread* atas utang obligasi yang dilindung nilai antara lain :

Represents the derivative receivables - call spread option from bonds payable which are hedged among others :

	Jumlah/ Amount (USD)	Spread (Rupiah penuh/ Full rupiah)	Masa berlaku kontrak/ Validity period of contract	Manfaat lindung nilai/ Benefits of hedging	
				31 Des./ Dec. 2018	31 Des./ Dec. 2017
Morgan Stanley & Co	30.000.000	9.900 – 11.500	25 Maret/ March 2020	48.000.000	48.000.000
Morgan Stanley & Co	40.000.000	10.000 – 11.500	25 Maret/ March 2020	60.000.000	60.000.000
J.P. Morgan, Singapore	30.000.000	9.900 – 11.500	27 Maret/ March 2020	48.000.000	48.000.000
J.P. Morgan, Singapore	40.000.000	10.000 – 11.500	27 Maret/ March 2020	60.000.000	60.000.000
Morgan Stanley & Co	30.000.000	10.200 – 11.700	25 Maret/ March 2020	45.000.000	45.000.000
Morgan Stanley & Co	30.000.000	10.200 – 11.700	25 Maret/ March 2020	45.000.000	45.000.000
Nomura Singapore Ltd	35.000.000	11.500 – 12.500	27 Maret/ March 2020	35.000.000	35.000.000
Nomura Singapore Ltd	30.000.000	11.750 – 13.750	27 Maret/ March 2020	60.000.000	53.940.000
Morgan Stanley & Co	40.000.000	9.400 – 11.000	24 April/ April 2022	64.000.000	64.000.000
Nomura Singapore Ltd	35.000.000	11.000 – 12.500	24 April/ April 2022	52.500.000	52.500.000
Deutsche Bank AG Singapore	25.000.000	12.000 – 13.500	24 April/ April 2022	37.500.000	37.500.000
J.P. Morgan, Singapore	25.000.000	12.000 – 13.500	22 April/ April 2022	37.500.000	37.500.000
Morgan Stanley & Co	60.000.000	13.000 – 14.500	24 April/ April 2022	88.860.000	32.880.000
Credit Suisse	20.000.000	13.000 – 14.500	26 April/ April 2022	29.620.000	10.960.000
J.P. Morgan, Singapore	40.000.000	13.000 – 14.500	22 April/ April 2022	59.240.000	21.920.000
Morgan Stanley & Co	20.000.000	13.750 – 15.000	24 April/ April 2022	14.620.000	-
Manfaat lindung nilai/ Hedging benefits				784.840.000	652.200.000

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

7. Aset keuangan lainnya (lanjutan)

7. Other financial assets (continued)

b. Aset keuangan tidak lancar lainnya : (lanjutan)

b. Other non current financial assets : (continued)

Beban premi lindung nilai selama tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp 84.471.263 ribu dan Rp 83.338.565 ribu dicatat pada akun beban lain-lain - beban premi lindung nilai.

Hedging premium expense during the years ended 31 December 2018 and 2017 amounted to Rp 84,471,263 thousands and Rp 83,338,565 thousands, respectively, was recorded under other expenses - hedging premium expense.

Selanjutnya lihat catatan 38i sampai dengan 38x.

Furthermore, refer to notes 38i up to 38x.

8. Piutang usaha

8. Trade receivables

	31 Desember/ December		
	2018	2017	
Pihak ketiga - Rupiah :			Third parties - Rupiah :
Penjualan real estat	145.565.656	143.323.617	Sales of real estate
Jasa <i>hospitality</i> dan prasarana	79.488.891	76.316.113	Hospitality and infrastructure
Pendapatan pariwisata	8.287.400	2.063.782	Revenue from tourism
Lainnya	-	1.840.618	Others
Jumlah piutang usaha			Total trade receivables
- pihak ketiga	233.341.947	223.544.130	- third parties
Dikurangi : cadangan penurunan nilai	(31.161.655)	(22.842.525)	Deduct : allowance for declining in value
Bersih	202.180.292	200.701.605	Net
Pihak berelasi - Rupiah	9.434.982	9.567.717	Related parties - Rupiah
Jumlah	211.615.274	210.269.322	Total

Rincian umur piutang usaha yang dihitung sejak tanggal faktur adalah sebagai berikut :

The accounts receivable aging are calculated since the date of invoices with the following details:

	31 Desember/ December		
	2018	2017	
Pihak ketiga			Third parties
Belum lewat jatuh tempo dan tidak mengalami penurunan nilai	132.231.632	140.089.641	Neither past due nor impaired
Telah jatuh tempo tetapi tidak mengalami penurunan nilai :			Past due but not impaired :
Sampai dengan 3 bulan	6.510.473	10.259.766	Up to 3 month
3 bulan – 6 bulan	6.025.171	4.972.222	3 month – 6 month
6 bulan – 1 tahun	6.571.039	14.528.701	6 month – 1 year
> 1 tahun	82.003.632	53.693.800	> 1 year
Jumlah piutang usaha - pihak ketiga	233.341.947	223.544.130	Total trade receivables - third parties

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

8. Piutang usaha (lanjutan)

8. Trade receivables (continued)

	31 Desember/ December		
	2018	2017	
Pihak berelasi			Related parties
Belum lewat jatuh tempo atau tidak mengalami penurunan nilai	130.812	685.161	Neither past due nor impaired
Lewat jatuh tempo tetapi tidak mengalami penurunan nilai :			Past due but not impaired :
Sampai dengan 3 bulan	119.444	555.920	Up to 3 month
3 bulan – 6 bulan	50.276	1.185.471	3 month – 6 month
> 6 bulan	9.134.450	7.141.165	> 6 month
Jumlah piutang usaha - pihak berelasi	9.434.982	9.567.717	Total trade receivables - related parties

Berdasarkan hasil penilaian manajemen dalam menentukan cadangan penurunan nilai piutang pada 31 Desember 2018 dan 2017, yang dibuat secara individu atau secara kolektif, manajemen percaya bahwa penyisihan cadangan penurunan nilai tersebut memadai untuk menutupi kemungkinan kerugian dari piutang tak tertagih.

Based on the assessment made by the management in determining the declining in value of receivables at 31 December 2018 and 2017, which are made individually or collectively, the management believes that the allowance for declining in value is adequate to cover possible losses from bad debts.

Saldo cadangan penurunan nilai piutang pada pihak ketiga masing-masing sebesar Rp 31.161.655 ribu (31 Desember 2018) dan Rp 22.842.525 ribu (31 Desember 2017) merupakan jumlah penurunan nilai piutang jasa *hospitality* dan prasarana dan pendapatan pariwisata.

Balance of allowance for declining value of receivable to third parties amounting to Rp 31,161,655 thousands (31 December 2018) and Rp 22,842,525 thousands (31 December 2017), respectively, represents the amount of declining value of receivable from hospitality and infrastructure and tourism revenues.

Tidak ada piutang usaha pada entitas pihak berelasi yang jumlahnya melebihi 0,5% dari modal disetor Perusahaan.

There is no trade receivables from related parties exceeding 0.5% of the Company's paid-up capital.

Tidak terdapat piutang usaha yang dijadikan jaminan pinjaman dan tidak ada risiko yang terkonsentrasi secara signifikan atas piutang usaha.

There is no accounts receivable which has been pledged for loan guarantee and there is no significant concentrated risk on trade receivable.

9. Piutang pihak berelasi

9. Due from related parties

Terdiri dari :

Consist of :

	31 Desember/ December		
	2018	2017	
Dalam Rupiah :			In Rupiah :
- PT Cahaya Alam Raya	176.000	1.076.000	- PT Cahaya Alam Raya

Piutang pada PT Cahaya Alam Raya merupakan pinjam meminjam uang tunai tanpa beban bunga dan sewaktu-waktu akan dapat ditagih.

Receivable from PT Cahaya Alam Raya represents cash current account without interest and can be demanded at any time.

Manajemen berpendapat bahwa piutang pihak berelasi tersebut dapat ditagih.

Management believes that due from related parties can be collected.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

10. Persediaan

10. Inventories

Terdiri dari :

Consist of :

	31 Desember/ December		
	2018	2017	
<u>Proyek Serpong, Tangerang :</u>			<u>Serpong Project, Tangerang:</u>
Tanah	1.708.532.664	1.648.414.023	Land
Bangunan dalam penyelesaian :			Building in progress :
- Rumah dan ruko	18.772.707	55.332.156	- Houses and shophouses
- Unit apartemen	3.635.223	-	- Apartment units
Rumah dan Ruko	73.749.710	75.666.926	Houses and shophouses
Unit apartemen	129.089.492	178.768.428	Apartment units
Unit gedung perkantoran	298.044.172	307.426.889	Office building units
<u>Proyek Pasar Kemis, Tangerang :</u>			<u>Pasar Kemis Project, Tangerang :</u>
Tanah	465.603.954	437.599.701	Land
Bangunan dalam penyelesaian			Building in progress
- Rumah dan ruko	34.643.458	19.869.011	- Houses and shophouses
Bangunan jadi			Building
- Rumah dan ruko	136.320.453	185.825.593	- Houses and shophouses
<u>Proyek Tangerang, Tangerang :</u>			<u>Tangerang Project, Tangerang :</u>
Tanah	474.171.778	476.673.917	Land
Bangunan dalam penyelesaian			Building in progress
- Unit rumah dan ruko	9.320.532	32.306.580	- Houses and shophouses units
Bangunan jadi			Buildings
- Unit apartemen	415.878.337	471.309.015	- Apartment units
- Unit ruko	16.926.015	-	- Shophouses units
<u>Proyek Setiabudi, Jakarta :</u>			<u>Setiabudi Project, Jakarta :</u>
Bangunan jadi			Building
- Unit gedung perkantoran	1.203.591.350	1.287.223.418	- Office building units
<u>Proyek Kuta Selatan, Bali :</u>			<u>Kuta Selatan Project, Bali :</u>
Tanah	323.846.074	323.846.074	Land
Bangunan dalam penyelesaian -			Building in progress
- Villa	<u>2.390.573</u>	<u>2.162.830</u>	- Villa
Jumlah	5.314.516.492	5.502.424.561	Total
Dikurangi - bagian lancar :			Less - current portion :
Persediaan yang direalisasikan			Inventories will be realized in
dalam waktu 12 bulan	<u>414.571.442</u>	<u>960.844.008</u>	12 months
Persediaan yang direalisasikan			Inventories to be realized over
lebih dari 12 bulan	<u>4.899.945.050</u>	<u>4.541.580.553</u>	12 months

Sebagian persediaan tanah telah dijadikan jaminan atas pinjaman bank (lihat catatan 21).

Part of the land inventories has been pledged as collateral for bank loans (see note 21).

Atas Bangunan dalam penyelesaian per 31 Desember 2018 dan 2017, manajemen berkeyakinan bahwa tidak terdapat hambatan dalam penyelesaian proyek-proyek tersebut.

On Building in progress as of 31 December 2018 and 2017, management believes that there will be no difficulties in completing those projects.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

10. Persediaan (lanjutan)

Per tanggal 31 Desember 2018, gedung perkantoran - Synergy Building, The Prominence dan The Tower serta Apartemen Silkwood Residence, Kota Ayodhya dan Paddington Height yang diasuransikan pada PT China Taiping Insurance Indonesia, pihak ketiga, terhadap risiko kebakaran dan risiko kerugian lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan seluruhnya sebesar Rp 1.978.994.369 ribu.

Selama tahun-tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, beban pinjaman masing-masing sebesar Rp 36.497.758 ribu dan Rp 39.343.663 ribu dikapitalisasi ke dalam persediaan.

Persediaan tanah berlokasi di Serpong dan bangunan mall di Kota Ayodhya, Tangerang telah direklasifikasi ke akun properti investasi, selanjutnya lihat Catatan 14.

Grup menelaah secara berkala atas jumlah nilai tercatat persediaan, dan memastikan bahwa jumlah nilai tercatatnya tidak melebihi nilai realisasi bersihnya. Manajemen berkeyakinan bahwa tidak terdapat penurunan nilai persediaan per 31 Desember 2018 dan 2017.

10. Inventories (continued)

As at 31 December 2018, the office building - Synergy Building, The Prominence and The Tower and Silkwood Residence, Kota Ayodhya and Paddington Height Apartment are insured to PT China Taiping Insurance Indonesia, third party, for risk of fire and other losses under a certain policy package with total coverage of Rp 1,978,994,369 thousands.

During the years ended 31 December 2018 and 2017, borrowing costs amounting to Rp 36,497,758 thousands and Rp 39,343,663 thousands, respectively, were capitalized into inventories.

Land inventories located in Serpong and mall buildings in Kota Ayodhya, Tangerang have been reclassified to investment properties, furthermore see Note 14.

The Group regularly reviewed the carrying amount of inventory, and ensured that the carrying amount not exceed the net realizable value. Management believes that there was no declining value of inventories as of 31 December 2018 and 2017.

11. Perpajakan

a. Pajak dibayar di muka

Terdiri dari :

11. Taxation

a. Prepaid taxes

Consist of :

	31 Desember/ December		
	2018	2017	
<u>Perusahaan :</u>			<u>Company :</u>
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan hak atas tanah dan/atau bangunan	343.368	1.284.585	- Income from transfer of land and/or building right
- Persewaan tanah dan atau bangunan	1.340.685	1.975.140	- Rental of land and or building
Pajak Pertambahan Nilai	<u>1.765.294</u>	<u>811.057</u>	Value Added Tax
Jumlah	3.449.347	4.070.782	Total

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	31 Desember/ December		
	2018	2017	
11. Perpajakan (lanjutan)			11. Taxation (continued)
a. Pajak dibayar di muka (lanjutan)			a. Prepaid taxes (continued)
<u>Entitas anak :</u>			<u>Subsidiaries :</u>
Pajak penghasilan badan	413.769	561.000	Corporate Income Tax
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan hak atas tanah dan/atau bangunan	42.616.790	74.854.722	- Income from transfer of land and/or building right
- Persewaan tanah dan bangunan	489.916	335.835	- Rental on land and buildings
Pajak Pertambahan Nilai	<u>14.290.593</u>	<u>7.726.003</u>	Value Added Tax
Jumlah	<u>57.811.068</u>	<u>83.477.560</u>	Total
Jumlah seluruhnya	61.260.415	87.548.342	Grand total
Bagian lancar :			Current portion :
Pajak yang akan direalisasikan dalam 12 bulan	<u>42.659.585</u>	<u>79.545.260</u>	Prepaid taxes will be realized in 12 months
Pajak yang akan direalisasikan lebih dari 12 bulan	<u>18.600.830</u>	<u>8.003.082</u>	Prepaid taxes to be realized over 12 months
b. Utang pajak			b. Taxes payable
Terdiri dari :			Consist of :
<u>Perusahaan :</u>			<u>Company :</u>
Pajak Pembangunan I	19.217	7.292	Development tax I
Pajak penghasilan pasal 21	719.167	631.132	Income tax article 21
Pajak penghasilan pasal 23 dan 26	165.173	27.883	Income tax article 23 and 26
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan hak atas tanah dan/atau bangunan	130.081	130.150	- Income from transfer of land and/or building right
- Jasa konstruksi	328.698	3.595	- Construction service
- Persewaan tanah dan bangunan	<u>218.742</u>	<u>154.678</u>	- Rental of land and building
Jumlah	1.581.078	954.730	Total

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	31 Desember/ December		
	2018	2017	
11. Perpajakan (lanjutan)			11. Taxation (continued)
b. Utang pajak (lanjutan)			b. Taxes payable (continued)
<u>Entitas anak :</u>			<u>Subsidiaries :</u>
Pajak Pembangunan 1	1.347.785	489.709	Development tax 1
Pajak penghasilan badan	7.539.991	7.621.135	Corporate income tax
Pajak penghasilan pasal 21	1.294.041	1.018.067	Income tax article 21
Pajak penghasilan pasal 23 dan 26	735.750	3.385.169	Income tax article 23 and 26
Pajak penghasilan pasal 25	116.689	163.861	Income tax article 25
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan hak atas tanah dan/atau bangunan	3.360.436	8.111.674	- Income from transfer of land and/or building right
- Persewaan tanah dan bangunan	105.494	206.601	- Rental of land and building
- Jasa konstruksi	1.431.743	1.255.074	- Construction service
Pajak Pertambahan Nilai	5.781.435	21.135.647	Value Added Tax
Jumlah	21.713.364	43.386.937	Total
Jumlah seluruhnya	23.294.442	44.341.667	Grand total
c. Beban pajak final			c. Final tax expenses
Rincian beban pajak final Grup untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut :			The details of the final tax expense of the Group for the year ended 31 December 2018 and 2017 are as follows :
Perusahaan :			The company :
Pendapatan sewa	10.709.713	11.699.244	Rental income
Pengalihan hak atas tanah dan/atau bangunan	8.750.062	2.487.934	Transfer land and/or building right
Entitas anak :			The subsidiaries :
Pendapatan sewa	6.483.677	5.691.714	Rental income
Pengalihan hak atas tanah dan/atau bangunan	93.685.884	111.065.937	Transfer of rights on land and/or buildings
Jumlah	119.629.336	130.944.829	Total
d. Beban pajak			d. Tax expenses
Pajak kini :			Current tax :
- Perusahaan	-	-	- Company
- Tahun berjalan	-	-	- Current year
- Entitas anak			- Subsidiaries
- Tahun berjalan	64.563.125	61.322.780	- Current year
- Tahun sebelumnya (catatan 11f)	52.491	-	- Prior year (note 11f)
Pajak tangguhan	70.712	(1.847.526)	Deferred tax
Jumlah	64.686.328	59.475.254	Total

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

11. Perpajakan (lanjutan)

11. Taxation (continued)

	31 Desember/ December		
	2018	2017	
d. Beban pajak (lanjutan)			d. Tax expenses (continued)
<u>Rekonsiliasi beban pajak</u>			<u>Reconciliation of tax expenses</u>
Rekonsiliasi antara laba sebelum beban pajak dan beban pajak yang dihitung dengan tarif pajak yang berlaku sebagai berikut :			Reconciliation between income before tax expenses and tax expenses calculated by using the prevailing income tax rate is as follows :
Laba konsolidasian sebelum beban pajak	1.035.272.928	1.444.664.431	Consolidated income before tax expense
(Laba)/rugi entitas anak sebelum pajak	<u>(1.397.677.192)</u>	<u>(1.745.063.698)</u>	Subsidiary's (income)/loss before tax
Rugi induk perusahaan sebelum pajak	<u>(362.404.264)</u>	<u>(300.399.267)</u>	Parent company's loss before tax
Beban pajak penghasilan berdasarkan tarif	(72.480.853)	(60.079.853)	Income tax expense based on tax rate
Jumlah koreksi fiskal	<u>72.480.853</u>	<u>60.079.853</u>	Total fiscal correction
Beban pajak			Tax expenses
- Perusahaan			- Company
- Tahun berjalan	-	-	- Current year
- Entitas anak			- Subsidiaries
- Tahun berjalan	64.563.125	61.322.780	- Current year
- Tahun sebelumnya (catatan 11f)	52.491	-	- Prior year (note 11f)
- Pajak tangguhan	<u>70.712</u>	<u>(1.847.526)</u>	- Deferred tax
Beban pajak - konsolidasian	<u>64.686.328</u>	<u>59.475.254</u>	Tax expenses - consolidated
<u>Pajak kini</u>			<u>Current tax</u>
Rekonsiliasi antara laba komersial ke rugi fiskal adalah sebagai berikut :			The reconciliation between income before tax expenses and fiscal loss is as follow:
Laba konsolidasian sebelum beban pajak	1.035.272.928	1.444.664.431	Consolidated income before tax expense
(Laba)/rugi entitas anak sebelum pajak	<u>(1.397.677.192)</u>	<u>(1.745.063.698)</u>	Subsidiary's (income)/loss before tax
Rugi induk perusahaan sebelum pajak	(362.404.264)	(300.399.267)	Parent company's loss before tax
Ditambah/(dikurangi) :			Add/(deduct) :
Perbedaan permanen	336.543.587	265.117.055	Permanent difference
Perbedaan waktu	-	-	Timing difference
Rugi fiskal	<u>(25.860.677)</u>	<u>(35.282.212)</u>	Fiscal loss
Dalam laporan keuangan konsolidasian ini, estimasi penghasilan kena pajak didasarkan atas perhitungan sementara.			In these consolidated financial statements, the amount of taxable income is based on preliminary calculations.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

11. Perpajakan (lanjutan)

11. Taxation (continued)

e. Aset (liabilitas) pajak tangguhan

e. Deferred tax assets (liabilities)

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas pada laporan keuangan konsolidasian dengan dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan adalah sebagai berikut :

Deferred tax is calculated based on the effect of temporary difference between carrying amount of assets and liabilities on consolidated financial statements with the tax based on assets and liabilities. Details of deferred tax assets and liabilities are as follows :

		Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ <i>Debited (credited) in consolidated statements of income and other comprehensive income</i>	Penghasilan komprehensif lain/ Other comprehensive income			Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ <i>Debited (credited) in consolidated statements of income and other comprehensive income</i>	Penghasilan komprehensif lain/ Other comprehensive income	
	31 Desember/ December 2016			31 Desember/ December 2017				31 Desember/ December 2018
Perusahaan/ The Company								
Aset pajak tangguhan/ <i>Deferred tax assets</i>	-	-	-	-	-	-	-	-
Liabilitas pajak tangguhan/ <i>Deferred tax liabilities</i>	-	-	-	-	-	-	-	-
Entitas anak/ Subsidiaries								
Aset pajak tangguhan/ <i>Deferred tax assets</i>								
- Imbalan kerja/ <i>Employee benefit</i>	1.922.410	(480.455)	(200.508)	2.603.373	(418.932)	285.240	2.737.065	
- Penyisihan penurunan nilai piutang/ <i>Allowance for declining in value of receivables</i>	-	(147.296)	-	147.296	(224.449)	-	371.745	
Liabilitas pajak tangguhan :/ <i>Deferred tax liabilities :</i>								
Sumber pendapatan luar negeri - Penerimaan bunga belum diterima/ <i>Foreign source income - Interest income not yet received</i>	(12.059.253)	(1.219.775)	-	(10.839.478)	714.093	-	(11.553.571)	
Aset (liabilitas) pajak tangguhan, bersih/ <i>Deferred tax assets (liabilities), net</i>	(10.136.843)	(1.847.526)	(200.508)	(8.088.809)	70.712	285.240	(8.444.761)	

Grup tidak mengakui aset pajak tangguhan yang berasal dari rugi fiskal, karena sebagian besar pendapatan Grup terkena pajak final, dan atas entitas anak yang pendapatannya tidak terkena pajak final, manajemen berpendapat bahwa terdapat ketidakpastian entitas anak dalam memperoleh laba kena pajak yang memungkinkan pemanfaatan aset pajak tangguhan dari rugi fiskal.

The Group does not recognize deferred tax assets resulting from tax loss, due to most of the Group income is subject to final tax, and for the the subsidiaries whose income is not subject to final tax, in the management opinion there is uncertainty on the subsidiaries for having taxable income which enables the utilization of the deferred tax assets from the tax loss.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

11. Perpajakan (lanjutan)

- f. Perusahaan dan beberapa entitas anak mengikuti program pengampunan pajak di tahun 2016 dan 2017. Atas Surat Ketetapan Pajak yang diterima oleh Perusahaan dan entitas anak telah dilunasi dan dicatat pada akun beban lain-lain pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir 31 Desember 2016. Atas pengampunan pajak ini, telah dilakukan pelaporan secara berkala.
- g. Tarif pajak
- Pendapatan Grup dari pengalihan hak atas tanah dan/atau bangunan dikenakan pajak final sebesar 5% sampai dengan 7 September 2016 dan setelah itu sebesar 2,5%, sedangkan pendapatan dari sewa dikenakan pajak final sebesar 10%.
- Untuk pendapatan Grup yang tidak terkena pajak final, dikenakan tarif sebesar 20% untuk Perusahaan dan 25% untuk entitas anak atas jumlah pendapatan kena pajaknya.
- h. Grup melaporkan pajak berdasarkan *self-assessment*. Direktorat Jenderal Pajak dapat menetapkan atau mengubah kewajiban pajak dalam batas waktu lima tahun berdasarkan Undang-undang No. 28/2007
- i. Berdasarkan Surat Ketetapan Pajak (SKP) dan Surat Tagihan Pajak (STP) tanggal 19 Oktober 2018 yang diterima oleh entitas anak atas PPh badan, PPh pasal 21, PPh pasal 23, PPh pasal 26, PPh pasal 4(2), PPN dan PPN jasa luar negeri, dengan jumlah seluruhnya sebesar Rp 352.984 ribu. Dicatat sebagai beban pajak sebesar Rp 52.491 ribu sedangkan sebesar Rp 300.493 ribu dicatat sebagai beban lain-lain untuk tahun yang berakhir pada 31 Desember 2018.

11. Taxation (continued)

- f. The Company and certain subsidiaries participate in tax amnesty programs in 2016 and 2017. The tax assessment letters received by the Company and subsidiaries have been paid and recorded in other expense accounts in the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2016. On this tax amnesty, periodic reporting has been carried out.
- g. Tax rates
- Revenue of the Group from the transfer of rights on land and/or buildings is subject to final tax of 5% until 7 September 2016 and thereafter 2.5%, while revenue from the lease is subject to final tax of 10%.
- Revenues of the Group which are not subject to final tax, are taxed at 20% for the Company and 25% for subsidiaries on the amount of its taxable income.
- h. The Group submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within five years based on Law No. 28/2007.
- i. Based on the Tax Assessment Letter (SKP) and Tax Collection Letter (STP) dated 19 October 2018 received by the subsidiary entity for corporate income tax, PPh article 21, PPh article 23, PPh article 26, PPh article 4 (2), VAT and VAT on overseas services, with a total amount of Rp 352,984 thousands. Recorded as tax expense amounting to Rp 52,491 thousands while the Rp 300,493 thousands is recorded as other expense for the year ended 31 December 2018.

12. Tanah untuk dikembangkan

12. Land for development

31 Desember/ December			
	2018	2017	
Terdiri atas tanah mentah yang terletak di :		Consists of raw land located at :	
Kec. Pinang, Tangerang	6.104.160.343	5.985.561.973	Sub-district Pinang, Tangerang
Kec. Pasar Kemis, Tangerang	4.249.385.665	3.804.328.408	Sub-district Pasar Kemis, Tangerang
Kec. Denpasar Selatan, Bali	188.187.428	188.127.428	Sub-district Denpasar Selatan, Bali
Kec. Cipanas, Cianjur, Jawa Barat	80.547.680	80.034.207	Sub-district Cipanas, Cianjur, Jawa Barat
Kec. Tanjung Pinang Timur, Riau	40.735.069	40.663.007	Sub-district Tanjung Pinang Timur, Riau
Kec. Badung, Bali	39.133.897	39.133.897	Sub-district Badung, Bali
Kec. Tangerang, Tangerang	265.748.250	265.748.250	Sub-district Tangerang, Tangerang
Kec. Cibitung dan Setu, Bekasi	14.351.797	12.020.795	Sub-district Cibitung and Setu, Bekasi
Jumlah	10.982.250.129	10.415.617.965	Total

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

12. Tanah untuk dikembangkan (lanjutan)

Pada tanggal 31 Desember 2018 dan 2017, tanah yang belum dikembangkan yang dimiliki Grup adalah masing-masing seluas 19.791.224 m² dan 19.576.763 m², dan dari jumlah luas tanah tersebut yang sudah atas nama Grup masing-masing seluas 9.680.177 m² dan 6.420.429 m², sedangkan sisanya masih dalam bentuk Surat Pelepasan Hak ataupun Perjanjian Pengikatan Jual Beli. Sampai dengan tanggal laporan keuangan ini, Grup sedang dalam proses pengurusan Hak Guna Bangunan secara bertahap.

Berdasarkan Perjanjian Induk Pengalihan Hak Atas Tanah No. 9 tertanggal 8 Februari 2013 antara entitas anak – PT Tangerang Matra Real Estate (TMRE) dan PT Modernland Realty Tbk (MR), bahwa MR bermaksud menjual tanah seluas ± 150 ha yang terletak di Kelurahan Cipondoh, Kecamatan Cipondoh dan Kelurahan Panunggangan Utara, Cipete, Panunggangan Timur, Pakojan, Kunciran Jaya (d/h Kunciran), Neroktog, Kecamatan Pinang, Kota Tangerang, Provinsi Banten kepada TMRE. Harga yang disepakati sebesar Rp 2.000 ribu (dua juta Rupiah) per m² tidak termasuk PPN dengan cara pembayaran dengan angsuran 3 (tiga) bulanan sampai bulan ke 30 (tiga puluh) dimulai sejak 30 September 2013. Jumlah area yang telah direalisasikan sampai dengan tanggal 31 Desember 2018 adalah seluas ± 114 hektar.

Selama tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017, beban pinjaman masing-masing sebesar Rp 127.262.220 ribu dan Rp 242.595.185 ribu, dikapitalisasi ke dalam tanah untuk dikembangkan.

Manajemen Perusahaan berkeyakinan bahwa tidak terdapat penurunan nilai tanah untuk dikembangkan per 31 Desember 2018 dan 2017.

12. Land for development (continued)

As of 31 December 2018 and 2017, land for development owned by the Group was for area of 19,791,224 sq.m and 19,576,763 sq.m, respectively, and amongst that total area of 9,680,177 sq.m and 6,420,429 sq.m, respectively have been in the name of the Group, while the remaining areas are still in the form of Letter of Right Release (Surat Pelepasan Hak) or Binding Sale and Purchase Agreement (Perjanjian Pengikatan Jual Beli). Up to the date of these financial statements, the Group is still processing the Building Right Title (Sertifikat Hak Guna Bangunan), gradually.

Based on the Transfer of Land Rights Master Agreement No. 9 dated 8 February 2013 between subsidiary – PT Tangerang Matra Real Estate TMRE and PT Modernland Realty Tbk (MR), MR intends to sell to TMRE land areas ± 150 ha located in Cipondoh Subdistrict, Cipondoh district and subdistrict of North Panunggangan, Cipete, East Panunggangan, Pakojan, Kunciran Jaya (formerly Kunciran), and Neroktog, and Pinang district, in Tangerang, Banten Province. The agreed price is Rp 2,000 thousands (two million Rupiah) per sq.m excluding VAT, payment by installments every 3 (three) months starting from 30 September 2013 up to 30th month. The total area which has been realized up to the date 31 December 2018 for area of approximately 114 hectares.

During the years ended 31 December 2018 and 2017, loan interest expense amounting to Rp 127,262,220 thousands and Rp 242,595,185 thousands, respectively, was capitalized into land for development.

The Company's management believes that there was no declining value of land for development as of 31 December 2018 and 2017.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

13. Uang muka pembelian tanah

13. Advance for land purchase

Merupakan uang muka pembelian tanah dan bangunan
sebagai berikut :

Represents advance for purchases of land and
building as follows :

Lokasi	31 Desember/ December		Location
	2018	2017	
Tanah :			Land :
Kec. Serpong dan Pinang,			Sub-district Serpong and Pinang,
Tangerang	115.143.847	128.071.824	Tangerang
Kec. Pasar Kemis, Tangerang	73.412.264	194.078.948	Sub-district Pasar Kemis, Tangerang
Kec. Kuta, Bali	3.627.758	3.627.758	Sub-district Kuta, Bali
Jumlah	192.183.869	325.778.530	Total

Uang muka pembelian tanah merupakan uang muka
pembelian tanah pada pihak ketiga.

Advance for purchases of land represents advances
for land purchase paid to third parties.

14. Properti investasi

14. Investment properties

Saldo dan perubahan properti investasi - untuk tahun
yang berakhir pada tanggal 31 Desember 2018

Balance and movements of investment properties - for
the year ended 31 December 2018

Jenis properti	Saldo/ Balance 1 Jan. 2018	Penambahan/ Additions 2018	Pengurangan/ Disposals 2018	Reklasifikasi/ Reclassification 2018	Saldo/ Balance 31 Dec. 2018	Type of property
Harga perolehan						Acquisition cost
Tanah	524.999.413	-	-	-	524.999.413	Land
Bangunan dan prasarana	685.697.339	163.328	-	34.343.907	720.204.574	Buildings and infrastructure
Jumlah	1.210.696.752	163.328	-	34.343.907	1.245.203.987	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	1.776.119	43.217.540	-	(34.343.907)	10.649.752	Buildings and infrastructure
Jumlah	1.212.472.871	43.380.868	-	-	1.255.853.739	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan dan prasarana	175.019.590	38.532.858	-	-	213.552.448	Buildings and infrastructure
Nilai buku	1.037.453.281				1.042.301.291	Book value

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

14. Properti investasi (lanjutan)

14. Investment properties (continued)

Saldo dan perubahan properti investasi - untuk tahun
yang berakhir pada tanggal 31 Desember 2017

Balance and movements of investment properties - for
the year ended 31 December 2017

Jenis properti	Saldo/ Balance 1 Jan. 2017	Penambahan/ Additions 2017	Pengurangan/ Disposals 2017	Reklasifikasi/ Reclassification 2017	Saldo/ Balance 31 Dec. 2017	Type of property
Harga perolehan						Acquisition cost
Tanah	509.613.363	-	-	15.386.050	524.999.413	Land
Bangunan dan prasarana	635.219.351	1.386.678	-	49.091.310	685.697.339	Buildings and infrastructure
Jumlah	1.144.832.714	1.386.678	-	64.477.360	1.210.696.752	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	413.985	1.776.119	-	(413.985)	1.776.119	Buildings and infrastructure
Jumlah	1.145.246.699	3.162.797	-	64.063.375	1.212.472.871	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan dan prasarana	137.323.134	37.696.456	-	-	175.019.590	Buildings and infrastructure
Nilai buku	1.007.923.565				1.037.453.281	Book value

Merupakan tanah dan bangunan untuk komersial yang disewakan bernama Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera dan tanah kavling yang terletak di dalam kompleks perumahan Alam Sutera dan tanah dan bangunan bernama gedung Wisma Argo Manunggal, Jakarta dan tanah di Kec. Badung, Bali, serta pusat perbelanjaan Kota Ayodhya di Tangerang.

Represents land and building for rent in the commercial areas namely Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera and land lot which are located in Alam Sutera real estate complex, and land and building known as Wisma Argo Manunggal, Jakarta and land in Kec. Badung, Bali, and building of Kota Ayodhya Shopping Arcade in Tangerang.

Pada 31 Desember 2018 dan 2017, pekerjaan dalam penyelesaian - bangunan dan prasarana merupakan pekerjaan pengembangan dan lahan parkir Mall @ Alam Sutera. Manajemen berpendapat bahwa tidak ada hambatan dalam penyelesaian pekerjaan tersebut.

As of 31 December 2018 and 2017, construction in progress - building and infrastructure represents construction of extension and parking lot of Mall @ Alam Sutera. Management believes that there are no obstacles in the completion of the work.

Pada tahun 2017, Perusahaan melakukan reklasifikasi dari persediaan - bangunan dalam penyelesaian proyek Tangerang, Tangerang berupa bangunan pusat perbelanjaan Kota Ayodhya sebesar Rp 48.677.325 ribu serta persediaan - tanah matang proyek Serpong sebesar Rp 15.386.050 ribu yang jumlah seluruhnya sebesar Rp 64.063.375 ribu ke properti investasi.

In 2017, the Company reclassified inventory - buildings under construction project Tangerang, Tangerang in form of Kota Ayodhya shopping arcade amounted to Rp 48,677,325 thousands and inventory - developed land project Serpong amounted to Rp 15,386,050 thousands with total amount of Rp 64,063,375 thousands to investment properties.

Pendapatan sewa dan fasilitasnya dari properti investasi yang diakui pada laporan laba rugi dan penghasilan komprehensif konsolidasian selama tahun-tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 masing-masing adalah sebesar Rp 144.225.552 ribu dan Rp 156.593.339 ribu (catatan 30).

Rent and its facility income from investment properties that was recognized in the comprehensive statement of income and other comprehensive income for the years ended 31 December 2018 and 2017 amounted to Rp 144,225,552 thousands and Rp 156,593,339 thousands, respectively (note 30).

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

14. Properti investasi (lanjutan)

Beban penyusutan untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp 38.532.858 ribu dan Rp 37.696.456 ribu, dicatat dalam akun beban pokok penjualan.

Berdasarkan laporan hasil penilaian dari KJPP Martokoesoemo, Prasetyo & Rekan - penilai independen, tertanggal 25 April 2014 dan 31 Desember 2014 dan KJPP Susan Widjojo & Rekan - penilai independen, tertanggal 15 Januari 2018, jumlah nilai pasar tanah dan bangunan properti investasi adalah sebesar Rp 3.146.946.792 ribu.

Per tanggal 31 Desember 2018, properti investasi telah diasuransikan pada pihak ketiga, terhadap risiko kebakaran dan risiko kerugian lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan seluruhnya sebesar Rp 575.901.000 ribu.

14. Investment properties (continued)

Depreciation expenses for the years ended 31 December 2018 and 2017 amounted to Rp 38,532,858 thousands and Rp 37,696,456 thousands, respectively, was recorded as part of cost of sales.

Based on appraisal reports from KJPP Martokoesoemo, Prasetyo & Rekan - independent appraiser, dated 25 April 2014 and 31 December 2014 and KJPP Susan Widjojo & Rekan, dated 15 January 2018, the aggregate market value of the land and building of investment properties amounted to Rp 3,146,946,792 thousands.

As at 31 December 2018, investment properties are insured to third party, for risk of fire and other losses under a certain policy package with total coverage amounting to Rp 575,901,000 thousands.

15. Aset tetap

Saldo dan perubahan aset tetap - untuk tahun yang berakhir pada tanggal 31 Desember 2018

15. Fixed assets

Balance and movements of fixed assets - for the year ended 31 December 2018

Jenis aset tetap	Saldo/ Balance 1 Jan. 2018	Penambahan/ Additions 2018	Pengurangan/ Disposals 2018	Reklasifikasi/ Reclassification 2018	Saldo/ Balance 31 Dec. 2018	Type of fixed assets
Harga perolehan						Acquisition cost
Tanah	499.301.085	-	-	-	499.301.085	Land
Bangunan	208.381.713	137.166	-	558.053.377	766.572.256	Buildings
Kendaraan	44.296.613	1.964.539	-	-	46.261.152	Vehicles
Perlengkapan kantor	118.598.721	11.133.532	27.080	-	129.705.173	Office equipment
Peralatan proyek	3.965.577	2.291.082	-	-	6.256.659	Project equipment
Jumlah	874.543.709	15.526.319	27.080	558.053.377	1.448.096.325	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	580.438.299	170.611.488	-	(592.432.505)	158.617.282	Buildings and infrastructure
Jumlah	1.454.982.008	186.137.807	27.080	(34.379.128)	1.606.713.607	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan	113.708.783	23.082.910	-	-	136.791.693	Building
Kendaraan	27.270.337	5.184.650	-	-	32.454.987	Vehicles
Perlengkapan kantor	86.021.186	17.734.238	21.688	-	103.733.736	Office equipment
Peralatan proyek	2.617.828	1.832.044	-	-	4.449.872	Project equipment
Jumlah	229.618.134	47.833.842	21.688	-	277.430.288	Total
Nilai buku	1.225.363.874				1.329.283.319	Book value

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

15. Aset tetap (lanjutan)

15. Fixed assets (continued)

Saldo dan perubahan aset tetap - untuk tahun yang
berakhir pada tanggal 31 Desember 2017

Balance and movements of fixed assets - for the year
ended 31 December 2017

Jenis aset tetap	Saldo/ Balance 1 Jan. 2017	Penambahan/ Additions 2017	Pengurangan/ Disposals 2017	Reklasifikasi/ Reclassification 2017	Saldo/ Balance 31 Dec. 2017	Type of fixed assets
Harga perolehan						Acquisition cost
Tanah	499.301.085	-	-	-	499.301.085	Land
Bangunan	192.774.176	177.026	-	15.430.511	208.381.713	Buildings
Kendaraan	45.124.759	487.400	1.315.546	-	44.296.613	Vehicles
Perlengkapan kantor	106.936.780	11.676.556	14.615	-	118.598.721	Office equipment
Peralatan proyek	2.759.998	1.205.579	-	-	3.965.577	Project equipment
Jumlah	846.896.798	13.546.561	1.330.161	15.430.511	874.543.709	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	484.895.795	110.973.015	-	(15.430.511)	580.438.299	Buildings and infrastructure
Jumlah	1.331.792.593	124.519.576	1.330.161	-	1.454.982.008	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan	89.639.069	24.069.714	-	-	113.708.783	Building
Kendaraan	23.581.784	4.790.283	1.101.730	-	27.270.337	Vehicles
Perlengkapan kantor	67.722.812	18.305.422	7.048	-	86.021.186	Office equipment
Peralatan proyek	2.244.888	372.950	-	-	2.617.828	Project equipment
Jumlah	183.188.543	47.538.369	1.108.778	-	229.618.134	Total
Nilai buku	1.148.604.050				1.225.363.874	Book value

Pada 31 Desember 2018 dan 2017, pekerjaan dalam penyelesaian - bangunan dan prasarana merupakan pekerjaan pembangunan proyek Patung Garuda Wisnu Kencana (GWK) yang berlokasi di Bali yang diperkirakan selesai pada 2018 dan renovasi bangunan yang terletak di lokasi perumahan Alam Sutera. Manajemen berpendapat bahwa tidak ada hambatan dalam penyelesaian pekerjaan tersebut. Pada bulan Desember 2018, atas pekerjaan proyek Patung Garuda Wisnu Kencana (GWK) yang meliputi patung dan pedestal telah direklasifikasi ke aset tetap karena telah dinyatakan selesai.

Pada pekerjaan dalam penyelesaian - bangunan dan prasarana pekerjaan proyek patung GWK, terdapat kapitalisasi beban bunga pinjaman untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Nihil dan Rp 33.437.326 ribu.

Pada tahun 2018, aset dalam penyelesaian - bangunan dan prasarana sebesar Rp 34.379.128 ribu telah direklasifikasi ke persediaan sehubungan dengan perubahan intensi manajemen dalam menghadapi perkembangan bisnis.

As of 31 December 2018 and 2017, construction in progress - building and infrastructure comprises of Garuda Wisnu Kencana (GWK) Statue project located in Bali which estimated to be completed in 2018 and building renovation located in Alam Sutera residential. Management believes that there are no obstacles in the completion of the work. In December 2018, Garuda Wisnu Kencana (GWK) statue project consist of statue and pedestal are reclassified into fixed asset because they have been completed.

In construction in progress - building and infrastructure of Garuda Wisnu Kencana (GWK) Statue, contains capitalization of interest expense for the years ended 31 December 2018 and 2017 amounting to Nil and Rp 33,437,326 thousands, respectively.

In year 2018, construction in progress - building and infrastructure amounted to Rp 34,379,128 thousands reclassified into inventories considering the changes in management intention to face business development.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

15. Aset tetap (lanjutan)

Grup memiliki aset tetap - tanah yang terletak di Tangerang dan Ungasan, Kuta, Bali dengan hak legal berupa Hak Guna Bangunan, berjangka waktu 20 - 30 tahun yang akan jatuh tempo antara tahun 2026 sampai dengan 2043. Manajemen berpendapat tidak terdapat masalah dengan perpanjangan hak atas tanah karena seluruh tanah diperoleh secara sah dan didukung dengan bukti pemilikan yang memadai.

Per tanggal 31 Desember 2018, aset tetap - bangunan, peralatan dan kendaraan diasuransikan pada pihak ketiga, terhadap risiko kebakaran dan risiko kerugian lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan seluruhnya sebesar Rp 108.812.117 ribu, dimana menurut pendapat manajemen jumlahnya cukup untuk menutup kemungkinan kerugian yang timbul dari risiko-risiko tetap tersebut.

Seluruh aset tetap yang dimiliki adalah atas nama Perusahaan dan entitas anak.

Beban penyusutan untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut :

	31 Desember/ December	
	2018	2017
Beban umum dan administrasi	37.422.778	36.524.669
Beban pokok jasa <i>hospitality</i> dan prasarana	10.411.064	11.013.700
Jumlah	47.833.842	47.538.369

Pengurangan aset tetap merupakan penjualan aset dengan rincian sebagai berikut :

	31 Desember/ December	
	2018	2017
Harga jual	3.800	450.000
Nilai buku	-	213.816
Laba penjualan aset tetap	3.800	236.184

Atas perlengkapan kantor dengan nilai buku sebesar Rp 7.567 ribu dihapusbukkan di tahun 2017.

Manajemen berkeyakinan bahwa tidak terdapat penurunan nilai aset tetap pada tanggal 31 Desember 2018 dan 2017.

15. Fixed assets (continued)

The Group owns fixed assets - land located in Tangerang and Ungasan, Kuta, Bali with legal right as Building Usage Right Certificate (Sertifikat Hak Guna Bangunan) for period between 20 - 30 years which will due between year 2026 up to 2043. Management believes that there will be no problem with the process of extension of the Building Usage Right Certificate as the land was acquired legally and supported by adequate ownership evidence.

As at 31 December 2018, fixed assets - building, equipment and vehicle are insured to third party, for risk of fire and other losses under a certain policy package with total coverage amounting to Rp 108,812,117 thousands, which in the management's opinion, is adequate to cover possible losses from such risks.

All fixed assets owned are in the name the Company and its subsidiaries.

Depreciation expense for the years ended 31 December 2018 and 2017 are as follow :

	31 Desember/ December	
	2018	2017
General and administration expenses	37.422.778	36.524.669
Hospitality and infrastructure expenses	10.411.064	11.013.700
Total	47.833.842	47.538.369

Disposals on fixed assets represents sales of assets with details as follows :

	31 Desember/ December	
	2018	2017
Sales price	3.800	450.000
Book value	-	213.816
Gain on sales of fixed assets	3.800	236.184

On the office equipment with a book value amounting to Rp 7,567 thousands was written off in 2017.

Management believes that there is no impairment value of fixed assets as at 31 December 2018 and 2017.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

16. Utang usaha

Akun ini merupakan utang usaha dalam mata uang Rupiah.

Terdiri dari :

	31 Desember/ December	
	2018	2017
Pihak ketiga :		
Pengembang properti	203.174.100	187.076.210
Properti investasi	7.105.892	5.309.983
Pariwisata	10.369.387	5.888.097
	220.649.379	198.274.290
Pihak berelasi :		
Pengembang properti	5.480.393	2.974.794
Jumlah	226.129.772	201.249.084

Merupakan utang Grup kepada kontraktor pembangunan, pembelian tanah dan pemasok kebutuhan pariwisata serta perlengkapan operasi.

16. Trade payables

This account represents payables in Rupiah currency.

Consist of :

Third parties :
Property developer
Investment properties
Tourism

Related parties :
Property developer

Total

Represents Group's payables to development contractors, land purchase and suppliers needs of tourism and operation equipment.

17. Utang lain-lain

Akun ini merupakan kewajiban dalam mata uang Rupiah. Rincian sebagai berikut :

	31 Desember/ December	
	2018	2017
Pihak ketiga :		
PT Multi Matra Indonesia	53.844.265	59.956.290
Tanda jadi, penerimaan lainnya	247.614.707	236.426.100
dari pembeli	120.301.783	57.460.679
Lainnya	421.760.755	353.843.069
Pihak berelasi :		
PT Argo Manunggal Land	6.710.595	7.004.595
Development	2.073.800	2.073.800
PT Daya Sakti Perdika	8.784.395	9.078.395
Jumlah	430.545.150	362.921.464

Utang lain-lain kepada PT Multi Matra Indonesia ("MMI") terutama merupakan utang Perusahaan sehubungan dengan akuisisi saham PT Garuda Adhimatra Indonesia.

17. Other payables

This account represents liabilities in Rupiah currency. The details are as follows :

Third parties :
PT Multi Matra Indonesia
Booking fee and other funds
received from buyers
Others

Related parties :
PT Argo Manunggal Land
Development
PT Daya Sakti Perdika

Other payables to PT Multi Matra Indonesia ("MMI") mainly represents amount payable in connection with shares acquisition of PT Garuda Adhimatra Indonesia.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

17. Utang lain-lain (lanjutan)

Utang lain-lain kepada PT Argo Manunggal Land Development (“AMLD”) merupakan titipan uang muka penjualan rumah dan kavling tipe Sutera Feronia dari para pembeli individual, sebagaimana diatur dalam perjanjian kerjasama antara entitas anak - PT Alfa Goldland Realty dengan AMLD (lihat 38a).

Utang lain-lain kepada PT Daya Sakti Perdika merupakan utang Perusahaan sehubungan dengan pembelian tanah dan bangunan Wisma Argo Manunggal.

18. Utang pihak berelasi

Terdiri dari :

	31 Desember/ December	
	2018	2017
Dalam Rupiah :		
Entitas anak :		
- PT Alfa Goldland Realty :		
PT Argo Manunggal Land Development	12.250.000	12.250.000
PT Cahaya Alam Raya	1.615.000	-
- PT Delta Mega Persada :		
PT Argo Manunggal Land Development	29.700.000	29.700.000
Jumlah	43.565.000	41.950.000

Utang entitas anak - PT Alfa Goldland Realty dan PT Delta Mega Persada kepada PT Argo Manunggal Land Development serta PT Cahaya Alam Raya merupakan pinjaman tanpa dibebani bunga dan sewaktu-waktu dapat ditagih oleh kreditor.

19. Uang muka setoran modal

Merupakan uang muka setoran modal pada entitas anak oleh kepentingan non-pengendali. Pada saat direalisasikan akan dicatat sebagai kepentingan non-pengendali dalam laporan keuangan konsolidasian. Saldo per 31 Desember 2018 dan 2017 masing-masing sebesar Rp 100.000.000 ribu dan Rp 100.000.000 ribu.

17. Other payables (continued)

Other payables of subsidiary - PT Alfa Goldland Realty to PT Argo Manunggal Land Development represents deposit received for sales of houses and lot of land Sutera Feronia type, from individual buyers, as stated in the co-operation agreement between subsidiary - PT Alfa Goldland Realty and AMLD (see note 38a).

Other payables to PT Daya Sakti Perdika represents Company's payable regarding the purchase of land and building of Wisma Argo Manunggal.

18. Due to related parties

Consist of :

	31 Desember/ December	
	2018	2017
In Rupiah :		
Subsidiary :		
- PT Alfa Goldland Realty :		
PT Argo Manunggal Land Development	12.250.000	12.250.000
PT Cahaya Alam Raya	-	-
- PT Delta Mega Persada :		
PT Argo Manunggal Land Development	29.700.000	29.700.000
Total	41.950.000	41.950.000

Payable of subsidiaries - PT Alfa Goldland Realty and PT Delta Mega Persada to PT Argo Manunggal Land Development and PT Cahaya Alam Raya comprises of loan without interest charges and any time can be demanded by the creditor.

19. Deposit for future stock subscription

Represents deposit for future stock subscription from non-controlling interest to subsidiary. When it has realized, it will recorded as non-controlling interest in the consolidated financial statements. Balance as of 31 December 2018 and 2017 amounting to Rp 100,000,000 thousands and Rp 100,000,000 thousands, respectively.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

20. Uang muka penjualan

20. Sales advances

	31 Desember/ December		
	2018	2017	
Saldo akhir tahun	1.411.231.467	2.274.034.228	Balance at year end
Dikurangi - bagian lancar :			<i>Less - current portion :</i>
Uang muka penjualan yang akan direalisasikan dalam 12 bulan	760.413.116	1.758.941.410	<i>Sales advances will be realized in 12 months</i>
Uang muka penjualan yang akan direalisasikan lebih dari 12 bulan	650.818.351	515.092.818	<i>Sales advances to be realized over 12 months</i>

Merupakan uang muka diterima dari pihak ketiga dalam Rupiah atas penjualan bangunan, tanah kavling dan tanah kepada pembeli individual.

Represents advances received from third parties in Rupiah for sales of buildings, land lots and land to individual customers.

21. Utang bank jangka panjang

21. Long term bank loans

Terdiri dari :

Consist of :

	31 Desember/ December		
	2018	2017	
Dalam Rupiah :			<i>In Rupiah :</i>
PT Bank CIMB Niaga Tbk	218.750.000	293.750.000	<i>PT Bank CIMB Niaga Tbk</i>
PT Bank ICBC Indonesia	164.920.167	254.475.579	<i>PT Bank ICBC Indonesia</i>
PT Bank KEB Hana Indonesia	184.357.678	334.307.878	<i>PT Bank KEB Hana Indonesia</i>
PT Bank MNC Internasional Tbk	63.000.000	65.000.000	<i>PT Bank MNC Internasional Tbk</i>
PT Bank Central Asia Tbk	220.467.091	275.583.864	<i>PT Bank Central Asia Tbk</i>
Jumlah	851.494.936	1.223.117.321	<i>Total</i>
Dikurangi - bagian lancar atas utang bank jangka panjang	425.363.232	434.622.386	<i>Less - current portion of long term bank loan</i>
Utang bank jangka panjang	426.131.704	788.494.935	Long term bank loan

PT Bank CIMB Niaga Tbk

Berdasarkan akta perjanjian kredit No. 24 tanggal 21 Agustus 2013, dalam hubungannya dengan Akta Ketentuan Umum Kredit No. 23 tanggal 21 Agustus 2013, keduanya dibuat di hadapan Notaris Unita Christina Winata, SH, entitas anak - PT Garuda Indonesia Adhimatra memperoleh perlakuan khusus transaksi pinjaman fasilitas I (PTK I) - kredit langsung sebesar Rp 300.000.000 ribu, yang digunakan untuk mengembangkan Garuda Wisnu Kencana proyek, untuk jangka waktu 84 bulan, dengan tingkat bunga 12% per tahun. Pinjaman ini akan jatuh tempo pada tanggal 21 Agustus 2020. Jaminan berupa:

PT Bank CIMB Niaga Tbk

Based on deed of credit agreement No. 24 dated 21 August 2013, in conjunction with Deed of General Terms of Credit No. 23 dated 21 August 2013, both were made by Unita Christina Winata, SH., Notary, the subsidiary - PT Garuda Indonesia Adhimatra obtained special transaction loan facility I (PTK I) - direct credit amounting to Rp 300,000,000 thousands, which will be used for developing of Garuda Wisnu Kencana project, for period of 84 months, with interest rate of 12% per annum. This loan will mature on 21 August 2020. The collaterals are:

21. Utang bank jangka panjang (lanjutan)

PT Bank CIMB Niaga Tbk (lanjutan)

- Hak tanggungan peringkat I sebesar Rp 274.205.000 ribu atas 4 bidang tanah seluas 25.284 m² atas nama PT Alfa Goldland Realty yang terletak di Kec. Serpong Utara, Tangerang Selatan.
- Hak tanggungan peringkat I sebesar Rp 107.391.000 ribu atas tanah seluas 8.275 m² atas nama PT Alfa Goldland Realty yang terletak di Kec. Serpong Utara, Tangerang Selatan.
- Jaminan perusahaan dari PT Alam Sutera Realty Tbk.

Pembayaran akan dilakukan dalam 16 kali angsuran triwulanan, yang dimulai sejak tanggal 21 November 2016.

Berdasarkan Akta Perubahan Ke-1 tanggal 22 November 2016 yang dibuat di hadapan Notaris Unita Christina Winata, SH, telah disetujui untuk *rescheduling* fasilitas pinjaman transaksi khusus I sebesar Rp 300.000.000 ribu, dengan tingkat bunga sebesar 11% per tahun, jangka waktu sampai dengan 21 November 2021 dengan masa tenggang sampai dengan 21 November 2017. Pembayaran dengan cara angsuran bulanan mulai 21 Desember 2017 masing-masing sebesar Rp 6.250.000 ribu.

Per 31 Desember 2018 dan 2017, saldo pinjaman tersebut masing-masing sebesar Rp 218.750.000 ribu dan Rp 293.750.000 ribu.

PT Bank ICBC Indonesia

Berdasarkan Perjanjian Kredit No. 15 tanggal 8 Oktober 2015 yang dibuat di hadapan Notaris Deni Thanur, S.E., S.H., M.Kn., Perusahaan memperoleh fasilitas pinjaman dari PT Bank ICBC Indonesia sebagai berikut:

Pinjaman Tetap on Installment 1 Committed (PTI 1)

Maksimal sebesar Rp 300.000.000 ribu, digunakan untuk pembiayaan proyek Apartemen Kota Ayodhya, jangka waktu 5 tahun termasuk masa tenggang 12 bulan, tingkat bunga sebesar 12% per tahun (mengambang). Jaminan berupa hak tanggungan atas tanah seluas 49.856 m² atas nama PT Alfa Goldland Realty yang terletak di Kec. Cikokol, Tangerang.

21. Long term bank loans (continued)

PT Bank CIMB Niaga Tbk (continued)

- First rank mortgage amounting to Rp 274,205,000 thousands on 4 parcels of land for area of 25,284 sq.m on behalf of PT Alfa Goldland Realty located in Kec. North Serpong, South Tangerang.
- First rank mortgage amounting to Rp 107,391,000 thousands on a land area of 8,275 sq.m on behalf of PT Alfa Goldland Realty located in Kec. North Serpong, South Tangerang.
- Corporate guarantee from PT Alam Sutera Realty Tbk.

Repayments will be made in 16 quarterly installments, commencing from 21 November 2016.

Based on Deed of 1st Amendmend dated 22 November 2016 made by Unita Christina Winata, SH, Notary, it was approved for *rescheduling* special transaction loan facility I amounting to Rp 300,000,000 thousands, with interest rate of 11% per annum, period up to 21 November 2021 with grace period of up to 21 November 2017. The monthly installment amounting to Rp 6,250,000 thousands will commence from 21 December 2017.

As of 31 December 2018 and 2017, the balance of this loan amounted to Rp 218,750,000 thousands and Rp 293,750,000 thousands, respectively.

PT Bank ICBC Indonesia

Based on the Credit Agreement No. 15 dated 8 October 2015 made by Deni Thanur, S.E., S.H., M.Kn., Notary, the Company obtained credit facilities from PT Bank ICBC Indonesia as follows:

PTI 1 (Fixed Loan on Installment 1 Committed)

Maximum of Rp 300,000,000 thousands, is used for financing the project of Kota Ayodhya Apartment, period of 5 years including grace period of 12 months, interest rate of 12% per annum (floating). Collateral in the form of mortgage right in the land area of 49,856 sq.m on behalf of PT Alfa Goldland Realty located in the Kec. Cikokol, Tangerang.

21. Utang bank jangka panjang (lanjutan)

PT Bank ICBC Indonesia (lanjutan)

Pinjaman Tetap on Installment 2 Committed (PTI 2)

Maksimal sebesar Rp 240.000.000 ribu, digunakan untuk pembiayaan proyek Apartemen Paddington Heights, jangka waktu 5 tahun termasuk masa tenggang 10 bulan, tingkat bunga sebesar 12% per tahun (mengambang). Jaminan berupa hak tanggungan atas tanah dan bangunan Apartemen Paddington Heights milik PT Alfa Goldland Realty yang terletak di perumahan Alam Sutera, Tangerang, Banten.

Pinjaman Tetap on Installment 3 Committed (PTI 3)

Maksimal sebesar Rp 250.000.000 ribu, digunakan untuk pembiayaan proyek gedung perkantoran Prominence, jangka waktu 5 tahun termasuk masa tenggang 4 bulan, tingkat bunga sebesar 12% per tahun (mengambang). Jaminan berupa hak tanggungan atas tanah dan bangunan gedung perkantoran Prominence milik PT Alfa Goldland Realty yang terletak di perumahan Alam Sutera, Tangerang, Banten.

Berdasarkan surat dari PT Bank ICBC Indonesia tanggal 14 November 2016 disetujui untuk merubah tingkat bunga menjadi 11,50% per tahun.

Berdasarkan surat dari PT Bank ICBC Indonesia tanggal 6 Februari 2018 disetujui untuk merubah tingkat bunga menjadi 9,50% per tahun.

Perusahaan diharuskan membuka rekening *escrow* untuk pembayaran bunga minimal sejumlah 1 (satu) bulan pembayaran bunga.

Pinjaman Tetap on Installment 2 dan 3 telah dilunasi oleh Perusahaan pada bulan Desember 2017.

Per 31 Desember 2018 dan 2017, saldo pinjaman tersebut masing-masing sebesar Rp 164.920.167 ribu dan Rp 254.475.579 ribu.

PT Bank KEB Hana Indonesia

Berdasarkan Perjanjian Kredit Investasi No. 43 tanggal 24 Juni 2015 yang dibuat di hadapan Notaris Fenny Sugiharto, SH, entitas anak - PT Alfa Goldland Realty (AGR) memperoleh fasilitas pinjaman investasi dari PT Bank KEB Hana Indonesia sebagai berikut :

- 1) Kredit investasi - *Installment Loan* (IL) sebesar Rp 250.000.000 ribu
- 2) Kredit investasi - *Term Loan* (TL) sebesar Rp 250.000.000 ribu

21. Long term bank loans (continued)

PT Bank ICBC Indonesia (continued)

PTI 2 (Fixed Loan on Installment 2 Committed)

Maximum of Rp 240,000,000 thousands, is used for financing the project of Paddington Heights Apartment, period of 5 years including grace period of 10 months, interest rate of 12% per annum (floating). Collateral in the form of mortgage right in the land and building of Paddington Heights Apartment owned by PT Alfa Goldland Realty located in Alam Sutera residential, Tangerang, Banten.

PTI 3 (Fixed Loan on Installment 3 Committed)

Maximum of Rp 250,000,000 thousands, is used for financing the project of Prominence office building, period of 5 years including grace period of 4 months, interest rate of 12% per annum (floating). Collateral in the form of mortgage right in the land and building of Prominence office building owned by PT Alfa Goldland Realty located in Alam Sutera residential, Tangerang, Banten.

Based on the letter from PT Bank ICBC Indonesia on 14 November 2016 agreed to change the interest rate to 11.50% per annum.

Based on the letter from PT Bank ICBC Indonesia on 6 February 2018 agreed to change the interest rate to 9.50% per annum.

The Company is required to maintain an escrow account for the payment of interest of at least the amount of 1 (one) month interest payment.

Fixed Loan on Installment 2 and 3 has been fully repaid on December 2017.

As of 31 December 2018 and 2017, the balance of this loan amounting to Rp 164,920,167 thousands and Rp 254,475,579 thousands, respectively.

PT Bank KEB Hana Indonesia

Based on Investment Credit Agreement No. 43 dated 24 June 2015 made by Fenny Sugiharto, SH, Notary, the subsidiary - PT Alfa Goldland Realty (AGR) obtained investment loan facilities from PT Bank KEB Hana Indonesia as follows :

- 1) Investment loan - *Installment Loan* (IL) amounting to Rp 250,000,000 thousands
- 2) Investment loan - *Term Loan* (TL) amounting to Rp 250,000,000 thousands

21. Utang bank jangka panjang (lanjutan)

PT Bank KEB Hana Indonesia (lanjutan)

Fasilitas ini digunakan untuk konstruksi gedung kantor "The Tower". Jangka waktu fasilitas ini 54 bulan yang termasuk 18 bulan *grace period* setelah pengikatan. Tingkat bunga sebesar 12,50% per tahun, dan sejak tanggal 26 Januari 2017 telah diubah menjadi 12% per tahun.

Berdasarkan surat dari PT Bank KEB Hana Indonesia tanggal 6 Februari 2018, suku bunga pinjaman investasi diubah dari 12% menjadi 11,75% per tahun, berlaku efektif sejak Februari 2018.

Jaminan atas pinjaman ini berupa tanah seluas 7.290 m² dan bangunan seluas 72.662 m², Sertifikat Hak Guna Bangunan No. 278 seluas 6.040 m² dan No. 139 seluas 1.250 m², masing-masing yang terletak di Jl. Jend. Gatot Subroto Kav. 12 dan Kav. 13, seluruhnya atas nama PT Alfa Goldland Realty.

AGR diharuskan membuka rekening *escrow* untuk pembayaran bunga minimal sejumlah 1 (satu) bulan pembayaran bunga.

Per 31 Desember 2018 dan 2017, saldo pinjaman tersebut masing-masing sebesar Rp 184.357.678 ribu dan Rp 334.307.878 ribu.

PT Bank MNC International Tbk

Berdasarkan Akta Perjanjian Kredit No. 190 tanggal 29 Juni 2016 oleh notaris Sulistyaningsih, SH., entitas anak - PT Alfa Goldland Realty memperoleh fasilitas pinjaman transaksi khusus sebesar Rp 130.000.000 ribu yang untuk modal kerja pembiayaan piutang, jangka waktu maksimal 24 bulan, dengan tingkat bunga 12% per tahun. Pembayaran kembali secara *bullet payment* sebesar 50% dari jumlah penarikan di bulan ke-12 sejak tanggal penarikan dan sisanya maksimal 24 bulan. Jaminan berupa tanah yang terletak di Kota Ayodhya, Jl. M.H. Thamrin No. 3, Kelurahan Kelapa Indah, Tangerang, Banten. SHGB No. 1528 atas nama PT Alfa Goldland Realty. Berdasarkan surat dari PT Bank MNC International Tbk tanggal 18 November 2016 disetujui untuk merubah tingkat bunga fasilitas tersebut menjadi 11,75% per tahun.

Berdasarkan akta No. 188 Perubahan ke-1 Perjanjian Kredit tanggal 28 November 2017 oleh notaris Sulistyaningsih, SH, merubah perjanjian kredit sebelumnya menjadi sebagai berikut:

21. Long term bank loans (continued)

PT Bank KEB Hana Indonesia (continued)

This facility is used for the construction of "The Tower" office building. This facility will mature in 54 months which includes a grace period of 18 months from signing of the agreement. Interest rate is 12.50% per annum, and since 26 January 2017 has been amended become 12% per annum.

Based on the letter from PT Bank KEB Hana Indonesia dated 6 February 2018, the interest rate on investment loan changed from 12% to 11.75% per annum, effective since February 2018.

These loans are secured by a parcel of land with an area of 7,290 sq.m and a building of 72,662 sq.m, with Building Right Certificates No. 278 of 6,040 sq.m and No. 139 of 1,250 sq.m, located at Jl. Jend. Gatot Subroto Kav. 12 and Kav 13, respectively, all on behalf of PT Alfa Goldland Realty.

AGR is required to maintain an escrow account for the payment of interest for at least the amount of 1 (one) month interest payment.

As of 31 December 2018 and 2017, the balance of this loan amounting to Rp 184,357,678 thousands and Rp 334,307,878 thousands, respectively.

PT Bank MNC International Tbk

Based on Deed of Credit Agreement No. 190 dated 29 June 2016 made by Sulistyaningsih, SH., subsidiary - PT Alfa Goldland Realty obtained a special transaction loan facility amounting to Rp 130,000,000 thousands for working capital receivable financing, for a period maximum 24 months, with an interest rate of 12% per annum. Repayment with bullet payment of 50% of the amount withdrawn in the 12th months commencing from date of withdrawal and the rest is up to 24 months. The collateral is land located in Kota Ayodhya, Jl. M.H. Thamrin No. 3, Kelurahan Kelapa Indah, Tangerang, Banten. SHGB No. 1528 on behalf of PT Alfa Goldland Realty. Based on the letter from PT Bank MNC International Tbk on 18 November 2016 it was agreed to change the facility interest rate to 11.75% per annum.

Based on notarial deed No. 188 Credit Agreement – Amendment 1 dated 28 November 2017 by notary Sulistyaningsih, SH, changed the previous credit agreement became as follows:

21. Utang bank jangka panjang (lanjutan)

PT Bank MNC International Tbk (lanjutan)

- a. Pinjaman Transaksi Khusus (PTK) fasilitas langsung, *on liquidation basis*, maksimal sebesar Rp 130.000.000 ribu, dengan tingkat bunga 11,75% per tahun, jatuh tempo pada 30 Juni 2018.
- b. Pinjaman Tetap (PT) fasilitas langsung, *revolving basis*, maksimal sebesar Rp 65.000.000 ribu, dengan tingkat bunga 11,50% per tahun, jatuh tempo 28 November 2018.

Jaminan berupa tanah SHGB seluas 38.414 m² atas nama PT Alfa Goldland Realty yang terletak di Tangerang, Banten yang dibebani Hak Tanggungan Peringkat 1 sebesar Rp 195.000.000 ribu.

Berdasarkan surat dari PT Bank MNC Internasional Tbk tanggal 31 Januari 2018, efektif sejak 1 Februari 2018, tingkat bunga pinjaman transaksi khusus telah diubah dari 11,75% menjadi 11% per tahun dan tingkat bunga pinjaman tetap diubah dari 11,50% menjadi 11% per tahun.

Fasilitas Pinjaman Transaksi Khusus (PTK) telah dilunasi pada bulan Juni 2018.

Surat dari PT Bank MNC International Tbk tanggal 1 Oktober 2018, suku bunga pinjaman tetap diubah dari 11% menjadi 11,50% per tahun, berlaku efektif sejak 10 Oktober 2018.

Berdasarkan persetujuan perpanjangan fasilitas kredit tanggal 27 November 2018, bahwa fasilitas kredit pinjaman tetap (PT) maksimal sebesar Rp 65.000.000 ribu, tingkat bunga 11,50% per tahun, jangka waktu 12 bulan sampai dengan 27 November 2019.

Per 31 Desember 2018 dan 2017, saldo pinjaman tersebut masing-masing sebesar Rp 63.000.000 ribu dan Rp 65.000.000 ribu.

21. Long term bank loans (continued)

PT Bank MNC International Tbk (continued)

- a. *Special Transaction Loan (PTK) of direct facility, on liquidation basis, maximum of Rp 130,000,000 thousands, with interest rate of 11.75% per annum, due on 30 June 2018.*
- b. *Fixed Loan (PT) of direct facility, revolving basis, maximum of Rp 65,000,000 thousands, with interest rate of 11.50% per annum, due on 28 November 2018.*

Guaranteed by land area of SHGB of 38,414 sq.m. on behalf of PT Alfa Goldland Realty located in Tangerang, Banten burdened by the 1st Rank Mortgage of Rp 195,000,000 thousands.

Based on the letter from PT Bank MNC International Tbk dated 31 January 2018, effective since 1 February 2018, the special transaction loan rate changed from 11.75% to 11% per annum and the fixed loan interest rate changed from 11.50% to 11% per annum.

Special Transaction Loan (PTK) facility has been fully repaid on June 2018.

Letter from PT Bank MNC International Tbk dated 1 October 2018, the interest rate on fixed loan changed from 11% to 11.50% per annum, effective since 10 October 2018.

Based on approval of the extension of the credit facility on 27 November 2018, that fixed loan credit facility (PT) maximum amounting to Rp 65,000,000 thousands, an interest rate of 11.50% per annum, period of 12 months up to 27 November 2019.

As of 31 December 2018 and 2017, the balance of this loan amounting to Rp 63,000,000 thousands and Rp 65,000,000 thousands, respectively.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

21. Utang bank jangka panjang (lanjutan)

PT Bank Central Asia Tbk

Berdasarkan perjanjian kredit Nomor 31 oleh Notaris Anijaati Sambas, SH, tanggal 20 Desember 2017, Entitas Anak, PT Alfa Goldland Realty memperoleh fasilitas kredit investasi maksimal sebesar Rp 131.465.211.305 yang digunakan untuk mengambil alih pinjaman Perusahaan pada PT Bank ICBC Indonesia Tbk untuk pembiayaan proyek Paddington. Tingkat bunga 9% per tahun. Jangka waktu 5 tahun sampai dengan 20 Desember 2022. Jaminan berupa enam bidang tanah SHGB seluas 9.000 m² yang terletak di Panunggangan Timur, Kec. Pinang, Tangerang, Banten yang dikenal dengan nama Paddington Heights atas nama PT Alfa Goldland Realty serta jaminan perusahaan dari PT Alam Sutera Realty Tbk. Pembayaran kembali secara angsuran bulanan sejak tanggal penarikan.

Berdasarkan perjanjian kredit Nomor 32 oleh Notaris Anijaati Sambas, SH, tanggal 20 Desember 2017, Entitas Anak, PT Alfa Goldland Realty memperoleh fasilitas kredit investasi maksimal sebesar Rp 144.118.652.548 yang digunakan untuk mengambil alih pinjaman Perusahaan pada PT Bank ICBC Indonesia Tbk untuk pembiayaan proyek Prominence. Tingkat bunga 9% per tahun. Jangka waktu 5 tahun sampai dengan 20 Desember 2022. Jaminan berupa sembilan bidang tanah SHGB seluas 13.981 m² yang terletak di Panunggangan Timur, Kec. Pinang, Tangerang, Banten yang dikenal dengan nama Prominence Tower atas nama PT Alfa Goldland Realty serta jaminan perusahaan dari PT Alam Sutera Realty Tbk. Pembayaran kembali secara angsuran bulanan sejak tanggal penarikan.

Berdasarkan surat tanggal 17 Oktober 2018, suku bunga pinjaman investasi diubah dari 9% menjadi 9,50% per tahun, berlaku efektif sejak 25 Oktober 2018.

Per 31 Desember 2018 dan 2017, saldo pinjaman tersebut adalah masing-masing sebesar Rp 220.467.091 ribu dan Rp 275.583.864 ribu.

21. Long term bank loans (continued)

PT Bank Central Asia Tbk

Based on the notarial deed No. 31 of Anijaati Sambas, SH dated 20 December 2017, the Company obtained investment credit facility amounting to Rp 131,465,211 thousands which is used to take over the Company's loan from PT Bank ICBC Indonesia Tbk for Paddington project financing. Interest rate 9% per annum. Duration of 5 years up to 20 December 2022. Guarantee of six plots of land SHGB of 9,000 sq.m located in Panunggangan Timur, Kec. Pinang, Tangerang, Banten known as Paddington Heights on behalf of PT Alfa Goldland Realty and the corporate guarantee from PT Alam Sutera Realty Tbk. Repayment in installments from the withdrawal date.

Based on the notarial deed No. 32 of Anijaati Sambas, SH dated 20 December 2017, the Company obtained investment credit facility amounting to Rp 144,118,652,548 which is used to take over the Company's loan from PT Bank ICBC Indonesia Tbk for Prominence project financing. Interest rate 9% per annum. Duration of 5 years up to 20 December 2022. Guarantee of nine plots of land SHGB of 13,981 sq.m located in East Panunggangan, Kec. Pinang, Tangerang, Banten known as Prominence Tower on behalf of PT Alfa Goldland Realty and the corporate guarantee from PT Alam Sutera Realty Tbk. Repayment in installments from the withdrawal date.

Based on the letter dated 17 October 2018, the interest rate on investment loan changed from 9% to 9.50% per annum, effective since 25 October 2018.

As of 31 December 2018 and 2017, the balance of this loan amounting to Rp 220,467,091 thousands and Rp 275,583,864 thousands, respectively.

	31 Desember/ December	
	2018	2017
22. Utang obligasi		
Dalam Dolar Amerika Serikat :		
Surat Hutang Senior		
(Nominal USD 235.000.000)	3.403.035.000	3.183.780.000
Ditambah/(dikurangi)		
biaya perolehan :		
Diskon	(55.265.289)	(51.704.587)
Biaya emisi obligasi	(63.798.936)	(63.798.936)
Amortisasi biaya perolehan	97.837.403	78.222.276
Jumlah	3.381.808.178	3.146.498.753

22. Bonds payable	
In US Dollar :	
Senior Notes	
(Principal USD 235,000,000)	
Addition/(deduction) of	
acquisition cost :	
Discount	
Bonds issuance costs	
Amortization cost	
Total	

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

22. Utang obligasi (lanjutan)

22. Bonds payable (continued)

	31 Desember/ December		
	2018	2017	
Surat Hutang Senior			Senior Notes
(Nominal USD 245.000.000)	3.547.845.000	3.319.260.000	(Principal USD 245,000,000)
Ditambah/(dikurangi)			Addition/(deduction) of
biaya perolehan :			acquisition cost :
Diskon	(20.097.129)	(18.802.285)	Discount
Biaya emisi obligasi	(57.550.787)	(57.550.787)	Bonds issuance costs
Amortisasi biaya perolehan	30.602.890	16.274.933	Amortization cost
Jumlah	3.500.799.974	3.259.181.861	Total
Jumlah seluruhnya	6.882.608.152	6.405.680.614	Grand total

Nominal USD 235.000.000

Principal USD 235,000,000

Pada tanggal 27 Maret 2013, entitas anak - Alam Synergy Private Limited, menerbitkan obligasi dengan nilai nominal sebesar USD 235.000.000 dengan bunga tetap sebesar 6,95% per tahun. Obligasi ini berjangka 7 tahun dan jatuh tempo pada tanggal 27 Maret 2020. Bunga dibayarkan setiap enam bulan terhitung mulai tanggal 27 September 2013.

On 27 March 2013, the subsidiary - Alam Synergy Private Limited, issued bonds with a total face value of USD 235,000,000, with fixed interest of 6.95% per annum. The bond term is 7 years with maturity on 27 March 2020. Interest should be paid semi-annually commencing on 27 September 2013.

Harga jual obligasi pada saat penawaran sebesar 98,376% dari nilai nominal obligasi dan tercatat di Bursa Efek Singapura (SGX) dengan Bank of New York Mellon sebagai wali amanat.

The selling price of the bonds on issuance was at 98.376% of the principal amount and the bonds are listed on the Singapore Exchange (SGX) with the Bank of New York Mellon as the trustee.

Obligasi harus dilunasi pada tanggal jatuh tempo dengan harga yang sama dengan jumlah pokok obligasi. Pada atau setelah 27 Maret 2017, Perusahaan dapat membayar kembali surat hutangnya, baik sebagian ataupun seluruhnya dengan harga penebusan sebesar 103,475% (2017), 101,738% (2018) dan 100% (2019).

The bonds must be repaid on the maturity date at a price equal to the principal amount. At any time on or after 27 March 2017, the Company may redeem the senior notes, in whole or in part at a redemption price equal to the percentage of principal amount of 103.475% (2017), 101.738% (2018) and 100% (2019).

Hasil penerbitan obligasi akan dipergunakan seluruhnya untuk pengembangan usaha Perusahaan melalui pembelian tanah dan atau pembangunan serta untuk pembayaran fasilitas pinjaman bank yang tercatat saat penerbitan obligasi.

Proceeds of the bonds will be used entirely for business development through purchase of land, construction and development and settlement of bank loans recorded at bond issuance date.

Obligasi ini dijamin oleh PT Alam Sutera Realty Tbk sebagai penjamin induk dan jaminan dari entitas anak (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate, PT Delta Manunggal Raharja, PT Alfa Goldland Realty dan PT Nusa Raya Mitratama).

The bonds are secured by PT Alam Sutera Realty Tbk as the parent guarantor and the guarantee of subsidiaries (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate, PT Delta Manunggal Raharja, PT Alfa Goldland Realty and PT Nusa Raya Mitratama).

Obligasi ini pada saat penerbitan memperoleh peringkat B2 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B+ dari Fitch.

Upon issuance the bonds are rated B2 from Moody's, rated B from Standard & Poor's and rated B+ from Fitch.

22. Utang obligasi (lanjutan)

Nominal USD 245.000.000

Pada tanggal 24 Oktober 2016, entitas anak - Alam Synergy Private Limited, menerbitkan obligasi dengan nilai nominal sebesar USD 245.000.000 dengan bunga tetap sebesar 6,625% per tahun. Obligasi ini berjangka 5,5 tahun dan jatuh tempo pada tanggal 24 April 2022. Bunga dibayarkan setiap enam bulan terhitung mulai tanggal 24 April 2017.

Harga jual obligasi pada saat penawaran sebesar 99,434% dari nilai nominal obligasi dan tercatat di Bursa Efek Singapura (SGX) dengan Bank of New York Mellon sebagai wali amanat.

Obligasi harus dilunasi pada tanggal jatuh tempo dengan harga yang sama dengan jumlah pokok obligasi. Pada atau setelah 24 April 2020, Perusahaan dapat membayar kembali surat hutangnya sampai 35% dengan pendanaan modal pada harga penebusan sebesar 106,625% dari jumlah pokok obligasi.

Hasil penerbitan obligasi dipergunakan untuk mendanai pembelian kembali utang obligasi yang akan jatuh tempo pada tahun 2019.

Obligasi ini dijamin oleh PT Alam Sutera Realty Tbk sebagai penjamin induk dan jaminan dari entitas anak (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Alfa Goldland Realty, PT Nusa Raya Mitratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate dan PT Delta Manunggal Raharja).

Obligasi ini pada saat penerbitan memperoleh peringkat B2 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B+ dari Fitch Rating Ltd.

Pada 31 Desember 2018, peringkat Perusahaan atas obligasi tersebut diatas memperoleh peringkat B2 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B dari Fitch Rating Ltd.

Obligasi tersebut memiliki hak senior atas pembayaran untuk kewajiban saat ini dan akan datang dari penerbit secara tegas atas subordinasi dari hak pembayaran obligasi, dan peringkat paling tidak pari pasu dengan hak pembayaran dengan seluruh unsubordinasi kewajiban dari penerbit.

22. Bonds payable (continued)

Principal USD 245,000,000

On 24 October 2016, the subsidiary - Alam Synergy Private Limited, issued bonds with a total face value of USD 245,000,000, with fixed interest of 6.625% per annum. The bond term is 5.5 years with maturity on 24 April 2022. Interest should be paid semi-annually commencing from 24 April 2017.

The selling price of the bonds on issuance was at 99.434% of the principal amount and the bonds are listed on the Singapore Exchange (SGX) with the Bank of New York Mellon as the trustee.

The bonds must be repaid on the maturity date at a price equal to the principal amount. At any time on or after 24 April 2020, the Company may redeem the senior notes up to 35% with proceeds from equity offering at redemption price of 106.625% of the principal amount of the bonds.

Proceeds of the bonds was used to fund the early redemption of bonds payable that will mature the 2019.

The bonds are secured by PT Alam Sutera Realty Tbk as the parent guarantor and the guarantee of subsidiaries (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Alfa Goldland Realty, PT Nusa Raya Mitratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate and PT Delta Manunggal Raharja).

These bonds upon issuance are rated B2 from Moody's and rated B from Standard & Poor's and rated B+ from Fitch Rating Ltd.

As of 31 December 2018, the Company's rating on those bonds are rated B2 from Moody's and rated B from Standard & Poor's and rated B from Fitch Rating Ltd.

The bonds are senior in right of payment to any existing and future obligations of the issuer expressly subordinated in right of payment to the bonds, and rank at least pari pasu in right of payment with all unsubordinated indebtedness of the issuer.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

23. Uang jaminan yang dapat dikembalikan

Akun ini merupakan kewajiban dalam mata uang Rupiah. Rincian sebagai berikut :

23. Refundable deposit

This account represents liabilities in Rupiah currency. The details are as follows :

	31 Desember/ December		
	2018	2017	
PT CFLD Indonesia Real Estate (CFLD Indonesia)	1.014.723.920	1.170.153.190	PT CFLD Indonesia Real Estate (CFLD Indonesia)
Lainnya	47.474.977	41.189.069	Others
Jumlah	1.062.198.897	1.211.342.259	Total

Pada tanggal 26 Juli 2016, entitas anak - PT Delta Mega Persada telah menerima uang jaminan sebesar Rp 1,45 Triliun dalam rangka kerjasama mengembangkan area Pasar Kemis, Tangerang, Banten dengan anak perusahaan China Fortune Land Development Co., Ltd. – PT CFLD Indonesia Real Estate Development (CFLD Indonesia) untuk pelaksanaan perjanjian selama 5 tahun pertama. Seiring dengan progres kerjasama, jaminan akan dicairkan secara bertahap (selanjutnya lihat catatan 38a).

On 26 July 2016, the subsidiary - PT Delta Mega Persada received a security deposit amounting to Rp 1.45 Trillion in connection with cooperation in developing Pasar Kemis area, Tangerang, Banten, with PT CFLD Indonesia Real Estate Development (CFLD Indonesia), a subsidiary of China Fortune Land Development Co., Ltd. for the implementation of the agreement during the first 5 years. As the cooperation progresses, the security deposit will be gradually released (further see note 38a).

24. Liabilitas imbalan kerja

Perusahaan dan entitas anak membukukan liabilitas imbalan kerja untuk seluruh karyawannya yang memenuhi kualifikasi sesuai dengan UU Ketenagakerjaan No. 13/2003 tanggal 25 Maret 2003 dan PSAK No. 24 “Imbalan Kerja”.

24. Employee benefits obligation

The Company and its subsidiaries calculate and provide employee benefits obligation for all employees who met the qualification of Labor Law No. 13/2003 dated 25 March 2003 and Statements of Financing Accounting Standard (SFAS) No. 24 “Employee benefits”.

Beban imbalan kerja yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah :

Amounts recognized in consolidated statements of income and other comprehensive income in respect of these employee benefits are as follows :

	31 Desember/ December		
	2018	2017	
Biaya jasa kini	10.736.707	8.585.324	Current service cost
Biaya bunga	3.701.857	3.815.062	Interest cost
Biaya jasa lalu	(3.886.985)	(3.900.223)	Past service cost
Jumlah	10.551.579	8.500.163	Total

Kewajiban imbalan kerja di laporan posisi keuangan konsolidasian sebagai berikut :

The amounts included in the consolidated statements of financial position are as follows :

Nilai kini kewajiban yang tidak didanai	84.831.621	83.560.349	Present value of unfunded obligations
Nilai wajar aset program	-	-	Fair value of plan assets
Kewajiban bersih	84.831.621	83.560.349	Net liability

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

24. Liabilitas imbalan kerja (lanjutan)

24. Employee benefits obligation (continued)

Mutasi kewajiban bersih di laporan posisi keuangan konsolidasian adalah sebagai berikut :

Movements in the net liability in the consolidated statements of financial position are as follows :

	31 Desember/ December		
	2018	2017	
Saldo awal	83.560.349	68.601.905	Beginning balance
Pembayaran manfaat	(916.139)	(981.654)	Benefits payment
Beban periode berjalan	10.551.579	8.500.163	Current period expense
Pendapatan komprehensif lain			Other comprehensive income
- pengukuran kembali liabilitas imbalan pasti	(8.364.168)	7.439.935	- remeasurement of a net defined benefits liability
Saldo akhir	84.831.621	83.560.349	Ending balance

Perhitungan aktuarial program manfaat pasti tahun 2018 dan 2017, dilakukan oleh PT Padma Radya Aktuaria - aktuaris independen, dengan menggunakan metode "Projected Unit Credit". Asumsi utama yang digunakan dalam menentukan penilaian aktuarial adalah sebagai berikut :

Defined benefit plan actuarial calculations in year 2018 and 2017, were performed by PT Padma Radya Aktuaria - an independent actuary, using the "Projected Unit Credit" method. The actuarial valuation was carried out by using the following key assumptions :

Tingkat diskonto	8,25%	7,00%	Discount rate
Tingkat kenaikan gaji	8%	8 - 10%	Salary increment rate
Tingkat kematian	TMI-3	TMI-3	Mortality rate
Usia pengunduran diri	55 tahun/year old	55 tahun/year old	Normal retirement rate
Jumlah karyawan yang berhak	1.115	1.258	Number of entitled employees

Analisis sensitivitas dari perubahan asumsi-asumsi utama terhadap liabilitas imbalan kerja jangka panjang untuk tahun-tahun yang berakhir 31 Desember 2018 dan 2017 adalah sebagai berikut :

The sensitivity analysis of changes in main assumptions of the long-term employee benefit obligations for the years ended 31 December 2018 and 2017 are as follows :

Dampak terhadap liabilitas imbalan pasti kenaikan (penurunan)/ Impact on defined benefit liability increase (decrease)			
Perubahan asumsi/ Change in assumptions	Kenaikan dari asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumptions	
<u>31 Desember 2018</u>			<u>31 December 2018</u>
Bunga diskonto	1%	(3.583.543)	4.045.969
Tingkat pertumbuhan gaji	1%	3.843.408	(3.472.388)
<u>31 Desember 2017</u>			<u>31 December 2017</u>
Bunga diskonto	1%	(3.981.865)	4.514.506
Tingkat pertumbuhan gaji	1%	4.216.914	(3.796.816)

25. Modal saham

25. Share capital

	31 Desember/ December		
	2018	2017	
Modal dasar	2.400.000.000	2.400.000.000	Authorized capital
Telah ditempatkan dan disetor penuh	1.964.941.189	1.964.941.189	Issued and fully paid

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

25. Modal saham (lanjutan)

Berdasarkan akta notaris Erly Soehandjojo, SH., No. 256 tanggal 10 November 1997, modal dasar Perusahaan sebesar Rp 20.000.000 ribu yang terbagi atas 20 juta saham dengan nilai nominal Rp 1.000 (Rupiah penuh) per saham dan telah mendapat persetujuan dari Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. C2-4967.HT.01.04.TH.1998 tanggal 12 Mei 1998.

Berdasarkan akta No. 94 tanggal 23 April 2007 yang dibuat oleh notaris Misahardi Wilamarta SH., modal dasar Perusahaan telah ditingkatkan menjadi sebesar Rp 250.000.000 ribu terbagi atas 250.000.000 saham masing-masing saham bernilai nominal Rp 1.000 (Rupiah penuh). Dan meningkatkan modal ditempatkan dan disetor oleh PT Selaras Citamanunggal sebesar Rp 192.000.000 ribu sehingga jumlah modal ditempatkan dan disetor meningkat dari Rp 20.000.000 ribu menjadi Rp 212.000.000 ribu. Perubahan anggaran dasar ini telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia dengan surat keputusan No. WJ-05242 HT. 01.04-TH. 2007 tanggal 8 Mei 2007.

Berdasarkan perjanjian jual beli saham tanggal 28 Mei 2007, disetujui untuk menjual saham Perusahaan yang dimiliki oleh Tuan Karman Widjaya sejumlah 150.000 saham kepada PT Tangerang Fajar Industrial Estate.

Berdasarkan akta notaris Misahardi Wilamarta, SH., No. 111 tanggal 23 Agustus 2007, modal dasar Perusahaan telah ditingkatkan menjadi sebesar Rp 2.400.000.000 ribu yang terbagi atas 2.400.000.000 saham dengan nilai nominal Rp 1.000 (Rupiah penuh) per saham, dan meningkatkan modal ditempatkan dan disetor dari Rp 212.000.000 ribu menjadi Rp 1.398.681.000 ribu, dilakukan berkaitan dengan inbreng saham (lihat catatan 2). Selain itu juga mengubah nama Perusahaan dari semula PT Adhihutama Manunggal menjadi PT Alam Sutera Realty Tbk. Perubahan anggaran dasar ini telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia dengan surat keputusan No. W7-09419HT.01.04-TH.2007 tanggal 27 Agustus 2007.

Berdasarkan akta notaris Misahardi Wilamarta, SH., No. 71 tanggal 19 September 2007 tentang risalah Rapat Umum Pemegang Saham Luar Biasa Perusahaan, disetujui untuk : mengubah status Perusahaan dari Perusahaan tertutup menjadi Perusahaan terbuka; mengubah nilai nominal saham dari Rp 1.000 (Rupiah penuh) per saham menjadi Rp 100 (Rupiah penuh) per saham.

25. Share capital (continued)

Based on notarial deed of Erly Soehandjojo, SH., No. 256 dated 10 November 1997, the authorized capital of the Company is Rp 20,000,000 thousands consists of 20 million shares at nominal value Rp 1,000 (full Rupiah) per share and has been approved by Minister of Justice of the Republic of Indonesia by Decision letter No. C2-4967.HT.01.04.TH.1998 dated 12 May 1998.

Based on notarial deed of Misahardi Wilamarta SH., No. 94 dated 23 April 2007, the Company's authorized capital was increased to Rp 250,000,000 thousands consists of 250,000,000 shares at nominal value @ Rp 1,000 (full Rupiah). And increased issued and fully-paid up capital by PT Selaras Citamanunggal of Rp 192,000,000 thousands, so the total of issued and fully paid-up was increased from Rp 20,000,000 thousands to Rp 212,000,000 thousands. The changes of this article of association, has been approved by Minister of Law and Human Right in the decision letter No. WJ-05242 HT. 01.04-TH. 2007 dated 8 May 2007.

Based on share sales and purchase agreement dated 28 May 2007, it was agreed to sale 150,000 of the Company's shares owned by Mr. Karman Widjaya to PT Tangerang Fajar Industrial Estate.

Based on notarial deed of Misahardi Wilamarta SH., No. 111 dated 23 August 2007, the Company's authorized capital has been increased to Rp 2,400,000,000 thousands consisting of 2,400,000,000 shares at par value of Rp 1,000 (full Rupiah) per share, and the increase of issued and paid-up capital from Rp 212,000,000 thousands to Rp 1,398,681,000 thousands, in relation to share in-specie contribution (see note 2). Also the change of the Company's name, from PT Adhihutama Manunggal into PT Alam Sutera Realty Tbk. The changes of this articles association, was agreed by Minister of Law and Human Right in the decision letter No. W7-09419HT.01.04-TH.2007 dated 27 August 2007.

Based on notarial deed of Misahardi Wilamarta SH., No. 71 dated 19 September 2007 regarding Extraordinary General Shareholders Meeting, it agreed to: change the status of the Company from private company to public company, and to change nominal value of share from Rp 1,000 (full Rupiah) per share to Rp 100 (full Rupiah) per share.

25. Modal saham (lanjutan)

Pada tanggal 7 Desember 2007, Perusahaan memperoleh pernyataan efektif dari Ketua Badan Pengawas Pasar Modal - Lembaga Keuangan (Bapepam - LK) dengan suratnya No. S.6232/BL/2007 untuk melakukan penawaran umum perdana atas 3.142.000.000 saham Perusahaan kepada masyarakat. Pada tanggal 18 Desember 2007, saham tersebut telah dicatatkan pada Bursa Efek Indonesia.

Waran Seri I merupakan efek yang memberikan hak kepada pemegangnya untuk membeli saham biasa atas nama dari portepel Perusahaan dengan nominal Rp 100 (Rupiah penuh) per saham dengan ketentuan pemegang 1 waran berhak membeli 1 saham dengan harga Rp 110 (Rupiah penuh) per saham, dengan masa pelaksanaan sampai dengan 17 Desember 2009. Sampai dengan akhir masa pelaksanaan telah direalisasikan sejumlah 734.291.888 saham atau sebesar Rp 73.429.189 ribu.

Pada 24 Januari 2012, Perusahaan telah meningkatkan modal saham dengan Tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) dengan jumlah 1.786.310.000 saham, nilai nominal Rp 100 (Rupiah penuh) per saham dengan harga pelaksanaan Rp 440 (Rupiah penuh) per saham. Pelaksanaan penerbitan saham baru ini telah mendapat persetujuan dari pemegang saham berdasarkan Berita Acara Rapat Umum Pemegang Saham Luar Biasa No. 47 tanggal 25 Nopember 2011 oleh notaris Arie Susanto SH., bahwa rapat tersebut telah menyetujui penambahan modal tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) paling banyak 10% (sepuluh persen) dari modal disetor Perseroan, yang akan dilakukan dalam jangka waktu 2 (dua) tahun sejak disetujuinya rencana penambahan modal tanpa HMETD.

Berdasarkan pernyataan keputusan Rapat Umum Pemegang Saham Luar Biasa No. 08 tanggal 2 Februari 2012 oleh notaris Unita Christina Winata SH., disetujui penambahan modal tanpa HMETD paling banyak 10% dari modal disetor. Berdasarkan surat dari Biro Administrasi Efek PT Raya Saham Registra tanggal 25 Januari 2012, maka dari hasil penawaran umum terbatas saham dalam rangka penambahan modal tanpa HMETD sejumlah 1.786.310.000 saham telah diambil bagian dan disetor penuh oleh PT Manunggal Prime Development, sehingga dengan demikian jumlah saham yang telah dikeluarkan Perusahaan adalah sejumlah 19.649.411.888 saham dengan nilai sebesar Rp 1.964.941.189 ribu.

25. Share capital (continued)

On 7 December 2007, the Company obtained effective statement from the chairman of the Capital Market Supervisory Agency - Financial Institution (Bapepam - LK) in its letter No. S.6232/BL/2007 for the initial public offering of 3,142,000,000 shares. On 18 December 2007, the said shares have been listed on the Indonesia Stock Exchanges.

Warrant Series I represents securities which offer the rights to stockholders to buy common stock under the name from the Company's portfolio with nominal Rp 100 (full Rupiah) per share, with term of 1 warrant holder has a right to buy 1 share with price of Rp 110 (full Rupiah) per share, with the realization period up to 17 December 2009. Up to the end of realization period, it was realized a sum of 734,291,888 shares amounting to Rp 73,429,189 thousands.

On 24 January 2012, the Company increased the share capital without Preemptive Rights (HMETD) of 1,786,310,000 shares, par value of Rp 100 (full Rupiah) per share at an exercise price of Rp 440 (full Rupiah) per share. The issuance of new shares have been approved by the Shareholders of the Company based on the Minutes of Extraordinary General Shareholders Meeting No. 47 dated 25 November 2011 of notary Arie Susanto SH., pursuant to the meeting, the shareholders approved the issuance of the new share capital without Preemptive Rights for maximum of 10% (ten percent) of the Company's paid up capital, which will be conducted within 2 (two) years from the approval of this plan to increase the capital without Preemptive Rights.

Based on statements of the Extraordinary General Meeting of the Shareholders No. 08 dated 2 February 2012 by notary Unita Christina Winata SH., approved the capital increase without Preemptive Rights maximum 10% of paid-in capital. Based on the letter from the Bureau of Securities Administration of PT Raya Saham Registra on 25 January 2012, the limited public offering of shares in order to increase the capital without Preemptive Rights number of 1,786,310,000 shares have been subscribed and fully paid by PT Manunggal Prime Development, resulting in the number of issued shares of the Company to 19,649,411,888 shares with a value of Rp 1,964,941,189 thousands.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

25. Modal saham (lanjutan)

Susunan pemegang saham Perusahaan tanggal 31
Desember 2018 dan 2017 adalah sebagai berikut :
31 Desember/ December 2018

Pemegang saham/ <i>Shareholder's name</i>	Jumlah saham/ <i>Number of share</i>	Persentase kepemilikan/ <i>Percentage of ownership (%)</i>	Jumlah/ <i>Total</i>
PT Tangerang Fajar Industrial Estate	4.954.100.000	25,21	495.410.000
PT Manunggal Prime Development	4.188.337.864	21,32	418.833.786
PT Argo Manunggal Land Development	129.709.300	0,66	12.970.930
Masyarakat/ <i>Public</i> :			
- Mkes-Client Repo	1.704.550.000	8,67	170.455.000
- Lain-lain/ <i>Others</i>	8.672.714.724	44,14	867.271.473
Jumlah/ <i>Total</i>	19.649.411.888	100,00	1.964.941.189

Tidak ada saham milik masyarakat - lain-lain yang
jumlahnya melebihi 5%.

*There are no amounts of shares held by the public -
others which exceed 5%.*

31 Desember/ December 2017

Pemegang saham/ <i>Shareholder's name</i>	Jumlah saham/ <i>Number of share</i>	Persentase kepemilikan/ <i>Percentage of ownership (%)</i>	Jumlah/ <i>Total</i>
PT Tangerang Fajar Industrial Estate	4.954.100.000	25,21	495.410.000
PT Manunggal Prime Development	4.330.658.764	22,04	433.065.876
Masyarakat/ <i>Publics</i> :			
- Mkes-Client Repo	1.571.229.100	8,00	157.122.910
- Lain-lain/ <i>Others</i>	8.793.424.024	44,75	879.342.403
Jumlah/ <i>Total</i>	19.649.411.888	100,00	1.964.941.189

Tidak ada saham milik masyarakat yang jumlahnya
melebihi 5%.

*There are no amounts of shares held by the public
which exceed 5%.*

26. Tambahan modal disetor - bersih

26. Additional paid in capital - net

	31 Desember/ December	
	2018	2017
Terdiri dari :		
a. Agio saham - bersih	592.493.396	592.493.396
b. Selisih nilai transaksi restrukturisasi entitas sepengendali (catatan 2)	(39.339.518)	(39.339.518)
c. Pengampunan pajak	123.469.527	123.469.527
Jumlah	676.623.405	676.623.405

Consist of :

*a. Share premium - net
b. Difference in value of
restructuring transaction
between entities under
common control (note 2)
c. Tax amnesty*

Total

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

26. Tambahan modal disetor - neto (lanjutan)

26. Additional paid in capital - net (continued)

a. Agio saham - net

a. Share premium - net

	31 Desember/ December		
	2018	2017	
Agio saham - 2007	15.710.000	15.710.000	Share premium - 2007
- 2009	7.342.919	7.342.919	- 2009
- 2012	607.345.400	607.345.400	- 2012
Biaya emisi saham	(37.904.923)	(37.904.923)	Shares issuance expenses
Jumlah	592.493.396	592.493.396	Total

Tahun 2007

Year 2007

Merupakan selisih antara hasil penjualan saham kepada masyarakat dengan nilai nominalnya, rinciannya sebagai berikut :

Represents the difference between the price at which shares were sold to the public and the nominal value, as follows :

Hasil penjualan 3.142.000.000	
saham @ Rp 105 (Rupiah penuh)	Rp 329.910.000
Nilai nominal 3.142.000.000	
saham @ Rp 100 (Rupiah penuh)	Rp 314.200.000
Agio saham	Rp 15.710.000

Proceed from sales of 3,142,000,000	
shares @ Rp 105 (full Rupiah)	Rp 329,910,000
Par value of 3,142,000,000	
shares @ Rp 100 (full Rupiah)	Rp 314,200,000
Share premium	Rp 15,710,000

Tahun 2009

Year 2009

Merupakan selisih antara hasil penjualan saham kepada masyarakat dengan nilai nominalnya, rincian sebagai berikut :

Represents the difference between the price at which shares were sold to the public and the nominal value, as follows :

Hasil penjualan 734.291.888	
saham @ Rp 110 (Rupiah penuh)	Rp 80.772.108
Nilai nominal 734.291.888	
saham @ Rp 100 (Rupiah penuh)	Rp 73.429.189
Agio saham	Rp 7.342.919

Proceed from sales of 734,291,888	
shares @ Rp 110 (full Rupiah)	Rp 80,772,108
Par value of 734,291,888	
shares @ Rp100 (full Rupiah)	Rp 73,429,189
Share premium	Rp 7,342,919

Tahun 2012

Year 2012

Merupakan selisih antara hasil penerbitan saham tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) dengan nilai nominalnya:

Represents the difference between issuance of shares capital without Preemptive Rights (HMETD) and the nominal value, as follows:

Hasil penerbitan 1.786.310.000	
saham @ Rp 440 (Rupiah penuh)	Rp 785.976.400
Nilai nominal 1.786.310.000	
saham @ Rp 100 (Rupiah penuh)	Rp 178.631.000
Agio saham	Rp 607.345.400

Proceed from issuance of 1,786,310,000	
shares @ Rp 440 (full Rupiah)	Rp 785,976,400
Par value of 1,786,310,000	
shares @ Rp100 (full Rupiah)	Rp 178,631,000
Share premium	Rp 607,345,400

Biaya emisi saham

Shares issuance expenses

Merupakan biaya sehubungan dengan penawaran perdana saham yang dilakukan pada bulan Desember 2007 sebesar Rp 9.635.749 ribu dan penerbitan saham tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) pada bulan Januari 2012 sebesar Rp 28.269.174 ribu.

Comprise of expenses incurred for the initial public offering of shares which was conducted in December 2007 amounting to Rp 9,635,749 thousands and issuance of shares capital without Preemptive Rights (HMETD) in January 2012 amounting to Rp 28,269,174 thousands.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

26. Tambahan modal disetor - neto (lanjutan)

26. Additional paid in capital - net (continued)

**b. Selisih nilai transaksi restrukturisasi entitas
sepengendali**

**b. Difference in value of restructuring transaction
between entities under common control**

Lihat catatan 2.

See note 2.

c. Pengampunan pajak

c. Tax amnesty

	31 Desember/ December	
	2018	2017
Terdiri dari :		
a. Perusahaan	2.527.360	2.527.360
b. Entitas anak tertentu	120.942.167	120.942.167
Jumlah	123.469.527	123.469.527

Consist of :

a. The Company
b. Certain subsidiaries

Berdasarkan Surat Keterangan Pengampunan Pajak tertanggal 19 Desember 2016, Perusahaan telah menyampaikan Surat Pernyataan Harta untuk Pengampunan Pajak yang diterima oleh Kantor Pajak dengan nilai harta bersih yang dinyatakan sebesar Rp 2.527.360 ribu. Berdasarkan pernyataan harta tersebut, Perusahaan telah membayar uang tebusan sebesar Rp 75.821 ribu pada tanggal 1 Desember 2016.

Based on Tax Amnesty Letter dated 19 December 2016, the Company submitted a Form of Declaration for Assets for Tax Amnesty which received by the Tax Office with the net assets stated amounting to Rp 2,527,360 thousands. Based on the declaration of the assets, the Company paid a ransom amounted Rp 75,821 thousands on 1 December 2016.

Pada 2016, entitas anak tertentu juga telah menyampaikan Surat Pernyataan Harta untuk Pengampunan Pajak yang diterima oleh Kantor Pajak dengan nilai harta bersih yang dinyatakan sebesar Rp 81.950.720 ribu

In 2016, the certain subsidiaries also submitted a Form of Declaration of Assets for Tax Amnesty which received by the Tax Office with the net assets stated amounting to Rp 81,950,720 thousands.

Berdasarkan pernyataan harta tersebut, entitas anak telah membayar uang tebusan sebesar Rp 1.633.831 ribu. Bagian Grup atas tambahan modal disetor yang berasal dari Pengampunan Pajak entitas anak adalah sebesar Rp 81.526.689 ribu.

Based on the declaration of the assets, the subsidiaries paid a ransom amounted Rp 1,633,831 thousands. Group's portion of the additional paid-in capital from the Tax Amnesty of subsidiaries is Rp 81,526,689 thousands.

Pada 2017, entitas anak tertentu juga telah menyampaikan Surat Pernyataan Harta untuk Pengampunan Pajak yang diterima oleh Kantor Pajak dengan nilai harta bersih yang dinyatakan sebesar Rp 39.869.023 ribu. Berdasarkan pernyataan harta tersebut, entitas anak telah membayar uang tebusan sebesar Rp 1.993.451 ribu. Bagian Grup atas tambahan modal disetor yang berasal dari Pengampunan Pajak entitas anak adalah sebesar Rp 39.415.478 ribu.

In 2017, the certain subsidiaries also submitted a Form of Declaration of Assets for Tax Amnesty which received by the Tax Office with the net assets stated amounting to Rp 39,869,023 thousands. Based on the declaration of the assets, the subsidiaries paid a ransom amounted Rp 1,993,451 thousands. Group's portion of the additional paid-in capital from the Tax Amnesty of subsidiaries is Rp 39,415,478 thousands.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

26. Tambahan modal disetor - neto (lanjutan)

26. Additional paid in capital - net (continued)

c. Pengampunan pajak (lanjutan)

c. Tax amnesty (continued)

Aset Pengampunan Pajak merupakan aset yang dimiliki Perusahaan sebelum dilakukannya Penawaran Umum Perdana Saham (*Initial Public Offering*) di tahun 2007, yang dicatat sebagai aset lain-lain dengan mengkreditkan akun modal disetor lainnya - Pengampunan Pajak. Uang tebusan Pengampunan Pajak dicatat sebagai beban lain-lain.

The Tax Amnesty Assets are assets owned by the Company before conducting Initial Public Offering in 2007, recorded as other assets with credit on account Other Paid in capital - Tax Amnesty. Tax Amnesty ransom recorded as other expense.

27. Selisih transaksi dengan pihak non-pengendali

27. Difference in transaction with non-controlling interests

	31 Desember/ December	
	2018	2017
Terdiri dari :		
PT Delta Mega Persada	(124.820.709)	(124.820.709)
PT Permata Indah Kedaton	25.066.656	25.066.656
PT Alam Sutera Realty Tbk	(1.397)	(1.397)
Jumlah	<u>(99.755.450)</u>	<u>(99.755.450)</u>

Consist of :

PT Delta Mega Persada

PT Delta Mega Persada

Pada Juli 2015, PT Delta Mega Persada (DMP) - entitas anak, melakukan pembelian 33.555 lembar saham PT Permata Indah Kedaton dari PT Bumi Asri Cipta Mandiri - kepentingan non-pengendali, dengan rincian sebagai berikut:

In July 2015, PT Delta Mega Persada (DMP) - subsidiaries, purchased 33,555 shares of PT Permata Indah Kedaton from PT Bumi Asri Cipta Mandiri - non-controlling interest, with details as follows :

Nilai buku aset bersih yang diambil alih	Rp 188.808.710
Harga perolehan	<u>Rp 314.730.850</u>

Net assets - book value which taken over	Rp 188,808,710
Acquisition cost	<u>Rp 314,730,850</u>

Selisih transaksi dengan pihak non-pengendali **(Rp 125.922.140)**

Difference in transaction with non-controlling interests **(Rp 125,922,140)**

Transaksi diatas menghasilkan selisih transaksi dengan pihak non-pengendali pada ekuitas DMP. Bagian Grup atas selisih transaksi dengan pihak non-pengendali tersebut adalah sebesar Rp 124.820.709 ribu.

The above transaction resulted in difference in transactions with non-controlling interest in the equity of the DMP. Part of the Group on the difference transactions with non-controlling interest amounted to Rp 124,820,709 thousands.

PT Permata Indah Kedaton

PT Permata Indah Kedaton

Pada Januari 2016, PT Permata Indah Kedaton (PIK) - entitas anak, melakukan pembelian 5.280 lembar saham PT Duta Realtindo Jaya (DRJ) dari PT Bumi Asri Cipta Mandiri - kepentingan non-pengendali, dengan rincian sebagai berikut:

In January 2016, PT Permata Indah Kedaton (PIK) - subsidiaries, purchased 5,280 shares of PT Duta Realtindo Jaya (DRJ) from PT Bumi Asri Cipta Mandiri - non-controlling interest, with details as follows :

Nilai buku aset bersih yang diambil alih	Rp 38.586.572
Harga perolehan	<u>Rp 13.200.000</u>

Net assets - book value which taken over	Rp 38,586,572
Acquisition cost	<u>Rp 13,200,000</u>

Selisih transaksi dengan pihak non-pengendali **Rp 25.386.572**

Difference in transaction with non-controlling interests **Rp 25,386,572**

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

27. Selisih transaksi dengan pihak non-pengendali (lanjutan)

Transaksi diatas menghasilkan selisih transaksi dengan pihak non-pengendali pada ekuitas DRJ. Bagian Grup atas selisih transaksi dengan pihak non-pengendali tersebut adalah sebesar Rp 25.066.656 ribu.

PT Alam Sutera Realty Tbk

Pada Juli 2016, PT Alam Sutera Realty Tbk menjual sahamnya sebanyak 10.000 lembar saham PT Delta Mega Persada (DMP) kepada CFLD Investment II Pte. Ltd. - kepentingan non-pengendali, dengan rincian sebagai berikut:

Nilai buku aset bersih yang diambil alih	Rp	11.397
Harga jual	Rp	10.000

Selisih transaksi dengan pihak non-pengendali **Rp (1.397)**

Transaksi diatas menghasilkan selisih transaksi dengan pihak non-pengendali pada ekuitas DMP sebesar Rp 1.397 ribu.

28. Saldo laba - ditentukan penggunaannya

Berdasarkan akta Berita Acara Rapat Umum Pemegang Saham Tahunan oleh notaris Shanti Indah Lestari No. 1 tanggal 24 Mei 2018, menyetujui penggunaan laba bersih Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2017, yakni sebesar Rp 1.000.000 ribu sebagai dana cadangan umum Perusahaan.

Berdasarkan akta Berita Acara Rapat Umum Pemegang Saham Tahunan oleh notaris Herna Gunawan, S.H., M.Kn. No. 1 tanggal 7 Juni 2017, menyetujui penggunaan laba bersih Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2016, yakni sebesar Rp 1.000.000 ribu sebagai dana cadangan umum Perusahaan.

Saldo per 31 Desember 2018 dan 2017 masing-masing sebesar Rp 7.000.000 ribu dan Rp 6.000.000 ribu.

27. Difference in transaction with non-controlling interests (continued)

The above transaction resulted in difference in transactions with non-controlling interest in the equity of the DRJ. Part of the Group on the difference transactions with non-controlling interest amounted to Rp 25,066,656 thousands.

PT Alam Sutera Realty Tbk

In July 2016, PT Alam Sutera Realty Tbk sold 10,000 shares of its investment in PT Delta Mega Persada (DMP) to CFLD Investment II Pte. Ltd. - non-controlling interest, with details as follows :

Net assets - book value which taken over	Rp	11,397
Selling price	Rp	10,000

Difference in transaction with non-controlling interests **Rp (1,397)**

The above transaction resulted in difference in transactions with non-controlling interest in the equity of the DMP amounted to Rp 1,397 thousands.

28. Retained earnings - appropriated

Based on deed of Minutes of the Annual General Meeting of Shareholders by notary Shanti Indah Lestari No. 1 dated 24 May 2018, it was approved to use of the Company's net income for the year ended 31 December 2017, amounting to Rp 1,000,000 thousands as the Company's general reserve fund.

Based on deed of Minutes of the Annual General Meeting of Shareholders by notary Herna Gunawan, S.H., M.Kn. No. 1 dated 7 June 2017, it was approved to use of the Company's net income for the year ended 31 December 2016, amounting to Rp 1,000,000 thousands as the Company's general reserve fund.

Balance as of 31 December 2018 and 2017 amounting to Rp 7,000,000 thousands and Rp 6,000,000 thousands, respectively.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

29. Kepentingan non-pengendali

29. Non-controlling interests

31 Desember/ December					
2018			2017		
Jumlah/ Total	%		Jumlah/ Total	%	
Bagian kepentingan non-pengendali atas aset bersih entitas anak			Portion of non-controlling interest on subsidiaries net assets		
PT Delta Mega Persada	15.399.137	0,46	10.509.447	0,46	PT Delta Mega Persada
PT Duta Prakarsa Development	11.785.583	1,00	10.777.250	1,00	PT Duta Prakarsa Development
PT Nusa Cipta Pratama	634.321	0,02	579.517	0,02	PT Nusa Cipta Pratama
PT Alfa Goldland Realty	621.394	0,01	567.922	0,01	PT Alfa Goldland Realty
PT Nusa Raya Mitratama	2.382	0,01	2.276	0,01	PT Nusa Raya Mitratama
PT Permata Indah Kedaton	1.622.964	0,80	1.426.650	0,80	PT Permata Indah Kedaton
PT Duta Realtindo Jaya	1.635.755	0,80	1.437.698	0,80	PT Duta Realtindo Jaya
PT Garuda Adhimatra Indonesia	71.762.997	9,71	77.460.252	9,71	PT Garuda Adhimatra Indonesia
PT Delta Manunggal Raharja	107.313	0,01	95.142	0,01	PT Delta Manunggal Raharja
PT Tangerang Matra Real Estate	4.281.795	0,20	4.420.770	0,20	PT Tangerang Matra Real Estate
	107.853.641		107.276.924		
Bagian kepentingan non-pengendali atas jumlah laba periode berjalan entitas anak			Portion of non-controlling interest on total profit for the period of subsidiaries		
PT Delta Mega Persada	4.884.372	0,46	7.140.102	0,46	PT Delta Mega Persada
PT Duta Prakarsa Development	1.008.124	1,00	562.524	1,00	PT Duta Prakarsa Development
PT Nusa Cipta Pratama	54.159	0,02	30.211	0,02	PT Nusa Cipta Pratama
PT Alfa Goldland Realty	52.846	0,01	29.492	0,01	PT Alfa Goldland Realty
PT Nusa Raya Mitratama	106	0,01	101	0,01	PT Nusa Raya Mitratama
PT Permata Indah Kedaton	196.192	0,80	137.511	0,80	PT Permata Indah Kedaton
PT Duta Realtindo Jaya	197.934	0,80	41.698	0,80	PT Duta Realtindo Jaya
PT Garuda Adhimatra Indonesia	(5.776.402)	9,71	(2.808.435)	9,71	PT Garuda Adhimatra Indonesia
PT Delta Manunggal Raharja	12.171	0,01	146.990	0,01	PT Delta Manunggal Raharja
PT Tangerang Matra Real Estate	(139.045)	0,20	(70.826)	0,20	PT Tangerang Matra Real Estate
	490.457		5.209.368		

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

30. Penjualan, pendapatan jasa dan usaha lainnya

30. Sales, services and other revenues

Rincian penjualan, pendapatan jasa dan usaha lainnya
adalah sebagai berikut :

The details of sales, services and other revenues are
as follows :

	31 Desember/ December		
	2018	2017	
Real estat :			Real estate :
Tanah	1.654.753.603	1.581.462.246	Land
Rumah dan ruko	1.324.101.019	1.281.154.819	Houses and shophouses
Apartemen	268.316.078	675.164.445	Apartments
Gedung perkantoran	289.441.013	4.850.130	Office buildings
	<u>3.536.611.713</u>	<u>3.542.631.640</u>	
Jasa hospitality dan prasarana :			Hospitality and infrastructure :
Pengelolaan kota	103.554.659	84.770.842	Township management
Rekreasi dan olahraga	10.158.818	9.560.677	Recreation and sports
Sewa dan fasilitasnya	144.225.552	156.593.339	Rent and its facility
Lain-lain	73.583.916	54.257.251	Others
	<u>331.522.945</u>	<u>305.182.109</u>	
Pariwisata :			Tourism :
Tiket	67.051.094	40.018.291	Ticket
Restoran	16.029.918	15.380.067	Restaurant
Sewa	17.021.709	9.298.529	Rent
Lainnya	5.459.258	2.754.215	Others
	<u>105.561.979</u>	<u>67.451.102</u>	
Lainnya	<u>1.561.523</u>	<u>1.842.247</u>	Others
Jumlah	<u>3.975.258.160</u>	<u>3.917.107.098</u>	Total
Jumlah unit real estat terjual :			Number of units of real estate sold :
Tanah	106 unit/units	45 unit/units	Land
Rumah dan ruko	773 unit/units	1.082 unit/units	Houses and shophouses
Apartemen	462 unit/units	1.524 unit/units	Apartements
Gedung perkantoran	13 unit/units	1 unit/unit	Office buildings
Rincian penjualan kepada pihak berelasi adalah :			The details of sales to related parties are :
Karyawan kunci	2.415.000	5.335.222	Key employees
Entitas pihak berelasi	3.934.036	8.193.549	Related party entities
Jumlah	<u>6.349.036</u>	<u>13.528.771</u>	Total

Pendapatan jasa *hospitality* dan prasarana berasal dari iuran pemeliharaan lingkungan seperti iuran listrik, air, kebersihan dan keamanan. Pendapatan sewa berasal dari sewa lahan Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera dan gedung kantor - Wisma Argo Manunggal serta iuran dari fasilitas rekreasi dan olah raga dan lainnya.

Hospitality and infrastructure revenue is derived from property maintenance fees such as electricity, water, cleaning and security. Income from rent is derived from rental of Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera and office building - Wisma Argo Manunggal and dues from recreation and sport facilities and others.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

30. Penjualan, pendapatan jasa dan usaha lainnya
(lanjutan)

Pada bulan November 2018, terdapat penjualan tanah yang berlokasi di Kec. Pinang, Tangerang kepada pihak berelasi - PT Selaras Cita Manunggal sebesar Rp 28.011.818 ribu sehubungan dengan pembebasan lahan terkait pembangunan jalan tol.

Tidak ada penjualan lain pada entitas pihak berelasi yang jumlahnya melebihi 0,5% dari modal disetor.

Penjualan yang melebihi 10% dari pendapatan grup adalah sebagai berikut :

30. Sales, services and other revenues (continued)

In November 2018, there is a sale of land located in Pinang District, Tangerang to related party - PT Selaras Cita Manunggal amounting to Rp 28,011,818 thousands in connection with land acquisition related to toll road construction.

There is no other sales from related parties exceeding 0.5% of paid-up capital.

Sales which exceeded of 10% of the revenue of the group are as follows :

	31 Desember/ December		
	2018	2017	
PT Indonic Tangerang Investment (d/h PT CFLD Investment Indonesia)	<u>1.176.454.523</u>	<u>1.371.415.124</u>	PT Indonic Tangerang Investment (formerly PT CFLD Investment Indonesia)
Penjualan kepada pihak ketiga - PT Indonic Tangerang Investment (d/h PT CFLD Investment Indonesia) merupakan penjualan tanah dan bangunan.			Sales to third party - PT Indonic Tangerang Investment (formerly PT CFLD Investment Indonesia) represents sales of land and buildings.

31. Beban pokok penjualan

Rincian beban pokok penjualan berdasarkan kelompok produk utama adalah sebagai berikut :

31. Cost of sales

The details of cost of sales according to main product group are as follows :

	31 Desember/ December		
	2018	2017	
Real estat :			Real estate :
Tanah	301.267.198	210.776.526	Land
Rumah dan ruko	553.889.858	629.466.314	Houses and shophouses
Apartemen	147.983.584	399.297.591	Apartments
Gedung perkantoran	<u>163.050.193</u>	<u>1.946.597</u>	Office buildings
	<u>1.166.190.833</u>	<u>1.241.487.028</u>	
Jasa hospitality dan prasarana :			Hospitality and infrastructure :
Rincian beban pokok penjualan sebagai berikut :			The details of cost of sales are as follows :
Pengelolaan kota	112.855.920	92.681.890	Township management
Rekreasi dan olahraga	6.072.836	4.957.108	Recreation and sports
Sewa dan fasilitasnya	122.653.038	118.187.460	Rent and its facility
Lain-lain	<u>90.647.208</u>	<u>53.451.614</u>	Others
	<u>332.229.002</u>	<u>269.278.072</u>	

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

31. Beban pokok penjualan (lanjutan)

31. Cost of sales (continued)

	31 Desember/ December	
	2018	2017
Pariwisata :		Tourism :
Rincian beban pokok penjualan sebagai berikut :		The details of cost of sales are as follows :
Tiket	17.252.722	16.897.339 Ticket
Restoran	10.957.451	7.871.755 Restaurant
Sewa	671.096	1.795.495 Rent
Lainnya	2.480.309	1.947.533 Others
	<u>31.361.578</u>	<u>28.512.122</u>
Lainnya	<u>1.493.401</u>	<u>1.806.694</u> Others
Jumlah	<u>1.531.274.814</u>	<u>1.541.083.916</u> Total

32. Beban penjualan

32. Selling expenses

	31 Desember/ December	
	2018	2017
Promosi dan iklan	107.149.932	72.675.299 Promotion and advertisement
Komisi penjualan	19.620.053	14.703.124 Sales commission
Keperluan kantor dan lainnya	11.035.428	5.029.876 Office supplies and others
Telepon, listrik dan air	1.007.954	1.099.882 Telephone, electricity and water
Jumlah	<u>138.813.367</u>	<u>93.508.181</u> Total

33. Beban umum dan administrasi

33. General and administrative expenses

	31 Desember/ December	
	2018	2017
Beban gaji, upah dan tunjangan	198.386.866	183.706.655 Salaries, wages and allowances
Penyusutan aset tetap	37.422.778	36.524.669 Depreciation of fixed assets
Beban konsultan	15.016.566	15.025.012 Consultant fees
Penyisihan imbalan kerja	9.635.440	7.518.508 Provision of employee benefits
Pemeliharaan aset dan proyek	10.125.476	8.078.805 Maintenance of assets and project
Telepon, fax, listrik dan air	5.692.419	5.954.973 Telephone, fax, electricity and water
Keperluan proyek dan kantor	9.422.304	8.644.149 Project and office supplies
Iuran dan pajak daerah	8.752.970	7.627.266 Retribution and contributions
Asuransi	2.834.101	5.160.651 Insurance
Penyisihan penurunan nilai piutang usaha	12.420.366	6.132.231 Allowance for declining in value of accounts receivable
Transportasi	4.528.833	4.078.254 Transportations
Perjalanan dinas	2.009.328	843.775 Travelling
Perijinan	615.903	369.311 Permit
Keamanan dan kebersihan	2.918.796	2.133.510 Security and tidiness
Lain-lain	7.441.908	5.185.930 Others
Jumlah	<u>327.224.054</u>	<u>296.983.699</u> Total

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

34. Laba bersih per saham

Laba per saham dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham yang beredar dalam periode tersebut.

34. Earning per share

Earning per share is calculated by dividing net income attributable to shareholders of the parent company over the weighted average number of shares outstanding during the period.

	31 Desember/ December		
	2018	2017	
Jumlah laba periode berjalan yang dapat diatribusikan kepada pemilik entitas induk	970.096.143	1.379.979.809	Total profit for the period attributable to owners of the parent company
Rata-rata tertimbang jumlah lembar saham yang beredar	19.649.411.888	19.649.411.888	Weighted average of total outstanding shares
Laba per saham (Rupiah penuh)	49,37	70,23	Earning per share (Full Rupiah)

35. Pembagian dividen

Berdasarkan akta Berita Acara Rapat Umum Pemegang Saham Tahunan oleh notaris Herna Gunawan, S.H., M.Kn. No. 1 tanggal 7 Juni 2017, menyetujui penggunaan laba bersih Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2016, yakni sebesar Rp. 29.474.118 ribu untuk dibagikan sebagai dividen tunai kepada pemegang saham dengan ketentuan setiap 1 lembar saham akan mendapatkan dividen tunai sebesar Rp 1,5 (Rupiah penuh).

35. Dividend distribution

Based on deed of Minutes of the Annual General Meeting of Shareholders by notary Herna Gunawan, S.H., M.Kn. No. 1 dated 7 June 2017, it was approved to use of Company's net income for the year ended 31 December 2016, amounting to Rp 29,474,118 thousands for distribution as cash dividends to shareholders with the provisions of every 1 share will receive cash dividend of Rp 1.5 (Full amount).

36. Transaksi dengan pihak berelasi

Rincian sifat hubungan dan jenis transaksi yang material dengan pihak berelasi adalah sebagai berikut :

36. Transactions with related parties

The details of relationship nature and type of material transactions with related parties are as follows :

Pihak berelasi/Related parties	Sifat hubungan istimewa/ Nature of relationship	Transaksi/Transactions
PT Argo Manunggal Land Development	Hubungan kepemilikan/penyertaan/ Ownership/investment	Jasa konstruksi, penerimaan pinjaman dan titipan uang muka diterima proyek Sutera Feronia/ Construction, loan received and advance deposit received of Sutera Feronia project
PT Daya Sakti Perdika	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pembelian tanah dan bangunan/ Purchase of land and building
PT Jakarta Cakratunggal Steel Mills	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pembelian besi/ Purchase of steel
PT Cahaya Alam Raya	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pinjaman/ Loan
PT Pralon	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pemasok/ Supplier
PT Selaras Cita Manunggal	Hubungan kepemilikan/penyertaan/ Ownership/investment	Penjualan bahan baku plastik/ Sales of plastic raw material
		Penjualan tanah/ Sales of land

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

36. Transaksi dengan pihak berelasi (lanjutan)

36. Transactions with related parties (continued)

	31 Desember/ December		
	2018	2017	
Akun ini terdiri dari :			This accounts consists of :
Piutang pihak berelasi (catatan 9) :			Amounts due from related parties (note 9) :
PT Cahaya Alam Raya	176.000	1.076.000	PT Cahaya Alam Raya
Persentase dari jumlah aset	0,001%	0,005%	Percentage from total assets
Uang muka dibayar - pembelian besi beton PT Jakarta Cakratunggal Steel Mills	3.126.054	823.425	Advance payment - steel purchase PT Jakarta Cakratunggal Steel Mills
Persentase dari jumlah aset	0,015%	0,004%	Percentage from total assets
Utang usaha (catatan 16) PT Cahaya Alam Raya PT Jakarta Cakratunggal Steel Mills	5.163.948 316.445	2.658.349 316.445	Trade payables (note 16) PT Cahaya Alam Raya PT Jakarta Cakratunggal Steel Mills
Jumlah	5.480.393	2.974.794	Total
Persentase dari jumlah liabilitas	0,048%	0,024%	Percentage from total liabilities
Utang lain-lain (catatan 17) PT Argo Manunggal Land Development PT Daya Sakti Perdika	6.710.595 2.073.800	7.004.595 2.073.800	Other payables (note 17) PT Argo Manunggal Land Development PT Daya Sakti Perdika
Jumlah	8.784.395	9.078.395	Total
Persentase dari jumlah liabilitas	0,077%	0,075%	Percentage from total liabilities
Utang pihak berelasi (catatan 18) :			Amount due to related parties (note 18) :
PT Argo Manunggal Land Development PT Cahaya Alam Raya	41.950.000 1.615.000	41.950.000 -	PT Argo Manunggal Land Development PT Cahaya Alam Raya
Jumlah	43.565.000	41.950.000	Total
Persentase dari jumlah liabilitas	0,384%	0,345%	Percentage from total liabilities
Penjualan Karyawan kunci, keluarga dekat yang melebihi Rp 1 milyar	2.415.000	5.335.222	Sales Key personel, close family which exceed Rp 1 billion
Persentase dari jumlah penjualan	0,061%	0,014%	Percentage from total sales
Pembelian - pembelian besi beton PT Jakarta Cakratunggal Steel Mills	12.106.378	9.778.708	Purchases - purchase of steel PT Jakarta Cakratunggal Steel Mills
Persentase dari jumlah beban pokok penjualan	0,791%	0,634%	Percentage from total cost of sales

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

37. Segmen operasi

1. Informasi bentuk segmen berdasarkan jenis produk dan jasa :

Perusahaan dan entitas anak bergerak dalam bidang yang sama yakni real estat dan properti, kecuali Alam Sutera International Pte Ltd, Alam Synergy Pte Ltd merupakan entitas bertujuan khusus, Silkwood Pte Ltd merupakan konsultan manajemen bisnis, Carlisle Venture Pte Ltd merupakan jasa pelayanan bisnis, meminjamkan dana dan penjualan barang serta PT Garuda Adhimatra Indonesia bergerak di bidang pembangunan real estat dan operator kawasan pariwisata.

2. Informasi tentang laba atau rugi, aset dan liabilitas segmen adalah sebagai berikut :

37. Operating segment

1. Segment information by product and services :

The Company and its subsidiaries operate in the same activity being real estate and property industry, except for Alam Sutera International Pte Ltd, Alam Synergy Pte Ltd as special purpose entities, Silkwood Pte Ltd as business management consultancy, Carlisle Venture Pte Ltd service as business services, money lending and sale of goods and PT Garuda Adhimatra Indonesia in real estate development and operator of tourism area.

2. Information about profit or loss, segment assets and liabilities are as follows :

	Untuk tahun yang berakhir 31 Desember 2018/ For the year ended 31 December 2018				
	Pengembang properti/ <i>Property developer</i>	Properti investasi/ <i>Investment properties</i>	Pariwisata/ <i>Tourism</i>	Lain-lain/ <i>Others</i>	Konsolidasi/ <i>Consolidated</i>
Penjualan, pendapatan jasa dan usaha lainnya/ <i>Sales, services and other revenues</i>	3.536.611.713	144.225.552	105.561.980	188.858.915	3.975.258.160
Laba (rugi) bruto/ <i>Gross profit (loss)</i>	2.370.420.879	21.572.795	74.200.402	(22.210.730)	2.443.983.346
Pendapatan bunga/ <i>Interest income</i>	-	-	-	-	19.128.723
Beban bunga/ <i>Interest expense</i>	-	-	-	-	442.404.865
Penyusutan dan amortisasi/ <i>Depreciation and amortization</i>	11.981.202	40.283.476	25.670.393	8.431.629	86.366.700
Beban pajak penghasilan/ <i>Income tax expense</i>	-	-	-	-	64.686.328
Laba tahun berjalan/ <i>Income for the year</i>	-	-	-	-	970.586.600
Informasi lainnya/ <i>Other information</i>					
Aset segmen dilaporkan/ <i>Segment assets reporting</i>	18.465.230.005	802.517.731	1.427.332.507	195.845.323	20.890.925.564
Liabilitas segmen dilaporkan/ <i>Segment liabilities reporting</i>	10.251.708.834	597.420.302	308.738.780	181.700.540	11.339.568.456

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

37. Segmen operasi (lanjutan)

37. Operating segment (continued)

	Untuk tahun yang berakhir 31 Desember 2017/ For the year ended 31 December 2017				
	Pengembang properti/ <i>Property developer</i>	Properti investasi/ <i>Investment properties</i>	Pariwisata/ <i>Tourism</i>	Lain-lain/ <i>Others</i>	Konsolidasi/ <i>Consolidated</i>
Penjualan, pendapatan jasa dan usaha lainnya/ <i>Sales, services and other revenues</i>	3.542.631.639	157.078.559	67.451.102	149.945.798	3.917.107.098
Laba (rugi) bruto/ <i>Gross profit (loss)</i>	2.301.144.611	36.420.002	38.953.564	(494.995)	2.376.023.182
Pendapatan bunga/ <i>Interest income</i>	-	-	-	-	42.715.169
Beban bunga/ <i>Interest expense</i>	-	-	-	-	314.061.338
Penyusutan dan amortisasi/ <i>Depreciation and amortization</i>	11.002.670	40.557.905	27.919.532	5.754.718	85.234.825
Beban pajak penghasilan/ <i>Income tax expense</i>	-	-	-	-	59.475.254
Laba tahun berjalan/ <i>Income for the year</i>	-	-	-	-	1.385.189.177
Informasi lainnya/ <i>Other information</i>					
Aset segmen dilaporkan/ <i>Segment assets reporting</i>	18.448.426.798	838.771.166	1.283.882.516	157.350.007	20.728.430.487
Liabilitas segmen dilaporkan/ <i>Segment liabilities reporting</i>	11.564.753.938	93.545.802	332.199.542	165.239.625	12.155.738.907

38. Perjanjian-perjanjian penting

38. Significant agreements

Pihak berelasi :

Related parties :

- Berdasarkan perjanjian kerjasama antara entitas anak - PT Alfa Goldland Realty (AGR) dengan PT Argo Manunggal Land Development (AMLD) tanggal 28 Februari 2006, disepakati untuk mengembangkan tanah menjadi kawasan perumahan berikut fasilitasnya dan menyatu dengan kawasan perumahan Alam Sutera. Untuk ini pihak AMLD menyediakan tanah berikut biaya-biaya proyek dan AGR diberi kuasa untuk menjual kavling-kavling tersebut. Jangka waktu perjanjian adalah sampai seluruh kavling dalam proyek habis terjual. Untuk setiap transaksi penjualan, AGR memperoleh komisi, biaya pemasaran dan pengawasan sebesar 5% dari nilai transaksi penjualan.

- Based on the cooperation agreement between subsidiary - PT Alfa Goldland Realty (AGR) and Argo Manunggal Land Development (AMLD) dated 28 February 2006, it was agreed to develop land into real estate including facilities to become integrated as one with Alam Sutera real estate. For this purpose AMLD provides land including the cost of project and AGR obtains the authority to sell the plots of land. Period of this agreement is until all lots of land are sold. For every sales transaction, AGR will receive commission, marketing and supervision fee of 5% from amount of sales transaction.

38. Perjanjian-perjanjian penting (lanjutan)

Pihak ketiga :

- a. Berdasarkan Nota Kesepahaman tanggal 28 Desember 2015 antara Perusahaan dengan China Fortune Land Development Co., Ltd (CFLD) dengan tujuan untuk mengembangkan area Pasar Kemis, Tangerang, Banten yang bertujuan untuk mempercepat pertumbuhan ekonomi dan pembangunan kawasan urban dengan membangun kota mandiri baru yang terdiri dari kawasan residensial, kawasan komersial, dan kawasan industrial dalam rangka bersama-sama mengembangkan area Pasar Kemis, Tangerang, Banten. CFLD akan bertanggung jawab atas investasi, pengembangan, dan pengelolaan, termasuk keseluruhan perencanaan, konstruksi, dan pengelolaan infrastruktur, fasilitas publik, dan area terpadu yang mencakup dalam keseluruhan perencanaan untuk Lokasi Kerjasama. Perusahaan akan bertanggung jawab untuk menyediakan tanah dan membantu CFLD dalam hal pengembangan, konstruksi, dan pengelolaan. Adapun harga jual dan luas tanah yang akan diserahkan akan ditentukan lebih lanjut.

Pada tanggal 22 Juni 2016 telah dilakukan perjanjian kerjasama antara CFLD Investment II Pte. Ltd, CFLD Investment III Pte. Ltd, PT CFLD Indonesia Real Estate Development ("CFLD Indonesia"), PT Alam Sutera Realty Tbk, PT Delta Mega Persada dan PT Delta Manunggal Raharja untuk pengembangan kompleks perumahan, bisnis, kawasan komersial dan industry yang berlokasi di Pasar Kemis, Tangerang seluas ± 500 hektar. Untuk kerja sama itu CFLD Indonesia memberikan jaminan (refundable deposit) sebesar Rp 1.450.000.000 ribu sebagai pelaksanaan perjanjian pada fase 5 tahun pertama kerjasama.

- b. Berdasarkan perjanjian bersyarat jual beli tanah dan bangunan tanggal 6 Desember 2017 dan 2 Februari 2018 antara PT Delta Mega Persada (DMP) - entitas anak dengan PT Indonic Tangerang Investment, DMP akan menjual beberapa bidang tanah seluas sekitar 80,5 hektar yang berlokasi di Desa Sindang Jaya, Kab. Tangerang. Jumlah area yang telah direalisasikan sampai dengan 31 Desember 2018 adalah sebesar 50,2 hektar.

38. Significant agreements (continued)

Third parties :

- a. Based on the Memorandum of Understanding dated 28 December 2015 between the Company and China Fortune Land Development Co., Ltd. (CFLD) with the aim of developing a market area Pasar Kemis, Tangerang, Banten, which aims accelerate economic growth and development of urban areas by building a new township consisting of residential areas, commercial areas and industrial area in order to jointly develop the area Pasar Kemis, Tangerang, Banten. CFLD will responsible for investment, development, and management, including overall planning, construction and management of infrastructure, public facilities, and an integrated area that includes in the overall planning for the location under cooperation. The company will responsible for providing the land and assisting CFLD in terms of development, construction, and management. The selling price and land area to be delivered will be determined later.

On 22 June 2016 was signed a cooperation agreement between CFLD Investment II Pte. Ltd, CFLD Investment III Pte. Ltd, PT CFLD Indonesia Real Estate Development ("CFLD Indonesia"), PT Alam Sutera Realty Tbk, PT Delta Mega Persada and PT Delta Manunggal Raharja for the development of housing estates, business, commercial areas and industries located in Pasar Kemis, Tangerang area of ± 500 hectares. For that cooperation CFLD Indonesia has provided a guarantee (refundable deposit) amounting to Rp 1,450,000,000 thousands as the implementation of the agreement on the phase of the first 5 years for cooperation.

- b. Based on the conditional agreement on the sale and purchase of land and buildings dated 6 December 2017 and 2 February 2018 between PT Delta Mega Persada (DMP) - the subsidiary and PT Indonic Tangerang Investment, DMP will sell some plot of land for area of approximately 80.5 hectares located in Desa Sindang Jaya, Kab. Tangerang. The total area that has been realized until 31 December 2018 is 50.2 hectares.

38. Perjanjian-perjanjian penting (lanjutan)

- c. Berdasarkan perjanjian bersyarat jual beli tanah dan bangunan tanggal 2 Desember 2016 antara entitas anak - PT Delta Manuggal Rahardja dengan PT CFLD Investment Indonesia, entitas anak - PT Delta Manuggal Rahardja akan menjual beberapa bidang tanah seluas sekitar 65 hektar yang berlokasi di Desa Wanakerta, Pasir Gadung dan Telagasari, Kab. Tangerang. Jumlah area yang telah direalisasikan sampai dengan 31 Desember 2018 adalah sebesar 69,6 hektar.
- d. Perjanjian pengelolaan gedung Synergy Building antara entitas anak - PT Duta Prakarsa Development (DPD) dengan Jones Lang LaSalle (JLL), di mana JLL akan memberikan jasa properti manajemen kepada DPD dalam mengelola gedung yang berlokasi di Jl. Jalur Sutera Barat, Alam Sutera, Serpong, Tangerang. Perjanjian ini berlaku untuk jangka waktu 1 tahun dari 1 Juli 2016 dan berakhir pada 30 Juni 2017. Perjanjian ini telah diperpanjang sampai dengan 30 Juni 2019 dengan jasa pengelolaan bulanan sebesar Rp 68.000 ribu tidak termasuk PPN untuk periode 1 Juli 2017 sampai 30 Juni 2018 dan sebesar Rp 72.500 ribu tidak termasuk PPN untuk periode 1 Juli 2018 sampai 30 Juni 2019.
- e. Perjanjian pengelolaan gedung the Prominence Office Tower antara entitas anak - PT Alfa Goldland Realty (AGR) dengan Jones Lang LaSalle (JLL), di mana JLL akan memberikan jasa properti manajemen kepada AGR dalam mengelola gedung yang berlokasi di Jl. Jalur Sutera Barat No. 15, Alam Sutera, Serpong, Tangerang. Perjanjian ini berlaku untuk jangka waktu 3 tahun dari 1 Desember 2015 dan berakhir pada 30 November 2018. Perjanjian ini telah diperpanjang sampai dengan 30 November 2020 dengan jasa pengelolaan bulanan sebesar Rp 47.250 ribu tidak termasuk PPN untuk tahun 2019 dan sebesar Rp 49.613 ribu tidak termasuk PPN untuk tahun 2020.
- f. Perjanjian pengelolaan gedung Apartemen Silkwood antara entitas anak - PT Nusa Cipta Pratama (NCP) dengan Jones Lang LaSalle (JLL), di mana JLL akan memberikan jasa properti manajemen kepada NCP dalam mengelola gedung yang berlokasi di Jl. Lingkar Barat Kav 1, Alam Sutera, Serpong, Tangerang. Perjanjian ini berlaku untuk jangka waktu 3 tahun dari 1 Juni 2016 dan berakhir pada 31 Mei 2019. Uang jasa pengelolaan bulanan untuk tahun ke-1 sebesar Rp 57.500 ribu, tahun ke-2 sebesar Rp 61.579 ribu dan tahun ke-3 sebesar Rp 65.657 ribu belum termasuk PPN.

38. Significant agreements (continued)

- c. Based on the conditional agreement on the sale and purchase of land and buildings dated 2 December 2016 between the subsidiary - PT Delta Manuggal Rahardja and PT CFLD Investment Indonesia, the subsidiary - PT Delta Manuggal Rahardja will sell some lots of land for area of approximately 65 hectares located in Desa Wanakerta, Pasir Gadung and Telagasari, Kab. Tangerang. The total area that has been realized until 31 December 2018 is 69.6 hectares.
- d. Building management agreement for the Synergy Building between subsidiary - PT Duta Prakarsa Development (DPD) and Jones Lang LaSalle (JLL), where JLL will provide property management services to DPD for the building premises located at Jl. Jalur Sutera Barat, Alam Sutera, Serpong, Tangerang. This agreement shall be effective for one (1) year from 1 July 2016 and shall expire on 30 June 2017. This agreement has been extended up to 30 Juni 2019 with a monthly management fee of Rp 68,000 thousands exclusive of VAT for period of 1 July 2017 up to 30 June 2018 and Rp 72,500 thousands exclusive of VAT for period of 1 July 2018 up to 30 June 2019.
- e. Building management agreement for the Prominence Office Tower between subsidiary - PT Alfa Goldland Realty (AGR) and Jones Lang LaSalle (JLL), where JLL will provide property management services to AGR for the building premises located at Jl. Jalur Sutera Barat No. 15, Alam Sutera, Serpong, Tangerang. This agreement shall be effective for three (3) year from 1 December 2015 and shall expire on 30 November 2018. This agreement has been extended up to 30 November 2020 with a monthly management fee of Rp 47,250 thousands excluded of VAT for 2019 and Rp 49,613 thousands excluded of VAT for 2020.
- f. Building management agreement for Silkwood Apartment between subsidiary - PT Nusa Cipta Pratama (NCP) and Jones Lang LaSalle (JLL), where JLL will provide property management services to NCP for the building premises located at Jl. Lingkar Barat Kav 1, Alam Sutera, Serpong, Tangerang. This agreement shall be effective for three (3) years from 1 June 2016 and shall expire on 31 May 2019. Monthly management fee for the 1st year amounting to Rp 57,500 thousands, the 2nd year amounting to Rp 61,579 thousands and the 3rd year amounting to Rp 65,657 thousands exclusive of VAT.

38. Perjanjian-perjanjian penting (lanjutan)

- g. Perjanjian pengelolaan gedung Apartemen Ayodhya antara entitas anak - PT Alfa Goldland Realty (AGR) dengan Jones Lang LaSalle (JLL), di mana JLL akan memberikan jasa properti manajemen kepada AGR dalam mengelola gedung yang berlokasi di Jl. MH Thamrin, Tangerang. Perjanjian ini berlaku untuk jangka waktu 5 tahun dari 01 November 2016 dan berakhir pada 31 Oktober 2021. Uang jasa pengelolaan bulanan untuk tahun ke-1 sebesar Rp 55.000 ribu, tahun ke-2 sebesar Rp 65.000 ribu, tahun ke-3 sebesar Rp 72.500 ribu, tahun ke-4 sebesar Rp 78.000 ribu dan tahun ke-5 sebesar Rp 84.000 ribu belum termasuk PPN.

h. Jaminan Pembelian Kembali

Grup memberikan garansi kepada bank-bank pemberi KPR tersebut sampai saat pemecahan sertifikat induk dilakukan dan disetujui oleh Badan Pertanahan Nasional. Apabila seorang pembeli melakukan wanprestasi, menunggak pembayaran 3 kali berturut-turut sebelum pemecahan sertifikat induk dan Akta Jual Beli ditandatangani, maka bank dapat meminta Grup membeli kembali (*buy back*) seluruh jumlah KPR yang terhutang atas pinjaman tersebut. Grup mempunyai hak untuk membatalkan transaksi jual beli ini dan menjual properti kepada pembeli lainnya, dan menahan pembayaran yang telah dilakukan oleh pembeli sebelum terjadinya wanprestasi sampai sebesar 25% dari harga beli. Jika telah terjadi pemecahan sertifikat induk dan akta jual beli, maka pembeli memberikan jaminan berupa sertifikat, akta pengalihan hak atas tanah dan bangunan/ surat kuasa membebankan hak tanggungan.

- i. Pada tanggal 12 Juni 2012, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 9.400 (Rupiah penuh) dan Rp 11 ribu dengan premi sebesar 1,35% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September, dimulai dari 27 September 2012. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2017. Pada tanggal 19 Maret 2014 perjanjian tersebut direstrukturisasi sehingga jatuh tempo fasilitas ini menjadi tanggal 29 Januari 2019. Pada tanggal 9 November 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 0,53% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.

38. Significant agreements (continued)

- g. *Building management agreement for Ayodhya Apartment between subsidiary - PT Alfa Goldland Realty (AGR) and Jones Lang LaSalle (JLL), where JLL will provide property management services to AGR for the building premises located at Jl. MH Thamrin, Tangerang. This agreement shall be effective for five (5) years from 01 November 2016 and shall expire on 31 October 2021. Monthly management fee for the 1st year amounting to Rp 55,000 thousands, the 2nd year amounting to Rp 65,000 thousands, the 3rd year amounting to Rp 72,500 thousands, the 4th year amounting to Rp 78,000 thousands and the 5th year amounting to Rp 84,000 thousands exclusive of VAT.*

h. *Buyback Guarantee*

The Group provides guarantees to the lending banks in respect of loans provided to the buyers of the properties until the title of the land has been subdivided and issued by the National Land Agency to the Group. If a purchaser defaults on his repayment obligation in respect of three consecutive installments prior to the subdivision of title, the banks are typically entitled to call on the guarantees and the Group will be required to buy back the amounts outstanding under the mortgage loans. The Group is entitled to cancel the sales transaction and resell the property to another purchaser, and to retain any payments made by the purchaser to the Group prior to the default up to 25% of the purchase price. If there has been a split of the master certificate and deed of sale and purchase, the buyer should give a guarantee in the form of a certificate, deed of transfer of rights over land and buildings / power of attorney on mortgage.

- i. *On 12 June 2012, the Group entered into Non Deliverable USD Call Spread Option Facility with Morgan Stanley, Singapore, amounting to USD 40,000,000 with spread between Rp 9,400 (full Rupiah) and Rp 11 thousands with annual premium of 1.35% from the notional amount. Premium will be paid on each 27 March and 27 September, commencing from 27 September 2012. This facility will due on 27 March 2017. On 19 March 2014, this agreement was restructured with a new due date on 29 January 2019. On 9 November 2016 the agreement was restructured, therefore that the premium rate become 0.53% per annum from the notional amount and a new due date of this facility become 24 April 2022.*

38. Perjanjian-perjanjian penting (lanjutan)

- j. Pada tanggal 16 April 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 30.000.000 untuk *spread* antara Rp 9.900 (Rupiah penuh) dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,08% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- k. Pada tanggal 25 Juni 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 10 ribu dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,30% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- l. Pada tanggal 16 April 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan, Singapore, sebesar USD 30.000.000 untuk *spread* antara Rp 9.900 (Rupiah penuh) dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,15% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.
- m. Pada tanggal 25 Juni 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan, Singapore, sebesar USD 40.000.000 untuk *spread* antara Rp 10 ribu dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,34% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.
- n. Pada tanggal 17 Juli 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 30.000.000 untuk *spread* antara Rp 10.200 (Rupiah penuh) dan Rp 11.700 (Rupiah penuh) dengan premi sebesar 1,35% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.

38. Significant agreements (continued)

- j. On 16 April 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, Singapore, amounting to USD 30,000,000 with *spread* between Rp 9,900 (full Rupiah) and Rp 11,500 (full Rupiah) with annual premium of 1.08% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- k. On 25 June 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, Singapore, amounting to USD 40,000,000 with *spread* between Rp 10 thousands and Rp 11,500 (full Rupiah) with annual premium of 1.30% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- l. On 16 April 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with J.P. Morgan, Singapore, amounting to USD 30,000,000 with *spread* between Rp 9,900 (full Rupiah) and Rp 11,500 (full Rupiah) with annual premium of 1.15% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.
- m. On 25 June 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with J.P. Morgan, Singapore, amounting to USD 40,000,000 with *spread* between Rp 10 thousands and Rp 11,500 (full Rupiah) with annual premium of 1.34% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.
- n. On 17 July 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, Singapore, amounting to USD 30,000,000 with *spread* between Rp 10,200 (full Rupiah) and Rp 11,700 (full Rupiah) with annual premium of 1.35% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.

38. Perjanjian-perjanjian penting (lanjutan)

- o. Pada tanggal 19 Juli 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 30.000.000 untuk *spread* antara Rp 10.200 (Rupiah penuh) dan Rp 11.700 (Rupiah penuh) dengan premi sebesar 1,36% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- p. Pada tanggal 16 Oktober 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Deliverable USD Call Spread Option* dengan Nomura Singapore Ltd, sebesar USD 35.000.000 untuk *spread* antara Rp 11.500 (Rupiah penuh) dan Rp 12.500 (Rupiah penuh) dengan premi sebesar 0,7% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.
- q. Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Nomura Singapore Ltd, sebesar USD 35.000.000 untuk *spread* antara Rp 11 ribu dan Rp 12.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2014 dengan premi sebesar 1,75% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 17 November 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 0,85% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.
- r. Pada tanggal 26 Maret 2014, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Deutsche Bank AG Singapore, sebesar USD 25.000.000 untuk *spread* antara Rp 12 ribu dan Rp 13.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2014 dengan premi sebesar 1,47% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 18 November 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 0,85% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.

38. Significant agreements (continued)

- o. On 19 July 2013, the Group entered into Non Deliverable USD Call Spread Option Facility with Morgan Stanley, Singapore, amounting to USD 30,000,000 with spread between Rp 10,200 (full Rupiah) and Rp 11,700 (full Rupiah) with annual premium of 1.36% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- p. On 16 October 2013, the Group entered into Deliverable USD Call Spread Option Facility with Nomura Singapore Ltd, amounting to USD 35,000,000 with spread between Rp 11,500 (full Rupiah) and Rp 12,500 (full Rupiah) with annual premium of 0.7% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.
- q. The Group entered into Non Deliverable USD Call Spread Option Facility with Nomura Singapore Ltd, amounting to USD 35,000,000 with spread between Rp 11 thousands and Rp 12,500 (full Rupiah) which is effective from 29 January 2014 with annual premium of 1.75% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 17 November 2016 the agreement was restructured, therefore that the premium rate become 0.85% per annum from the notional amount and a new due date of this facility become 24 April 2022.
- r. On 26 March 2014, the Group entered into Non Deliverable USD Call Spread Option Facility with Deutsche Bank AG Singapore, amounting to USD 25,000,000 with spread between Rp 12 thousands and Rp 13,500 (full Rupiah) which is effective from 29 January 2014 with annual premium of 1.47% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 18 November 2016 the agreement was restructured, therefore that the premium rate become 0.85% per annum from the notional amount and a new due date of this facility become 24 April 2022.

38. Perjanjian-perjanjian penting (lanjutan)

- s. Pada tanggal 25 Maret 2014, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan Singapore, sebesar USD 25.000.000 untuk *spread* antara Rp 12 ribu dan Rp 13.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2014 dengan premi sebesar 1,47% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 13 Desember 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 0,65% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 22 April 2022.
- t. Pada tanggal 12 Maret 2015, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, sebesar USD 60.000.000 untuk *spread* antara Rp 13.000 dan Rp 14.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2015 dengan premi sebesar 1,96% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 9 November 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 1,33% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.
- u. Pada tanggal 23 September 2015, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Nomura Singapore Limited, sebesar USD 30.000.000 untuk *spread* antara Rp 11.750 dan Rp 13.750 (Rupiah penuh) yang berlaku efektif mulai 25 September 2015 dengan premi sebesar 2,08% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.
- v. Pada tanggal 14 Desember 2016, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Credit Suisse, sebesar USD 20.000.000 untuk *spread* antara Rp 13.000 dan Rp 14.500 (Rupiah penuh) yang berlaku efektif mulai 24 Oktober 2016 dengan premi sebesar 1,3% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 22 April dan 22 Oktober. Fasilitas ini akan jatuh tempo pada tanggal 26 April 2022.

38. Significant agreements (continued)

- s. On 25 March 2014, the Group entered into *Non Deliverable USD Call Spread Option Facility* with J.P. Morgan Singapore, amounted to USD 25,000,000 with *spread* between Rp 12 thousands and Rp 13,500 (full Rupiah) which is effective from 29 January 2014 with annual premium of 1.47% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 13 December 2016 the agreement was restructured, therefore that the premium rate become 0.65% per annum from the notional amount and a new due date of this facility become 22 April 2022.
- t. On 12 March 2015, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, amounting to USD 60,000,000 with *spread* between Rp 13,000 and Rp 14,500 (full Rupiah) which is effective from 29 January 2015 with annual premium of 1.96% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 9 November 2016 the agreement was restructured, therefore that the premium rate become 1.33% per annum from the notional amount and a new due date of this facility become 24 April 2022.
- u. On 23 September 2015, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Nomura Singapore Limited, amounting to USD 30,000,000 with *spread* between Rp 11,750 and Rp 13,750 (full Rupiah) which is effective from 25 September 2015 with annual premium of 2.08% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.
- v. On 14 December 2016, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Credit Suisse, amounting to USD 20,000,000 with *spread* between Rp 13,000 and Rp 14,500 (full Rupiah) which is effective from 24 October 2016 with annual premium of 1.3% from the notional amount. Premium will be paid on each 22 April and 22 October. This facility will due on 26 April 2022.

38. Perjanjian-perjanjian penting (lanjutan)

- w. Pada tanggal 27 Desember 2016, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 13.000 dan Rp 14.500 (Rupiah penuh) yang berlaku efektif mulai 22 Oktober 2016 dengan premi sebesar 1,29% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 22 April dan 22 Oktober. Fasilitas ini akan jatuh tempo pada tanggal 22 April 2022.
- x. Pada tanggal 21 Mei 2018, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, sebesar USD 20.000.000 untuk *spread* antara Rp 13.750 dan Rp 15.000 (Rupiah penuh) yang berlaku efektif mulai 17 Mei 2018 dengan premi sebesar 1,5% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal-tanggal 24 April dan 24 Oktober. Fasilitas ini akan jatuh tempo pada tanggal 25 April 2022.
- y. Berdasarkan akta perjanjian sewa menyewa notaris Dominika Pudji Handajani, S.H. No. 05 tanggal 17 Januari 2013, Perusahaan melakukan perjanjian sewa menyewa tanah seluas 27.350 m² yang berlokasi di Provinsi Bali, Kabupaten Badung, Kecamatan Kuta Selatan, Kelurahan Jimbaran, yang akan digunakan sebagai sarana *supporting* (pendukung) dari proyek Garuda Wisnu Kencana (GWK). Biaya sewa selama perjanjian ini adalah sebesar Rp 28.717.500 ribu dengan cara pembayaran cicilan di muka sampai dengan 15 Agustus 2013. Jangka waktu sewa menyewa selama 30 tahun terhitung sejak tanggal 17 Januari 2013 sampai dengan 17 Januari 2043.
- z. Berdasarkan akta perjanjian sewa menyewa notaris Dominika Pudji Handajani, S.H. No. 05 tanggal 10 April 2013, Perusahaan melakukan perjanjian sewa menyewa tanah seluas 8.000 m² yang berlokasi di Provinsi Bali, Kabupaten Badung, Kecamatan Kuta, Kelurahan Jimbaran, yang akan digunakan sebagai sarana pendukung dari proyek Garuda Wisnu Kencana (GWK). Biaya sewa selama perjanjian ini adalah sebesar Rp 7.200.000 ribu dengan cara pembayaran cicilan di muka sampai dengan 10 Juli 2013. Jangka waktu sewa menyewa selama 30 tahun terhitung sejak tanggal 10 April 2013 sampai dengan 10 April 2043.

38. Significant agreements (continued)

- w. On 27 December 2016, the Group entered into *Non Deliverable USD Call Spread Option Facility* with J.P. Morgan Singapore, amounting to USD 40,000,000 with *spread* between Rp 13,000 and Rp 14,500 (full Rupiah) which is effective from 22 October 2016 with annual premium of 1.29% from the notional amount. Premium will be paid on each 22 April and 22 October. This facility will due on 22 April 2022.
- x. On 21 May 2018, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, amounting to USD 20,000,000 with *spread* between Rp 13,750 and Rp 15,000 (full Rupiah) which is effective from 17 May 2018 with annual premium of 1.5% from the notional amount. Premium will be paid on each 24 April and 24 October. This facility will due on 25 April 2022.
- y. Based on notarial deed of lease agreement of Dominika Pudji Handajani, S.H. No. 05 dated 17 January 2013, the Company entered into a lease agreement covering a land area of 27,350 sq. m located in the province of Bali, Badung regency, District of South Kuta, Jimbaran Village, which will be used for supporting facilities of the Garuda Wisnu Kencana (GWK) project. Rental fee during this agreement amounting to Rp 28,717,500 thousands with upfront installment payments until 15 August 2013. Lease period of 30 years from 17 January 2013 until 17 January 2043.
- z. Based on notarial deed of lease agreement of Dominika Pudji Handajani, S.H. No. 05 dated 10 April 2013, the Company entered into a lease agreement covering a land area of 8,000 sq. m located in the province of Bali, Badung regency, District of South Kuta, Jimbaran Village, which will be used for supporting facilities of the Garuda Wisnu Kencana (GWK) project. Rental fee during this agreement amounting to Rp 7,200,000 thousands with upfront installment payments until 10 July 2013. Lease period of 30 years from 10 April 2013 until 10 April 2043.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

39. Instrumen keuangan

Nilai tercatat instrumen keuangan yang disajikan di dalam laporan posisi keuangan konsolidasian kurang lebih sebesar nilai wajarnya, atau disajikan pada biaya perolehan karena nilai wajarnya tidak dapat diukur secara andal.

Manajemen menetapkan bahwa nilai tercatat (berdasarkan jumlah nosional) kas dan setara kas, deposito berjangka, piutang usaha, piutang lain-lain, piutang pihak berelasi, aset keuangan lancar lainnya, utang usaha, utang lain-lain, beban masih harus dibayar dan utang pihak berelasi kurang lebih sebesar nilai wajarnya karena instrumen keuangan tersebut berjangka pendek.

Aset keuangan tidak lancar lainnya merupakan rekening *escrow* untuk pembayaran bunga satu bulan dan manfaat lindung nilai berupa piutang derivatif - opsi *call spread* yang nilai tercatatnya kurang lebih sebesar nilai wajarnya karena dinilai ulang secara berkala.

Utang obligasi dicatat sebesar biaya perolehan yang diamortisasi menggunakan metode suku bunga efektif dan tingkat diskonto yang digunakan adalah suku bunga pinjaman pasar pada saat pengakuan awal untuk jenis pinjaman yang sama. Nilai wajar obligasi dinilai mengacu pada harga kuotasi yang dipublikasikan pada pasar aktif hierarki nilai wajar (Tingkat 1).

Nilai tercatat dari utang bank jangka panjang dengan suku bunga mengambang kurang lebih sebesar nilai wajarnya karena dinilai ulang secara berkala.

Tabel dibawah ini menggambarkan nilai wajar dari aset dan liabilitas keuangan :

39. Financial instruments

The carrying amounts of financial instruments presented in the consolidated statement of financial position approximate their fair values, otherwise, they are presented at cost as their fair values cannot be reliably measured.

Management has determined that the carrying amounts (based on notional amounts) of cash and cash equivalents, time deposits, trade receivables, other receivables, due from related parties, other current financial assets, trade payables, other payables, accrued expenses and due to related parties reasonably approximate their fair values because of their short-term maturities.

Other non-current financial assets represents escrow account for the payment of interest of one month and hedging benefits of derivative receivables - call spread option where the carrying amount approximately equal to their fair values due to be reassessed periodically.

Bonds payable are carried at amortized cost using the effective interest rate method and the discount rates used are the market lending rate at the initial recognition for similar types of lending. The fair value of bonds are carried at fair value using the quoted prices published in the active market fair value hierarchy (Level 1).

The carrying amounts of long-term bank loans with floating interest rates approximate their fair values as they are re-priced frequently.

The fair values of financial assets and liabilities, together with the carrying amounts, are as follows :

	31 Desember/ December 2018		31 Desember/ December 2017		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Aset keuangan					Financial assets
<u>Pinjaman yang diberikan dan piutang :</u>					<u>Loans and receivables :</u>
Kas dan setara kas	459.009.210	459.009.210	718.086.444	718.086.444	Cash and cash equivalents
Deposito berjangka	206.525.844	206.525.844	234.608.767	234.608.767	Time deposits
Aset keuangan lancar lainnya	80.131.017	80.131.017	83.681.896	83.681.896	Other current financial assets
Piutang usaha	211.615.274	211.615.274	210.269.322	210.269.322	Trade receivables
Piutang lain-lain	22.263.076	22.263.076	21.899.607	21.899.607	Other receivables
Piutang pihak berelasi	176.000	176.000	1.076.000	1.076.000	Due from related parties
Aset keuangan tidak lancar lainnya	805.484.968	805.484.968	682.813.651	682.813.651	Other non-current financial assets
Jumlah aset keuangan	1.785.205.389	1.785.205.389	1.952.435.687	1.952.435.687	Total financial assets

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

39. Instrumen keuangan (lanjutan)

39. Financial instruments (continued)

	31 Desember/ December 2018		31 Desember/ December 2017		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Liabilitas keuangan					Financial liabilities
<u>Liabilitas keuangan yang diukur dengan biaya perolehan amortisasi :</u>					<u>Financial liabilities measured at amortized cost :</u>
Utang usaha	226.129.772	226.129.772	201.249.084	201.249.084	Trade payables
Utang lain-lain	430.545.150	430.545.150	362.921.464	362.921.464	Other payables
Beban masih harus dibayar	178.765.128	178.765.128	163.055.026	163.055.026	Accrued expenses
Utang pihak berelasi	43.565.000	43.565.000	41.950.000	41.950.000	Due to related parties
Utang bank jangka panjang	851.494.936	851.494.936	1.223.117.321	1.223.117.321	Long term bank loan
Utang obligasi	6.882.608.152	6.242.340.599	6.405.680.614	6.519.584.140	Bonds payable
Uang jaminan yang dapat dikembalikan	1.062.198.897	1.062.198.897	1.211.342.259	1.211.342.259	Refundable deposit
Jumlah liabilitas keuangan	9.675.307.035	9.035.039.482	9.609.315.768	9.723.219.294	Total financial liabilities

40. Kebijakan dan tujuan manajemen risiko keuangan

40. Policies and objectives of financial risk management

Manajemen risiko

Risk management

Risiko utama dari instrumen keuangan Grup adalah risiko kredit, risiko mata uang asing, risiko suku bunga dan risiko likuiditas yang timbul dalam kegiatan usaha normal. Manajemen terus menerus memantau proses manajemen risiko untuk memastikan tercapainya keseimbangan yang memadai antara risiko dan kontrol. Kebijakan manajemen risiko dan sistem direviu secara berkala untuk mencerminkan perubahan dalam kondisi pasar dan kegiatan Grup.

The main risk of the Group's financial instruments are credit risk, foreign currency risk, interest rate risk, and liquidity risk arising in the normal course of business. The management continually monitors the Group's risk management process to ensure the appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

a. Risiko kredit

a. Credit risk

Risiko kredit timbul dari kemungkinan ketidakmampuan pelanggan untuk memenuhi kewajibannya sesuai dengan syarat normal transaksi pada saat jatuh tempo pembayaran.

Credit risk is the risk that the Group will incur a loss arising from the customers or counterparties' failure to fulfill their contractual obligations on the due dates.

Risiko kredit timbul dari piutang usaha, piutang lain-lain dan piutang pihak berelasi non-usaha. Untuk meminimalisasi risiko kredit atas piutang usaha yang berasal dari penjualan properti dan jasa *hospitality* dan prasarana, manajemen mengenakan denda atas keterlambatan pembayaran serta melakukan serah terima unit pada saat pelunasan. Untuk piutang usaha yang berasal dari penyewaan properti, pelanggan diminta membayar uang sewa dimuka dan memberikan uang jaminan atas sewa dan *service charge*.

Credit risk arises from trade receivable, other receivables and due from related parties. To minimize credit risk on receivable from the sale of real estate and hospitality and infrastructure service, management imposes fines for the late payments and hand over the unit at the time of settlement. For receivable from the assets for lease, the customers are required to pay the rent in advance and provide security deposits on rental and service charge.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

a. Risiko kredit (lanjutan)

Manajemen menempatkan kas dan setara kas, deposito berjangka dan aset keuangan lainnya hanya pada bank dan lembaga keuangan yang bereputasi baik dan terpercaya.

Berdasarkan evaluasi tersebut pihak manajemen akan menentukan perkiraan jumlah yang tidak dapat ditagih atas piutang tersebut serta menentukan pembentukan akun cadangan kerugian penurunan nilai atas piutang usaha tersebut. Lihat Catatan 8 atas laporan keuangan konsolidasian untuk informasi jumlah piutang usaha berdasarkan umur (hari) dihitung sejak tanggal faktur.

Risiko maksimal dari risiko kredit dicerminkan dalam jumlah tercatat pada masing-masing golongan aset keuangan dalam laporan posisi keuangan konsolidasian (lihat catatan 39).

Tabel di bawah ini menunjukkan analisa umur aset keuangan Grup pada tanggal-tanggal pelaporan.

40. Policies and objectives of financial risk management
(continued)

a. Credit risk (continued)

Management deposits cash and cash equivalents, time deposits and other financial assets only to banks and financial institutions which are reputable and reliable.

Based on that evaluation, management will determine the approximate uncollectible amount as well as determine the amount of impairment losses on trade accounts receivable. Refer to Note 8 to the consolidated financial statements for the information regarding the aging analysis of trade accounts receivable from the date of invoice.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statement of financial position (see note 39).

The tables below present the aging analysis of the Group's financial assets as at reporting dates.

31 Desember/ December 2018								
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Telah jatuh tempo namun tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>				Telah jatuh tempo dan/atau mengalami penurunan nilai/ <i>Past due and/or impaired</i>		
Jumlah/ <i>Total</i>		≤ 3 bulan/ <i>≤ 3 months</i>	3 – 6 bulan/ <i>3 – 6 months</i>	6 bulan – 1 tahun/ <i>6 months – 1 year</i>	> 1 tahun/ <i>> 1 year</i>			
<u>Pinjaman yang diberikan dan piutang/ <i>Loans and receivables</i></u>								
Kas dan setara kas/ <i>Cash and cash equivalents</i>	459.009.210	459.009.210	-	-	-	-		
Deposito berjangka/ <i>Time deposits</i>	206.525.844	206.525.844	-	-	-	-		
Aset keuangan lancar lainnya/ <i>Other current financial assets</i>	80.131.017	80.131.017	-	-	-	-		
Piutang usaha/ <i>Trade receivables</i>	242.776.929	132.353.482	6.620.956	5.925.997	6.271.792	31.161.655		
Piutang lain-lain/ <i>Other receivables</i>	22.263.076	22.263.076	-	-	-	-		
Piutang pihak berelasi/ <i>Due from related parties</i>	176.000	176.000	-	-	-	-		
Aset keuangan tidak lancar lainnya/ <i>Other non-current financial assets</i>	805.484.968	805.484.968	-	-	-	-		
Jumlah/ <i>Total</i>	1.816.367.044	1.705.943.597	6.620.956	5.925.997	6.271.792	31.161.655		

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

40. Policies and objectives of financial risk management
(continued)

a. Risiko kredit (lanjutan)

a. Credit risk (continued)

31 Desember/ December 2017								
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Jumlah/ <i>Total</i>	Telah jatuh tempo namun tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>				Telah jatuh tempo dan/atau mengalami penurunan nilai/ <i>Past due and/or impaired</i>	
			<i>≤ 3 bulan/ ≤ 3 months</i>	<i>3 – 6 bulan/ 3 – 6 months</i>	<i>6 bulan – 1 tahun/ 6 months – 1 year</i>	<i>> 1 tahun/ > 1 year</i>		
<u>Pinjaman yang diberikan dan piutang/ <i>Loans and receivables</i></u>								
Kas dan setara kas/ <i>Cash and cash equivalents</i>	718.086.444	718.086.444	-	-	-	-	-	
Deposito berjangka/ <i>Time deposits</i>	234.608.767	234.608.767	-	-	-	-	-	
Aset keuangan lancar lainnya/ <i>Other current financial assets</i>	83.681.896	83.681.896	-	-	-	-	-	
Piutang usaha/ <i>Trade receivables</i>	233.111.847	140.774.802	10.815.686	6.157.693	21.669.866	30.851.275	22.842.525	
Piutang lain-lain/ <i>Other receivables</i>	21.899.607	21.899.607	-	-	-	-	-	
Piutang pihak berelasi/ <i>Due from related parties</i>	1.076.000	1.076.000	-	-	-	-	-	
Aset keuangan tidak lancar lainnya/ <i>Other non-current financial assets</i>	682.813.651	682.813.651	-	-	-	-	-	
Jumlah/ <i>Total</i>	1.975.278.212	1.882.941.167	10.815.686	6.157.693	21.669.866	30.851.275	22.842.525	

b. Risiko mata uang asing

b. Foreign currency risk

Risiko nilai tukar adalah risiko usaha dalam nilai instrumen keuangan akibat berfluktuasinya perubahan nilai tukar.

Foreign exchange rate risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Grup dalam melakukan kegiatan usahanya sebagian besar mempergunakan mata uang Rupiah dalam hal transaksi penjualan, pembelian bahan baku dan beban usaha. Transaksi usaha dalam mata uang asing hanya dilakukan untuk hal-hal khusus, dan jika hal tersebut terjadi manajemen akan melakukan review berkala atas eksposur mata uang asing tersebut. Grup memiliki utang obligasi - surat utang senior dalam mata uang Dolar Amerika Serikat, untuk itu Grup memiliki kebijakan lindung nilai mata uang asing dengan melakukan lindung nilai atas utang obligasi (lihat catatan 7b).

The Group's major transactions (i.e. sale, purchases and operating expenses) are mostly denominated in Indonesian currency. Transactions in foreign currency are only done for special purposes, and the management regularly reviews the foreign currency exposure. The Group has bonds payable - senior notes denominated in United States Dollars, therefore the Group has policy for hedging foreign currency to hedge the bonds payable (see note 7b).

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

b. Risiko mata uang asing (lanjutan)

Pada tanggal 31 Desember 2018, dengan semua variable konstan, jika nilai tukar Rupiah melemah sebesar 5%, laba sebelum pajak untuk tahun yang berakhir pada tanggal 31 Desember 2018 akan lebih rendah sebesar Rp 334.563.612 ribu, dan jika nilai tukar Rupiah menguat sebesar 5%, laba sebelum pajak untuk tahun yang berakhir pada tanggal 31 Desember 2018 akan lebih tinggi sebesar Rp 245.863.612 ribu, terutama sebagai keuntungan/ kerugian atas transaksi kas dan setara kas, utang obligasi dan biaya masih harus dibayar.

c. Risiko suku bunga

Risiko suku bunga adalah risiko dimana nilai wajar atau arus kas kontraktual masa datang dari suatu instrumen keuangan akan terpengaruh akibat perubahan suku bunga pasar. Eksposur utama Grup yang terkait dengan risiko suku bunga adalah utang bank dan utang obligasi.

Untuk meminimalkan risiko suku bunga, Grup mengelola beban bunga melalui kombinasi utang dengan suku bunga tetap dan suku bunga variabel, dengan mengevaluasi kecenderungan suku bunga pasar. Manajemen juga melakukan penelaahan berbagai suku bunga yang ditawarkan oleh kreditur untuk mendapatkan suku bunga yang menguntungkan sebelum mengambil keputusan untuk melakukan perikatan utang.

Tabel berikut menunjukkan sensitivitas terhadap perubahan yang mungkin terjadi pada suku bunga utang untuk tahun yang berakhir 31 Desember 2018 dan 2017 dengan semua variable lainnya tetap konstan. Pendapatan Grup sebelum pajak dipengaruhi dampak atas suku bunga yang mengambang sebagai berikut :

Kenaikan/penurunan suku bunga/
Increase/decrease in interest rate

+ 0,5%
- 0,5%

Asumsi pergerakan dalam analisis sensitivitas suku bunga berdasarkan observasi historis terhadap lingkungan pasar. Tidak ada dampak lain pada ekuitas Grup selain yang sudah mempengaruhi laba sebelum pajak penghasilan.

40. Policies and objectives of financial risk management
(continued)

b. Foreign currency risk (continued)

On 31 December 2018, with all other variables constant, if the rupiah weakened by 5% income before tax for the year ended 31 December 2018 would be lower by Rp 334,563,612 thousands, and if the rupiah strengthened by 5% income before tax for the year ended 31 December 2018 would be higher by Rp 245,863,612 thousands, mainly as gains/losses on transactions of cash and cash equivalents, bonds payable and accrued expenses.

c. Interest rate risk

Interest rate risk is the risk that the fair value or contractual future cash flows of a financial instrument will be affected due to changes in market interest rates. The Group's exposure relates to the interest rate risk related primarily to bank loans and bonds payable.

To minimize interest rate risk, the Group manages interest cost through a mix of fixed-rate and variable-rate debts, by evaluating market rate trends. Management also conducts assessment among interest rates offered by creditors to obtain the most favorable interest rate before taking any decision to enter into a new loan agreement.

The following table illustrates the sensitivity to a reasonably possible change in interest rates on the debt for the years ended 31 December 2018 and 2017, with all other variables remain constant. The Group's income before taxes is affected impact on floating interest rates as follows :

Efek pada pendapatan sebelum pajak/
Effect on income before taxes

31 Des./ Dec. 2018 31 Des./ Dec. 2017

5.269.525 5.349.455
(5.269.525) (5.349.455)

Assumptions movements in interest rate sensitivity analysis are based on historical observations of the market environment. There is no other impact on the Group's equity other than those already affecting the income before income tax.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

d. Risiko likuiditas

Risiko likuiditas adalah risiko bahwa Grup akan menghadapi kesulitan dalam memenuhi liabilitas keuangan karena kurangnya dana.

Grup memantau likuiditasnya dengan memantau ketat jadwal pembayaran utang untuk liabilitas keuangan dan arus kas keluar untuk kegiatan sehari-hari, serta memastikan ketersediaan pendanaan melalui jumlah fasilitas kredit yang cukup, baik yang mengikat dan tidak mengikat.

Tabel di bawah ini menganalisa liabilitas keuangan Grup yang diselesaikan secara neto yang dikelompokkan berdasarkan periode yang tersisa sampai dengan tanggal jatuh tempo kontraktual. Jumlah yang diungkapkan dalam tabel merupakan arus kas kontraktual yang tidak didiskontokan :

40. Policies and objectives of financial risk management
(continued)

d. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group monitors its liquidity needs by closely monitoring schedule of debt servicing payments for financial liabilities and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through adequate amount of credit facilities, both committed and uncommitted.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows :

31 Desember/ December 2018						
	<= 1 tahun/ <= 1 year	1-2 tahun/ 1-2 years	2-5 tahun/ 2-5 years	> 5 tahun/ > 5 years	Jumlah/ Total	Nilai tercatat/ As reported
Liabilitas keuangan/ Financial liabilities						
Utang usaha/ Trade payables	226.129.772	-	-	-	226.129.772	226.129.772
Utang lain-lain/ Other payables	430.545.150	-	-	-	430.545.150	430.545.150
Beban masih harus dibayar/ Accrued expenses	178.765.128	-	-	-	178.765.128	178.765.128
Utang pihak berelasi/ Due to related parties	43.565.000	-	-	-	43.565.000	43.565.000
Utang bank jangka panjang/ Long term bank loans	425.363.232	247.148.158	178.983.546	-	851.494.936	851.494.936
Utang obligasi/ Bonds payable	-	-	6.950.880.000	-	6.950.880.000	6.882.608.152
Uang jaminan yang dapat dikembalikan/ Refundable deposit	-	470.812.241	584.997.961	6.388.695	1.062.198.897	1.062.198.897
Jumlah/ Total	1.304.368.282	717.960.399	7.714.861.507	6.388.695	9.743.578.883	9.675.307.035
31 Desember/ December 2017						
	<= 1 tahun/ <= 1 year	1-2 tahun/ 1-2 years	2-5 tahun/ 2-5 years	> 5 tahun/ > 5 years	Jumlah/ Total	Nilai tercatat/ As reported
Liabilitas keuangan/ Financial liabilities						
Utang usaha/ Trade payables	201.249.084	-	-	-	201.249.084	201.249.084
Utang lain-lain/ Other payables	362.921.464	-	-	-	362.921.464	362.921.464
Beban masih harus dibayar/ Accrued expenses	163.055.026	-	-	-	163.055.026	163.055.026
Utang pihak berelasi/ Due to related parties	41.950.000	-	-	-	41.950.000	41.950.000
Utang bank jangka panjang/ Long term bank loans	434.622.386	362.363.232	426.131.703	-	1.223.117.321	1.223.117.321
Utang obligasi/ Bonds payable	-	-	6.503.040.000	-	6.503.040.000	6.405.680.614
Uang jaminan yang dapat dikembalikan/ Refundable deposit	26.658.005	593.278.341	584.859.730	6.546.183	1.211.342.259	1.211.342.259
Jumlah/ Total	1.230.455.965	955.641.573	7.514.031.433	6.546.183	9.706.675.154	9.609.315.768

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

Manajemen modal

Tujuan utama dari pengelolaan modal Grup adalah untuk memastikan bahwa rasio modal selalu dalam kondisi sehat agar dapat mendukung kinerja usaha dan memaksimalkan nilai dari pemegang saham. Grup mengelola struktur modalnya dan membuat penyesuaian-penyesuaian sehubungan dengan perubahan kondisi ekonomi dan karakteristik dari risiko usahanya. Agar dapat menjaga dan menyesuaikan struktur modalnya, Grup akan menyesuaikan jumlah utang, pembayaran dividen kepada para pemegang saham atau menerbitkan surat saham. Tidak ada perubahan dalam tujuan, kebijakan dan proses dan sama seperti penerapan tahun-tahun sebelumnya.

Secara periodik, Grup melakukan penilaian utang untuk menilai kemungkinan pembiayaan kembali utang yang ada dengan utang baru yang memiliki biaya yang lebih efisien sehingga mengoptimalkan biaya utang dan menggunakan hasil pinjaman untuk investasi yang lebih menguntungkan.

Manajemen juga memantau modal dengan menggunakan beberapa ukuran *leverage* keuangan seperti rasio pinjaman terhadap ekuitas. Tujuan Grup adalah berusaha untuk menjaga kepatuhan sebagaimana yang dipersyaratkan oleh pemberi pinjaman.

Rasio pinjaman berbunga terhadap ekuitas Grup per 31 Desember 2018 dan 2017 adalah sebagai berikut :

40. Policies and objectives of financial risk management
(continued)

Capital management

The main objective of the Group's capital management is to ensure that the capital ratio is always in a healthy condition in order to support business performance and maximize the shareholder value. The Group manages its capital structure and makes adjustments with respect to changes in economic conditions and the characteristics of their business risks. In order to maintain and adjust its capital structure, the Group may adjust the amount of debt, dividend payments to shareholders, or issue shares certificates. No changes have been made in the objectives, policies and processes as they have been applied in previous years.

Periodically, the Group conducts debt valuation to assess possibilities of refinancing existing debts with new ones which have more efficient cost that will lead to more optimized cost-of-debt and use of the proceeds for more profitable investment.

Management also conducts capital monitoring by using some measures of financial leverage such as debt to equity ratio. The purpose of Group is attempted to maintain the compliance as required by the lender.

The Group's debt-to-equity ratios as of 31 December 2018 and 2017 were as follows :

	31 Desember/ December		
	2018	2017	
Pinjaman berbunga	7.734.103.088	7.628.797.935	Interest bearing borrowings
Jumlah ekuitas	<u>9.551.357.108</u>	<u>8.572.691.580</u>	Total equity
Rasio pinjaman terhadap ekuitas	<u>80,97%</u>	<u>88,99%</u>	Debt to equity ratio

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2018 dan 2017

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2018 and 2017

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

41. Aset dan liabilitas dalam mata uang asing

41. Assets and liabilities denominated in foreign currencies

31 Desember/ December 2018			
Mata uang asing/ Foreign currencies		Ekuivalen/ Equivalent Rupiah	
USD	SGD		
Aset		Assets	
Kas dan setara kas	7.171.689	193.842	105.908.528
Liabilitas		Liabilities	
Bunga masih harus dibayar	(8.392.367)	-	(121.529.861)
Utang obligasi	(474.630.791)	-	(6.882.608.152)
Jumlah liabilitas	(483.023.158)	-	(7.004.138.013)
Jumlah aset/(liabilitas) - bersih	(475.851.469)	193.842	(6.898.229.485)

31 Desember/ December 2017			
Mata uang asing/ Foreign currencies		Ekuivalen/ Equivalent Rupiah	
USD	SGD		
Aset		Assets	
Kas dan setara kas	7.820.856	138.627	107.361.740
Liabilitas		Liabilities	
Bunga masih harus dibayar	(8.437.871)	-	(114.316.274)
Utang obligasi	(472.079.911)	-	(6.405.680.614)
Jumlah liabilitas	(480.517.782)	-	(6.519.996.888)
Jumlah aset/(liabilitas) - bersih	(472.696.926)	138.627	(6.412.635.148)

Kurs yang berlaku pada tanggal-tanggal tersebut
adalah sebagai berikut :

The exchange rates prevailing at that date of are as
follows :

31 Desember/ December			
	2018	2017	
1 USD	Rp 14.481	Rp 13.548	USD 1
1 SGD	Rp 10.603	Rp 10.134	SGD 1

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

42. Pengungkapan tambahan laporan kas konsolidasian	42. Supplementary disclosure for consolidated of cash flows
Catatan/ Note	31 Desember/ December 2018 2017
Transaksi yang tidak mempengaruhi kas dan setara kas :	Transactions which not affecting to cash and cash equivalent :
Pemindahbukuan uang muka pembelian tanah ke akun tanah untuk dikembangkan	Transferred from advance on land purchased to land for development
Pemindahbukuan uang muka pembelian tanah ke persediaan	Transferred from advance on land purchased to inventories
Pemindahbukuan dari tanah untuk dikembangkan ke persediaan	Transferred from land for development to inventories
Pemindahbukuan dari persediaan ke properti investasi 14	Transferred from inventories to investment properties
Penambahan properti investasi melalui utang lain-lain	Addition of investment properties through other payables
Pemindahbukuan dari aset tetap - bangunan dalam penyelesaian ke persediaan 15	Transferred from fixed assets - building in progress to inventories
Penambahan aset tetap melalui utang lain-lain	Addition of fixed assets through other payables
Kapitalisasi beban bunga pinjaman ke akun persediaan 10	Capitalization of interest into inventories
Kapitalisasi beban bunga pinjaman ke akun tanah untuk dikembangkan 12	Capitalization of interest into land for development
Kapitalisasi beban bunga pinjaman ke akun aset tetap - bangunan dalam penyelesaian 15	Capitalization of interest into fixed assets - building in progress
43. Kejadian penting setelah periode pelaporan	43. Subsequent events after reporting period
a. Pada tanggal 22 Januari 2019, entitas anak - Alam Synergy Private Limited, menerbitkan obligasi dengan nilai nominal sebesar USD 175.000.000 dengan bunga tetap sebesar 11,5% per tahun. Obligasi ini berjangka 2 tahun 3 bulan dan jatuh tempo pada tanggal 23 April 2021. Bunga dibayarkan setiap enam bulan terhitung mulai tanggal 22 April 2019.	a. On 22 January 2019, the subsidiary - Alam Synergy Private Limited, issued bonds with a total face value of USD 175,000,000, with fixed interest of 11.5% per annum. The bond term is 2 years 3 months with maturity on 23 April 2021. Interest should be paid semi-annually commencing from 22 April 2019.
Harga jual obligasi pada saat penawaran sebesar 99,654% dari nilai nominal obligasi dan tercatat di Bursa Efek Singapura (SGX) dengan Bank of New York Mellon sebagai wali amanat.	The selling price of the bonds on issuance was at 99.654% of the principal amount and the bonds are listed on the Singapore Exchange (SGX) with the Bank of New York Mellon as the trustee.
Obligasi harus dilunasi pada tanggal jatuh tempo dengan harga yang sama dengan jumlah pokok obligasi. Pada atau setelah 22 April 2020, Perusahaan dapat membeli kembali seluruh atau sebagian surat hutangnya pada harga penebusan sebesar 102,875% dari jumlah pokok obligasi.	The bonds must be repaid on the maturity date at a price equal to the principal amount. At any time on or after 22 April 2020, the Company may redeem all or part of the senior notes at redemption price of 102.875% of the principal amount of the bonds.

43. Kejadian penting setelah periode pelaporan
(lanjutan)

Hasil penerbitan obligasi dipergunakan untuk mendanai pembelian kembali utang obligasi yang akan jatuh tempo pada tahun 2020 dan untuk kepentingan lain Grup.

Obligasi ini dijamin oleh PT Alam Sutera Realty Tbk sebagai penjamin induk dan jaminan dari entitas anak (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Alfa Goldland Realty, PT Nusa Raya Mitratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate dan PT Delta Manunggal Raharja).

Obligasi ini pada saat penerbitan memperoleh peringkat B2 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B dari Fitch Rating Ltd.

- b. Pada 22 Februari 2019, terkait dengan penerbitan utang obligasi sebagaimana dijelaskan dalam butir a, entitas anak - Alam Sutera Synergy Private Limited, telah melakukan pembelian kembali sebagian utang obligasi sebesar US\$ 162.000.000 dengan harga pembelian kembali sebesar US\$ 164.815.560 ditambah bunga masih harus dibayar sebesar US\$ 4.534.875 sehingga jumlah seluruhnya sebesar US\$ 169.350.435 (setara dengan Rp 2.452.363.649 ribu jika menggunakan kurs 31 Desember 2018 sebesar Rp14.481/US\$ 1).
- c. Sampai dengan tanggal penerbitan laporan keuangan konsolidasian, tidak ada kejadian penting lain setelah tanggal laporan posisi keuangan konsolidasian yang mempengaruhi laporan keuangan konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2018.

43. Subsequent events after reporting period (continued)

Proceeds of the bonds was used to fund the early redemption of bonds payable that will mature the 2020 and for other purposes of the Group.

The bonds are secured by PT Alam Sutera Realty Tbk as the parent guarantor and the guarantee of subsidiaries (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Alfa Goldland Realty, PT Nusa Raya Mitratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate and PT Delta Manunggal Raharja).

These bonds upon issuance are rated B2 from Moody's and rated B from Standard & Poor's and rated B from Fitch Rating Ltd.

- b. *On 22 February 2019, related to the issuance of bonds payable as described in point a, subsidiary - Alam Sutera Synergy Private Limited, has redeemed of the portion of bonds payable amounting to US\$ 162,000,000 at redemption price of US\$ 164,815,560 plus accrued interest of US\$ 4,534,875, totaling of US\$ 169,350,435 (equivalent with Rp 2,452,363,649 thousands if using the 31 December 2018 exchange rates for amount of Rp 14,481/US\$ 1).*
- c. *Up to the date of issuance of the consolidated financial statements, there is no other significant event after the consolidated financial position date which might affect the consolidated financial statements for the year ended 31 December 2018.*

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

**PT Alam Sutera Realty Tbk.
dan Entitas Anak/
*and Subsidiaries***

Laporan Keuangan Konsolidasian
per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016
beserta Laporan Auditor Independen

*Consolidated Financial Statements
as of and for the years ended
31 December 2017 and 2016
with Independent Auditor's Report thereon*



PT ALAM SUTERA REALTY Tbk

	Halaman/ Page	
Pernyataan Direksi		<i>Directors' Statement</i>
Laporan Auditor Independen		<i>Independent Auditor's Report</i>
Laporan Keuangan Konsolidasian		<i>Consolidated Financial Statements</i>
Laporan Posisi Keuangan Konsolidasian	1 – 3	<i>Consolidated Statements of Financial Position</i>
Laporan Laba Rugi dan Penghasilan Kprehensif Lain Konsolidasian	4 - 5	<i>Consolidated Statements of Profit or Loss and Other Comprehensive Income</i>
Laporan Perubahan Ekuitas Konsolidasian	6	<i>Consolidated Statements of Changes in Equity</i>
Laporan Arus Kas Konsolidasian	7 – 8	<i>Consolidated Statements of Cash Flows</i>
Catatan atas Laporan Keuangan Konsolidasian	9 – 109	<i>Notes to the Consolidated Financial Statements</i>



PT ALAM SUTERA REALTY Tbk

Pernyataan Direksi
tentang
Tanggung Jawab atas
Laporan Keuangan Konsolidasian
Per tanggal dan untuk tahun-tahun yang berakhir
31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk
dan Entitas Anak**

Kami yang bertanda tangan di bawah ini :

Nama : Joseph Sanusi Tjong
Alamat kantor : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Nomor telepon : 021 - 2523838
Jabatan : Direktur Utama

Nama : Lilia Setiprawarti Sukotjo
Alamat kantor : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Nomor telepon : 021 - 2523838
Jabatan : Direktur

Menyatakan bahwa :

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak;
2. Laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak telah dimuat secara lengkap dan benar;
b. Laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan Entitas Anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Alam Sutera Realty Tbk dan Entitas Anak.

Demikian pernyataan ini dibuat dengan sebenarnya.

Directors' Statement
regarding
The Responsibility for
the Consolidated Financial Statements
As of and for the years ended
31 December 2017 and 2016

**PT Alam Sutera Realty Tbk
and Its Subsidiaries**

We, the undersigned :

Name : Joseph Sanusi Tjong
Office address : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Telephone number : 021 - 2523838
Position : President Director

Name : Lilia Setiprawarti Sukotjo
Office address : Wisma Argo Manunggal, Lt. 18
Jl. Jend. Gatot Subroto Kav. 22
Telephone number : 021 - 2523838
Position : Director

State that :

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries;
2. The consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries has been disclosed in a complete and in truthful manner;
b. The consolidated financial statements of PT Alam Sutera Realty Tbk and its Subsidiaries do not contain any incorrect information or material fact, nor omitting information or material fact;
4. We are responsible for PT Alam Sutera Realty Tbk and its Subsidiaries' internal control system.

This statement letter is made truthfully.

Jakarta, 15 Maret/ 15 March 2018

Atas nama dan mewakili Direksi/
For and on behalf of the Directors

Joseph Sanusi Tjong
Direktur Utama/ President Director



Lilia Setiprawarti Sukotjo
Direktur/ Director

Head Office : Wisma Argo Manunggal, 18th Floor, Jl. Jend. Gatot Subroto Kav. 22, Jakarta 12930, Indonesia
Telp. : (021) 252 - 3838 (Hunting) Fax : (021) 252 - 5050 www.alam-sutera.com
Site Office : Synergy Building, 16th - 19th Floor, Jl. Jend. Sudirman Barat No.17, Alam Sutera, Tangerang 15143, Indonesia
Telp. : (021) 3043 - 8888 (Hunting) Fax : (021) 3043 - 8877 www.alam-sutera.com

**Paul Hadiwinata, Hidajat, Arsono,
Retno, Palilingan & Rekan**

Registered Public Accountants

Decree of the Finance Minister of the Republic of Indonesia No. 855/KM.1/2017



No. : PHHARP/358/PR/AS/2018

Laporan Auditor Independen

Pemegang saham, Dewan Komisaris dan Direksi
PT Alam Sutera Realty Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Alam Sutera Realty Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2017, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung Jawab Manajemen atas Laporan Keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung Jawab Auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditor's Report

*The Shareholders, Board of Commissioners and Directors
PT Alam Sutera Realty Tbk*

We have audited the accompanying consolidated financial statements of PT Alam Sutera Realty Tbk ("the Company") and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Tel: +62 21 3144003 • Fax: +62 21 3144213 • Email: jkt-office@pkfhadiwinata.com • www.pkf.co.id
Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan • UOB Plaza • Jl. MH. Thamrin Lot 8-10 • Central Jakarta 10230
Executive Office : Jl. Kebon Sirih Timur 1 No. 267 • Central Jakarta 10340 • Indonesia

Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

**Paul Hadiwinata, Hidajat, Arsono,
Retno, Palilingan & Rekan**

Registered Public Accountants

Decree of the Finance Minister of the Republic of Indonesia No. 855/KM.1/2017



Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Alam Sutera Realty Tbk dan entitas anaknya tanggal 31 Desember 2017, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Alam Sutera Realty Tbk and its subsidiaries as of 31 December 2017, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Kantor Akuntan Publik
Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan

Hidajat Rahardjo

Ijin Akuntan Publik/ License of Public Accountant No. AP. 0369
Ijin Usaha/ Business License No. 855/KM.1/2017

15 Maret/ March 2018

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Posisi Keuangan Konsolidasian
Per tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Financial Position
As of 31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ December		
		2017	2016	
Aset				Assets
Aset lancar				Current assets
Kas dan setara kas	5	718.086.444	1.189.458.923	Cash and cash equivalents
Deposito berjangka	6	234.608.767	246.274.874	Time deposits
Aset keuangan lancar lainnya	7a	83.681.896	143.773.560	Other current financial assets
Piutang usaha	8			Trade receivables
Pihak ketiga - setelah dikurangi cadangan penurunan nilai sebesar Rp 22.842.525 ribu (31 Desember 2017) dan Rp 16.710.294 ribu (31 Desember 2016)		200.701.605	178.047.235	Third parties - net of allowance for declining in value amounting to Rp 22,842,525 thousands (31 December 2017) and Rp 16,710,294 thousands (31 December 2016)
Pihak berelasi		9.567.717	22.639	Related parties
Piutang lain-lain		21.899.607	18.600.280	Other receivables
Piutang pihak berelasi	9	1.076.000	2.691.000	Due from related parties
Persediaan	10	960.844.008	1.208.483.784	Inventories
Pajak dibayar di muka	11a	79.545.260	90.163.775	Prepaid taxes
Biaya dibayar di muka		6.603.801	3.824.420	Prepaid expenses
Uang muka dibayar		1.343.177	968.761	Advance payments
Jumlah aset lancar		<u>2.317.958.282</u>	<u>3.082.309.251</u>	Total current assets
Aset tidak lancar				Non-current assets
Aset keuangan tidak lancar lainnya	7b	682.813.651	654.374.472	Other non-current financial assets
Persediaan	10	4.541.580.553	4.781.874.341	Inventories
Pajak dibayar di muka	11a	8.003.082	29.038.738	Prepaid taxes
Tanah untuk dikembangkan	12	10.415.617.965	9.169.626.393	Land for development
Uang muka pembelian tanah	13	325.778.530	161.250.547	Advance for land purchases
Properti investasi				Investment properties
- setelah dikurangi akumulasi penyusutan sebesar Rp 175.019.590 ribu (31 Desember 2017) dan Rp 137.323.134 ribu (31 Desember 2016)	14	1.037.453.281	1.007.923.565	- net of accumulated depreciation of Rp 175,019,590 thousands (31 December 2017) and Rp 137,323,134 thousands (31 December 2016)
Aset tetap				Fixed assets
- setelah dikurangi akumulasi penyusutan sebesar Rp 229.618.134 ribu (31 Desember 2017) dan Rp 183.188.543 ribu (31 Desember 2016)	15	1.225.363.874	1.148.604.050	- net of accumulated depreciation of Rp 229,618,134 thousands (31 December 2017) and Rp 183,188,543 thousands (31 December 2016)
Aset lain-lain		<u>173.861.269</u>	<u>151.129.325</u>	Other assets
Jumlah aset tidak lancar		<u>18.410.472.205</u>	<u>17.103.821.431</u>	Total non-current assets
Jumlah aset		<u>20.728.430.487</u>	<u>20.186.130.682</u>	Total assets

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Posisi Keuangan Konsolidasian
(lanjutan)
Per tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Financial Position
(continued)
As of 31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ 2017	December 2016	
Liabilitas				Liabilities
Liabilitas jangka pendek				Current liabilities
Utang usaha	16			Trade payables
Pihak ketiga		198.274.290	345.657.177	Third parties
Pihak berelasi		2.974.794	1.961.079	Related parties
Utang lain-lain	17			Others payable
Pihak ketiga		353.843.069	273.602.075	Third parties
Pihak berelasi		9.078.395	10.247.865	Related parties
Utang pajak	11b	44.341.667	111.327.899	Taxes payable
Beban masih harus dibayar		163.055.026	160.107.108	Accrued expenses
Pendapatan diterima di muka		36.398.086	53.998.092	Unearned revenue
Utang pihak berelasi	18	41.950.000	142.387.635	Due to related parties
Uang muka setoran modal	19	100.000.000	-	Deposit for future stock subscription
Uang muka penjualan	20	1.758.941.410	2.012.345.592	Sales advances
Bagian lancar atas utang bank jangka panjang	21	<u>434.622.386</u>	<u>322.587.574</u>	Current portion of long term bank loan
Jumlah liabilitas jangka pendek		<u>3.143.479.123</u>	<u>3.434.222.096</u>	Total current liabilities
Liabilitas jangka panjang				Non-current liabilities
Liabilitas pajak tangguhan	11e	8.088.809	10.136.843	Deferred tax liabilities
Uang muka penjualan	20	515.092.818	669.675.700	Sales advances
Utang bank jangka panjang	21	788.494.935	1.189.270.234	Long term bank loans
Utang obligasi	22	6.405.680.614	6.321.930.900	Bonds payable
Uang jaminan yang dapat dikembalikan	23	1.211.342.259	1.304.447.923	Refundable deposits
Liabilitas imbalan kerja	24	<u>83.560.349</u>	<u>68.601.905</u>	Employee benefits liability
Jumlah liabilitas jangka panjang		<u>9.012.259.784</u>	<u>9.564.063.505</u>	Total non-current liabilities
Jumlah liabilitas		<u>12.155.738.907</u>	<u>12.998.285.601</u>	Total liabilities

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Posisi Keuangan Konsolidasian
(lanjutan)
Per tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Financial Position
(continued)
As of 31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ December		
		2017	2016	
Ekuitas				Equity
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk				Equity attributable to owners of the Company
Modal saham				Share capital
Modal dasar -				Authorized capital -
24.000.000.000 saham,				24,000,000,000 shares,
nilai nominal Rp 100				par value of Rp 100
(Rupiah penuh) per saham.				(full Rupiah) per share.
Telah ditempatkan				Issued and
dan disetor penuh				fully paid
19.649.411.888 saham	25	1.964.941.189	1.964.941.189	19,649,411,888 shares
Tambahan modal disetor-neto	26	676.623.405	637.207.927	Additional paid in capital-net
Selisih transaksi dengan				Difference in transactions
kepentingan non-pengendali	27	(99.755.450)	(99.755.450)	with non-controlling interests
Saldo laba :				Retained earnings :
Ditentukan penggunaannya	28	6.000.000	5.000.000	Appropriated
Belum ditentukan penggunaannya		<u>5.917.605.512</u>	<u>4.575.276.672</u>	Unappropriated
Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk		8.465.414.656	7.082.670.338	Total equity attributable to owners of the parent entity
Kepentingan non-pengendali	29	<u>107.276.924</u>	<u>105.174.743</u>	Non-controlling interests
Jumlah ekuitas		<u>8.572.691.580</u>	<u>7.187.845.081</u>	Total equity
Jumlah liabilitas dan ekuitas		<u>20.728.430.487</u>	<u>20.186.130.682</u>	Total liabilities and equity

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Laba Rugi dan Penghasilan
Komprehensif Lain Konsolidasian
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Profit or Loss
and Other Comprehensive Income
For the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ 2017	December 2016	
Penjualan, pendapatan jasa dan usaha lainnya	30	3.917.107.098	2.715.688.780	Sales, services and other revenues
Beban pokok penjualan, pendapatan jasa dan usaha lainnya	31	1.541.083.916	1.250.829.709	Cost of sales, services and other revenues
Laba bruto		2.376.023.182	1.464.859.071	Gross profit
Beban penjualan	32	(93.508.181)	(78.390.227)	Selling expenses
Beban umum dan administrasi	33	(296.983.699)	(290.021.943)	General and administrative expenses
Beban pajak final	11c	(130.944.829)	(132.139.369)	Final tax expenses
Pendapatan bunga		42.715.169	53.143.753	Interest income
Beban bunga		(314.061.338)	(225.606.812)	Interest expenses
Beban premi lindung nilai	7	(83.338.565)	(86.275.367)	Hedging premium expense
Provisi dan administrasi bank		(14.126.301)	(4.873.458)	Bank charges and provision
Beban pembelian kembali obligasi	22	-	(220.917.535)	Bonds payable redemption expenses
Laba penjualan aset tetap	15	236.184	134	Gain/(loss) on sale of fixed assets
Laba/(rugi) selisih kurs - bersih		(31.776.255)	157.368.649	Foreign exchange gain/(loss) – net
Lainnya		(9.570.936)	(45.793.487)	Others
Jumlah		(931.358.751)	(873.505.662)	Total
Laba sebelum beban pajak		1.444.664.431	591.353.409	Profit before tax expenses
Beban pajak	11d	59.475.254	81.110.130	Tax expenses
Laba tahun berjalan		1.385.189.177	510.243.279	Profit for the year
Penghasilan (rugi) komprehensif lain :				Other comprehensive income (loss) :
- Pos-pos yang tidak akan direklasifikasi ke laba rugi :				- Items that will not be reclassified subsequently to profit or loss
- Pengukuran kembali liabilitas imbalan pasti	24	(7.439.935)	10.667.369	- Remeasurement of a net defined benefit liability
- Pajak penghasilan terkait pos-pos yang tidak akan direklasifikasi ke laba rugi	11e	200.508	(261.286)	- Income tax related to items that will not be reclassified subsequently to profit or loss
- Pos-pos yang akan direklasifikasi ke laba rugi		-	-	- Items that will be reclassified subsequently to profit or loss
Jumlah penghasilan komprehensif lain tahun berjalan, setelah pajak		(7.239.427)	10.406.083	Total other comprehensive income for current year, after tax
Jumlah penghasilan komprehensif tahun berjalan		1.377.949.750	520.649.362	Total comprehensive income for the year

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Laba Rugi dan Penghasilan
Komprehensif Lain Konsolidasian (lanjutan)
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Profit or Loss
and Other Comprehensive Income (continued)
For the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ December		
		2017	2016	
Jumlah laba tahun berjalan yang dapat diatribusikan kepada :				<i>Total profit for the year attributable to :</i>
Pemilik entitas induk		1.379.979.809	508.780.523	<i>Owners of the parent company</i>
Kepentingan non-pengendali	29	<u>5.209.368</u>	<u>1.462.756</u>	<i>Non-controlling interest</i>
		<u>1.385.189.177</u>	<u>510.243.279</u>	
Jumlah penghasilan komprehensif tahun berjalan yang dapat diatribusikan kepada :				<i>Total comprehensive income for the year attributable to :</i>
Pemilik entitas induk		1.372.802.958	519.100.092	<i>Owners of the parent company</i>
Kepentingan non-pengendali		<u>5.146.792</u>	<u>1.549.270</u>	<i>Non-controlling interest</i>
		<u>1.377.949.750</u>	<u>520.649.362</u>	
Laba per saham - dasar (Rupiah penuh)	3s,34	<u>70,23</u>	<u>25,89</u>	<i>Earning per share - basic (full Rupiah)</i>

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**

Laporan Perubahan Ekuitas Konsolidasian

Untuk tahun-tahun yang berakhir pada tanggal

31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**

Consolidated Statements of Changes in Equity

For the years ended

31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

Catatan/ Notes	Distribusikan kepada pemilik entitas induk/ <i>Atributable to owners of the parent company</i>					Kepentingan non-pengendali atas aset bersih entitas anak/ Non-controlling interests in net assets of subsidiaries	Jumlah/ Total	Jumlah ekuitas/ Total equity
	Modal saham/ Share capital	Tambahan modal disorot/ Additional paid in capital	Selisih transaksi dengan kepentingan non-pengendali/ Difference in transactions with non-controlling interests	Ditentukan penggunaannya/ Appropriated	Saldo laba/ Retained earnings Belum ditentukan penggunaannya/ Unappropriated			
Saldo 1 Januari 2016	1.964.941.189	553.153.878	(124.820.709)	4.000.000	4.057.176.580	147.958.724	6.454.450.938	6.602.409.662
Pencadangan saldo laba sebagai cadangan umum	-	-	-	1.000.000	(1.000.000)	-	-	-
Pembagian dividen pada entitas anak - bagian kepentingan non-pengendali	-	-	-	-	-	(11.002.023)	-	(11.002.023)
Pembelian saham dari kepentingan non-pengendali	-	-	-	-	-	(13.200.000)	-	(13.200.000)
Penjualan saham kepada kepentingan non-pengendali	-	-	-	-	-	-	-	-
Pengamunan pajak	-	-	-	-	-	4.510.000	-	4.510.000
Selisih transaksi dengan kepentingan non-pengendali	-	84.054.049	-	-	-	424.031	84.054.049	84.478.080
Pendapatan komprehensif:	-	-	25.065.259	-	-	(25.065.259)	25.065.259	-
Laba tahun berjalan	-	-	-	-	508.780.523	1.462.756	508.780.523	510.243.279
Penghasilan (rugi) komprehensif lain:	-	-	-	-	-	-	-	-
- Pos-pos yang tidak akan direklasifikasi ke laba rugi:	-	-	-	-	-	-	-	-
- Pengukuran kembali liabilitas imbalan pasti	-	-	-	-	10.319.569	86.514	10.319.569	10.406.083
Saldo 31 Desember 2016	1.964.941.189	637.207.927	(99.755.450)	5.000.000	4.575.276.672	105.174.743	7.082.670.338	7.187.845.081
Pencadangan saldo laba sebagai cadangan umum	-	-	-	1.000.000	(1.000.000)	-	-	-
Pembagian dividen	-	-	-	-	(29.474.118)	-	(29.474.118)	(29.474.118)
Pembagian dividen pada entitas anak - bagian kepentingan non-pengendali	-	-	-	-	-	(3.498.154)	-	(3.498.154)
Pengamunan pajak	-	-	-	-	-	453.543	39.415.478	39.869.021
Pendapatan komprehensif:	-	39.415.478	-	-	-	5.209.368	1.379.979.809	1.385.189.177
Laba tahun berjalan	-	-	-	-	1.379.979.809	-	-	-
Penghasilan (rugi) komprehensif lain:	-	-	-	-	-	-	-	-
- Pos-pos yang tidak akan direklasifikasi ke laba rugi:	-	-	-	-	-	-	-	-
- Pengukuran kembali liabilitas imbalan pasti	-	-	-	-	(7.176.851)	(62.576)	(7.176.851)	(7.239.427)
Saldo 31 Desember 2017	1.964.941.189	676.623.405	(99.755.450)	6.000.000	5.917.605.512	107.276.924	8.465.414.656	8.572.691.580

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian. *The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.*

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Arus Kas Konsolidasian
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Cash Flows
For the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ 2017	December 2016	
Arus kas dari aktivitas operasi				Cash flows from operating activities
Penerimaan kas dari pelanggan		3.446.212.658	3.867.297.312	Cash receipt from customers
Pembayaran kas kepada :				Cash payments to :
Direksi dan karyawan		(183.706.655)	(159.504.596)	Directors and employees
Kontraktor, pemasok dan operasional		(1.288.318.124)	(2.051.357.625)	Contractors, suppliers and operations
Kas dari operasi		1.974.187.879	1.656.435.091	Cash generated from operations
Penerimaan bunga		42.715.169	53.143.753	Interest income
Pembayaran pajak		(178.265.786)	(208.026.747)	Tax payments
Pembayaran dari pihak yang bukan pelanggan		(12.686.460)	(19.528.050)	Payment from other parties who are not customers
Kas bersih dari aktivitas operasi		<u>1.825.950.802</u>	<u>1.482.024.047</u>	Net cash from operating activities
Arus kas dari aktivitas investasi				Cash flow from investing activities
Kenaikan jaminan KPR	7a	(35.908.336)	(41.414.914)	Increase in interest mortgage collateral
Penambahan tanah untuk dikembangkan	12	(631.441.537)	(34.300.718)	Addition to land for development
Kenaikan uang muka pembelian tanah	13	(732.891.732)	(273.549.335)	Increase in advance for land purchases
Penambahan properti investasi	14	(3.162.797)	(1.440.564)	Addition to investment properties
Penambahan aset tetap	15	(91.082.250)	(80.124.735)	Addition to fixed assets
Hasil penjualan aset tetap	15	450.000	3.625	Proceeds from sales of fixed assets
Penurunan deposito berjangka	6	<u>11.666.107</u>	<u>53.796.523</u>	Decrease in time deposits
Kas bersih digunakan untuk aktivitas investasi		<u>(1.482.370.545)</u>	<u>(377.030.118)</u>	Net cash used for investing activities

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Laporan Arus Kas Konsolidasian (lanjutan)
Untuk tahun-tahun yang berakhir pada tanggal
31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Consolidated Statements of Cash Flows (continued)
For the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	Catatan/ Note	31 Desember/ 2017	December 2016	
Arus kas dari aktivitas pendanaan				Cash flows from financing activities
Aset pengampunan pajak		13.958.621	-	Tax amnesty assets
Penerimaan/(pembayaran) utang bank	21	(288.740.487)	362.358.463	Received/(payment) in bank loan
Penempatan dana jaminan pembayaran bunga	7b	(8.439.179)	(7.133.784)	Placement in interest reserve accounts
Pembayaran bunga		(599.127.544)	(751.219.217)	Interest payment
Pembelian kembali utang obligasi - bersih		- (3.234.019.711)	-	Redemption of bonds payable - net
Penerbitan obligasi - bersih		-	3.114.766.924	Bond issuance - net
(Kenaikan)/penurunan piutang pihak berelasi		1.615.000	(176.000)	(Increase)/decrease in amount due from related parties
Penerimaan manfaat lindung nilai		95.870.387	-	Received of hedging benefit
Penambahan uang muka setoran modal pada entitas anak oleh kepentingan non-pengendali		100.000.000	-	Addition of advance on paid in capital in subsidiary by non-controlling interest
Pembayaran dividen		(29.474.118)	-	Dividend payment
Penurunan utang pihak berelasi		(101.607.105)	(38.500.000)	Decrease in amount due to related parties
Kas bersih digunakan untuk aktivitas pendanaan		(815.944.425)	(553.923.325)	Net cash used for financing activities
Kenaikan/ (penurunan) bersih kas dan setara kas		(472.364.168)	551.070.604	Net increase/ (decrease) in cash and cash equivalents
Kas dan setara kas awal tahun		1.189.458.923	638.388.319	Cash and cash equivalents at beginning of the year
Dampak perubahan selisih kurs terhadap kas dan setara kas		991.689	-	Effect of exchange rate changes on cash and cash equivalent
Kas dan setara kas akhir tahun	5	<u>718.086.444</u>	<u>1.189.458.923</u>	Cash and cash equivalents at end of the year

Catatan atas laporan keuangan konsolidasian merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of the consolidated financial statements.

1. U m u m

a. Pendirian Perusahaan

PT Alam Sutera Realty Tbk. (selanjutnya disebut Perusahaan) didirikan berdasarkan akta notaris Ny. Erly Soehandjojo SH., No. 15 tanggal 3 November 1993. Anggaran dasar Perusahaan telah mengalami beberapa kali perubahan, terakhir berdasarkan akta No. 256 tanggal 10 November 1997 oleh Erly Soehandjojo SH., notaris di Jakarta. Perubahan anggaran dasar ini telah disahkan oleh Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. C2-4967.HT.01.04-TH.1998 tanggal 12 Mei 1998. Berdasarkan akta notaris Misahardi Wilamarta SH., No. 94 tanggal 23 April 2007, modal dasar Perusahaan ditingkatkan dari Rp 20 milyar menjadi Rp 250 milyar. Perubahan anggaran dasar ini telah mendapat persetujuan dari Menteri Kehakiman dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. W7-05242.HT.01.04-TH.2007 tanggal 8 Mei 2007. Berdasarkan akta No. 111 tanggal 23 Agustus 2007 yang dibuat oleh notaris Misahardi Wilamarta SH., Perusahaan telah meningkatkan modal dasarnya dari Rp 250 milyar menjadi Rp 2.400 milyar, dan mengubah nama Perusahaan dari PT Adhihutama Manunggal menjadi PT Alam Sutera Realty, dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. W7.09419.HT.01.04-TH.2007 tanggal 27 Agustus 2007.

Berdasarkan akta notaris Misahardi Wilamarta SH., No. 162 tanggal 29 Agustus 2007 yang telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia No. W7-09583.HT.01.04-TH.2007 tanggal 30 Agustus 2007, maksud dan tujuan didirikan Perusahaan adalah berusaha dalam bidang pembangunan dan pengelolaan perumahan.

1. General

a. The Company's establishment

PT Alam Sutera Realty Tbk. ("the Company"), was established based on notarial deed made by Mrs. Erly Soehandjojo, SH., No. 15 dated 3 November 1993. The articles of association were amended several times, the latest by deed No. 256 dated 10 November 1997 of notary Mrs. Erly Soehandjojo SH., notary in Jakarta. The amendments of the articles of association were approved by Minister of Justice of Republic of Indonesia by Decision Letter No. C2-4967.HT.01.04.TH.1998 dated 12 May 1998. Based on deed No. 94 dated 23 April 2007 by notary Misahardi Wilamarta SH., the authorized capital of the Company was increased from Rp 20 billion to Rp 250 billion. The amendments of articles of association was approved by Minister of Justice and Human Rights of Republic of Indonesia with decision letter No. W7-05242.HT.01.04-TH.2007 dated 8 May 2007. Based on deed No. 111 dated 23 August 2007 by notary Misahardi Wilamarta SH., the Company increased its authorized capital from Rp 250 billion to Rp 2,400 billion, and changed the Company's name from PT Adhihutama Manunggal into PT Alam Sutera Realty. These changes were approved by Minister of Law and Human Rights of Republic of Indonesia with decision letter No. W7.09419.HT.01.04-TH.2007 dated 27 August 2007.

Based on deed No. 162 dated 29 August 2007 by notary Misahardi Wilamarta SH., which was approved by Minister of Law and Human Right of Republic of Indonesia No. W7-09583.HT.01.04-TH.2007 dated 30 August 2007, the aims and objectives of the company's establishment are to engage in development and management of housing.

1. Umum (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Berdasarkan akta notaris Misahardi Wilamarta, SH., No. 71 tanggal 19 September 2007 tentang risalah Rapat Umum Pemegang Saham Luar Biasa Perusahaan, disetujui untuk : mengubah status Perusahaan dari Perusahaan tertutup menjadi Perusahaan terbuka; mengubah nilai nominal saham dari Rp 1.000 per saham menjadi Rp 100 per saham; menyetujui Perusahaan melakukan penawaran umum perdana kepada masyarakat di Indonesia; menyetujui memberikan kuasa kepada direksi Perusahaan untuk menyatakan dalam akta notaris tersendiri mengenai peningkatan modal ditempatkan dan disetor Perusahaan setelah penawaran umum dilaksanakan; menyetujui perubahan anggaran dasar Perusahaan, disesuaikan dengan Undang-Undang No. 8 Tahun 1995 tentang Pasar Modal dan peraturan pelaksanaannya dalam rangka menjadi Perseroan Terbuka.

Sehubungan dengan hal tersebut di atas, maka Perusahaan menjadi bernama PT Alam Sutera Realty Tbk, dengan maksud dan tujuan Perusahaan adalah bergerak dalam bidang pembangunan dan pengelolaan perumahan. Modal dasar Perusahaan berjumlah Rp 2.400.000.000 ribu yang terbagi atas 24.000.000.000 saham dengan nilai nominal Rp 100 per saham (Rupiah penuh).

Akta notaris ini telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. C-01547/HT.01.04-TH.2007 tanggal 29 Oktober 2007.

Berdasarkan akta notaris Unita Christina Winata, SH., No. 22 tanggal 16 Juni 2009, anggaran dasar Perusahaan telah disesuaikan dengan Undang-Undang No. 40 tahun 2007 tentang Perseroan Terbatas dan ketentuan peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam - LK), dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. AHU-36820.AH.01.02.Tahun 2009 tanggal 3 Agustus 2009.

Berdasarkan akta notaris Aryanti Artisari, SH., No. 42 tanggal 8 Maret 2012, anggaran dasar Perusahaan telah diubah dan perubahan ini telah didaftarkan kepada Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Daftar Perseroan No. AHU.0026346.AH.01.09.Tahun 2012 tanggal 27 Maret 2012.

I. General (continued)

a. The Company's establishment (continued)

Based on Extra Ordinary Shareholders Meeting, by notarial deed of Misahardi Wilamarta, SH., No. 71 dated 19 September 2007, it was agreed to : change the Company's status from private Company into Public Company, amend the par value of shares from Rp 1,000 per share to Rp 100 per share; permit the Company to conduct initial public offering in Indonesia, give right to Company's board of Directors to state in the notarial deed regarding the increase of the Company's issued and fully paid up capital after public offering; allow to change the Company's articles of association, to conform with Law No. 8 year 1995 about Capital Market and the related regulations in the frame of Public Company.

In relation with the above changes, the Company's name became PT Alam Sutera Realty Tbk, the aims and objectives of the Company are to engage in development and management of housing. The Company's authorized capital amounting to Rp 2,400,000,000 thousands consisting of 24,000,000,000 shares with par value of Rp 100 per share (full Rupiah).

This notarial deed has been approved by Minister of Law and Human Rights of Republic of Indonesia by decision letter No. C-01547/HT.01.04-TH.2007 dated 29 October 2007.

Based on deed No. 22 dated 16 June 2009 by notary Unita Christina Winata, SH., the Company's articles of association has been amended to comply with Law No. 40 year 2007 regarding Limited Company and stipulation of regulation of Capital Market and Financial Institution Supervisory Board, which has been approved by Minister of Law and Human Rights of the Republic of Indonesia with decision letter No. AHU-36820.AH.01.02.Tahun 2009 dated 3 August 2009.

Based on deed No. 42 dated 8 March 2012 by notary Aryanti Artisari, SH., the Company's articles of association has been amended and the amendments were registered to Minister of Law and Human Rights of the Republic of Indonesia by the Company registered No. AHU.0026346.AH.01.09.Tahun 2012 dated 27 March 2012.

1. Umum (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Berdasarkan Berita Acara Rapat Umum Pemegang Saham Luar Biasa No. 10 tanggal 23 Juni 2015 oleh notaris Aulia Taufani SH., disetujui untuk melakukan perubahan Anggaran Dasar Perseroan dalam rangka penyesuaian dengan ketentuan peraturan-peraturan Otoritas Jasa Keuangan. Perubahan Anggaran Dasar Perseroan tersebut telah dilaporkan kepada Menteri Hukum dan Asasi Manusia Republik Indonesia dengan nomor AHU-AH.01.03-0949437 tanggal 8 Juli 2015.

Perusahaan dan entitas anak (bersama-sama disebut "Grup") berkedudukan di Wisma Argo Manunggal, Jl. Jend. Gatot Subroto Kav. 22 Jakarta dan mempunyai proyek real estat yang berkedudukan di Kecamatan Serpong, Kecamatan Tangerang dan Kecamatan Pasar Kemis, Tangerang, Provinsi Banten, Kecamatan Setia Budi, Jakarta Selatan dan Kecamatan Kuta Selatan, Badung, Bali serta memiliki tanah untuk dikembangkan yang terletak di Kecamatan Pinang, Kecamatan Pasar Kemis, Kecamatan Tangerang Provinsi Banten, di Kecamatan Cipanas, Kabupaten Cianjur, Provinsi Jawa Barat, di Kecamatan Tanjung Pinang Timur, Provinsi Riau, di Kecamatan Denpasar Selatan dan Badung, Bali, serta di Kecamatan Cibitung, Bekasi.

Perusahaan mulai melakukan kegiatan operasional dengan pembelian tanah dalam tahun 1999.

Proyek real estat utama yang dimiliki oleh Perusahaan dan entitas anak pada saat ini adalah proyek Kawasan Alam Sutera di Serpong dan proyek Suvarna Padi dan Suvarna Sutera di Pasar Kemis, Tangerang, Kota Ayodhya di Kecamatan Tangerang, proyek gedung perkantoran The Tower dan gedung perkantoran Wisma Argo Manunggal di Jakarta, serta Garuda Wisnu Kencana Cultural Park di Bali.

b. Entitas Induk dan Entitas Induk Utama

Pemegang saham utama dan pengendali Grup adalah keluarga Tuan The Ning King.

1. General (continued)

a. The Company's establishment (continued)

Based on the Deed of the Extraordinary General Meeting of the Shareholders No. 10 dated 23 June 2015 by notary Unita Christina Winata SH., it was approved to amend the articles of association of the Company in order to comply with the rules of the Financial Services Authority. Amendments to the Articles of Association have been reported to the Ministry of Justice and Human Rights of the Republic of Indonesia with register number AHU-AH.01.03-0949437 dated 8 July 2015.

The Company and its subsidiaries (together called "Group") is domiciled at Wisma Argo Manunggal Jl. Jend. Gatot Subroto Kav. 22 Jakarta and owns real estate projects which are located at Kecamatan Serpong, Kecamatan Tangerang and Kecamatan Pasar Kemis, Kabupaten Tangerang, Province Banten, Kecamatan Setia Budi, Jakarta Selatan and Kecamatan Kuta Selatan, Badung, Bali and has owned lands for development located in Kecamatan Pinang, Kecamatan Pasar Kemis, Kecamatan Tangerang Province Banten, in Kecamatan Cipanas, Kabupaten Cianjur, Province West Java and Kecamatan Tanjung Pinang Timur, Province Riau, in Kecamatan Denpasar Selatan and Badung, Bali, and in Kecamatan Cibitung, Bekasi.

The Company commenced its operational activity and purchases of land in 1999.

The main real estate projects owned by the Company and its subsidiaries recently are Alam Sutera Residential and Commercial projects in Serpong and Suvarna Padi and Suvarna Sutera projects in Pasar Kemis, Tangerang, Kota Ayodhya in Kecamatan Tangerang, The Tower office building project and Wisma Argo Manunggal office building in Jakarta, and Garuda Wisnu Kencana Cultural Park in Bali

b. Parent and Ultimate Parent Company

The principal shareholder and the controlling Group are the family of Mr. The Ning King.

1. Umum (lanjutan)

c. Dewan Komisaris dan Direksi, Komite Audit, Sekretaris Perusahaan dan Karyawan

Susunan Dewan Komisaris dan Direksi Perusahaan adalah sebagai berikut :

Berdasarkan akta No. 1
tanggal 07 Juni 2017/
Based on deed No. 1
dated 07 June 2017

Dewan Komisaris/
Boards of Commissioners

Komisaris Utama/
President Commissioner

: Tn/ Mr. Harjanto Tirtohadiguno

Komisaris/ Commissioner : Ny/ Mrs. Angeline Sutedja

Komisaris/ Commissioner : Tn/ Mr. The Nicholas

Komisaris Independen/
Independent Commissioner : Tn/ Mr. Pingki Elka Pangestu

Komisaris Independen/
Independent Commissioner : Tn/ Mr. Prasasto Sudyatmiko

Direksi/ Boards of Directors

Direktur Utama/
President Director

: Tn/ Mr. Joseph Sanusi Tjong

Direktur/ Director : Ny/ Mrs. Ir. Lilia Setiprawarti Sukotjo

Direktur/ Director : Tn/ Mr. RM Frangky AD

Direktur (tidak terafiliasi)/
Director (non affiliate)

: Tn/ Mr. Andrew Charles Walker

Berdasarkan hasil rapat Dewan Komisaris tanggal 30 Agustus 2017, disetujui untuk menunjuk susunan Komite Audit Perusahaan yang berlaku sejak 30 Agustus 2017 dengan susunan sebagai berikut :

2017

Ketua : Prasasto Sudyatmiko

Anggota : Stania Suwita Pranoto

Anggota : Cecylia Ratna Sari S.

Berdasarkan hasil rapat Dewan Komisaris tanggal 10 Desember 2012, disetujui untuk menunjuk susunan Komite Audit Perusahaan yang berlaku sejak 10 Desember 2012 dengan susunan sebagai berikut :

2016

Ketua : Prasasto Sudyatmiko

Anggota : Sri Wahyuni Sujono

Anggota : Hidajat Hoesni

Berdasarkan surat tanggal 1 September 2016, Perusahaan menunjuk Tony Rudiyanto sebagai Sekretaris Perusahaan.

Jumlah remunerasi yang diberikan kepada Dewan Komisaris dan Direksi Perusahaan sebesar Rp 25.405.098 ribu dan Rp 24.432.939 ribu masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016.

1. General (continued)

c. Boards of Commissioners and Directors, Audit Committee, Corporate Secretary and Employees

The compositions of Board of Commissioners and Directors of the Company are as follows :

Berdasarkan akta No. 2
tanggal 15 Januari 2016/
Based on deed No. 2
dated 15 January 2016

Tn/ Mr. Harjanto Tirtohadiguno

Ny/ Mrs. Angeline Sutedja

Tn/ Mr. The Nicholas

Tn/ Mr. Pingki Elka Pangestu

Tn/ Mr. Prasasto Sudyatmiko

Tn/ Mr. Joseph Sanusi Tjong

Ny/ Mrs. Ir. Lilia Setiprawarti Sukotjo

Tn/ Mr. RM Frangky AD

Tn/ Mr. Andrew Charles Walker

Based on Board of Commissioners meeting dated 30 August 2017, it was agreed to appoint the Audit Committee effective from 30 August 2017 with the composition as follows :

2017

Chairman : Prasasto Sudyatmiko

Member : Stania Suwita Pranoto

Member : Cecylia Ratna Sari S.

Based on Board of Commissioners meeting dated 10 December 2012 it was agreed to appoint the Audit Committee effective from 10 December 2012 with the composition as follows :

2016

Chairman : Prasasto Sudyatmiko

Member : Sri Wahyuni Sujono

Member : Hidajat Hoesni

Based on letter dated 1 September 2016, the Company appointed Tony Rudiyanto as Corporate Secretary.

Total remuneration given to Board of Commissioners and Directors of the Company amounted to Rp 25,405,098 thousands and Rp 24,432,939 thousands, respectively, for the year ended 31 December 2017 and 2016.

1. Umum (lanjutan)

1. General (continued)

c. Dewan Komisaris dan Direksi, Komite Audit, Sekretaris Perusahaan dan Karyawan (lanjutan)

c. Boards of Commissioners and Directors, Audit Committee, Corporate Secretary and Employees (continued)

Perusahaan dan entitas anak memiliki 1.841 orang dan 1.802 orang pada tanggal-tanggal 31 Desember 2017 dan 31 Desember 2016 (tidak diaudit).

The Company and its subsidiaries employed 1,841 and 1,802 employees as of 31 December 2017 and 31 December 2016, respectively (unaudited).

d. Struktur Perusahaan dan entitas anak

d. The structure of the Company and its subsidiaries

Pada tanggal 31 Desember 2017 dan 31 Desember 2016, entitas anak yang dikonsolidasikan adalah sebagai berikut :

As of 31 December 2017 and 31 December 2016, the consolidated subsidiaries are as follows :

<u>Nama entitas anak/ Subsidiaries name</u>	<u>Kegiatan utama/ Main activities</u>	<u>Kedudukan/ Domicile</u>	<u>Tahun mulai operasi/ Years of commencing operations</u>
Entitas anak yang dimiliki secara langsung : / Directly owned subsidiaries :			
PT Delta Mega Persada	Real estat/Real estate	Jakarta	2013
PT Duta Prakarsa Development	Real estat dan pengelola gedung/ Real estate and building management	Jakarta	2013
PT Nusa Cipta Pratama	Konsultasi, investasi dan pengelolaan gedung/ Consultant, investments and building management	Jakarta	2013
PT Garuda Adhimatra Indonesia	Pariwisata dan real estat/ Tourism and real estate	Bali	2000
PT Tangerang Matra Real Estate	Real estat dan pengelolaan gedung/Real estate and building management	Jakarta	2017
Alam Sutera International Pte. Ltd.	Entitas bertujuan khusus Special purpose entity	Singapura/ Singapore	2012
Alam Synergy Pte. Ltd.	Entitas bertujuan khusus/ Special purpose entity	Singapura/ Singapore	2013
Melalui/ Through PT Nusa Cipta Pratama dan/ and PT Duta Prakarsa Development : PT Alfa Goldland Realty	Real estat dan pengelolaan gedung /Real estate and building management	Jakarta	1994
Melalui/ Through PT Alfa Goldland Realty : PT Nusa Raya Mitratama	Real estat/Real estate	Jakarta	1996
Melalui/ Through PT Delta Mega Persada : PT Permata Indah Kedaton	Sub-perusahaan induk/ Sub-holding	Jakarta	2011
PT Delta Manunggal Raharja	Real estat/Real estate	Jakarta	Tahap pembelian tanah/ Land purchase stage
Melalui/ Through PT Permata Indah Kedaton : PT Duta Realtindo Jaya	Real estat/Real estate	Jakarta	2011
Melalui/ Through Alam Sutera International Pte. Ltd: Silkwood Pte. Ltd.	Manajemen bisnis, jasa konsultan dan investasi konsultasi manajemen/ Business management, consultancy services and investment	Singapura/ Singapore	2012

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

1. Umum (lanjutan)	1. General (continued)		
d. Struktur Perusahaan dan entitas anak (lanjutan)	d. The structure of the Company and its subsidiaries (continued)		
Nama entitas anak/ <i>Subsidiaries name</i>	Kegiatan utama/ <i>Main activities</i>	Kedudukan/ <i>Domicile</i>	Tahun mulai operasi/ <i>Years of commencing operations</i>
Melalui/ <i>Through</i> Alam Synergy Pte. Ltd : Carlisle Venture Pte. Ltd.	Jasa pelayanan bisnis, meminjamkan dana dan penjualan barang/ <i>Business services, money lending and sale of goods</i>	Singapura/ <i>Singapore</i>	2013
		Persentase kepemilikan (%)/ <i>Percentage of ownership (%)</i>	
<u>Nama entitas anak/ <i>Subsidiaries name</i></u>		<u>31 Des./ Dec. 2017</u>	<u>31 Des./ Dec. 2016</u>
Entitas anak yang dimiliki secara langsung :/ <i>Directly owned subsidiaries :</i>			
PT Delta Mega Persada		99,54	99,54
PT Duta Prakarsa Development		99,00	99,00
PT Nusa Cipta Pratama		99,98	99,98
PT Garuda Adhimatra Indonesia		90,29	90,29
PT Tangerang Matra Real Estate		99,80	99,80
Alam Sutera International Pte. Ltd.		100,00	100,00
Alam Synergy Pte. Ltd.		100,00	100,00
Entitas anak yang dimiliki secara tidak langsung :/ <i>Indirectly owned subsidiaries :</i>			
Melalui/ <i>Through</i> PT Nusa Cipta Pratama dan/ <i>and</i> PT Duta Prakarsa Development :			
PT Alfa Goldland Realty		99,99	99,99
Melalui/ <i>Through</i> PT Alfa Goldland Realty :			
PT Nusa Raya Mitratama		99,99	99,99
Melalui/ <i>Through</i> PT Delta Mega Persada :			
PT Permata Indah Kedaton		99,20	99,20
PT Delta Manunggal Raharja		99,99	99,99
Melalui/ <i>Through</i> PT Permata Indah Kedaton :			
PT Duta Realtindo Jaya		99,20	99,20
Melalui/ <i>Through</i> Alam Sutera International Pte. Ltd. :			
Silkwood Pte. Ltd.		100,00	100,00
Melalui/ <i>Through</i> Alam Synergy Pte. Ltd. :			
Carlisle Venture Pte. Ltd.		100,00	100,00
		Total aset (sebelum eliminasi)/ <i>Total assets (before elimination)</i>	
		<u>31 Des./ Dec. 2017</u>	<u>31 Des./ Dec. 2016</u>
		(dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)	(dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)
<u>Nama entitas anak/ <i>Subsidiaries name</i></u>			
Entitas anak yang dimiliki secara langsung :/ <i>Directly owned subsidiaries :</i>			
PT Delta Mega Persada dan entitas anak/ <i>and its subsidiaries</i>		5.473.016.312	5.255.927.609
PT Duta Prakarsa Development		1.086.639.566	1.113.753.156
PT Nusa Cipta Pratama dan entitas anak/ <i>and its subsidiaries</i>		7.265.783.218	6.973.318.522
PT Garuda Adhimatra Indonesia		1.439.236.890	1.353.121.109
PT Tangerang Matra Real Estate		5.804.283.438	5.528.203.595
Alam Sutera International Pte. Ltd. dan entitas anak/ <i>and its subsidiary</i>		67.452.351	27.072.544
Alam Synergy Pte. Ltd. dan entitas anak/ <i>and its subsidiary</i>		6.552.880.459	6.443.808.256

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

1. Umum (lanjutan)

1. General (continued)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

**d. The structure of the Company and its
subsidiaries (continued)**

Nama entitas anak/ <i>Subsidiaries name</i>	Total aset (sebelum eliminasi)/ <i>Total assets (before elimination)</i>	
	31 Des./ Dec. 2017 (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)	31 Des./ Dec. 2016 (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)
Entitas anak yang dimiliki secara tidak langsung :/ <i>Indirectly owned subsidiaries :</i>		
Melalui/ <i>Through</i> PT Nusa Cipta Pratama dan/ <i>and</i> PT Duta Prakarsa Development :		
PT Alfa Goldland Realty dan entitas anak/ <i>and its subsidiary</i>	7.258.711.729	6.967.631.506
Melalui/ <i>Through</i> PT Alfa Goldland Realty :		
PT Nusa Raya Mitratama	228.358.278	218.677.846
Melalui/ <i>Through</i> PT Delta Mega Persada :		
PT Permata Indah Kedaton dan entitas anak/ <i>and its subsidiary</i>	296.232.563	248.082.835
PT Delta Manunggal Raharja	930.293.979	816.251.458
Melalui/ <i>Through</i> PT Permata Indah Kedaton :		
PT Duta Realtindo Jaya	296.193.462	247.364.087
Melalui/ <i>Through</i> Alam Sutera International Pte. Ltd.:		
Silkwood Pte. Ltd.	26.496.543	844.088.557
Melalui/ <i>Through</i> Alam Synergy Pte. Ltd.:		
Carlisle Venture Pte. Ltd.	8.358.567.226	8.280.595.521

Informasi keuangan entitas anak yang dimiliki
oleh kepentingan non-pengendali dalam jumlah
material pada tanggal dan untuk tahun yang
berakhir 31 Desember 2017 dan 2016 adalah
sebagai berikut :

*Financial information of subsidiaries that have
material non-controlling interests as of and for
the year ended 31 December 2017 and 2016
follows :*

Nama Entitas Anak/ <i>Name of Subsidiary</i>	Bagian kepemilikan/ <i>Equity held (%)</i>	Bagian kepentingan non-pengendali atas aset bersih entitas anak/ <i>Portion of non- controlling interest on subsidiaries net assets</i> (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)		Bagian kepentingan non-pengendali atas jumlah laba tahun berjalan entitas anak/ <i>Portion of non-controlling interest on total profit for the year of subsidiaries</i> (dalam ribuan Rupiah/ <i>expressed in thousands Rupiah</i>)	
PT Garuda Adhimatra Indonesia (GAIN)	(2017)	9,71%	77.460.251	(2.808.435)	
	(2016)	9,71%	80.322.520	(2.211.976)	

Berikut adalah ringkasan informasi keuangan dari
entitas anak. Jumlah-jumlah tersebut sebelum
dieliminasi dengan transaksi antar entitas dalam
Grup.

*The summarized financial information of these
subsidiaries is provided below. This information
is based on amounts before inter-company
eliminations.*

1. Umum (lanjutan)

1. General (continued)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

**d. The structure of the Company and its
subsidiaries (continued)**

Ringkasan laporan posisi keuangan GAIN pada
tanggal 31 Desember 2017 dan 2016:

Summarized statement of financial position of
GAIN as of 31 December 2017 and 2016:

	GAIN (dalam ribuan Rupiah/ expressed in thousands Rupiah)		
	2017	2016	
Aset lancar	24.267.547	16.112.497	Current assets
Aset tidak lancar	1.414.969.342	1.337.008.612	Noncurrent assets
Jumlah aset	1.439.236.889	1.353.121.109	Total assets
Liabilitas jangka pendek	100.897.070	180.602.133	Current liabilities
Liabilitas jangka panjang	501.972.495	306.662.647	Noncurrent liabilities
Jumlah liabilitas	602.869.565	487.264.780	Total liabilities
Jumlah ekuitas	836.367.324	865.856.329	Total equity

Ringkasan laporan laba rugi dan penghasilan
komprehensif lain untuk tahun yang berakhir 31
Desember 2017 dan 2016:

Summarized statement of profit or loss and other
comprehensive income for the year ended 31
December 2017 and 2016:

	GAIN (dalam ribuan Rupiah/ expressed in thousands Rupiah)		
	2017	2016	
Pendapatan	67.451.102	99.476.334	Revenue
Laba (rugi) tahun berjalan	(28.934.367)	(2.351.826)	Profit (loss) for the year
Penghasilan (beban) komprehensif lain setelah pajak	(554.637)	783.859	Other comprehensive income (loss) after tax
Jumlah penghasilan (rugi) komprehensif tahun berjalan	(29.489.004)	(1.567.967)	Total comprehensive income (loss) for the year
Dividen yang dibayarkan pada kepentingan non-pengendali	-	-	Dividends paid to non- controlling interest

Ringkasan informasi arus kas untuk tahun yang
berakhir 31 Desember 2017 dan 2016:

Summarized cash flow information for the year
ended 31 December 2017 and 2016:

	GAIN (dalam ribuan Rupiah/ expressed in thousands Rupiah)		
	2017	2016	
Operasi	10.133.969	46.608.410	Operating
Investasi	(66.647.122)	(12.469.152)	Investing
Pendanaan	63.221.611	(36.541.667)	Financing
Kenaikan (penurunan) bersih kas dan setara kas	(6.708.458)	(2.402.409)	Net increase (decrease) in cash and cash equivalents

1. Umum (lanjutan)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

Perubahan persentase kepemilikan

Tahun 2015

Pada bulan Januari 2015, entitas anak - PT Delta Manunggal Raharja telah meningkatkan modal dasar dari Rp 10 milyar menjadi Rp 153 milyar, dan modal disetor dari Rp 2.500.000 ribu menjadi Rp 153.000.000 ribu yang seluruhnya diambil bagian oleh entitas anak - PT Delta Mega Persada sehingga persentase kepemilikan saham PT Delta Mega Persada pada PT Delta Manunggal Raharja menjadi 99,99%.

Berdasarkan akta notaris Audrey Tedja, SH., M.Kn., No. 4 dan 5 tanggal 29 Juli 2015, PT Delta Mega Persada telah membeli sebanyak 33.555 saham PT Permata Indah Kedaton - entitas anak dari kepentingan non-pengendali - PT Bumi Asri Cipta Mandiri sebesar Rp 314.730.850 ribu, sehingga pemilikan saham PT Delta Mega Persada pada PT Permata Indah Kedaton menjadi 99,20% (Catatan 27).

Pada bulan Oktober 2015, entitas anak - PT Delta Mega Persada telah meningkatkan modal disetor dari Rp. 600.000.000 ribu menjadi Rp 1.132.248.152 ribu yang seluruhnya diambil bagian oleh Perusahaan sehingga persentase kepemilikan saham Perusahaan pada PT Delta Mega Persada menjadi 99,54%.

Tahun 2016

Berdasarkan akta notaris Audrey Tedja, SH., M.Kn., No. 33 dan 34 tanggal 30 Desember 2015, yang telah dilaporkan kepada Menteri Hukum dan Asasi Manusia Republik Indonesia dengan nomor AHU-AH.01.03-0008804 tanggal 29 Januari 2016, bahwa PT Permata Indah Kedaton telah membeli saham PT Duta Realtindo Jaya - entitas anak sebanyak 5.280 saham dari kepentingan non-pengendali - PT Bumi Asri Cipta Mandiri sebesar Rp 13.200.000 ribu, sehingga pemilikan saham PT Permata Indah Kedaton pada PT Duta Realtindo Jaya menjadi 99,20% (Catatan 27).

1. General (continued)

d. The structure of the Company and its subsidiaries (continued)

Change in ownership interest

Year 2015

In January 2015, the subsidiary - PT Delta Manunggal Raharja increased the authorized capital from Rp 10 billion to Rp 153 billion and paid up capital from Rp 2,500,000 thousands to Rp 153,000,000 thousands which was entirely subscribed by subsidiary - PT Delta Mega Persada so that the percentage of ownership of PT Delta Mega Persada in PT Delta Manunggal Raharja becomes 99.99%.

Based on notarial deed Audrey Tedja, SH., M.Kn., No. 4 and 5 dated 29 July 2015, PT Delta Mega Persada has bought with total of 33,555 shares of PT Permata Indah Kedaton - subsidiary from non-controlling interests - PT Bumi Asri Cipta Mandiri amounting to Rp 314,730,850 thousands, therefore the share ownership of PT Delta Mega Persada in PT Permata Indah Kedaton becomes 99.20% (Note 27).

In October 2015, the subsidiary - PT Delta Mega Persada increased its paid-up capital of Rp 600,000,000 thousands to Rp 1,132,248,152 thousands which was entirely subscribed by the Company so that the percentage of ownership of the Company's shares in PT Delta Mega Persada becomes 99.54%.

Year 2016

Based on notarial deed Audrey Tedja, SH., M.Kn., No. 33 dan 34 dated 30 Desember 2015, which has been reported to the Ministry of Justice and Human Rights of the Republic of Indonesia with register number AHU-AH.01.03-0008804 dated 29 January 2016, that PT Permata Indah Kedaton has purchased shares of PT Duta Realtindo Jaya - subsidiary with total of 5,280 shares from non-controlling interests - PT Bumi Asri Cipta Mandiri amounting to Rp. 13,200,000 thousands, therefore the share ownership of PT Permata Indah Kedaton in PT Duta Realtindo Jaya becomes 99.20% (Note 27).

1. Umum (lanjutan)

**d. Struktur Perusahaan dan entitas anak
(lanjutan)**

Berdasarkan akta notaris Audrey Tedja, SH., M.Kn., No. 6 tanggal 20 Juli 2016, Perusahaan telah menjual saham PT Delta Mega Persada - entitas anak, sebanyak 10.000 saham kepada CFLD Investment II Pte. Ltd., sehingga persentase kepemilikan saham Perusahaan pada PT Delta Mega Persada menjadi 99,54% (catatan 27).

Berdasarkan akta notaris Audrey Tedja S.H., M.Kn. No. 15 tanggal 21 Desember 2016, yang telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui Keputusan No. AHU-0024510.AH.01.02. TAHUN 2016 tanggal 21 Desember 2016, modal dasar PT Tangerang Matra Real Estate - entitas anak ditingkatkan dari semula Rp 1.250.000.000 ribu menjadi Rp 2.500.000.000 ribu, terdiri dari 2.500.000.000 saham @ Rp 1.000. Peningkatan modal ditempatkan dan disetor penuh sebesar Rp 1.000.000.000 ribu telah diambil bagian oleh PT Alam Sutera Realty Tbk sebesar Rp 517.660.000 ribu, PT Alfa Goldland Realty sebesar Rp 477.840.000 ribu dan PT Rawa Intan sebesar Rp 4.500.000 ribu, sehingga persentase kepemilikan saham Grup pada PT Tangerang Matra Real Estate menjadi 99,80%.

e. Penawaran umum perdana saham

Pada tanggal 7 Desember 2007, Perusahaan memperoleh pernyataan efektif dari Ketua Badan Pengawas Pasar Modal (Bapepam - LK) dengan suratnya No. S.6232/BL/2007 untuk melakukan penawaran umum atas 3.142.000.000 saham Perusahaan kepada masyarakat. Pada tanggal 18 Desember 2007, saham tersebut telah dicatatkan pada Bursa Efek Jakarta dan Surabaya.

f. Penyusunan dan penerbitan laporan keuangan konsolidasian

Laporan keuangan konsolidasian PT Alam Sutera Realty Tbk dan entitas anak untuk tahun yang berakhir pada tanggal 31 Desember 2017 telah diselesaikan dan diotorisasi untuk diterbitkan oleh direksi perusahaan pada tanggal 15 Maret 2018. Direksi Perusahaan bertanggungjawab atas penyusunan dan penyajian laporan keuangan konsolidasian tersebut.

1. General (continued)

d. The structure of the Company and its subsidiaries (continued)

Based on notarial deed Audrey Tedja, SH., M.Kn., No. 6 dated 20 July 2016, The Company has sold shares of PT Delta Mega Persada - subsidiary, with total of 10,000 shares to CFLD Investment II Pte. Ltd., so that the percentage of ownership of the Company's shares in PT Delta Mega Persada become 99.54% (note 27).

Based on the notarial deed of Audrey Tedja S.H., M.Kn. No. 15 dated 21 December 2016, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia through the Decree No. AHU-0024510.AH.01.02. TAHUN 2016 dated 21 December 2016, authorized capital of PT Tangerang Matra Real Estate - subsidiary increased from Rp 1,250,000,000 thousands to Rp 2,500,000,000 thousands, consists of 2,500,000,000 shares @ Rp 1,000. Increased issued and fully paid amounted Rp 1,000,000,000 thousands had taken by PT Alam Sutera Realty Tbk amounted Rp 517,660,000 thousands, PT Alfa Goldland Realty amounted Rp 477,840,000 thousands and PT Rawa Intan amounted Rp 4,500,000 thousands, so that the percentage of ownership of the Group's shares in PT Tangerang Matra Real Estate become 99.80%.

e. Initial public offering

On 7 December 2007, the Company obtained the notice of effectivity from the Chairman of the Capital Market Supervisory Agency ("Bapepam - LK") in his letter No. S.6232/BL/2007 for its public offering of 3,142,000,000 shares. On 18 December 2007, these shares were listed on the Jakarta and Surabaya stock exchanges.

f. The preparation and publication of the consolidated financial statements

The consolidated financial statements of PT Alam Sutera Realty Tbk and its subsidiaries for the year ended 31 December 2017 were completed and authorized for issuance on 15 March 2018. The Company's Directors are responsible for the preparation and presentation of the consolidated financial statements.

2. Restrukturisasi entitas sepengendali

Perusahaan melakukan berbagai transaksi yang merupakan transaksi restrukturisasi entitas sepengendali sebagai berikut (dalam ribuan Rupiah) :

Tahun 2007	(39.695.517)
Tahun 2012	<u>355.999</u>
Jumlah	<u>(39.339.518)</u>

Tahun 2007, antara lain :

- Pada tanggal 23 Agustus 2007, Perusahaan telah meningkatkan modal saham dengan menerima inbreng kepemilikan saham PT Tangerang Fajar Industrial Estate pada PT Duta Prakarsa Development sebesar 94.000.000 saham senilai Rp 94 Milyar atau dengan kepemilikan sebesar 98,95%.
- Pada tanggal 23 Agustus 2007, Perusahaan telah meningkatkan modal saham dengan menerima inbreng kepemilikan saham PT Manunggal Prime Development, PT Bukit Asri Padang Golf; PT Tangerang Fajar Industrial Estate pada PT Delta Mega Persada masing-masing sebesar 266.480.000 saham, 106.190.000 saham, dan 204.095.000 saham masing-masing senilai Rp 266.480.000 ribu, Rp 106.190.000 ribu, dan Rp 204.095.000 ribu atau dengan kepemilikan masing-masing sebesar 45,70%, 18,21% dan 35,00%.
- Pada tanggal 23 Agustus 2007, Perusahaan telah meningkatkan modal saham dengan menerima inbreng kepemilikan saham PT Argo Manunggal Land Development pada PT Nusa Cipta Pratama sebesar 515.916.000 saham senilai Rp 515.916.000 ribu atau dengan kepemilikan sebesar 99,98%.

Perusahaan dan entitas anak sebelum dan setelah inbreng saham-saham tersebut merupakan perusahaan-perusahaan yang baik langsung maupun tidak langsung dikendalikan oleh PT Selaras Citamanunggal di mana pemegang saham mayoritasnya adalah PT Tunas Koralindo melalui pemilikan saham dan atau kemampuan menunjuk atau memberhentikan mayoritas pengurus, dan atau mempunyai hak suara yang melebihi 50% pada perusahaan-perusahaan tersebut, sehingga transaksi tersebut merupakan transaksi entitas sepengendali.

Rincian jumlah lembar saham, harga perolehan dan bagian proporsional saham atas nilai buku aset bersih entitas anak pada saat diakuisisi adalah sebagai berikut :

2. Restructuring of entities under common control

The Company conducted several transactions which represent restructuring of entities under common control as follows (expressed in thousands Rupiah) :

<i>Year 2007</i>
<i>Year 2012</i>

Total

Year 2007, among others :

- *On 23 August 2007, the Company increased share capital by receiving in-specie contribution of share ownership of PT Tangerang Fajar Industrial Estate in PT Duta Prakarsa Development of 94,000,000 shares with nominal value of Rp 94 billion or 98.95% ownership.*
- *On 23 August 2007, the Company increased the share capital by receiving in-specie contribution of share ownership of PT Manunggal Prime Development, PT Bukit Asri Padang Golf; PT Tangerang Fajar Industrial Estate in PT Delta Mega Persada, of 266,480,000 shares, 106,190,000 shares and 204,095,000 share of each with nominal value of Rp 266,480,000 thousands, Rp 106,190,000 thousands and Rp 204,095,000 thousands or 45.70%, 18.21% and 35.00% ownership, respectively.*
- *On 23 August 2007, the Company increased share capital by receiving in-specie contribution of shares ownership of PT Argo Manunggal Land Development in PT Nusa Cipta Pratama of 515,916,000 shares with nominal value of Rp 515,916,000 thousands or 99.98% ownership.*

The Company and its subsidiaries before and after contribution in specie of said shares are controlled directly or indirectly by PT Selaras Citamanunggal where its majority shareholder is PT Tunas Koralindo through share ownership and or has the right to appoint or terminate the majority of the members of the board of directors and or has over 50% of the voting right of said companies, so the said transaction as transaction of entities under common control.

The breakdown of total shares, acquisition cost and share proportion on book value of subsidiaries's net assets at acquisition date area as follows :

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

2. Restrukturisasi entitas sepengendali (lanjutan)

2. Restructuring of entities under common control (continued)

	Jumlah lembar saham/ <i>Total shares</i>	Harga perolehan/ <i>Acquisition cost</i> (Rp 000)	Bagian proporsional saham atas nilai buku aset bersih/ <i>Portion of share on book value of net assets</i> (Rp 000)	Selisih nilai transaksi restrukturisasi entitas sepengendali/ <i>Difference in value of restructuring transaction between entities under common control</i> (Rp 000)
PT Nusa Cipta Pratama	515.916.000	515.916.000	485.263.545	(30.652.455)
PT Delta Mega Persada	576.765.000	576.765.000	572.660.843	(4.104.157)
PT Duta Prakarsa Development	94.000.000	94.000.000	89.061.095	(4.938.905)
Jumlah/ Total	1.186.681.000	1.186.681.000	1.146.985.483	(39.695.517)

Tahun 2012

Year 2012

Berdasarkan akta jual beli saham No. 43, 44 dan 45 tanggal 19 Desember 2012 oleh notaris Jose Dima Satria SH., MKn., PT Manunggal Prime Development - pihak berelasi, pemilik 1.980.000 saham PT Delta Manunggal Raharja ("DMR"), dan Tuan Hungkang Sutedja - pihak berelasi, pemilik sebanyak 500.000 saham DMR, menjual saham-sahamnya kepada PT Delta Mega Persada (DMP) - entitas anak, dengan harga seluruhnya sebesar Rp 4.960.000 ribu.

Based on share purchase deed No. 43, 44 and 45 dated 19 December 2012 by notary Jose Dima Satria SH., MKn., PT Manunggal Prime Development - related party, owned 1,980,000 shares of PT Delta Manunggal Raharja ("DMR") and Mr. Hungkang Sutedja - related party, owned 500,000 shares of DMR were sold their shares to PT Delta Mega Persada (DMP) - subsidiary, at a price of Rp 4,960,000 thousands.

Atas transaksi-transaksi pembelian saham DMR di atas, entitas anak (DMP) secara langsung menguasai 99,20% saham DMR.

Upon purchase of the above DMR shares, subsidiary (DMP) has directly controlled 99.20% of DMR shares.

Rincian biaya perolehan dan bagian proporsional atas nilai buku aset bersih entitas anak pada saat diakuisisi adalah sebagai berikut (dalam ribuan Rupiah) :

The breakdown of acquisition cost and share portion on book value of subsidiary's net assets at acquisition date are as follows (expressed in thousands Rupiah) :

Nilai buku aset bersih yang diambil alih (99,20%)	5.319.232
Biaya perolehan	<u>(4.960.000)</u>

Net assets - book value which
taken over (99.20%)
Acquisition cost

**Selisih nilai transaksi
restrukturisasi
entitas sepengendali**

***Difference in value of restructuring
transaction between entities under
common control***

359.232

Transaksi di atas menghasilkan selisih nilai transaksi restrukturisasi entitas sepengendali sebesar Rp 359.232 ribu yang dicatat sebagai "Selisih Nilai Transaksi Restrukturisasi Entitas Sepengendali" pada bagian ekuitas pada DMP yang menghasilkan Selisih Nilai Transaksi Restrukturisasi Entitas Sepengendali pada ekuitas Grup sebanyak Rp 355.999 ribu, dan disajikan dalam kelompok akun tambahan modal disetor.

The above transactions resulted in a difference in value of restructuring transaction between entities under common control of Rp 359,232 thousands which was recorded as "Difference in Value from Restructuring Transaction Between Entities Under Common Control" in the equity section of DMP resulting in Difference in Value from Restructuring Transaction Between Entities Under Common Control at equity of Group amounting to Rp 355,999 thousands, which presented into additional paid in capital account.

3. Ikhtisar kebijakan akuntansi penting

Kebijakan akuntansi penting yang diterapkan Perusahaan dan entitas anak ("Grup") dalam penyusunan dan penyajian laporan keuangan konsolidasian ini adalah sebagai berikut :

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian

Laporan keuangan konsolidasian telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia ("SAK"), yang mencakup Pernyataan Standar Akuntansi Keuangan dan Interpretasi Standar Akuntansi Keuangan yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia serta Peraturan No. VIII.G.7 tentang "Penyajian dan Pengungkapan Laporan Keuangan Emiten atau Perusahaan Publik" Lampiran Keputusan Ketua Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam-LK) (sekarang Otoritas Jasa Keuangan/OJK) berdasarkan keputusan Ketua BAPEPAM-LK No. KEP-347/BL/2012 tanggal 25 Juni 2012.

Laporan keuangan konsolidasian, kecuali laporan arus kas konsolidasian, disusun berdasarkan metode akrual dengan menggunakan konsep biaya historis, kecuali untuk beberapa akun tertentu yang diukur berdasarkan pengukuran sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut.

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung, yang menyajikan penerimaan dan pengeluaran kas dan setara kas yang diklasifikasikan sebagai aktivitas operasi, investasi dan pendanaan.

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian untuk tahun yang berakhir 31 Desember 2017 adalah konsisten dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian untuk tahun yang berakhir 31 Desember 2016.

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan konsolidasian adalah Rupiah yang merupakan mata uang fungsional Grup. Seluruh angka dalam laporan keuangan konsolidasian ini, kecuali dinyatakan secara khusus, dibulatkan menjadi ribuan Rupiah yang terdekat.

3. Summary of significant accounting policies

The significant accounting policies adopted by the Company and its subsidiaries ("The Group") in the preparation and presentation of these consolidated financial statements are as follows :

a. Basis of preparation and measurement of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise of the Statements of Financial Accounting Standards and Interpretations of Financial Accounting Standards issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Regulations No. VIII.G.7 regarding "Presentation and Disclosure of Financial Statements of Public Companies" included in the appendix of the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) (currently Financial Services Authority) No. KEP-347/BL/2012 dated 25 June 2012.

The consolidated financial statements, except for the consolidated statements of cash flows, have been prepared based on the accrual basis using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies of each account.

The consolidated statements of cash flows have been prepared by using the direct method, presents receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities.

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2017 are consistent with the accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2016.

The reporting currency used in the preparation of the consolidated financial statements is Indonesian Rupiah, which is the functional currency of the Group. All figures in the consolidated financial statements, unless stated specifically, are rounded to the nearest thousands of Rupiah.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian (lanjutan)

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mengharuskan penggunaan estimasi tertentu. Hal tersebut juga mengharuskan manajemen untuk membuat pertimbangan dalam proses penerapan kebijakan akuntansi Grup. Area yang kompleks atau memerlukan tingkat pertimbangan yang lebih tinggi atau area di mana asumsi dan estimasi berdampak signifikan terhadap laporan keuangan konsolidasian diungkapkan di Catatan 4.

Perubahan atas Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK")

Berikut adalah revisi, amandemen dan penyesuaian baru atas standar akuntansi keuangan (SAK) serta interpretasi atas SAK.

Berlaku efektif 1 Januari 2017

- PSAK 1 (Amandemen 2015) "Penyajian Laporan Keuangan tentang Prakarsa Pengungkapan"
- PSAK No. 3 (Penyesuaian 2016) "Laporan Keuangan Interim"
- PSAK No. 24 (Penyesuaian 2016) "Imbalan Kerja"
- PSAK No. 58 (Penyesuaian 2016) "Aset Tidak Lancar yang Dimiliki untuk Dijual dan Operasi yang Dihentikan"
- PSAK No. 60 (Penyesuaian 2016) "Instrumen Keuangan : Pengungkapan"
- ISAK No. 31 "Interpretasi atas Ruang Lingkup PSAK No. 13 : Properti Investasi"
- ISAK No. 32 "Definisi dan Hierarki Standar Akuntansi Keuangan"

Penerapan standar akuntansi keuangan tersebut tidak memiliki pengaruh signifikan terhadap laporan keuangan konsolidasian Grup.

Berikut adalah standar akuntansi yang telah diterbitkan namun belum berlaku efektif

Berlaku efektif 1 Januari 2018

- PSAK No. 2 (Amandemen 2016) "Laporan Arus Kas tentang Prakarsa Pengungkapan"

3. Summary of significant accounting policies (continued)

a. Basis of preparation and measurement of consolidated financial statements (continued)

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the consolidated financial statement are disclosed in Note 4.

Changes to the statements of financial accounting standards ("SFAS") and interpretations of statements of financial accounting standards ("IFAS")

The following are new revision, amendments and improvements of financial accounting standards (FAS) and interpretation of FAS.

Effective on 1 January 2017

- SFAS 1 (Amendment 2015) "Presentation of Financial Statements of Disclosure Initiative"
- SFAS No. 3 (Improvement 2016) "Interim Financial Reporting"
- SFAS No. 24 (Improvement 2016) "Employee Benefits"
- SFAS No. 58 (Improvement 2016) "Non-Current Assets Held for Sale and Discontinued Operation"
- SFAS No. 60 (Improvement 2016) "Financial Instrument : Disclosure"
- IFAS No. 31 "Interpretation of Scope of SFAS No. 13 : Investing Property"
- IFAS No. 32 "Definition and Hierarchy of Financial Accounting Standards"

The adoption of the financial accounting standards do not have significant impact to the Group's consolidated financial statements.

The following are accounting standards issued but not yet effective

Effective on 1 January 2018

- SFAS No. 2 (Amendment 2016) "Statement of Cash Flows about Disclosure Initiative"

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian (lanjutan)

Berikut adalah standar akuntansi yang telah diterbitkan namun belum berlaku efektif (lanjutan)

Berlaku efektif 1 Januari 2018 (lanjutan)

- PSAK No. 13 (Amandemen 2017) "Properti Investasi tentang Pengalihan Properti Investasi"
- PSAK No. 15 (Penyesuaian 2017) "Investasi pada Entitas Asosiasi dan Ventura Bersama"
- PSAK No. 16 (Amandemen 2015) "Aset Tetap tentang Agrikultur : Tanaman Produktif"
- PSAK No. 46 (Amandemen 2016) "Pajak Penghasilan tentang Pengakuan Aset Pajak Tangguhan untuk Rugi yang belum direalisasi"
- PSAK No. 53 (Amandemen 2017) "Klasifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham"
- PSAK No. 67 (Penyesuaian 2017) "Klasifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham"
- PSAK No. 69 "Agrikultur"

Berlaku efektif 1 Januari 2019

- ISAK No. 33 "Transaksi Valuta Asing dan Imbalan Dimuka"

Berlaku efektif 1 Januari 2020

- PSAK No. 15 (Amandemen 2017) "Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama"
- PSAK No. 62 (Amandemen 2017) "Kontrak Asuransi – Menerapkan PSAK No. 71 : Instrumen Keuangan dengan PSAK 62 : Kontrak Asuransi"
- PSAK No. 71 "Instrumen Keuangan"
- PSAK No. 71 (Amandemen 2017) "Instrumen Keuangan tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif"
- PSAK No. 72 "Pendapatan dari Kontrak dengan Pelanggan"
- PSAK No. 73 "Sewa"

3. *Summary of significant accounting policies (continued)*

a. *Basis of preparation and measurement of consolidated financial statements (continued)*

The following are accounting standards issued but not yet effective (continued)

Effective on 1 January 2018 (continued)

- *SFAS No. 13 (Amendment 2017) "Investment Property about Transfers of Investment Property"*
- *SFAS No. 15 (Improvement 2017) "Investments in Associates and Joint Ventures"*
- *SFAS No. 16 (Amendment 2015) "Fixed Assets about Agriculture : Bearer Plants"*
- *SFAS No. 46 (Amendment 2016) "Income Taxes about Deferred Tax Assets for Unrealized Losses"*
- *SFAS No. 53 (Amendment 2017) "Classification and Measurement of Share-based Payment Transactions"*
- *SFAS No. 63 (Improvement 2017) "Disclosures of Interest in Other Entities"*
- *SFAS No. 69 "Agriculture"*

Effective on 1 January 2019

- *IFAS No. 33 "Foreign Currency Transactions and Advance Considerations"*

Effective on 1 January 2020

- *SFAS No. 15 (Amendment 2017) "Investments in Associates and Joint Ventures about Long Term Interest in Associate and Joint Ventures"*
- *SFAS No. 62 (Amendment 2017) "Insurance Contract – Applying SFAS No. 71 : Financial Instruments with SFAS No. 62 : Insurance Contract"*
- *SFAS No. 71 "Financial Instruments"*
- *SFAS No. 71 (Amendment 2017) "Financial Instruments about Prepayment Features with Negative Compensation"*
- *SFAS No. 72 "Revenue from Contracts with Customers"*
- *SFAS No. 73 "Leases"*

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

a. Dasar penyusunan dan pengukuran laporan keuangan konsolidasian (lanjutan)

Grup masih mengevaluasi dampak penerapan PSAK dan ISAK di atas dan dampak terhadap laporan keuangan konsolidasian Grup dari penerapan PSAK dan ISAK tersebut belum dapat ditentukan.

b. Prinsip konsolidasian

Grup menerapkan PSAK No. 65, "Laporan Keuangan Konsolidasian". PSAK amandemen ini menetapkan prinsip penyusunan dan penyajian laporan keuangan konsolidasian ketika entitas mengendalikan satu atau lebih entitas lain.

Laporan keuangan konsolidasian menggabungkan seluruh entitas anak yang dikendalikan oleh Perusahaan dan entitas anak (Grup).

Grup memiliki pengendalian jika dan hanya jika memiliki seluruh hal berikut :

- kekuasaan atas *investee*;
- eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*; dan
- kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil Grup.

Pengkonsolidasian entitas anak dimulai pada saat Grup memperoleh pengendalian atas entitas anak dan berakhir pada saat Grup kehilangan pengendalian atas entitas anak. Secara khusus, penghasilan dan beban entitas anak yang diakuisisi atau dilepaskan selama tahun berjalan termasuk dalam laba rugi sejak tanggal Grup memperoleh pengendalian sampai dengan tanggal Grup kehilangan pengendalian atas entitas anak.

Laba rugi dan setiap komponen penghasilan komprehensif lain diatribusikan kepada pemilik Perusahaan dan kepentingan non-pengendali (KNP) meskipun hal tersebut mengakibatkan KNP memiliki saldo defisit.

3. Summary of significant accounting policies (continued)

a. Basis of preparation and measurement of consolidated financial statements (continued)

The Group is still evaluating the impact of adoption of the above SFAS and IFAS and the impact on the Group's consolidated financial statements from the adoption of the SFAS and IFAS has not yet to be determined.

b. Principles of consolidation

The Group adopted SFAS No. 65, "Consolidated Financial Statements". This amendment SFAS provides guidance for the preparation and presentation of consolidated financial statements when an entity has control over another entity.

The consolidated financial statements consolidate all subsidiaries that are controlled by the Company and its subsidiaries (Group).

The Group has control if and only if the investor has all of the following elements :

- power over the investee.
- exposure, or rights, to variable returns from its involvement with the investee.
- the ability to use its power over the investee to affect the amount of the investor's returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest (NCI) even if this results in the NCI having a deficit balance.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

b. Prinsip konsolidasian (lanjutan)

Seluruh aset dan liabilitas, ekuitas, penghasilan, beban dan arus kas dalam intra kelompok usaha terkait dengan transaksi antar entitas dalam Grup dieliminasi secara penuh dalam laporan keuangan konsolidasian.

Jika kehilangan pengendalian atas entitas anak, maka Grup :

- menghentikan pengakuan aset (termasuk setiap goodwill) dan liabilitas entitas anak;
- menghentikan pengakuan jumlah tercatat setiap KNP
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian dalam laba rugi; dan
- mereklasifikasi bagian entitas induk atas komponen yang sebelumnya diakui sebagai penghasilan komprehensif lain ke laba rugi, atau mengalihkan secara langsung ke saldo laba.

KNP mencerminkan bagian atas keuntungan atau kerugian dan aset neto dari entitas-entitas anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung oleh Perusahaan, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

Transaksi dengan kepentingan non-pengendali yang tidak mengakibatkan hilangnya pengendalian dicatat sebagai transaksi ekuitas. Selisih antara nilai wajar imbalan yang dialihkan dengan anak relatif atas nilai tercatat aset bersih entitas anak yang diakuisisi dicatat di ekuitas. Keuntungan atau kerugian dari pelepasan kepada kepentingan non-pengendali juga dicatat di ekuitas.

3. Summary of significant accounting policies (continued)

b. Principles of consolidation (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated upon consolidation.

In case of loss of control over a subsidiary, the Group :

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any NCI;
- derecognizes the cumulative translation differences, recorded in equity, if any;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

NCI represents the portion of the profit or loss and net assets of the subsidiaries attributable to equity interests that are not owned directly or indirectly by the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to owners of the parent company.

Transactions with NCI that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan

i. Aset keuangan

Seluruh aset keuangan diakui dan dihentikan pengakuannya pada tanggal diperdagangkan di mana pembelian dan penjualan aset keuangan berdasarkan kontrak yang mensyaratkan penyerahan aset keuangan dalam kurun waktu yang ditetapkan oleh kebiasaan pasar yang berlaku, dan awalnya diukur sebesar nilai wajar ditambah biaya transaksi.

Pada tanggal 31 Desember 2017 dan 2016, aset keuangan Perusahaan dan entitas anak diklasifikasikan sebagai pinjaman yang diberikan dan piutang.

Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan, yang tidak mempunyai kuotasi di pasar aktif. Aset keuangan tersebut diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif, dikurangi dengan penurunan nilai. Keuntungan dan kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat pinjaman yang diberikan dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, serta melalui proses amortisasi.

Kas dan setara kas, deposito berjangka, aset keuangan lancar lainnya, aset keuangan tidak lancar lainnya, piutang usaha, piutang lain-lain dan piutang pihak berelasi termasuk dalam kategori pinjaman yang diberikan dan piutang.

3. *Summary of significant accounting policies (continued)*

c. *Financial instruments*

i. *Financial assets*

All financial assets are recognized and derecognized on trade date where the purchase and sale of a financial asset under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

As of 31 December 2017 and 2016, financial assets of the Company and its subsidiaries are classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such financial assets are carried at amortized cost using the effective interest method, less any impairment. Gains and losses are recognized in the consolidated statements of income and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents, time deposit, other current financial assets, other non current financial assets, trade receivables, other receivables and due from related parties are included in loans and receivables category.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Metode suku bunga efektif

Metode suku bunga efektif adalah metode yang digunakan untuk menghitung biaya perolehan diamortisasi dari instrumen keuangan dan metode untuk mengalokasikan pendapatan bunga selama periode yang relevan. Suku bunga efektif adalah suku bunga yang secara tepat mendiskontokan estimasi penerimaan kas di masa datang (mencakup seluruh komisi dan bentuk lain yang dibayarkan dan diterima oleh para pihak dalam kontrak yang merupakan bagian yang tak terpisahkan dari suku bunga efektif, biaya transaksi dan premium dan diskonto lainnya) selama perkiraan umur instrumen keuangan, atau, jika lebih tepat, digunakan periode yang lebih singkat untuk memperoleh nilai tercatat bersih dari aset keuangan pada saat pengakuan awal.

Pendapatan diakui berdasarkan suku bunga efektif untuk instrumen keuangan.

Grup tidak mempunyai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi ("FVTPL"), investasi dimiliki hingga jatuh tempo ("HTM") dan aset keuangan tersedia untuk dijual ("AFS") per 31 Desember 2017 dan 2016.

Penurunan nilai aset keuangan

Aset keuangan dievaluasi terhadap indikator penurunan nilai pada setiap tanggal laporan posisi keuangan. Aset keuangan diturunkan nilainya bila terdapat bukti objektif, sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset keuangan, dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan yang dapat di estimasi secara handal.

3. Summary of significant accounting policies (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

The effective interest method

The effective interest method is a method used for calculating the amortized cost of a financial instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and other forms of paid and received by the parties to the contract that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, if more appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition.

Revenue is recognized based on effective interest rates for financial instruments.

The Group did not have any financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments ("HTM") and available-for-sale financial assets ("AFS") as of 31 December 2017 and 2016.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position date. Financial assets are impaired where there is objective evidence, as a result of one or more events that occurred after the initial recognition of financial assets, and the adverse event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

Untuk aset keuangan lainnya, bukti objektif penurunan nilai termasuk sebagai berikut:

- kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam; atau
- pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga; atau
- terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan.

Untuk kelompok aset keuangan tertentu, seperti piutang, aset yang dinilai tidak diturunkan secara individual akan dievaluasi penurunan nilainya secara kolektif. Bukti objektif dari penurunan nilai portofolio piutang dapat termasuk pengalaman Perusahaan atas tertagihnya piutang di masa lalu, peningkatan keterlambatan penerimaan pembayaran piutang dari rata-rata periode kredit, dan juga pengamatan atas perubahan kondisi ekonomi nasional atau lokal yang berkorelasi dengan kegagalan atas piutang.

Untuk aset keuangan yang diukur pada biaya perolehan yang diamortisasi, jumlah kerugian penurunan nilai merupakan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan.

Nilai tercatat aset keuangan tersebut dikurangi dengan kerugian penurunan nilai secara langsung atas aset keuangan, kecuali piutang yang nilai tercatatnya dikurangi melalui penggunaan akun penyisihan piutang. Jika piutang tidak tertagih, piutang tersebut dihapuskan melalui akun penyisihan piutang. Pemulihan kemudian dari jumlah yang sebelumnya telah dihapuskan dikreditkan terhadap akun penyisihan. Perubahan nilai tercatat akun penyisihan piutang diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

3. *Summary of significant accounting policies (continued)*

c. *Financial instruments (continued)*

i. *Financial assets (continued)*

Impairment of financial assets (continued)

For other financial assets, objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or obligor; or*
- breach of contract, such as a default or delinquency in interest or principal payments; or*
- it is probable that the borrower will enter bankruptcy or financial reorganization.*

For a group of financial assets, such as receivables, assets that are assessed not be lowered individual will be evaluated collectively for impairment. Objective evidence of impairment of receivables portfolio may include the Company's accounts receivable experience in the past, increasing delays in receipt of payments due from the average credit period, as well as observations of changes in national or local economic conditions that correlate with the failure of the receivables.

For financial assets measured at amortized cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of financial assets.

The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets, except for receivables carrying amount is reduced through the use of an allowance account receivable. If doubtful accounts, accounts receivable written off through the allowance account. Later recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying value of accounts receivable allowance account are recognized in profit or loss and other comprehensive income.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Penghentian pengakuan aset keuangan

Grup menghentikan pengakuan aset keuangan, jika dan hanya jika: hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau Grup telah mentransfer hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan; atau tetap memiliki hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan namun juga menanggung liabilitas kontraktual untuk membayar arus kas yang diterima tersebut kepada satu atau lebih pihak penerima melalui suatu kesepakatan yang memenuhi persyaratan tertentu. Ketika Grup mentransfer aset keuangan, maka Grup mengevaluasi sejauh mana Grup tetap memiliki risiko dan manfaat atas kepemilikan aset keuangan tersebut.

ii. Liabilitas keuangan dan instrumen ekuitas

Liabilitas keuangan dan instrumen ekuitas yang diterbitkan oleh Perusahaan dan entitas anak diklasifikasi sesuai dengan substansi perjanjian kontraktual dan definisi liabilitas keuangan dan instrumen ekuitas.

Instrumen ekuitas

Instrumen ekuitas adalah setiap kontrak yang memberikan hak residual atas aset Perusahaan dan entitas anak setelah dikurangi dengan seluruh liabilitasnya. Instrumen ekuitas dicatat sebesar hasil penerimaan bersih setelah dikurangi biaya penerbitan langsung.

Pembelian kembali instrumen ekuitas Perusahaan (saham diperoleh kembali) diakui dan dikurangkan secara langsung dari ekuitas. Keuntungan dan kerugian yang timbul dari pembelian, penjualan, penerbitan atau pembatalan instrumen ekuitas Perusahaan tersebut tidak diakui dalam laba rugi.

3. *Summary of significant accounting policies (continued)*

c. *Financial instruments (continued)*

i. *Financial assets (continued)*

Derecognition of financial assets

The Group shall derecognize financial assets when, and only when: the contractual rights to the cash flows from the financial asset expire; or the contractual rights to receive the cash flows of the financial asset are transferred to another entity; or the contractual rights to receive the cash flows of the financial asset are retained but they assume a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets certain conditions. When the Group transfers a financial asset, they shall evaluate the extent to which they retain the risks and rewards of ownership of the financial asset.

ii. *Financial liabilities and equity instruments*

Financial liabilities and equity instruments issued by the Company and its subsidiaries are classified according to the substance of the contractual arrangement and the definitions of financial liabilities and equity instruments.

Equity instruments

An equity instrument is any contract that provides a residual interest in the assets of the Company and its subsidiaries after deducting all liabilities. Equity instruments are recorded at the proceeds received, net of direct issuance costs.

Repurchase of the Company's own equity instruments (treasury shares) is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

ii. Liabilitas keuangan dan instrumen ekuitas (lanjutan)

Liabilitas keuangan diukur pada biaya perolehan yang diamortisasi

Pada saat pengakuan awal, liabilitas keuangan yang diukur pada biaya perolehan yang diamortisasi, diakui pada nilai wajarnya, setelah dikurangi biaya transaksi yang dapat diatribusikan secara langsung dengan penerbitan liabilitas keuangan tersebut. Pengukuran selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Selisih antara hasil emisi (setelah dikurangi biaya transaksi) dengan penyelesaian atau pelunasan pinjaman diakui sebagai beban selama jangka waktu pinjaman.

Utang usaha, utang lain-lain, beban masih harus dibayar, utang pihak berelasi, utang bank jangka panjang, utang obligasi dan uang jaminan yang dapat dikembalikan diukur pada biaya perolehan yang diamortisasi.

Liabilitas keuangan diukur pada nilai wajar melalui laporan laba rugi ("FVTPL")

Grup tidak memiliki liabilitas keuangan diklasifikasikan dalam nilai wajar melalui laba rugi ("FVTPL").

Penghentian pengakuan liabilitas keuangan

Perusahaan dan entitas anak menghentikan pengakuan liabilitas keuangan, jika dan hanya jika, liabilitas Perusahaan dan entitas anak telah dilepaskan, dibatalkan atau kadaluarsa.

3. *Summary of significant accounting policies (continued)*

c. *Financial instruments (continued)*

ii. *Financial liabilities and equity instruments (continued)*

Financial liabilities measured at amortized cost

At the time of initial recognition, financial liabilities measured at amortized cost are recognized at fair value, after less of transaction costs that are directly attributable to the issuance of financial liabilities. Measurement are subsequently measured at amortized cost using the effective interest method.

The difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized as expenses over the term of the loan.

Trade payables, others payable, accrued expenses, due to related parties, long term bank loan, bonds payable and refundable deposit measured at amortized cost.

Financial liabilities measured at fair value through profit or loss ("FVTPL")

Group has no financial liabilities classified as fair value through profit or loss ("FVTPL").

Derecognition of financial liabilities

The Company and its subsidiaries derecognizes financial liabilities, if and only if, the liabilities of the Company and its subsidiaries have been released, cancelled or expired.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

c. Instrumen keuangan (lanjutan)

iii. Saling hapus antar aset dan liabilitas keuangan

Aset dan liabilitas keuangan Perusahaan dan entitas anak saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan jika dan hanya jika,

- saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut; dan
- berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

iv. PSAK No. 60 mengungkapkan tiga tingkat hirarki pengungkapan nilai wajar dan mengharuskan entitas untuk menyediakan pengungkapan tambahan mengenai keandalan pengukuran nilai wajar. Sebagai tambahan, standar ini menjelaskan keharusan atas pengungkapan risiko manajemen.

Penerapan standar tersebut berdampak terhadap pengungkapan pada Catatan 39 dan 40.

d. Akuntansi restrukturisasi entitas sepengendali

Akuisisi entitas anak yang memenuhi kriteria sebagai transaksi restrukturisasi entitas sepengendali dicatat berdasarkan PSAK No. 38, "Akuntansi Restrukturisasi Entitas Sepengendali". Berdasarkan standar ini, akuisisi entitas anak dicatat berdasarkan penyatuan kepemilikan (*pooling of interest*) di mana aset dan liabilitas entitas anak dicatat sesuai dengan nilai bukunya. Selisih antara harga penyerahan dan bagian Perusahaan atas nilai buku entitas anak, jika ada, dicatat sebagai "Selisih Nilai Transaksi Restrukturisasi Entitas Sepengendali" dan disajikan secara terpisah sebagai salah satu komponen ekuitas.

3. Summary of significant accounting policies (continued)

c. Financial instruments (continued)

iii. Offsetting between financial assets and liabilities

Financial assets and financial liabilities of the Company and its subsidiaries are offset and the net amount presented in the statement of financial position if, and only if,

- currently has a legally enforceable right to offset the recognized amounts of such, and
- intends to settle on a net basis or to realize the assets and settle liabilities simultaneously.

iv. SFAS No. 60 introduces three hierarchy levels for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the standard clarify the requirement for the disclosure of management risk.

The adoption of this standard affected the disclosure on Notes 39 and 40.

d. Accounting for restructuring of entities under common control

Acquisitions of subsidiaries that represent a restructuring transaction of entities under common control are accounted for in accordance with SFAS No. 38, "Accounting for Restructuring Transactions of Entities Under Common Control." Based on this standard, acquisition of a subsidiary is accounted for based on the pooling of interest, wherein assets and liabilities of a subsidiary are recorded at their book values. The difference between the transfer price and the Company's interest in a subsidiary's book values, if any, is recorded as "Difference in Value from Restructuring Transactions of Entities Under Common Control" and presented as a separate component of equity.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

d. Akuntansi restrukturisasi entitas sepengendali (lanjutan)

Berdasarkan PSAK No. 38, Kombinasi Bisnis Entitas Sepengendali, yang efektif tanggal 1 Januari 2013, selisih antara harga pengalihan dengan nilai buku setiap transaksi restrukturisasi entitas sepengendali dicatat sebagai "Tambahan modal disetor".

e. Transaksi dengan pihak berelasi

Pihak-pihak berelasi adalah orang atau entitas yang terkait dengan entitas pelapor :

a. Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut :

- i. memiliki pengendalian atau pengendalian bersama entitas pelapor;
- ii. memiliki pengaruh signifikan atas entitas pelapor; atau
- iii. personil manajemen kunci entitas pelapor atau entitas induk dari entitas pelapor.

b. Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut :

- i. Entitas dan entitas pelapor adalah anggota kelompok usaha yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain).
- ii. Suatu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau entitas ventura bersama yang merupakan anggota suatu kelompok usaha, yang mana entitas lain tersebut adalah anggotanya).
- iii. Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama.

3. Summary of significant accounting policies (continued)

d. Accounting for restructuring of entities under common control (continued)

Based on SFAS No. 38, Business Combination of Entities Under Common Control, which effective from 1 January 2013, the difference between transfer price and book value for each restructuring transactions of entities under common control is recorded as "Additional paid-in-capital".

e. Transactions with related parties

A related party is a person or entity who is related to the reporting entity :

a. A person or a close member of that person's family is related to the 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 of a parent of the reporting entity.

b. An entity is related to the 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, 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.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

e. Transaksi dengan pihak berelasi (lanjutan)

- iv. Suatu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga.
- v. Entitas tersebut adalah suatu program imbalan pasca kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor.
- vi. Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf (a).
- vii. Orang yang diidentifikasi dalam huruf (a) (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

Transaksi signifikan yang dilakukan dengan pihak-pihak berelasi diungkapkan dalam catatan laporan keuangan konsolidasian.

f. Kas dan setara kas

Kas dan setara kas terdiri dari uang kas, uang yang ada di bank serta deposito berjangka yang akan jatuh tempo dalam waktu tiga bulan atau kurang dari tanggal penempatannya dan tidak digunakan sebagai jaminan atas utang serta tidak dibatasi penggunaannya.

g. Deposito berjangka

Penempatan deposito dengan jangka waktu lebih dari 3 (tiga) bulan atau dijaminakan dinyatakan sebesar nilai nominal, disajikan sebagai deposito berjangka.

h. Piutang usaha dan piutang lain-lain

Piutang pada awalnya diakui sebesar nilai wajar dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode bunga efektif, dikurangi penyisihan atas penurunan nilai. Penyisihan atas penurunan nilai piutang dibentuk pada saat terdapat bukti obyektif bahwa saldo piutang Grup tidak dapat ditagih.

3. Summary of significant accounting policies (continued)

e. Transactions with related parties (continued)

- iv. One entity is a joint venture of the third entity and the other entity is an associate of the third party.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is maintaining such plan by itself, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a).
- vii. A person identified in (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).

Significant transactions with related parties are disclosed in the consolidated financial statements.

f. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and in banks and term deposits with maturity in three months or less after placement date and are not used as collateral for loan and the usage are not restricted.

g. Time deposits

Placements of term deposits with maturities in more than 3 (three) months or pledged as collateral are stated at nominal value and presented as time deposits.

h. Trade and other receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the outstanding amounts of the Group's receivables can not be collected.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

h. Piutang usaha dan piutang lain-lain (lanjutan)

Besarnya penyisihan merupakan selisih antara nilai aset tercatat dan nilai sekarang dari estimasi arus kas masa depan, didiskontokan dengan tingkat suku bunga efektif. Penurunan nilai aset tercatat dicatat di dalam akun penyisihan dan nilai kerugian diakui di dalam laba atau rugi. Ketika tidak dapat ditagih, piutang dihapuskan bersama dengan penyisihan piutang. Pemulihan nilai setelah penghapusan piutang diakui sebagai penghasilan di dalam laba atau rugi tahun berjalan.

i. Persediaan dan tanah untuk dikembangkan dan beban pokok penjualan

Persediaan dan tanah untuk dikembangkan dinyatakan berdasarkan nilai terendah antara harga perolehan atau nilai yang dapat direalisasikan (*Net Realizable Value*).

Harga perolehan ditentukan dengan menggunakan metode rata-rata tertimbang (*weighted average method*).

Harga perolehan persediaan rumah jadi, rumah toko dan unit bangunan, gedung perkantoran dan apartemen dalam pelaksanaan termasuk seluruh biaya konstruksi di luar nilai tanah.

Harga perolehan persediaan tanah dan tanah untuk dikembangkan dinyatakan sebesar biaya perolehan tanah, pematangan, pengembangan tanah dan lingkungan dan biaya tanah lainnya, serta biaya pinjaman berkenaan dengan pinjaman yang diterima untuk mendanai perolehan tanah. Biaya pengembangan tanah, termasuk tanah yang digunakan untuk jalan dan prasarana atau area yang tidak dijual, dialokasikan berdasarkan luas tanah yang dapat dijual.

Tanah untuk dikembangkan dipindahkan menjadi persediaan real estat pada saat proses pematangan untuk zona tersebut dimulai berdasarkan luas tanah yang dapat dijual.

3. Summary of significant accounting policies (continued)

h. Trade and other receivables (continued)

The amount of the allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance for impairment of receivables. Subsequent recoveries of amounts previously written off are credited as income in current year's profit or loss.

i. Inventories and land for development and cost of sales

Inventories and land for development are stated at lower of cost or net realizable value.

Acquisition cost is determined using the weighted average method.

The cost of houses, shop houses and building, office building and apartment in progress include all costs of construction excluding the cost of land.

Acquisition cost of land inventory and land for development are stated at cost of raw land, cost of development of land and environment and other land cost, also cost of fund in connection with loan received for funding the acquisition of land. Cost of land development, including land used for roads and infrastructure or non-saleable area is allocated based on saleable land area.

Land for development is transferred into real estate inventory when the development process for its precinct has started based on land area available for sale.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

i. Persediaan dan tanah untuk dikembangkan dan beban pokok penjualan (lanjutan)

Beban pokok penjualan tanah dinyatakan sebesar harga perolehan tanah ditambah beban pinjaman, dan taksiran biaya pengembangan tanah serta lingkungan. Taksiran biaya pengembangan tanah dan lingkungan merupakan taksiran yang dibuat oleh manajemen dengan mempertimbangkan biaya prasarana yang telah terjadi ditambah taksiran biaya prasarana yang akan dikeluarkan sampai dengan proyek dalam kawasan tersebut dinyatakan selesai secara substansial. Taksiran ini direvisi oleh manajemen pada setiap tahunnya dan akan dilakukan penyesuaian sesuai kondisi terkini.

Beban pokok penjualan diakui pada saat terjadinya (metode akrual).

j. Properti investasi

Properti investasi adalah properti yang dikuasai oleh pemilik atau penyewa melalui sewa pembiayaan untuk menghasilkan rental atau untuk kenaikan nilai atau kedua-duanya, dan tidak untuk digunakan dalam produksi atau penyediaan barang atau jasa atau untuk tujuan administratif atau dijual dalam kegiatan usaha sehari-hari.

Properti investasi dinyatakan berdasarkan model biaya yang dicatat sebesar biaya perolehan dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai aset. Hak atas tanah tidak disusutkan dan disajikan sebesar biaya perolehan. Biaya pemeliharaan dan perbaikan dibebankan pada saat terjadinya, sedangkan pemugaran dan penambahan dikapitalisasi.

Penyusutan properti investasi dihitung dengan menggunakan metode garis lurus, berdasarkan estimasi masa manfaat sebagai berikut :

Masa manfaat

Bangunan dan prasarana 10 - 20 tahun

Properti investasi dihentikan pengakuannya pada saat pelepasan atau ketika properti investasi tersebut tidak digunakan lagi secara permanen dan tidak memiliki manfaat ekonomis di masa depan yang dapat diharapkan pada saat pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan atau pelepasan properti investasi diakui dalam laba rugi tahun terjadinya penghentian atau pelepasan tersebut.

3. Summary of significant accounting policies (continued)

i. Inventories and land for development and cost of sales (continued)

Cost of sales of land is stated at cost of land, borrowing cost and estimated development cost of land and environment. Estimated cost of land development and the environment are estimates made by management taking into account the cost of infrastructure that has occurred plus infrastructure costs estimated to be incurred until the project is announced substantially completed. These estimates are reviewed by management on each year and will be adjusted according to the current conditions.

Cost of sales is recognized when incurred (accrual method).

j. Investment properties

Investment properties represent properties owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are carried at cost less their accumulated depreciation and any accumulated impairment losses (cost model). Land is not depreciated and presented at acquisition cost. The cost of repairs and maintenance is charged to operation as incurred, whilst significant renovations and additions are capitalized.

Depreciation of investment properties is computed on straight-line method, based on the estimated useful lives as follows :

Useful lives

Buildings and infrastructure 10 - 20 years

An investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition or disposal of an investment property are recognized in the profit or loss in the year of derecognition or disposal.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

j. Properti investasi (lanjutan)

Transfer ke properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan berakhirnya pemakaian oleh pemilik, dimulainya sewa operasi ke pihak lain. Transfer dari properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan dimulainya penggunaan oleh pemilik atau dimulainya pengembangan untuk dijual.

Untuk transfer dari properti investasi ke aset yang digunakan dalam operasi, Grup menggunakan metode biaya pada tanggal perubahan penggunaan. Jika aset yang digunakan Grup menjadi properti investasi, Grup mencatat aset tersebut sesuai dengan kebijakan aset tetap sampai dengan saat tanggal terakhir perubahan penggunaannya.

Aset dalam penyelesaian

Aset dalam penyelesaian dinyatakan sebesar biaya perolehan dan disajikan sebagai bagian dari aset tetap. Biaya pinjaman, termasuk selisih kurs yang timbul dari pinjaman dalam mata uang asing sejauh bahwa selisih kurs adalah penyesuaian terhadap biaya bunga yang dikeluarkan khusus untuk mendanai pembangunan, dikapitalisasi selama periode sampai selesai. Setelah pembangunan selesai, biaya yang dikapitalisasi tersebut dipindahkan ke properti investasi.

k. Aset tetap

Aset tetap, kecuali tanah dinyatakan berdasarkan biaya perolehan dikurangi akumulasi penyusutan dan akumulasi penurunan nilai, jika ada. Tanah tidak disusutkan dan dinyatakan sebesar biaya perolehan dikurangi penurunan nilai, jika ada.

Awalnya suatu aset tetap diukur sebesar biaya perolehan, yang terdiri dari harga perolehannya dan biaya-biaya yang dapat diatribusikan secara langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan agar aset siap digunakan sesuai dengan keinginan dan maksud manajemen, serta estimasi awal biaya pembongkaran dan pemindahan aset tetap dan restorasi lokasi aset.

3. Summary of significant accounting policies (continued)

j. Investment properties (continued)

Transfers to investment properties should be made when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers from investment properties should be made when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to an asset used in operation, the Group uses the cost method at the date of change in use. If the asset used by the Group becomes an investment property, the Group account for such asset in accordance with the policy stated under property and equipment up to the date of change in use.

Assets in progress

Assets in progress is stated at cost and presented as part of fixed assets. Borrowing costs, including exchange differences arising from borrowings denominated in foreign currencies to the extent that the exchange differences are adjustments to interest costs incurred specifically to fund the construction, are capitalized during the period until completion. Upon completion of construction, the costs capitalized are transferred to investment properties.

k. Fixed assets

Fixed assets except land are carried at cost less accumulated depreciation, and impairment in value, if any. Land is not depreciated and is stated at cost less impairment in value, if any.

Initially an item of fixed assets is measured at cost which consists of its acquisition costs and any costs directly attributable to taking the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

k. Aset tetap (lanjutan)

Biaya pengurusan legal hak atas tanah ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan aset tanah dan biaya ini tidak disusutkan. Biaya pengurusan perpanjangan atau pembaharuan legal hak atas tanah diakui sebagai aset takberwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

Biaya-biaya setelah perolehan awal seperti penggantian komponen dan inspeksi yang signifikan, diakui dalam jumlah tercatat aset tetap jika besar kemungkinan manfaat ekonomis di masa depan akan mengalir ke Perusahaan dan biaya tersebut dapat diukur secara andal. Sisa jumlah tercatat biaya komponen yang diganti atau biaya inspeksi terdahulu dihentikan pengakuannya. Biaya perbaikan dan pemeliharaan yang tidak memenuhi kriteria pengakuan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat terjadinya.

Penyusutan aset tetap dihitung dengan menggunakan metode garis lurus, berdasarkan estimasi masa manfaat ekonomis aset tetap sebagai berikut :

<u>Jenis aset tetap</u>	<u>Masa manfaat</u>
Bangunan	10 - 20 tahun
Kendaraan	8 tahun
Perlengkapan kantor	4 - 8 tahun
Peralatan proyek	2 - 4 tahun

Nilai residu, umur manfaat dan metode penyusutan direviu setiap akhir tahun buku untuk memastikan nilai residu, umur manfaat dan metode depresiasi diterapkan secara konsisten sesuai dengan ekspektasi pola manfaat ekonomis dari aset tersebut.

Ketika suatu aset dilepaskan atau tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya, biaya perolehan dan akumulasi penyusutan dan akumulasi rugi penurunan nilai, jika ada, dikeluarkan dari akun tersebut. Laba atau rugi yang timbul dari penghentian pengakuan aset tetap akan dimasukkan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

3. Summary of significant accounting policies (continued)

k. Fixed assets (continued)

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land and these costs are not depreciated. The legal cost incurred to extend or renew the land rights are recorded as intangible assets and amortized over the shorter of the rights legal life or land's economic life.

Subsequent costs after initial acquisition such as significant cost of replacing part of the assets and major inspection cost, are recognized in the carrying amounts if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Any remaining carrying amounts of the cost of the previous replacement or inspection cost is derecognized. Repairs and maintenance cost that do not meet the recognition criteria are recognized in the consolidated statements of profit or loss and other comprehensive income as incurred.

Depreciation of fixed assets is computed on straight-line method, based on the estimated economic useful lives of fixed assets as follows :

<u>Type of fixed assets</u>	<u>Useful lives</u>
Buildings	10 - 20 years
Vehicles	8 years
Office furniture	4 - 8 years
Project equipments	2 - 4 years

The residual value, useful lives and depreciation methods shall be reviewed at each financial year end to ensure the residual value, useful lives and depreciation methods are applied consistently in line with the expected pattern of economic benefits of that assets.

When an item of assets is disposed of or when no future economic benefits are expected from its use or disposal, acquisition costs and accumulated depreciation and accumulated impairment loss, if any, are removed from the accounts. Any resulting gains or losses on the disposal of fixed assets are recognized in the consolidated statements of profit or loss and other comprehensive income.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

k. Aset tetap (lanjutan)

Aset dalam penyelesaian

Aset dalam penyelesaian dinyatakan sebesar biaya perolehan dan disajikan sebagai bagian dari aset tetap. Biaya pinjaman, termasuk selisih kurs yang timbul dari pinjaman dalam mata uang asing sejauh bahwa selisih kurs adalah penyesuaian terhadap biaya bunga yang dikeluarkan khusus untuk mendanai pembangunan, dikapitalisasi selama periode sampai selesai. Setelah pembangunan selesai, biaya yang dikapitalisasi tersebut dipindahkan ke aset tetap.

l. Penurunan nilai aset non-keuangan

Perusahaan menerapkan PSAK No. 48 (Revisi 2014), "Penurunan Nilai Aset". PSAK revisi menetapkan prosedur-prosedur yang diterapkan entitas agar aset dicatat tidak melebihi jumlah terpulihkannya. Suatu aset dicatat melebihi jumlah terpulihkannya jika jumlah tersebut melebihi jumlah yang akan dipulihkan melalui penggunaan atau penjualan aset. Pada kasus demikian, aset mengalami penurunan nilai dan pernyataan ini mensyaratkan entitas mengakui rugi penurunan nilai. PSAK yang direvisi ini juga menentukan kapan entitas membalik suatu rugi penurunan nilai dan pengungkapan yang diperlukan.

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat indikasi aset mengalami penurunan nilai. Jika terdapat indikasi tersebut, maka Grup mengestimasi jumlah terpulihkan aset tersebut. Jumlah terpulihkan suatu aset atau unit penghasil kas adalah jumlah yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakainya. Jika jumlah terpulihkan suatu aset lebih kecil dari nilai tercatatnya, nilai tercatat aset harus diturunkan menjadi sebesar jumlah terpulihkan. Kerugian penurunan nilai diakui segera dalam laba atau rugi.

3. Summary of significant accounting policies (continued)

k. Fixed assets (continued)

Assets in progress

Assets in progress is stated at cost and presented as part of fixed assets. Borrowing costs, including exchange differences arising from borrowings denominated in foreign currencies to the extent that the exchange differences are adjustments to interest costs incurred specifically to fund the construction, are capitalized during the period until completion. Upon completion of construction, the costs capitalized are transferred to fixed assets.

l. Impairment of non-financial assets

The Company applied SFAS No. 48 (Revised 2014), "Impairment of Assets". This revised SFAS prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised SFAS requires the entity to recognize an impairment loss. This revised SFAS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

At the end of reporting period, the Group evaluates whether any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

m. Pengakuan pendapatan dan beban

Pendapatan penjualan bangunan rumah dan ruko beserta kavling tanahnya diakui dengan metode akrual penuh (*full accrual method*) jika syarat-syarat berikut terpenuhi :

- Proses penjualan telah selesai;
- Harga jual akan tertagih;
- Tagihan penjual tidak akan bersifat subordinasi di masa yang akan datang terhadap pinjaman lain yang akan diperoleh pembeli; dan
- Penjual telah mengalihkan risiko dan manfaat kepemilikan unit bangunan kepada pembeli melalui suatu transaksi yang secara substansi adalah penjualan dan penjual tidak lagi berkewajiban atau terlibat secara signifikan dengan unit bangunan tersebut.

Pendapatan penjualan kavling tanah tanpa bangunan diakui dengan metode akrual penuh (*full accrual method*) jika syarat-syarat berikut terpenuhi :

- jumlah pembayaran oleh pembeli telah mencapai 20% dari harga jual yang disepakati dan jumlah tersebut tidak dapat diminta kembali oleh pembeli;
- harga jual akan tertagih;
- tagihan penjual tidak subordinasi terhadap pinjaman lain yang akan diperoleh pembeli di masa yang akan datang;
- proses pengembangan tanah telah selesai sehingga penjual tidak berkewajiban lagi untuk menyelesaikan kavling tanah yang dijual, seperti kewajiban untuk memamatkan kavling tanah atau kewajiban untuk membangun fasilitas-fasilitas pokok yang dijanjikan oleh atau yang menjadi kewajiban penjual, sesuai dengan pengikatan jual beli atau ketentuan peraturan perundang-undangan;
- hanya kavling tanah saja yang dijual, tanpa diwajibkan keterlibatan penjual dalam pendirian bangunan di atas kavling tersebut.

Pendapatan dari penjualan apartemen, perkantoran dan bangunan sejenisnya, yang pembangunannya dilaksanakan lebih dari satu tahun diakui dengan menggunakan metode persentase penyelesaian (*percentage of completion method*), apabila seluruh syarat berikut terpenuhi :

3. *Summary of significant accounting policies (continued)*

m. *Revenue recognition and expenses*

Revenue from the sale of houses and shop houses including the parcel of land is recognized based on the full accrual method if all of the following criteria are met :

- *The sale process is completed;*
- *The selling price is collectible;*
- *The seller's receivable is not subject to future subordination against other loans which will be obtained by the buyer; and*
- *The seller has transferred the risk and reward of the ownership to the buyer through a transaction which in substance is a sale and the seller has no more significant obligation or involvement with the building unit.*

Revenue from the sale of land lots without buildings is recognized based on the full accrual method if all the following criteria are met :

- *total payments from the buyer equal to at least 20% of the agreed selling price and the amount is not refundable to the buyer;*
- *the selling price is collectible;*
- *the seller's receivable is not subject to subordinated against other loans which will be obtained by the buyer in the future;*
- *the land development process is completed so that the seller is no longer obligated to complete the piece of land sold, such as the obligation to improve the land or the obligation to construct the agreed main facilities or the obligation of the seller based on the purchase and sale commitment or the provisions of prevailing law and regulation;*
- *only land lot is sold, there is no obligation of the sellers to involve in the construction of building on the land lot.*

Revenues from sale of apartment, office buildings and similar type of buildings, which are constructed for more than one year are recognized based on the percentage of completion method, when all of the following conditions are met :

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

m. Pengakuan pendapatan dan beban (lanjutan)

- Proses konstruksi telah melampaui tahap awal, yaitu pondasi bangunan telah selesai dan semua persyaratan untuk memulai pembangunan telah terpenuhi;
- Jumlah pembayaran oleh pembeli telah mencapai 20% dari harga jual yang telah disepakati dan jumlah tersebut tidak dapat diminta kembali oleh pembeli; dan
- Jumlah pendapatan penjualan dan biaya unit bangunan dapat diestimasi dengan andal.

Dengan metode persentase penyelesaian, jumlah pendapatan dan beban yang diakui untuk setiap periode akuntansi harus sesuai dengan tingkat atau persentase penyelesaian dari aset tersebut.

Tingkat atau persentase penyelesaian ditentukan berdasarkan biaya yang telah dikeluarkan sampai dengan tanggal tertentu dibandingkan dengan jumlah estimasi biaya yang harus dikeluarkan untuk menyelesaikan proyek tersebut.

Apabila kriteria pengakuan pendapatan dari penjualan dengan metode akrual penuh dan persentase penyelesaian tidak terpenuhi, maka semua pembayaran dicatat sebagai uang muka dengan metode deposit.

Pendapatan sewa dicatat sebagai pendapatan yang ditangguhkan pada laporan posisi keuangan dan akan diperhitungkan pada laporan laba rugi dan pendapatan komprehensif lain sesuai dengan masa sewa, dan pendapatan jasa pelayanan diakui pada saat jasa diberikan.

Pendapatan dari pariwisata diakui pada saat jasa diberikan atau barang diserahkan.

Pendapatan dari pengelolaan kota, rekreasi dan olah raga dan lainnya diakui pada saat jasa diberikan.

Beban diakui pada saat terjadinya (*accrual basis*).

3. Summary of significant accounting policies (continued)

m. Revenue recognition and expenses (continued)

- The construction process has surpassed the initial phase, which is, the foundation of the building has been completed and all of the requirements to commence the construction have been fulfilled;
- Total payments from the buyer equal or exceed 20% of the agreed sales price and the amount is not refundable to the buyer; and
- Total revenues and costs of building can be reliably estimated.

Under the percentage-of-completion method, the amount of revenues and expenses recognized for each accounting period are determined in accordance with the level or percentage of completion of the assets.

The level or percentage of completion is determined based on the costs incurred up to a certain date compared with the total estimated costs to incur for completion the projects.

If the criteria for revenue recognition from sales with the full accrual method and the percentage of completion method are not met, then all payments are recorded as sales advances with the deposit method.

Rental revenue is recorded as deferred income in the statements of financial position and will be credited to the statements of income and other comprehensive income according to the expired portion of the related rental, and service revenue is recognized when service are rendered.

Revenue from tourism is recognized when the services are rendered or goods are delivered.

Revenue from township management, recreation and sport and others are recognized when the services are rendered.

Expenses are recognized when incurred (*accrual basis*).

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

n. Pajak penghasilan

PSAK No. 46 (Penyesuaian 2014) mengisyaratkan Grup untuk memperhitungkan konsekuensi pajak kini dan mendatang dari pemulihan (penyelesaian) jumlah tercatat aset (liabilitas) masa depan yang diakui dalam laporan posisi keuangan konsolidasian, dan transaksi dan kejadian lain dari periode kini yang diakui dalam laporan keuangan konsolidasian.

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Beban pajak diakui dalam laba rugi tahun berjalan, kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui di pendapatan komprehensif lain. Dalam hal ini, pajak tersebut masing-masing diakui dalam pendapatan komprehensif lain.

Pajak kini

Pajak kini ditentukan berdasarkan laba kena pajak dalam tahun yang bersangkutan yang dihitung berdasarkan tarif pajak yang berlaku.

Pajak tangguhan

Aset dan liabilitas pajak tangguhan diakui atas perbedaan temporer antara aset dan liabilitas untuk tujuan komersial dan untuk tujuan perpajakan setiap tanggal pelaporan.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang. Liabilitas pajak tangguhan diakui atas semua perbedaan temporer kena pajak. Manfaat pajak di masa mendatang, seperti saldo rugi fiskal yang belum digunakan, diakui sejauh besar kemungkinan realisasi atas manfaat pajak tersebut.

Aset dan liabilitas pajak tangguhan diukur pada tarif pajak yang diharapkan akan digunakan pada periode ketika aset direalisasi atau ketika liabilitas dilunasi berdasarkan tarif pajak (dan peraturan perpajakan) yang berlaku atau secara substansial telah diberlakukan pada akhir periode pelaporan.

3. *Summary of significant accounting policies (continued)*

n. *Income tax*

SFAS No. 46 (Improvements 2014) requires the Group to calculate the tax consequences of current and future tax from recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the consolidated statement of financial position, and the transactions and events another of the current period that are recognized in the consolidated financial statements.

The tax expense comprises of current and deferred tax. Tax expense is recognized in the net income for the year, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

Current tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax

Deferred tax assets and liabilities are recognized for temporary differences between the financial and tax bases of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

n. Pajak penghasilan (lanjutan)

Surat Ketetapan Pajak

Jumlah tambahan pokok dan denda pajak yang ditetapkan dengan Surat Ketetapan Pajak ("SKP") diakui masing-masing sebagai beban pajak kini dan beban lain-lain dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian, kecuali jika diajukan upaya penyelesaian selanjutnya. Jumlah tambahan pokok pajak dan denda yang ditetapkan dengan SKP ditangguhkan pembebanannya sepanjang memenuhi kriteria pengakuan aset.

Pajak final

Peraturan perpajakan di Indonesia mengatur beberapa jenis penghasilan dikenakan pajak yang bersifat final. Pajak final yang dikenakan atas nilai bruto transaksi tetap dikenakan walaupun atas transaksi tersebut pelaku transaksi mengalami kerugian.

Mengacu pada revisi PSAK No. 46 yang disebutkan di atas, beban pajak final tersebut tidak termasuk dalam lingkup yang diatur oleh PSAK No. 46. Oleh karena itu Grup memutuskan untuk menyajikan beban pajak final sehubungan dengan pendapatan sewa dan pengalihan hak atas tanah dan/atau bangunan sebagai beban pajak final.

o. Transaksi dan saldo dalam mata uang asing

Grup menyelenggarakan pembukuannya dalam Rupiah. Transaksi dalam mata uang selain Rupiah dicatat dengan menggunakan kurs tukar yang berlaku pada tanggal transaksi.

Pada tanggal laporan posisi keuangan konsolidasian, seluruh aset dan liabilitas moneter dalam mata uang selain Rupiah telah dijabarkan dengan menggunakan kurs tengah yang ditetapkan oleh Bank Indonesia pada tanggal tersebut. Keuntungan atau kerugian selisih kurs bersih yang timbul dari penjabaran tersebut diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun berjalan, kecuali jika ditangguhkan di dalam ekuitas sebagai lindung nilai arus kas dan lindung nilai investasi bersih yang memenuhi syarat.

3. Summary of significant accounting policies (continued)

n. Income tax (continued)

Tax Assessment Notice

Additional principal amount of taxes and penalties determined by the Tax Assessment Notice ("SKP") is recognized respectively as current tax and other expense in the consolidated statements of income and other comprehensive income, unless there is further settlement efforts. An additional principal amount of taxes and penalties determined by SKP are deferred as long as its meets the recognition criteria of assets.

Final tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to revised SFAS No. 46 as mentioned above, final tax expense is no longer in scope of SFAS No. 46. Therefore, the Group has decided to present all of the final tax arising from rental income and transfer land and/or building right as final tax expenses.

o. Transactions and balances in foreign currencies

The Group maintains its accounting records in Rupiah. Transactions in currencies other than Rupiah are recorded at the prevailing rates of exchange in effect on the date of the transactions.

As of the consolidated statements of financial position date, all monetary assets and liabilities denominated in currencies other than Rupiah have been translated at the middle exchange rates quoted by Bank Indonesia (Indonesian Central Bank) on that date. The net foreign exchange gains or losses arising from the translation are recognized in the current year's consolidated statements of profit or loss and other comprehensive income, except when deferred in the equity as qualifying cash flow hedges and qualifying net investment hedges.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

o. Transaksi dan saldo dalam mata uang asing
(lanjutan)

Kurs yang berlaku pada tanggal-tanggal tersebut
adalah sebagai berikut :

	31 Desember/ December		
	2017	2016	
USD 1	Rp 13.548	Rp 13.436	USD 1
SGD 1	Rp 10.134	Rp 9.299	SGD 1

p. Imbalan kerja

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek diakui pada saat
terutang kepada karyawan berdasarkan metode
akrual.

Imbalan pasca kerja

Imbalan pasca kerja seperti pensiun, uang pisah
dan uang penghargaan masa kerja dihitung
berdasarkan Undang-Undang Ketenagakerjaan
No. 13/2003.

Grup mengakui jumlah liabilitas imbalan pasti
neto sebesar nilai kini kewajiban imbalan pasti
pada akhir periode pelaporan dikurangi nilai
wajar aset program yang dihitung oleh aktuaris
independen dengan menggunakan metode
Projected Unit Credit. Nilai kini kewajiban
imbalan pasti ditentukan dengan mendiskontokan
imbalan tersebut.

Grup mencatat tidak hanya kewajiban hukum
berdasarkan persyaratan formal program imbalan
pasti, tetapi juga kewajiban konstruktif yang
timbul dari praktik informal entitas.

Biaya jasa kini, setiap biaya jasa lalu dan
keuntungan atau kerugian atas penyelesaian dan
bunga neto atas liabilitas (aset) imbalan pasti neto
diakui dalam laba rugi.

Pengukuran kembali atas liabilitas (aset) imbalan
pasti neto yang terdiri dari keuntungan dan
kerugian aktuarial, imbal hasil atas aset program
dan setiap perubahan dampak batas atas aset
diakui sebagai penghasilan komprehensif lain.

3. Summary of significant accounting policies
(continued)

o. Transactions and balances in foreign
currencies (continued)

The exchange rates prevailing at those dates are as
follows :

p. Employee benefits

Short term employee benefits

Short term employee benefits are recognized
when payable to employees on the accrual basis.

Post employment benefits

Post employment benefits such as retirement,
severance and service payment are calculated
based on Labour Law No. 13/2003.

The Group recognizes the amount of the net
defined benefit obligation at the present value of
the defined benefit obligation at the end of the
reporting period less the fair value of plan assets
as determined by an independent actuary using
the Projected Unit Credit method. The present
value of the defined benefit obligation is
determined by discounting the benefits.

The Group account not only for its legal
obligation under the formal terms of a defined
benefit plan, but also for any constructive
obligations that arises from the informal
practices of the entity.

Current service cost, any past service cost and
gain or loss on settlement and net interests on the
net defined benefit liabilities (assets) recognized
in profit or loss.

The remeasurement of the net defined benefit
liability (assets) comprise actuarial gain and
losses, return on plan assets and any change in
effect of the asset ceiling recognized in other
comprehensive income.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

q. Biaya pinjaman

Biaya pinjaman yang dapat diatribusikan secara langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian, merupakan aset yang membutuhkan waktu yang cukup lama agar siap untuk digunakan atau dijual, dikapitalisasi pada biaya perolehan aset tersebut.

Penghasilan investasi yang diperoleh atas investasi sementara dari pinjaman yang secara spesifik belum digunakan untuk pengeluaran aset kualifikasian dikurangi dari biaya pinjaman yang dikapitalisasi.

Kapitalisasi biaya pinjaman dihentikan pada saat aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian dinyatakan selesai secara substansial dan aset dapat digunakan atau dijual.

Semua biaya pinjaman lainnya diakui dalam laporan laba rugi dan penghasilan komprehensif lain pada periode terjadinya.

r. Provisi

Provisi diakui jika Perusahaan mempunyai kewajiban kini (hukum maupun konstruktif) sebagai akibat peristiwa masa lalu, yang memungkinkan Perusahaan harus menyelesaikan kewajiban tersebut dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

Jumlah yang diakui sebagai provisi adalah hasil estimasi terbaik pengeluaran yang diperlukan untuk menyelesaikan kewajiban kini pada tanggal pelaporan, dengan mempertimbangkan risiko dan ketidakpastian terkait kewajiban tersebut.

s. Laba per saham dasar

Laba per saham dasar dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham yang beredar pada periode yang bersangkutan.

3. Summary of significant accounting policies (continued)

q. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, an asset that takes a long time to get ready for use or sale, are capitalized to the cost of that asset.

Investment income earned from temporary investment of specific borrowings not yet used for qualifying assets is deducted from the capitalized borrowing costs.

Capitalization of borrowing costs ceases when the activities necessary to prepare the qualifying assets is completed substantially and assets can be used or sold.

All other borrowing costs are recognized in the statement of income and other comprehensive income in the period incurred.

r. Provisions

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

s. Earning per share - basic

Earning per share - basic is computed by dividing net income attributable to owners of the parent company over the weighted average number of shares outstanding during the period.

3. Ikhtisar kebijakan akuntansi penting (lanjutan)

t. Modal saham

Saham biasa dikelompokkan sebagai ekuitas.

Biaya langsung yang berkaitan dengan penerbitan saham baru disajikan sebagai pengurang ekuitas, setelah dikurangi pajak, dari jumlah yang diterima.

u. Dividen

Pembagian dividen kepada pemegang saham Perusahaan yang belum dibayarkan diakui sebagai liabilitas dalam laporan keuangan konsolidasian dalam tahun di mana pembagian dividen tersebut disetujui oleh pemegang saham Perusahaan.

v. Segmen operasi

PSAK 5 (Penyesuaian 2015) mengharuskan segmen operasi diidentifikasi berdasarkan laporan internal mengenai komponen dari Perusahaan dan entitas anak yang secara reguler direviu oleh "pengambil keputusan operasional" dalam rangka mengalokasikan sumber daya dan menilai kinerja segmen operasi.

Segmen operasi adalah suatu komponen dari entitas:

- i. yang terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- ii. yang hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- iii. di mana tersedia informasi keuangan yang dapat dipisahkan.

Informasi yang digunakan oleh pengambil keputusan operasional dalam rangka alokasi sumber daya dan penilaian kinerja mereka terfokus pada kategori dari setiap produk, yang menyerupai informasi segmen usaha yang dilaporkan di periode sebelumnya.

3. Summary of significant accounting policies (continued)

t. Shares capital

Ordinary shares are classified as equity.

Direct costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

u. Dividend

Dividend distributions to the Company's shareholders which have not been paid are recognized as liabilities in the consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

v. Operating segment

SFAS 5 (Improvements 2015) requires that operating segments are identified based on internal reports about components of the Company and its subsidiaries, and are regularly reviewed by the "operational decision makers" in order to allocate resources and assess performance of the operating segments.

Operating segment is a component of an entity:

- i. engaged in the business activities which generate revenue and burdens (including revenues and expenses relating to transactions with other components of the same entity);
- ii. whose operating results are reviewed regularly by operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- iii. where the financial information that can be separated is available.

The information used by operational decision-makers in resource allocation and performance evaluation focused on the category of each product, which resembles a business segment information reported in the previous period.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mewajibkan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah-jumlah yang dilaporkan dalam laporan keuangan konsolidasian. Sehubungan dengan adanya ketidakpastian yang melekat dalam membuat estimasi, hasil sebenarnya yang dilaporkan di masa mendatang dapat berbeda dengan jumlah estimasi yang dibuat. Manajemen berkeyakinan bahwa pengungkapan berikut telah mencakup ikhtisar pertimbangan, estimasi dan asumsi signifikan yang berpengaruh terhadap jumlah-jumlah yang dilaporkan serta pengungkapan dalam laporan keuangan konsolidasian :

Pertimbangan

Menentukan klasifikasi aset dan liabilitas keuangan

Grup menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan apakah definisi yang ditetapkan PSAK No. 55 dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Grup seperti diungkapkan pada Catatan 3.

Aset keuangan yang tidak memiliki kuotasi harga di pasar aktif

Grup mengklasifikasikan aset keuangan dengan mengevaluasi, antara lain, apakah aset tersebut memiliki atau tidak memiliki kuotasi harga di pasar yang aktif. Evaluasi tersebut juga mencakup apakah kuotasi harga suatu aset keuangan di pasar yang aktif, merupakan kuotasi harga yang tersedia secara reguler, dan kuotasi harga tersebut mencerminkan transaksi di pasar yang aktual dan terjadi secara reguler dalam suatu transaksi wajar.

Estimasi dan asumsi

Menentukan nilai wajar atas instrumen keuangan

Grup mencatat aset dan liabilitas keuangan tertentu pada nilai wajar, yang mengharuskan penggunaan estimasi akuntansi. Sementara komponen signifikan atas pengukuran nilai wajar ditentukan menggunakan bukti objektif yang dapat diverifikasi, jumlah perubahan nilai wajar dapat berbeda bila Grup menggunakan metodologi penilaian yang berbeda. Perubahan nilai wajar aset dan liabilitas keuangan tersebut dapat mempengaruhi secara langsung laba atau rugi Grup.

4. Critical accounting judgement, estimates and significant accounting assumptions

The preparation of consolidated financial statements, in conformity with Indonesian Financial Accounting Standards, requires management to make judgements, estimations and assumptions that affect amounts reported in the consolidated financial statements. Due to inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. Management believes that the following disclosure has included a summary of considerations, estimates and significant assumptions that affect the reported amounts and disclosures in the consolidated financial statements:

Considerations

Determining classification of financial assets and financial liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 3.

Financial assets not quoted in active market

The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Estimates and assumptions

Determining fair value of financial instruments

The Group carries certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Group utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Menentukan nilai wajar atas instrumen keuangan (lanjutan)

Nilai wajar aset dan liabilitas keuangan per 31 Desember 2017 dan 2016 telah diungkapkan dalam catatan 39.

Menilai penyisihan penurunan nilai piutang

Grup mengevaluasi akun tertentu yang diketahui bahwa para pelanggannya tidak dapat memenuhi liabilitas keuangannya. Dalam hal tersebut, Grup mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit dari pelanggan berdasarkan catatan kredit dari pihak ketiga yang tersedia dan faktor pasar yang telah diketahui, untuk mencatat provisi spesifik atas pelanggan terhadap jumlah terutang guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Grup.

Provisi spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan atas penurunan nilai piutang.

Nilai tercatat atas piutang telah diungkapkan dalam catatan 8.

Menentukan masa manfaat properti investasi

Biaya perolehan properti investasi disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis properti investasi 10 - 20 tahun. Ini adalah masa manfaat yang secara umum diharapkan dalam industri di mana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa properti investasi, dan karenanya biaya penyusutan masa depan mungkin direvisi.

Nilai tercatat atas properti investasi telah diungkapkan dalam catatan 14.

Menentukan masa manfaat aset tetap

Biaya perolehan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis aset tetap antara 2 sampai 20 tahun. Ini adalah masa manfaat yang secara umum diharapkan dalam industri di mana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Determining fair value of financial instruments (continued)

The fair value of financial assets and liabilities as of 31 December 2017 and 2016 are disclosed in note 39.

Assessing impairment of receivables

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on any available third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect.

These specific provisions are reevaluated and adjusted as additional information received affects the allowance for impairment.

The carrying amount of receivables are disclosed in note 8.

Determining useful lives of investment properties

The costs of investment properties are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these investment properties to be within 10 - 20 years. These are generally useful lives expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these investment properties, and therefore future depreciation charges could be revised.

The carrying amount of investment properties are disclosed in note 14.

Determining useful lives of fixed assets

The costs of fixed assets are depreciated on a straight line basis over their estimated useful lives. Management properly estimates the useful lives of these fixed assets ranging from 2 to 20 years. These are generally useful lives expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Menentukan masa manfaat aset tetap (lanjutan)

Nilai tercatat atas aset tetap telah diungkapkan dalam catatan 15.

Menilai penurunan nilai aset non-keuangan tertentu

PSAK No. 48 (Revisi 2014) mensyaratkan bahwa penilaian penurunan nilai dilakukan pada aset non-keuangan tertentu apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat tidak dapat diperoleh kembali. Faktor-faktor yang dianggap penting oleh Grup yang dapat memicu penelaahan atas penurunan nilai adalah sebagai berikut :

- kinerja yang kurang signifikan relatif terhadap *expected historical* atau hasil dari operasional yang diharapkan dari proyek masa depan;
- perubahan signifikan dalam cara penggunaan aset yang diperoleh atau strategi bisnis secara keseluruhan; dan
- tren negatif yang signifikan atas industri atau ekonomi.

Kerugian akibat penurunan nilai diakui apabila nilai tercatat aset non-keuangan melebihi jumlah yang dapat dipulihkan. Menentukan jumlah yang dapat dipulihkan atas aset-aset tersebut membutuhkan estimasi atas arus kas yang diharapkan dapat dihasilkan dari penggunaan lanjutan dan disposisi akhir dari aset tersebut.

Per 31 Desember 2017 dan 2016, Grup menilai bahwa tidak terdapat penurunan nilai aset non-keuangan.

Menentukan biaya dan liabilitas imbalan kerja

Penentuan biaya dan liabilitas imbalan kerja Grup bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji tahunan, umur pensiun dan tingkat kematian. Perubahan signifikan dalam asumsi yang ditetapkan Grup dapat mempengaruhi secara material liabilitas diestimasi atas imbalan kerja dan beban imbalan kerja bersih. Sementara hasil aktual dapat berbeda dari asumsi yang ditetapkan Grup. Grup berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai.

Nilai tercatat liabilitas imbalan kerja per 31 Desember 2017 dan 2016 telah diungkapkan dalam catatan 24.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Determining useful lives of fixed assets (continued)

The carrying amount of fixed assets are disclosed in note 15.

Assessing impairment of certain non-financial assets

SFAS No. 48 (Revised 2014) requires that an impairment review to be performed on certain non-financial assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following :

- significant underperformance relative to the expected historical or project future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of a non-financial asset exceeds its recoverable amount. Determining the recoverable amount of such assets requires the estimation of cash flows expected to be generate from the continued use and ultimate disposition of such assets.

As of 31 December 2017 and 2016, the Group assessed that there is no certain impairment non-financial assets.

Determining employee benefits expense and obligation

The determination of the Group's obligations and expense for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, annual salary increase rate, retirement age and mortality rate. Significant changes in the Group's assumptions may materially affect its estimated liabilities for employee benefits and net employee benefits expense. While the actual results that differ from the Group's assumptions. The Group believes that its assumptions are reasonable and appropriate.

The carrying amount of employee benefits obligations as of 31 December 2017 and 2016 are disclosed in note 24.

4. Pertimbangan kritis akuntansi, estimasi dan asumsi akuntansi yang signifikan (lanjutan)

Menentukan beban pokok penjualan

Beban pokok penjualan tanah dinyatakan sebesar harga perolehan tanah ditambah beban pinjaman dan taksiran biaya pengembangan tanah serta lingkungan. Taksiran biaya pengembangan tanah dan lingkungan merupakan taksiran yang dibuat oleh manajemen dengan mempertimbangkan biaya prasarana yang telah terjadi ditambah taksiran biaya prasarana yang akan dikeluarkan sampai dengan proyek dalam kawasan tersebut dinyatakan selesai. Taksiran ini direvisi oleh manajemen pada setiap tahunnya dan akan dilakukan penyesuaian sesuai kondisi terkini.

Menilai provisi atas pajak penghasilan

Menentukan provisi atas Pajak Penghasilan Badan mewajibkan pertimbangan signifikan oleh manajemen. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti sepanjang kegiatan usaha normal. Grup mengakui liabilitas atas Pajak Penghasilan Badan berdasarkan estimasi Pajak Penghasilan Badan.

Liabilitas atas Pajak Penghasilan Badan Grup per 31 Desember 2017 dan 2016 telah diungkapkan dalam catatan 11b.

Menilai pajak tangguhan

Grup menelaah aset/liabilitas pajak tangguhan pada setiap tanggal pelaporan dan mengurangi nilai tercatat sepanjang tidak ada kemungkinan bahwa laba kena pajak memadai untuk mengkompensasi sebagian atau seluruh aset pajak tangguhan. Grup juga menelaah waktu yang diharapkan dan tarif pajak atas pemulihan perbedaan temporer dan menyesuaikan pengaruh atas pajak tangguhan yang sesuai.

Aset/liabilitas pajak tangguhan bersih Grup per 31 Desember 2017 dan 2016 diungkapkan dalam catatan 11e.

4. Critical accounting considerations, estimates and significant accounting assumptions (continued)

Determining cost of sales

Cost of sales land is stated at cost plus loan expense and the estimated cost of land development and the environment. Estimated cost of land development and the environment are estimates made by management taking into account the cost of infrastructure that has occurred plus infrastructure costs estimated to be incurred until the project is declared complete. These estimates are reviewed by management on each year and will be adjusted according to the current conditions.

Assessing provision for income tax

Determining the provision for Corporate Income Tax requires significant judgment by management. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for Corporate Income Tax based on estimation of Corporate Income Tax.

The Group's Corporate Income Tax Payable as of 31 December 2017 and 2016 are disclosed in note 11b.

Assessing deferred tax

The Group reviews its deferred tax assets/liabilities at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly.

The Group's net deferred tax assets/liabilities as of 31 December 2017 and 2016 are disclosed in note 11e.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

5. Kas dan setara kas

5. Cash and cash equivalents

	31 Desember/ December		
	2017	2016	
Terdiri dari :			Consist of :
Kas	8.553.729	7.200.405	Cash on hand
Bank - pihak ketiga :			Bank - third parties :
Dalam Rupiah			In Rupiah
PT Bank Negara Indonesia (Persero) Tbk	71.645.054	257.679.689	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Central Asia Tbk	167.720.241	168.380.192	PT Bank Central Asia Tbk
PT Bank CIMB Niaga Tbk	135.247.042	109.089.200	PT Bank CIMB Niaga Tbk
PT Bank Mandiri (Persero) Tbk	140.560.359	66.299.956	PT Bank Mandiri (Persero) Tbk
PT Bank ICBC Indonesia	45.585.943	25.413.973	PT Bank ICBC Indonesia
PT Bank KEB Hana Indonesia	13.263.093	17.242.643	PT Bank KEB Hana Indonesia
PT Bank Pembangunan Daerah Jawa Barat dan Banten	28.767.014	14.509.396	PT Bank Pembangunan Daerah Jawa Barat dan Banten
PT Bank Maybank Indonesia Tbk	5.535.970	11.469.580	PT Bank Maybank Indonesia Tbk
PT Bank MNC Internasional Tbk	1.225.464	6.449.358	PT Bank MNC Internasional Tbk
PT Bank Danamon Indonesia Tbk	4.048.373	5.121.608	PT Bank Danamon Indonesia Tbk
PT Bank UOB Indonesia	1.196.192	1.117.914	PT Bank UOB Indonesia
PT Bank OCBC NISP Tbk	2.527.043	779.583	PT Bank OCBC NISP Tbk
PT Bank J Trust Indonesia Tbk	199.925	197.421	PT Bank J Trust Indonesia Tbk
PT Bank Bukopin Tbk	162.582	160.241	PT Bank Bukopin Tbk
PT Bank Tabungan Negara (Persero) Tbk	29.809	29.728	PT Bank Tabungan Negara (Persero) Tbk
PT Bank Pembangunan Daerah Bali	88.032	15.558	PT Bank Pembangunan Daerah Bali
PT Bank Rakyat Indonesia (Persero) Tbk	814.386	-	PT Bank Rakyat Indonesia (Persero) Tbk
Dalam Dolar Amerika Serikat			In US Dollar
The Bank of New York Mellon	20.972.393	32.813.204	The Bank of New York Mellon
DBS Bank, Singapura	1.280.048	6.796.905	DBS Bank, Singapore
PT Bank Negara Indonesia (Persero) Tbk	83.694.137	3.185.015	PT Bank Negara Indonesia (Persero) Tbk
PT Bank CIMB Niaga Tbk	10.377	11.229	PT Bank CIMB Niaga Tbk
Dalam Dolar Singapura			In Singapore Dollar
DBS Bank, Singapura	1.404.785	2.394.157	DBS Bank, Singapore
Jumlah – dipindahkan	734.531.991	736.356.955	Total – carried forward

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

5. Kas dan setara kas (lanjutan)

5. Cash and cash equivalents (continued)

	31 Desember/ December		
	2017	2016	
Jumlah – dipindahan	734.531.991	736.356.955	Total – brought forward
Deposito berjangka jangka pendek - pihak ketiga :			Short-term deposits third parties :
Dalam Rupiah			In Rupiah
PT Bank Negara Indonesia (Persero) Tbk	25.900.000	402.000.000	PT Bank Negara Indonesia (Persero) Tbk
PT Bank ICBC Indonesia	-	50.000.000	PT Bank ICBC Indonesia
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	43.500.000	22.000.000	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk
PT Bank Tabungan Negara (Persero) Tbk	13.400.000	18.400.000	PT Bank Tabungan Negara (Persero) Tbk
PT Bank CIMB Niaga Tbk	9.000.000	15.600.000	PT Bank CIMB Niaga Tbk
PT Bank Mandiri (Persero) Tbk	5.000.000	15.000.000	PT Bank Mandiri (Persero) Tbk
PT Bank Central Asia Tbk	1.050.000	50.000	PT Bank Central Asia Tbk
Dikurangi (Catatan 7) :			Less (Note 7) :
Jaminan KPR :			Collateral on sales through KPR (Mortgage):
Dalam Rupiah :			In Rupiah:
PT Bank Central Asia Tbk	81.835.271	44.852.952	PT Bank Central Asia Tbk
PT Bank Negara Indonesia (Persero) Tbk	650.433	1.802.694	PT Bank Negara Indonesia (Persero) Tbk
PT Bank UOB Indonesia	1.196.192	1.117.914	PT Bank UOB Indonesia
	83.681.896	47.773.560	
Cadangan pembayaran bunga :			Interest reserve accounts :
Dalam Rupiah :			In Rupiah:
PT Bank ICBC Indonesia	21.073.499	13.006.711	PT Bank ICBC Indonesia
PT Bank KEB Hana Indonesia	9.540.152	9.167.761	PT Bank KEB Hana Indonesia
	30.613.651	22.174.472	
Jumlah	718.086.444	1.189.458.923	Total
Tingkat bunga deposito berjangka per tahun :			Interest rates of time deposits per annum :
Dalam Rupiah	4% - 7,5%	6,25% - 7,75%	In Rupiah

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

6. Deposito berjangka

6. Time deposits

	31 Desember/ December		
	2017	2016	
Terdiri dari :			Consist of :
Dalam Rupiah :			In Rupiah :
PT Bank Central Asia Tbk	85.890.439	116.786.210	PT Bank Central Asia Tbk
PT Bank Mandiri (Persero) Tbk	43.469.932	51.964.182	PT Bank Mandiri (Persero) Tbk
PT Bank CIMB Niaga Tbk	21.449.780	22.952.929	PT Bank CIMB Niaga Tbk
PT Bank OCBC NISP Tbk	18.768.137	20.965.367	PT Bank OCBC NISP Tbk
PT Bank Permata Tbk	35.832.192	12.934.441	PT Bank Permata Tbk
PT Bank Maybank Indonesia Tbk	12.046.511	11.797.042	PT Bank Maybank Indonesia Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	2.520.163	2.807.605	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	1.662.571	2.629.886	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Panin Tbk	200.979	1.928.221	PT Bank Panin Tbk
PT Bank Danamon Tbk	3.119.696	-	PT Bank Danamon Tbk
PT Bank Victoria Internasional Tbk	305.817	559.848	PT Bank Victoria Internasional Tbk
PT Bank UOB Buana Tbk	7.317.475	426.464	PT Bank UOB Buana Tbk
PT Bank Tabungan Negara (Persero) Tbk	510.224	366.407	PT Bank Tabungan Negara (Persero) Tbk
PT Bank China Construction Bank Indonesia	1.257.468	-	PT Bank China Construction Bank Indonesia
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	257.383	156.272	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk
Jumlah	234.608.767	246.274.874	Total
Tingkat bunga per tahun :	3,5% - 6,3%	3,5% - 10%	Interest rates per annum :
Merupakan deposito berjangka dalam mata uang Rupiah dengan jangka waktu lebih dari tiga bulan.			Represents term deposits in Rupiah currency with maturity more than three months.
Semua deposito berjangka telah dijadikan sebagai jaminan atas penjualan melalui Kredit Pemilikan Rumah (KPR).			All time deposits have been pledged as collateral for sales through Kredit Pemilikan Rumah (Mortgage).

7. Aset keuangan lainnya

7. Other financial assets

	31 Desember/ December		
	2017	2016	
a. Aset keuangan lancar lainnya :			a. Other current financial assets :
- Jaminan KPR :	83.681.896	47.773.560	- Collateral on sales through KPR (mortgage):
- Manfaat lindung nilai yang akan direalisasikan dalam 12 bulan (lihat catatan 7b)	-	96.000.000	- Hedging benefits will be realized in 12 months (see note 7b)
Jumlah	83.681.896	143.773.560	Total
Jaminan KPR :			Collateral on sales through KPR (mortgage):
Dalam Rupiah :			In Rupiah:
PT Bank Central Asia Tbk	81.835.271	44.852.952	PT Bank Central Asia Tbk
PT Bank Negara Indonesia (Persero) Tbk	650.433	1.802.694	PT Bank Negara Indonesia (Persero) Tbk
PT Bank UOB Indonesia	1.196.192	1.117.914	PT Bank UOB Indonesia
Jumlah	83.681.896	47.773.560	Total

PT Alam Sutera Realty Tbk.
dan Entitas Anak
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

PT Alam Sutera Realty Tbk.
and Subsidiaries
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

7. Aset keuangan lainnya (lanjutan)

a. Aset keuangan lancar lainnya : (lanjutan)

Jaminan KPR merupakan penempatan pada rekening giro yang dijadikan sebagai jaminan atas penjualan melalui Kredit Pemilikan Rumah (KPR).

b. Aset keuangan tidak lancar lainnya :

	31 Desember/ December	
	2017	2016
Terdiri dari :		
Jaminan pembayaran bunga	30.613.651	22.174.472
Manfaat lindung nilai	652.200.000	632.200.000
Jumlah	682.813.651	654.374.472
<u>Jaminan pembayaran bunga</u>		
Dalam Rupiah :		
PT Bank ICBC Indonesia	21.073.499	13.006.711
PT Bank KEB Hana Indonesia	9.540.152	9.167.761
Jumlah	30.613.651	22.174.472

Merupakan pembukaan rekening escrow untuk satu bulan pembayaran bunga selama jangka waktu kredit (catatan 21).

Manfaat lindung nilai

Merupakan piutang derivatif - opsi *call spread* atas utang obligasi yang dilindung nilai antara lain :

	Jumlah/ Amount (USD)	Spread (Rupiah penuh/ Full rupiah)	Masa berlaku kontrak/ Validity period of contract	Manfaat lindung nilai/ Benefits of hedging	
				31 Des./ Dec. 2017	31 Des./ Dec. 2016
Bank Barclays PLC, Singapore	10.000.000	9.400 – 11.000	27 Maret/ March 2017	-	16.000.000
UBS AG, Singapore	40.000.000	9.400 – 11.000	27 Maret/ March 2017	-	64.000.000
J.P. Morgan, Singapore	10.000.000	9.400 – 11.000	27 Maret/ March 2017	-	16.000.000
Morgan Stanley & Co	30.000.000	9.900 – 11.500	25 Maret/ March 2020	48.000.000	48.000.000
Morgan Stanley & Co	40.000.000	10.000 – 11.500	25 Maret/ March 2020	60.000.000	60.000.000
J.P. Morgan, Singapore	30.000.000	9.900 – 11.500	27 Maret/ March 2020	48.000.000	48.000.000
J.P. Morgan, Singapore	40.000.000	10.000 – 11.500	27 Maret/ March 2020	60.000.000	60.000.000
Morgan Stanley & Co	30.000.000	10.200 – 11.700	25 Maret/ March 2020	45.000.000	45.000.000
Morgan Stanley & Co	30.000.000	10.200 – 11.700	25 Maret/ March 2020	45.000.000	45.000.000
Nomura Singapore Ltd	35.000.000	11.500 – 12.500	27 Maret/ March 2020	35.000.000	35.000.000
Nomura Singapore Ltd	30.000.000	11.750 – 13.750	27 Maret/ March 2020	53.940.000	50.580.000
Morgan Stanley & Co	40.000.000	9.400 – 11.000	24 April/ April 2022	64.000.000	64.000.000
Nomura Singapore Ltd	35.000.000	11.000 – 12.500	24 April/ April 2022	52.500.000	52.500.000
Deutsche Bank AG Singapore	25.000.000	12.000 – 13.500	24 April/ April 2022	37.500.000	35.900.000
J.P. Morgan, Singapore	25.000.000	12.000 – 13.500	22 April/ April 2022	37.500.000	35.900.000
Morgan Stanley & Co	60.000.000	13.000 – 14.500	24 April/ April 2022	32.880.000	26.160.000
Credit Suisse	20.000.000	13.000 – 14.500	26 April/ April 2022	10.960.000	8.720.000
J.P. Morgan, Singapore	40.000.000	13.000 – 14.500	22 April/ April 2022	21.920.000	17.440.000
				652.200.000	728.200.000
Dikurangi bagian lancar/ Less current portion :					
Manfaat lindung nilai yang akan direalisasikan dalam 12 bulan/ Hedging benefits will be realized in 12 months				-	96.000.000
Manfaat lindung nilai yang akan direalisasikan lebih dari 12 bulan/ Hedging benefits to be realized over 12 months				652.200.000	632.200.000

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

7. Aset keuangan lainnya (lanjutan)

b. Aset keuangan tidak lancar lainnya : (lanjutan)

Beban premi lindung nilai selama tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp 83.338.565 ribu dan Rp 86.275.367 ribu dicatat pada akun beban lain-lain - beban premi lindung nilai.

Perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Bank Barclays PLC sebesar USD 10.000.000, UBS AG sebesar USD 40.000.000, dan J.P. Morgan sebesar USD 10.000.000 telah direalisasikan pada tanggal jatuh tempo sebesar Rp 95.870.387 ribu.

Selanjutnya lihat catatan 38j sampai dengan 38x.

7. Other financial assets (continued)

b. Other non current financial assets : (continued)

Hedging premium expense during the years ended 31 December 2017 and 2016 amounted to Rp 83,338,565 thousands and Rp 86,275,367 thousands, respectively, was recorded under other expenses - hedging premium expense.

Non Deliverable USD Call Spread Option Facilities with Barclays Bank PLC amounted to USD 10,000,000, UBS AG amounted to USD 40,000,000, and J.P Morgan amounted to USD 10,000,000 has been released at the due date amounted to Rp 95,870,387 thousand.

Furthermore, refer to notes 38j up to 38x.

8. Piutang usaha

8. Trade receivables

	31 Desember/ December		
	2017	2016	
Pihak ketiga - Rupiah :			Third parties - Rupiah :
Penjualan real estat	143.323.617	97.580.637	Sales of real estate
Jasa hospitaliti dan prasarana	76.316.113	95.221.841	Hospitality and infrastructure
Pendapatan pariwisata	2.063.782	1.955.051	Revenue from tourism
Lainnya	<u>1.840.618</u>	<u>-</u>	Others
Jumlah piutang usaha			Total trade receivables
- pihak ketiga	223.544.130	194.757.529	- third parties
Dikurangi : cadangan			Deduct : allowance for
penurunan nilai	<u>(22.842.525)</u>	<u>(16.710.294)</u>	declining in value
Bersih	200.701.605	178.047.235	Net
Pihak berelasi - Rupiah	<u>9.567.717</u>	<u>22.639</u>	Related parties - Rupiah
Jumlah	<u>210.269.322</u>	<u>178.069.874</u>	Total

Rincian umur piutang usaha yang dihitung sejak tanggal faktur adalah sebagai berikut :

The accounts receivable aging are calculated since the date of invoices with the following details:

	31 Desember/ December		
	2017	2016	
Pihak ketiga			Third parties
Belum lewat jatuh tempo dan tidak mengalami penurunan nilai	140.089.641	57.594.160	Neither past due nor impaired
Telah jatuh tempo tetapi tidak mengalami penurunan nilai :			Past due but not impaired :
Sampai dengan 3 bulan	10.259.766	40.278.475	Up to 3 month
3 bulan – 6 bulan	4.972.222	16.916.078	3 month – 6 month
6 bulan – 1 tahun	14.528.701	9.948.407	6 month – 1 year
> 1 tahun	<u>53.693.800</u>	<u>70.020.409</u>	> 1 year
Jumlah piutang usaha			Total trade receivables
- pihak ketiga	<u>223.544.130</u>	<u>194.757.529</u>	- third parties

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

8. Piutang usaha (lanjutan)

8. Trade receivables (continued)

	31 Desember/ December		
	2017	2016	
Pihak berelasi			Related parties
Belum lewat jatuh tempo atau tidak mengalami penurunan nilai	685.161	21.309	Neither past due nor impaired
Lewat jatuh tempo tetapi tidak mengalami penurunan nilai :			Past due but not impaired :
Sampai dengan 3 bulan	555.920	260	Up to 3 month
3 bulan – 6 bulan	1.185.471	1.070	3 month – 6 month
> 6 bulan	7.141.165	-	> 6 month
Jumlah piutang usaha - pihak berelasi	9.567.717	22.639	Total trade receivables - related parties

Berdasarkan hasil penilaian manajemen dalam menentukan cadangan penurunan nilai piutang pada 31 Desember 2017 dan 2016, yang dibuat secara individu atau secara kolektif, manajemen percaya bahwa penyisihan cadangan penurunan nilai tersebut memadai untuk menutupi kemungkinan kerugian dari piutang tak tertagih.

Based on the assessment made by the management in determining the declining in value of receivables at 31 December 2017 and 2016, which are made individually or collectively, the management believes that the allowance for declining in value is adequate to cover possible losses from bad debts.

Saldo cadangan penurunan nilai piutang pada pihak ketiga masing-masing sebesar Rp 22.842.525 ribu (31 Desember 2017) dan Rp 16.710.294 ribu (31 Desember 2016) merupakan jumlah penurunan nilai piutang jasa hospitaliti dan prasarana dan pendapatan pariwisata.

Balance of allowance for declining value of receivable to third parties amounting to Rp 22,842,525 thousands (31 December 2017) and Rp 16,710,294 thousands (31 December 2016), respectively, represents the amount of declining value of receivable from hospitality and infrastructure and tourism revenues.

Tidak ada piutang usaha pada entitas pihak berelasi yang jumlahnya melebihi 0,5% dari modal disetor Perusahaan.

There is no trade receivables from related parties exceeding 0.5% of the Company's paid-up capital.

Tidak terdapat piutang usaha yang dijadikan jaminan pinjaman dan tidak ada risiko yang terkonsentrasi secara signifikan atas piutang usaha.

There is no accounts receivable which has been pledged for loan guarantee and there is no significant concentrated risk on trade receivable.

9. Piutang pihak berelasi

9. Due from related parties

Terdiri dari :

Consist of :

	31 Desember/ December		
	2017	2016	
Dalam Rupiah :			In Rupiah :
- PT Cahaya Alam Raya	1.076.000	2.691.000	- PT Cahaya Alam Raya

Piutang pada PT Cahaya Alam Raya merupakan pinjam meminjam uang tunai tanpa beban bunga dan sewaktu-waktu akan dapat ditagih.

Receivable from PT Cahaya Alam Raya represents cash current account without interest and can be demanded at any time.

Manajemen berpendapat bahwa piutang pihak berelasi tersebut dapat ditagih.

Management believes that due from related parties can be collected.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

10. Persediaan

Terdiri dari :

10. Inventories

Consist of :

	31 Desember/ December		
	2017	2016	
<u>Proyek Serpong, Tangerang :</u>			<u>Serpong Project, Tangerang :</u>
Tanah	1.648.414.023	1.667.010.278	Land
Bangunan dalam penyelesaian :			Building in progress :
- Rumah	55.332.156	18.875.983	- Houses
Rumah dan Ruko	75.666.926	79.218.326	Houses and shophouses
Unit apartemen	178.768.428	233.209.396	Apartment units
Unit gedung perkantoran	307.426.889	291.161.306	Office building units
<u>Proyek Pasar Kemis, Tangerang :</u>			<u>Pasar Kemis Project, Tangerang :</u>
Tanah	437.599.701	534.188.820	Land
Bangunan dalam penyelesaian			Building in progress
- Rumah dan ruko	19.869.011	191.262.540	- Houses and shophouses
Bangunan jadi			Building
- Rumah dan ruko	185.825.593	170.697.619	- Houses and shophouses
<u>Proyek Tangerang, Tangerang :</u>			<u>Tangerang Project, Tangerang :</u>
Tanah	476.673.917	682.406.436	Land
Bangunan dalam penyelesaian			Building in progress
- Unit apartemen	-	546.780.637	- Apartment units
- Unit ruko	32.306.580	-	- Shophouses units
Bangunan jadi			Buildings
- Unit apartemen	471.309.015	-	- Apartment units
<u>Proyek Setiabudi, Jakarta :</u>			<u>Setiabudi Project, Jakarta :</u>
Bangunan jadi			Building
- Unit gedung perkantoran	1.287.223.418	1.250.123.637	- Office building units
<u>Proyek Kuta Selatan, Bali :</u>			<u>Kuta Selatan Project, Bali :</u>
Tanah	323.846.074	323.846.074	Land
Bangunan dalam penyelesaian -			Building in progress
- Villa	<u>2.162.830</u>	<u>1.577.073</u>	- Villa
Jumlah	5.502.424.561	5.990.358.125	Total
Dikurangi - bagian lancar :			Less - current portion :
Persediaan yang direalisasikan			Inventories will be realized in
dalam waktu 12 bulan	<u>960.844.008</u>	<u>1.208.483.784</u>	12 months
Persediaan yang direalisasikan			Inventories to be realized over
lebih dari 12 bulan	<u>4.541.580.553</u>	<u>4.781.874.341</u>	12 months

Sebagian persediaan tanah telah dijadikan jaminan atas pinjaman bank (lihat catatan 21).

Part of the land inventories has been pledged as collateral for bank loans (see note 21).

Dalam bangunan dalam penyelesaian per 31 Desember 2017 dan 2016, untuk proyek Serpong - Alam Sutera merupakan pekerjaan untuk rumah, untuk proyek Pasar Kemis - Suvarna Padi dan Suvarna Sutera merupakan pekerjaan untuk rumah dan ruko, untuk proyek Tangerang - Kota Ayodhya merupakan pekerjaan ruko. Manajemen berkeyakinan bahwa tidak terdapat hambatan dalam penyelesaian proyek-proyek tersebut.

Building in progress as of 31 December 2017 and 2016, for Serpong - Alam Sutera project represents works of houses, for Pasar Kemis - Suvarna Padi and Suvarna Sutera project represents works of houses and shophouses, for Tangerang - Kota Ayodhya project represents shophouses. Management believes that there will be no difficulties in completing those projects.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

10. Persediaan (lanjutan)

Per tanggal 31 Desember 2017, gedung perkantoran - Synergy Building, The Prominence dan The Tower serta Apartemen Silkwood Residence, Kota Ayodhya dan Paddington Height yang diasuransikan pada PT China Taiping Insurance Indonesia, pihak ketiga, terhadap risiko kebakaran dan risiko kerugian lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan seluruhnya sebesar Rp 2.378.764.629 ribu.

Selama tahun-tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, beban pinjaman masing-masing sebesar Rp 39.343.663 ribu dan Rp 192.882.752 ribu dikapitalisasi ke dalam persediaan.

Persediaan tanah berlokasi di Serpong dan bangunan mall di Kota Ayodhya, Tangerang telah direklasifikasi ke akun properti investasi, selanjutnya lihat Catatan 14.

Grup menelaah secara berkala atas jumlah nilai tercatat persediaan, dan memastikan bahwa jumlah nilai tercatatnya tidak melebihi nilai realisasi bersihnya. Manajemen berkeyakinan bahwa tidak terdapat penurunan nilai persediaan per 31 Desember 2017 dan 2016.

10. Inventories (continued)

As at 31 December 2017, the office building - Synergy Building, The Prominence and The Tower and Silkwood Residence, Kota Ayodhya and Paddington Height Apartment are insured to PT China Taiping Insurance Indonesia, third party, for risk of fire and other losses under a certain policy package with total coverage of Rp 2,378,764,629 thousands.

During the years ended 31 December 2017 and 2016, borrowing costs amounting to Rp 39,343,663 thousands and Rp 192,882,752 thousands, respectively, were capitalized into inventories.

Land inventories located in Serpong and mall buildings in Kota Ayodhya, Tangerang have been reclassified to investment properties, furthermore see Note 14.

The Group regularly reviewed the carrying amount of inventories, and ensured that the carrying amount not exceed the net realizable value. Management believes that there was no declining value of inventories as of 31 December 2017 and 2016.

11. Perpajakan

a. Pajak dibayar di muka

Terdiri dari :

11. Taxation

a. Prepaid taxes

Consist of :

	31 Desember/ December		
	2017	2016	
<u>Perusahaan :</u>			<u>Company :</u>
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan hak atas tanah dan/atau bangunan	1.284.585	2.388.033	- Income from transfer of land and/or building right
- Persewaan tanah dan atau bangunan	1.975.140	3.493.838	- Rental of land and or building
Pajak Pertambahan Nilai	811.057	-	Value Added Tax
Jumlah	4.070.782	5.881.871	Total

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	31 Desember/ December		
	2017	2016	
11. Perpajakan (lanjutan)			11. Taxation (continued)
a. Pajak dibayar di muka (lanjutan)			a. Prepaid taxes (continued)
<u>Entitas anak :</u>			<u>Subsidiaries :</u>
Pajak penghasilan badan	561.000	30.070	Corporate Income Tax
Pajak penghasilan pasal 21			Income tax article 21
- lebih bayar	-	2.123	- overpaid
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan			- Income from transfer of
hak atas tanah dan/atau bangunan	74.854.722	112.115.753	land and/or building right
- Persewaan tanah dan			- Rental on land and
bangunan	335.835	895.663	buildings
Pajak Pertambahan Nilai	<u>7.726.003</u>	<u>277.033</u>	Value Added Tax
Jumlah	<u>83.477.560</u>	<u>113.320.642</u>	Total
Jumlah seluruhnya	87.548.342	119.202.513	Grand total
Bagian lancar :			Current portion :
Pajak yang akan direalisasikan			Prepaid taxes will be realized in
dalam 12 bulan	<u>79.545.260</u>	<u>90.163.775</u>	12 months
Pajak yang akan direalisasikan			Prepaid taxes to be realized over
lebih dari 12 bulan	<u>8.003.082</u>	<u>29.038.738</u>	12 months
b. Utang pajak			b. Taxes payable
Terdiri dari :			Consist of :
<u>Perusahaan :</u>			<u>Company :</u>
Pajak Pembangunan I	7.292	16.227	Development tax 1
Pajak penghasilan pasal 21	631.132	929.641	Income tax article 21
Pajak penghasilan pasal 23			Income tax article 23
dan 26	27.883	62.652	and 26
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan			- Income from transfer of
hak atas tanah dan/atau bangunan	130.150	84.969	land and/or building right
- Jasa konstruksi	3.595	17.537	- Construction service
- Persewaan tanah dan			- Rental of land and
bangunan	154.678	385.583	building
- Undian	-	177.500	- Prize
Pajak Pertambahan Nilai	<u>-</u>	<u>552.391</u>	Value Added Tax
Jumlah	954.730	2.226.500	Total

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	31 Desember/ December		
	2017	2016	
11. Perpajakan (lanjutan)			11. Taxation (continued)
b. Utang pajak (lanjutan)			b. Taxes payable (continued)
<u>Entitas anak :</u>			<u>Subsidiaries :</u>
Pajak Pembangunan 1	489.709	638.504	Development tax 1
Pajak penghasilan badan	7.621.135	23.329.608	Corporate income tax
Pajak penghasilan pasal 21	1.018.067	1.561.129	Income tax article 21
Pajak penghasilan pasal 23 dan 26	3.385.169	5.556.190	Income tax article 23 and 26
Pajak penghasilan pasal 25	163.861	11.154	Income tax article 25
Pajak penghasilan final :			Final income tax :
- Penghasilan dari pengalihan hak atas tanah dan/atau bangunan	8.111.674	17.139.922	- Income from transfer of land and/or building right
- Persewaan tanah dan bangunan	206.601	108.818	- Rental of land and building
- Jasa konstruksi	1.255.074	2.117.788	- Construction service
- Dividen	-	184.256	- Dividend
Pajak Pertambahan Nilai	21.135.647	58.454.030	Value Added Tax
Jumlah	43.386.937	109.101.399	Total
Jumlah seluruhnya	44.341.667	111.327.899	Grand total
c. Beban pajak final			c. Final tax expenses
Rincian beban pajak final Grup untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut :			The details of the final tax expense of the Group for the year ended 31 December 2017 and 2016 are as follows :
<u>Perusahaan :</u>			<u>The company :</u>
Pendapatan sewa	11.699.244	14.108.193	Rental income
Pengalihan hak atas tanah dan/atau bangunan	2.487.934	1.290.394	Transfer land and/or building right
<u>Entitas anak :</u>			<u>The subsidiaries :</u>
Pendapatan sewa	5.691.714	5.690.430	Rental income
Pengalihan hak atas tanah dan/atau bangunan	111.065.937	111.050.352	Transfer of rights on land and/or buildings
Jumlah	130.944.829	132.139.369	Total
d. Beban pajak			d. Tax expenses
<u>Pajak kini :</u>			<u>Current tax :</u>
- Perusahaan			- Company
- Tahun berjalan	-	-	- Current year
- Entitas anak			- Subsidiaries
- Tahun berjalan	61.322.780	84.748.963	- Current year
- Tahun sebelumnya (catatan 11f)	-	174.445	- Prior year (note 11f)
Pajak tangguhan	(1.847.526)	(3.813.278)	Deferred tax
Jumlah	59.475.254	81.110.130	Total

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

11. Perpajakan (lanjutan)

11. Taxation (continued)

	31 Desember/ December		
	2017	2016	
d. Beban pajak (lanjutan)			d. Tax expenses (continued)
<u>Rekonsiliasi beban pajak</u>			<u>Reconciliation of tax expenses</u>
Rekonsiliasi antara laba sebelum beban pajak dan beban pajak yang dihitung dengan tarif pajak yang berlaku sebagai berikut :			Reconciliation between income before tax expenses and tax expenses calculated by using the prevailing income tax rate is as follows :
Laba konsolidasian sebelum beban pajak	1.444.664.431	591.353.409	Consolidated income before tax expense
(Laba)/rugi entitas anak sebelum pajak	<u>(1.745.063.698)</u>	<u>(1.126.903.600)</u>	Subsidiary's (income)/loss before tax
Rugi induk perusahaan sebelum pajak	<u>(300.399.267)</u>	<u>(535.550.191)</u>	Parent company's loss before tax
Beban pajak penghasilan berdasarkan tarif	(60.079.853)	(107.110.038)	Income tax expense based on tax rate
Jumlah koreksi fiskal	<u>60.079.853</u>	<u>107.110.038</u>	Total fiscal correction
Beban pajak			Tax expenses
- Perusahaan	-	-	- Company
- Entitas anak			- Subsidiaries
- Tahun berjalan	61.322.780	84.748.963	- Current year
- Tahun sebelumnya (catatan 11f)	-	174.445	- Prior year (note 11f)
- Pajak tangguhan	<u>(1.847.526)</u>	<u>(3.813.278)</u>	- Deferred tax
Beban pajak			Tax expenses
- konsolidasian	<u>59.475.254</u>	<u>81.110.130</u>	- consolidated
<u>Pajak kini</u>			<u>Current tax</u>
Rekonsiliasi antara laba komersial ke laba fiskal adalah sebagai berikut :			The reconciliation between income before tax expenses and fiscal profit is as follow:
Laba konsolidasian sebelum beban pajak	1.444.664.431	591.353.409	Consolidated income before tax expense
(Laba)/rugi entitas anak sebelum pajak	<u>(1.745.063.698)</u>	<u>(1.126.903.600)</u>	Subsidiary's (income)/loss before tax
Rugi induk perusahaan sebelum pajak	(300.399.267)	(535.550.191)	Parent company's loss before tax
Ditambah/(dikurangi) :			Add/(deduct) :
Perbedaan permanen	265.117.055	487.423.131	Permanent difference
Perbedaan waktu	<u>-</u>	<u>-</u>	Timing difference
Rugi fiskal	<u>(35.282.212)</u>	<u>(48.127.060)</u>	Fiscal loss
Dalam laporan keuangan konsolidasian ini, estimasi penghasilan kena pajak didasarkan atas perhitungan sementara.			In these consolidated financial statements, the amount of taxable income is based on preliminary calculations.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

11. Perpajakan (lanjutan)

11. Taxation (continued)

e. Aset (liabilitas) pajak tangguhan

e. Deferred tax assets (liabilities)

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas pada laporan keuangan konsolidasian dengan dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan adalah sebagai berikut :

Deferred tax is calculated based on the effect of temporary difference between carrying amount of assets and liabilities on consolidated financial statements with the tax based on assets and liabilities. Details of deferred tax assets and liabilities are as follows :

		Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ Debited (credited) in consolidated statements of	Penghasilan komprehensif lain/ Other comprehensive income			Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ Debited (credited) in consolidated statements of	Penghasilan komprehensif lain/ Other comprehensive income	
	31 Desember/ December 2015	income and other comprehensive income		31 Desember/ December 2016	income and other comprehensive income			31 Desember/ December 2017
Perusahaan/ The Company								
Aset pajak tangguhan/ Deferred tax assets	-	-	-	-	-	-	-	-
Liabilitas pajak tangguhan/ Deferred tax liabilities	-	-	-	-	-	-	-	-
Entitas anak/ Subsidiaries								
Aset pajak tangguhan/ Deferred tax assets								
- Imbalan kerja/ Employee benefit	1.536.630	(647.066)	261.286	1.922.410	(480.455)	(200.508)	2.603.373	
- Penyisihan penurunan nilai piutang/ Allowance for declining in value of receivables	-	-	-	-	(147.296)	-	147.296	
Liabilitas pajak tangguhan :/ Deferred tax liabilities :								
Sumber pendapatan luar negeri - Penerimaan bunga belum diterima/ Foreign source income - Interest income not yet received	(15.225.465)	(3.166.212)	-	(12.059.253)	(1.219.775)	-	(10.839.478)	
Aset (liabilitas) pajak tangguhan, bersih/ Deferred tax assets (liabilities), net	(13.688.835)	(3.813.278)	261.286	(10.136.843)	(1.847.526)	(200.508)	(8.088.809)	

Grup tidak mengakui aset pajak tangguhan yang berasal dari rugi fiskal, karena sebagian besar pendapatan Grup terkena pajak final, dan atas entitas anak yang pendapatannya tidak terkena pajak final, manajemen berpendapat bahwa terdapat ketidakpastian entitas anak dalam memperoleh laba kena pajak yang memungkinkan pemanfaatan aset pajak tangguhan dari rugi fiskal.

The Group does not recognize deferred tax assets resulting from tax loss, due to most of the Group income is subject to final tax, and for the the subsidiaries whose income is not subject to final tax, in the management opinion there is uncertainty on the subsidiaries for having taxable income which enables the utilization of the deferred tax assets from the tax loss.

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

11. Perpajakan (lanjutan)

- f. Perusahaan dan beberapa entitas anak mengikuti program pengampunan pajak di tahun 2016 dan 2017. Atas Surat Ketetapan Pajak yang diterima oleh Perusahaan dan entitas anak telah dilunasi dan dicatat pada akun beban lain-lain pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir 31 Desember 2016.
- g. Tarif pajak
- Pendapatan Grup dari pengalihan hak atas tanah dan/atau bangunan dikenakan pajak final sebesar 5% sampai dengan 7 September 2016 dan setelah itu sebesar 2,5%, sedangkan pendapatan dari sewa dikenakan pajak final sebesar 10%.
- Untuk pendapatan Grup yang tidak terkena pajak final, dikenakan tarif sebesar 20% untuk Perusahaan dan 25% untuk entitas anak atas jumlah pendapatan kena pajaknya.
- h. Grup melaporkan pajak berdasarkan *self-assessment*. Direktorat Jenderal Pajak dapat menetapkan atau mengubah kewajiban pajak dalam batas waktu lima tahun berdasarkan Undang-undang No. 28/2007

11. Taxation (continued)

- f. The Company and certain subsidiaries participate in tax amnesty programs in 2016 and 2017. The tax assessment letters received by the Company and subsidiaries have been paid and recorded in other expense accounts in the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2016.
- g. Tax rates
- Revenue of the Group from the transfer of rights on land and/or buildings is subject to final tax of 5% until 7 September 2016 and thereafter 2.5%, while revenue from the lease is subject to final tax of 10%.
- Revenues of the Group which are not subject to final tax, are taxed at 20% for the Company and 25% for subsidiaries on the amount of its taxable income.
- h. The Group submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within five years based on Law No. 28/2007.

12. Tanah untuk dikembangkan

12. Land for development

	31 Desember/ December		
	2017	2016	
Terdiri atas tanah mentah yang terletak di :			Consists of raw land located at :
Kec. Pinang, Tangerang	5.985.561.973	5.685.429.162	Sub-district Pinang, Tangerang
Kec. Pasar Kemis, Tangerang	3.804.328.408	2.865.810.841	Sub-district Pasar Kemis, Tangerang
Kec. Denpasar Selatan, Bali	188.127.428	187.626.694	Sub-district Denpasar Selatan, Bali
Kec. Cipanas, Cianjur, Jawa Barat	80.034.207	80.034.207	Sub-district Cipanas, Cianjur, Jawa Barat
Kec. Tanjung Pinang Timur, Riau	40.663.007	40.512.505	Sub-district Tanjung Pinang Timur, Riau
Kec. Badung, Bali	39.133.897	32.443.939	Sub-district Badung, Bali
Kec. Tangerang, Tangerang	265.748.250	265.748.250	Sub-district Tangerang, Tangerang
Kec. Cibitung, Bekasi	12.020.795	12.020.795	Sub-district Cibitung, Bekasi
Jumlah	10.415.617.965	9.169.626.393	Total

Pada tanggal 31 Desember 2017 dan 2016, tanah yang belum dikembangkan yang dimiliki Grup adalah masing-masing seluas 19.576.763 m² dan 19.068.936 m², dan dari jumlah luas tanah tersebut yang sudah atas nama Grup masing-masing seluas 6.420.429 m² dan 5.684.957 m², sedangkan sisanya masih dalam bentuk Surat Pelepasan Hak ataupun Perjanjian Pengikatan Jual Beli. Sampai dengan tanggal laporan keuangan ini, Grup sedang dalam proses pengurusan Hak Guna Bangunan secara bertahap.

As of 31 December 2017 and 2016, land for development owned by the Group was for area of 19,576,763 sq.m and 19,068,936 sq.m, respectively, and amongst that total area of 6,420,429--*-*+ sq.m and 5,684,957 sq.m, respectively have been in the name of the Group, while the remaining areas are still in the form of Letter of Right Release (Surat Pelepasan Hak) or Binding Sale and Purchase Agreement (Perjanjian Pengikatan Jual Beli). Up to the date of these financial statements, the Group is still processing the Building Right Title (Sertifikat Hak Guna Bangunan), gradually.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

12. Tanah untuk dikembangkan (lanjutan)

Pada bulan Maret 2013, entitas anak - PT Tangerang Matra Real Estate (TMRE), telah membeli tanah dari PT Modernland Realty Tbk (MR), seluas ±20 hektar yang berlokasi di Desa Kunciran Jaya, Kec. Pinang. Dan berdasarkan Perjanjian Induk Pengalihan Hak Atas Tanah No. 9 tertanggal 8 Februari 2013 antara TMRE dan MR, bahwa MR bermaksud menjual tanah seluas ± 150 ha yang terletak di Kelurahan Cipondoh, Kecamatan Cipondoh dan Kelurahan Panunggangan Utara, Cipete, Panunggangan Timur, Pakojan, Kunciran Jaya (d/h Kunciran), Neroktog, Kecamatan Pinang, Kota Tangerang, Propinsi Banten kepada TMRE. Harga yang disepakati sebesar Rp 2.000 ribu (dua juta Rupiah) per m² tidak termasuk PPN dengan cara pembayaran dengan angsuran 3 (tiga) bulanan sampai bulan ke 30 (tiga puluh) dimulai sejak 30 September 2013. Jumlah area yang telah direalisasikan sampai dengan tanggal 31 Desember 2017 adalah seluas ± 114 hektar.

Selama tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016, beban pinjaman masing-masing sebesar Rp 242.595.185 ribu dan Rp 255.701.714 ribu, dikapitalisasi ke dalam tanah untuk dikembangkan.

Manajemen Perusahaan berkeyakinan bahwa tidak terdapat penurunan nilai tanah untuk dikembangkan per 31 Desember 2017 dan 2016.

13. Uang muka pembelian tanah

Merupakan uang muka pembelian tanah dan bangunan sebagai berikut :

Lokasi	31 Desember/ December		Location
	2017	2016	
Tanah :			Land :
Kec. Serpong dan Pinang,			Sub-district Serpong and Pinang,
Tangerang	128.071.824	79.533.056	Tangerang
Kec. Pasar Kemis, Tangerang	194.078.948	78.089.733	Sub-district Pasar Kemis, Tangerang
Kec. Kuta, Bali	3.627.758	3.627.758	Sub-district Kuta, Bali
Jumlah	325.778.530	161.250.547	Total

Uang muka pembelian tanah merupakan uang muka pembelian tanah pada pihak ketiga.

12. Land for development (continued)

In March 2013, PT Tangerang Matra Real Estate (TMRE) - subsidiary, acquired land from PT Modernland Realty Tbk (MR) for area of ±20 hectares located in Desa Kunciran Jaya, Kec. Pinang. And based on the Transfer of Land Rights Master Agreement No. 9 dated 8 February 2013 between TMRE and MR, MR intends to sell to TMRE land areas ± 150 ha located in Cipondoh Subdistrict, Cipondoh district and subdistrict of North Panunggangan, Cipete, East Panunggangan, Pakojan, Kunciran Jaya (formerly Kunciran), and Neroktog, and Pinang district, in Tangerang, Banten Province. The agreed price is Rp 2,000 thousands (two million Rupiah) per sq.m excluding VAT, payment by installments every 3 (three) months starting from 30 September 2013 up to 30th month. The total area which has been realized up to the date 31 December 2017 for area of approximately 114 hectares.

During the years ended 31 December 2017 and 2016, loan interest expense amounting to Rp 242,595,185 thousands and Rp 255,701,714 thousands, respectively, was capitalized into land for development.

The Company's management believes that there was no declining value of land for development as of 31 December 2017 and 2016.

13. Advance for land purchase

Represents advance for purchases of land and building as follows :

Advance for purchases of land represents advances for land purchase paid to third parties.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

14. Properti investasi

14. Investment properties

Saldo dan perubahan properti investasi - untuk tahun
yang berakhir pada tanggal 31 Desember 2017

Balance and movements of investment properties - for
the year ended 31 December 2017

Jenis properti	Saldo/ Balance 1 Jan. 2017	Penambahan/ Additions 2017	Pengurangan/ Disposals 2017	Reklasifikasi/ Reclassification 2017	Saldo/ Balance 31 Dec. 2017	Type of property
Harga perolehan						Acquisition cost
Tanah	509.613.363	-	-	15.386.050	524.999.413	Land
Bangunan dan prasarana	635.219.351	1.386.678	-	49.091.310	685.697.339	Buildings and infrastructure
Jumlah	1.144.832.714	1.386.678	-	64.477.360	1.210.696.752	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	413.985	1.776.119	-	(413.985)	1.776.119	Buildings and infrastructure
Jumlah	1.145.246.699	3.162.797	-	64.063.375	1.212.472.871	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan dan prasarana	137.323.134	37.696.456	-	-	175.019.590	Buildings and infrastructure
Nilai buku	1.007.923.565				1.037.453.281	Book value

Saldo dan perubahan properti investasi - untuk tahun
yang berakhir pada tanggal 31 Desember 2016

Balance and movements of investment properties - for
the year ended 31 December 2016

Jenis properti	Saldo/ Balance 1 Jan. 2016	Penambahan/ Additions 2016	Pengurangan/ Disposals 2016	Reklasifikasi/ Reclassification 2016	Saldo/ Balance 31 Dec. 2016	Type of property
Harga perolehan						Acquisition cost
Tanah	509.613.363	-	-	-	509.613.363	Land
Bangunan dan prasarana	633.746.787	1.285.564	-	187.000	635.219.351	Buildings and infrastructure
Jumlah	1.143.360.150	1.285.564	-	187.000	1.144.832.714	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	445.985	155.000	-	(187.000)	413.985	Buildings and infrastructure
Jumlah	1.143.806.135	1.440.564	-	-	1.145.246.699	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan dan prasarana	101.332.100	35.991.034	-	-	137.323.134	Buildings and infrastructure
Nilai buku	1.042.474.035				1.007.923.565	Book value

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

14. Properti investasi (lanjutan)

Merupakan tanah dan bangunan untuk komersial yang disewakan bernama Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera dan tanah kavling yang terletak di dalam komplek perumahan Alam Sutera dan tanah dan bangunan bernama gedung Wisma Argo Manunggal, Jakarta dan tanah di Kec. Badung, Bali, serta pusat perbelanjaan Kota Ayodhya di Tangerang.

Pada 31 Desember 2017 dan 2016, pekerjaan dalam penyelesaian - bangunan dan prasarana merupakan pekerjaan pengembangan dan lahan parkir Mall @ Alam Sutera. Manajemen berpendapat bahwa tidak ada hambatan dalam penyelesaian pekerjaan tersebut.

Pada tahun 2017, Perusahaan melakukan reklasifikasi dari persediaan - bangunan dalam penyelesaian proyek Tangerang, Tangerang berupa bangunan pusat perbelanjaan Kota Ayodhya sebesar Rp 48.677.325 ribu serta persediaan - tanah matang proyek Serpong sebesar Rp 15.386.050 ribu yang jumlah seluruhnya sebesar Rp 64.063.375 ribu ke properti investasi.

Pendapatan sewa properti investasi yang diakui pada laporan laba rugi dan penghasilan komprehensif konsolidasian selama tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing adalah sebesar Rp 156.593.339 ribu dan Rp 189.241.908 ribu (catatan 30).

Beban penyusutan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp 37.696.456 ribu dan Rp 35.991.034 ribu, dicatat dalam akun beban pokok penjualan.

Berdasarkan laporan hasil penilaian dari KJPP Martokoesoemo, Prasetyo & Rekan - penilai independen, tertanggal 25 April 2014 dan 31 Desember 2014 dan KJPP Susan Widjojo & Rekan - penilai independen, tertanggal 15 Januari 2018, jumlah nilai pasar tanah dan bangunan properti investasi adalah sebesar Rp 3.146.946.792 ribu.

Per tanggal 31 Desember 2017, properti investasi telah diasuransikan pada pihak ketiga, terhadap risiko kebakaran dan risiko kerugian lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan seluruhnya sebesar Rp 526.302.000 ribu.

14. Investment properties (continued)

Represents land and building for rent in the commercial areas namely Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera which are located in Alam Sutera real estate complex, and land and building known as Wisma Argo Manunggal, Jakarta and land in Kec. Badung, Bali, and building of Kota Ayodhya Shopping Arcade in Tangerang.

As of 31 December 2017 and 2016, construction in progress - building and infrastructure represents construction of extension and parking lot of Mall @ Alam Sutera. Management believes that there are no obstacles in the completion of the work.

In 2017, the company reclassified inventory - buildings under construction project Tangerang, Tangerang in form of Kota Ayodhya shopping arcade amounted to Rp 48,677,325 thousands and inventory - developed land project Serpong amounted to Rp 15,386,050 thousands with total amount of Rp 64,063,375 thousands to investment properties.

Rental income from investment properties that was recognized in the comprehensive statement of income and other comprehensive income for the years ended 31 December 2017 and 2016 amounted to Rp. 156,593,339 thousands and Rp 189,241,908 thousands, respectively (note 30).

Depreciation expenses for the years ended 31 December 2017 and 2016 amounted to Rp 37,696,456 thousands and Rp 35,991,034 thousands, respectively, was recorded as part of cost of sales.

Based on appraisal reports from KJPP Martokoesoemo, Prasetyo & Rekan - independent appraiser, dated 25 April 2014 and 31 December 2014 and KJPP Susan Widjojo & Rekan, dated 15 January 2018, the aggregate market value of the land and building of investment properties amounted to Rp 3,146,946,792 thousands.

As at 31 December 2017, investment properties are insured to third party, for risk of fire and other losses under a certain policy package with total coverage amounting to Rp 526,300,000 thousands.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

15. Aset tetap

15. Fixed assets

Saldo dan perubahan aset tetap - untuk tahun yang
berakhir pada tanggal 31 Desember 2017

Balance and movements of fixed assets - for the year
ended 31 December 2017

Jenis aset tetap	Saldo/ Balance 1 Jan. 2017	Penambahan/ Additions 2017	Pengurangan/ Disposals 2017	Reklasifikasi/ Reclassification 2017	Saldo/ Balance 31 Dec. 2017	Type of fixed assets
Harga perolehan						Acquisition cost
Tanah	499.301.085	-	-	-	499.301.085	Land
Bangunan	192.774.176	177.026	-	15.430.511	208.381.713	Buildings
Kendaraan	45.124.759	487.400	1.315.546	-	44.296.613	Vehicles
Perlengkapan kantor	97.491.215	11.676.556	14.615	-	109.153.156	Office equipment
Peralatan proyek	12.205.563	1.205.579	-	-	13.411.142	Project equipment
Jumlah	846.896.798	13.546.561	1.330.161	15.430.511	874.543.709	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	484.895.795	110.973.015	-	(15.430.511)	580.438.299	Buildings and infrastructure
Jumlah	1.331.792.593	124.519.576	1.330.161	-	1.454.982.008	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan	89.639.069	24.069.714	-	-	113.708.783	Building
Kendaraan	23.581.784	4.790.283	1.101.730	-	27.270.337	Vehicles
Perlengkapan kantor	57.686.669	15.498.808	7.048	-	73.178.429	Office equipment
Peralatan proyek	12.281.021	3.179.564	-	-	15.460.585	Project equipment
Jumlah	183.188.543	47.538.369	1.108.778	-	229.618.134	Total
Nilai buku	1.148.604.050				1.225.363.874	Book value

Saldo dan perubahan aset tetap - untuk tahun yang
berakhir pada tanggal 31 Desember 2016

Balance and movements of fixed assets - for the year
ended 31 December 2016

Jenis aset tetap	Saldo/ Balance 1 Jan. 2016	Penambahan/ Additions 2016	Pengurangan/ Disposals 2016	Reklasifikasi/ Reclassification 2016	Saldo/ Balance 31 Dec. 2016	Type of fixed assets
Harga perolehan						Acquisition cost
Tanah	499.546.110	21.780	-	(266.805)	499.301.085	Land
Bangunan	192.592.436	-	-	181.740	192.774.176	Buildings
Kendaraan	41.436.588	3.688.171	-	-	45.124.759	Vehicles
Perlengkapan kantor	88.280.285	9.366.610	155.680	-	97.491.215	Office equipment
Peralatan proyek	12.042.580	139.687	185.000	208.296	12.205.563	Project equipment
Jumlah	833.897.999	13.216.248	340.680	123.231	846.896.798	Total
Aset dalam penyelesaian :						Assets in progress :
Bangunan dan prasarana	401.449.119	103.125.886	-	(19.679.210)	484.895.795	Buildings and infrastructure
Jumlah	1.235.347.118	116.342.134	340.680	(19.555.979)	1.331.792.593	Total
Dikurangi : Akumulasi penyusutan						Less : Accumulated depreciation
Bangunan	68.412.115	21.226.954	-	-	89.639.069	Building
Kendaraan	19.030.012	4.551.772	-	-	23.581.784	Vehicles
Perlengkapan kantor	41.432.750	16.406.108	152.189	-	57.686.669	Office equipment
Peralatan proyek	9.282.452	3.183.569	185.000	-	12.281.021	Project equipment
Jumlah	138.157.329	45.368.403	337.189	-	183.188.543	Total
Nilai buku	1.097.189.789				1.148.604.050	Book value

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

15. Aset tetap (lanjutan)

Pada 31 Desember 2017 dan 2016, pekerjaan dalam penyelesaian - bangunan dan prasarana merupakan pekerjaan pembangunan proyek Patung Garuda Wisnu Kencana (GWK) yang berlokasi di Bali yang diperkirakan selesai pada 2018 (lihat catatan 38d dan e) dan renovasi bangunan yang terletak di lokasi perumahan Alam Sutera. Manajemen berpendapat bahwa tidak ada hambatan dalam penyelesaian pekerjaan tersebut.

Pemindahbukuan di tahun 2016 antara lain tanah sebesar Rp 266.805 ribu dan pekerjaan dalam pelaksanaan - bangunan dan prasarana sebesar Rp 19.289.174 ribu ke akun persediaan.

Pada pekerjaan dalam penyelesaian - bangunan dan prasarana pekerjaan proyek patung GWK, terdapat kapitalisasi beban bunga pinjaman untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp 33.437.326 ribu dan Rp 36.217.399 ribu.

Grup memiliki aset tetap - tanah yang terletak di Tangerang dan Ungasan, Kuta, Bali dengan hak legal berupa Hak Guna Bangunan, berjangka waktu 20 - 30 tahun yang akan jatuh tempo antara tahun 2026 sampai dengan 2043. Manajemen berpendapat tidak terdapat masalah dengan perpanjangan hak atas tanah karena seluruh tanah diperoleh secara sah dan didukung dengan bukti pemilikan yang memadai.

Per tanggal 31 Desember 2017, aset tetap - bangunan, peralatan dan kendaraan diasuransikan pada pihak ketiga, terhadap risiko kebakaran dan risiko kerugian lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan seluruhnya sebesar Rp 104.313.577 ribu, dimana menurut pendapat manajemen jumlahnya cukup untuk menutup kemungkinan kerugian yang timbul dari risiko-risiko tetap tersebut.

Seluruh aset tetap yang dimiliki adalah atas nama Perusahaan dan entitas anak.

Beban penyusutan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut :

	31 Desember/ December	
	2017	2016
Beban umum dan administrasi	36.524.669	40.229.466
Beban pokok jasa hospitaliti dan prasarana	11.013.700	5.138.937
Jumlah	47.538.369	45.368.403

15. Fixed assets (continued)

As of 31 December 2017 and 2016, construction in progress - building and infrastructure comprises of Garuda Wisnu Kencana (GWK) Statue project located in Bali which estimated to be completed in 2018 (see notes 38d and e) and building renovation located in Alam Sutera residential. Management believes that there are no obstacles in the completion of the work.

Transfer in 2016 include land amounted to Rp 266,805 thousands and construction in progress - building and infrastructure amounted to Rp 19,289,174 thousands to inventories account.

In construction in progress - building and infrastructure of Garuda Wisnu Kencana (GWK) Statue, contains capitalization of interest expense for the years ended 31 December 2017 and 2016 amounting to Rp 33,437,326 thousands and Rp 36,217,399 thousands, respectively.

The Group owns fixed assets - land located in Tangerang and Ungasan, Kuta, Bali with legal right as Building Usage Right Certificate (Sertifikat Hak Guna Bangunan) for period between 20 - 30 years which will due between year 2026 up to 2043. Management believes that there will be no problem with the process of extension of the Building Usage Right Certificate as the land was acquired legally and supported by adequate ownership evidence.

As at 31 December 2017, fixed assets - building, equipment and vehicle are insured to third party, for risk of fire and other losses under a certain policy package with total coverage amounting to Rp 104,313,577 thousands, which in the management's opinion, is adequate to cover possible losses from such risks.

All fixed assets owned are in the name the Company and its subsidiaries.

Depreciation expense for the year ended 31 December 2017 and 2016 are as follow :

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

15. Aset tetap (lanjutan)

Pengurangan aset tetap merupakan penjualan aset dengan rincian sebagai berikut :

	31 Desember/ December	
	2017	2016
Harga jual	450.000	3.625
Nilai buku	213.816	3.491
Laba penjualan aset tetap	236.184	134

Atas perlengkapan kantor dengan nilai buku sebesar Rp 7.567 ribu dihapusbukukan di tahun 2017.

Manajemen berkeyakinan bahwa tidak terdapat penurunan nilai aset tetap pada tanggal 31 Desember 2017 dan 2016.

15. Fixed assets (continued)

Disposals on fixed assets represents sales of assets with details as follows :

	31 Desember/ December	
	2017	2016
Sales price	450.000	3.625
Book value	213.816	3.491
Gain on sales of fixed assets	236.184	134

On the office equipment with a book value amounting to Rp 7,567 thousand was written off in 2017.

Management believes that there is no impairment value of fixed assets as at 31 December 2017 and 2016.

16. Utang usaha

Akun ini merupakan utang usaha dalam mata uang Rupiah.

Terdiri dari :

	31 Desember/ December	
	2017	2016
Pihak ketiga :		
Pengembang properti	187.076.210	326.286.143
Properti investasi	5.309.983	5.341.534
Pariwisata	5.888.097	14.029.500
	198.274.290	345.657.177
Pihak berelasi :		
Pengembang properti	2.974.794	1.961.079
Jumlah	201.249.084	347.618.256

Merupakan utang Grup kepada kontraktor pembangunan, pembelian tanah dan pemasok kebutuhan pariwisata serta perlengkapan operasi.

16. Trade payables

This account represents payables in Rupiah currency.

Consist of :

	31 Desember/ December	
	2017	2016
Third parties :		
Property developer	187.076.210	326.286.143
Investment properties	5.309.983	5.341.534
Tourism	5.888.097	14.029.500
	198.274.290	345.657.177
Related parties :		
Property developer	2.974.794	1.961.079
Total	201.249.084	347.618.256

Represents Group's payables to development contractors, land purchase and suppliers needs of tourism and operation equipment.

17. Utang lain-lain

Akun ini merupakan kewajiban dalam mata uang Rupiah. Rincian sebagai berikut :

	31 Desember/ December	
	2017	2016
Pihak ketiga :		
PT Multi Matra Indonesia	59.956.290	65.845.268
Tanda jadi, penerimaan lainnya dari pembeli	236.426.100	171.142.344
Lainnya	57.460.679	36.614.463
	353.843.069	273.602.075

17. Others payable

This account represents liabilities in Rupiah currency. The details are as follows :

	31 Desember/ December	
	2017	2016
Third parties :		
PT Multi Matra Indonesia	59.956.290	65.845.268
Booking fee and other funds received from buyers	236.426.100	171.142.344
Others	57.460.679	36.614.463
	353.843.069	273.602.075

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

17. Utang lain-lain (lanjutan)

17. Others payable (continued)

	31 Desember/ December		
	2017	2016	
Pihak berelasi :			Related parties :
PT Argo Manunggal Land Development	7.004.595	8.174.065	PT Argo Manunggal Land Development
PT Daya Sakti Perdika	2.073.800	2.073.800	PT Daya Sakti Perdika
	9.078.395	10.247.865	
Jumlah	362.921.464	283.849.940	Total
Utang lain-lain kepada PT Multi Matra Indonesia ("MMI") terutama merupakan utang Perusahaan sehubungan dengan akuisisi saham PT Garuda Adhimatra Indonesia.			Others payable to PT Multi Matra Indonesia ("MMI") mainly represents amount payable in connection with shares acquisition of PT Garuda Adhimatra Indonesia.
Utang lain-lain kepada PT Argo Manunggal Land Development ("AMLD") merupakan titipan uang muka penjualan rumah dan kavling tipe Sutera Feronia dari para pembeli individual, sebagaimana diatur dalam perjanjian kerjasama antara entitas anak - PT Alfa Goldland Realty dengan AMLD (lihat 38a).			Others payable of subsidiary - PT Alfa Goldland Realty to PT Argo Manunggal Land Development represents deposit received for sales of houses and lot of land Sutera Feronia type, from individual buyers, as stated in the co-operation agreement between subsidiary - PT Alfa Goldland Realty and AMLD (see note 38a).
Utang lain-lain kepada PT Daya Sakti Perdika merupakan utang Perusahaan sehubungan dengan pembelian tanah dan bangunan Wisma Argo Manunggal.			Others payable to PT Daya Sakti Perdika represents Company's payable regarding the purchase of land and building of Wisma Argo Manunggal.

18. Utang pihak berelasi

18. Due to related parties

Terdiri dari :

Consist of :

	31 Desember/ December		
	2017	2016	
Dalam Rupiah :			In Rupiah :
Entitas anak :			Subsidiary :
- PT Alfa Goldland Realty :			- PT Alfa Goldland Realty :
PT Argo Manunggal Land Development	12.250.000	132.687.635	PT Argo Manunggal Land Development
- PT Delta Mega Persada :			- PT Delta Mega Persada :
PT Argo Manunggal Land Development	29.700.000	9.700.000	PT Argo Manunggal Land Development
Jumlah	41.950.000	142.387.635	Total
Utang entitas anak - PT Alfa Goldland Realty dan PT Delta Mega Persada kepada PT Argo Manunggal Land Development merupakan pinjaman tanpa dibebani bunga dan sewaktu-waktu dapat ditagih oleh kreditur.			Payable of subsidiaries - PT Alfa Goldland Realty and PT Delta Mega Persada to PT Argo Manunggal Land Development comprises of loan without interest charges and any time can be demanded by the creditor.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

19. Uang muka setoran modal

Merupakan uang muka setoran modal pada entitas anak oleh kepentingan non-pengendali. Pada saat direalisasikan akan dicatat sebagai kepentingan non-pengendali dalam laporan keuangan konsolidasian. Saldo per 31 Desember 2017 dan 2016 masing-masing sebesar Rp 100.000.000 ribu dan Nihil.

19. Deposit for future stock subscription

Represents deposit for future stock subscription from non-controlling interest to subsidiary. When it has realized, it will recorded as non-controlling interest in the consolidated financial statements. Balance as of 31 December 2017 and 2016 amounting to Rp 100,000,000 thousands and Nil, respectively.

20. Uang muka penjualan

20. Sales advances

	31 Desember/ December		
	2017	2016	
Saldo akhir tahun	2.274.034.228	2.682.021.292	Balance at year end
Dikurangi - bagian lancar :			Less - current portion :
Uang muka penjualan yang akan direalisasikan dalam 12 bulan	<u>1.758.941.410</u>	<u>2.012.345.592</u>	Sales advances will be realized in 12 months
Uang muka penjualan yang akan direalisasikan lebih dari 12 bulan	<u>515.092.818</u>	<u>669.675.700</u>	Sales advances to be realized over 12 months
Merupakan uang muka diterima dari pihak ketiga dalam Rupiah atas penjualan bangunan, tanah kavling dan tanah kepada pembeli individual.			Represents advances received from third parties in Rupiah for sales of buildings, land lots and land to individual customers.

Selanjutnya lihat catatan 38b.

Furthermore see note 38b.

21. Utang bank jangka panjang

21. Long term bank loans

Terdiri dari :

Consist of :

	31 Desember/ December		
	2017	2016	
Dalam Rupiah :			In Rupiah :
PT Bank CIMB Niaga Tbk	293.750.000	300.000.000	PT Bank CIMB Niaga Tbk
PT Bank ICBC Indonesia	254.475.579	656.428.819	PT Bank ICBC Indonesia
PT Bank KEB Hana Indonesia	334.307.878	425.428.989	PT Bank KEB Hana Indonesia
PT Bank MNC Internasional Tbk	65.000.000	130.000.000	PT Bank MNC Internasional Tbk
PT Bank Central Asia Tbk	<u>275.583.864</u>	<u>-</u>	PT Bank Central Asia Tbk
Jumlah	1.223.117.321	1.511.857.808	Total
Dikurangi - bagian lancar atas utang bank jangka panjang	<u>434.622.386</u>	<u>322.587.574</u>	Less - current portion of long term bank loan
Utang bank jangka panjang	<u>788.494.935</u>	<u>1.189.270.234</u>	Long term bank loan

21. Utang bank jangka panjang (lanjutan)

PT Bank CIMB Niaga Tbk

Berdasarkan akta perjanjian kredit No. 24 tanggal 21 Agustus 2013, dalam hubungannya dengan Akta Ketentuan Umum Kredit No. 23 tanggal 21 Agustus 2013, keduanya dibuat di hadapan Notaris Unita Christina Winata, SH, entitas anak - PT Garuda Indonesia Adhimatra memperoleh perlakuan khusus transaksi pinjaman fasilitas I (PTK I) - kredit langsung sebesar Rp 300.000.000 ribu, yang digunakan untuk mengembangkan Garuda Wisnu Kencana proyek, untuk jangka waktu 84 bulan, dengan tingkat bunga 12% per tahun. Pinjaman ini akan jatuh tempo pada tanggal 21 Agustus 2020. Jaminan berupa:

- Hak tanggungan peringkat I sebesar Rp 274.205.000 ribu atas 4 bidang tanah seluas 25.284 m² atas nama PT Alfa Goldland Realty yang terletak di Kec. Serpong Utara, Tangerang Selatan.
- Hak tanggungan peringkat I sebesar Rp 107.391.000 ribu atas tanah seluas 8.275 m² atas nama PT Alfa Goldland Realty yang terletak di Kec. Serpong Utara, Tangerang Selatan.
- Jaminan perusahaan dari PT Alam Sutera Realty Tbk.

Pembayaran akan dilakukan dalam 16 kali angsuran triwulanan, yang dimulai sejak tanggal 21 November 2016.

Berdasarkan Akta Perubahan Ke-1 tanggal 22 November 2016 yang dibuat di hadapan Notaris Unita Christina Winata, SH, telah disetujui untuk rescheduling fasilitas pinjaman transaksi khusus I sebesar Rp 300.000.000 ribu, dengan tingkat bunga sebesar 11% per tahun, jangka waktu sampai dengan 21 November 2021 dengan masa tenggang sampai dengan 21 November 2017. Pembayaran dengan cara angsuran bulanan mulai 21 Desember 2017 masing-masing sebesar Rp 6.250.000 ribu.

Saldo pinjaman per 31 Desember 2017 dan 2016 masing-masing sebesar Rp 293.750.000 ribu dan Rp 300.000.000 ribu.

PT Bank ICBC Indonesia

Berdasarkan Perjanjian Kredit No. 15 tanggal 8 Oktober 2015 yang dibuat di hadapan Notaris Deni Thanur, S.E., S.H., M.Kn., Perusahaan memperoleh fasilitas pinjaman dari PT Bank ICBC Indonesia sebagai berikut:

21. Long term bank loans (continued)

PT Bank CIMB Niaga Tbk

Based on deed of credit agreement No. 24 dated 21 August 2013, in conjunction with Deed of General Terms of Credit No. 23 dated 21 August 2013, both were made by Unita Christina Winata, SH., Notary, the subsidiary - PT Garuda Indonesia Adhimatra obtained special transaction loan facility I (PTK I) - direct credit amounting to Rp 300,000,000 thousands, which will be used for developing of Garuda Wisnu Kencana project, for period of 84 months, with interest rate of 12% per annum. This loan will mature on 21 August 2020. The collaterals are:

- First rank mortgage amounting to Rp 274,205,000 thousands on 4 parcels of land for area of 25,284 sq.m on behalf of PT Alfa Goldland Realty located in Kec. North Serpong, Tangerang Selatan.
- First rank mortgage amounting to Rp 107,391,000 thousands on a land area of 8,275 sq.m on behalf of PT Alfa Goldland Realty located in Kec. North Serpong, South Tangerang.
- Corporate guarantee from PT Alam Sutera Realty Tbk.

Repayments will be made in 16 quarterly installments, commencing from 21 November 2016.

Based on Deed of 1st Amendmend dated 22 November 2016 made by Unita Christina, SH, Notary, it was approved for rescheduling special transaction loan facility I amounting to Rp 300,000,000 thousands, with interest rate of 11% per annum, period up to 21 November 2021 with grace period of up to 21 November 2017. The monthly installment amounting to Rp 6,250,000 thousands will commence from 21 December 2017.

Balance of loan as of 31 December 2017 and 2016 amounted to Rp 293,750,000 thousands and Rp 300,000,000 thousands, respectively.

PT Bank ICBC Indonesia

Based on the Credit Agreement No. 15 dated 8 October 2015 made by Deni Thanur, S.E., S.H., M.Kn., Notary, the Company obtained credit facilities from PT Bank ICBC Indonesia as follows:

21. Utang bank jangka panjang (lanjutan)

Pinjaman Tetap on Installment 1 Committed (PTI 1)

Maksimal sebesar Rp 300.000.000 ribu, digunakan untuk pembiayaan proyek Apartemen Kota Ayodhya, jangka waktu 5 tahun termasuk masa tenggang 12 bulan, tingkat bunga sebesar 12% per tahun (mengambang). Jaminan berupa hak tanggungan atas tanah seluas 49.856 m² atas nama PT Alfa Goldland Realty yang terletak di Kec. Cikokol, Tangerang.

Pinjaman Tetap on Installment 2 Committed (PTI 2)

Maksimal sebesar Rp 240.000.000 ribu, digunakan untuk pembiayaan proyek Apartemen Paddington Heights, jangka waktu 5 tahun termasuk masa tenggang 10 bulan, tingkat bunga sebesar 12% per tahun (mengambang). Jaminan berupa hak tanggungan atas tanah dan bangunan Apartemen Paddington Heights milik PT Alfa Goldland Realty yang terletak di perumahan Alam Sutera, Tangerang, Banten.

Pinjaman Tetap on Installment 3 Committed (PTI 3)

Maksimal sebesar Rp 250.000.000 ribu, digunakan untuk pembiayaan proyek gedung perkantoran Prominence, jangka waktu 5 tahun termasuk masa tenggang 4 bulan, tingkat bunga sebesar 12% per tahun (mengambang). Jaminan berupa hak tanggungan atas tanah dan bangunan gedung perkantoran Prominence milik PT Alfa Goldland Realty yang terletak di perumahan Alam Sutera, Tangerang, Banten.

Berdasarkan surat dari PT Bank ICBC Indonesia tanggal 14 November 2016 disetujui untuk merubah tingkat bunga fasilitas 11,50% per tahun. Selanjutnya lihat catatan 43a.

Perusahaan diharuskan membuka rekening escrow untuk pembayaran bunga minimal sejumlah 1 (satu) bulan pembayaran bunga.

Pinjaman Tetap on Installment 2 dan 3 telah dilunasi oleh Perusahaan pada bulan Desember 2017.

Sampai dengan 31 Desember 2017 dan 2016, saldo pinjaman tersebut masing-masing sebesar Rp 254.475.579 ribu dan Rp 656.428.819 ribu.

PT Bank KEB Hana Indonesia

Berdasarkan Perjanjian Kredit Investasi No. 43 tanggal 24 Juni 2015 yang dibuat di hadapan Notaris Fenny Sugiharto, SH, entitas anak - PT Alfa Goldland Realty (AGR) memperoleh fasilitas pinjaman investasi dari PT Bank KEB Hana Indonesia sebagai berikut :

21. Long term bank loans (continued)

PTI 1 (Fixed Loan on Installment 1 Committed)

Maximum of Rp 300,000,000 thousands, is used for financing the project of Kota Ayodhya Apartment, period of 5 years including grace period of 12 months, interest rate of 12% per annum (floating). Collateral in the form of mortgage right in the land area of 49,856 m² on behalf of PT Alfa Goldland Realty located in the Kec. Cikokol, Tangerang.

PTI 2 (Fixed Loan on Installment 2 Committed)

Maximum of Rp 240,000,000 thousands, is used for financing the project of Paddington Heights Apartment, period of 5 years including grace period of 10 months, interest rate of 12% per annum (floating). Collateral in the form of mortgage right in the land and building of Paddington Heights Apartment owned by PT Alfa Goldland Realty located in Alam Sutera residential, Tangerang, Banten.

PTI 3 (Fixed Loan on Installment 3 Committed)

Maximum of Rp 250,000,000 thousands, is used for financing the project of Prominence office building, period of 5 years including grace period of 4 months, interest rate of 12% per annum (floating). Collateral in the form of mortgage right in the land and building of Prominence office building owned by PT Alfa Goldland Realty located in Alam Sutera residential, Tangerang, Banten.

Based on the letter from PT Bank ICBC Indonesia on 14 November 2016 agreed to change the facility interest rate of 11.50% per annum. Furthermore see note 43a.

The Company is required to maintain an escrow account for the payment of interest of at least the amount of 1 (one) month interest payment.

Fixed Loan on Installment 2 and 3 has been fully repaid on December 2017.

Up to 31 December 2017 and 2016, the balance of the loan amounting to Rp 254,475,579 thousands and Rp 656,428,819 thousands, respectively.

PT Bank KEB Hana Indonesia

Based on Investment Credit Agreement No. 43 dated 24 June 2015 made by Fenny Sugiharto, SH, Notary, the subsidiary - PT Alfa Goldland Realty (AGR) obtained investment loan facilities from PT Bank KEB Hana Indonesia as follows :

21. Utang bank jangka panjang (lanjutan)

- 1) Kredit investasi - *Installment Loan* (IL) sebesar Rp 250.000.000 ribu
- 2) Kredit investasi - *Term Loan* (TL) sebesar Rp 250.000.000 ribu

Fasilitas ini digunakan untuk konstruksi gedung kantor "The Tower". Jangka waktu fasilitas ini 54 bulan yang termasuk 18 bulan *grace period* setelah pengikatan. Tingkat bunga sebesar 12,50% per tahun, dan sejak tanggal 26 Januari 2017 telah diubah menjadi 12% per tahun. Selanjutnya lihat catatan 43a.

Jaminan atas pinjaman ini berupa tanah seluas 7.290 m² dan bangunan seluas 72.662 m², Sertifikat Hak Guna Bangunan No. 278 seluas 6.040 m² dan No. 139 seluas 1.250 m², masing-masing yang terletak di Jl. Jend. Gatot Subroto Kav. 12 dan Kav. 13, seluruhnya atas nama PT Alfa Goldland Realty.

AGR diharuskan membuka rekening escrow untuk pembayaran bunga minimal sejumlah 1 (satu) bulan pembayaran bunga.

Per 31 Desember 2017 dan 2016, saldo pinjaman tersebut masing-masing sebesar Rp 334.307.878 ribu dan Rp 425.428.989 ribu.

PT Bank MNC International Tbk

Berdasarkan Akta Perjanjian Kredit No. 190 tanggal 29 Juni 2016 oleh notaris Sulistyaningsih, SH., entitas anak - PT Alfa Goldland Realty memperoleh fasilitas pinjaman transaksi khusus sebesar Rp 130.000.000 ribu yang untuk modal kerja pembiayaan piutang, jangka waktu maksimal 24 bulan, dengan tingkat bunga 12% per tahun. Pembayaran kembali secara *bullet payment* sebesar 50% dari jumlah penarikan di bulan ke-12 sejak tanggal penarikan dan sisanya maksimal 24 bulan. Jaminan berupa tanah yang terletak di Kota Ayodhya, Jl. M.H. Thamrin No. 3, Kelurahan Kelapa Indah, Tangerang, Banten. SHGB No. 1528 atas nama PT Alfa Goldland Realty. Berdasarkan surat dari PT Bank MNC International Tbk tanggal 18 November 2016 disetujui untuk merubah tingkat bunga fasilitas tersebut menjadi 11,75% per tahun. Per 31 Desember 2017 dan 2016, saldo pinjaman tersebut masing-masing sebesar Rp 65.000.000 ribu dan Rp 130.000.000 ribu.

Berdasarkan akta No. 188 Perubahan ke-1 Perjanjian Kredit tanggal 28 November 2017 oleh notaris Sulistyaningsih, SH, merubah perjanjian kredit sebelumnya menjadi sebagai berikut:

21. Long term bank loans (continued)

- 1) *Investment loan - Installment Loan (IL)* amounting to Rp 250,000,000 thousands
- 2) *Investment loan - Term Loan (TL)* amounting to Rp 250,000,000 thousands

This facility is used for the construction of "The Tower" office building. This facility will mature in 54 months which includes a grace period of 18 months from signing of the agreement. Interest rate is 12.50% per annum, and since 26 January 2017 has been amended become 12% per annum. Furthermore see note 43a.

These loans are secured by a parcel of land with an area of 7,290 sq.m and a building of 72,662 sq.m, with Building Right Certificates No. 278 of 6,040 sq.m and No. 139 of 1,250 sq.m, located at Jl. Jend. Gatot Subroto Kav. 12 and Kav 13, respectively, all on behalf of PT Alfa Goldland Realty.

AGR is required to maintain an escrow account for the payment of interest for at least the amount of 1 (one) month interest payment.

As of 31 December 2017 and 2016, the balance of this loan amounting to Rp 334.307.878 thousands and Rp 425,428,989 thousands, respectively.

PT Bank MNC International Tbk

Based on Deed of Credit Agreement No. 190 dated 29 June 2016 made by Sulistyaningsih, SH., subsidiary - PT Alfa Goldland Realty obtained a special transaction loan facility amounting to Rp 130,000,000 thousand for working capital receivable financing, for a period maximum 24 months, with an interest rate of 12% per annum. Repayment with bullet payment of 50% of the amount withdrawn in the 12th months commencing from date of withdrawal and the rest is up to 24 months. The collateral is land located in Kota Ayodhya, Jl. M.H. Thamrin No. 3, Kelurahan Kelapa Indah, Tangerang, Banten. SHGB No. 1528 on behalf of PT Alfa Goldland Realty. Based on the letter from PT Bank MNC International Tbk on 18 November 2016 it was agreed to change the facility interest rate to 11.75% per annum. As of 31 December 2017 and 2016, the balance of this loan amounting to Rp 65,000,000 thousands and Rp 130,000,000 thousands, respectively.

Based on notarial deed No. 188 Credit Agreement – Amendment 1 dated 28 November 2017 by notary Sulistyaningsih, SH, changed the previous credit agreement became as follows:

21. Utang bank jangka panjang (lanjutan)

- a. Pinjaman Transaksi Khusus (PTK) fasilitas langsung, *on liquidation basis*, maksimal sebesar Rp 130.000.000 ribu, dengan tingkat bunga 11,75% per tahun, jatuh tempo pada 30 Juni 2018.
- b. Pinjaman Tetap (PT) fasilitas langsung, *revolving basis*, maksimal sebesar Rp 65.000.000 ribu, dengan tingkat bunga 11,50% per tahun, jatuh tempo 28 November 2018.

Selanjutnya lihat catatan 43a.

Jaminan berupa tanah SHGB seluas 38.414 m2 atas nama PT Alfa Goldland Realty yang terletak di Tangerang, Banten yang dibebani Hak Tanggungan Peringkat 1 sebesar Rp 195.000.000 ribu.

PT Bank Central Asia Tbk

Berdasarkan perjanjian kredit Nomor 31 oleh Notaris Anijaati Sambas, SH, tanggal 20 Desember 2017, Entitas Anak, PT Alfa Goldland Realty memperoleh fasilitas kredit investasi maksimal sebesar Rp 131.465.211.305 yang digunakan untuk mengambil alih pinjaman Perusahaan pada PT Bank ICBC Indonesia Tbk untuk pembiayaan proyek Paddington. Tingkat bunga 9% per tahun. Jangka waktu 5 tahun sampai dengan 20 Desember 2022. Jaminan berupa enam bidang tanah SHGB seluas 9.000 m2 yang terletak di Panunggangan Timur, Kec. Pinang, Tangerang, Banten yang dikenal dengan nama Paddington Heights atas nama PT Alfa Goldland Realty serta jaminan perusahaan dari PT Alam Sutera Realty Tbk. Pembayaran kembali secara angsuran bulanan sejak tanggal penarikan.

Berdasarkan perjanjian kredit Nomor 32 oleh Notaris Anijaati Sambas, SH, tanggal 20 Desember 2017, Entitas Anak, PT Alfa Goldland Realty memperoleh fasilitas kredit investasi maksimal sebesar Rp 144.118.652.548 yang digunakan untuk mengambil alih pinjaman Perusahaan pada PT Bank ICBC Indonesia Tbk untuk pembiayaan proyek Prominence. Tingkat bunga 9% per tahun. Jangka waktu 5 tahun sampai dengan 20 Desember 2022. Jaminan berupa sembilan bidang tanah SHGB seluas 13.981 m2 yang terletak di Panunggangan Timur, Kec. Pinang, Tangerang, Banten yang dikenal dengan nama Prominence Tower atas nama PT Alfa Goldland Realty serta jaminan perusahaan dari PT Alam Sutera Realty Tbk. Pembayaran kembali secara angsuran bulanan sejak tanggal penarikan.

Sampai dengan 31 Desember 2017 dan 2016, saldo pinjaman tersebut adalah masing-masing sebesar Rp 275.583.864 ribu dan Nihil.

21. Long term bank loans (continued)

- a. *Special Transaction Loan (PTK) of direct facility, on liquidation basis, maximum of Rp 130,000,000 thousand, with interest rate of 11.75% per annum, due on 30 June 2018.*
- b. *Fixed Loan (PT) of direct facility, revolving basis, maximum of Rp 65,000,000 thousand, with interest rate of 11.50% per annum, due on 28 November 2018.*

Furthermore see note 43a.

Guaranteed by land area of SHGB of 38,414 sq.m. on behalf of PT Alfa Goldland Realty located in Tangerang, Banten burdened by the 1st Rank Mortgage of Rp 195,000,000 thousand.

PT Bank Central Asia Tbk

Based on the notarial deed No. 31 of Anijaati Sambas, SH dated December 20, 2017, the Company obtained investment credit facility amounting to Rp 131,465,211 thousands which is used to take over the Company's loan from PT Bank ICBC Indonesia Tbk for Paddington project financing. Interest rate 9% per annum. Duration of 5 years up to 20 December 2022. Guarantee of six plots of land SHGB of 9,000 m2 located in Panunggangan Timur, Kec. Pinang, Tangerang, Banten known as Paddington Heights on behalf of PT Alfa Goldland Realty and the corporate guarantee from PT Alam Sutera Realty Tbk. Repayment in installments from the withdrawal date.

Based on the notarial deed No. 32 of Anijaati Sambas, SH dated December 20, 2017, the Company obtained investment credit facility amounting to Rp 144,118,652,548 which is used to take over the Company's loan from PT Bank ICBC Indonesia Tbk for Prominence project financing. Interest rate 9% per annum. Duration of 5 years up to 20 December 2022. Guarantee of nine plots of land SHGB of 13,981 m2 located in East Panunggangan, Kec. Pinang, Tangerang, Banten known as Prominence Tower on behalf of PT Alfa Goldland Realty and the corporate guarantee from PT Alam Sutera Realty Tbk. Repayment in installments from the withdrawal date.

Up to 31 December 2017 and 2016, the balance of loan amounting to Rp 275,583,864 thousands and Nil, respectively.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

	31 Desember/ December		
	2017	2016	
22. Utang obligasi			22. Bonds payable
Dalam Dolar Amerika Serikat :			In US Dollar :
Surat Hutang Senior			Senior Notes
(Nominal USD 235.000.000)	3.183.780.000	3.157.460.000	(Principal USD 235,000,000)
Ditambah/(dikurangi)			Addition/(deduction) of
biaya perolehan :			acquisition cost :
Diskon	(51.704.587)	(51.277.150)	Discount
Biaya emisi obligasi	(63.798.936)	(63.798.937)	Bonds issuance costs
Amortisasi biaya perolehan	<u>78.222.276</u>	<u>61.412.307</u>	Amortization cost
Jumlah	<u>3.146.498.753</u>	<u>3.103.796.220</u>	Total
Surat Hutang Senior			Senior Notes
(Nominal USD 245.000.000)	3.319.260.000	3.291.820.000	(Principal USD 245,000,000)
Ditambah/(dikurangi)			Addition/(deduction) of
biaya perolehan :			acquisition cost :
Diskon	(18.802.285)	(18.646.849)	Discount
Biaya emisi obligasi	(57.550.787)	(57.550.788)	Bonds issuance costs
Amortisasi biaya perolehan	<u>16.274.933</u>	<u>2.512.317</u>	Amortization cost
Jumlah	<u>3.259.181.861</u>	<u>3.218.134.680</u>	Total
Jumlah seluruhnya	<u>6.405.680.614</u>	<u>6.321.930.900</u>	Grand total

Nominal USD 235.000.000

Pada tanggal 27 Maret 2013, entitas anak - Alam Synergy Private Limited, menerbitkan obligasi dengan nilai nominal sebesar USD 235.000.000 dengan bunga tetap sebesar 6,95% per tahun. Obligasi ini berjangka 7 tahun dan jatuh tempo pada tanggal 27 Maret 2020. Bunga dibayarkan setiap enam bulan terhitung mulai tanggal 27 September 2013.

Harga jual obligasi pada saat penawaran sebesar 98,376% dari nilai nominal obligasi dan tercatat di Bursa Efek Singapura (SGX) dengan Bank of New York Mellon sebagai wali amanat.

Obligasi harus dilunasi pada tanggal jatuh tempo dengan harga yang sama dengan jumlah pokok obligasi. Pada atau setelah 27 Maret 2017, Perusahaan dapat membayar kembali surat hutangnya, baik sebagian ataupun seluruhnya dengan harga penebusan sebesar 103,475% (2017), 101,738% (2018) dan 100% (2019).

Hasil penerbitan obligasi akan dipergunakan seluruhnya untuk pengembangan usaha Perusahaan melalui pembelian tanah dan atau pembangunan serta untuk pembayaran fasilitas pinjaman bank yang tercatat saat penerbitan obligasi.

Principal USD 235,000,000

On 27 March 2013, the subsidiary - Alam Synergy Private Limited, issued bonds with a total face value of USD 235,000,000, with fixed interest of 6.95% per annum. The bond term is 7 years with maturity on 27 March 2020. Interest should be paid semi-annually commencing on 27 September 2013.

The selling price of the bonds on issuance was at 98.376% of the principal amount and the bonds are listed on the Singapore Exchange (SGX) with the Bank of New York Mellon as the trustee.

The bonds must be repaid on the maturity date at a price equal to the principal amount. At any time on or after 27 March 2017, the Company may redeem the senior notes, in whole or in part at a redemption price equal to the percentage of principal amount of 103.475% (2017), 101.738% (2018) and 100% (2019).

Proceeds of the bonds will be used entirely for business development through purchase of land, construction and development and settlement of bank loans recorded at bond issuance date.

22. Utang obligasi (lanjutan)

Obligasi ini dijamin oleh PT Alam Sutera Realty Tbk sebagai penjamin induk dan jaminan dari entitas anak (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate, PT Delta Manunggal Raharja, PT Alfa Goldland Realty dan PT Nusa Raya Mitratama).

Obligasi ini pada saat penerbitan memperoleh peringkat B1 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B+ dari Fitch.

Nominal USD 225.000.000

Pada tanggal 22 Januari 2014, entitas anak - Alam Synergy Private Limited, menerbitkan obligasi dengan nilai nominal sebesar USD 225.000.000 dengan bunga tetap sebesar 9,00% per tahun. Obligasi ini berjangka 5 tahun dan jatuh tempo pada tanggal 29 Januari 2019. Bunga dibayarkan setiap enam bulan terhitung mulai tanggal 29 Juli 2014.

Pada tanggal 25 November 2016, entitas anak - Alam Synergy Pte Ltd melakukan pembelian kembali utang obligasi nominal US\$ 225.000.000 sebesar US\$ 244.846.276 yang terdiri dari utang pokok dan biaya pembelian kembali serta bunga masing-masing sebesar US\$ 238.321.276 dan US\$ 6.525.000.

Nominal USD 245.000.000

Pada tanggal 24 Oktober 2016, entitas anak - Alam Synergy Private Limited, menerbitkan obligasi dengan nilai nominal sebesar USD 245.000.000 dengan bunga tetap sebesar 6,625% per tahun. Obligasi ini berjangka 5,5 tahun dan jatuh tempo pada tanggal 24 April 2022. Bunga dibayarkan setiap enam bulan terhitung mulai tanggal 24 April 2017.

Harga jual obligasi pada saat penawaran sebesar 99,434% dari nilai nominal obligasi dan tercatat di Bursa Efek Singapura (SGX) dengan Bank of New York Mellon sebagai wali amanat.

Obligasi harus dilunasi pada tanggal jatuh tempo dengan harga yang sama dengan jumlah pokok obligasi. Pada atau setelah 24 April 2020, Perusahaan dapat membayar kembali surat hutangnya sampai 35% dengan pendanaan modal pada harga penebusan sebesar 106,625% dari jumlah pokok obligasi.

Hasil penerbitan obligasi dipergunakan untuk mendanai pembelian kembali utang obligasi yang akan jatuh tempo pada tahun 2019.

22. Bonds payable (continued)

The bonds are secured by PT Alam Sutera Realty Tbk as the parent guarantor and the guarantee of subsidiaries (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate, PT Delta Manunggal Raharja, PT Alfa Goldland Realty and PT Nusa Raya Mitratama).

Upon issuance the bonds are rated B2 from Moody's, rated B from Standard & Poor's and rated B+ from Fitch.

Principal USD 225,000,000

On 22 January 2014, the subsidiary - Alam Synergy Private Limited, issued bonds with a total face value of USD 225,000,000, with fixed interest of 9.00% per annum. The bond term is 5 years with maturity on 29 January 2019. Interest should be paid semi-annually commencing on 29 July 2014.

On 25 November 2016, the subsidiary - Alam Synergy Pte Ltd redeemed the bonds payable with par value of US\$ 225,000,000 amounted to US\$ 244,846,276 consisting of bond principal and redemption costs and interest amounting to US\$ 238,321,276 and US\$ 6,525,000, respectively.

Principal USD 245,000,000

On 24 October 2016, the subsidiary - Alam Synergy Private Limited, issued bonds with a total face value of USD 245,000,000, with fixed interest of 6.625% per annum. The bond term is 5.5 years with maturity on 24 April 2022. Interest should be paid semi-annually commencing from 24 April 2017.

The selling price of the bonds on issuance was at 99.434% of the principal amount and the bonds are listed on the Singapore Exchange (SGX) with the Bank of New York Mellon as the trustee.

The bonds must be repaid on the maturity date at a price equal to the principal amount. At any time on or after 24 April 2020, the Company may redeem the senior notes up to 35% with proceeds from equity offering at redemption price of 106.625% of the principal amount of the bonds.

Proceeds of the bonds was used to fund the early redemption of bonds payable that will mature the 2019.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

22. Utang obligasi (lanjutan)

Obligasi ini dijamin oleh PT Alam Sutera Realty Tbk sebagai penjamin induk dan jaminan dari entitas anak (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Alfa Goldland Realty, PT Nusa Raya Mitratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate dan PT Delta Manunggal Raharja).

Obligasi ini pada saat penerbitan memperoleh peringkat B2 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B+ dari Fitch Rating Ltd.

Pada 31 Desember 2017, peringkat Perusahaan atas obligasi tersebut diatas memperoleh peringkat B2 dari Moody's, peringkat B dari Standard & Poor's dan peringkat B dari Fitch Rating Ltd.

Obligasi tersebut memiliki hak senior atas pembayaran untuk kewajiban saat ini dan akan datang dari penerbit secara tegas atas subordinasi dari hak pembayaran obligasi, dan peringkat paling tidak pari pasu dengan hak pembayaran dengan seluruh unsubordinasi kewajiban dari penerbit.

22. Bonds payable (continued)

The bonds are secured by PT Alam Sutera Realty Tbk as the parent guarantor and the guarantee of subsidiaries (PT Delta Mega Persada, PT Duta Prakarsa Development, PT Nusa Cipta Pratama, PT Alfa Goldland Realty, PT Nusa Raya Mitratama, PT Garuda Adhimatra Indonesia, PT Tangerang Matra Real Estate and PT Delta Manunggal Raharja).

These bonds upon issuance are rated B2 from Moody's and rated B from Standard & Poor's and rated B+ from Fitch Rating Ltd.

As of 31 December 2017, the Company's rating on those bonds are B2 from Moody's and rated B from Standard & Poor's and rated B from Fitch Rating Ltd.

The bonds are senior in right of payment to any existing and future obligations of the issuer expressly subordinated in right of payment to the bonds, and rank at least pari pasu in right of payment with all unsubordinated indebtedness of the issuer.

23. Uang jaminan yang dapat dikembalikan

Akun ini merupakan kewajiban dalam mata uang Rupiah. Rincian sebagai berikut :

23. Refundable deposit

This account represents liabilities in Rupiah currency. The details are as follows :

	31 Desember/ December		
	2017	2016	
PT CFLD Indonesia Real Estate (CFLD Indonesia)	1.170.153.190	1.266.651.560	PT CFLD Indonesia Real Estate (CFLD Indonesia)
Lainnya	41.189.069	37.796.363	Others
Jumlah	1.211.342.259	1.304.447.923	Total

Pada tanggal 26 Juli 2016, entitas anak - PT Delta Mega Persada telah menerima uang jaminan sebesar Rp 1,45 Triliun dalam rangka kerjasama mengembangkan area Pasar Kemis, Tangerang, Banten dengan anak perusahaan China Fortune Land Development Co., Ltd. - PT CFLD Indonesia Real Estate Development (CFLD Indonesia) untuk pelaksanaan perjanjian selama 5 tahun pertama. Seiring dengan progres kerjasama, jaminan akan dicairkan secara bertahap (selanjutnya lihat catatan 38a).

On 26 July 2016, the subsidiary - PT Delta Mega Persada received a security deposit amounting to Rp 1.45 Trillion in connection with cooperation in developing Pasar Kemis area, Tangerang, Banten, with PT CFLD Indonesia Real Estate Development (CFLD Indonesia), a subsidiary of China Fortune Land Development Co., Ltd. for the implementation of the agreement during the first 5 years. As the cooperation progresses, the security deposit will be gradually released (further see note 38a).

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

24. Liabilitas imbalan kerja

Perusahaan dan entitas anak membukukan liabilitas imbalan kerja untuk seluruh karyawannya yang memenuhi kualifikasi sesuai dengan UU Ketenagakerjaan No. 13/2003 tanggal 25 Maret 2003 dan PSAK No. 24 "Imbalan Kerja".

Beban imbalan kerja yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah :

	31 Desember/ December	
	2017	2016
Biaya jasa kini	8.585.324	10.785.470
Biaya bunga	3.815.062	4.880.789
Biaya jasa lalu	(3.900.223)	3.591.512
Jumlah	8.500.163	19.257.771

Kewajiban imbalan kerja di laporan posisi keuangan konsolidasian sebagai berikut :

Nilai kini kewajiban yang tidak didanai	83.560.349	68.601.905
Nilai wajar aset program	-	-
Kewajiban bersih	83.560.349	68.601.905

Mutasi kewajiban bersih di laporan posisi keuangan konsolidasian adalah sebagai berikut :

Saldo awal	68.601.905	61.473.168
Pembayaran manfaat	(981.654)	(1.461.665)
Beban periode berjalan	8.500.163	19.257.771
Pendapatan komprehensif lain		
- pengukuran kembali liabilitas imbalan pasti	7.439.935	(10.667.369)
Saldo akhir	83.560.349	68.601.905

Perhitungan aktuarial program manfaat pasti tahun 2017 dan 2016, dilakukan oleh PT Padma Radya Aktuaria - aktuaris independen, dengan menggunakan metode "Projected Unit Credit". Asumsi utama yang digunakan dalam menentukan penilaian aktuarial adalah sebagai berikut :

Tingkat diskonto	7,00%	8,25%
Tingkat kenaikan gaji	8 - 10%	8 - 10%
Tingkat kematian	TMI-3	TMI-3
Usia pengunduran diri	55 tahun/year old	55 tahun/year old
Jumlah karyawan yang berhak	1.258	1.162

24. Employee benefits obligation

The Company and its subsidiaries calculate and provide employee benefits obligation for all employees who met the qualification of Labor Law No. 13/2003 dated 25 March 2003 and Statements of Financing Accounting Standard (SFAS) No. 24 "Employee benefits".

Amounts recognized in consolidated statements of income and other comprehensive income in respect of these employee benefits are as follows :

The amounts included in the consolidated statements of financial position are as follows :

Present value of unfunded obligations	68.601.905
Fair value of plan assets	-
Net liability	68.601.905

Movements in the net liability in the consolidated statements of financial position are as follows :

Beginning balance	61.473.168
Benefits payment	(1.461.665)
Current period expense	19.257.771
Other comprehensive income	
- remeasurement of a net defined benefits liability	(10.667.369)
Ending balance	68.601.905

Defined benefit plan actuarial calculations in year 2017 and 2016, were performed by PT Padma Radya Aktuaria - an independent actuary, using the "Projected Unit Credit" method. The actuarial valuation was carried out by using the following key assumptions :

Discount rate	8,25%
Salary increment rate	8 - 10%
Mortality rate	TMI-3
Normal retirement rate	55 tahun/year old
Number of entitled employees	1.162

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

24. Liabilitas imbalan kerja (lanjutan)

Analisis sensitivitas dari perubahan asumsi-
asumsi utama terhadap liabilitas imbalan kerja
jangka panjang untuk tahun-tahun yang berakhir 31
Desember 2017 dan 2016 adalah sebagai berikut :

24. Employee benefits obligation (continued)

The sensitivity analysis of the overall long-term
employee benefit liabilities to changes in the
weighted principal assumptions for the years ended
31 December 2017 and 2016 are as follows :

	Perubahan asumsi/ Change in assumptions	Dampak terhadap liabilitas imbalan pasti kenaikan (penurunan)/ Impact on defined benefit liability increase (decrease)		
		Kenaikan dari asumsi/ Increase in assumption	Penurunan asumsi/ Decrease in assumptions	
<u>31 Desember 2017</u>				<u>31 Desember 2017</u>
Bunga diskonto	1%	(3.981.865)	4.514.506	Discount rate
Tingkat pertumbuhan gaji	1%	4.216.914	(3.796.816)	Salary growth rate
<u>31 Desember 2016</u>				<u>31 Desember 2016</u>
Bunga diskonto	1%	(3.046.774)	3.423.035	Discount rate
Tingkat pertumbuhan gaji	1%	3.201.983	2.903.322	Salary growth rate

25. Modal saham

25. Share capital

	<u>31 Desember/ December</u>		
	<u>2017</u>	<u>2016</u>	
Modal dasar	2.400.000.000	2.400.000.000	Authorized capital
Telah ditempatkan dan disetor penuh	<u>1.964.941.189</u>	<u>1.964.941.189</u>	Issued and fully paid

Berdasarkan akta notaris Erly Soehandjojo, SH., No. 256 tanggal 10 November 1997, modal dasar Perusahaan sebesar Rp 20.000.000 ribu yang terbagi atas 20 juta saham dengan nilai nominal Rp 1.000 (Rupiah penuh) per saham dan telah mendapat persetujuan dari Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. C2-4967.HT.01.04.TH.1998 tanggal 12 Mei 1998.

Based on notarial deed of Erly Soehandjojo, SH., No. 256 dated 10 November 1997, the authorized capital of the Company is Rp 20,000,000 thousands consists of 20 million shares at nominal value Rp 1,000 (full Rupiah) per share and has been approved by Minister of Justice of the Republic of Indonesia by Decision letter No. C2-4967.HT.01.04.TH.1998 dated 12 May 1998.

Berdasarkan akta No. 94 tanggal 23 April 2007 yang dibuat oleh notaris Misahardi Wilamarta SH., modal dasar Perusahaan telah ditingkatkan menjadi sebesar Rp 250.000.000 ribu terbagi atas 250.000.000 saham masing-masing saham bernilai nominal Rp 1.000 (Rupiah penuh). Dan meningkatkan modal ditempatkan dan disetor oleh PT Selaras Citamanunggal sebesar Rp 192.000.000 ribu sehingga jumlah modal ditempatkan dan disetor meningkat dari Rp 20.000.000 ribu menjadi Rp 212.000.000 ribu. Perubahan anggaran dasar ini telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia dengan surat keputusan No. WJ-05242 HT. 01.04-TH. 2007 tanggal 8 Mei 2007.

Based on notarial deed of Misahardi Wilamarta SH., No. 94 dated 23 April 2007, the Company's authorized capital was increased to Rp 250,000,000 thousands consists of 250,000,000 shares at nominal value @ Rp 1,000 (full Rupiah). And increased issued and fully-paid up capital by PT Selaras Citamanunggal of Rp 192,000,000 thousands, so the total of issued and fully paid-up was increased from Rp 20,000,000 thousands to Rp 212,000,000 thousands. The changes of this article of association, has been approved by Minister of Law and Human Right in the decision letter No. WJ-05242 HT. 01.04-TH. 2007 dated 8 May 2007.

Berdasarkan perjanjian jual beli saham tanggal 28 Mei 2007, disetujui untuk menjual saham Perusahaan yang dimiliki oleh Tuan Karman Widjaya sejumlah 150.000 saham kepada PT Tangerang Fajar Industrial Estate.

Based on share sales and purchase agreement dated 28 May 2007, it was agreed to sale 150,000 of the Company's shares owned by Mr. Karman Widjaya to PT Tangerang Fajar Industrial Estate.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)

Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)

As of and for the years ended
31 December 2017 and 2016

25. Modal saham (lanjutan)

Berdasarkan akta notaris Misahardi Wilamarta, SH., No. 111 tanggal 23 Agustus 2007, modal dasar Perusahaan telah ditingkatkan menjadi sebesar Rp 2.400.000.000 ribu yang terbagi atas 2.400.000.000 saham dengan nilai nominal Rp 1.000 (Rupiah penuh) per saham, dan meningkatkan modal ditempatkan dan disetor dari Rp 212.000.000 ribu menjadi Rp 1.398.681.000 ribu, dilakukan berkaitan dengan inbreng saham (lihat catatan 2). Selain itu juga mengubah nama Perusahaan dari semula PT Adhihutama Manunggal menjadi PT Alam Sutera Realty Tbk. Perubahan anggaran dasar ini telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia dengan surat keputusan No. W7-09419HT.01.04-TH.2007 tanggal 27 Agustus 2007.

Berdasarkan akta notaris Misahardi Wilamarta, SH., No. 71 tanggal 19 September 2007 tentang risalah Rapat Umum Pemegang Saham Luar Biasa Perusahaan, disetujui untuk : mengubah status Perusahaan dari Perusahaan tertutup menjadi Perusahaan terbuka; mengubah nilai nominal saham dari Rp 1.000 (Rupiah penuh) per saham menjadi Rp 100 (Rupiah penuh) per saham.

Pada tanggal 7 Desember 2007, Perusahaan memperoleh pernyataan efektif dari Ketua Badan Pengawas Pasar Modal - Lembaga Keuangan (Bapepam - LK) dengan suratnya No. S.6232/BL/2007 untuk melakukan penawaran umum perdana atas 3.142.000.000 saham Perusahaan kepada masyarakat. Pada tanggal 18 Desember 2007, saham tersebut telah dicatatkan pada Bursa Efek Indonesia.

Waran Seri I merupakan efek yang memberikan hak kepada pemegangnya untuk membeli saham biasa atas nama dari portepel Perusahaan dengan nominal Rp 100 (Rupiah penuh) per saham dengan ketentuan pemegang 1 waran berhak membeli 1 saham dengan harga Rp 110 (Rupiah penuh) per saham, dengan masa pelaksanaan sampai dengan 17 Desember 2009. Sampai dengan akhir masa pelaksanaan telah direalisasikan sejumlah 734.291.888 saham atau sebesar Rp 73.429.189 ribu.

25. Share capital (continued)

Based on notarial deed of Misahardi Wilamarta SH., No. 111 dated 23 August 2007, the Company's authorized capital has been increased to Rp 2,400,000,000 thousands consisting of 2,400,000,000 shares at par value of Rp 1,000 (full Rupiah) per share, and the increase of issued and paid-up capital from Rp 212,000,000 thousands to Rp 1,398,681,000 thousands, in relation to share in-specie contribution (see note 2). Also the change of the Company's name, from PT Adhihutama Manunggal into PT Alam Sutera Realty Tbk. The changes of this articles association, was agreed by Minister of Law and Human Right in the decision letter No. W7-09419HT.01.04-TH.2007 dated 27 August 2007.

Based on notarial deed of Mishardi Wilamarta SH., No. 71 dated 19 September 2007 regarding Extra-ordinary General Shareholders Meeting, it agreed to: change the status of the Company from private company to public company, and to change nominal value of share from Rp 1,000 (full Rupiah) per share to Rp 100 (full Rupiah) per share.

On 7 December 2007, the Company obtained effective statement from the chairman of the Capital Market Supervisory Agency - Financial Institution (Bapepam - LK) in its letter No. S.6232/BL/2007 for the initial public offering of 3,142,000,000 shares. On 18 December 2007, the said shares have been listed on the Indonesia Stock Exchanges.

Warrant Series I represents securities which offer the rights to stockholders to buy common stock under the name from the Company's portfolio with nominal Rp 100 (full Rupiah) per share, with term of 1 warrant holder has a right to buy 1 share with price of Rp 110 (full Rupiah) per share, with the realization period up to 17 December 2009. Up to the end of realization period, it was realized a sum of 734,291,888 shares amounting to Rp 73,429,189 thousands.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)

Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)

As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

25. Modal saham (lanjutan)

Pada 24 Januari 2012, Perusahaan telah meningkatkan modal saham dengan Tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) dengan jumlah 1.786.310.000 saham, nilai nominal Rp 100 (Rupiah penuh) per saham dengan harga pelaksanaan Rp 440 (Rupiah penuh) per saham. Pelaksanaan penerbitan saham baru ini telah mendapat persetujuan dari pemegang saham berdasarkan Berita Acara Rapat Umum Pemegang Saham Luar Biasa No. 47 tanggal 25 Nopember 2011 oleh notaris Arie Susanto SH., bahwa rapat tersebut telah menyetujui penambahan modal tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) paling banyak 10% (sepuluh persen) dari modal disetor Perseroan, yang akan dilakukan dalam jangka waktu 2 (dua) tahun sejak disetujuinya rencana penambahan modal tanpa HMETD.

Berdasarkan pernyataan keputusan Rapat Umum Pemegang Saham Luar Biasa No. 08 tanggal 2 Februari 2012 oleh notaris Unita Christina Winata SH., disetujui penambahan modal tanpa HMETD paling banyak 10% dari modal disetor. Berdasarkan surat dari Biro Administrasi Efek PT Raya Saham Registra tanggal 25 Januari 2012, maka dari hasil penawaran umum terbatas saham dalam rangka penambahan modal tanpa HMETD sejumlah 1.786.310.000 saham telah diambil bagian dan disetor penuh oleh PT Manunggal Prime Development, sehingga dengan demikian jumlah saham yang telah dikeluarkan Perusahaan adalah sejumlah 19.649.411.888 saham dengan nilai sebesar Rp 1.964.941.189 ribu.

Berdasarkan Berita Acara Rapat Umum Pemegang Saham Luar Biasa No. 10 tanggal 23 Juni 2015 oleh notaris Aulia Taufani SH., disetujui untuk melakukan penambahan modal saham tanpa HMETD paling banyak 10% dari modal disetor Perseroan, yang akan dilaksanakan dalam waktu 2 (dua) tahun sejak disetujuinya rencana penambahan modal tanpa HMETD ini.

Susunan pemegang saham Perusahaan tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut :

31 Desember/ December 2017

Pemegang saham/ <i>Shareholder's name</i>	Jumlah saham/ <i>Number of share</i>	Persentase kepemilikan/ <i>Percentage of ownership (%)</i>	Jumlah/ <i>Total</i>
PT Tangerang Fajar Industrial Estate	4.954.100.000	25,21	495.410.000
PT Manunggal Prime Development	4.330.658.764	22,04	433.065.876
Masyarakat/ <i>Publics</i> :			
- Mkes-Client Repo	1.571.229.100	8,00	157.122.910
- Lain-lain/ <i>Others</i>	8.793.424.024	44,75	879.342.403
Jumlah/ <i>Total</i>	19.649.411.888	100,00	1.964.941.189

25. Share capital (continued)

On 24 January 2012, the Company increased the share capital without Preemptive Rights (HMETD) of 1,786,310,000 shares, par value of Rp 100 (full Rupiah) per share at an exercise price of Rp 440 (full Rupiah) per share. The issuance of new shares have been approved by the Shareholders of the Company based on the Minutes of Extraordinary General Shareholders Meeting No. 47 dated 25 November 2011 of notary Arie Susanto SH., pursuant to the meeting, the shareholders approved the issuance of the new share capital without Preemptive Rights for maximum of 10% (ten percent) of the Company's paid up capital, which will be conducted within 2 (two) years from the approval of this plan to increase the capital without Preemptive Rights.

Based on statements of the Extraordinary General Meeting of the Shareholders No. 08 dated 2 February 2012 by notary Unita Christina Winata SH., approved the capital increase without Preemptive Rights maximum 10% of paid-in capital. Based on the letter from the Bureau of Securities Administration of PT Raya Saham Registra on 25 January 2012, the limited public offering of shares in order to increase the capital without Preemptive Rights number of 1,786,310,000 shares have been subscribed and fully paid by PT Manunggal Prime Development, resulting in the number of issued shares of the Company to 19,649,411,888 shares with a value of Rp 1,964,941,189 thousands.

Based on the Deed of the Extraordinary General Meeting of the Shareholders No. 10 dated 23 June 2015 by notary Aulia Taufani SH., it was approved to increase the share capital without Preemptive Rights for a maximum of 10% of paid-in capital of the Company, which will be exercised within 2 (two) years from the approval of this increase of capital without Preemptive Rights.

The composition of the Company's stockholders as of 31 December 2017 and 2016 are as follows :

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

25. Modal saham (lanjutan)

Tidak ada saham milik masyarakat - lain-lain yang jumlahnya melebihi 5%.

31 Desember/ December 2016

Pemegang saham/ <i>Shareholder's name</i>	Jumlah saham/ <i>Number of share</i>	Persentase kepemilikan/ <i>Percentage of ownership (%)</i>	Jumlah/ <i>Total</i>
PT Tangerang Fajar Industrial Estate	4.954.100.000	25,21	495.410.000
PT Manunggal Prime Development	3.670.002.764	18,68	367.000.276
Masyarakat/ <i>Publics</i> :			
- Mkes-Client Repo	1.571.229.100	8,00	157.122.910
- Lain-lain/ <i>Others</i>	9.454.080.024	48,11	945.408.003
Jumlah/ <i>Total</i>	<u>19.649.411.888</u>	<u>100.00</u>	<u>1.964.941.189</u>

Tidak ada saham milik masyarakat yang jumlahnya melebihi 5%.

There are no amounts of shares held by the public - others which exceed 5%.

There are no amounts of shares held by the public which exceed 5%.

26. Tambahan modal disetor - bersih

26. Additional paid in capital - net

	<u>31 Desember/ December</u>		
	<u>2017</u>	<u>2016</u>	
Terdiri dari :			Consist of :
a. Agio saham - bersih	592.493.396	592.493.396	a. <i>Share premium - net</i>
b. Selisih nilai transaksi restrukturisasi entitas sepengendali (catatan 2)	(39.339.518)	(39.339.518)	b. <i>Difference in value of restructuring transaction between entities under common control (note 2)</i>
c. Pengampunan pajak	<u>123.469.527</u>	<u>84.054.049</u>	c. <i>Tax amnesty</i>
Jumlah	<u>676.623.405</u>	<u>637.207.927</u>	Total

a. Agio saham - net

a. Share premium - net

	<u>31 Desember/ December</u>		
	<u>2017</u>	<u>2016</u>	
Agio saham - 2007	15.710.000	15.710.000	<i>Share premium - 2007</i>
- 2009	7.342.919	7.342.919	<i>- 2009</i>
- 2012	607.345.400	607.345.400	<i>- 2012</i>
Biaya emisi saham	<u>(37.904.923)</u>	<u>(37.904.923)</u>	<i>Shares issuance expenses</i>
Jumlah	<u>592.493.396</u>	<u>592.493.396</u>	Total

Tahun 2007

Year 2007

Merupakan selisih antara hasil penjualan saham kepada masyarakat dengan nilai nominalnya, rinciannya sebagai berikut :

Represents the difference between the price at which shares were sold to the public and the nominal value, as follows :

Hasil penjualan 3.142.000.000
saham @ Rp 105 (Rupiah penuh) Rp 329.910.000
Nilai nominal 3.142.000.000
saham @ Rp 100 (Rupiah penuh) Rp 314.200.000
Agio saham **Rp 15.710.000**

*Proceed from sales of 3,142,000,000
shares @ Rp 105 (full Rupiah) Rp 329,910,000
Par value of 3,142,000,000
shares @ Rp 100 (full Rupiah) Rp 314,200,000
Share premium **Rp 15,710,000***

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

26. Tambahan modal disetor - neto (lanjutan)

Tahun 2009

Merupakan selisih antara hasil penjualan saham kepada masyarakat dengan nilai nominalnya, rincian sebagai berikut :

Hasil penjualan 734.291.888	
saham @ Rp 110 (Rupiah penuh)	Rp 80.772.108
Nilai nominal 734.291.888	
saham @ Rp 100 (Rupiah penuh)	Rp 73.429.189
Agio saham	<u>Rp 7.342.919</u>

Tahun 2012

Merupakan selisih antara hasil penerbitan saham tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) dengan nilai nominalnya:

Hasil penerbitan 1.786.310.000	
saham @ Rp 440 (Rupiah penuh)	Rp 785.976.400
Nilai nominal 1.786.310.000	
saham @ Rp 100 (Rupiah penuh)	Rp 178.631.000
Agio saham	<u>Rp 607.345.400</u>

Biaya emisi saham

Merupakan biaya sehubungan dengan penawaran perdana saham yang dilakukan pada bulan Desember 2007 sebesar Rp 9.635.749 ribu dan penerbitan saham tanpa Hak Memesan Efek Terlebih Dahulu (HMETD) pada bulan Januari 2012 sebesar Rp 28.269.174 ribu.

b. Selisih nilai transaksi restrukturisasi entitas sependangali

Lihat catatan 2.

c. Pengampunan pajak

	<u>31 Desember/ December</u>	<u>2017</u>	<u>2016</u>
Terdiri dari :			
a. Perusahaan		2.527.360	2.527.360
b. Entitas anak tertentu		120.942.167	81.526.689
Jumlah		<u>123.469.527</u>	<u>84.054.049</u>

Berdasarkan Surat Keterangan Pengampunan Pajak tertanggal 19 Desember 2016, Perusahaan telah menyampaikan Surat Pernyataan Harta untuk Pengampunan Pajak yang diterima oleh Kantor Pajak dengan nilai harta bersih yang dinyatakan sebesar Rp 2.527.360 ribu. Berdasarkan pernyataan harta tersebut, Perusahaan telah membayar uang tebusan sebesar Rp 75.821 ribu pada tanggal 1 Desember 2016.

26. Additional paid in capital - net (continued)

Year 2009

Represents the difference between the price at which shares were sold to the public and the nominal value, as follows :

Proceed from sales of 734,291,888	
shares @ Rp 110 (full Rupiah)	Rp 80,772,108
Par value of 734,291,888	
shares @ Rp100 (full Rupiah)	Rp 73,429,189
Share premium	<u>Rp 7,342,919</u>

Year 2012

Represents the difference between issuance of shares capital without Preemptive Rights (HMETD) and the nominal value, as follows:

Proceed from issuance of 1,786,310,000	
shares @ Rp 440 (full Rupiah)	Rp 785,976,400
Par value of 1,786,310,000	
shares @ Rp100 (full Rupiah)	Rp 178,631,000
Share premium	<u>Rp 607,345,400</u>

Shares issuance expenses

Comprise of expenses incurred for the initial public offering of shares which was conducted in December 2007 amounting to Rp 9,635,749 thousands and issuance of shares capital without Preemptive Rights (HMETD) in January 2012 amounting to Rp 28,269,174 thousands.

b. Difference in value of restructuring transaction between entities under common control

See note 2.

c. Tax amnesty

	<u>31 Desember/ December</u>	<u>2017</u>	<u>2016</u>
Consist of :			
a. The Company		2.527.360	2.527.360
b. Certain subsidiaries		120.942.167	81.526.689
Total		<u>123.469.527</u>	<u>84.054.049</u>

Based on Tax Amnesty Letter dated 19 December 2016, the Company submitted a Form of Declaration for Assets for Tax Amnesty which received by the Tax Office with the net assets stated amounting to Rp 2,527,360 thousand. Based on the declaration of the assets, the Company paid a ransom amounted Rp 75,821 thousand on 1 December 2016.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)

Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)

As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

26. Tambahan modal disetor - neto (lanjutan)

c. Pengampunan pajak (lanjutan)

Pada 2016, entitas anak tertentu juga telah menyampaikan Surat Pernyataan Harta untuk Pengampunan Pajak yang diterima oleh Kantor Pajak dengan nilai harta bersih yang dinyatakan sebesar Rp 81.950.720 ribu

Berdasarkan pernyataan harta tersebut, entitas anak telah membayar uang tebusan sebesar Rp 1.633.831 ribu. Bagian Grup atas tambahan modal disetor yang berasal dari Pengampunan Pajak entitas anak adalah sebesar Rp 81.526.689 ribu.

Pada 2017, entitas anak tertentu juga telah menyampaikan Surat Pernyataan Harta untuk Pengampunan Pajak yang diterima oleh Kantor Pajak dengan nilai harta bersih yang dinyatakan sebesar Rp 39.869.023 ribu. Berdasarkan pernyataan harta tersebut, entitas anak telah membayar uang tebusan sebesar Rp 1.993.451 ribu. Bagian Grup atas tambahan modal disetor yang berasal dari Pengampunan Pajak entitas anak adalah sebesar Rp 39.415.478 ribu.

Aset Pengampunan Pajak merupakan aset yang dimiliki Perusahaan sebelum dilakukannya Penawaran Umum Perdana Saham (*Initial Public Offering*) di tahun 2007, yang dicatat sebagai aset lain-lain dengan mengkreditkan akun modal disetor lainnya - Pengampunan Pajak. Uang tebusan Pengampunan Pajak dicatat sebagai beban lain-lain.

26. Additional paid in capital - net (continued)

c. Tax amnesty (continued)

In 2016, the certain subsidiaries also submitted a Form of Declaration of Assets for Tax Amnesty which received by the Tax Office with the net assets stated amounting to Rp 81,950,720 thousands.

Based on the declaration of the assets, the subsidiaries paid a ransom amounted Rp 1,633,831 thousands. Group's portion of the additional paid-in capital from the Tax Amnesty of subsidiaries is Rp 81,526,689 thousand

In 2017, the certain subsidiaries also submitted a Form of Declaration of Assets for Tax Amnesty which received by the Tax Office with the net assets stated amounting to Rp 39,869,023 thousands. Based on the declaration of the assets, the subsidiaries paid a ransom amounted Rp 1,993,451 thousands. Group's portion of the additional paid-in capital from the Tax Amnesty of subsidiaries is Rp 39,415,478 thousands.

The Tax Amnesty Assets are assets owned by the Company before conducting Initial Public Offering in 2007, recorded as other assets with credit on account Other Paid in capital - Tax Amnesty. Tax Amnesty ransom recorded as other expense.

27. Selisih transaksi dengan pihak non-pengendali

27. Difference in transaction with non-controlling interests

	31 Desember/ December	
	2017	2016
Terdiri dari :		
PT Delta Mega Persada	(124.820.709)	(124.820.709)
PT Permata Indah Kedaton	25.066.656	25.066.656
PT Alam Sutera Realty Tbk	(1.397)	(1.397)
Jumlah	(99.755.450)	(99.755.450)

PT Delta Mega Persada

Pada Juli 2015, PT Delta Mega Persada (DMP) - entitas anak, melakukan pembelian 33.555 lembar saham PT Permata Indah Kedaton dari PT Bumi Asri Cipta Mandiri - kepentingan non-pengendali, dengan rincian sebagai berikut:

Nilai buku aset bersih yang diambil alih	Rp 188.808.710
Harga perolehan	Rp 314.730.850

Selisih transaksi dengan pihak non-pengendali **(Rp 125.922.140)**

Consist of :

PT Delta Mega Persada
PT Permata Indah Kedaton
PT Alam Sutera Realty Tbk

Total

PT Delta Mega Persada

In July 2015, PT Delta Mega Persada (DMP) - subsidiaries, purchased 33,555 shares of PT Permata Indah Kedaton from PT Bumi Asri Cipta Mandiri - non-controlling interest, with details as follows :

Net assets - book value which taken over	Rp 188,808,710
Acquisition cost	Rp 314,730,850

Difference in transaction with non-controlling interests **(Rp 125,922,140)**

84

F-90

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

**27. Selisih transaksi dengan pihak non-pengendali
(lanjutan)**

Transaksi diatas menghasilkan selisih transaksi dengan pihak non-pengendali pada ekuitas DMP. Bagian Grup atas selisih transaksi dengan pihak non-pengendali tersebut adalah sebesar Rp 124.820.709 ribu.

PT Permata Indah Kedaton

Pada Januari 2016, PT Permata Indah Kedaton (PIK) - entitas anak, melakukan pembelian 5.280 lembar saham PT Duta Realtindo Jaya (DRJ) dari PT Bumi Asri Cipta Mandiri - kepentingan non-pengendali, dengan rincian sebagai berikut:

Nilai buku aset bersih yang diambil alih	Rp 38.586.572
Harga perolehan	Rp 13.200.000

Selisih transaksi dengan pihak non-pengendali **Rp 25.386.572**

Transaksi diatas menghasilkan selisih transaksi dengan pihak non-pengendali pada ekuitas DRJ. Bagian Grup atas selisih transaksi dengan pihak non-pengendali tersebut adalah sebesar Rp 25.066.656 ribu.

PT Alam Sutera Realty Tbk

Pada Juli 2016, PT Alam Sutera Realty Tbk menjual sahamnya sebanyak 10.000 lembar saham PT Delta Mega Persada (DMP) kepada CFLD Investment II Pte. Ltd. - kepentingan non-pengendali, dengan rincian sebagai berikut:

Nilai buku aset bersih yang diambil alih	Rp 11.397
Harga jual	Rp 10.000

Selisih transaksi dengan pihak non-pengendali **Rp (1.397)**

Transaksi diatas menghasilkan selisih transaksi dengan pihak non-pengendali pada ekuitas DMP sebesar Rp 1.397 ribu.

28. Saldo laba - ditentukan penggunaannya

Berdasarkan akta Berita Acara Rapat Umum Pemegang Saham Tahunan oleh notaris Herna Gunawan, S.H., M.Kn. No. 1 tanggal 7 Juni 2017, menyetujui penggunaan laba bersih Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2016, yakni sebesar Rp 1.000.000 ribu sebagai dana cadangan umum Perusahaan.

27. Difference in transaction with non-controlling interests (continued)

The above transaction resulted in difference in transactions with non-controlling interest in the equity of the DMP. Part of the Group on the difference transactions with non-controlling interest amounted to Rp 124,820,709 thousands.

PT Permata Indah Kedaton

In January 2016, PT Permata Indah Kedaton (PIK) - subsidiaries, purchased 5,280 shares of PT Duta Realtindo Jaya (DRJ) from PT Bumi Asri Cipta Mandiri - non-controlling interest, with details as follows :

Net assets - book value which taken over	Rp 38,586,572
Acquisition cost	Rp 13,200,000

Difference in transaction with non-controlling interests **Rp 25,386,572**

The above transaction resulted in difference in transactions with non-controlling interest in the equity of the DRJ. Part of the Group on the difference transactions with non-controlling interest amounted to Rp 25,066,656 thousands.

PT Alam Sutera Realty Tbk

In July 2016, PT Alam Sutera Realty Tbk sold 10,000 shares of its investment in PT Delta Mega Persada (DMP) to CFLD Investment II Pte. Ltd. - non-controlling interest, with details as follows :

Net assets - book value which taken over	Rp 11,397
Selling price	Rp 10,000

Difference in transaction with non-controlling interests **Rp (1,397)**

The above transaction resulted in difference in transactions with non-controlling interest in the equity of the DMP amounted to Rp 1,397 thousands.

28. Retained earnings - appropriated

Based on deed of Minutes of the Annual General Meeting of Shareholders by notary Herna Gunawan, S.H., M.Kn. No. 1 dated 7 June 2017, it was approved to use of the Company's net income for the year ended 31 December 2016, amounting to Rp 1,000,000 thousands as the Company's general reserve fund.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

28. Saldo laba - ditentukan penggunaannya (lanjutan)

Berdasarkan akta Berita Acara Rapat Umum Pemegang Saham Tahunan oleh notaris Aulia Taufani SH., No. 03 tanggal 3 Juni 2016, menyetujui penggunaan laba bersih Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2015, yakni sebesar Rp 1.000.000 ribu sebagai dana cadangan umum Perusahaan dan tidak membagikan dividen.

28. Retained earnings - appropriated (continued)

Based on deed of Minutes of the Annual General Meeting of Shareholders by notary Aulia Taufani SH., No. 03 dated 3 June 2016, it was approved to use of the Company's net income for the year ended 31 December 2015, amounting to Rp 1,000,000 thousands as the Company's general reserve fund and there was no dividend distribution.

29. Kepentingan non-pengendali

29. Non-controlling interests

31 Desember/ December					
2017			2016		
Jumlah/ Total	%		Jumlah/ Total	%	
Bagian kepentingan non-pengendali atas aset bersih entitas anak			Portion of non-controlling interest on subsidiaries net assets		
PT Delta Mega Persada	10.509.447	0,46	5.752.463	0,46	PT Delta Mega Persada
PT Duta Prakarsa Development	10.777.250	1,00	11.058.806	1,00	PT Duta Prakarsa Development
PT Nusa Cipta Pratama	579.517	0,02	596.505	0,02	PT Nusa Cipta Pratama
PT Alfa Goldland Realty	567.922	0,01	584.588	0,01	PT Alfa Goldland Realty
PT Nusa Raya Mitratama	2.276	0,01	2.174	0,01	PT Nusa Raya Mitratama
PT Permata Indah Kedaton	1.426.650	0,80	1.141.354	0,80	PT Permata Indah Kedaton
PT Duta Realtindo Jaya	1.437.698	0,80	1.247.092	0,80	PT Duta Realtindo Jaya
PT Garuda Adhimatra Indonesia	77.460.252	9,71	80.322.520	9,71	PT Garuda Adhimatra Indonesia
PT Delta Manunggal Raharja	95.142	0,01	20.151	0,01	PT Delta Manunggal Raharja
PT Tangerang Matra Real Estate	4.420.770	0,20	4.449.090	0,20	PT Tangerang Matra Real Estate
107.276.924			105.174.743		
Bagian kepentingan non-pengendali atas jumlah laba periode berjalan entitas anak			Portion of non-controlling interest on total profit for the period of subsidiaries		
PT Delta Mega Persada	7.140.102	0,46	2.163.236	0,46	PT Delta Mega Persada
PT Duta Prakarsa Development	562.524	1,00	1.102.877	1,00	PT Duta Prakarsa Development
PT Nusa Cipta Pratama	30.211	0,02	58.242	0,02	PT Nusa Cipta Pratama
PT Alfa Goldland Realty	29.492	0,01	56.701	0,01	PT Alfa Goldland Realty
PT Nusa Raya Mitratama	101	0,01	94	0,01	PT Nusa Raya Mitratama
PT Permata Indah Kedaton	137.511	0,80	171.537	0,80	PT Permata Indah Kedaton
PT Duta Realtindo Jaya	41.698	0,80	173.171	0,80	PT Duta Realtindo Jaya
PT Garuda Adhimatra Indonesia	(2.808.435)	9,71	(2.211.976)	9,71	PT Garuda Adhimatra Indonesia
PT Delta Manunggal Raharja	146.990	0,01	(217)	0,01	PT Delta Manunggal Raharja
PT Tangerang Matra Real Estate	(70.826)	0,20	(50.909)	0,20	PT Tangerang Matra Real Estate
5.209.368			1.462.756		

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

30. Penjualan, pendapatan jasa dan usaha lainnya

Rincian penjualan, pendapatan jasa dan usaha lainnya
adalah sebagai berikut :

30. Sales, services and other revenues

The details of sales, services and other revenues are
as follows :

	31 Desember/ December		
	2017	2016	
Real estat :			Real estate :
Tanah	1.581.462.246	902.069.304	Land
Rumah dan ruko	1.281.154.819	1.000.860.275	Houses and shophouses
Apartemen	675.164.445	156.334.021	Apartments
Ruangan perkantoran	4.850.130	281.162.312	Office spaces
	<u>3.542.631.640</u>	<u>2.340.425.912</u>	
Jasa hospitaliti dan prasarana :			Hospitality and infrastructure :
Pengelolaan kota	84.770.842	67.323.442	Township management
Rekreasi dan olahraga	9.560.677	9.468.073	Recreation and sports
Sewa	156.593.339	189.241.908	Rent
Lain-lain	54.257.251	35.969.604	Others
	<u>305.182.109</u>	<u>302.003.027</u>	
Pariwisata :			Tourism :
Tiket	40.018.291	38.140.521	Ticket
Restoran	15.380.067	17.990.562	Restaurant
Sewa	9.298.529	8.379.466	Rent
Lainnya	2.754.215	6.965.785	Others
	<u>67.451.102</u>	<u>71.476.334</u>	
Lainnya	<u>1.842.247</u>	<u>1.783.507</u>	Others
Jumlah	<u>3.917.107.098</u>	<u>2.715.688.780</u>	Total

Jumlah real estat terjual :

Number of units of real estate sold :

Tanah	45 unit/units	327 unit/units	Land
Rumah dan ruko	1.082 unit/units	1.206 unit/units	Houses and shophouses
Ruangan perkantoran	1 unit/unit	53 unit/units	Office spaces
Apartemen	1.524 unit/units	157 unit/units	Apartements

Rincian penjualan kepada pihak berelasi adalah :

The details of sales to related parties are :

Karyawan kunci	5.335.222	15.929.818	Key employees
Entitas pihak berelasi	8.193.549	1.783.507	Related party entities
Jumlah	<u>13.528.771</u>	<u>17.713.325</u>	Total

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

30. Penjualan, pendapatan jasa dan usaha lainnya
(lanjutan)

Pendapatan jasa hospitaliti dan prasarana berasal dari iuran pemeliharaan lingkungan seperti iuran listrik, air, kebersihan dan keamanan. Pendapatan sewa berasal dari sewa lahan Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera dan gedung kantor - Wisma Argo Manunggal serta iuran dari fasilitas rekreasi dan olah raga dan lainnya.

Tidak ada penjualan pada entitas pihak berelasi yang jumlahnya melebihi 0,5% dari modal disetor.

Penjualan yang melebihi 10% dari pendapatan grup adalah sebagai berikut :

30. Sales, services and other revenues (continued)

Hospitality and infrastructure revenue is derived from property maintenance fees such as electricity, water, cleaning and security. Income from rent is derived from rental of Flavor Bliss, Pasar Delapan, Mall @ Alam Sutera and office building - Wisma Argo Manunggal and dues from recreation and sport facilities and others.

There is no sales from related parties exceeding 0.5% of paid-up capital.

Sales which exceeded of 10% of the revenue of the group are as follows :

	31 Desember/ December	
	2017	2016

PT CFLD Investment Indonesia	1.371.415.124	-	PT CFLD Investment Indonesia
------------------------------	---------------	---	------------------------------

Penjualan kepada pihak ketiga - PT CFLD Investment Indonesia merupakan penjualan tanah dan bangunan.

Sales to third party - PT CFLD Investment Indonesia represents sales of land and buildings.

31. Beban pokok penjualan

Rincian beban pokok penjualan berdasarkan kelompok produk utama adalah sebagai berikut :

31. Cost of sales

The details of cost of sales according to main product group are as follows :

	31 Desember/ December	
	2017	2016

Real estat :

Tanah	210.776.526	195.631.847	Land
Rumah dan ruko	629.466.314	581.303.027	Houses and shophouses
Apartemen	399.297.591	88.183.905	Apartments
Ruangan perkantoran	1.946.597	118.439.337	Office spaces
	1.241.487.028	983.558.116	

Real estate :

Jasa hospitaliti dan prasarana :

Rincian beban pokok penjualan sebagai berikut :

Hospitality and infrastructure :

The details of cost of sales are as follows :

Pengelolaan kota	92.681.890	84.116.545	Township management
Rekreasi dan olahraga	4.957.108	5.559.285	Recreation and sports
Sewa	118.187.460	121.912.965	Rent
Lain-lain	53.451.614	31.556.047	Others
	269.278.072	243.144.842	

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

31. Beban pokok penjualan (lanjutan)

31. Cost of sales (continued)

	31 Desember/ December	
	2017	2016
Pariwisata :		Tourism :
Rincian beban pokok penjualan sebagai berikut :		The details of cost of sales are as follows :
Tiket	16.897.339	10.431.227 Ticket
Restoran	7.871.755	8.721.736 Restaurant
Sewa	1.795.495	1.324.838 Rent
Lainnya	1.947.533	1.904.692 Others
	<u>28.512.122</u>	<u>22.382.493</u>
Lainnya	<u>1.806.694</u>	<u>1.744.258</u> Others
Jumlah	<u>1.541.083.916</u>	<u>1.250.829.709</u> Total

32. Beban penjualan

32. Selling expenses

	31 Desember/ December	
	2017	2016
Promosi dan iklan	72.675.299	54.609.852 Promotion and advertisement
Komisi penjualan	14.703.124	20.516.651 Sales commission
Keperluan kantor dan lainnya	5.029.876	2.694.287 Office supplies and others
Telepon, listrik dan air	1.099.882	569.437 Telephone, electricity and water
Jumlah	<u>93.508.181</u>	<u>78.390.227</u> Total

33. Beban umum dan administrasi

33. General and administrative expenses

	31 Desember/ December	
	2017	2016
Beban gaji, upah dan tunjangan	183.706.655	159.504.596 Salaries, wages and allowances
Penyusutan aset tetap	36.524.669	40.229.466 Depreciation of fixed assets
Beban konsultan	15.025.012	15.466.755 Consultant fees
Penyisihan imbalan kerja	7.518.508	17.796.105 Provision of employee benefits
Pemeliharaan aset dan proyek	8.078.805	6.377.245 Maintenance of assets and project
Telepon, fax, listrik dan air	5.954.973	6.790.309 Telephone, fax, electricity and water
Keperluan proyek dan kantor	8.644.149	9.049.835 Project and office supplies
Iuran dan pajak daerah	7.627.266	6.967.927 Retribution and contributions
Asuransi	5.160.651	4.349.336 Insurance
Penyisihan penurunan nilai piutang usaha	6.132.231	7.402.809 Allowance for declining in value of accounts receivable
Transportasi	4.078.254	4.288.071 Transportations
Perjalanan dinas	843.775	1.398.099 Travelling
Perijinan	369.311	1.676.969 Permit
Keselamatan dan kebersihan	2.133.510	3.272.639 Security and tidiness
Lain-lain	5.185.930	5.451.782 Others
Jumlah	<u>296.983.699</u>	<u>290.021.943</u> Total

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

34. Laba bersih per saham

Laba per saham dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham yang beredar dalam periode tersebut.

34. Earning per share

Earning per share is calculated by dividing net income attributable to shareholders of the parent company over the weighted average number of shares outstanding during the period.

	31 Desember/ December		
	2017	2016	
Jumlah laba periode berjalan yang dapat diatribusikan kepada pemilik entitas induk	1.379.979.809	508.780.523	Total profit for the period attributable to owners of the parent company
Rata-rata tertimbang jumlah lembar saham yang beredar	19.649.411.888	19.649.411.888	Weighted average of total outstanding shares
Laba per saham (Rupiah penuh)	70,23	25,89	Earning per share (Full Rupiah)

35. Pembagian dividen

Berdasarkan akta Berita Acara Rapat Umum Pemegang Saham Tahunan oleh notaris Herna Gunawan, S.H., M.Kn. No. 1 tanggal 7 Juni 2017, menyetujui penggunaan laba bersih Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2016, yakni sebesar Rp. 29.474.118 ribu untuk dibagikan sebagai dividen tunai kepada pemegang saham dengan ketentuan setiap 1 lembar saham akan mendapatkan dividen tunai sebesar Rp 1,5 (Rupiah penuh).

35. Dividend distribution

Based on deed of Minutes of the Annual General Meeting of Shareholders by notary Herna Gunawan, S.H., M.Kn. No. 1 dated 7 June 2017, it was approved to use of Company's net income for the year ended 31 December 2016, amounting to Rp 29,474,118 thousands for distribution as cash dividends to shareholders with the provisions of every 1 share will receive cash dividend of Rp 1.5 (Full amount).

36. Transaksi dengan pihak berelasi

Rincian sifat hubungan dan jenis transaksi yang material dengan pihak berelasi adalah sebagai berikut :

36. Transactions with related parties

The details of relationship nature and type of material transactions with related parties are as follows :

<u>Pihak berelasi/Related parties</u>	<u>Sifat hubungan istimewa/ Nature of relationship</u>	<u>Transaksi/Transactions</u>
PT Argo Manunggal Land Development	Hubungan kepemilikan/penyertaan/ Ownership/investment	Jasa konstruksi, penerimaan pinjaman dan titipan uang muka diterima proyek Sutera Feronia/ Construction, loan received and advance deposit received of Sutera Feronia project
PT Daya Sakti Perdika	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pembelian tanah dan bangunan/ Purchase of land and building
PT Jakarta Cakratunggal Steel Mills	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pembelian besi/ Purchase of steel
PT Cahaya Alam Raya	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pinjaman/ Loan
PT Pralon	Hubungan kepemilikan/penyertaan/ Ownership/investment	Pemasok/ Supplier
		Penjualan bahan baku plastik/ Sales of plastic raw material

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

36. Transaksi dengan pihak berelasi (lanjutan)

36. Transactions with related parties (continued)

	31 Desember/ December		
	2017	2016	
Akun ini terdiri dari :			This accounts consists of :
Piutang pihak berelasi (catatan 9) :			Amounts due from related parties (note 9) :
PT Cahaya Alam Raya	1.076.000	2.691.000	PT Cahaya Alam Raya
Persentase dari jumlah aset	0,005%	0,01%	Percentage from total assets
Uang muka dibayar - pembelian besi beton PT Jakarta Cakratunggal Steel Mills	823.425	102.525	Advance payment - steel purchase PT Jakarta Cakratunggal Steel Mills
Persentase dari jumlah aset	0.004%	0,0005%	Percentage from total assets
Utang usaha (catatan 16) PT Cahaya Alam Raya PT Jakarta Cakratunggal Steel Mills	2.658.349 316.445	1.644.634 316.445	Trade payables (note 16) PT Cahaya Alam Raya PT Jakarta Cakratunggal Steel Mills
Jumlah	2.974.794	1.961.079	Total
Persentase dari jumlah liabilitas	0,02%	0,02%	Percentage from total liabilities
Utang lain-lain (catatan 17) PT Argo Manunggal Land Development PT Daya Sakti Perdika	7.004.595 2.073.800	8.174.065 2.073.800	Other payables (note 17) PT Argo Manunggal Land Development PT Daya Sakti Perdika
Jumlah	9.078.395	10.247.865	Total
Persentase dari jumlah liabilitas	0,08%	0,08%	Percentage from total liabilities
Utang pihak berelasi (catatan 18) :			Amount due to related parties (note 18) :
PT Argo Manunggal Land Development	41.950.000	142.387.635	PT Argo Manunggal Land Development
Persentase dari jumlah liabilitas	0.35%	1,09%	Percentage from total liabilities
Penjualan Karyawan kunci, keluarga dekat yang melebihi Rp 1 milyar	5.335.222	15.929.818	Sales Key personel, close family which exceed Rp 1 billion
Persentase dari jumlah penjualan	0.014%	0,6%	Percentage from total sales
Pembelian - pembelian besi beton PT Jakarta Cakratunggal Steel Mills	9.778.708	15.728.855	Purchases - purchase of steel PT Jakarta Cakratunggal Steel Mills
Persentase dari jumlah beban pokok penjualan	0,63%	1,26%	Percentage from total cost of sales

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

37. Segmen operasi

1. Informasi bentuk segmen berdasarkan jenis produk dan jasa :

Perusahaan dan entitas anak bergerak dalam bidang yang sama yakni real estat dan properti, kecuali Alam Sutera International Pte Ltd, Alam Synergy Pte Ltd merupakan entitas bertujuan khusus, Silkwood Pte Ltd merupakan konsultan manajemen bisnis, Carlisle Venture Pte Ltd merupakan jasa pelayanan bisnis, meminjamkan dana dan penjualan barang serta PT Garuda Adhimatra Indonesia bergerak di bidang pembangunan real estat dan operator kawasan pariwisata.

2. Informasi tentang laba atau rugi, aset dan liabilitas segmen adalah sebagai berikut :

37. Operating segment

1. Segment information by product and services :

The Company and its subsidiaries operate in the same activity being real estate and property industry, except for Alam Sutera International Pte Ltd, Alam Synergy Pte Ltd as special purpose entities, Silkwood Pte Ltd as business management consultancy, Carlisle Venture Pte Ltd service as business services, money lending and sale of goods and PT Garuda Adhimatra Indonesia in real estate development and operator of tourism area.

2. Information about profit or loss, segment assets and liabilities are as follows :

	Untuk tahun yang berakhir 31 Desember 2017/ For the year ended 31 December 2017				
	Pengembang properti/ Property developer	Properti investasi/ Investment properties	Pariwisata/ Tourism	Lain-lain/ Others	Konsolidasi/ Consolidated
Penjualan, pendapatan jasa dan usaha lainnya/ Sales, services and other revenues	3.542.631.639	157.078.559	67.451.102	149.945.798	3.917.107.098
Laba (rugi) bruto/ Gross profit (loss)	2.301.144.611	36.420.002	38.953.564	(494.995)	2.376.023.182
Pendapatan bunga/ Interest income	-	-	-	-	42.715.169
Beban bunga/ Interest expense	-	-	-	-	314.061.338
Penyusutan dan amortisasi/ Depreciation and amortization	11.002.670	40.557.905	27.919.532	5.754.718	85.234.825
Beban pajak penghasilan/ Income tax expense	-	-	-	-	59.475.254
Laba tahun berjalan/ Income for the year	-	-	-	-	1.385.189.177
Informasi lainnya/ Other information					
Aset segmen dilaporkan/ Segment assets reporting	18.448.426.798	838.771.166	1.283.882.516	157.350.007	20.728.430.487
Liabilitas segmen dilaporkan/ Segment liabilities reporting	5.159.073.324	93.545.802	332.199.542	6.570.920.239	12.155.738.907

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

37. Segmen operasi (lanjutan)

37. Operating segment (continued)

	Untuk tahun yang berakhir 31 Desember 2016/ For the year ended 31 December 2016				
	Pengembang properti/ <i>Property developer</i>	Properti investasi/ <i>Investment properties</i>	Pariwisata/ <i>Tourism</i>	Lain-lain/ <i>Others</i>	Konsolidasi/ <i>Consolidated</i>
Penjualan, pendapatan jasa dan usaha lainnya/ <i>Sales, services and other revenues</i>	2.340.425.912	189.241.908	71.476.334	114.544.626	2.715.688.780
Laba (rugi) bruto/ <i>Gross profit (loss)</i>	1.356.867.796	67.328.943	49.093.840	(8.431.508)	1.464.859.071
Pendapatan bunga/ <i>Interest income</i>	-	-	-	-	53.143.753
Beban bunga/ <i>Interest expense</i>	-	-	-	-	225.606.812
Penyusutan dan amortisasi/ <i>Depreciation and amortization</i>	10.239.600	40.837.217	24.791.163	5.491.457	81.359.437
Beban pajak penghasilan/ <i>Income tax expense</i>	-	-	-	-	81.110.130
Laba tahun berjalan/ <i>Income for the year</i>	-	-	-	-	510.243.279
Informasi lainnya/ <i>Other information</i>					
Aset segmen dilaporkan/ <i>Segment assets reporting</i>	17.940.932.890	1.048.441.609	1.035.686.969	161.069.214	20.186.130.682
Liabilitas segmen dilaporkan/ <i>Segment liabilities reporting</i>	6.074.336.467	95.051.938	336.240.860	6.492.656.336	12.998.285.601

38. Perjanjian-perjanjian penting

38. Significant agreements

Pihak berelasi :

Related parties :

- a. Berdasarkan perjanjian kerjasama antara entitas anak - PT Alfa Goldland Realty (AGR) dengan PT Argo Manunggal Land Development (AMLD) tanggal 28 Februari 2006, disepakati untuk mengembangkan tanah menjadi kawasan perumahan berikut fasilitasnya dan menyatu dengan kawasan perumahan Alam Sutera. Untuk ini pihak AMLD menyediakan tanah berikut biaya-biaya proyek dan AGR diberi kuasa untuk menjual kavling-kavling tersebut. Jangka waktu perjanjian adalah sampai seluruh kavling dalam proyek habis terjual. Untuk setiap transaksi penjualan, AGR memperoleh komisi, biaya pemasaran dan pengawasan sebesar 5% dari nilai transaksi penjualan.

- a. Based on the cooperation agreement between subsidiary - PT Alfa Goldland Realty (AGR) and Argo Manunggal Land Development (AMLD) dated 28 February 2006, it was agreed to develop land into real estate including facilities to become integrated as one with Alam Sutera real estate. For this purpose AMLD provides land including the cost of project and AGR obtains the authority to sell the plots of land. Period of this agreement is until all lots of land are sold. For every sales transaction, AGR will receive commission, marketing and supervision fee of 5% from amount of sales transaction.

38. Perjanjian-perjanjian penting (lanjutan)

Pihak ketiga :

- a. Berdasarkan Nota Kesepahaman tanggal 28 Desember 2015 antara Perusahaan dengan China Fortune Land Development Co., Ltd (CFLD) dengan tujuan untuk mengembangkan area Pasar Kemis, Tangerang, Banten yang bertujuan untuk mempercepat pertumbuhan ekonomi dan pembangunan kawasan urban dengan membangun kota mandiri baru yang terdiri dari kawasan residensial, kawasan komersial, dan kawasan industrial dalam rangka bersama-sama mengembangkan area Pasar Kemis, Tangerang, Banten. CFLD akan bertanggung jawab atas investasi, pengembangan, dan pengelolaan, termasuk keseluruhan perencanaan, konstruksi, dan pengelolaan infrastruktur, fasilitas publik, dan area terpadu yang mencakup dalam keseluruhan perencanaan untuk Lokasi Kerjasama. Perusahaan akan bertanggung jawab untuk menyediakan tanah dan membantu CFLD dalam hal pengembangan, konstruksi, dan pengelolaan. Adapun harga jual dan luas tanah yang akan diserahkan akan ditentukan lebih lanjut.

Pada tanggal 22 Juni 2016 telah dilakukan perjanjian kerjasama antara CFLD Investment II Pte. Ltd, CFLD Investment III Pte. Ltd, PT CFLD Indonesia Real Estate Development ("CFLD Indonesia"), PT Alam Sutera Realty Tbk, PT Delta Mega Persada dan PT Delta Manunggal Raharja untuk pengembangan kompleks perumahan, bisnis, kawasan komersial dan industri yang berlokasi di Pasar Kemis, Tangerang seluas ± 500 hektar. Untuk kerja sama itu CFLD Indonesia memberikan jaminan (refundable deposit) sebesar Rp 1.450.000.000 ribu sebagai pelaksanaan perjanjian pada fase 5 tahun pertama kerjasama.

- b. Berdasarkan perjanjian bersyarat jual beli tanah dan bangunan tanggal 6 Desember 2017 antara PT Delta Mega Persada (DMP) - entitas anak dengan PT Indonic Tangerang Investment, DMP akan menjual beberapa bidang tanah seluas sekitar 32,9 hektar yang berlokasi di Desa Sindang Jaya, Kab. Tangerang. Uang muka yang telah diterima DMP sampai dengan tanggal 31 Desember 2017 adalah sebesar Rp 233.470.300 ribu dicatat sebagai uang muka penjualan. Lihat catatan 20.

38. Significant agreements (continued)

Third parties :

- a. Based on the Memorandum of Understanding dated 28 December 2015 between the Company and China Fortune Land Development Co., Ltd. (CFLD) with the aim of developing a market area Pasar Kemis, Tangerang, Banten, which aims accelerate economic growth and development of urban areas by building a new township consisting of residential areas, commercial areas and industrial area in order to jointly develop the area Pasar Kemis, Tangerang, Banten. CFLD will responsible for investment, development, and management, including overall planning, construction and management of infrastructure, public facilities, and an integrated area that includes in the overall planning for the location under cooperation. The company will responsible for providing the land and assisting CFLD in terms of development, construction, and management. The selling price and land area to be delivered will be determined later.

On 22 June 2016 was signed a cooperation agreement between CFLD Investment II Pte. Ltd, CFLD Investment III Pte. Ltd, PT CFLD Indonesia Real Estate Development ("CFLD Indonesia"), PT Alam Sutera Realty Tbk, PT Delta Mega Persada and PT Delta Manunggal Raharja for the development of housing estates, business, commercial areas and industries located in Pasar Kemis, Tangerang area of ± 500 hectares. For that cooperation CFLD Indonesia has provided a guarantee (refundable deposit) amounting to Rp 1,450,000,000 thousand as the implementation of the agreement on the phase of the first 5 years for cooperation.

- b. Based on the conditional agreement on the sale and purchase of land and buildings dated 6 December 2017 between PT Delta Mega Persada (DMP) - the subsidiary and PT Indonic Tangerang Investment, DMP will sell some plot of land for area of approximately 32.9 hectares located in Desa Sindang Jaya, Kab. Tangerang. Advance received by DMP up to 31 December 2017 amounting to Rp 233,470,300 thousands is recorded as sales advances. See note 20.

38. Perjanjian-perjanjian penting (lanjutan)

- c. Berdasarkan perjanjian bersyarat jual beli tanah dan bangunan tanggal 2 Desember 2016 antara entitas anak - PT Delta Manuggal Rahardja dengan PT CFLD Investment Indonesia, entitas anak - PT Delta Manuggal Rahardja akan menjual beberapa bidang tanah seluas sekitar 65 hektar yang berlokasi di Desa Wanakerta, Pasir Gadung dan Telagasari, Kab. Tangerang. Jumlah area yang telah direalisasikan sampai dengan 31 Desember 2017 adalah sebesar 63,6 hektar.
- d. Berdasarkan perjanjian kerja khusus penyelesaian pembangunan seni patung Garuda Wisnu Kencana tanggal 1 April 2013, entitas anak - PT Garuda Adhimatra Indonesia memberikan kontrak penyelesaian pembangunan Patung GWK kepada PT Siluet Nyoman Nuarta. Nilai kontrak sebesar Rp 170.500.000 ribu (termasuk PPN). Jangka waktu penyelesaian pekerjaan adalah 36 bulan setelah pembayaran uang muka dan telah diperpanjang kembali sampai dengan 31 Maret 2018. Per tanggal 31 Desember 2017, telah direalisasikan sebesar Rp 138.409.552 ribu.
- e. Berdasarkan perjanjian pekerjaan pembangunan pedestal patung Garuda Wisnu Kencana tanggal 25 Juni 2014, antara entitas anak - PT Garuda Adhimatra Indonesia dengan PT Tatamulia Nusantara Indah. Nilai kontrak sebesar Rp 154.217.781 ribu (termasuk PPN). Nilai kontrak tersebut termasuk *provisional sum* sebesar Rp 50 milyar (sebelum PPN) untuk pekerjaan yang saat ini belum didesain dengan lengkap. Jangka waktu penyelesaian pekerjaan telah diperpanjang sampai dengan tanggal 30 November 2018. Per tanggal 31 Desember 2017, telah direalisasikan sebesar Rp 89.910.257 ribu.
- f. Perjanjian pengelolaan gedung Synergy Building antara entitas anak - PT Duta Prakarsa Development (DPD) dengan Jones Lang LaSalle (JLL), di mana JLL akan memberikan jasa properti manajemen kepada DPD dalam mengelola gedung yang berlokasi di Jl. Jalur Sutera Barat, Alam Sutera, Serpong, Tangerang. Perjanjian ini berlaku untuk jangka waktu 1 tahun dari 1 Juli 2016 dan berakhir pada 30 Juni 2017. Perjanjian ini telah diperpanjang sampai dengan 30 Juni 2019 dengan jasa pengelolaan bulanan sebesar Rp 68.000 ribu tidak termasuk PPN untuk periode 1 Juli 2017 sampai 30 Juni 2018 dan sebesar Rp 72.500 ribu tidak termasuk PPN untuk periode 1 Juli 2018 sampai 30 Juni 2019.

38. Significant agreements (continued)

- c. Based on the conditional agreement on the sale and purchase of land and buildings dated 2 December 2016 between the subsidiary - PT Delta Manuggal Rahardja and PT CFLD Investment Indonesia, the subsidiary - PT Delta Manuggal Rahardja will sell some lots of land for area of approximately 65 hectares located in Desa Wanakerta, Pasir Gadung and Telagasari, Kab. Tangerang. The total area that has been realized until 31 December 2017 is 63.6 hectares.
- d. Under the working agreement made specifically for artistic development of Garuda Wisnu Kencana statue dated 1 April 2013, the subsidiary - PT Garuda Adhimatra Indonesia entered into a contract to complete the construction of GWK Statue with PT Siluet Nyoman Nuarta. The contract value is Rp 170,500,000 thousands (including VAT). The job completion period is 36 months after payment of the advance payment and has been extended until 31 Maret 2018. As of 31 December 2017, financial realization is Rp 138,409,552 thousands.
- e. Under the agreement pedestal construction work of Garuda Wisnu Kencana statue dated 25 June 2014, between the subsidiary - PT Garuda Adhimatra Indonesia and PT Tatamulia Nusantara Indah for pedestal construction of GWK Statue. The contract value is Rp 154,217,781 thousands (including VAT and income tax). The contract value including the provisional sum of Rp 50 billion (before VAT) for work that is not currently designed to complete. The job completion period has been extended up to 30 November 2018. As of 31 December 2017, has been realized Rp 89,910,257 thousands.
- f. Building management agreement for the Synergy Building between subsidiary - PT Duta Prakarsa Development (DPD) and Jones Lang LaSalle (JLL), where JLL will provide property management services to DPD for the building premises located at Jl. Jalur Sutera Barat, Alam Sutera, Serpong, Tangerang. This agreement shall be effective for one (1) year from 1 July 2016 and shall expire on 30 June 2017. This agreement has been extended up to 30 Juni 2019 with a monthly management fee of Rp 68,000 thousands exclusive of VAT for period of 1 Juli 2017 up to 30 Juni 2018 and Rp 72,500 thousands exclusive of VAT for period of 1 Juli 2018 up to 30 Juni 2019.

38. Perjanjian-perjanjian penting (lanjutan)

- g. Perjanjian pengelolaan gedung the Prominence Office Tower antara entitas anak - PT Alfa Goldland Realty (AGR) dengan Jones Lang LaSalle (JLL), di mana JLL akan memberikan jasa properti manajemen kepada AGR dalam mengelola gedung yang berlokasi di Jl. Jalur Sutera Barat No. 15, Alam Sutera, Serpong, Tangerang. Perjanjian ini berlaku untuk jangka waktu 3 tahun dari 1 Desember 2015 dan berakhir pada 30 November 2018. Uang jasa pengelolaan bulanan untuk tahun ke-1 sebesar Rp 30.000 ribu, tahun ke-2 sebesar Rp 42.500 ribu dan tahun ke-3 sebesar Rp 45.000 ribu belum termasuk PPN.

- h. Perjanjian dengan bank pemberi KPR

Perusahaan dan entitas anak ("Grup") melakukan perjanjian kerja sama dengan beberapa bank perihal fasilitas kredit pemilikan rumah dan apartemen, KPR Ruko/Rukan dan Kios kepada pembeli dengan pembiayaan sebesar 50% - 80% dari harga jual bersih, yang besarnya tergantung pada fasilitas pembiayaan pemilikan properti yang telah dimiliki oleh pembeli. Pencairan fasilitas kredit dilakukan secara bertahap sesuai dengan perkembangan kemajuan pembangunan dan dokumen kepemilikan unit properti. Dengan jangka waktu fasilitas kredit selama 5 sampai dengan 20 tahun.

- i. Jaminan Pembelian Kembali

Grup memberikan garansi kepada bank-bank pemberi KPR tersebut sampai saat pemecahan sertifikat induk dilakukan dan disetujui oleh Badan Pertanahan Nasional. Apabila seorang pembeli melakukan wanprestasi, menunggak pembayaran 3 kali berturut-turut sebelum pemecahan sertifikat induk dan Akta Jual Beli ditandatangani, maka bank dapat meminta Grup membeli kembali (*buy back*) seluruh jumlah KPR yang terhutang atas pinjaman tersebut. Grup mempunyai hak untuk membatalkan transaksi jual beli ini dan menjual properti kepada pembeli lainnya, dan menahan pembayaran yang telah dilakukan oleh pembeli sebelum terjadinya wanprestasi sampai sebesar 25% dari harga beli. Jika telah terjadi pemecahan sertifikat induk dan akta jual beli, maka pembeli memberikan jaminan berupa sertifikat, akta pengalihan hak atas tanah dan bangunan/ surat kuasa membebaskan hak tanggungan.

38. Significant agreements (continued)

- g. Building management agreement for the Prominence Office Tower between subsidiary - PT Alfa Goldland Realty (AGR) and Jones Lang LaSalle (JLL), where JLL will provide property management services to AGR for the building premises located at Jl. Jalur Sutera Barat No. 15, Alam Sutera, Serpong, Tangerang. This agreement shall be effective for three (3) year from 1 December 2015 and shall expire on 30 November 2018. Monthly management fee for the 1st year amounting to Rp 30,000 thousands, the 2nd year amounting to Rp 42,500 thousands and the 3rd year amounting to Rp 45,000 thousand exclusive of VAT.

- h. Agreement with banks for providing mortgage facilities.

The Company and its subsidiaries ("the Group") have entered into cooperation agreements with several banks for providing mortgage facilities to the buyers of apartments, commercial /Shophouses and Kiosks amounting to 50% - 80% of the net sale prices, which amounts will depend on the eligibility of the buyer to obtain the mortgage facility. Drawdown of the mortgage facility will be done in accordance with progress of the construction and documentation of ownership of the property. The terms of the mortgage facilities range from 5 to 20 years.

- i. Buyback Guarantee

The Group provides guarantees to the lending banks in respect of loans provided to the buyers of the properties until the title of the land has been subdivided and issued by the National Land Agency to the Group. If a purchaser defaults on his repayment obligation in respect of three consecutive installments prior to the subdivision of title, the banks are typically entitled to call on the guarantees and the Group will be required to buy back the amounts outstanding under the mortgage loans. The Group is entitled to cancel the sales transaction and resell the property to another purchaser, and to retain any payments made by the purchaser to the Group prior to the default up to 25% of the purchase price. If there has been a split of the master certificate and deed of sale and purchase, the buyer should give a guarantee in the form of a certificate, deed of transfer of rights over land and buildings / power of attorney on mortgage.

38. Perjanjian-perjanjian penting (lanjutan)

- j. Pada tanggal 12 Juni 2012, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 9.400 (Rupiah penuh) dan Rp 11 ribu dengan premi sebesar 1,35% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September, dimulai dari 27 September 2012. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2017. Pada tanggal 19 Maret 2014 perjanjian tersebut direstrukturisasi sehingga jatuh tempo fasilitas ini menjadi tanggal 29 Januari 2019. Pada tanggal 9 November 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 0,53% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.
- k. Pada tanggal 16 April 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 30.000.000 untuk *spread* antara Rp 9.900 (Rupiah penuh) dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,08% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- l. Pada tanggal 25 Juni 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 10 ribu dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,30% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- m. Pada tanggal 16 April 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan, Singapore, sebesar USD 30.000.000 untuk *spread* antara Rp 9.900 (Rupiah penuh) dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,15% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.

38. Significant agreements (continued)

- j. On 12 June 2012, the Group entered into Non Deliverable USD Call Spread Option Facility with Morgan Stanley, Singapore, amounting to USD 40,000,000 with spread between Rp 9,400 (full Rupiah) and Rp 11 thousands with annual premium of 1.35% from the notional amount. Premium will be paid on each 27 March and 27 September, commencing from 27 September 2012. This facility will due on 27 March 2017. On 19 March 2014, this agreement was restructured with a new due date on 29 January 2019. On 9 November 2016 the agreement was restructured, therefore that the premium rate become 0.53% per annum from the notional amount and a new due date of this facility become 24 April 2022.
- k. On 16 April 2013, the Group entered into Non Deliverable USD Call Spread Option Facility with Morgan Stanley, Singapore, amounting to USD 30,000,000 with spread between Rp 9,900 (full Rupiah) and Rp 11,500 (full Rupiah) with annual premium of 1.08% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- l. On 25 June 2013, the Group entered into Non Deliverable USD Call Spread Option Facility with Morgan Stanley, Singapore, amounting to USD 40,000,000 with spread between Rp 10 thousands and Rp 11,500 (full Rupiah) with annual premium of 1.30% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- m. On 16 April 2013, the Group entered into Non Deliverable USD Call Spread Option Facility with J.P. Morgan, Singapore, amounting to USD 30,000,000 with spread between Rp 9,900 (full Rupiah) and Rp 11,500 (full Rupiah) with annual premium of 1.15% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.

38. Perjanjian-perjanjian penting (lanjutan)

- n. Pada tanggal 25 Juni 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan, Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 10 ribu dan Rp 11.500 (Rupiah penuh) dengan premi sebesar 1,34% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.
- o. Pada tanggal 17 Juli 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 30.000.000 untuk *spread* antara Rp 10.200 (Rupiah penuh) dan Rp 11.700 (Rupiah penuh) dengan premi sebesar 1,35% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- p. Pada tanggal 19 Juli 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, Singapura, sebesar USD 30.000.000 untuk *spread* antara Rp 10.200 (Rupiah penuh) dan Rp 11.700 (Rupiah penuh) dengan premi sebesar 1,36% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 25 Maret 2020.
- q. Pada tanggal 16 Oktober 2013, Grup mengadakan perjanjian fasilitas lindung nilai *Deliverable USD Call Spread Option* dengan Nomura Singapore Ltd, sebesar USD 35.000.000 untuk *spread* antara Rp 11.500 (Rupiah penuh) dan Rp 12.500 (Rupiah penuh) dengan premi sebesar 0,7% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.
- r. Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Nomura Singapore Ltd, sebesar USD 35.000.000 untuk *spread* antara Rp 11 ribu dan Rp 12.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2014 dengan premi sebesar 1,75% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 17 November 2016 perjanjian tersebut direstrukturisasi, sehingga tingkat premi menjadi 0,85% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.

38. Significant agreements (continued)

- n. On 25 June 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with J.P. Morgan, Singapore, amounting to USD 40,000,000 with spread between Rp 10 thousands and Rp 11,500 (full Rupiah) with annual premium of 1.34% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.
- o. On 17 July 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, Singapore, amounting to USD 30,000,000 with spread between Rp 10,200 (full Rupiah) and Rp 11,700 (full Rupiah) with annual premium of 1.35% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- p. On 19 July 2013, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Morgan Stanley, Singapore, amounting to USD 30,000,000 with spread between Rp 10,200 (full Rupiah) and Rp 11,700 (full Rupiah) with annual premium of 1.36% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 25 March 2020.
- q. On 16 October 2013, the Group entered into *Deliverable USD Call Spread Option Facility* with Nomura Singapore Ltd, amounting to USD 35,000,000 with spread between Rp 11,500 (full Rupiah) and Rp 12,500 (full Rupiah) with annual premium of 0.7% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.
- r. The Group entered into *Non Deliverable USD Call Spread Option Facility* with Nomura Singapore Ltd, amounting to USD 35,000,000 with spread between Rp 11 thousands and Rp 12,500 (full Rupiah) with annual premium of 1.75% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 17 November 2016 the agreement was restructured, therefore that the premium rate become 0.85% per annum from the notional amount and a new due date of this facility become 24 April 2022.

38. Perjanjian-perjanjian penting (lanjutan)

- s. Pada tanggal 26 Maret 2014, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Deutsche Bank AG Singapore, sebesar USD 25.000.000 untuk *spread* antara Rp 12 ribu dan Rp 13.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2014 dengan premi sebesar 1,47% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 18 November 2016 perjanjian tersebut direstrukturasikan, sehingga tingkat premi menjadi 0,85% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.
- t. Pada tanggal 25 Maret 2014, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan Singapore, sebesar USD 25.000.000 untuk *spread* antara Rp 12 ribu dan Rp 13.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2014 dengan premi sebesar 1,47% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 13 Desember 2016 perjanjian tersebut direstrukturasikan, sehingga tingkat premi menjadi 0,65% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 22 April 2022.
- u. Pada tanggal 12 Maret 2015, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Morgan Stanley, sebesar USD 60.000.000 untuk *spread* antara Rp 13.000 dan Rp 14.500 (Rupiah penuh) yang berlaku efektif mulai 29 Januari 2015 dengan premi sebesar 1,96% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 29 Januari dan 29 Juli. Fasilitas ini akan jatuh tempo pada tanggal 29 Januari 2019. Pada tanggal 9 November 2016 perjanjian tersebut direstrukturasikan, sehingga tingkat premi menjadi 1,33% per tahun dari nilai transaksi dan jatuh tempo fasilitas ini menjadi tanggal 24 April 2022.
- v. Pada tanggal 23 September 2015, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Nomura Singapore Limited, sebesar USD 30.000.000 untuk *spread* antara Rp 11.750 dan Rp 13.750 (Rupiah penuh) yang berlaku efektif mulai 25 September 2015 dengan premi sebesar 2,08% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal 27 Maret dan 27 September. Fasilitas ini akan jatuh tempo pada tanggal 27 Maret 2020.

38. Significant agreements (continued)

- s. On 26 March 2014, the Group entered into Non Deliverable USD Call Spread Option Facility with Deutsche Bank AG Singapore, amounting to USD 25,000,000 with spread between Rp 12 thousands and Rp 13,500 (full Rupiah) with annual premium of 1.47% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 18 November 2016 the agreement was restructured, therefore that the premium rate become 0.85% per annum from the notional amount and a new due date of this facility become 24 April 2022.
- t. On 25 March 2014, the Group entered into Non Deliverable USD Call Spread Option Facility with J.P. Morgan Singapore, amounted to USD 25,000,000 with spread between Rp 12 thousands and Rp 13,500 (full Rupiah) with annual premium of 1.47% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 13 December 2016 the agreement was restructured, therefore that the premium rate become 0.65% per annum from the notional amount and a new due date of this facility become 22 April 2022.
- u. On 12 March 2015, the Group entered into Non Deliverable USD Call Spread Option Facility with Morgan Stanley, amounting to USD 60,000,000 with spread between Rp 13,000 and Rp 14,500 (full Rupiah) with annual premium of 1.96% from the notional amount. Premium will be paid on each 29 January and 29 July. This facility will due on 29 January 2019. On 9 November 2016 the agreement was restructured, therefore that the premium rate become 1.33% per annum from the notional amount and a new due date of this facility become 24 April 2022.
- v. On 23 September 2015, the Group entered into Non Deliverable USD Call Spread Option Facility with Nomura Singapore Limited, amounting to USD 30,000,000 with spread between Rp 11,750 and Rp 13,750 (full Rupiah) with annual premium of 2.08% from the notional amount. Premium will be paid on each 27 March and 27 September. This facility will due on 27 March 2020.

38. Perjanjian-perjanjian penting (lanjutan)

- w. Pada tanggal 14 Desember 2016, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan Credit Suisse, sebesar USD 20.000.000 untuk *spread* antara Rp 13.000 dan Rp 14.500 (Rupiah penuh) yang berlaku efektif mulai 24 Oktober 2016 dengan premi sebesar 1,3% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal tanggal 22 April dan 22 Oktober. Fasilitas ini akan jatuh tempo pada tanggal 26 April 2022.
- x. Pada tanggal 27 Desember 2016, Grup mengadakan perjanjian fasilitas lindung nilai *Non Deliverable USD Call Spread Option* dengan J.P. Morgan Singapura, sebesar USD 40.000.000 untuk *spread* antara Rp 13.000 dan Rp 14.500 (Rupiah penuh) yang berlaku efektif mulai 22 Oktober 2016 dengan premi sebesar 1,29% per tahun dari nilai transaksi. Beban premi dibayar setiap tanggal tanggal 22 April dan 22 Oktober. Fasilitas ini akan jatuh tempo pada tanggal 22 April 2022.
- y. Berdasarkan akta perjanjian sewa menyewa notaris Dominika Pudji Handajani, S.H. No. 05 tanggal 17 Januari 2013, Perusahaan melakukan perjanjian sewa menyewa tanah seluas 27.350 m² yang berlokasi di Propinsi Bali, Kabupaten Badung, Kecamatan Kuta Selatan, Kelurahan Jimbaran, yang akan digunakan sebagai sarana *supporting* (pendukung) dari proyek Garuda Wisnu Kencana (GWK). Biaya sewa selama perjanjian ini adalah sebesar Rp 28.717.500 ribu dengan cara pembayaran cicilan di muka sampai dengan 15 Agustus 2013. Jangka waktu sewa menyewa selama 30 tahun dihitung sejak tanggal 17 Januari 2013 sampai dengan 17 Januari 2043.
- z. Berdasarkan akta perjanjian sewa menyewa notaris Dominika Pudji Handajani, S.H. No. 05 tanggal 10 April 2013, Perusahaan melakukan perjanjian sewa menyewa tanah seluas 8.000 m² yang berlokasi di Propinsi Bali, Kabupaten Badung, Kecamatan Kuta, Kelurahan Jimbaran, yang akan digunakan sebagai sarana pendukung dari proyek Garuda Wisnu Kencana (GWK). Biaya sewa selama perjanjian ini adalah sebesar Rp 7.200.000 ribu dengan cara pembayaran cicilan di muka sampai dengan 10 Juli 2013. Jangka waktu sewa menyewa selama 30 tahun dihitung sejak tanggal 10 April 2013 sampai dengan 10 April 2043.

38. Significant agreements (continued)

- w. On 14 December 2016, the Group entered into *Non Deliverable USD Call Spread Option Facility* with Credit Suisse, amounting to USD 20,000,000 with *spread* between Rp 13,000 and Rp 14,500 (full Rupiah) with annual premium of 1.3% from the notional amount. Premium will be paid on each 22 April and 22 October. This facility will due on 26 April 2022.
- x. On 27 December 2016, the Group entered into *Non Deliverable USD Call Spread Option Facility* with J.P. Morgan Singapore, amounting to USD 40,000,000 with *spread* between Rp 13,000 and Rp 14,500 (full Rupiah) with annual premium of 1.29% from the notional amount. Premium will be paid on each 22 April and 22 October. This facility will due on 22 April 2022.
- y. Based on notarial deed of lease agreement of Dominika Pudji Handajani, S.H. No. 05 dated 17 January 2013, the Company entered into a lease agreement covering a land area of 27,350 sq. m located in the province of Bali, Badung regency, District of South Kuta, Jimbaran Village, which will be used for supporting facilities of the Garuda Wisnu Kencana (GWK) project. Rental fee during this agreement amounting to Rp 28,717,500 thousands with upfront installment payments until 15 August 2013. Lease period of 30 years from 17 January 2013 until 17 January 2043.
- z. Based on notarial deed of lease agreement of Dominika Pudji Handajani, S.H. No. 05 dated 10 April 2013, the Company entered into a lease agreement covering a land area of 8,000 sq. m located in the province of Bali, Badung regency, District of South Kuta, Jimbaran Village, which will be used for supporting facilities of the Garuda Wisnu Kencana (GWK) project. Rental fee during this agreement amounting to Rp 7,200,000 thousands with upfront installment payments until 10 July 2013. Lease period of 30 years from 10 April 2013 until 10 April 2043.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)

Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)

As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

39. Instrumen keuangan

Nilai tercatat instrumen keuangan yang disajikan di dalam laporan posisi keuangan konsolidasian kurang lebih sebesar nilai wajarnya, atau disajikan pada biaya perolehan karena nilai wajarnya tidak dapat diukur secara handal.

Manajemen menetapkan bahwa nilai tercatat (berdasarkan jumlah nosional) kas dan setara kas, deposito berjangka, piutang usaha, piutang lain-lain, piutang pihak berelasi, aset keuangan lancar lainnya, utang usaha, utang lain-lain, beban masih harus dibayar dan utang pihak berelasi kurang lebih sebesar nilai wajarnya karena instrumen keuangan tersebut berjangka pendek.

Aset keuangan tidak lancar lainnya merupakan rekening escrow untuk pembayaran bunga satu bulan dan manfaat lindung nilai berupa piutang derivatif - opsi call spread yang nilai tercatatnya kurang lebih sebesar nilai wajarnya karena dinilai ulang secara berkala.

Utang obligasi dicatat sebesar biaya perolehan yang diamortisasi menggunakan metode suku bunga efektif dan tingkat diskonto yang digunakan adalah suku bunga pinjaman pasar pada saat pengakuan awal untuk jenis pinjaman yang sama. Nilai wajar obligasi dinilai mengacu pada harga kuotasi yang dipublikasikan pada pasar aktif hirarki nilai wajar (Tingkat 1).

Nilai tercatat dari utang bank jangka panjang dengan suku bunga mengambang kurang lebih sebesar nilai wajarnya karena dinilai ulang secara berkala.

Tabel dibawah ini menggambarkan nilai wajar dari aset dan liabilitas keuangan :

39. Financial instruments

The carrying amounts of financial instruments presented in the consolidated statement of financial position approximate their fair values, otherwise, they are presented at cost as their fair values cannot be reliably measured.

Management has determined that the carrying amounts (based on notional amounts) of cash and cash equivalents, time deposits, trade receivables, others receivable, due from related parties, other current financial assets, trade payables, others payable, accrued expenses and due to related parties reasonably approximate their fair values because of their short-term maturities.

Other non-current financial assets represents escrow account for the payment of interest of one month and hedging benefits of derivative receivables - call spread option where the carrying amount approximately equal to their fair values due to be reassessed periodically.

Bonds payable are carried at amortized cost using the effective interest rate method and the discount rates used are the market lending rate at the initial recognition for similar types of lending. The fair value of bonds are carried at fair value using the quoted prices published in the active market fair value hierarchy (Level 1).

The carrying amounts of long-term bank loans with floating interest rates approximate their fair values as they are re-priced frequently.

The fair values of financial assets and liabilities, together with the carrying amounts, are as follows :

	31 Desember/ December 2017		31 Desember/ December 2016		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Aset keuangan					Financial assets
<u>Pinjaman yang diberikan dan piutang :</u>					<u>Loans and receivables :</u>
Kas dan setara kas	718.086.444	718.086.444	1.189.458.923	1.189.458.923	Cash and cash equivalents
Deposito berjangka	234.608.767	234.608.767	246.274.874	246.274.874	Time deposits
Piutang usaha	210.269.322	210.269.322	178.069.874	178.069.874	Trade receivables
Piutang lain-lain	21.899.607	21.899.607	18.600.280	18.600.280	Others receivable
Piutang pihak berelasi	1.076.000	1.076.000	2.691.000	2.691.000	Due from related parties
Aset keuangan lancar lainnya	83.681.896	83.681.896	143.773.560	143.773.560	Other current financial assets
Aset keuangan tidak lancar lainnya	682.813.651	682.813.651	654.374.472	654.374.472	Other noncurrent financial assets
Jumlah aset keuangan	1.952.435.687	1.952.435.687	2.433.242.983	2.433.242.983	Total financial assets

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

39. Instrumen keuangan (lanjutan)

39. Financial instruments (continued)

	31 Desember/ December 2017		31 Desember/ December 2016		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Liabilitas keuangan					Financial liabilities
<u>Liabilitas keuangan yang diukur dengan biaya perolehan amortisasi :</u>					<u>Financial liabilities at amortized cost :</u>
Utang usaha	201.249.084	201.249.084	347.618.256	347.618.256	Trade payables
Utang lain-lain	362.921.464	362.921.464	283.849.940	283.849.940	Others payable
Beban masih harus dibayar	163.055.026	163.055.026	160.107.108	160.107.108	Accrued expenses
Utang pihak berelasi	41.950.000	41.950.000	142.387.635	142.387.635	Due to related parties
Utang bank jangka panjang	1.223.117.321	1.223.117.321	1.511.857.808	1.511.857.808	Long term bank loan
Utang obligasi	6.405.680.614	6.519.584.140	6.321.930.900	6.453.260.415	Bonds payable
Uang jaminan yang dapat dikembalikan	1.211.342.259	1.211.342.259	1.304.447.923	1.304.447.923	Refundable deposit
Jumlah liabilitas keuangan	9.609.315.768	9.723.219.294	10.072.199.570	10.203.529.085	Total financial liabilities

40. Kebijakan dan tujuan manajemen risiko keuangan

40. Policies and objectives of financial risk management

Manajemen risiko

Risk management

Risiko utama dari instrumen keuangan Grup adalah risiko kredit, risiko mata uang asing, risiko suku bunga dan risiko likuiditas yang timbul dalam kegiatan usaha normal. Manajemen terus menerus memantau proses manajemen risiko untuk memastikan tercapainya keseimbangan yang memadai antara risiko dan kontrol. Kebijakan manajemen risiko dan sistem direviu secara berkala untuk mencerminkan perubahan dalam kondisi pasar dan kegiatan Grup.

The main risk of the Group's financial instruments are credit risk, foreign currency risk, interest rate risk, and liquidity risk arising in the normal course of business. The management continually monitors the Group's risk management process to ensure the appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

a. Risiko kredit

a. Credit risk

Risiko kredit timbul dari kemungkinan ketidakmampuan pelanggan untuk memenuhi kewajibannya sesuai dengan syarat normal transaksi pada saat jatuh tempo pembayaran.

Credit risk is the risk that the Group will incur a loss arising from the customers or counterparties' failure to fulfill their contractual obligations on the due dates.

Risiko kredit timbul dari piutang usaha, piutang lain-lain dan piutang pihak berelasi non-usaha. Untuk meminimalisasi risiko kredit atas piutang usaha yang berasal dari penjualan properti dan jasa hospitaliti dan prasarana, manajemen mengenakan denda atas keterlambatan pembayaran serta melakukan serah terima unit pada saat pelunasan. Untuk piutang usaha yang berasal dari penyewaan properti, pelanggan diminta membayar uang sewa dimuka dan memberikan uang jaminan atas sewa dan service charge.

Credit risk arises from trade receivable, other receivables and due from related parties. To minimize credit risk on receivable from the sale of real estate and hospitality and infrastructure service, management imposes fines for the late payments and hand over the unit at the time of settlement. For receivable from the assets for lease, the customers are required to pay the rent in advance and provide security deposits on rental and service charge.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

a. Risiko kredit (lanjutan)

Manajemen menempatkan kas dan setara kas, deposito berjangka dan aset keuangan lainnya hanya pada bank dan lembaga keuangan yang bereputasi baik dan terpercaya.

Berdasarkan evaluasi tersebut pihak manajemen akan menentukan perkiraan jumlah yang tidak dapat ditagih atas piutang tersebut serta menentukan pembentukan akun cadangan kerugian penurunan nilai atas piutang usaha tersebut. Lihat Catatan 8 atas laporan keuangan konsolidasian untuk informasi jumlah piutang usaha berdasarkan umur (hari) dihitung sejak tanggal faktur.

Risiko maksimal dari risiko kredit dicerminkan dalam jumlah tercatat pada masing-masing golongan aset keuangan dalam laporan posisi keuangan konsolidasian (lihat catatan 39).

Tabel di bawah ini menunjukkan analisa umur aset keuangan Grup pada tanggal-tanggal pelaporan.

40. Policies and objectives of financial risk management
(continued)

a. Credit risk (continued)

Management deposits cash and cash equivalents, time deposits and other financial assets only to banks and financial institutions which are reputable and reliable.

Based on that evaluation, management will determine the approximate uncollectible amount as well as determine the amount of impairment losses on trade accounts receivable. Refer to Note 8 to the consolidated financial statements for the information regarding the aging analysis of trade accounts receivable from the date of invoice.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statement of financial position (see note 39).

The tables below present the aging analysis of the Group's financial assets as at reporting dates.

31 Desember/ December 2017								
			Belum jatuh tempo dan tidak mengalami penurunan nilai/ Neither past due nor impaired	Telah jatuh tempo namun tidak mengalami penurunan nilai/ Past due but not impaired				Telah jatuh tempo dan/atau mengalami penurunan nilai/ Past due and/or impaired
	Jumlah/ Total			≤ 3 bulan/ ≤ 3 months	3 – 6 bulan/ 3 – 6 months	6 bulan – 1 tahun/ 6 months – 1 year	> 1 tahun/ > 1 year	
<u>Pinjaman yang diberikan dan piutang/ Loans and receivables</u>								
Kas dan setara kas/ Cash and cash equivalents	718.086.444	718.086.444	-	-	-	-	-	-
Deposito berjangka/ Time deposits	234.608.767	234.608.767	-	-	-	-	-	-
Aset keuangan lancar lainnya/ Other current financial assets	83.681.896	83.681.896	-	-	-	-	-	-
Piutang usaha/ Trade receivables	233.111.847	140.774.802	10.815.686	6.157.693	21.669.866	30.851.275	22.842.525	
Piutang lain-lain/ Others receivable	21.899.607	21.899.607	-	-	-	-	-	-
Piutang pihak berelasi/ Due from related parties	1.076.000	1.076.000	-	-	-	-	-	-
Aset keuangan tidak lancar lainnya/ Other noncurrent financial assets	682.813.651	682.813.651	-	-	-	-	-	-
Jumlah/ Total	1.975.278.212	1.882.941.167	10.815.686	6.157.693	21.669.866	30.851.275	22.842.525	

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan (lanjutan) **40. Policies and objectives of financial risk management (continued)**

a. Risiko kredit (lanjutan)

a. Credit risk (continued)

31 Desember/ December 2016								
		Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Telah jatuh tempo namun tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>				Telah jatuh tempo dan/atau mengalami penurunan nilai/ <i>Past due and/or impaired</i>	
	Jumlah/ <i>Total</i>		≤ 3 bulan/ <i>≤ 3 months</i>	3 – 6 bulan/ <i>3 – 6 months</i>	6 bulan – 1 tahun/ <i>6 months – 1 year</i>	> 1 tahun/ <i>> 1 year</i>		
<u>Pinjaman yang diberikan dan piutang/ Loans and receivables</u>								
Kas dan setara kas/ <i>Cash and cash equivalents</i>	1.189.458.923	1.189.458.923	-	-	-	-	-	
Deposito berjangka/ <i>Time deposits</i>	246.274.874	246.274.874	-	-	-	-	-	
Aset keuangan lancar lainnya/ <i>Other current financial assets</i>	143.773.560	143.773.560	-	-	-	-	-	
Piutang usaha/ <i>Trade receivables</i>	194.780.169	57.615.469	40.278.475	16.917.149	9.948.407	53.310.115	16.710.294	
Piutang lain-lain/ <i>Others receivable</i>	18.600.280	18.600.280	-	-	-	-	-	
Piutang pihak berelasi/ <i>Due from related parties</i>	2.691.000	2.691.000	-	-	-	-	-	
Aset keuangan tidak lancar lainnya/ <i>Other noncurrent financial assets</i>	654.374.472	654.374.472	-	-	-	-	-	
Jumlah/ Total	2.449.953.278	2.312.788.578	40.278.475	16.917.149	9.948.407	53.310.115	16.710.294	

b. Risiko mata uang asing

b. Foreign currency risk

Risiko nilai tukar adalah risiko usaha dalam nilai instrumen keuangan akibat berfluktuasinya perubahan nilai tukar.

Foreign exchange rate risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Grup dalam melakukan kegiatan usahanya sebagian besar mempergunakan mata uang Rupiah dalam hal transaksi penjualan, pembelian bahan baku dan beban usaha. Transaksi usaha dalam mata uang asing hanya dilakukan untuk hal-hal khusus, dan jika hal tersebut terjadi manajemen akan melakukan review berkala atas eksposur mata uang asing tersebut. Grup memiliki utang obligasi - surat utang senior dalam mata uang Dolar Amerika Serikat, untuk itu Grup memiliki kebijakan lindung nilai mata uang asing dengan melakukan lindung nilai atas utang obligasi (lihat catatan 7).

The Group's major transactions (i.e. sale, purchases and operating expenses) are mostly denominated in Indonesian currency. Transactions in foreign currency are only done for special purposes, and the management regularly reviews the foreign currency exposure. The Group has bonds payable - senior notes denominated in United States Dollars, therefore the Group has policy for hedging foreign currency to hedge the bonds payable (see note 7).

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

b. Risiko mata uang asing (lanjutan)

Pada tanggal 31 Desember 2017, jika nilai tukar Rupiah melemah/menguat sebesar 5% dengan semua variable konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal 31 Desember 2017 akan lebih rendah/tinggi sebesar Rp 236.577.563 ribu, terutama sebagai keuntungan/kerugian atas transaksi kas dan setara kas, deposito berjangka, utang obligasi dan biaya masih harus dibayar.

c. Risiko suku bunga

Risiko suku bunga adalah risiko dimana nilai wajar atau arus kas kontraktual masa datang dari suatu instrument keuangan akan terpengaruh akibat perubahan suku bunga pasar. Eksposur utama Grup yang terkait dengan risiko suku bunga adalah utang bank dan utang obligasi.

Untuk meminimalkan risiko suku bunga, Grup mengelola beban bunga melalui kombinasi utang dengan suku bunga tetap dan suku bunga variabel, dengan mengevaluasi kecenderungan suku bunga pasar. Manajemen juga melakukan penelaahan berbagai suku bunga yang ditawarkan oleh kreditur untuk mendapatkan suku bunga yang menguntungkan sebelum mengambil keputusan untuk melakukan perikatan utang.

Tabel berikut menunjukkan sensitivitas terhadap perubahan yang mungkin terjadi pada suku bunga utang untuk tahun yang berakhir 31 Desember 2017 dan 2016 dengan semua variable lainnya tetap konstan. Pendapatan Grup sebelum pajak dipengaruhi dampak atas suku bunga yang mengambang sebagai berikut :

Kenaikan/penurunan suku bunga/
Increase/decrease in interest rate

+ 0,5%
- 0,5%

Asumsi pergerakan dalam analisis sensitivitas suku bunga berdasarkan observasi historis terhadap lingkungan pasar. Tidak ada dampak lain pada ekuitas Grup selain yang sudah mempengaruhi laba sebelum pajak penghasilan.

40. Policies and objectives of financial risk management
(continued)

b. Foreign currency risk (continued)

On 31 December 2017, if the rupiah weakened/strengthened by 5% with all other variables constant, income before tax for the year ended 31 December 2017 would be lower/higher by Rp 236,577,563 thousand, mainly as gains/losses on transactions of cash and cash equivalents, time deposits, bonds payable and accrued expenses.

c. Interest rate risk

Interest rate risk is the risk that the fair value or contractual future cash flows of a financial instrument will be affected due to changes in market interest rates. The Group's exposure relates to the interest rate risk related primarily to bank loans and bonds payable.

To minimize interest rate risk, the Group manages interest cost through a mix of fixed-rate and variable-rate debts, by evaluating market rate trends. Management also conducts assessment among interest rates offered by creditors to obtain the most favorable interest rate before taking any decision to enter into a new loan agreement.

The following table illustrates the sensitivity to a reasonably possible change in interest rates on the debt for the year ended 31 December 2017 and 2016, with all other variables remain constant. The Group's income before taxes is affected impact on floating interest rates as follows :

Efek pada pendapatan sebelum pajak/
Effect on income before taxes

	31 Des./ Dec. 2017	31 Des./ Dec. 2016
	5.349.455	1.934.538
	(5.349.455)	(1.934.538)

Assumptions movements in interest rate sensitivity analysis are based on historical observations of the market environment. There is no other impact on the Group's equity other than those already affecting the income before income tax.

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain) (Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

d. Risiko likuiditas

Risiko likuiditas adalah risiko bahwa Grup akan menghadapi kesulitan dalam memenuhi liabilitas keuangan karena kurangnya dana.

Grup memantau likuiditasnya dengan memantau ketat jadwal pembayaran utang untuk liabilitas keuangan dan arus kas keluar untuk kegiatan sehari-hari, serta memastikan ketersediaan pendanaan melalui jumlah fasilitas kredit yang cukup, baik yang mengikat dan tidak mengikat.

Tabel di bawah ini menganalisa liabilitas keuangan Grup yang diselesaikan secara neto yang dikelompokkan berdasarkan periode yang tersisa sampai dengan tanggal jatuh tempo kontraktual. Jumlah yang diungkapkan dalam tabel merupakan arus kas kontraktual yang tidak didiskontokan:

40. Policies and objectives of financial risk management
(continued)

d. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group monitors its liquidity needs by closely monitoring schedule of debt servicing payments for financial liabilities and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through adequate amount of credit facilities, both committed and uncommitted.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

		31 Desember/ December 2017					
		<= 1 tahun/ =<= 1 year	1-2 tahun/ 1-2 years	2-5 tahun/ 2-5 years	> 5 tahun/ > 5 years	Jumlah/ Total	Nilai tercatat/ As reported
Liabilitas keuangan/ Financial liabilities							
Utang usaha/ Trade payables	201.249.084	-	-	-	-	201.249.084	201.249.084
Utang lain-lain/ Others payable	362.921.464	-	-	-	-	362.921.464	362.921.464
Beban masih harus dibayar/ Accrued expenses	163.055.026	-	-	-	-	163.055.026	163.055.026
Utang pihak berelasi/ Due to related parties	41.950.000	-	-	-	-	41.950.000	41.950.000
Utang bank jangka panjang/ Long term bank loans	434.622.386	362.363.232	426.131.703	-	1.223.117.321	1.223.117.321	1.223.117.321
Utang obligasi/ Bonds payable	-	-	6.503.040.000	-	6.503.040.000	6.405.680.614	6.405.680.614
Uang jaminan yang dapat dikembalikan/ Refundable deposit	26.658.005	593.278.341	584.859.730	6.546.183	1.211.342.259	1.211.342.259	1.211.342.259
Jumlah/ Total	1.230.455.965	955.641.573	7.514.031.433	6.546.183	9.706.675.154	9.609.315.768	
		31 Desember/ December 2016					
		<= 1 tahun/ =<= 1 year	1-2 tahun/ 1-2 years	2-5 tahun/ 2-5 years	> 5 tahun/ > 5 years	Jumlah/ Total	Nilai tercatat/ As reported
Liabilitas keuangan/ Financial liabilities							
Utang usaha/ Trade payables	347.618.256	-	-	-	-	347.618.256	347.618.256
Utang lain-lain/ Others payable	283.849.940	-	-	-	-	283.849.940	283.849.940
Beban masih harus dibayar/ Accrued expenses	160.107.108	-	-	-	-	160.107.108	160.107.108
Utang pihak berelasi/ Due to related parties	142.387.635	-	-	-	-	142.387.635	142.387.635
Utang bank jangka panjang/ Long term bank loans	322.587.574	441.147.202	748.123.032	-	1.511.857.808	1.511.857.808	1.511.857.808
Utang obligasi/ Bonds payable	-	-	6.449.280.000	-	6.449.280.000	6.321.930.900	6.321.930.900
Uang jaminan yang dapat dikembalikan/ Refundable deposit	-	702.088.828	601.444.102	914.993	1.304.447.923	1.304.447.923	1.304.447.923
Jumlah/ Total	1.256.550.513	1.143.236.030	7.798.847.134	914.993	10.199.548.670	10.072.199.570	

(Dinyatakan dalam ribuan Rupiah, kecuali dinyatakan lain)

(Expressed in thousands of Rupiah, unless otherwise stated)

40. Kebijakan dan tujuan manajemen risiko keuangan
(lanjutan)

Manajemen modal

Tujuan utama dari pengelolaan modal Grup adalah untuk memastikan bahwa rasio modal selalu dalam kondisi sehat agar dapat mendukung kinerja usaha dan memaksimalkan nilai dari pemegang saham. Grup mengelola struktur modalnya dan membuat penyesuaian-penyesuaian sehubungan dengan perubahan kondisi ekonomi dan karakteristik dari risiko usahanya. Agar dapat menjaga dan menyesuaikan struktur modalnya, Grup akan menyesuaikan jumlah utang, pembayaran dividen kepada para pemegang saham atau menerbitkan surat saham. Tidak ada perubahan dalam tujuan, kebijakan dan proses dan sama seperti penerapan tahun-tahun sebelumnya.

Secara periodik, Grup melakukan penilaian utang untuk menilai kemungkinan pembiayaan kembali utang yang ada dengan utang baru yang memiliki biaya yang lebih efisien sehingga mengoptimalkan biaya utang dan menggunakan hasil pinjaman untuk investasi yang lebih menguntungkan.

Manajemen juga memantau modal dengan menggunakan beberapa ukuran *leverage* keuangan seperti rasio pinjaman terhadap ekuitas. Tujuan Grup adalah berusaha untuk menjaga kepatuhan sebagaimana yang dipersyaratkan oleh pemberi pinjaman.

Rasio pinjaman berbunga terhadap ekuitas Grup per 31 Desember 2017 dan 2016 adalah sebagai berikut :

	31 Desember/ December		
	2017	2016	
Pinjaman berbunga	7.628.797.935	7.833.788.708	Interest bearing borrowings
Jumlah ekuitas	8.572.691.580	7.187.845.081	Total equity
Rasio pinjaman terhadap ekuitas	88,99%	108,98%	Debt to equity ratio

40. Policies and objectives of financial risk management
(continued)

Capital management

The main objective of the Group's capital management is to ensure that the capital ratio is always in a healthy condition in order to support business performance and maximize the shareholder value. The Group manages its capital structure and makes adjustments with respect to changes in economic conditions and the characteristics of their business risks. In order to maintain and adjust its capital structure, the Group may adjust the amount of debt, dividend payments to shareholders, or issue shares certificates. No changes have been made in the objectives, policies and processes as they have been applied in previous years.

Periodically, the Group conducts debt valuation to assess possibilities of refinancing existing debts with new ones which have more efficient cost that will lead to more optimized cost-of-debt and use of the proceeds for more profitable investment.

Management also conducts capital monitoring by using some measures of financial leverage such as debt to equity ratio. The purpose of Group is attempted to maintain the compliance as required by the lender.

The Group's debt-to-equity ratios as of 31 December 2017 and 2016 were as follows :

PT Alam Sutera Realty Tbk.
dan Entitas Anak
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

PT Alam Sutera Realty Tbk.
and Subsidiaries
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

41. Aset dan liabilitas dalam mata uang asing

41. Assets and liabilities denominated in foreign currencies

31 Desember/ December 2017			
	Mata uang asing/ Foreign currencies		Ekuivalen/ Equivalent Rupiah
	USD	SGD	
Aset			Assets
Kas dan setara kas	7.820.856	138.627	107.361.740
Liabilitas			Liabilities
Bunga masih harus dibayar	(8.437.871)	-	(114.316.274)
Utang obligasi	(472.079.911)	-	(6.405.680.614)
Jumlah liabilitas	(480.517.782)	-	(6.519.996.888)
Jumlah aset/(liabilitas) - bersih	(472.696.926)	138.627	(6.412.635.148)
31 Desember/ December 2016			
	Mata uang asing/ Foreign currencies		Ekuivalen/ Equivalent Rupiah
	USD	SGD	
Aset			Assets
Kas dan setara kas	3.185.945	257.464	45.200.510
Liabilitas			Liabilities
Bunga masih harus dibayar	(8.556.182)	-	(114.960.861)
Utang obligasi	(469.543.254)	-	(6.321.930.900)
Jumlah liabilitas	(478.099.436)	-	(6.436.891.761)
Jumlah aset/(liabilitas) - bersih	(474.913.491)	257.464	(6.391.691.251)

Kurs yang berlaku pada tanggal-tanggal tersebut
adalah sebagai berikut :

The exchange rates prevailing at that date of are as
follows :

	31 Desember/ December		
	2017	2016	
1 USD	Rp 13.548	Rp 13.436	USD 1
1 SGD	Rp 10.134	Rp 9.299	SGD 1

**PT Alam Sutera Realty Tbk.
dan Entitas Anak**
Catatan atas Laporan Keuangan Konsolidasian
(lanjutan)
Per tanggal dan untuk tahun-tahun yang berakhir
pada tanggal 31 Desember 2017 dan 2016

**PT Alam Sutera Realty Tbk.
and Subsidiaries**
Notes to the Consolidated Financial Statements
(continued)
As of and for the years ended
31 December 2017 and 2016

42. Pengungkapan tambahan laporan kas	42. Supplementary disclosure for consolidated of cash flows
Catatan/ Note	31 Desember/ December 2017 2016
Transaksi yang tidak mempengaruhi kas dan setara kas :	Transactions which not affecting to cash and cash equivalent :
Pemindahbukuan uang muka pembelian tanah ke akun tanah untuk dikembangkan	Transferred from advance on land purchased to land for development
Pemindahbukuan uang muka pembelian tanah ke persediaan	Transferred from advance on land purchased to inventories
Pemindahbukuan dari tanah untuk dikembangkan ke persediaan	Transferred from land for development to inventories
Pemindahbukuan dari persediaan ke properti investasi 14	Transferred from inventories to investment properties
Kapitalisasi beban bunga pinjaman ke akun persediaan 10	Capitalization of interest into inventories
Kapitalisasi beban bunga pinjaman ke akun tanah untuk dikembangkan 12	Capitalization of interest into land for development
Kapitalisasi beban bunga pinjaman ke aset tetap - bangunan dalam penyelesaian 15	Capitalization of interest into fixed assets - building in progress
43. Kejadian penting setelah periode pelaporan	43. Subsequent events after reporting period
a. Berdasarkan surat pemberitahuan perubahan tingkat bunga berikut :	a. Based on the notice of interest rate changes as follows :
- Surat dari PT Bank KEB Hana Indonesia tanggal 6 Februari 2018, suku bunga pinjaman investasi diubah dari 12% menjadi 11,75% per tahun, berlaku efektif sejak Februari 2018.	- Letter from PT Bank KEB Hana Indonesia dated 6 February 2018, the interest rate on investment loan changed from 12% to 11.75% per annum, effective since February 2018.
- Surat dari PT Bank MNC Internasional Tbk tanggal 31 Januari 2018, suku bunga pinjaman transaksi khusus telah diubah dari 11,75% menjadi 11% per tahun dan suku bunga pinjaman tetap diubah dari 11,50% menjadi 11% per tahun, berlaku efektif sejak 1 Februari 2018.	- Letter from PT Bank MNC International Tbk dated 31 January 2018, the special transaction loan rate changed from 11.75% to 11% per annum and the fixed loan interest rate changed from 11.50% to 11% per annum, effective since 1 February 2018.
- Surat dari PT Bank ICBC Indonesia tanggal 6 Februari 2018, suku bunga pinjaman diubah dari 11,50% menjadi 9,50% per tahun, berlaku efektif sejak 6 Februari 2018.	- Letter from PT Bank ICBC Indonesia dated 6 February 2018, the loan interest rate changed from 11.50% to 9.50% per annum, effective since 6 February 2018.
b. Sampai dengan tanggal penerbitan laporan keuangan konsolidasian, tidak ada kejadian penting lain setelah tanggal laporan posisi keuangan konsolidasian yang mempengaruhi laporan keuangan konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2017.	b. Up to the date of issuance of the consolidated financial statements, there is no other significant event after the consolidated financial position date which might affect the consolidated financial statements for the year ended 31 December 2017.

PROPERTY VALUATION SUMMARY REPORT

KANTOR JASA PENILAI PUBLIK
WILLSON DAN REKAN
Izin No.2.09.0049
Jasa Penilaian Properti
Wilayah Kerja Negara Republik Indonesia
Report No.00005/2.0049-00/PI/03/0321/1/I/2019



11 January 2019

To:
Bapak Tony Rudiyanto – GM of Corporate Finance & Investor Relation

PT Alam Sutera Realty, Tbk
Synergy Building Lt.19
Jalur Sutera Barat 17, Alam Sutera
Tangerang 15143
Indonesia

Phone : +62 21 30438888
Fax : +62 21 30438877

RE: SUMMARY OF VALUATION OF REAL PROPERTY BELONGING TO
- PT ALAM SUTERA REALTY TBK
- PT ALFA GOLDLAND REALTY
- PT TANGERANG MATRA REAL ESTATE
- PT DUTA REALTINDO JAYA
- PT DELTA MANUNGGAL RAHARJA
- PT DELTA MEGA PERSADA

Instructions

Pursuant to the Valuation Proposal No.295/W&R-Proposal/XII/2018, PT Alam Sutera Realty, Tbk (the "Company"), which is a real estate developer company listed in the Indonesian Stock Exchange, has instructed KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") to provide an independent valuation of real properties belonging to the Company and its five subsidiary companies which are PT Alfa Goldland Realty, PT Tangerang Matra Real Estate, PT Duta Realtindo Jaya, PT Delta Manunggal Raharja, and PT Delta Mega Persada.

The Valuer confirms herewith that inspections and valuations of the Object of Valuations have been conducted.

Purpose of Valuation

The Company requires this valuation for the review of company bond obligation purposes.

Valuation Cut-Off Date

The valuation cut-off date is 31 October 2018.

Property Type and Asset Category

According to the Company, the Object of Valuations are non-operating assets of the Company and its subsidiary that comprise partly real-estate stocks for sale and land banks for future development.

The Object of Valuations are considered as common types of property that are commonly bought and sold in the open market.

Head office:
Chase Plaza 17th Floor, Jl. Jend. Sudirman Kav. 21, Jakarta 12920, Indonesia
T +62 (21) 570 7170 F +62 (21) 570 7177

KnightFrank.co.id

KJPP Willson dan Rekan is associated with Knight Frank, a limited liability partnership from London – United Kingdom. This association has been approved by the Ministry of Finance of Indonesia with Letter No.S-413/MK.1/2009.

1



Basis of Valuation

This valuation has been made with reference to the Bapepam-LK Regulation No.VIII.C.4 and the Indonesian Valuation Standards (Standar Penilaian Indonesia) Edition VI – 2015.

The basis of this valuation is Market Value, which is defined as "the estimated amount for which an Object of Valuation should exchange on the Valuation Cut-Off Date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Approach of Valuation

The valuation has adopted Market Data Approach and Income Approach using Land Development Residual Method.

Reliance on This Report

This report is a summary of the valuation that has been conducted by the Valuer, which is only for the review of company bond obligation purpose.

The Valuer is preparing long-form valuation reports for each Object of Valuation, which is narrated in Indonesian language as imposed by the Decree No.125/PMK.01/2008 issued by the Ministry of Finance of the Republic of Indonesia.

This summary report does not contain all the necessary data and support information, which are included in the long-form valuation reports. The Valuer advises the reader of this summary report to make reference to the full valuation report for a better description of the subject property's condition as at the date of inspection and to understand the complexity of the valuation methods, assumptions, comments, limiting conditions, and various valuation variables that have been adopted.

Data Source

The valuation has been derived using market information as at the Valuation Cut-Off Date, and relevant information and facts of the Object of Valuations as provided by the Company. The Valuer has endeavored to assure the accuracy of the provided information and has assumed that the information is accurate and therefore it serves as a valid basis for the valuation.

Qualification of the Valuer

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan is a valuation service company which holds Izin Usaha Number 2.09.0049 dated 19th June 2009 from the Finance Minister's decision of the Republic of Indonesia Number 610/KM.1/2009. Partners of KJPP Willson dan Rekan holds proper licenses from the Ministry of Finance of the Republic of Indonesia and the Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK).

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant company that is headquartered in London – England. Knight Frank has a network 519 offices in 59 countries around the world.

Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the *Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing* (BUJPA) No. 413/MK.1/2009 dated 21st July 2009.

Object of Valuation

1. PT ALAM SUTERA REALTY, TBK

• **Land Banks.**

Location	: Alam Sutera Township, Sub District of Kunciran, District of Pinang, Regency of Tangerang, Province of Banten, Indonesia.
Total Area	: 236,382 square meters.
Land Document	: - Right to Build (Hak Guna Bangunan / HGB) title: 308,156 square meters. - Land Right Relinquishment Letter (Surat Pelepasan Hak atas Tanah / SPH): 29,525 square meters.
Market Value	: Rp.4,241,615,000,000.

2. PT ALFA GOLDLAND REALTY

• **Land Banks.**

Location	: Alam Sutera Township, Sub Districts of Pondok Jagung, Pondok Jagung Timur, Pakulonan, Panunggangan, Panunggangan Timur and Pakualam, District of Serpong Utara and Pinang, Regency of Tangerang and Tangerang Selatan, Province of Banten, Indonesia.
Total Area	: 979,666 square meters.
Land Document	: - Right to Build (Hak Guna Bangunan / HGB) title: 944,913 square meters. - Land Right Relinquishment Letter (Surat Pelepasan Hak atas Tanah / SPH): 47,307 square meters.
Market Value	: Rp.14,150,540,000,000.

3. PT TANGERANG MATRA REAL ESTATE

• **Land Banks.**

Location	: Sub Districts of Cipete, Pakojan, Neroktog, Kunciran Jaya, Panunggangan Utara, Panunggangan Timur, Kenanga, Cikokol, Cipondoh and District of Pinang, Tangerang, Cipondoh, Regency of Tangerang, Province of Banten, Indonesia.
Land Document	: Right to Build (Hak Guna Bangunan / HGB), Freehold (Hak Milik/HM) and Land Right Relinquishment Letter (Surat Pelepasan Hak atas Tanah / SPH).
Total Area	: 2,715,420 square meters.
Market Value	: Rp.6,950,712,000,000.

4. PT DUTA REALTINDO JAYA

- Land Banks for Residential Use

Location	: Villages of Pasir Gadung, Sukaharja, and Talagasari, District of Cikupa, Regency of Tangerang, Province of Banten, Indonesia.
Total Area	: 523.357 square meters.
Land Document	: Land Right Relinquishment Letter (Surat Pelepasan Hak atas Tanah / SPH) with total land area of 670,891 square meters.
Market Value	: Rp.466,337,000,000.

5. PT DELTA MANUNGGA RAHARJA

- Land Banks for Residential Use

Location	: Villages of Pasir Gadung, Sukaharja, Talaga, Talagasari, and Wanakerta, District of Sindang Jaya and Cikupa, Regency of Tangerang, Province of Banten, Indonesia.
Total Area	: 1,499,789 square meters.
Land Document	: Right to Build (Hak Guna Bangunan / HGB) title and Land Right Relinquishment Letter (Surat Pelepasan Hak atas Tanah / SPH) with total land area of 1,902,110 square meters.
Market Value	: Rp.1,100,544,000,000.

6. PT DELTA MEGA PERSADA

- Land Banks for Residential Use

Location	: Villages of Sindang Asih, Sindang Jaya, Sindang Panon, Sindang Sono, Wanakerta and Cibadak, District of Cikupa, Sindang Jaya and Pasar Kemis, Regency of Tangerang, Province of Banten, Indonesia.
Total Area	: 14,126,686 square meters.
Land Document	: Right to Build (Hak Guna Bangunan / HGB) title and Land Right Relinquishment Letter (Surat Pelepasan Hak atas Tanah / SPH) with total land area of 15,458,265 square meters.
Market Value	: Rp.8,799,789,000,000.

Report No.00005/2.0049-00/PI/03/0321/1/II/2019

Summary of Valuation

After inspection of the Object of Valuations, collecting relevant internal and external data, conducting analysis, comparison and adjustment of all relevant factors that affect value, adopting the appropriate valuation approach as stated above which follows the common valuation procedure, and subject to the limiting conditions, disclaimers and comments as contained in the long-form valuation reports, the summary of our valuation results as at the cut-off date mentioned above are as follows:

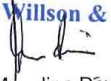
Company Name	Total Market Value of the Assets
PT Alam Sutera Realty Tbk	Rp.4,241,615,000,000.
PT Alfa Goldland Realty	Rp.14,150,540,000,000.
PT Tangerang Matra Real Estate	Rp.6,950,712,000,000.
PT Duta Realtindo Jaya	Rp.466,337,000,000.
PT Delta Manunggal Raharja	Rp.1,100,544,000,000.
PT Delta Mega Persada	Rp.8,799,789,000,000.

Valuation Assumptions and Limiting Conditions

- (i) This summary report is strictly for purpose as stated above.
- (ii) This valuation does not taken into account the partial interest of ownerships in the Company or in the affiliated companies;
- (iii) the Object of Valuations are free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (iv) the Object of Valuations are held under proper and valid ownership documents and that they can be sold or transferred to third parties;
- (v) that all information relating to the Object of Valuations as provided by the Company to the Valuer is correct and accurate;
- (vi) the Valuer makes no allowances for any charges, mortgages, loans, expenses or taxation which may be incurred in acquiring or disposing the Object of Valuations;
- (vii) the Object of Valuations can be sold in the open market without the benefit of a deferred contract, leaseback, joint venture, management agreement that could serve to increase the values; and
- (viii) this valuation is subject to other disclaimer, limiting conditions and other assumptions to be presented in the full valuation reports.

The Valuer confirms having no present or prospective interest laid upon neither the Object of Valuations nor the reported values. The Valuer asserts that the statement in this report, which forms the basis of analysis, opinion and conclusion of this valuation, is correct and accurate..

KJPP Willson dan Rekan
In association with Knight Frank
KJPP Willson & Rekan


Mosalina Dewi
ST, MM. MAPPI (Cert).
Partner

Public Valuer License No : P-1.11.00321(Property Valuation)
OJK Registration No.01/PM.22/STTD-P/A/2014 (Property Valuation)
Member of Indonesian Society of Appraiser (MAPPI) No : 00-S-01272

This page has been intentionally left blank.

Registered Office of the Issuer

1 Raffles Place
#28-02 One Raffles Place
Singapore 048616

**Trustee and
Paying Agent**

**The Bank of
New York Mellon,
London Branch**
One Canada Square
London E14 5AL
United Kingdom

**Pari Passu
Collateral Agent and
Notes Collateral Agent**

**The Bank of
New York Mellon**
240 Greenwich Street
New York, NY 10286
USA

**Registrar and
Transfer Agent**

**The Bank of
New York Mellon
SA/NV, Luxembourg Branch**
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453
Luxembourg

**Registered Office of
the Company**

PT Alam Sutera Realty Tbk.
Wisma Argo Manunggal
18th Floor, Jl. Jend.
Gatot Subroto Kav. 22
Jakarta 12930
Indonesia

**Legal Advisers To the
Company**

as to U.S. law

as to Singapore law

as to Indonesian law

Milbank LLP
12 Marina Boulevard
#36-03 MBFC Tower 3
Singapore 018982

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

**Melli Darsa & Co.,
Advocates and
Legal Consultants
(a member firm of
PwC Global Network)**
WTC 3 33rd – 43rd Floor
Jl. Jend Sudirman Kav 29-31
Jakarta 12920
Indonesia

Legal Advisers To the Lead Manager

as to U.S. law

as to Indonesian

Shearman & Sterling
12th Floor Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Assegaf Hamzah & Partners
Capital Place, Level 36 & 37
Jalan Jendral Gatot Subroto Kav. 18,
Jakarta 12710,
Indonesia

Legal Adviser To the Trustee

Clifford Chance
28/F Jardine House
One Connaught Place
Central
Hong Kong

Independent Public Accountants

Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan
(an independent member of PKF International)
UOB Plaza 30th & 42nd Floor
Jl. MH Thamrin Lot 8-10
Jakarta Pusat 10230
Indonesia