

MERGER PLAN BETWEEN
PT CIPUTRA SURYA TBK AND/OR PT CIPUTRA PROPERTY TBK
INTO PT CIPUTRA DEVELOPMENT TBK



PT CIPUTRA DEVELOPMENT TBK

Fields of Business:

Operating in the Fields of Construction and Development,
Investment, Service, Industry and Trade
Domiciled in South Jakarta

Head Office:

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PT CIPUTRA SURYA TBK

Fields of Business:

Operating in the Fields of
Construction, Services,
Industry and General Trading
Domiciled in Surabaya

Head Office:

Office Park #1

PT CIPUTRA PROPERTY TBK

Fields of Business:

Operating in the Fields of
Construction, Investment,
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Domiciled in South Jakarta

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The Board of Directors and the Board of Commissioners of the Merging Parties (as defined herein), either individually or jointly, are fully responsible for the correctness of all information or material facts contained in the Merger Plan and assert that upon sufficient inquiries, to the best knowledge of the Merging Parties, no such relevant information or material fact is withheld that may lead the information or material facts disclosed herein incorrect and/or misleading.

This Merger Plan is prepared jointly by the Board of Directors of the Merging Parties after the Merger Plan prepared by each Merging Parties has obtained approval from the Board of Commissioners of the respective Merging Parties.

This Merger Plan has obtained approval from the Board of Commissioners of the respective Merging Parties, but has not obtained an Effective Statement from the OJK and has not obtained approval from the EGM (as defined below) of the respective Merging Parties. All EGMs of the Merging Parties

will be held on 2 December 2016. The Merger shall take place when the EGM of all Merging Parties approves the Merger plan. In the event that any EGM of either CTRS or CTRP does not approve the Merger plan, then, in consideration of obtaining approval from CTRA EGM for the Merger plan, the Merger plan as contained in this Merger Plan shall be executed in any way between CTRA and either CTRS or CTRP. However, in case of failure to obtain approval from CTRA EGM or the EGM of all Merging Parties, then the Merger Plan may be re-submitted to the OJK 12 (twelve) months after the date of such EGM.

The Merger Plan as contained herein is entered into by taking into account the interests of each Merging Parties, the public and fair business competition as well as taking into account the fulfillment of rights of the shareholders, public and employees.

In the Merger, the shareholders of the Merging Companies shall become the shareholders of the Surviving Company on the effective date of Merger. However, considering that the Merging Parties constitute companies whose shares are enlisted in the Indonesian Stock Exchange and in terms of merger there will be no trading suspension to the shares of the Merging Parties, then the shareholders disagreeable with the Merger may sell all or any part of their shares either in the Indonesian Stock Market or over the counter.

If you find it difficult to understand the information contained in this Merger Plan or to hesitate in making a decision, you should consult your broker dealer, investment manager, legal advisor, public accountant or other professional consultants.

THIS MERGER PLAN IS ISSUED ON 24 OCTOBER 2016

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(b) CTRS:

- CTRS's Consolidated Financial Statements as per 30 June 2016 and for the semi-annual period ended on such date and as per 31 December 2015 and for the year ended on such date
- CTRS's Consolidated Financial Statements as per 31 December 2014 and 2013 and for the year ended on such dates

(c) CTRP:

- CTRP's Consolidated Financial Statements as per 30 June 2016 and for the semi-annual period ended on such date and as per 31 December 2015 and for the year ended on such date
- CTRP's Consolidated Financial Statements as per 31 December 2014 and 2013 and for the year ended on such dates

Schedule B Fairness Valuation Report of Shares of the
Merging Parties

(a) CTRA

Fairness Opinion Report No.
RHR00R1P10160188 dated 24 October
2016

(b) CTRS

Report No. 161024.001/SRR/LP-
F/CTRS/OR dated 24 October 2016

(c) CTRP

Fairness Opinion Report No. APP-
B/KJPP-MPR/2016/X/24/001 dated 24
October 2016

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DEFINITIONS

Bapepam-LK	:	<i>Badan Pengawas Pasar Modal dan Lembaga Keuangan (Capital Market and Financial Institution Supervisory Agency), as defined in Decree of the Minister of Finance of the</i>
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		Republic of Indonesia No. 184/KMK.01/2010 dated 11 October 2010 concerning the Organization of and Work Procedures for the Ministry of Finance.
CTRA	:	means PT Ciputra Development Tbk, a limited liability company incorporated according to and under the legislation prevailing in the Republic of Indonesia and domiciled in Jakarta Selatan.
CTRP	:	means PT Ciputra Property Tbk, a limited liability company incorporated according to and under the legislation prevailing in the Republic of Indonesia and domiciled in Jakarta Selatan.
CTRS	:	PT Ciputra Surya Tbk, a limited liability company incorporated according to and under the legislation prevailing in the Republic of Indonesia and domiciled in Surabaya.
KSEI	:	PT Kustodian Sentral Efek Indonesia, a limited liability company incorporated according to and under the legislation prevailing in the Republic of Indonesia.
MOLHR	:	Ministry of Law and Human Rights of the

		Republic of Indonesia
OJK	:	<i>Otoritas Jasa Keuangan</i> (Indonesia Financial Services Authority), an independent institution having the regulative, supervisory, auditing and investigative functions, duties and authorities as stipulated in Law No. 21 of 2011 concerning Financial Services Authority (" OJK Law "), of which duties and powers shall include the regulation and supervision of financial service activities in banking, capital market, insurance, pension funds, financing institutions and other financial institutions sectors. Since 31 December 2012, the functions, duties and authorities of regulation and supervision of financial service activities in capital market sector has been transferred from Bapepam-LK to OJK, or its successors and assigns, in accordance with Article 55 of the OJK Law.
Merger	:	a merger among Merging Companies into CTRA, to act as the Surviving Company, to be executed in compliance with the provisions of legislation applicable in the Republic of

		Indonesia, including Company Law, CML, Bapepam-LK Regulation No. IX.G.1, IDX Regulations and GR No. 57/2010 together with all implementing regulations thereto.
Regulation No. IX.E.1	:	Bapepam-LK Regulation No. IX.E.1, attached to Decree of Bapepam Chairman No. Kep-412/BL/2009, dated 25 November 2009, concerning Affiliated Transactions and Certain Conflicting Transactions.
Regulation No. IX.G.1	:	Bapepam-LK Regulation No. IX.G.1, attached to Decree of Bapepam Chairman No. Kep-52/PM/1997, dated 26 December 2007, concerning Merger or Amalgamation of Public Companies or Issuers.
Regulation No. I-G	:	IDX Enlisting Regulation No. I-G concerning Merger or Amalgamation.
Surviving Company	:	the limited liability company to survive as the receiving company of the Merger of Merging Companies on the effective date of Merger, which in this case shall be CTRA.
Merging Companies	:	CTRS and/or CTRP which will merge into CTRA, to dissolve by law on the effective date of Merger.

DGTR 28/2008	No.	:	DGT Regulation No. PER-28/PJ/2008 dated 19 June 2008 concerning the Requirements of and Procedures for Permitting the Use of Book Value over Transfer of Assets in terms of Merger, Amalgamation or Expansion.
DKI GR 103/2011	No.	:	Regulation of the Governor of DKI Jakarta No. 103 of 2011 concerning Provision of Reduction, Relief and Exemption of Title Transfer Fee over Land and Buildings.
Merging Parties		:	a. CTRA, CTRS and CTRP jointly; or b. CTRA and CTRS, jointly; or c. CTRA and CTRP, jointly, as the case may be, depending on the obtained approval from EGM of each CTRA, CTRS and CTRP.
RMF 43/2008	No.	:	Regulation of the Minister of Finance No. 43/PMK.03/2008 dated 13 March 2008 concerning the Use of Book Value over Transfer of Assets in terms of Merger, Amalgamation or Expansion.
OJKR 32/2014	No.	:	OJK Regulation No. 32/POJK.04/2014 dated 8 December 2014 concerning the Planning and

		Convening a General Meeting of Shareholders for Public Companies.
GR 27/1998	No. :	Government Regulation No. 27 of 1998 concerning Merger, Amalgamation and Acquisition of a Limited Liability Company.
GR 34/2010	No. :	Government Regulation No. 34 of 2016 concerning Income Tax on Income from the Transfer of Title over Land and/or Buildings, and the Sale and Purchase Agreement over Land and/or Buildings and the amendments thereto.
GR 57/2010	No. :	Government Regulation No. 57 of 2010 concerning Merger or Amalgamation of Business Entities and Acquisition of Company Shares that may Incur Monopolistic Practice and Unfair Business Competition.
EGM	:	an Extraordinary General Meeting of Shareholders held by each Merging Parties, <i>inter alia</i> , to approve the Merger plan to take place on 2 December 2016 or other later dates.
DGTC 29/2015	No. :	DGT Circular Letter No. SE-29/PJ/2015 dated 13 April 2015 concerning Implementation Guidelines for Regulation of the Minister of

		Finance No. 43/PMK.03/2008 concerning the Use of Book Value over Transfer of Assets in terms of Merger, Amalgamation or Expansion.
Antitrust Law	:	Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition.
GPTL	:	Law No. 28 of 2007 concerning The Third Amendment to Law No. 6 of 1983 concerning General Provisions of and Procedures for Taxation.
CML	:	Law No. 8 of 1995 concerning Capital Market.
ITL	:	Law No. 36 of 2008 concerning The Fourth Amendment to Law No. 7 of 1983 concerning Income Tax.
VAT Law	:	Law No. 42 of 2009 concerning The Third Amendment to Law No. 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods.
RTL Law	:	Law No. 28 of 2009 concerning Regional Taxes and Levies.
Company Law	:	Law No. 40 of 2007 concerning Limited Liability Company.

Law 13/2003	No.	:	Law No. 13 of 2003 concerning Employment.
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I. INTRODUCTION

CTRA, CTRS and CTRP intend to merge whereby CTRS and CTRP will be merged into CTRA and CTRA will act as the Surviving Company. In the event that any EGM of either Merging Companies does not approve the Merger plan and in consideration of obtaining approval from the CTRA EGM for the Merger plan, then the plan as contained in this Merger Plan shall be executed in any way between CTRA and either Merging Companies. However, in case of failure to obtain approval from CTRA EGM or the EGM of all Merging Companies, then Merger shall not be executed.

In respect of Merger, generally the principal business activities of CTRA shall remain the same as set forth in its Articles of Association having been conducted by CTRA on the date of this Merger Plan.

The Merger constitutes an Affiliated Transaction as referred to in Regulation No. IX.E.1. due to (i) ownership relation, and (ii) managerial relation among the Merging Parties as follows:

Ownership Relation		
CTRA	CTRS	CTRP
CTRA owns CTRS by shareholding of	Owned by CTRA as much as 62.66% of	Owned by CTRA as much as 56.30% of

62.66% of all shares issued and paid-up in CTRS.	all shares issued and paid-up in CTRS.	all shares issued and paid-up in CTRP.
CTRA owns CTRP by shareholding of 56.30% of all shares issued and paid-up in CTRP.		

Managerial Relation			
Name	CTRA	CTRS	CTRP
DR. Ir. Ciputra	President Commissioner	Chairman Emeritus	Chairman Emeritus
Dian Sumeler	Commissioner	-	Commissioner
Kodradi	Independent Commissioner	-	-
Candra Ciputra	President Director	President Commissioner	President Director
Rina Ciputra Sastrawinata	Director	Director	-
Junita Ciputra	Director	-	-

Tanan Herwandi Antonius	Director	-	-
Drs. Tulus Santoso	Independent Director / Corporate Secretary	-	-
Sandra Henharto	-	Commissioner	-
Henk Wangitan	-	Independent Commissioner	-
Harun Hajadi	-	President Director	Director
Cakra Ciputra	-	Director	President Commissioner
Nanik Joeliawati Santoso	-	Director / Corporate Secretary	-
Ir. Sutoto Yakobus	-	Director	-
Edy Mulyono	-	Independent Director	-
Thomas Bambang	-	-	Independent

			Commissioner
Ir. Artadinata Jangkar	-	-	Director / Corporate Secretary
Bing Sugiarto Chandra	-	-	Director
Gina Tjie	-	-	Director
Sugwanto Tanto	-	-	Independent Director

With respect to the Merger plan, the Board of Directors of the Merging Parties hereby submit this Merger Plan in the purpose of providing information to the shareholders from each Merging Parties and other related parties on the proposal to implement the Merger. Information to the shareholders as referred to above shall be provided in order to obtain approval from the EGM of each Merging Parties.

II. MERGER

1. Information on Merger

The Merging Parties has a plan to enter into Merger whereby the Merging Companies will merge into CTRA which shall be the Surviving Company.

The Merger will be conducted by Pooling of Interest method in accordance with the Generally Accepted Accounting Principles and in accordance with prevailing regulations in Indonesia, including in the fields of Taxation and Capital Market. The Merger will be done by using the Consolidated Financial Statements of each Merging Parties as per 30 June 2016. The Consolidated Financial Statements of each Merging Parties have been audited by public accounting firm as follows:

1. CTRA's Consolidated Financial Statements as per 30 June 2016 and for the semi-annual period ended on such date and as per 31 December 2015 and for the year ended on such date, which have been audited by Purwantono, Sungkoro & Surja Public Accounting Firm, an independent public accountant appointed by CTRA, based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants as seen in the respective report dated 19 October 2016 with an unqualified opinion.

CTRA's Consolidated Financial Statements as per 31 December 2014 and 2013 and for the year ended on such dates, which have been audited by Purwantono, Sungkoro & Surja Public Accounting Firm, an independent public accountant appointed by CTRA, based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants as seen in the respective report dated 23 March 2015 and 24 March 2014 with an unqualified opinion.

2. CTRS' Consolidated Financial Statements as per 30 June 2016 and for the semi-annual period ended on such date and as per 31 December 2015 and for the year ended on such date, which have been audited by Purwantono, Sungkoro & Surja Public Accounting Firm, an independent public accountant appointed by CTRS, based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants as seen in the respective report dated 19 October 2016 with an unqualified opinion.

CTRS' Consolidated Financial Statements as per 31 December 2014 and 2013 and for the year ended on such dates, which have been audited by Purwantono, Sungkoro & Surja Public Accounting Firm, an independent public accountant appointed by CTRS, based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants

as seen in the respective report dated 23 March 2015 and 24 March 2014 with an unqualified opinion.

3. CTRP's Consolidated Financial Statements as per 30 June 2016 and for the semi-annual period ended on such date and as per 31 December 2015 and for the year ended on such date, which have been audited by Purwantono, Sungkoro & Surja Public Accounting Firm, an independent public accountant appointed by CTRP, based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants as seen in the respective report dated 21 October 2016 with an unqualified opinion.

CTRP's Consolidated Financial Statements as per 31 December 2014 and 2013 and for the year ended on such dates, which have been audited by Purwantono, Sungkoro & Surja Public Accounting Firm, an independent public accountant appointed by CTRP, based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants as seen in the respective report dated 23 March 2015 and 24 March 2014 with an unqualified opinion.

In accordance with Article 122 of the Company Law, as a result of Merger, the Merging Companies will cease to operate without prior liquidation and all assets and liabilities of the Merging Companies shall be transferred, by law, to CTRA acting as the Surviving

Company, unless otherwise provided by prevailing laws and except for the following matters:

1. CTRS indebtedness to PT Bank ICBC Indonesia ("**Bank ICBC Indonesia**") shall be assigned to PT Ciputra Nusantara, after EGM approval of the Merger but prior the Merger become effective. Such CTRS indebtedness to Bank ICBC Indonesia occurred pursuant to Deed of Facility Agreement No. 102, dated 20 March 2015, as amended from time to time and lastly amended by Deed of Amendment to Deed of Facility Agreement, No. 15 dated 2 June 2016, both entered into and signed by and between CTRS and Bank ICBC Indonesia;
2. CTRS indebtedness to PT Bank Mandiri (Persero) Tbk ("**Bank Mandiri**") shall be assigned to PT Ciputra Nusantara, after EGM approval of the Merger but prior the Merger become effective. Such CTRS indebtedness to Bank Mandiri occurred pursuant to Deed of Revolving Working Capital Facility No. CRO.KP/086/KMK/2015, No. 26 dated 20 May 2015, as amended by Addendum I dated 18 May 2016, both entered into and signed by and between CTRS and Bank Mandiri;
3. Cooperation in respect of The Taman Dayu Project, conducted pursuant to Deed of Cooperation Agreement No. 126 dated 22 December 2004, made before Aulia

Taufani, S.H., Notary in Jakarta, entered into by and between CTRS and PT Taman Dayu, in connection with the construction and sales in Taman Dayu Project, of which rights and obligations of CTRS under such agreement shall be assigned to PT Ciputra Kirana Dewata after EGM approval of the Merger but prior the Merger become effective; and

4. Cooperation in respect of Centrepoint of Indonesia Makassar Reclamation Project, conducted pursuant to Deed of Cooperation Agreement No. 28 dated 24 June 2014, made before Recky Francky Limpele, S.H., Notary in Jakarta Pusat, entered into by and between CTRS and PT Yasmin Bumi Asri, in connection with the construction and sales in Centrepoint of Indonesia Makassar Reclamation Project, of which rights and obligations of CTRS under such agreement shall be assigned to PT Ciputra Nusantara after EGM approval of the Merger but prior the Merger become effective.

The Merger as referred to in this Merger Plan shall also be done by entering into an amendment to CTRA's Articles of Association with respect to, *inter alia*, change in the capital structure of CTRA by increasing the authorized capital, issued capital and paid-up capital due to issuance of new shares by CTRA to the shareholders of CTRS and CTRP deriving from conversion of their shares into CTRA shares as the Surviving

Company. According to Article 23 paragraph (1) of the Company Law, the aforementioned amendment shall constitute an amendment to the Articles of Association that requires approval of the MOLHR, thus, the Merger shall be effective as of the issuance date of approval on the amendment to CTRA's Articles of Association by MOLHR.

With respect to Merger, the Board of Directors of the Merging Parties has been exploring the feasibility of Merger and conducting review of, *inter alia*, on:

1. The state of the business and the development of business profits of each Merging Parties with due regard to the financial statements of each Merging Parties for the fiscal year ended on 30 June 2016;
2. The analysis reports of independent parties on the fairness of the proposed Merger of the Merging Companies into the Surviving Company, including the fairness of the value of shares and fixed assets of the Merging Parties and legal aspects of Merger;
3. Method of and procedures for the conversion of shares to be used, supported by the reports of independent parties;
4. Method of settlement of liabilities of the Merging Parties with third parties;
5. Method of settlement of Merging Parties' employee status;

6. Method of settlement of the rights of the shareholders disagreeable with the Merger; and
7. Analysis of the management on the condition of the Surviving Company.

Based on the review outcome of the aspects mentioned above in conducting Merger Exploration, each Board of Directors of the Merging Parties has prepared a Merger Plan and then jointly prepared this Merger Plan.

2. Background, Objective and Risks of Merger

Background of the Merger

- **Create one of the largest diversified integrated property companies in Indonesia and streamline CTRA's organizational structure and operations.**

The merger will support the strategies to streamline the Group's structure, removing the duplicated "listed developer" and "listed asset owner" platforms the Group currently has. The Surviving Company will benefit from a simplified corporate structure which will lead to increased operational and financial flexibility to pursue growth opportunities in Indonesia. Reduced organizational complexity also provides a sharper focus for the Surviving Company's operations, increasing competitiveness and bringing about operational synergies to the operations of the Surviving Company.

The Merger will also reinforce the Surviving Company's position as one of the top-tier real estate players in Indonesia with both property development and asset management capabilities. The Surviving Company will have a geographically diverse presence in 33 cities in Indonesia, with a land bank of 6,250 Ha for development and a portfolio of 76 properties across asset types (e.g. residential area, commercial offices, retail malls, theme park, business park, warehouses, hospitals and golf courses).

- **Win-win situation for shareholders of CTRA, CTRS and CTRP**

The Merger provides an opportunity to the shareholders of CTRS and CTRP to swap their shares with the CTRA's shares with a merger ratio of 2.13x for CTRS and 0.54x for CTRP. The shareholders of CTRS and CTRP, through direct exposure in CTRA, will be able to participate in the future growth of the different business segments of the Surviving Company.

This transaction is expected to increase the share value of CTRA's shareholders. According to the provisions of Merger, and by assuming that

- The Merger has been completed on 30 December 2016

- The merger ratio of 2.13x for CTRS and 0.54x for CTRP and all shares of CTRP and CTRS are converted into CTRA shares; and
- The 3 different scenarios where the Merger occurs in scenario #1 between CTRA, CTRP and CTRS, scenario #2 between CTRA and CTRS and scenario #3 between CTRA and CTRP,

there are potential changes in the share value of CTRA's shareholders according to the consolidated financial information as follows:

- CTRA's equity attributable to the owner of parent entity in 2016 is expected to increase as much as IDR3,213,957 million or 37.75% in scenario #1, or as much as IDR1,208,575 million or 14.2% in scenario #2, or as much as IDR2,005,381 million or 23.6% in scenario #3.
- CTRA's Earnings per Share in 2016 is expected to increase as much as IDR1 or 6.25% in scenario #1, to increase as much as IDR1 or 6.25% in scenario #2 or to decrease as much as IDR1 or -6.25% in scenario #3.

CTRS and CTRP have been trading at a low liquidity for the past 12 months up to the 21 October 2016, with average daily trading value of approximately IDR 3 billion and IDR 6.4 billion. The Merger

provides an avenue for the shareholders of CTRS and CTRP to swap their shares with CTRA shares, which are more liquid with average daily trading value of approximately IDR 24.1 billion¹ during the same period.

- **Formation of a consolidated group of companies under one listed entity may increase interest from the investor community.**

i. The increase in company's scale, the Surviving Company shall become the benchmark of Indonesian real estate sector and, accordingly, it will increase the interest from the investor community, especially from foreign investors looking to invest in a strong real estate company in Indonesia; this may result in a higher rating valuation of the Surviving Company.

ii. Post-Merger, CTRA as the Surviving Company will command a greater market capitalization. It may increase the likelihood of the inclusion of the Surviving Company into the MSCI Indonesia Index which may further increase investor's interest in the stock. This is expected to elevate the average daily trading value.

¹ Based on the data from Bloomberg

Purpose

- **The Surviving Company will have a better diversification to benefit from the growing trend of Indonesian demographic and economic, while maintaining better business sustainability against economic cycle.**

The Merger will result in diversification of cash flow streams from the different types of properties owned by the Surviving Company. CTRS and CTRP are both integral business to the Group, and having access to the full extent of the earnings (i.e. eliminating minority interests representing minority shareholders of CTRS and CTRP in the consolidated net income of CTRA) will bring the following benefits to the Group:

i. CTRS

Having business and subsidiaries and co-operation projects with a large land bank for development purposes, located in Surabaya, Makassar and Medan, which are the key cities throughout Indonesia, outside of Jakarta. These development areas are expected to be a significant contributor to development sales given the potential increased demand for real estate as these regions develops economically.

ii. CTRP

Adding a portfolio of high quality malls, hotels, apartments and commercial complexes with recurring income streams. Properties in the form of malls and office buildings enjoy high average occupancy rates of, respectively, 98.9% and 99.0% as reported in the Financial Statements of 2015. Furthermore, CTRP has land for commercial property development in strategic locations within business center areas in Jakarta, West Jakarta and Bali.

The Merging Companies believe that the Surviving Company will benefit from positive trends expected in the Indonesian economy in the longer term.

- i. According to *Badan Pusat Statistik* (Central Bureau of Statistics), GDP in Indonesia is expected to grow at 5,2% p.a. in the next 3 (three) years.
- ii. Demand for residential property is expected to be increase, driven by expected increases in personal net income from IDR 7,635.6 trillion in 2015 to IDR 21,110.1 trillion in 2025 (with implied growth of 10,7%)² p.a., and 64,2% of the Indonesian population currently range between

² According to the data from Economist Intelligent Unit

15-59 years old (i.e. productive age) in 2025³. Most of the future growth is expected to occur in Jakarta and Surabaya, which are two key cities in Indonesia.

- **Synergies can be potentially achieved from the enhanced scale / integration from the combination of these three businesses**

The Surviving Company is likely to achieve the following synergies going forward due to enhanced scale and integration of the three businesses.

- i. Operational synergies. The Surviving Company will be able to able to achieve operational synergies through streamlining of departments and functions that could be shared among the current three entities, such as back office operations, Information Technology, Human Resources, Health Safety & Environment. In addition, the delisting of the CTRS and CTRP would result in savings from listing, compliance and other related costs.
- ii. Sharing of knowledge and best practices among the three entities. Run individually on a historical basis, the three entities have built up expertise in different areas that can now be

³ According to the data from the United Nations

shared across the Surviving Company. For example, CTRA has the longest history and experience among the Merging Companies in developing projects in key Indonesian countries; CTRS has built up its capability and experience in developing the urban area and large scale residential in Surabaya and surrounding areas; and CTRP has been involved in development and operation of commercial properties and mixed-use buildings with recurring incomes.

- iii. Creation of an integrated entity with optimal cash flow profile to facilitate more efficient capital allocation for projects. The merger will allow all the projects to be housed under one entity instead of across three separate entities with different shareholders. This will allow for capital to be more efficiently allocated across the Surviving Company, in a manner that optimizes the balance between development projects and recurring income projects that have different return and cash flow characteristics. Development projects generally have a faster cash collection profile while recurring income projects require significant upfront capital investments with

recurring returns collected over a longer timespan.

- iv. Improved financial strength and flexibility. The Surviving Company will have a strong balance sheet with adequate debt capacity to support future growth opportunities, both organically and through potential acquisitions. Following completion of the transaction, the Surviving Company is expected to have approximately debt (interest bearing debt) to equity of 0.43x in scenario #1, or 0.52x in scenario #2, or 0.48x in scenario #3. The Surviving Company will also have the flexibility to leverage on the larger equity value attributed for the main owner to optimize its funding costs and capitalize on growth opportunities in a manner that optimizes risk-adjusted returns and enhances shareholder returns.

Risks

- The possibility of not achieving the expected efficiency by operational synergies of the Merger in the short term.

Although the Merging Companies are subsidiaries to and under the control of CTRA which will become the Surviving Company, in consideration of the differing

work culture of each Merging Parties, there is a risk that the efficiency meant to be achieved by operational alignment cannot be reached to the maximum extent in short term. The Merging Parties are aware of this risk and on the date of this Merger Plan, the Merging Parties are preparing a plan enabling them to immediately implement the operational alignment after the Merger.

- The risk of dilution of the share ownership to the shareholders of each Merging Parties.

The implementation of Merger will, among others, be implemented by increasing the issued and paid up capital of the Surviving Company, which is done by conversion of the shares belonging to the shareholders of the Merging Companies into the shareholders of the Surviving Company. With the increase of issued and paid up capital of the Surviving Company, CTRA's shareholders will be exposed to the risk of dilution on the percentage of their shareholding in CTRA.

- The potential of tax implications to be imposed to the Surviving Company.

In carrying out the Merger, the Surviving Company has sought the advice from professional advisers, including in the field of taxation with respect to the tax implications arising from the implementation

of Merger. Nonetheless, there is a risk that the calculation of Company's tax advisors is inconsistent with the calculation of the tax authorities.

Risks with respect to economic and market conditions

The level of Indonesian economy is still affected by the global economic crisis in 2008. Global financial markets have experienced, and may continue to experience, significant turbulence that derives from a lack of liquidity in the credit markets and the sub-prime residential mortgage market in the United States since 2008, which has caused liquidity issues and bankruptcy of many institutions and issuance of government bailout packages for banks and other institutions. Additionally, in 2010, financial crisis occurred in Europe, triggered by large budget deficits and uprising national debt, both direct and contingent, in Greece, Ireland, Italy, Portugal and Spain, which led to concerns about the capability of European countries to remain compliance with their debt payment obligations. Such condition has an effect on the financial markets and the resulting in high and unstable bond yield on the state bonds in European nations. Several European countries continue to experience various levels of financial pressure and the bond yield issued by the government of Greece, Ireland, Italy, Portugal and Spain continues to increase and

remains unstable. Although aid packages have been granted to Greece, Ireland, Italy and Portugal, supported by the establishment of a joint financial stability program, the European Union - International Monetary Fund, in May 2010, and also the policy of the European Union to cope with the financial challenges, uncertain outcome of the program and concerns over the state finance still looming. The current global economic situation may continue to deteriorate or have a greater impact on Indonesia and business of the Surviving Company. The foregoing matters can provide material and adverse effect on the business, financial condition, operating income and business prospects of the Surviving Company.

Post-merger, the stock price may become volatile and the expected average daily trading value ("ADTV") may be unrealized

There is no guarantee that the price of stock trading will not be traded at price significantly below the closing price on 21 October 2016. The stock price may depend on several factors, including:

- Prospect of business and investment of the Surviving Company and the real estate retail market of Indonesia;

- The difference between the financial and operational gain of the Surviving Company and the expectation or estimates of the investors and analysts;
- Change of analyst's recommendation and projection;
- Change in general economic, market conditions or political conditions;
- The market value of the assets of the Surviving Company;
- The stock's attractiveness compared to other stocks or debt securities, including those excluded from real estate sector;
- Market share and liquidity of the Indonesian capital market;
- Changes in the regulatory system, including tax system, in the future;
- Foreign exchange rate; and
- Market fluctuations in general, including decline of equity market and uprising interest rates.

Due to the foregoing factors and other factors, the stocks can be traded at a higher or lower price than the closing price on 21 October 2016. There is no guarantee to ensure that the Surviving Company can reach higher ADTV value.

Management analysis of the condition of the Surviving Company

It is the current intention of management of the Surviving Company to continue with its existing business. There is no current intention to (i) introduce any major changes to the businesses of CTRP and CTRS or (ii) discontinue the employment of any of the existing employees of CTRP and CTRS.

The management of the Merging Companies expect that the consolidation of operations as a result of the Merger will optimize operational efficiencies and synergies. This merger would reinforce management's intention to streamline the Merging Companies' organisation structure as it creates a one "listed property developer and asset owner" layer. The Surviving Company will benefit from a clearer structure, and provides investors with a clear investment proposition with a good balance between recurring income from its investment properties and development income from its development activities. Reduced organisation complexity would also provide sharper focus for the Surviving Company's operations and enhance competitiveness. This ensures that the Surviving Company is more resilient to downturns in the economic cycles, but at the same time, it's streamlined organisation structure also positions it well to respond to economic upturns or new sector trends.

The Merger will provide flexibility to the Surviving Company to access and allocate capital more efficiently

across projects, enabling the Surviving Company direct its resources across asset classes in a manner that best enhances shareholder returns. This is a significant competitive advantage, given the large capital outlays required for property projects. The combination of increased financial flexibility and scale allows the Surviving Company to better pursue business opportunities in its core markets and potentially, new markets. Equipped with bigger and more diversified businesses under one consolidated entity, the management of the Surviving Company will be better positioned to capture future real estate / property business opportunities as a result of forecasted Indonesia' positive economic growth. Also from a macro perspective, this Merger will positively contribute to the growth of Indonesian real estate / property sector.

In connection with the Merger as referred to in this Merger Plan, the Board of Directors of the Merging Parties expects the creation of a one-stop consolidation or control over the operating companies. Thus, the operational efficiency and synergies will be optimized. In the end, the Merger will result in a larger company in terms of assets and income. Accordingly, this Merger will create the more optimal economic of scale with more stable and diversified income to have a better endurance in dealing with economic cycle.

3. Brief Information on the Merging Parties

3.1 PT Ciputra Development Tbk

3.1.1 Brief History

CTRA was incorporated under the name of PT Citra Habitat Indonesia by virtue of the Deed of Incorporation No. 22 dated 22 October 1981, made before Hobropoerwanto, Notary in Jakarta. Such Deed of Incorporation was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. Y.A.5/417/9 dated 4 June 1982 and registered with the Jakarta District Court on 7 August 1982 under No. 2749, and subsequently published in the Supplement No. 1131, State Gazette of the Republic of Indonesia No. 72, dated 7 September 1982.

In 1994, CTRA conducted its initial public offering of 250,000,000 shares to the public, which was subsequently enlisted in the Jakarta Stock Exchange.

CTRA's articles of association have been amended several times, lastly by Deed of Declaration of Meeting Resolutions No. 105, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to the articles of association No. AHU-AH.01.03-09576000 dated 19 August 2015 in conjunction with Deed of

Amendment to the Articles of Association No. 171 dated 31 August 2016, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to the articles of association No. AHU-AH.01.03-0077687 dated 5 September 2016. The composition of CTRA management was lastly amended by the Deed of Minutes of Extraordinary General Meeting No. 57 dated 14 January 2016, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to the articles of association No. AHU-AH.01.03-0014554 dated 3 February 2016.

3.1.2 Business Activities

In accordance with article 3 of the last CTRA's articles of association by virtue of Deed No. 105, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, the scope of business activities of CTRA shall be in the fields of Construction and Development, Investment, Services, Industry and Trade.

Commercial Activities

CTRA is the parent company that has subsidiaries engaged in the development and sale of real estate in the form of house, shop house / office house and warehouse together with their supporting facilities; development, sales, management of apartments and office buildings as well as development and management of commercial centers / malls, hotels, golf courses and waterpark.

3.1.3 Capital Structure & Shareholding

CTRA's capital structure and composition of shareholders as set forth in Deed No. 129 dated 19 October 2016, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, having been accepted and recorded in the database of Legal Entity Administration System of MLHR by virtue of Letter of Acceptance of Notification on Company Data Change No. AHU-AH.01.03-0091185 dated 20 October 2016 and registered in the Register of Companies No. AHU-0124124.AH.01.11.TAHUN 2016 dated 20 October 2016, shall be as follows:

	Nominal value per share IDR250		
	Total Shares	Total Nominal (IDR)	Percentage (%)
Authorized Capital	20,000,000,000	5,000,000,000,000	100.00
Issued & Paid-up Capital	15,425,291,220	3,856,322,805,000	77.13
Total Shares in Portfolio	4,574,708,780	1,143,677,195,000	22.87
Shareholders' Detail:			
PT Sang Pelopor	4,724,219,353	1,181,054,838,250	30.63
Public	10,701,017,867	2,675,267,966,750	69.37
Total	15,425,291,220	3,856,322,805,000	100.00

3.1.4 Composition of Management and Supervisor

Pursuant to Deed of Resolution's Statement CTRA No. 57, dated 14 January 2016, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, the composition of the members of the Board of Commissioners and Board of Directors of CTRA are as follows:

BOARD OF COMMISSIONERS

President Commissioner : DR. Ir. Ciputra
Commissioner : Dian Sumeler
Independent Commissioner : Kodradi

BOARD OF DIRECTORS

President Director : Candra Ciputra
Director : Rina Ciputra Sastrawinata
Director : Junita Ciputra
Director : Tanan Herwandi Antonius
Independent Director : Tulus Santoso Brotosiswojo

3.1.5 Summary Key Financial Data

The table below is a summary key financial data of CTRA for the semi-annual periods ended on 30 June 2016 and 31 December 2015, which were quoted from CTRA's Consolidated Financial Statements audited by Purwantono, Sungkoro & Surja Public Accounting Firm with an unqualified opinion as well as for the years ended on 31 December 2014 and 2013, which were audited by Purwantono, Suherman & Surja Public Accounting Firm with an unqualified opinion:

	30 Jun 2016 Million IDR	2015 Million IDR	31 Dec 2014 Million IDR	2013 Million IDR
<u>CONSOLIDATED BALANCE</u>				
Assets				
Current Assets	12,545,676	12,022,907	11,094,507	9,751,824
Non-Current Assets	14,736,082	14,235,811	12,444,208	10,493,711
Total Assets	27,281,758	26,258,718	23,538,715	20,245,535
Liabilities and Equity				
Short-Term Liabilities	6,609,715	8,013,555	7,775,706	7,155,195
Long-Term Liabilities	7,397,432	5,194,942	4,110,572	3,213,637
Total Liabilities	14,007,147	13,208,497	11,886,278	10,368,832
Equity distributed for:				
Owner of Parent Entity	8,512,851	8,404,234	7,648,102	6,491,224
Non-Controlling Interest	4,761,760	4,645,987	4,004,335	3,385,479
Total Equity	13,274,611	13,050,221	11,652,437	9,876,703
<u>CONSOLIDATED ACCOUNT STATEMENT AND OTHER COMPREHENSIVE INCOME</u>				
Income	2,878,643	7,514,286	6,340,242	5,077,062
Gross Profits	1,410,460	3,728,709	3,329,690	2,546,473
Operating Profits	643,117	2,414,825	2,247,684	1,650,269
Profits before Tax	472,430	2,164,681	2,147,692	1,708,369
Final Tax and Income Tax	(133,223)	(425,400)	(353,299)	(296,033)
Pro Forma Adjustment Effect – Pre-Acquisition Income	-	1,019	201	-
Profits in the Current Period/Year	339,207	1,740,300	1,794,594	1,412,336
Other Comprehensive Income/Expense in the Current Period/Year	(41,282)	13,390	(5,806)	9,368
Comprehensive Profits in the Current Period/Year Attributable to:				
Owner of Parent Entity	207,360	1,296,467	1,318,982	981,304
Non-Controlling Interest	90,565	457,223	469,806	440,400
Total Comprehensive Profits in the Current Period/Year	297,925	1,753,690	1,788,788	1,421,704
Profits per Basis Share Attributable to Owner of Parent Entity (in full scale)	16	84	87	64

3.1.6 Information on Consolidated Direct Subsidiaries

The detailed subscriptions in the consolidated direct subsidiaries shall be as follows:

Consolidated Direct Subsidiary	Location/	Principal Business	Shareholding (Direct &	Total Consolidated
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	Domicile	Activities	Indirect)	Assets as per 30 June 2016 (pre- eliminated) million IDR
			%	
CTRP	Jakarta	Real Estate	56.30	9,990,154
CTRS	Surabaya	Real Estate	62.66	6,989,031
PT Ciputra Residence	Tangerang	Real Estate	99.99	6,149,447
PT Ciputra Indah	Bogor	Real Estate	99.89	1,549,846
PT Ciputra Graha Mitra	Jakarta	Real Estate	99.99	1,991,879
PT Ciputra Raya Sejahtera	Jakarta	Health	65.75	543,617
PT Citraland Graha Realty	Jakarta	Real Estate	99.99	10,069
PT Penta Oktoneatama	Jakarta	Real Estate	80.00	15,575
PT Citra Tumbuh Bahagia	Jakarta	Real Estate	80.00	16,619
Longfield Enterprises Limited	British Virgin Islands	Holding Company	100	139,404

3.1.7 Information on Cases

On the date of this Merger Plan, CTRA is not involved or acting as a party in any civil, criminal, bankruptcy, administrative, industrial relations, tax and arbitration cases, which is material in nature, with the relevant competent judicial institutions throughout the territory of the Republic of Indonesia and never receive any summon, demand or claim from any party and is not involved in a legal dispute or any dispute beyond the court.

3.2 PT Ciputra Surya Tbk

3.2.1 Brief History

CTRS was incorporated under the name of PT Bumi Citrasurya by virtue of Deed of Incorporation No. 1, dated 1 March 1989, made before Hobropoerwanto, then a Notary in Jakarta, having obtained approval from the Minister of Justice of the Republic of Indonesia by

Decree No. C2-546.HT.01.01.TH'90 dated 3 February 1990, which has been registered with the Surabaya District Court under No. 192/1990 dated 21 February 1990, and was published in the State Gazette of the Republic of Indonesia No. 86, dated 26 October 1990, Supplement No. 4424.

In 1998, CTRS became a public company without public offering.

CTRS' articles of association have been amended several times, lastly by deed of Minutes of CTRP's Extraordinary General Meeting of Shareholders No. 101, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to the articles of association No. AHU-AH.01.03-0958287 dated 20 August 2015 in conjunction with Deed of Amendment to the Articles of Association No. 169, dated 31 August 2016, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to the articles of association No. AHU-AH.01.03-0077659 dated 5 September 2016.

3.2.2 Business Activities

In accordance with article 3 of the last articles of association by virtue of Deed of Declaration of CTRS Meeting Resolutions No. 101, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, the scope of CTRS' business activities shall be in the fields of Trade, Industry, Investment, Construction, Development and Services.

Commercial Activities

CTRS is the parent company that, jointly with its subsidiaries, is engaged in the development and sale of real estate in the form of house, shop house / office house and warehouse together with their supporting facilities; development, sales, management of apartments and office buildings as well as development and management of commercial centers / malls, hotels, golf courses and waterpark.

3.2.3 Capital Structure & Shareholding

The capital structure and shareholding according to the Register of Shareholders as per 30 September 2016 issued by PT EDI Indonesia, as the CTRS' Registrar, shall be as follows:

	Nominal value per share IDR250		
	Total Shares	Total Nominal (IDR)	Percentage (%)
Authorized Capital	7,912,000,000	1,978,000,000,000	100.00
Issued & Paid-up Capital	2,033,199,755	508,299,938,750	25.70
Total Shares in Portfolio	5,878,800,245	1,469,700,061,250	74.30
Shareholders' Detail:			
PT Ciputra Development Tbk	1,274,000,398	318,500,099,500	62.66
Public	759,199,357	189,799,839,250	37.34

Total	2,033,199,755	508,299,938,750	100.00
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3.2.4 Composition of Management and Supervisor

According to the Deed of Declaration of CTRS Resolutions No. 101, dated 27 July 2015, made by Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, the composition of CTRS' Board of Commissioners and Board of Directors shall be as follows:

BOARD OF COMMISSIONERS

President Commissioner : Candra Ciputra
 Commissioner : Sandra Hendarto
 Independent Commissioner : Henky Wangitan

BOARD OF DIRECTORS

President Director : Harun Hajadi
 Director : Rina Ciputra Sastrawinata
 Director : Cakra Ciputra
 Director : Nanik Joeliawati Santoso
 Director : Ir. Sutoto Yakobus
 Independent Director : Edy Mulyono

3.2.5 Summary Key Financial Data

The table below is a CTRS' summary key financial data for the semi-annual period ended on 30 June 2016 and for the year ended on 31 December 2015, which were quoted from CTRS' Consolidated Financial Statements audited by Purwantono, Sungkoro & Surja Public Accounting Firm with an unqualified opinion as well as for the years ended on

31 December 2014 and 2013, which were audited by Purwantono, Suherman & Surja Public Accounting Firm with an unqualified opinion:

	30 Jun 2016 Million IDR	2015 Million IDR	31 Dec 2014 Million IDR	2013 Million IDR
<u>CONSOLIDATED BALANCE</u>				
Assets				
Current Assets	3,872,826	3,900,432	3,254,114	3,276,921
Non-Current Assets	3,116,205	3,080,505	2,867,700	2,493,695
Total Assets	6,989,031	6,980,937	6,121,814	5,770,616
Liabilities and Equity				
Short-Term Liabilities	2,826,992	2,912,729	2,666,270	2,826,340
Long-Term Liabilities	393,786	415,675	444,042	454,877
Total Liabilities	3,220,778	3,328,404	3,110,312	3,281,217
Equity distributed for:				
Owner of Parent Entity	3,236,667	3,152,719	2,621,134	2,218,594
Non-Controlling Interest	531,586	499,814	390,368	270 805
Total Equity	3,768,253	3,652,533	3,011,502	2,489,399
Total Liabilities and Equity	6,989,031	6,980,937	6,121,814	5,770,616
<u>CONSOLIDATED ACCOUNT STATEMENT AND OTHER COMPREHENSIVE INCOME</u>				
Income	896,332	1,909,463	1,713,276	1,261,563
Gross Profits	412,152	992,784	868,407	657,907
Operating Profits	219,203	720,736	619,307	456,075
Profits before Tax	235,467	759,094	676,006	488,183
Final Tax and Income Tax	(46,890)	(98,982)	(91,607)	(75,374)
Profits in the Current Period/Year	188,576	660,112	584,399	412,809
Other Comprehensive Income/Expense in the Current Period/Year	(7,473)	(616)	(1,352)	2,717
Comprehensive Profits in the Current Period/Year Attributable to:				
Owner of Parent Entity	143,082	596,393	521,272	402,139
Non-Controlling Interest	38,021	63,103	61,775	13 387
Total Comprehensive Profits in the Current Period/Year	181,103	659,496	583,047	415,526
Profits per Basis Share Attributable to Owner of Parent Entity (in full scale)	75	298	261	199

3.2.6 Information on Consolidated Direct Subsidiaries

The detailed subscriptions in the consolidated direct or indirect subsidiaries shall be as follows:

Consolidated Direct Subsidiary	Location/ Domicile	Principal Business Activities	Shareholding (Direct & Indirect)	Total Consolidated Assets as per 30 June 2016 (pre-eliminated) million IDR
PT Ciputra Nusantara	Jakarta	Real Estate	99.99	3,610,536
PT Win Win Realty Centre	Surabaya	Real Estate	53.00	1,527,988
PT Cahayafajar Abaditama	Surabaya	Real Estate	60.00	139,965
PT Ciputra Graha Prima	Surabaya	Real Estate	51.00	61,503
PT Ciputra KSPN	Jakarta	Real Estate	60.00	1,720

3.2.7 Information on Cases

On the date of this Merger Plan, CTRP is not involved or acting as a party in any civil, criminal, bankruptcy, administrative, industrial relations, tax and arbitration cases, which is material in nature, with the relevant competent judicial institutions throughout the territory of the Republic of Indonesia and never receive any summon, demand or claim from any party and is not involved in a legal dispute or any dispute beyond the court.

3.3 PT Ciputra Property Tbk

3.3.1 Brief History

CTRP was first incorporated under the name of PT Citraland Property by virtue of Deed of Incorporation No. 119, dated 22 December 1994, as amended by deed of Amendment No. 27, dated 3 February 1995, both made before Rahmah Arie Soetardjo, S.H., Notary in Jakarta,

having obtained approval from the Minister of Justice of the Republic of Indonesia by Decree No. C2-2447.HT.01.01.TH.95, dated 16 February 1995, and has been registered with the Central Jakarta District Court under No. 602/1995 dated 7 April 1995 and published in the State Gazette of the Republic of Indonesia No. 8, dated 28 January 2000, Supplement No. 471.

In 2007, CTRP carried out its initial public offering of 3,010,000,000 shares to the public, which then enlisted in the Jakarta Stock Exchange.

CTRP's articles of association have been amended several times, lastly by Deed of Declaration of CTRP Meeting Resolutions No. 103, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to the articles of association No. AHU-AH.01.03.-0,957,597 dated 19 August 2015 in conjunction with Deed of Amendment to the Articles of Association No. 170 dated 31 August 2016, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Central Jakarta, which deed has been received and recorded in the database of Legal Entity Administration System according to the Receipt of Notification on amendment to

the articles of association No. AHU-AH.01.03-0077670 dated 5 September 2016.

3.3.2 Business Activities

In accordance with article 3 of the latest articles of association by virtue of Deed of Declaration of CTRP Meeting Resolutions No. 103, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, CTRP's scope of business activities shall be in the fields of Construction and Development, Investment, Services, Industry and Trade.

Commercial Activities

CTRP is a holding company, of which subsidiaries develop, sell and manage apartments and office buildings; develop and manage commercial centers / malls and hotels as well as develop and sell real estate in the form of house and its supporting facilities.

3.3.3 Capital Structure

The capital structure and shareholding according to the Register of Shareholders as per 30 September 2016 issued by PT EDI Indonesia, as CTRP's Registrar, shall be as follows:

	Nominal value per share IDR250		
	Total Shares	Total Nominal (IDR)	Percentage (%)
Authorized Capital	12,000,000,000	3,000,000,000,000	100.00
Issued & Paid-up Capital	6,315,623,997	1,578,905,999,250	52.14
Total Shares in Portfolio	5,684,376,003	1,421,094,000,750	47.86
Shareholders' Detail:			
PT Ciputra Development Tbk	3,555,779,572	888,944,893,000	56.30
Public	2,560,004,325	640,001,081,250	40.53

Treasury Shares	199,840,100	49,960,025,000	3.16
Total	5,684,376,003	1,421,094,000,750	100.00

3.3.4 Management and Supervisor

According to Deed of Declaration of CTRP Meeting Resolutions No. 103, dated 27 July 2015, made before Buntario Tigris Darmawa Ng, S.H., S.E., M.H., Notary in Jakarta, the composition of CTRP's Board of Commissioners and Board of Directors shall be as follows:

BOARD OF COMMISSIONERS

President Commissioner : Cakra Ciputra
 Commissioner : Dian Sumeler
 Independent Commissioner : Thomas Bambang

BOARD OF DIRECTORS

President Director : Candra Ciputra
 Director : Harun Hajadi
 Director : Gina Tjie
 Director : Ir. Artadinata Djangkar
 Director : Bing Sugiarto Chandra
 Independent Director : Sugwantono Tanto

3.3.5 Summary Key Financial Data

The table below is a CTRP's summary key financial data for the semi-annual period ended on 30 June 2016 and for the year ended on 31 December 2015, which were quoted from CTRP's Consolidated Financial Statements audited by Purwantono, Sungkoro & Surja Public Accounting Firm with an unqualified opinion as well as for the years ended on

31 December 2014 and 2013, which were audited by Purwantono, Suherman & Surja Public Accounting Firm with an unqualified opinion:

	30 Jun 2016 Million IDR	2015 Million IDR	31 Dec 2014 Million IDR	2013 Million IDR
<u>CONSOLIDATED BALANCE</u>				
Assets				
Current Assets	2,070,001	2,110,950	2,233,168	1,814,417
Non-Current Assets	7,920,153	7,713,132	6,628,169	5,839,464
Total Assets	9,990,154	9,824,082	8,861,337	7,653,881
Liabilities and Equity				
Short-Term Liabilities	1,568,841	1,674,674	1,635,579	1,336,513
Long-Term Liabilities	3,202,640	2,913,238	2,345,012	1,744,533
Total Liabilities	4,771,481	4,587,912	3,980,591	3,081,046
Equity distributed for:				
Owner of Parent Entity	4,589,112	4,606,452	4,313,814	4,051,111
Non-Controlling Interest	629,561	629,718	566,932	521,724
Total Equity	5,218,673	5,236,170	4,880,746	4,572,835
Total Liabilities and Equity	9,990,154	9,824,082	8,861,337	7,653,881
<u>CONSOLIDATED ACCOUNT STATEMENT AND OTHER COMPREHENSIVE INCOME</u>				
Income	870,671	2,459,676	1,662,475	1,447,737
Gross Profits	383,045	1,130,753	956,587	770,880
Operating Profits	213,401	757,016	678,270	519,678
Profits before Tax	71,568	496,774	508,307	533,793
Final Tax and Income Tax	(32,083)	(147,052)	(109,272)	(91,669)
Profits in the Current Period/Year	39,485	349,722	399,035	442,124
Other Comprehensive Income/Expense in the Current Period/Year	(21,384)	14,769	(2,435)	-
Comprehensive Profits in the Current Period/Year Attributable to:				
Owner of Parent Entity	15,925	342,631	392,112	421,585
Non-Controlling Interest	2,176	21,860	4,488	20 539
Total Comprehensive Profits in the Current Period/Year	18,101	364,491	396,600	442,124
Profits per Basis Share Attributable to Owner of Parent Entity (in full scale)	3	54	65	70

3.3.6 Information on Consolidated Direct Subsidiaries

The detailed subscriptions in the consolidated direct or indirect subsidiaries shall be as follows:

Consolidated Direct Subsidiary	Location/ Domicile	Principal Business Activities	Shareholding (Direct & Indirect)	Total Consolidated Assets as per 30 June 2016 (pre-eliminated)
			%	million IDR
PT Ciputra Adigraha	Jakarta	Real Estate	94.44	4,749,186
PT Ciputra Sentra	Jakarta	Real Estate	72.69	1,391,523
PT Sarananeka Indahpancar	Jakarta	Real Estate	99.84	1,664,237
PT Ciputra Semarang	Semarang	Real Estate	99.10	1,061,728
PT Ciputra Nirvanadwipa	Jakarta	Real Estate	73.00	917,926
PT Ciputra Adibuana	Jakarta	Real Estate	51.86	372,077
PT Subursejahtera Agungabadi	Jakarta	Real Estate	99.71	175,074
PT Buanasarana Sejatiindah	Jakarta	Real Estate	66.67	84,433
PT Kharismasaka Pratama	Jakarta	Real Estate	70.00	81,534
PT Citradimensi Serasi	Jakarta	Real Estate	70.00	81,534
PT Dimensi Serasi	Jakarta	Real Estate	70.00	18,807
PT Citra Karya Kreasi Mandiri	Jakarta	Real Estate	99.99	100
PT Ciputra Adiselaras	Jakarta	Real Estate	99.00	100

3.3.7 Information on Cases

On the date of this Merger Plan, CTRS is not involved or acting as a party in any civil, criminal, bankruptcy, administrative, industrial relations, tax and arbitration cases, which is material in nature, with the relevant competent judicial institutions throughout the territory of the Republic of Indonesia and never receive any summon, demand or claim from any party and is not involved in a legal dispute or any dispute beyond the court.

4. Surviving Company

In this Merger, immediately after the effective date of the Merger, the Merging Companies will merge into CTRA, where all activities, business activities, business operations, assets, liabilities, invoices and employees of the Merging Companies shall, by law, be transferred to CTRA, and CTRS and CTRP's employees shall be transferred to CTRA as the Surviving Company or its subsidiaries. Furthermore, the Merging Companies will be ended by law without liquidation in advance. In this Merger, the name and domicile of the Surviving Company shall be as follows:

PT CIPUTRA DEVELOPMENT TBK

Head Office:

Ciputra World 1, DBS Bank Tower 39th Floor

Jl. Prof. Dr. Satrio Kav. 3-5, Jakarta 12940

Telephone: (62-21) 2988 5858

Facsimile: (62-21) 2988 8989

Website: www.ciputradevelopment.com

5. Procedures for Share Conversion and Dilution Effect on the Shareholders

Once the Merger is implemented, ownership of the shareholders of the Merging Parties in CTRA as the Surviving Company shall be partly diluted and partly increased in proportion to their holdings in each Merging Parties as a result of the conversion of shares in accordance with the share conversion factor as

described below taken from, among others, the valuation outcome and prior agreement. The holdings of the shareholders of the Merging Parties shall be diluted in proportion to their holdings each based on the share conversion factor. The share conversion factors shall be as follows:

Shareholder	Share Conversion Factor
CTRS	1 : 2.13
CTRP	1 : 0.54

Share Conversion Ratio

CTRS' shareholders on the effective date of Merger will receive 2.13 shares in the Surviving Company for every 1 CTRS share they have prior to the Merger.

CTRP's shareholders on the effective date of Merger will receive 0.54 shares in the Surviving Company for every 1 CTRP share they have prior to the Merger.

The Share Conversion Factor shall be determined in consideration of the Fairness Valuation Report of Shares of the Merging Parties conducted by independent parties in this Merger, namely:

Company	Independent Party
CTRA	Rengganis, Hamid & Rekan Public Appraiser Firm
CTRS	Suwendho Rinaldy & Rekan Public Appraiser Firm
CTRP	Martokoesoemo, Prasetyo & Rekan Public Appraiser Firm

The Independent Appraiser, namely Rengganis, Hamid & Rekan Public Appraiser Firm; Suwendho Rinaldi & Rekan Public Appraiser Firm; and Martokoesoemo, Prasetyo & Rekan Public Appraiser Firm for each CTRA, CTRS and CTRP

has provided a fairness opinion that the Share Conversion Factor is fair for the shareholders of the Merging Parties.

Assuming that the composition of the shareholders on the Merger Date, being the date of the approval of the MOLHR of the Deed of Merger being acquired and shall be the same as the composition of shareholders as per 30 September 2016, the shareholding structure in the Surviving Company had the conversion ratio was applied to the number of shares and the percentage of share ownership in the Surviving Company shall be as follows:

Surviving Company's Shareholder	Scenario I		Scenario II		Scenario III	
	Total Shares	Ownership (%)	Total Shares	Ownership (%)	Total Shares	Ownership (%)
PT Sang Pelopor	4,724,219,353	25.48	4,724,219,353	27.72	4,724,219,353	27.91
Public	13,817,915,144	74.52	12,315,946,270	72.28	12,203,040,741	72.09
Total	18,542,134,497	100.00	17,040,165,623	100.00	16,927,260,094	100.00

Description:

- Scenario I shall be a Merger between CTRA and CTRS & CTRP.
- Scenario II shall be a Merger between CTRA and CTRS, while CTRP does not merge into CTRA due to failure to obtain approval from CTRP EGM.
- Scenario III shall be a Merger between CTRA and CTRP, while CTRS does not merge into CTRA due to failure to obtain approval from CTRS EGM.

Brief Description on Valuation Report of the Public Appraiser Firm on the Merger Plan

A. KJPP Rengganis, Hamid & Rekan

The Company has appointed an independent party Rengganis, Hamid & Rekan Public Appraiser Firm ("KJPP RHR") as an independent appraiser to provide a fairness opinion on the Merger Plan of CTRP and CTRS into CTRA ("Proposed Transaction").

Summary Report and Opinion of the Independent Party

Following is the summary Independent Appraiser's Report as set forth in the Fairness Opinion Report No. RHR00R1P10160188, dated 24 Oktober 2016:

1. Parties Involved in the Transaction

The Parties involved in the Proposed Transaction shall be CTRA, CTRP and CTRS

2. Object of Fairness Opinion

The object of Fairness Opinion herein shall be the merger plan of CTRS and CTRP into CTRA.

3. Objective of the Fairness Opinion

The purpose and objective of this Fairness Opinion shall be to provide a fairness opinion on the Proposed Transaction with respect to information disclosure to the public.

The Proposed Transaction is included in an affiliated transaction as provided in Regulation No. IX.E.1 concerning Affiliated Transactions and Certain Conflicting Transactions.

4. Date of Fairness Opinion

The date of this fairness opinion (cut-off-date) shall be 30 June 2016 based on audited financial statements of CTRA.

5. Assumptions and Restrictions of the Appraiser

This Fairness Opinion is carried out under the following restrictions:

- Due diligence is not conducted on the financial statements and the review on information in the financial statements is carried out solely for assessment purpose;
- Tax impact analysis for the parties with respect to the Proposed Transaction;
- Feasibility study on the merger plan.

According to analysis on the Proposed Transaction, KJPP RHR has several assumptions as follows:

- KJPP RHR has assumed that such Proposed Transaction shall be conducted as described by the Company's management.
- KJPP RHR has also assumed that there are no significant changes on the assumptions employed in preparing this Fairness Opinion from the issuance hereof until the effective date of the Proposed Transaction.
- This opinion shall be viewed as a single entity and the use of partial analysis and information herein without considering the overall

information and analysis may lead to a misleading view of the process underlying this opinion. The preparation of this opinion is a complex process and may not be accomplished by incomplete analysis.

- This opinion is prepared on the basis of financial, monetary, regulatory and market conditions in general that exist today. Changes to certain conditions beyond control of the Company and related parties may have an unprecedented impact and may affect this Fairness Opinion.
- KJPP RHR is not under any obligation to update the Fairness Opinion in case of key events that occur after the appraisal date (subsequent events), but such matters may be disclosed in the report.
- This report shall not constitute a recommendation for the shareholders to approve or otherwise disapprove such Transaction.

6. Approach and Analysis of Fairness

Fairness analysis on the Proposed Transaction of the Company shall be evaluated by several aspects as the methodology that covers:

- Analysis on the Proposed Transaction

- Qualitative Analysis, analysis of the parties involved in the Proposed Transaction and the association, and analysis of the benefit and risk of the Merger
- Quantitative Analysis, analysis of the history of the financial statements, analysis of the financial performance without or with Merger and analysis of the impact of the Merger on the CTRA's financial as surviving company
- Analysis of fairness of shares' conversion ratio

7. Fairness Opinion on the Transaction

According to the fairness analysis on the Proposed Transaction that covers analysis on the transaction, qualitative and quantitative analysis, analysis on the fairness of transaction value and analysis on the relevant factors, we are in the opinion that the entire Proposed Transaction shall be fair.

B. KJPP Suwendho Rinaldy & Rekan

CTRS has appointed Suwendho Rinaldy & Rekan Public Appraiser Firm ("KJPP SRR") as an Independent Appraiser to provide a fairness opinion on the Merger.

The full identity of the Independent Appraiser shall be as follows:

Name : Kantor Jasa Penilai Publik Suwendho
Rinaldy & Rekan

License No. : 2.09.0059

Address : Rasuna Office Park WO 01-02, Rasuna
Epicentrum, Jalan H.R. Rasuna Said,
Kuningan, Jakarta

Tel. : 6221 83708026, 6221 7970913

Fax : 6221 3519544

Email : ocky@srr.co.id

**Summary Fairness Opinion of the Independent
Appraiser on the Merger**

KJPP SRR as an official KJPP based on Decree of the Ministry of Finance No. 1056/KM.1/2009 dated 20 August 2009, registered as a capital market supporting professional in the Capital Market and Financial Institution Supervisory Agency ("**Bapepam-LK**") with the Registration Certificate (STTD) of Capital Market Supporting Professional from Bapepam-LK No. 02/BL/STTD-P/AB/2006 dated 31 May 2006 (Property Valuer and Business Appraiser), has been appointed by CTRS management as an independent appraiser to provide a fairness opinion on the Merger.

Following is the summary Fairness Opinion Report of KJPP SRR on the Merger as set forth in the report

No. 161021.001/SRR/LP-F/CTRA/OR dated 24 October 2016:

1. Parties Involved in the Merger

The Parties involved in the Merger shall be CTRA, CTRS and CTRP.

2. Object of Fairness Opinion

The object of Fairness Opinion shall be the Merger between CTRA, CTRS and CTRP.

3. Purpose and Objective of the Fairness Opinion

The purpose and objective of providing the fairness opinion on the Merger shall be to provide an overview regarding the fairness of Merger to comply with the Regulation No. IX.E.1.

4. Principal Assumptions and Restrictive Conditions

- A Fairness Opinion shall constitute a non-disclaimer opinion.
- KJPP SRR has performed review on the documents employed during the preparation of Fairness Opinion.
- Data and information derives from trustworthy sources.
- The analysis in preparing a fairness opinion employs adjusted financial projection reflecting the fairness of financial projection made by CTRS management in its fiduciary duty.

- KJPP SRR shall be liable for the preparation of fairness opinion and the financial projection fairness.
- Fairness Opinion shall constitute a public domain report, except for confidential information, which may affect the Company's operations.
- KJPP SRR shall be liable for the fairness opinion and the conclusion thereof.
- KJPP SRR has obtained information and the terms and conditions of the agreements in respect of the Merger from CTRS.

5. Approach of and Procedures for Fairness Opinion

In evaluating the fairness of Merger, KJPP SRR has conducted (a) the qualitative analysis, i.e. analysis on the parties involved in the Transaction and their relationship, industrial analysis as well as analysis on the benefits and risks of the Merger; as well as (b) quantitative analysis, such as analysis on CTRS historical financial statements, analysis on CTRS financial performance without and with the Merger and analysis on the impact of the Merger on CTRS finance.

6. Conclusion

According to the fairness analysis on the fairness of Merger as described in the forgoing fairness opinion analysis, KJPP SRR found that the Merger is fair.

C. KJPP Martokoesoemo Prasetyo & Rekan

The Company has appointed an independent party Martokoesoemo Prasetyo & Rekan Public Appraiser Firm ("KJPP MPR") as an independent appraiser to provide a fairness opinion on the Merger Plan of CTRP into CTRA.

The full identity of the Independent Party shall be as follows:

Name : Kantor Jasa Penilai Publik
Martokoesoemo Prasetyo & Rekan

License No. : 2.09.0070

Address : Jalan Hang Lekir II No. 2, Kebayoran
Baru, Jakarta

Tel. : 6221 72797276

Fax : 6221 72794905

Email : anggun@mpr.co.id

Website : www.mpr.co.id

Summary Fairness Opinion of the Independent Appraiser on the MERGER PLAN OF CTRP INTO CTRA

As provided for in the Regulation of Indonesia Financial Services Authority ("OJK" formerly "Bapepam-LK") No. IX.E.1, with respect to the

Proposed Transaction conducted by PT Ciputra Property Tbk ("**CTRP**"), CTRA has requested that Martokoesoemo, Prasetyo & Rekan Public Appraiser Firm ("**KJPP MPR**"), an independent appraiser registered with the OJK, to provide a Fairness Opinion on the Transaction as presented in the Fairness Opinion Report No. APP-B/KJPP-MPR/2016/X/24/001 dated 24 October 2016. CTRP Proposed Transaction in this sense shall be the plan to merge CTRP into CTRA as the holding company having 56.30% shares in CTRP (hereinafter referred to as "**Proposed Transaction**"); accordingly, the Proposed Transaction is indicated as an affiliated transaction, therefore according to Bapepam-LK Regulation No. IX.E.1, a Fairness Opinion by an Independent Appraisal registered with the Capital Market OJK shall be required.

1. Object of Appraisal

The Object of Proposed Transaction in the Fairness Opinion shall be on the Appraisal Date according to the information and management confirmation shall be the merger of CTRP into CTRA, simultaneously with the merger of CTRS into CTRA.

2. Nature of the Proposed Transaction

Under OJK provisions, nature of the Proposed Transaction shall constitute an Affiliated

Transaction and Certain Conflicting Transaction as provided in Regulation No. IX.E.1 in the Schedule to Decree of BAPEPAM-LK Chairman No. Kep-412/BL/2009 dated 25 November 2009.

Affiliated and Conflicting Transactions

CTRP's management reveals that the Proposed Transaction to be entered into by the Company shall be included as an affiliated transaction.

Following is the description of the Proposed Transaction containing affiliated element:

1. CTRA is the owner of 56.30% CTRP shares so as to qualify as an Affiliated Transaction;
2. Sharing the same names in the management of CTRA and CTRP meets the criteria to have an affiliate relationship between CTRA and CTRP, as provided in Regulation No. IX.E.1 and No. Kep 412/BL/2009 dated 25 November 2009.

3. Date of Appraisal

According to the engagement letter and management confirmation of CTRP Proposed Transaction, fairness analysis on the Proposed Transaction uses cut-off date of 30 June 2016 and pursuant to the schedule of Proposed Transaction, the Fairness Opinion Report is issued on 24 October 2016.

This Fairness Opinion Report shall be used only for the benefit of CTRP in terms of reporting to

the OJK and, according to management confirmation, no publication of Fairness Opinion Report by other Public Appraiser Firm (KJPP) for the same Object of Appraisal and Date of Appraisal.

4. Objective of Appraisal

The objective of this fairness analysis shall be to provide a fairness opinion on CTRP Proposed Transaction pursuant to Bapepam-LK Regulation No. IX.E.1 concerning Affiliated Transactions and Certain Conflicting Transactions.

5. Assumptions and restrictions of the appraiser

KJPP MPR has certain restrictions so as to prevent the same from performing activities such as:

- A thorough due diligence of the financial statements of CTRP and its Subsidiaries, but only a limited due diligence by performing examination in accordance with the purpose of assignment, including clarification on the validity of documents, ownership of assets as well as possible claim or off-balance sheet in the financial statements of CTRP and its Subsidiaries;
- Assessment of Property (Fixed Assets) owned by CTRP and its Subsidiaries;
- Tax implication analysis for the parties with respect to the Proposed Transaction;

- Feasibility Study on Business and Finance.

In accordance with the analysis on the Proposed Transaction, KJPP MPR has some assumptions as follows:

- That the Company has provided all information related to the Proposed Transaction and none of which is omitted or concealed for misleading purpose in the particular interests of CTRP with respect to the Proposed Transaction;
- Assumption in the long-term business plan has considered the prudential principle, therefore, a steady growth thereof may reflect Company's business plan;
- That the management has believed in and complied with the applicable provisions of the OJK related to the Proposed Transaction;
- That there are no significant changes to the general and macroeconomic conditions of Indonesia that may affect the changes in the general assumptions applied particularly in quantitative analysis;
- That no regulatory changes in industrial sector that may significantly affect the assumptions on long-term plans of the Company;

- That all information and data provided by the Management of the Company are true.

6. Examination Methodology on the Proposed Transaction
Fairness analysis on the Proposed Transaction covers several aspects as the methodology of preparing a fairness opinion report, among others:

- Analysis on the Proposed Transaction, which includes the identification of and relationship among the parties thereto, the agreement and conditions agreed upon in such transaction and assessment of the risks and benefits of such transaction;
- Qualitative and quantitative analyses covering the corporate history and nature of business activities, industrial and environmental analyses, analysis on the operations and prospects of the corporate, the reasons for such transaction, qualitative gains and losses of such transaction. Additionally, quantitative analyses covering assessment of historical performance, cash flow assessment, assessment of financial projection, analysis on financial ratio and financial statements before transaction and pro forma financial statements after transaction. Such quantitative analysis also carries out incremental analysis such as

- value added contribution to the company as a result of such transaction, including the impact on the corporate financial projection and sensitivity analysis to quantify the advantages and disadvantages of the transaction;
- Analysis on the transaction value covering comparison between the projected transaction value and the result of appraisal on the transaction to be carried out and the analysis to ensure that such projection provides an added value to the undertaken transaction;
 - Analysis on the relevant factors, such as analysis on the relevant cost and revenue, relevant non-financial information, decision-making procedures by the corporate in determining the plan and transaction.

7. Conclusion

Taking into account qualitative and quantitative analyses on the Proposed Transaction, fairness analysis on the transaction value, and relevant factors in providing a fairness opinion on the Proposed Transaction, we conclude that the Proposed Transaction is Fair.

Brief Description on the Opinion of Public Accounting Firm on the Method and Procedures for the Share Conversion

The method and procedures for the conversion of shares above have been reviewed by Purwantono, Sungkoro & Surja Public Accounting Firm according to the procedures agreed upon with the management with result of the implementation of the procedures that there were no material issues that may cause the proposed conversion of such shares to be adjusted.

6. Shares of the Surviving Company

All issued shares of the Surviving Company will be enlisted in the Indonesian Stock Exchange. Trading of shares of the Surviving Company shall be made electronically (Scriptless Trading), with due regard to the regulations on the Stock Exchange. The governance of share conversion implementation and the electronic enlisting implementation shall be announced after the Merger Date.

Amendment to the Articles of Association

With respect to the Merger, CTRA as the Surviving Company shall make amendment to its articles of association.

7. Summary Pro Forma Consolidated Financial Statements of the Surviving Company

Upon implementation of the Merger plan, the Merging Parties (CTRA, CTRS, and CTRP) will merge into one in accordance with the EGM's resolution from each Merging Parties as follows:

Scenario I : Merger between CTRA and CTRS and CTRP

Scenario II : Merger between CTRA and CTRS, excluding CTRP due to failure to obtain approval from CTRP's EGM

Scenario II : Merger between CTRA and CTRP, excluding CTRS due to failure to obtain approval from CTRS's EGM

Had the Merger took place on 30 June 2016, the summary pro forma consolidated financial statements of the Surviving Company on 30 June 2016, which has been prepared in accordance with generally accepted accounting principles in Indonesia and having been reviewed by Purwantono, Sungkoro & Surja Public Accounting Firm shall be as follows:

Pro Forma - Scenario I

PRO FORMA (in IDR)	Before Merger	After Merger
CONSOLIDATED FINANCIAL POSITION REPORT AS PER 30 June 2016		
Assets		
Current Assets	12,545,676	12,545,676
Non-Current Assets	14,736,082	14,736,082
Total Assets	27,281,758	27,281,758
Liabilities & Equity		
Short-Term Liabilities	6,609,715	6,609,715
Long-Term Debt	7,397,432	7,397,432
Total Liabilities	14,007,147	14,007,147
Equity distributed for:		
Parent Entity Owner	8,512,851	9,721,426
Non-Controlling Interest	4,761,760	3,553,185
Total Equity	13,274,611	13,274,611
Total Liabilities & Equity	27,281,758	27,281,758

CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME REPORT FOR 6 MONTHS PERIOD ENDED ON 30 JUNE 2016

Income	2,878,643	2,878,643
Gross Profits	1,410,460	1,410,460
Operating Profits	643,117	643,117
Profits before Tax	472,430	472,430
Profits in the Current Period Attributable to:		
Owner of Parent Entity	237,981	309.685
Non-Controlling Interest	101,226	29.522
Total Profits in the Current Period	339,207	339,207
Comprehensive Profits in the Current Period Attributable to:		
Owner of Parent Entity	207,360	267.462
Non-Controlling Interest	90,565	30.453
Total Comprehensive Profits in the Current Period	297,925	297,925
Profits per Basis Share Attributable to Owner of Parent Entity (in full scale)	16	17

Pro Forma – Scenario II

PRO FORMA (in IDR)	Before Merger	After Merger
CONSOLIDATED FINANCIAL POSITION REPORT AS PER 30 June 2016		
Assets		
Current Assets	12,545,676	12,545,676
Non-Current Assets	14,736,082	14,736,082
Total Assets	27,281,758	27,281,758
Liabilities & Equity		
Short-Term Liabilities	6,609,715	6,609,715
Long-Term Debt	7,397,432	7,397,432
Total Liabilities	14,007,147	14,007,147
Equity distributed for:		
Parent Entity Owner	8,512,851	9,721,426
Non-Controlling Interest	4,761,760	3,553,185
Total Equity	13,274,611	13,274,611
Total Liabilities & Equity	27,281,758	27,281,758

CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME REPORT FOR 6 MONTHS PERIOD ENDED ON 30 JUNE 2016

Income	2,878,643	2,878,643
Gross Profits	1,410,460	1,410,460
Operating Profits	643,117	643,117
Profits before Tax	472,430	472,430
Profits in the Current Period Attributable to:		
Owner of Parent Entity	237,981	294.048
Non-Controlling Interest	101,226	45.159
Total Profits in the Current Period	339,207	339,207
Comprehensive Profits in the Current Period Attributable to:		
Owner of Parent Entity	207,360	260.787
Non-Controlling Interest	90,565	37.318
Total Comprehensive Profits in the Current Period	297,925	297,925
Profits per Basis Share Attributable to Owner of Parent Entity (in full scale)	16	17

Pro Forma – Scenario III

PRO FORMA (in IDR)	Before Merger	After Merger
CONSOLIDATED FINANCIAL POSITION REPORT AS PER 30 June 2016		
Assets		
Current Assets	12,545,676	12,545,676
Non-Current Assets	14,736,082	14,736,082
Total Assets	27,281,758	27,281,758
Liabilities & Equity		
Short-Term Liabilities	6,609,715	6,609,715
Long-Term Debt	7,397,432	7,397,432
Total Liabilities	14,007,147	14,007,147
Equity distributed for:		
Parent Entity Owner	8,512,851	9,721,426
Non-Controlling Interest	4,761,760	3,553,185
Total Equity	13,274,611	13,274,611
Total Liabilities & Equity	27,281,758	27,281,758
CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME REPORT FOR 6 MONTHS PERIOD ENDED ON 30 JUNE 2016		
Income	2,878,643	2,878,643
Gross Profits	1,410,460	1,410,460
Operating Profits	643,117	643,117
Profits before Tax	472,430	472,430
Profits in the Current Period	339,207	339,207
Comprehensive Profits in the Current Period/Year Attributable to:		
Owner of Parent Entity	207,360	214,046
Non-Controlling Interest	90,565	83,879
Total Comprehensive Profits in the Current Period/Year	297,925	297,925
Profits per Basis Share Attributable to Owner of Parent Entity (in full scale)	16	15

Please note that the pro forma figures as per 30 June 2016 has not reflected the direct benefits of this Merger. Benefits of the Merger such as increased synergies and efficiency shall occur once the Merger becomes effective.

The Merging Parties' Management believes that after Merger, the Surviving Company's performance will be more

solid. The Merger shall be very beneficial in the long term.

8. Composition of Management and Supervisor of the Surviving Company

The composition of Board of Commissioners and Board of Directors of the Surviving Company, upon the Merger becomes effective, shall be as follows:

BOARD OF COMMISSIONERS

President Commissioner : DR. Ir. Ciputra
Commissioner : Dian Sumeler
Commissioner : Rina Ciputra Sastrawinata
Commissioner : Junita Ciputra
Commissioner : Sandra Hendharto
Independent Commissioner : Kodradi
Independent Commissioner : Henk Wangitan
Independent Commissioner : Thomas Bambang

BOARD OF DIRECTORS

President Director : Candra Ciputra
Director : Cakra Ciputra
Director : Budiarsa Sastrawinata
Director : Harun Hajadi
Director : Ir. Agussurja Widjaja
Director : Marius Ignatius Meiko
Handoyo Lukmantara
Director : Nanik Joeliawati Santoso
Director : Ir. Sutoto Yakobus

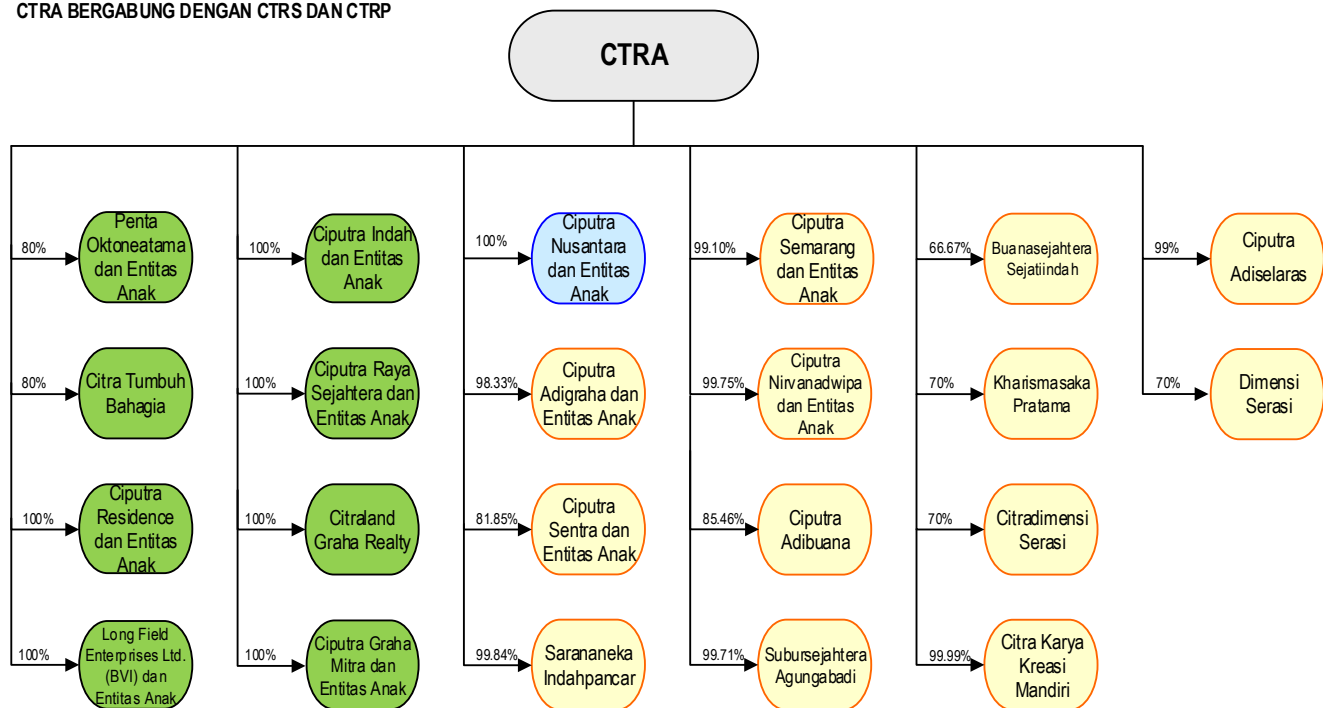
Director : Artadinata Djangkar
 Director : Bing Djangkar
 Director : Tanan Herwandi Antonius
 Independent Director : Tulus Santoso

Structure of the Surviving Company

A. The Organizational Structure of CTRA, CTRS and CTRP Merger

(Scenario #1)

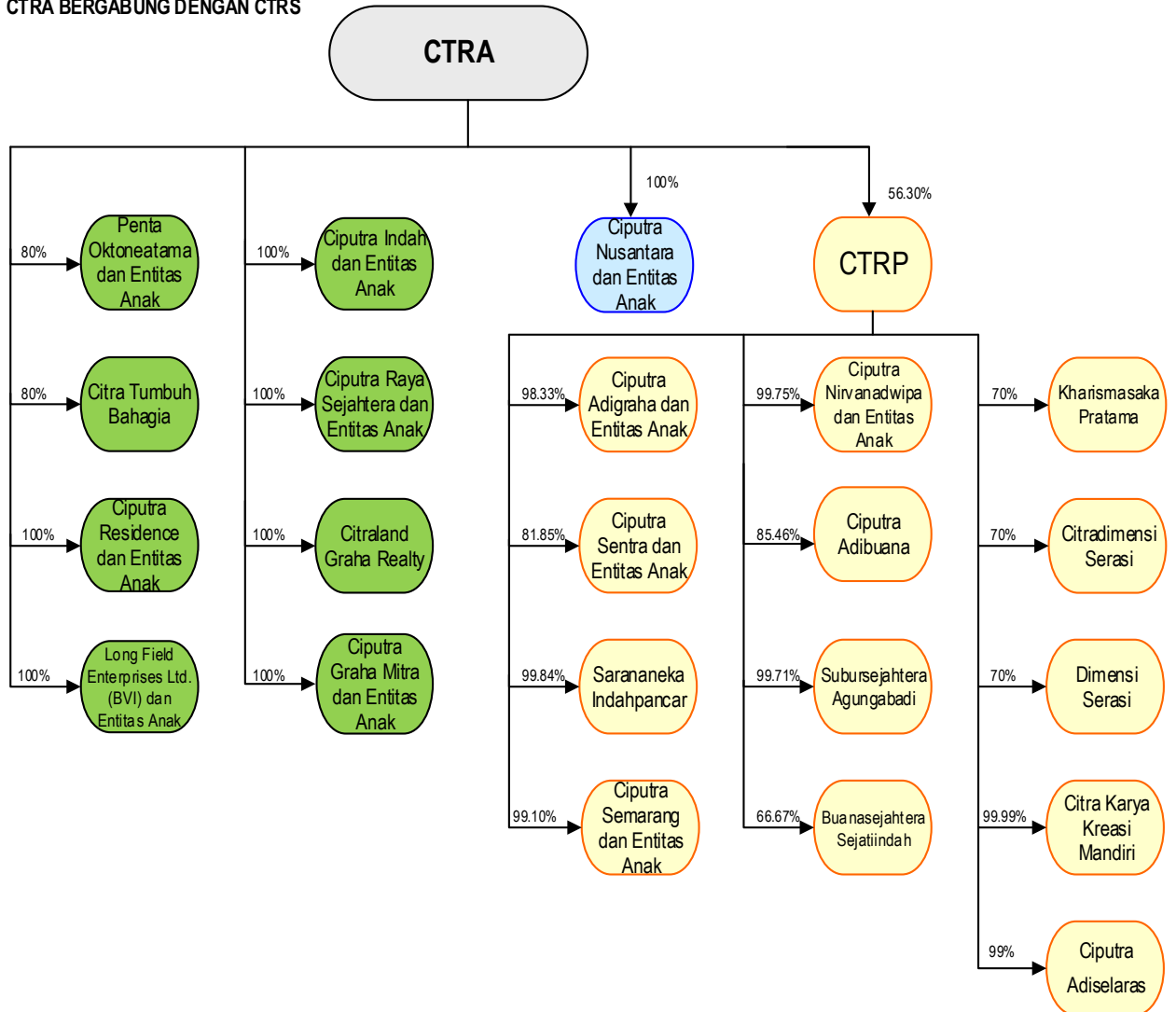
SETELAH MERGER
 SKENARIO I
 CTRA BERGABUNG DENGAN CTRS DAN CTRP



B. The Organizational Structure of CTRA and CTRS Merger

(Scenario #2)

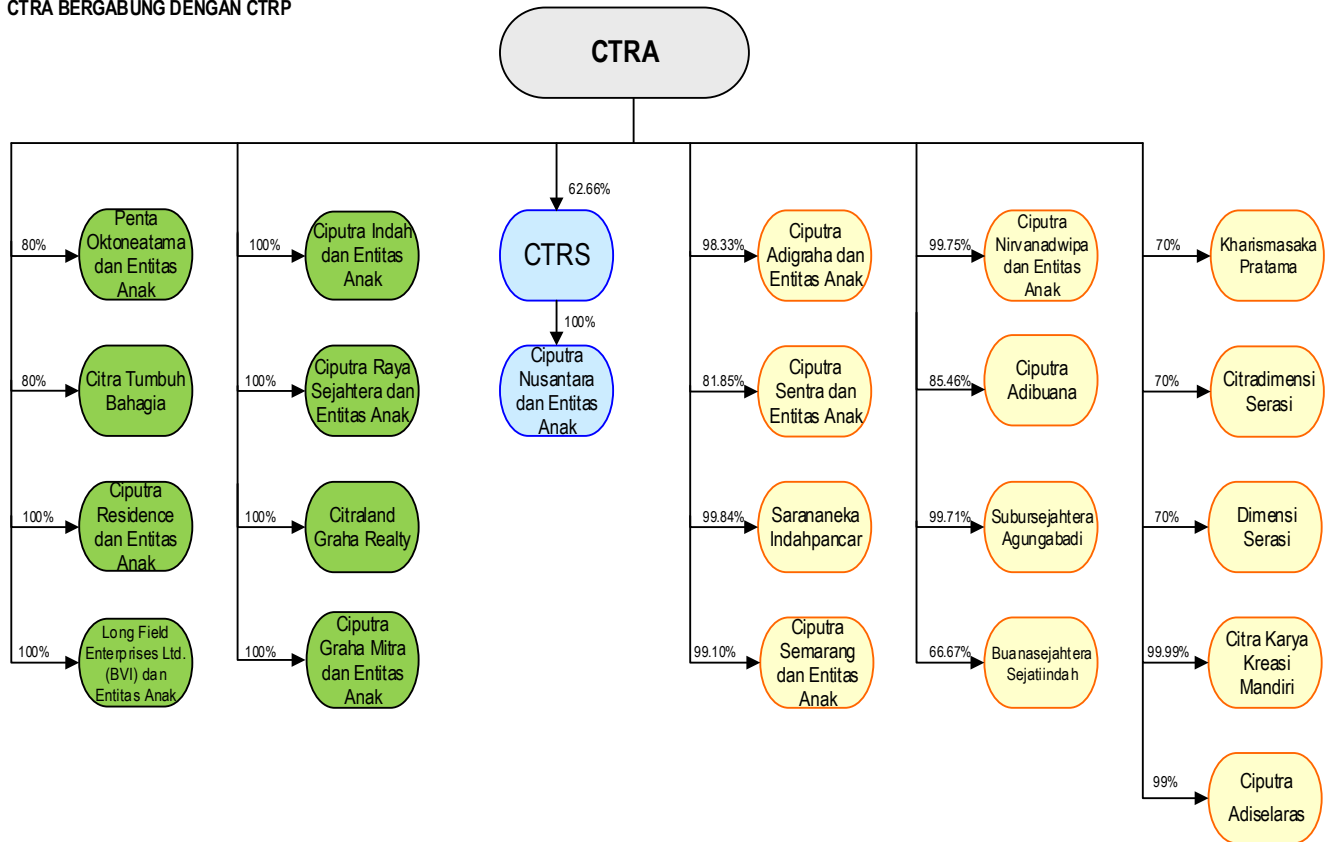
SETELAH MERGER
SKENARIO II
CTRA BERGABUNG DENGAN CTRS

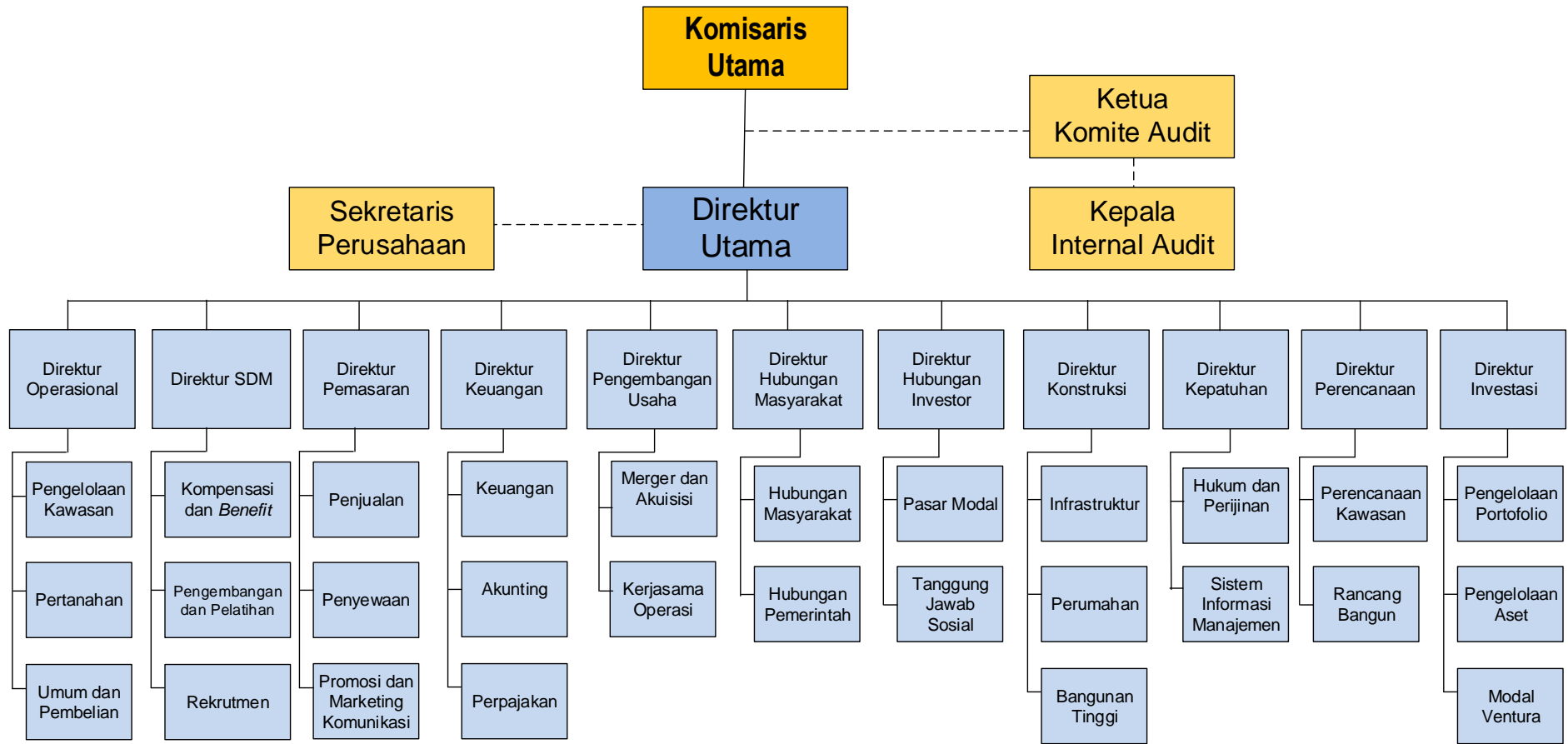


C. The Organizational Structure of CTRA and CTRP Merger

(Scenario #3)

SETELAH MERGER
SKENARIO III
CTRA BERGABUNG DENGAN CTRP





9. Procedures for Merger

Legal Aspects

The Merger shall be carried out with due observance to the prevailing provisions in Indonesia, among others:

1. Regulations on Limited Liability Company:

- Company Law; and
- GR No. 27/1998.

2. Regulations on Capital Market:

- CML; and
- Regulation No. IX.E.1;
- Regulation No. IX.G.1;
- OJKR No. 32/2014; and
- Regulation No. I-G.

3. Regulation on Business Competition:

- Anti-Monopoly Law; and
- GR No. 57/2010.

4. Regulations on Taxation:

- GPTL;
- ITL;
- VAT Law;
- RTL Law;
- GR No. 34/2010;
- RMF No. 43/2008;
- DGTR No. 28/2008; and
- DGTC No. 29/2015.

5. Regulations on employment set forth in Law No. 13/2003.

6. Regulations in the articles of association of the respective Merging Parties.

The Merger shall come into effect on the Merger Date.

Accounting Aspects

This Merger shall be done using Pooling of Interest method in accordance with the Generally Acceptable Accounting Standard No. 38, "Combined Business Entity under One Control".

10. Independent Parties

In accordance with Regulation No. IX.E.1, Regulation No. IX.G.1 and GR No. 27/1998, independent parties has been appointed to examine the feasibility and fairness of the Merger both in terms of commercial, legal and other aspects. Such designated parties shall be as follows:

1. Makes & Partners Law Firm, an independent legal counsel who provides opinion on some legal aspects of the merger, especially in relation to the provisions of Regulation No. IX.G.1;
2. Credit Suisse (Singapore) Limited, as the financial advisor for the Merger.
3. Purwantono, Sungkoro & Surja Public Accounting Firm, an independent party that shall:
 - a. give an opinion on the fairness of presentation of CTRA's financial statements;

- b. give an opinion on the fairness of presentation of CTRP's financial statements;
 - c. give an opinion on the fairness of presentation of CTRS' financial statements;
 - d. perform audit on the pro forma consolidated financial statements of the Surviving Company;
 - e. perform implementation of the agreed procedure in regard to method and procedures of shares conversion;
4. Rengganis, Hamid & Rekan Public Appraiser Firm, an independent party that shall assess the fairness of the value of CTRA shares as well as the fairness of Share Conversion Factors;
 5. Suwendho Rinaldy & Rekan Public Appraiser Firm, an independent party that shall assess the fairness of the value of CTRS shares as well as fairness against the Share Conversion Factor;
 6. Martokoesoemo, Prasetyo & Rekan Public Appraiser Firm, an independent party that shall assess the fairness of the value of CTRP shares as well as fairness against the Share Conversion Factor;
 7. PT Falcon Solusi Cakrawala, an independent party that shall provide inputs on tax aspects in respect of Merger;

8. Notary Buntario Tigris Darmawa Ng, S.H., a notary who prepares the documents in connection with the Merger.

In this case, the aforementioned independent parties declare their non-affiliation with the Merging Parties as defined in the Company Law.

11. Settlement on the Status of Employees and Members of the Board of Directors and the Board of Commissioners

In principle, the Merger does not result in the termination of employment of the employees of the Merging Parties. Thus, the employment relationship of all employees of the Merging Companies will be transferred to CTRA as the Surviving Company or its subsidiaries, on the terms agreed upon by the Merging Parties, including but not limited to, that in terms of efficiency and effectiveness as well as improvement of employment discipline, the Surviving Company's management is authorized to make any necessary adjustments in connection with the employment structure. The Merging Parties agree to cooperate and to take any necessary action with regard to employment issues including the settlement of employment issues arising in connection with the Merger.

12. Settlement on the Rights of the Shareholders Disagreeable with the Merger

Referring to Article 62 paragraph (1) of the Company Law, each shareholder shall be entitled to request the Merging Parties to purchase their shares at a fair price if the relevant shareholder disapprove the action taken by each Merging Parties (i.e. Merger) detrimental to shareholders or the respective Merging Parties (as the case may be). With reference to the fairness opinion on the Merger plan stating that the plan is a fair transaction, and therefore the Merging Parties believe that their actions constitute a corporate action without any potential to harm the shareholders.

Thereafter, considering that the Merging Parties constitute companies whose shares are enlisted in the Indonesian Stock Exchange and in terms of merger there will be no trading suspension to the shares of the Merging Parties, then the shareholders disagreeable with the Merger may sell all or any part of their shares either in the Indonesian Stock Market or over the counter.

13. Settlement on the Rights and Obligations to the Third Party

The Merging Parties have been exploring the implementation of the Merger after identifying the parties that have agreements with each company as well as the rights and obligations arising under such agreements and/or documents having no legal basis.

The Surviving Company will take over from the Merging Companies all rights and obligations of the Merging Companies to the creditors. According to Article 127 paragraph (4) of the Company Law, if until 16 November 2016 there are no written objections by the relevant creditors, then such creditors shall be considered approving the Merger plan.

On Merger, creditors' invoices to each Merging Companies shall be transferred to the Surviving Company. Liabilities to third parties shall be transferred to the Surviving Company on the effective date of Merger.

14. Estimated Execution of the Merger

This merger may be carried out only if:

- (i) Having obtained an effective statement from the OJK.
- (ii) Having obtained approvals from the shareholders as follows:
 - (a) EGM of CTRA, CTRS and CTRP; or
 - (b) EGM of CTRA and CTRS; or
 - (c) EGM of CTRA and CTRP.
- (iii) The total shareholders casting negative votes against the Merger plan and submitting the request for the Merging Parties to purchase their shares in the EGM of each Merging Parties shall not exceed 3% (three percent) of the total issued and paid up capital in each Merging Parties.

(iv) The Deed of Merger have been signed by each Merging Parties.

(v) Having obtained Approval from the MOLHR for the amendment to Articles of Association in terms of Merger.

Below is the provisional schedule or an estimate of Merger, to be adjusted to the implementation of electronic enlisting (Scriptless Trading).

No.	Activity	Date
1.	Notification on EGM agenda to the OJK	18 October 2016
2.	Approval from the Board of Commissioners of CTRA, CTRS and CTRP for the Merger Plan	21 October 2016
3.	Delivery of merger statement containing the Merger Plan together with its supporting documents to the OJK	24 October 2016
4.	Announcement of summary Merger Plan to public in 2 (two) daily newspaper and to the employees	24 October 2016
5.	Issuance of circular on Merger Plan to the shareholders	24 October 2016
6.	EGM announcement by newspaper advertisement	24 October 2016
7.	Delivery of application for additional share enlisting to the IDX and notification to the IDX on the possible delisting of CTRS and CTRP from IDX due to merger	24 October 2016
8.	Announcement of material information with respect to merger in IDX	25 October 2016
9.	Announcement by the IDX to the market on the possible delisting of CTRS and CTRP from IDX due to merger	26 October 2016
10.	Receipt of principal additional listing approval for CTRA shares from the IDX	3 November 2016
11.	The last date to record the register of shareholders entitled to attend EGM	9 November 2016
12.	Notice to EGM by newspaper advertisement	10 November 2016
13.	Deadline for objection by the Creditors	16 November 2016
14.	The Merger to be held effective by the OJK	30 November 2016
15.	1 st EGM	2 December 2016
16.	Advertising the announcement of minutes of the 1 st EGM	6 December 2016
17.	Notice to the 2 nd EGM*)	8 December 2016
18.	The 2 nd EGM*)	16 December 2016
19.	Advertising the announcement of minutes of the 2 nd EGM	20 December 2016
20.	Execution of the Deed of Merger and Deed of Declaration of CTRS's EGM Resolution	23 December 2016
21.	Notification to the Minister of Law and Human Rights on the deed of merger	29 December 2016
22.	Receipt of Approval from the Minister of Law and Human Rights for the Deed of Merger	30 December 2016

23. Deadline for announcement by CTRA Board of Directors of the merger in 1 (one) daily newspaper or more 30 January 2017

*)To be done if the 1st EGM of any Merging Parties fails to achieve the quorum of attendance.

15. Tax Treatment on the Merger Plan

a. Corporate Income Tax

On 13 March 2008, the Minister of Finance of the Republic of Indonesia issued RMF No. 43/2008 to replace RMF No. 42/KMK.04/1998, concerning the use of book value over the transfer of assets in terms of merger, amalgamation or expansion.

Article 1 paragraph 1 of RMF No. 43/2008 provides that any Taxpayer entering into a merger may use the book value over the transfer of its assets (i.e. the fiscal book value).

The definition of "merger" as referred to in Article 1 paragraph 3 of RMF No. 43/2008 shall be a merger of two or more Taxpayers whose capital is divided into shares by maintaining the existence of either legal entity not having residual loss or having the lesser residual loss. Article 1, paragraph 4 of PER DGT No. 28/2008 provides that the residual loss shall be the fiscal and commercial residual losses.

Furthermore, Article 2 of RMF No. 43/2008 provides that to obtain approval from the Director General of Tax (DGT) for the use of book value in the transfer of

assets, the Taxpayer shall meet the following requirements:

- i. To submit application to the Director General of Tax together with the reason and purpose of the merger and expansion;
- ii. To settle all tax payables of each relevant business entity; and
- iii. To meet the requirement for business purpose test.

Article 3 of RMF No. 43/2008 provides that the Taxpayer entering into a merger using the book value may not compensate for the loss/residual loss from the merging/merged Taxpayer.

Article 7 of RMF No. 43/2008 provides that the fulfillment of requirements as referred to in Article 2 shall be governed by the DGT. In connection therewith, DGT issued DJPR No. 28/2008 further provided in DGTC No. SE-45/PJ/2008 as amended lastly by DGTC No. 29/2015. The relevant taxation regulations shall include:

- i. Financial Statements of the transferor and transferee shall be audited by a public accountant, especially for the year of such transfer.
- ii. Delivery of permit application to DJP for the use of the value over the transfer of assets in terms of a merger or expansion shall be made within 6

(six) months after the effective date of the merger.

iii. To meet the business purpose test:

a. The merger and expansion aims to create strong business synergies and to reinforce its capital structure and not for tax evasion;

b. The business activities of the transferor shall remain active until the effective date of the merger;

c. The business activities of the transferor prior to the merger shall be continued by the transferee for a minimum of 5 (five) years after the effective date of the merger;

d. The business activities of the transferee in terms of merger shall continue for a minimum of 5 (five) years after the effective date of the merger;

e. The assets owned by the transferee after a merger or expansion shall not be transferable by the transferee for at least 2 (two) years after the effective date of the merger.

iv. Tax audit shall be conducted to the merging Taxpayer for the fiscal year of such merger.

v. If after the merger an audit to the transferor regarding the tax years prior to the merger year, the tax assessments on such audit and the

collection and/or restitution thereof issued in the name and TIN of the transferor and the name and TIN of the transferee.

Based on the foregoing taxation regulations, it can be concluded that:

1. CTRA, CTRS and CTRP may submit an application and obtain approval from the DGT to use the book value of the transfer of assets in terms of merger to the extent that all requirements as set forth in RMF No. 43/2008, DGTR No. 28/2008 and DGTC No. 29/2015 have been met.
2. If the application to use the book value in terms of merger is approved by the DGT, then there shall be no implication of the Corporate Income Tax and/or PPH TB (Article 4 paragraph 2), final in nature (notwithstanding the matters presented below), regarding the capital gain arising from the transfer of assets from the transferor to the transferee.

b. Income Tax on Transfer of Right over Land and/or Building (PPH TB)

Article 6 item e of GR No. 34/2010, the entity transferring an asset in the form of land and/or buildings in terms of merger stipulated by the Minister of Finance to use the book value shall be excluded from the payment or collection obligation for Income Tax (PPH TB).

Furthermore, based on the Elucidation of Article 7 of GR No. 34/2010, on such PPH TB exemption, the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency does not require the documents completion in the form of the Tax Payment Slip (SSP) or other administrative printed means equivalent to the SSP, except for the Certificate of Exemption (SKB) issued by the DGT.

c. Land and Building Title Transfer Fee (BPHTB)

Article 85 paragraph (2) sub-paragraph (b) item (10) of the RTL Law provides that the Land and/or Building Title Transfer Fee (BPHTB) imposed on either of them shall include the title transfer due to merger.

Article 87 paragraph (2) sub-paragraph (k) and Article 88 paragraph (1) of the RTL Law declare that the Acquisition Value of Taxable Item in terms of merger shall be the market value and BPHTB at the highest rate of 5% (five percent).

According to the provision in Article 183 of the RTL Law, the implementation of reduction, relief and exemption of BPHTB shall be provided severally by a Regional Regulation (RR).

d. Value Added Tax (VAT)

Article 1A paragraph (2) sub-paragraph (d) of the VAT Law provides that the title transfer of Taxable Goods in terms of merger shall not be subject to VAT provided

that the transferor and the transferee shall be a Taxable Entrepreneur.

e. TIN Deregistration and PKP Revocation

CTRS and CTRP, as a result of Merger, shall then automatically be ended with or without prior liquidation and shall be required to submit a TIN (Taxpayer Identification Number) deregistration and PKP (Taxable Entrepreneur) revocation to the Tax Office (KPP) in which the Taxpayer is registered.

In accordance with Article 2 paragraph (6) and paragraph (8) of GPTL in conjunction with Article 11 of DGT Decree No. KEP-161/PJ/2001 as amended lastly by Article 9, Article 13 paragraph (6) and paragraph (7) sub-paragraph (b) and Article 21 of DGTR No. PER-20/PJ/2013, the tax authorities shall conduct tax audit on CTRS and CTRP in order to give consent for TIN deregistration and PKP revocation and shall be completed within a period of 12 (twelve) months and 6 (six) months, respectively, from the receipt date of the application in full.

Article 13 paragraph (8) and Article 25 paragraph (3) and paragraph (4) of DGTR No. PER-20/PJ/2013 dated 30 May 2013 declare that if after the lapse of period of 12 (twelve) months (for TIN deregistration) and 6 (six) months (for PKP revocation) and the KPP does not issue a decree, the application of the relevant Taxpayer

shall be deemed granted and the KPP shall issue a decree on TIN Deregistration and PKP Revocation within a maximum period of 1 (one) month thereafter.

III. CONDITIONS OF MERGER AND VOTING

Merger

In consideration of the provisions of prevailing legislation in Indonesia, this Merger, *inter alia*, shall be conducted on the following terms:

1. Obtaining approval from the shareholders of the Merging Parties according to EGM convened by each Merging Parties.
 - i. The Merger as referred to in this Merger Plan constitutes an affiliated transaction as defined in Regulation No. IX.E.1. due to (i) ownership relation, and (ii) managerial relation.
 - ii. Accordingly, the Merger shall obtain approval from the EGM of CTRA, CTRS and CTRP attended by the shareholders representing at least 3/4 of the total shares with valid voting right and approved by at least 3/4 of the total votes. However, if the quorum of attendance cannot be reached, the 2nd EGM shall be convened to obtain approval for the Merger to be attended by the shareholders representing at least 2/3 of the total shares with valid voting right and approved by at least 2/3 of the total votes.
2. Obtaining an effective statement from the OJK for Merger Statement.
3. Execution of the Deed of Merger by the Merging Parties.

4. Receipt of approval for the Deed of Amendment to the Articles of Association of the Surviving Company by MOLHR.
5. Receipt of approvals from third parties including but not limited to third party approval required by the prevailing legislation and any agreement or contract or covenant entered into by the Merging Parties and any third party including but not limited to approval from the holders of any note issued by CTRP.
6. Receipt of approval or consent from the competent authorities including the Directorate General of Tax.

Considering the above, the implementation of Merger shall depend on, among others, requirements and approvals from third parties, as mentioned above. In connection with this, then there is uncertainty that the Merger will be implemented.

Based on exploration, the Merging Parties have prepared the Merger Plan and it has been approved by the Commissioners of each company, and shall deliver a Merger Statement to the OJK [and shall submit the Merger Plan to all creditors] on 24 October 2016.

IV. EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The shareholders of the Merging Parties registered in the Register of Shareholders on 9 November 2016 at 16:00 West Indonesia Time shall be entitled to attend the EGM to be held on 2 December 2016.

The shareholders unable to attend the EGM may authorize another party, by filling out the Power of Attorney form provided and return the same to the representative office of each Merging Parties, as soon as practicable so that such Power of Attorney shall have been received no later than 3 (three) business days prior to the EGM date.

The filing of Power of Attorney form shall not prevent the relevant shareholders from attending the meeting and cast a vote to their intent.

The EGM resolution of CTRA, CTRS and CTRP may be adopted if each EGM was attended by the shareholders representing at least 3/4 of the total shares with valid voting right and approved by at least 3/4 of the total votes. However, if the quorum of attendance cannot be reached, the 2nd EGM shall be held on 16 December 2016 and to obtain approval for this Merger, the 2nd EGM shall be attended by the shareholders representing at least 2/3 of the total shares with valid voting right and approved by at least 2/3 of the total votes.

V. ADDITIONAL INFORMATION

Further information concerning the Merger may be obtained from the following contact:

Corporate Secretary

PT Ciputra Development Tbk
Ciputra World 1,
DBS Bank Tower 39th Floor
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940
Telephone: (62-21) 2988 5858
Facsimile: (62-21) 2988 8989

Corporate Secretary

PT Ciputra Surya Tbk
Ciputra World 1,
DBS Bank Tower 39th Floor
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940
Telephone: (62-21) 2988 5858
Facsimile: (62-21) 2988 8989

Corporate Secretary

PT Ciputra Property Tbk
Ciputra World 1
DBS Bank Tower Lantai 38
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940
Telephone: (62-21) 2988 8898
Facsimile: (62-21) 2988 8899

It is further informed a Circular Letter containing detailed information on the Merger plan has been made available to each shareholder at the address above.

In witness whereof this Merger Plan is submitted in accordance with the prevailing provisions of legislation.

For and on behalf of

PT Ciputra Surya Tbk

Name: Harun Hajadi
Position: President Director

Name: Ir. Artadinata Djangkar
Position: Director

For and on behalf of

PT Ciputra Property Tbk

Name: Candra Ciputra
Position: President Director

Name: Nanik Joealiawati Santoso
Position: Director

For and on behalf of

PT Ciputra Development Tbk

[Rp6,000 duty stamp]

Name: Candra Ciputra
Position: President Director

Name: Tulus Santoso
Position: Independent Director