

**DISCLOSURE OF INFORMATION TO SHAREHOLDERS OF
PT PAKUWON JATI TBK
WITH RESPECT TO MATERIAL TRANSACTION AND CHANGE OF CORE LINE OF BUSINESS**

This disclosure of information ("**Disclosure of Information**") is made in connection with the purchase of all shares held by EEMF Asian Development, BV in PT Pakuwon Permai, representing 67.13% of the issued shares of PT Pakuwon Permai by the Company ("**Proposed Transaction**"); and in order to comply with Regulation of the Capital Markets and Financial Institutions Supervisory Boards (Bapepam-LK) No.IX.E.2 regarding Material Transaction and Change of Core Line of Business, Attachment to Decision of the Chairman of Bapepam-LK No.Kep-614/BL/2011 Dated 28 November 2011 ("**Regulation No. IX.E.2**").

INFORMATION CONTAINED HEREIN IS VERY IMPORTANT FOR THE SHAREHOLDERS OF PT PAKUWON JATI TBK TO READ AND TO TAKE INTO ACCOUNT

Should you have any problem in understanding the information herein, please consult your broker, investment manager, lawyer, public accountant or other professional advisors.



PT. Pakuwon Jati Tbk.

Domiciled in Surabaya, Indonesia
("**Company**")

Line of Business:

Development of shopping centers, offices, star hotels, commercial area and real estate developer, including their supporting facilities, by the Company or its subsidiaries.

Head Office

Eastcoast Center 5th Floor, Jl Kejawan Putih Mutiara No.17
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MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS SHALL, SEVERALLY AND COLLECTIVELY, BE FULLY RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE INFORMATION DISCLOSED HEREIN AND AFTER DUE VERIFICATION, CONFIRM THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND THERE IS NO MATERIAL AND RELEVANT FACT NOT DISCLOSED OR OMITTED HEREIN, THEREBY RENDERING THE INFORMATION HEREIN INACCURATE AND/OR MISLEADING.

DEFINITIONS

Affiliation	: Based on Law No. 8 of 1995 regarding Capital Market, affiliation means: <ul style="list-style-type: none"> a. a family relationship by marriage and descent up to the second degree, horizontally and vertically; b. a relationship between a party and its employees, directors, or commissioners; c. a relationship between 2 (two) companies in which one or more members of their Board of Directors or Board of Commissioners is/are the same; d. a relationship between the company and the party which directly as well as indirectly controls or is controlled by the said company; e. a relationship between 2 (two) companies which is controlled directly as well as indirectly by the same party; or f. a relationship between a company and a substantial shareholder.
Public Accountant	: Public Accountant Office of Osman Bing Satrio & Eny, independent auditors listed as a capital market supporting profession with Bapepam and LK (currently known as OJK) under Certificate of Registration of Capital Market Supporting Profession issued by Bapepam LK No. 197/BL/STTD-AP/2012; who have conducted a review on the latest consolidated financial statements of the Company ending on 30 June 2014 and a review of consolidated financial information prior and after the Transaction.
	: Public Accountant Office of Supoyo, Sutjahjo, Subyantara & Rekan, independent auditors listed as a capital market supporting profession with Bapepam and LK (currently known as OJK) under Certificate of Registration of Capital Market Supporting Profession issued by Bapepam and LK No. 73/BL/STTD-AP/2009; who have conducted an audit of consolidated financial statements of Pakuwon Permai ending on 30 June 2014.
BEI	: PT Bursa Efek Indonesia.
BNRI	: Official Gazette of the Republic of Indonesia.
Director	: Member of the Board of Directors of the Company as of the date of this disclosure of information
EEMF	: EEMF Asian Development, BV, a limited liability Company duly established under the laws of the Netherland, domiciled in Amsterdam, Netherland.
Commissioner	: Member of the Board of Commissioners of the Company as of the date of this Disclosure of Information.
Company's Financial Statements	: Financial Statements of the Company and its subsidiaries for a six months period ending on 30 June 2014 which has been reviewed by the Public Accountant, that there is no

facts brought to the attention of the Public Accountant which would otherwise render the Public Accountant to believe that the consolidated financial information does not present fairly in all material respects, the consolidated financial position of the Company and its subsidiaries on 30 June 2014, and its financial performance and consolidated cash flow for a six month period ended on the relevant date, have complied with the Indonesia Financial Accounting Standard.

Financial Statements of Pakuwon Permai	:	Financial Statements of PT Pakuwon Permai and its subsidiaries for a six months period ending on 30 June 2014 which has been audited by the Public Accountant with qualified opinion, in all material respects, the consolidated financial position and its subsidiaries dated 30 June 2014, as well as its financial performance and consolidated cash flow for a six month period ended on the relevant date, have complied with the Indonesia Financial Accounting Standard.
Minister of Law and Human Rights	:	Minister of Law and Human Rights of the Republic of Indonesia, formerly known as Minister of Justice of the Republic of Indonesia.
OJK	:	Financial Services Authority, an institution which is independent and free from any intervention from any third party, having the functions, duties and authority to regulate, supervise, audit and investigate financial services activities in the sectors of capital market, insurance, pension fund, financial institution, and other financial services institutions as referred to in Law Number 21 of 2011 dated 22 November 2011 regarding Financial Services Authority which replaces the Capital Markets and Financial Institutions Supervisory Board, effectively as of 1 January 2013..
Pakuwon Permai	:	PT Pakuwon Permai, a limited liability company duly established under and subject to the laws of the Republic of Indonesia and domiciled in Surabaya.
Pakuwon Prima Pte. Ltd	:	Pakuwon Prima Pte. Ltd, a corporation duly established under the prevailing laws of the Republic of Singapore, domiciled in Singapore
Company's Shareholders	:	The Company's shareholders whose names are registered with the shareholders register of the Company.
Independent Appraiser	:	Public Appraiser Office of Martokoesoemo Prasetyo & Rekan, an Independent appraiser listed as a capital market supporting profession with Bapepam and LK (currently known as OJK) under Certificate of Registration of Capital Market Supporting Profession issued by Bapepam and LK No. 02/BL/STTD-P/B/2007, which has conducted valuation of 67.13% of Pakuwon Permai shares and provided fairness opinion on the Transaction.
Regulation No. IX.E.1	:	Regulation of Bapepam and LK No. IX.E.1, Appendix to Decision of the Chairman of Bapepam and LK No. Kep-412/BL/2009 dated 25 November 2009, regarding Affiliated Transactions and Conflict of Interest in Particular Transactions.

Regulation No. IX.E.2	:	Regulation of Bapepam and LK No. IX.E.2, Appendix to Decision of the Chairman of Bapepam and LK No. Kep-614/BL/2011 dated 28 November 2011 regarding Material Transactions and Change of Core Line of Business.
Regulation No. X.K.1	:	Regulation of Bapepam and LK No. X.K.1, Appendix to Decision of the Chairman of Bapepam No. Kep-86/PM/1996 dated 24 January 1996, regarding Disclosure of Information which Requires Immediate Public Announcement.
Share Sale and Purchase Agreement	:	Deed of Transfer of Shares Agreement No. 14 entered into by the Company and EEMF on 10 October 2014 before Ferdinandus Indra Santoso Atmajaya, SH., MHum., substitution for Esther Mercia Sulaiman, SH, notary in Administrative City of South Jakarta with respect to the sale of all shares owned by EEMF in Pakuwon Permai, representing 67.13% of the issued capital of Pakuwon Permai, to the Company.
Initial Notes	:	USD 168,000,000 7.125 % Senior Notes due 2019, issued by Pakuwon Prima based on Initial <i>Indenture</i> , unconditionally and irrevocably secured by the corporate guarantee of the Company and its subsidiaries which granted corporate guarantee with respect to the issuance of Notes.
Additional Notes	:	USD 32,000,000 7.125 % Senior Notes due 2019, issued by the Pakuwon Prima pursuant to <i>Purchase Agreement</i> , unconditionally and irrevocably secured by the corporate guarantee of the Company and its subsidiaries which granted corporate guarantee with respect to the issuance of Notes.
Transaction	:	Purchase of entire shares owned by EEMF in Pakuwon Permai representing 67.13% of the issued capital in Pakuwon Permai by the Company pursuant to Share Sale and Purchase Agreement.
Affiliated Transaction	:	Affiliated Transaction pursuant to Regulation of Bapepam and LK No. IX.E.1 means a transaction conducted between the Company or the controlled company with the affiliated party of the Company or affiliated party of the members of the Board of Directors, members of the Board of Commissioners, or the substantial shareholder of the Company.
Superblock	:	Term used in Indonesia to describe a large scale development of unified and integrated property project, which is a combination of shopping centres, office buildings, condominiums, and/or hotels.
Company Law	:	Law No. 40 of 2007 regarding Limited Liability Company.

I. INTRODUCTION

The information provided herein is disclosed to the Company's Shareholders with respect to the purchase of entire shares owned by EEMF in Pakuwon Permai representing 67.13% of the issued capital in Pakuwon Permai by the Company ("Transaction"), which amount to a material transaction

as referred to in Regulation No. IX.E.2, since the total amount of the Transaction is equal to Rp2,343,600,000,000 or equivalent with 48.94% from the Company's equity book value on 30 June 2014 in amount of Rp4,788,445,130,000 where the transaction value is constituting more than 20% (twenty percent), but less than 50% of the Company's equity based on the Financial Statements and therefore, no prior approval from the Shareholders of the Company is required for the Transaction as set out in Regulation No. IX.E.2. This disclosure of information is also provided in the context of Regulation No. X.K.1.

Pakuwon Permai is affiliated with the Company however this Transaction does not fall into the category of Affiliated Transaction as provided for in Regulation No. IX.E.1, this is considering that the Transaction is carried out between the Company and EEMF Asian Development, BV, which is a non-affiliate of the Company. This transaction also bears no Conflict of Interest as set out in Regulation No. IX.E.1.

In connection with the implementation of the Transaction, there is no restriction which requires the Company to obtain prior approval or authorization from its creditors or any third party and the Company will comply with the prevailing provisions in the Republic of Indonesia, particularly regulations and/or provisions in the field of capital market.

II. INFORMATION ON THE TRANSACTION AND IMPACT ON THE COMPANY'S FINANCE

A. PROPOSED TRANSACTION

1. Reason and Background

In order to generate added value for the shareholders and to make the Company as one of the leading companies in the property sector, offering the first choice for shareholders and other potential investors who wish to make investment in property company which has the best quality and high growth potential as well as selected property portfolio, the Company intends to strengthen its core business with the purchase of majority shares of Pakuwon Permai.

Pakuwon Permai engages in property business, condominium and development of retail shopping centers. Pakuwon Permai currently has property portfolio located in West Surabaya, namely retail shopping centre Supermal Pakuwon Indah phase 1 and Pakuwon Trade Centre (with total NLA area of approximately 100.000m²) which has been operating since around year 2003 and is currently set to further expand Supermal Pakuwon Indah phase 2 and 3 including its retail shopping center; Supermal Pakuwon Indah to Phase 2 and 3 (with total NLA area of approximately 74.000m²), three towers of condominium, Orchard, Tanglin and Ritz (with total semi gross area of approximately 101.000 m²), as well as one hotel tower which will be divided into two hotels in one tower, three stars hotel Ibis on the lower level (398 rooms) and five stars hotel Pullman on the upper level (211 rooms). This expansion will turn Pakuwon Permai as the biggest reputable developer of Superblock area in West Surabaya. Pakuwon Permai also in the process of preparing to expand the phase 4, which includes three towers of condominium with total semi gross area of approximately 122.000m² and retail shopping centre with total NLA area of approximately 12.000m².

Furthermore, PT Pakuwon Permai, through its consolidated subsidiaries, also has several property investment namely, PT Pakuwon Sentosa Abadi (Blok M Plaza with total NLA area of approximately 31.000m² in South Jakarta, which has been operating since 1991), PT Dwijaya Manunggal (Royal Plaza with total NLA area of approximately 53.000m² in South Surabaya, which has been operating since 2007) and PT Permata Berlian Realty (Condotel) Somerset Residence with 147 units in South Jakarta which has been operating since 2006 and Condotel Ascott Residence with 182 units in West Surabaya which in the process of finishing the interior.

At the end of June 2014, the occupancy level of retail shopping centre Supermal Pakuwon Indah phase 1 and Pakuwon Trade Centre reached 91%, Blom M Plaza 97% and Royal Plaza 97%.

It is expected that by making Pakuwon Permai as the consolidated subsidiaries of the Company, this will further put the Company in a stronger position as a developer of Superblock and projects in strategic locations, particularly in Jakarta and Surabaya.

2. Benefit of the Transaction for the Company

The Company believes that the Transaction will provide great benefit to the Company in the future, including among others:

- a. Diversify the Company's property portfolio with one new superblock, two retail shopping centers, condominium hotels (condotels) that the Company is planning to develop in strategic locations in Jakarta and Surabaya. This is in line with the Company's growth strategy which is balanced between recurring income and development income with potential increase of recurring income minimal 22% (based on recurring income of Pakuwon Permai for semester 1 of 2014).
- b. The increase of retail shopping centre areas of 53% from the current total area of the Company's retail shopping centre of 334.000m² to 512.000m² derived from shopping centre Supermal Pakuwon Indah phase 1, Pakuwon Trade Centre, Royal Plaza and Blok M Plaza. Such areas still will increase 86.000 m² from the expansion of shopping centre Supermal Pakuwon Indah phase 2,3 and 4.
- c. The increase of total hotel rooms owned by the Company of 41% from the current hotel rooms owned by the Company of 359 rooms to 506 rooms derived from the total hotel rooms operated by Somerset Residence in South Jakarta. Such hotel rooms still will increase from hotels that are currently in the process of construction in the amount of 791 rooms which includes 398 rooms from Pullman Hotel, 211 rooms from Ibis Hotel and 182 rooms from Condotel Ascott.
- d. The increase of total strata title condominium developed of 74% from the current area condominium owned by the Company, which still in the process of construction from 301.000m² to 524.000m² which derived from three towers of condominium namely, Condominium Orchard, Condominium Tanglin, Condominium Ritz with total area of approximately 101.000m² which also still in the process of construction and three additional towers of condominium with total area of approximately 122.000m² which will be build on the expansion of Supermal Pakuwon Indah phase 4.
- e. enhancing the Company's image. After the completion of the Transaction, the Company will become known as one of the leading property developers, owners and managers in Indonesia with its portfolio located in strategic areas and complete services provided by the Company properties.

3. Brief Description of the Proposed Transaction

- a. On 10 October 2014, the Company and EEMF has executed a Share Sale and Purchase Agreement, drawn up before Ferdinandud Indra Santoso Atmajaya, S.H M.Hum., substitute of Ny. Esther Mercia Sulaiman, SH, Notary in Administrative City of South Jakarta with respect to the Transaction. Below is the brief description of the Proposed Transaction:

- Object : 868,000,000 shares or equivalent to 67.13% of the issued capital of Pakuwon Permai
- Seller : EEMF Asian Development, BV
- Value : Rp2,343,600,000,000 (two trillion three hundred forty three billion and six hundred million Rupiah). The total value of the Proposed Transaction equals to 48.94% of the Company's equity but not exceeds 50% from equity based on the Company's Financial Statements.
- Conditions Precedent :
 - Compliance with the provisions of Article 127 paragraph (2) of the Company Law with respect to the Transaction
 - Approval from Indonesia Investment Coordination Board with respect to the Transaction
 - Approval from the General Meeting of Shareholders of Pakuwon Permai with respect to the Transaction
 - Issuance of valuation and qualified opinion on the Transaction by the Independent Appraiser
 - Fulfillment of all conditions under the prevailing conditions and obtaining of corporate approval from EEMF with respect to the Transaction
- Date of completion : 10 October 2014
- Prevailing laws : Laws of the Republic of Indonesia
- Dispute settlement agency : Indonesian National Board of Arbitration

b. Value of the Proposed Transaction

As described in point a above, the total value of the Transaction is Rp2.343.600.000.000 (two trillion three hundred forty three billion and six hundred million Rupiah), equals to 48.94% (forty eight point ninety four percent) of the Company's total equity but not exceeds 50% from equity based on the Company's Financial Statements.

c. Source of Fund

The Proposed Transaction is entirely financed by the Company from the following sources:

- proceeds from the issuance of Notes in the amount of USD 168,000,000 through the Company's subsidiary, Pakuwon Prima Pte Ltd, as presented in the Disclosure of Information by the Company on 4 July 2014; and
- proceeds from the issuance of Additional Notes in the amount of USD 32,000,000 through the Company's wholly-owned subsidiary, Pakuwon Prima Pte Ltd, as

provided in the Disclosure of Information by the Company on 25 July 2014. Additional Notes form an integral part of transaction with respect to the issuance of Notes in the amount of USD 168,000,000.

Total proceeds from the Notes and Additional notes with middle rate of Bank Indonesia as of 24 July 2014 in the amount of Rp 11.531/USD

d. Parties Involved in the transaction

Below is a brief description of the Company and EEMF

i. **Information on the Company**

Brief History

The Company is a limited liability company duly established under the laws of the Republic of Indonesia under Deed No.281 dated 20 September 1982, drawn up before Kartini Muljadi, S.H., Notary in Jakarta. Its deed of established has been legalized by the Minister of Justice of the Republic of Indonesia ("MOJ") by virtue of Decree No. C2-308.HT01.TH83 dated 17 January 1983, and announced in BNRI No. 28 dated 8 April 1983, Supplement No. 420.

The Company's Articles of Association has been amended several times, lastly with Deed No. 18 dated 21 February 2012, drawn up before Ny. Esther Mercia Sulaiman, SH, Notary in Administrative City of South Jakarta, which has been approved by the MOHLR through approval letter No. AHU-09854.AH.01.02.Tahun 2012, dated 23 February 2012 and announced in BNRI No.34, dated 26 April 2013, Supplement No.16888 and in conjunction with Deed No. 28 dated 13 March 2012, drawn up before Ny. Esther Mercia Sulaiman, SH, Notary in Administrative City of South Jakarta, which has been notified to the the Administration System of Law Bureau of the MOHLR through notification letter No. AHU-AH.01.10-09074 dated 14 March 2012.

Whereas the amendment of the management structure of the company lastly stated in Deed No. 38, dated 25 June 2013, drawn up before Ny. Esther Mercia Sulaiman, SH, Notary in Administrative City of South Jakarta, the amendment has been received by the Administration System of Law Bureau Minister of Law and Human Rights under letter No. AHU-AH.01.32089 dated 31 July 2013.

The Company is domiciled in Surabaya, having its office in Eastcoast Center 5th Floor, at Jl Kejawan Putih Mutiara No.17 Pakuwon City, Surabaya, phone/facsimile number (031) 58208788 / (031) 58208798

Purpose, Objective and Business Activities

The Company engages in the development of shopping centers, offices, star hotels, commercial areas and real estate developer, including their supporting facilities, either through the Company or its subsidiaries.

Capital Structure and Shareholding of the Company

Below is the capital structure and shareholding of the Company:

No.	Description	Total Shares	Nominal Value @Rp.25,00	(%)
	Authorized Capital	120,000,000,000	3,000,000,000,000.00	
	Issued and Fully Paid Up Capital	48,159,602,400	1,203,990,060,000.00	

No.	Description	Total Shares	Nominal Value @Rp.25,00	(%)
1.	PT Pakuwon Arthaniaga	8,067,864,000	201,696,600,000.00	16.80
2.	Raylight Investment Limited	3,441,204,000	86,030,100,000.00	7.10
3.	Concord Media Investment Limited	3,556,800,000	88,920,000,000.00	7.40
4.	Burgami Investment Limited	10,063,591,200	251,589,780,000.00	20.90
5.	GIC S-A Government of Singapore	2,434,518,413	60,862,960,325.00	5.10
6.	Other shareholders (below 5%)	12,279,040	306,976,000.00	0.03
7.	Public	20,583,345,747	514,583,643,675.00	42.70
Total Shares in Portfolio		71,840,397,600	1,796,009,940,000.00	

Management and Supervision

Composition of members of the Board of Commissioners and the Board of Directors of the Company as of the date of this Disclosure of Information is as follows:

Board of Commissioners

President Commissioner : Alexander Tedja
Independent Commissioner : Drs. Agus Soesanto
Independent Commissioner : Dr. Dyah Pradnyaparamita Duarsa

Board of Directors

President Director : Ir. Richard Adisastra
Director : A. Stefanus Ridwan Suhendra
Director : Wong Boon Siew Ivy
Director : Irene Tedja
Director : Eiffel Tedja
Director (non-affiliation) : Drs. Minarto
Director (non-affiliation) : Sutandi Purnomosidi

Financial Overview of the Company

The following table provides summary of consolidated financial data of the Company for year ending on 30 June 2014 which has been reviewed by Osman Bing Satrio & Eny Public Accountant, where there is no facts brought to the attention of the Company's Public Accountant which would otherwise render the consolidated financial statements to believe that the consolidated financial information does not present fairly, in all material respects, in comparison with the consolidated financial data for six months period ended 30 June 2013 (not audited) and the consolidated financial data for year ended on 31 December 2013 and 31 December 2012 as audited by Osman Bing Satrio & Eny Public Accountant with unqualified opinion.

Consolidated Statements of Financial Position

in million Rupiah

	30 June		31 December	
	2014 (unaudited)	2013 (unaudited)	2013 (audited)	2012 (audited)
ASSET				
CURRENT ASSETS				
Cash and cash equivalents	2,280,127	1,780,018	2,126,206	1,315,146
Other financial assets	240,919	108,077	147,055	97,720
Trade accounts receivable from third parties - net	177,895	220,183	149,289	127,672
Other accounts receivable from third parties	27,686	17,476	17,626	10,837
Inventories				
Real estate assets	1,181,294	787,050	1,046,565	957,607
Others	5,392	4,250	4,516	5,564
Prepaid taxes	128,232	102,337	132,196	99,257
Advances and prepaid expenses	102,631	87,794	86,863	95,466
Total Current Assets	4,144,178	3,107,185	3,710,316	2,709,270
NONCURRENT ASSETS				
Other accounts receivable from related parties	812	-	56,312	-
Investment in associates	267,766	201,983	268,531	216
Other noncurrent financial asset	112,978	136,150	108,966	96,780
Advance for purchase of land and property and equipment	273,130	361,356	337,768	249,521
Inventories - Real estate assets	611,650	404,612	438,535	298,965
Investment properties - net	3,772,745	3,350,793	3,702,707	3,365,097
Property and equipment - net	713,680	946,308	673,096	844,548
Deferred tax asset	301	157	248	48
Intangible asset - landrights	1,706	1,320	1,754	1,365
Other assets	28	11	11	11
Total Noncurrent Assets	5,754,797	5,402,692	5,587,929	4,856,550
TOTAL ASSETS	9,898,975	8,509,877	9,298,245	7,565,820

in million Rupiah

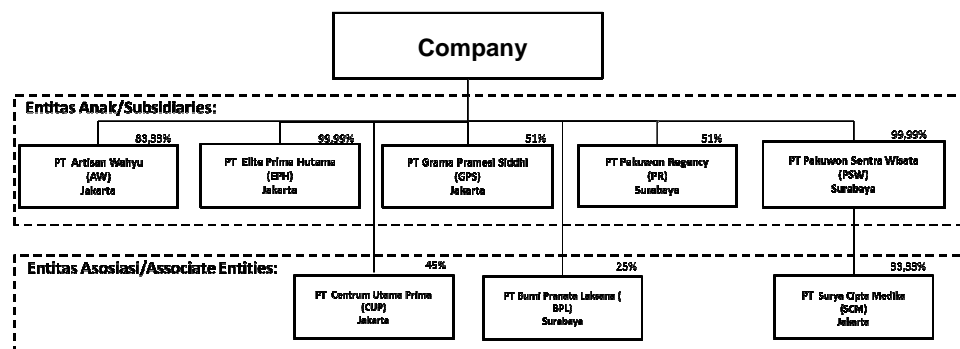
	2014 (unaudited)	2013 (unaudited)	2013 (audited)	2012 (audited)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank Loan	-	-	-	1,000
Trade accounts payable to third parties	105,439	22,356	54,754	33,929
Other accounts payable to third parties	49,675	71,172	69,731	34,564
Dividend payable	217,172	168,691	526	945
Taxes payable	42,669	50,849	53,745	28,912
Accrued expenses	86,491	71,921	75,030	62,263
Reserve for replacement of hotel's furniture, fixtures and equipment	8,913	7,658	7,377	7,344
Unearned income - realizable within one year	490,491	415,752	446,682	424,758
Advances from customers	1,544,575	1,357,605	1,768,065	1,162,403
Current maturities of long-term bank loans	412,583	308,223	373,959	262,170
Total Current Liabilities	2,958,008	2,474,226	2,849,867	2,018,288
NONCURRENT LIABILITIES				
Long-term unearned income - net of realizable within one year	85,194	73,857	82,133	63,955
Deferred tax liabilities - net	21,420	21,054	21,446	20,367
Long-term bank loans - net of current maturities	1,179,681	1,592,265	1,390,430	1,662,797
Other accounts payable	3,161	3,161	3,161	3,161
Tenants' deposits	140,625	124,796	132,848	114,650
Mandatory convertible notes payable	648,971	521,346	650,251	499,624
Post-employment benefits obligation	73,469	59,795	65,600	48,443
Total Noncurrent Liabilities	2,152,522	2,396,273	2,345,869	2,412,997
Total Liabilities	5,110,530	4,870,499	5,195,737	4,431,284
EQUITY				
Equity attributable to owners of the Company				
Capital stock - par value per share of Rp 25 Authorized - 120,000,000,000 shares Subscribed and paid-up - 48,159,602,400 shares	1,203,990	1,203,990	1,203,990	1,203,990
Additional paid-in capital	362,194	362,194	362,194	1,099,363
Difference in value of restructuring transaction among entity under common control	-	-	-	(737,168)
Retained earnings				
Appropriated	3,000	2,000	2,000	1,000
Unappropriated	2,996,173	1,840,847	2,308,166	1,344,905
Total equity attributable to owners of the Company	4,565,358	3,409,031	3,876,351	2,912,089
Noncontrolling interests	223,088	230,347	226,158	222,446
Total Equity	4,788,445	3,639,378	4,102,509	3,134,536
TOTAL LIABILITIES AND EQUITY	9,898,975	8,509,877	9,298,245	7,565,820

Consolidated Comprehensive Profit and Loss Statements

in million Rupiah

	30 June		31 December	
	2014 (unaudited)	2013 (unaudited)	2013 (audited)	2012 (audited)
Net revenues	1,880,316	1,625,842	3,029,797	2,165,397
Cost of revenues	719,868	680,121	1,264,879	931,477
Gross profit	1,160,448	945,720	1,764,919	1,233,920
Selling expenses	(65,417)	(59,847)	(122,505)	(78,512)
General and administrative expenses	(62,785)	(57,711)	(130,517)	(93,084)
Finance costs	(100,093)	(91,252)	(188,580)	(180,301)
Interests Income	93,984	45,136	115,394	48,811
Gain (loss) from foreign exchange	9,274	(11,369)	(101,724)	(34,924)
Equity in net earnings of associates	(264)	505	(10,185)	488
Others	5,289	3,588	4,389	4,707
Income before tax	1,040,435	774,771	1,331,192	901,105
Tax expenses - net	(117,781)	(101,355)	(194,644)	(134,609)
NET INCOME FOR THE PERIOD	922,654	673,416	1,136,548	766,496
Other comprehensive income	-			
TOTAL COMPREHENSIVE INCOME	922,654	673,416	1,136,548	766,496
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	905,725	665,500	1,132,820	747,978
Noncontrolling interest	16,929	7,915	3,727	18,507
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME	922,654	673,415	1,136,548	766,485
EARNINGS PER SHARE (In Full Rupiah)				
Basic	18.81	13.82	23.52	15.53
Diluted	18.13	13.62	23.52	14.91

Shareholding structure of the Company in the respective subsidiaries and associate entities as per 30 June 2014 is as follows:



ii. Information on EEMF

Brief History

EEMF is a limited liability company duly established under the law of Netherlands under Deed of Incorporation No. 010473/THK, dated 2 June 2008, drawn up before Eelko Drewes Smit, Notary in Den Haag, Netherlands,. EEMF has been registered in the Netherland Chamber of Commerce with registration number 34303809 dated 6 June 2008

Purpose, Objective and Business Activities

According EEMF's Deed of Establishment, EEMF engages in the investment, financing, asset development in a various form, among others, property assets, shares and other investment instrument, besides that also in an export import trading for various commodity and manufacture products.

Capital Structure and Shareholding of EEMF

The total issued and paid up capital of EEMF is EUR 26.308.640 with 100% ownership by Albinoro Holdings Co. Ltd.

Management and Supervision

Director : Koen Van Baren
Director : Angelique Van Esvelt

iii. Information on Pakuwon Permai

Brief History

Pakuwon Permai is a limited liability company duly established under the laws of the Republic of Indonesia by virtue of Deed No.221 dated 30 January 1995, drawn up before Ny. Poerbaningsih Adi Warsito, S.H., Notary in Jakarta. Its deed of establishment has been legalized by the Minister of Justice of the Republic of Indonesia ("MOJ") under Decree No. C2-13584.HT.01.01.TH.95 dated 25 October 1995, and announced in BNRI No. 75 dated 17 September 1996, Supplement No. 8041. The Company's Articles of Association has been amended several times, lastly with Deed No. 52 dated 20 June 2008, drawn up before Ny. Esther Mercia Sulaiman, SH, Notary in Administrative City of South Jakarta, which has been approved by the MOHLR through approval letter No. AHU-36081.AH.01.02.Tahun2008, dated 26 June 2009.

Whereas the amendment of the management structure of the company lastly stated in Deed No. 29, dated 29 August 2014, drawn up before Justiana S.H., Notary in Surabaya, the amendment has been received by the Administration System of Law Bureau Minister of Law and Human Rights under letter No. AHU-32711.40.22.2014 dated 29 September 2014.

Pakuwon Permai has its domicile in Surabaya and its office at Jl. Puncak Indah Lontar No 2, Surabaya - 60123, phone/facsimile number (031) 7393888 / (031) 7393999

Purpose, Objective and Business Activities

Pakuwon Permai engages in the development of shopping center, commercial center and condominium.

Capital Structure and Shareholding of Pakuwon Permai

Below is the capital structure and shareholding of Pakuwon Permai:

No.	Description	Total Shares	Nominal Value @Rp500	(%)
Authorized Capital		2,000,000,000	1,000,000,000,000	
Issued and Fully Paid-Up Capital		1,293,000,000	646,500,000,000	
1.	PT Pakuwon Darma	425,000,000	212.500.000.000	32.87
2.	EEMF	868,000,000	434.000.000.000	67.13
Total Shares in Portfolio		707,000,000	353,500,000,000	

Management and Supervision

Composition of members of the Board of Commissioners and the Board of Directors of Pakuwon Permai as of the date of this Disclosure of Information is as follows:

Board of Commissioners

President Commissioner	: Saibun Widjaja
Commissioner	: Ali Sastro
Commissioner	: Effifel Tedja

Board of Directors

President Director	: Richard Adisastra
Director	: Geralda Evelina Ramona Buckley
Director	: Fenny
Director	: Steviana Mecano Oen

Financial Overview of Pakuwon Permai

The table below shows overview of consolidated financial statements of Pakuwon Permai for year ending on 30 June 2014, 31 December 2013 and 31 December 2012 which have been audited by Supoyo, Sutjahjo, Subyantara & Rekan Public Accountant with unqualified opinion and 30 June 2013 (not audited) for comparison.

Consolidated Statements of Financial Position

in million Rupiah

	30 June		31 December	
	2014 (unaudited)	2013 (unaudited)	2013 (audited)	2012 (audited)
ASSET				
CURRENT ASSETS				
Cash and cash equivalents	767,755	567,275	840,181	683,239
Other financial assets	416,929	83,990	136,308	58,807
Trade accounts receivable from third parties - net	9,191	9,374	5,762	4,498
Other accounts receivable				
from related parties	4,345	3,151	2,033	3,002
from third parties	7,927	249,162	7,505	6,541
Inventories				
Real estate assets	196,409	615,968	1,760	1,454
Others	1,604	1,462	740,759	676,188
Prepaid taxes	33,661	25,977	30,518	16,987
Advances and prepaid expenses	40,931	1,848	24,088	19,731
Total Current Assets	1,478,752	1,558,206	1,788,912	1,470,446
NONCURRENT ASSETS				
Investment in associates	56,189	59,928	55,642	57,865
Other noncurrent financial asset	15,000	80,198	140,873	40,198
Advance for purchase of land	-	17,270	-	-
Inventories - Real estate assets	-	-	3,675	-
Investment properties - net	1,201,001	571,862	491,722	479,929
Property and equipment - net	16,643	16,378	18,066	16,588
Deferred tax asset	3,841	3,686	3,711	9,149
Other assets	1,151	1,820	605	1,769
Total Noncurrent Assets	1,293,826	751,143	714,293	605,498
TOTAL ASSETS	2,772,578	2,309,350	2,503,205	2,075,944

in million Rupiah

	30 June		31 December	
	2014 (unaudited)	2013 (unaudited)	2013 (audited)	2012 (audited)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable to third parties	47,293	4,489	2,689	2,477
Other accounts payable to third parties	18,809	24,122	12,500	17,417
Taxes payable	8,633	8,297	8,189	7,464
Accrued expenses	6,558	6,921	4,502	3,254
Unearned income - realizable within one year	87,279	89,250	83,298	89,319
Advances from customers	5,585	-	14,036	20,107
Tenants' deposits	30,669	-	30,660	27,871
Total Current Liabilities	204,827	133,079	155,874	167,908
NONCURRENT LIABILITIES				
Long-term unearned income - net of realizable within one year	66,999	85,548	45,125	44,621
Advances from customers	631,816	446,027	553,283	313,736
Tenants' deposits	6,377	28,820	5,346	5,859
Post-employment benefits obligation	24,046	20,697	21,308	18,507
Total Noncurrent Liabilities	729,238	581,092	625,062	382,724
Total Liabilities	934,065	714,172	780,935	550,632
EQUITY				
Equity attributable to owners of the Company				
Capital stock - par value per share of Rp 500 Authorized - 2,000,000 shares Subscribed and paid-up - 1,293,000,000 shares	646,500	646,500	646,500	646,501
Additional paid-in capital	43,704	86,800	43,704	86,800
Other equity	40,028		39,925	
Difference in value of restructuring transaction among entity under common control	-	(43,096)	-	(43,096)
Retained earnings	1,007,797	795,421	899,481	697,944
Total equity attributable to owners of the Company	1,738,029	1,485,625	1,629,610	1,388,149
Noncontrolling interests	100,484	109,553	92,660	137,163
Total Equity	1,838,513	1,595,178	1,722,270	1,525,312
TOTAL LIABILITIES AND EQUITY	2,772,578	2,309,350	2,503,205	2,075,944

Consolidated Comprehensive Profit and Loss Statements

in million Rupiah

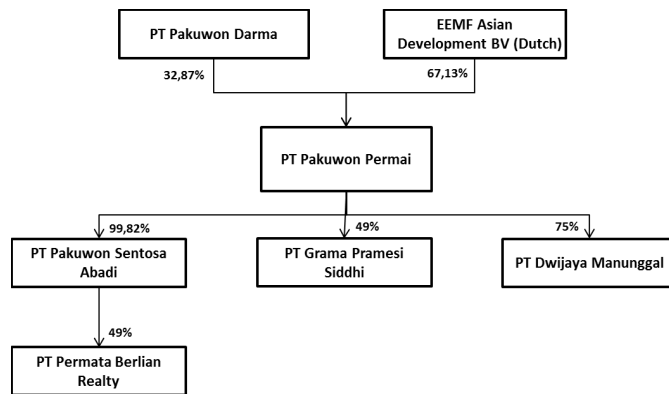
	30 June		31 December	
	2014 (unaudited)	2013 (unaudited)	2013 (audited)	2012 (audited)
Net revenues	188,041	160,181	353,555	290,010
Cost of revenues	77,650	68,801	142,019	113,549
Gross profit	110,391	91,380	211,536	176,461
Selling expenses	(7,869)	(7,309)	(13,762)	(14,910)
General and administrative expenses	(12,059)	(8,836)	(22,693)	(21,207)
Finance costs	(2,996)	(2,844)	(2,356)	(1,074)
Interests Income	45,576	18,379	66,665	35,499
Gain (loss) from foreign exchange	(1,897)	861	15,704	95
Equity in net earnings of associates	547	3,036	(1,250)	8,894
Others	1,172	594	(1,967)	1,584
Income before tax	132,864	95,261	251,876	185,343
Tax expenses - net	(16,621)	(18,117)	(33,915)	(31,758)
NET INCOME FOR THE PERIOD	116,243	77,144	217,960	153,585
Other comprehensive income	-			
TOTAL COMPREHENSIVE INCOME	116,243	77,144	217,960	153,585
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	108,315	71,690	202,536	144,333
Noncontrolling interest	7,928	5,454	15,424	9,252
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME	116,243	77,144	217,960	153,585
EARNINGS PER SHARE (In Full Rupiah)				
Basic	83.77	55.44	156.64	111.63

B. TRANSACTION CONSTITUTING MATERIAL TRANSACTION

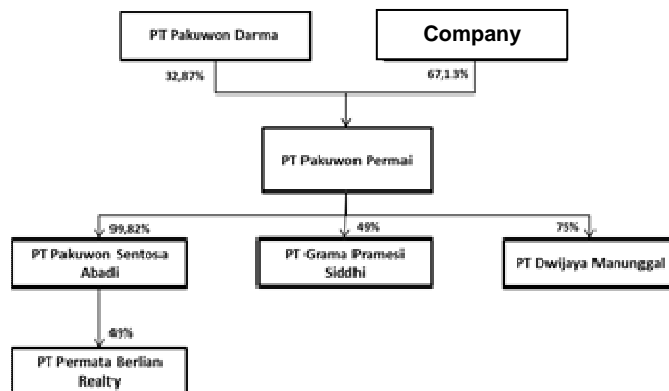
The Transaction carried out by the Company constitutes a material transaction as referred to in Regulation No. IX.E.2 in which the value of the Transaction is **more than 20%, but lower than 50% of the equity** based on the Company's Financial Statements. Therefore, pursuant to Regulation No. IX.E.2, the Transaction requires no approval from the Extraordinary General Meeting of Shareholders of the Company, however the Company is obliged to announce information related to the Transaction to the public in at least one daily newspaper with national circulation and submit evidence of the announcement by no later than 2 business days after the signing of agreement with regard to the Transaction.

C. SHAREHOLDING STRUCTURE OF PAKUWON PERMAI BEFORE AND AFTER THE IMPLEMENTATION OF THE TRANSACTION

Shareholding structure of Pakuwon Permai prior to the implementation of the Transaction is as follows:



Below is the shareholding structure of Pakuwon Permai after the implementation of the Proposed Transaction:



D. FINANCIAL IMPACT ON THE COMPANY

The following is the Summary Proforma Consolidated Statements of Financial Position and Summary Proforma Consolidated Statements of Comprehensive Income that has been reviewed by the Osman Bing Satrio & Eny, Public Accountant for financial information consolidated for a period of six months made as if the transaction was executed on June 30, 2014 and adapted to the value of the transaction which was carried out.

Consolidated Statements of Financial Position

in million Rupiah

	Before Transaction (Unaudited)	After Transaction
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	2,280,127	3,047,882
Other financial assets	240,919	657,848
Trade accounts receivable from third parties - net	177,895	187,087
Other accounts receivable		
from related parties	-	4,345
from third parties	27,686	35,614
Inventories		
Real estate assets	1,181,294	1,482,986
Others	5,392	6,996
Prepaid taxes	128,232	161,892
Advances and prepaid expenses	102,631	143,562
Total Current Assets	4,144,178	5,728,212
NONCURRENT ASSETS		
Other accounts receivable from related parties	812	812
Investment in associates	267,766	323,955
Other noncurrent financial asset	112,978	127,978
Advance for purchase of land		
and property and equipment	273,130	273,130
Inventories - Real estate assets	611,650	611,650
Investment properties - net	3,772,745	8,331,717
Property and equipment - net	713,680	733,225
Deferred tax asset	301	4,142
Intangible asset - landrights	1,706	1,706
Other assets	28	1,179
Total Noncurrent Assets	5,754,797	10,409,495
TOTAL ASSETS	9,898,975	16,137,707

In million Rupiah

	Before Transaction (Unaudited)	After Transaction
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade accounts payable to third parties	105,439	152,732
Other accounts payable to third parties	49,675	68,484
Dividend payable	217,172	217,172
Taxes payable	42,669	51,302
Accrued expenses	86,491	93,049
Reserve for replacement of hotel's furniture, fixtures and equipment	8,913	8,913
Unearned income - realizable within one year	490,491	577,770
Advances from customers	1,544,575	1,550,161
Tenants' deposits	-	30,669
Current maturities of long-term bank loans	412,583	412,583
Total Current Liabilities	2,958,008	3,162,835
NONCURRENT LIABILITIES		
Long-term unearned income - net of realizable within one year	85,194	152,193
Deferred tax liabilities - net	21,420	21,420
Long-term bank loans - net of current maturities	1,179,681	1,179,681
Senior Unsecured Notes Due 2019	-	2,302,848
Other accounts payable	3,161	43,912
Advances from customers	-	631,816
Tenants' deposits	140,625	147,002
Mandatory convertible notes payable	648,971	648,971
Post-employment benefits obligation	73,469	97,515
Total Noncurrent Liabilities	2,152,522	5,225,360
Total Liabilities	5,110,530	8,388,194
EQUITY		
Equity attributable to owners of the Company		
Capital stock - par value per share of Rp 25 Authorized - 120,000,000,000 shares Subscribed and paid-up - 48,159,602,400 shares	1,203,990	1,203,990
Additional paid-in capital	362,194	362,194
Other Equity		
Retained earnings		
Appropriated	3,000	3,000
Unappropriated	2,996,173	4,053,659
Total equity attributable to owners of the Company	4,565,358	5,622,844
Noncontrolling interests	223,088	2,126,669
Total Equity	4,788,445	7,749,512
TOTAL LIABILITIES AND EQUITY	9,898,975	16,137,707

Consolidated Comprehensive Profit and Loss Statements*in million Rupiah*

	Before Transaction (Unaudited)	After Transaction
NET REVENUES	1,880,316	1,880,316
COST OF REVENUES	719,868	719,868
GROSS PROFIT	1,160,448	1,160,448
Selling expenses	(65,417)	(65,417)
General and administrative expenses	(62,785)	(62,785)
Finance costs	(100,093)	(100,093)
Interests Income	93,984	93,984
Gain (loss) from foreign exchange	9,274	9,274
Gain of purchase with discount	-	1,057,486
Equity in net earnings of associates	(264)	(264)
Others	5,289	5,289
INCOME BEFORE TAX	1,040,435	2,097,921
TAX EXPENSES - NET	(117,781)	(117,781)
NET INCOME FOR THE PERIOD	922,654	1,980,140
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	922,654	1,980,140
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	905,725	1,615,616
Noncontrolling interest	16,929	364,525
Total	922,654	1,980,140

Proforma Consolidated Finance Information compiled with the basic assumptions as follows:

- The Transaction completed on 30 June 2014
- The Transaction is conducted with the purchase price in the amount of Rp 2.343.600 million for 67.13% shares of Pakuwon Permai owned by EEMF
- The Transaction will be funded by the proceeds from Notes and Additional Notes with total nominal value of USD 168.000.000 and 32.000.000, each issued on 2 July 2014 and 24 July 2014, which net proceeds amounted to USD 197,219,333.

The fair value of the assets and liabilities of Pakuwon Permai calculated as follows:

Book Value**Nett value assets**

	Nett Assets PP	used in the	
	(in million Rupiah)	proforma report	
		(in million Rupiah)	
Assets			
Assesed by the independent appraiser			
Real estate assets	181,854	287,136	i)
Investment properties	1,201,001	4,558,971	i)
Property and equipment	11,032	13,933	i)
Not assessed by the independent appraiser			
Real estate assets	14,556	14,556	
Property and equipment	5,612	5,612	
Other assets	1,358,524	1,358,524	ii)
Total assets	2,772,578	6,238,732	
Total liabilities	934,065	934,065	ii)
Net asset		5,304,667	
Acquisition cost of 67,13% shares PP		2,343,600	
Noncontrolling interest for net asset		1,903,581	iv)
Total		4,247,181	
Gain of purchase with discount		1,057,486	iii)

- i. Real estate asset, fixed asset and property investment based on the market value is according to the asset valuation report from the independent appraiser of KJPP Martokoesomo Prasetyo & Rekan
- ii. The other assets and liabilities on the arrangement of the proforma consolidated financial statement is using the listed total amount
- iii. The profit from the discounted purchase on the proforma consolidated financial statement is presented on summary of the consolidated comprehensive proforma profit and loss report
- iv. Non-controlling interest is listed at the non-controlling interest ownership proportion over identified net asset

Analysis on the Impact of the Proposed Transaction on the Company's Performance

Based on the Proforma Consolidated Financial Statements above, it is clear that the Transaction would have an impact on the increase of the Company's assets from Rp9,898,975 million to Rp16,137,707 million, this is in line with additional assets in the form of investment property and buildings in construction.

There is an increase of the Company's liability from Rp5,110,530 million to Rp8,388,194 million, mainly resulting from the issuance of USD 168,000,000 Notes and USD 32,000,000 Additional Notes by the Company's subsidiary, Pakuwon Prima Pte. Ltd and advance for the sale from Pakuwon Permai.

In addition to the increase of the Company's assets, the impact of this transaction is also shown from the increase of the Company's equity value to Rp7,749,512 million, from Rp4,788,445 million.

In overall, the Company believes that the implementation of this Transaction will have positive impact not only on the growth of business performance, but also on the Company's finance and will strengthen the assets and basis of revenue growth of the Company, in line with both of its short and long-term strategies which eventually will further enhance the shareholder value.

III. INDEPENDENT PARTIES APPOINTED IN CONNECTION WITH THE TRANSACTION

Independent parties engaged in connection with the Transaction and appointed by the Company are as follows:

- a. Public Accountant Office of Osman Bing Satrio & Eny, independent auditors who have reviewed the Company's consolidated financial statements for period ending on 30 June 2014 and reviewed on the consolidated financial information after the Transaction.
- b. Public Accountant Office of Supoyo, Sutjahjo, Subyantara & Rekan, independent auditors who have conducted audit on the consolidated financial statements of PT Pakuwon Permai for period ending on 30 June 2014.
- c. Public Appraiser Office of Martokoesoemo Prasetyo & Rekan, Independent Appraiser who has conducted valuation of 67.13% shares of PT Pakuwon Permai and provided fairness opinion on the Transaction.

IV. OPINION OF INDEPENDENT PARTIES

As set out in Regulation of the Financial Service Authority ("**OJK**", formerly "**Bapepam-LK**") IX.E.2, in order to ensure the Fairness of the Transaction to be conducted by PT Pakuwon Jati Tbk ("**Company**"), the Company has requested Independent Appraiser Consultant, Public Appraiser Office of Martokoesoemo, Prasetyo & Rekan ("**KJPP-MPR**"), independent appraiser listed in OJK, to carry out valuation with respect to 67.13% shares of Pakuwon Permai and Fairness Opinion on the Transaction as presented in Share Valuation Report Ref. No: B/KJPP-MPR/2014/X/06/001 dated 6 October 2014 regarding Valuation of 67.13% or equal to 868,000,000 shares of Pakuwon Permai and Report on Fairness Opinion Ref. No: BAPP-B/KJPP-MPR/2014/X/09/001 dated 9 October 2014 regarding Fairness Opinion on the Transaction.

A. Summary of Shares Valuation Report

1. The Valuation Object

100% (one hundred percent) Equity of Pakuwon Permai (PP), in which on this terms PP, shall also means the subsidiaries or consolidated subsidiaries.

2. The Objective of Valuation

The valuation is related to the proposed transaction of the Company to conduct the PP's shares sale and purchase for the 67.13% shares owned by EEMF.

3. Date of Valuation

The valuation date or the cut-off date is 30 June 2014.

4. Source of Information

The valuation was prepared based on internal information which among others consists of the financial statement of PP for period of 2009 up to June 2014, PP's financial projection (business plan) for period of 2014 up to 2019, PP's report and operational data, field visit results for the business activities of PP in Jakarta and Surabaya including discussion results from PP's management.

The valuation was also prepared based on external information which provides in Bloomberg, Yahoo Finance & Google Finance, Bank of Indonesia, Central Statistic Agency and Colliers International.

5. The Valuation Approaches and Procedures

Considering the structure of the ownership, financial statement, revenue and cost generation, continuity of business activities and business condition of PP (as of the date of such valuation), industrial assessment and historical performance, therefore the valuation approaches used was as follows:

a. Income Approach - Discounted Cash Flow Method (DCF)

Below are various considerations in using the Income approached within the Discounted Cash Flow Method:

- 1) The appraiser assume that PP is a going concern business entity;
- 2) Whereas PP has a clear income sources and track record and also a continuous business plan in which DCF is a general method for Business Valuation (Equity) for income approached;
- 3) Appraiser believed that for the valuation of a going concern company, the most accurate method to determine the value estimation is the DCF method, since it is consists of the financial review process and the long term plan considerations, including the limited review trough the historical analysis and management discussion.

b. Market Approach - Comparison to the Listed Companies in the Stock Exchange with the Market Value Ratio of Invested Capital to the Book Value Invested Capital (MVIC to BVIC)

Below are various considerations in using the Market approached within the Comparison to the Listed Companies in the Stock Exchange with MVIC/BVIC ratio:

- 1) Companies comparison method is a general method which used for the such valuation:
 - a) Appraiser believed that the companies comparison method is sufficient to generate PP's value that can be believed, so that the Appraiser chose these method as the second method on the valuation;
 - b) Appraiser believed that the MVIC/BVIC ratio is the most fits market comparison ratio for a company valuation and for a asset base company or company which owned a significant asset as productive asset.

6. Assumptions and Limiting Conditions

a. Assumptions on the Valuation

- 1) There are no main changes to the Indonesia's government policy (central and regional) in relation to the industry of the Valuation Object in during projection period;
- 2) There are no condition or any extraordinary events as well domestic macro economy and industry, which can be directly or indirectly affected the business of industrial object and affected the long term business plan of PP;
- 3) Any information and data which provided by the assignee and PP in relation to the purpose of the valuation is correct. PP's management has also provided all material information or any information which can be affected the valuation result to the Appraiser;
- 4) There are no claims or off-balance sheet with any related party and third party to PP which maybe can affected significantly to the valuation result, outside the data and the information which have been provided by PP's management to the Appraiser;
- 5) Long Term Business Plan provided by PP's management, which have been concluded in forms of financial projection in whole, including Financial Position Report, Comprehensive Profit Loss Report and Cash Flow Report are the business plans agreed by PP's Board of Directors.
- 6) Several additional historical data to support the analysis used on the financial projection provided by the PP's management are correct.

b. Limitation on the Valuation

- 1) Appraiser only conducted limited due diligence to PP's financial in relation to the objective of the assignment including the clarification (confirmation) to the legality of the asset ownership documents or the possibility whether there are any receivables or claims or off-balance sheet on the PP's financial statement.
- 2) Appraiser does not provide analysis to the tax implication in relation to the Proposed Transaction;
- 3) Appraiser does not conducted business and financial feasibility study.

7. Valuation Conclusion

The fair market value for 100% (one hundred percent) PP's equity with the second method based on the cut-off date of 30 June 2014 is Rp3,511,192,131,117 (three trillion five hundred eleven billion one hundred ninety two million one hundred thirty one thousand and one hundred seventeen Rupiah).

B. Summary of the Fairness Opinion Report

1. Identity of the Party

- a. PT Pakuwon Jati Tbk ("Company")
- b. EEMF Asian Developments B.V. ("EEMF")
- c. PT Pakuwon Permai ("PP")

2. The Fairness Opinion Object

The acquisition conducted by Company to all shares of PP owned by EEMF for the ownership portion as per fairness opinion date or in total of 67.13% or equal to 868.000.000 shares with the purchase price of Rp2,343,600,000,000 (two trillion three hundred forty three billion six hundred million Rupiah).

3. The Nature of the Proposed Transaction

The natures of the Proposed Transaction accordance to OJK Regulations are bears as: (i) affiliated transaction and conflict of interest in certain transaction (Regulation No. IX.E.1) and (ii) material transaction and changes of main business activities (Regulation No. IX.E.2).

Natures of the Affiliated Transaction and Conflict of Interest in Certain Transaction:

As described on the objectivity of the transaction above, PP is an affiliated company with the Company, however the Transaction does not fall under Affiliated Transaction pursuant to Regulation No. IX.E.1. considering that the transaction is conducted between the Company and EEMF, a non-affiliate party of the Company.

In this case, the management of the Company has also submitted in writing through the draft of Disclosure of Information and Management Letter No. 017/DOF-PJ/X/2014 dated 1 October 2014 which stipulates that the Proposed Transaction does not comprises any indication of Conflict of Interest as regulates under Regulation No. IX.E.1 No. Kep-412/BL/2009 dated 25 November 2009 regarding Affiliated Transaction and Conflict of Interest for Certain Transaction. In addition, Management of the Company has also stated through Management Letter No. 019/DOF-PJ/X/2014 dated 7 October 2014 that it is believed that there is no any affiliated relations between the Company and the shareholders, EEMF and Albinoro Holdings Co. Ltd.

Natures of the Material Transaction and Changes of Main Business Activities:

It has been stated through the definition of Purpose Transaction above, that it is assured that the transaction does not comprised a change of the Company's main business activities. Moreover, in accordance to the equity value on the Interim Consolidated Financial Statement of the Company as 30 June 2014 by the KAP Osman Bing Satrio & Eny No. SR1140094 PJ TW dated 15 July 2014, stated that the equity value of the Company is Rp4,788,445,130,000

(four trillion seven hundred eighty eight billion four hundred forty five one hundred thirty thousand Rupiah). Therefore, the value of the Proposed Transaction is Rp2,343,600,000,000 (two trillion three hundred forty three billion six hundred million Rupiah) compared to the equity of the Company as 30 June 2014 which exceeds 20% from the equity of the Company, but not more than 50% or reached to 48.94% from the equity of the Company. Thus, the nature of the Proposed Transaction which will be conducted by the Company is categorized as Material Transaction as regulated by Regulation No. IX.E.2 No. Kep-614/B/2011 dated 28 November 2011 regarding Material Transaction and Change of Main Business Activities.

4. The Objective of Valuation

In line with the definition of the Proposed Transaction above, the objective of the Proposed Transaction analysis is to provide a fairness opinion related to the Proposed Transaction of the Company as stipulated under Regulation No. IX.E.2 on Material Transaction and Changes in Main Business Activities. This report is compiled based on the laws and regulation of OJK, thus the objective of the purpose of this report is for internal interest (management of the Company) and OJK.

5. Assumptions and Limited Conditions

Appraiser has assumption based on the analysis against the Proposed Transaction as follows:

- a. In preparing the fairness of opinion of the Proposed Transaction, it is assumed that the Proposed Transaction has been executed in accordance with the normal limit of the commercial value and does not harm the interests of the Company and the shareholders. In this event, the appraiser does not conduct a field inspection to all operational location of the Company related to the Proposed Transaction and it is assumed that there is no significant changes related to the operational that may affect the delivery of fairness opinion in accordance with a secondary data provided from the management;
- b. Whereas, the fairness analysis of the Proposed Transaction is prepared on the general conditions of the financial conditions, monetary, regulations and market during the preparation of this report or in other words, there is no outstanding event in a way of macro economy and industry, which in the future could affect the business of the Company and the subsidiaries and the budget and business plan;
- c. All information and data obtained from the management of the Company is correct.

In compiling the fairness opinion report, appraiser has limitation where as an independent appraiser does not conduct:

- a. Full due diligence on the financial statement of the company and the subsidiaries, however only provide limited due diligence by conducting review in accordance with the assignment objective, including clarification on the validity of the document, assets ownership and the possibility of claim or balance sheet in the financial statement of the Company and the subsidiaries.
- b. Business appraisal (equity) on the Company and the subsidiaries;
- c. Property appraisal (fixed asset) owned by the Company and the subsidiaries;
- d. Analysis on the tax impact for buyer and seller;
- e. Feasibility study on business and finance

6. The Valuation Approaches and Procedures

The fairness analysis of the Proposed Transaction including several aspect as compiling methodology the fairness opinion report consist among others:

- a. Analysis of the Proposed Transaction which includes of identification and relationship between the parties of the transaction, agreement and requirements that has been agreed in the transaction and the valuation on risk and benefit from the transaction;
- b. Qualitative and quantitavie analysis which includes history of the Company and nature of the business activity, industry and environmental analysis, operational and prospect of the Company analysis, the background of the transaction, the qualitative profit and loss of the transaction. The quantitative analysis also include the valuation on the historical performance cash flow valuation, projection of the financial valuation, financial ration

analysis and the financial report analysis before the transaction and proforma of the financial statement after the transaction is conducted. Incremental analysis also conducted in the quantitative analysis such as the value added contribution of the Company as the impact of the transaction, including the impact on the financial projector of the Company and conducting sensitivity analysis to measures the profits and loss from the transaction;

- c. Analysis on the value of the transaction which includes the comparison between the plan of the transaction value and the result of the transaction value which will be conducted and analysis to assure that plan of the transaction value provides value added after the transaction is conducted;
- d. Analysis on the relevant factors, such as analysis on the relevant fee and income, the relevant non-financial information the procedure of the decision making to determine the plan and the transaction value.

7. Conclusion of the Fairness Opinion of the Transaction

Based on the consideration on the qualitative and the quantitative analysis to the Proposed Transaction, fairness analysis for the transaction value, and the relevant factor in providing the fairer's opinion on the Proposed Transaction of the Company, thus the Proposed Transaction conducted by the company is fair.

V. ADDITIONAL INFORMATION

For more information with regard to the Transaction, please contact the Company's Corporate Secretary, on business days and during business hours of the Company at the following address:

Corporate Secretary
PT Pakuwon Jati Tbk
Eastcoast Center 5th Floor, Jl. Kejawen Putih Mutiara 17 Pakuwon City, Surabaya 60112
Ph.; (031) 5820 8788 Fax (031) 5820 8798

Email: corpsec@pakuwon.com
Website www.pakuwon.com

Surabaya, 14 October 2014
Board of Directors of the Company