PT Summarecon Agung Tbk
and its Subsidiaries

Consolidated financial statements
as of December 31, 2019 and for the year then ended
with independent auditors’ report

These consolidated financial statements are originally issued in the Indonesian language.

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

Table of Contents

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LAMPIRAN : 1
Peraturan Nomor : VIII.G.11
Formulir Nomor : VIII.G.11-1

**STATEMENT OF DIRECTORS' RESPONSIBILITY
ON THE FINANCIAL STATEMENTS OF
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
PT SUMMARECON AGUNG Tbk**

We, the undersigned :

1.	Name	:	Adrianto P.Adhi
	Office Address	:	Plaza Summarecon, Jl. Perintis Kemerdekaan No.42, Jakarta Timur 13210
	Resident Address	:	BSD Blok K 3/2 Sektor XII Kel. Rawabuntu, Kec. Serpong, Tangerang Selatan
	Telephone Number	:	021-4892107
	Designation	:	President Director
2	Name	:	Lydia Tjio
	Office Address	:	Plaza Summarecon, Jl. Perintis Kemerdekaan No.42, Jakarta Timur 13210
	Resident Address	:	Kp. Cincau No.3 RT.002 RW.009 Kel Gudang Kec. Bogor Tengah Kota Bogor
	Telephone Number	:	021-4892107
	Designation	:	Director

Hereby state that :

1. We are Responsible for the preparation and presentation of the financial statements of the Company;
2. The Financial statements have been prepared in accordance with generally accepted accounting principles in Indonesia;
3. a. The information in the financial statements have been fully accurately disclosed;
   b. The Financial statement do not contain information or material facts that are not true and do not omit information and material facts;
4. We are responsible for the internal control system of the company; Subscribed and solemnly declared by the above named

Subscribed and solemnly declared by the above named

Jakarta, 26 March 2020

METERAI TEMPEL
6000 ENAM RIBU RUPIAH
PT SUMMARECON AGUNG Tbk

Adrianto P. Adhi
President Director

Lydia Tjio
Director

EY
Building a better working world

Purwantono, Sungkoro & Surja

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This report is originally issued in the Indonesian language

Independent Auditors' Report

Report No. 00293/2.1032/AU.1/03/0685-1/1/III/2020

The Shareholders and the Boards of Commissioners and Directors
PT Summarecon Agung Tbk

We have audited the accompanying consolidated financial statements of PT Summarecon Agung Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

Report No. 00293/2.1032/AU.1/03/0685-1/1/III/2020 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Summarecon Agung Tbk and its subsidiaries as of December 31, 2019, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja

Benyanto Suherman
Public Accountant Registration No. AP.0685

March 26, 2020

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2d,2r,2u,4, 31,32	1,664,424,147	1,523,848,275
Trade receivables-net	2l,2u,5, 32		
Related parties	2f,30	8,209,472	51,232,423
Third parties		212,703,598	342,635,716
Other receivables	2u,32	22,191,078	17,837,038
Due from related parties	2f,2u,30,32	48,093,195	43,169,875
Inventories	2g,2m,2n 6,12	8,514,331,945	7,890,253,215
Prepaid taxes	2t,17a	305,838,398	252,831,843
Prepaid expenses	2h	29,592,011	29,083,035
Advance payments	8	340,197,458	347,100,725
Other current financial assets	2u,11,32	5,163,451	60,013
Other current assets		-	43,164
Total current assets		**11,150,744,753**	**10,498,095,322**
NON-CURRENT ASSETS			
Trade receivables - net	2l,2u,5 32		
Related parties	2f,30	-	4,268,941
Third parties		44,107,985	46,844,718
Due from related parties	2f,2u,30,32	66,900,902	30,988,752
Undeveloped land	2i,7,12,13	6,536,035,736	6,435,862,052
Investment in associates	1f,2z,11	59,716,226	5,754,948
Advance payments	8	716,621,243	627,225,107
Fixed assets	2j,2m,2n, 9,12	338,338,677	376,728,691
Investment properties	2k,2l,2m,2n, 10,12,13	4,356,718,748	4,385,918,890
Deferred tax assets	2t,17f	151,448	605,798
Other non-current financial assets	2d,2e,2u, 11,12,32	1,024,559,786	711,211,154
Other non-current assets	2j	147,761,772	175,737,695
Total non-current assets		**13,290,912,523**	**12,801,146,746**
TOTAL ASSETS		**24,441,657,276**	**23,299,242,068**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	2r,2u,12, 31,32	2,139,382,311	1,782,154,804
Trade payables to third parties	2r,2u,14, 31,32	86,133,850	76,740,768
Other payables	2u,15, 31,32	359,441,982	261,345,102
Due to related parties	2f,2u,30,32	66,995,184	143,754
Accrued expenses	2r,2u 16,31,32	1,174,971,742	1,026,275,642
Taxes payable	2t,17b	65,974,000	61,282,470
Liability for short-term employee benefits	2q,2u,18,32	20,208,944	17,480,794
Downpayments received and security deposits	2l,2u,19,32		
Related parties	2f,30	5,220,318	4,512,936
Third parties		2,155,102,949	1,632,545,643
Unearned revenues	2l,2p,20	431,278,493	435,221,014
Current maturities of long-term debts:	2u,12,32		
Loans from banks and financial institutions	2r,31	1,216,411,396	833,070,713
Bonds payable and sukuk ijarah	2u,2y,13,32	1,296,211,016	1,098,443,190
Total current liabilities		**9,017,332,185**	**7,229,216,830**
NON-CURRENT LIABILITIES			
Long-term debts - net of current maturities:	2u,12,32		
Loans from banks and financial institutions	2r,31	3,209,876,713	3,191,392,773
Bonds payable and sukuk ijarah	2u,2y,13,32	1,107,125,135	1,701,539,899
Other payables	2u,15,31,32	14,718,076	11,033,504
Due to related parties	2f,2u,30,32	29,183,000	1,396,600
Liability for long-term employee benefits	2q,18	120,678,351	128,017,375
Downpayments received and security deposits	2l,2u,19,32		
Related parties	2f,30	6,652,551	7,796,159
Third parties		1,340,673,535	1,904,111,709
Unearned revenues	2l,2p,20	111,843,388	53,034,649
Other non-current financial liabilities	2u,32	3,111	7,842,450
Deferred tax liabilities	2t,17f	32,211,309	3,155,555
Total non-current liabilities		**5,972,965,169**	**7,009,320,673**
TOTAL LIABILITIES		**14,990,297,354**	**14,238,537,503**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
EQUITY			
Equity attributable to the owners of the Parent Entity Capital stock			
Authorized - 25,000,000,000 shares at par value of Rp100 (full amount) per share			
Issued and fully paid - 14,426,781,680 shares	1b,22	1,442,678,168	1,442,678,168
Additional paid-in capital	1b,2o,2x,23	22,996,315	22,996,315
Differences in value of equity transactions with non-controlling interests	1f,2c	1,557,398	1,557,398
Retained earnings			
Appropriated - general reserve	24	111,529,848	104,451,832
Unappropriated		5,788,884,251	5,331,907,420
Total equity attributable to the owners of the Parent Entity		7,367,645,980	6,903,591,133
Non-controlling interests	2c,21	2,083,713,942	2,157,113,432
TOTAL EQUITY		**9,451,359,922**	**9,060,704,565**
TOTAL LIABILITIES AND EQUITY		**24,441,657,276**	**23,299,242,068**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
NET REVENUES	2f,2p,26,30	5,941,625,762	5,661,360,114
COST OF SALES AND DIRECT COSTS	2p,27	(3,091,570,022)	(2,922,477,422)
GROSS PROFIT		**2,850,055,740**	**2,738,882,692**
Selling expenses	2p,28	(354,465,636)	(343,490,605)
General and administrative expenses	2p,28	(915,771,074)	(855,248,235)
Gain (loss) on sales of investment in subsidiary	1f	-	10,327,604
Other operating income		14,248,031	9,138,794
Other operating expenses		(5,202,305)	(1,559,816)
INCOME FROM OPERATIONS		**1,588,864,756**	**1,558,050,434**
Finance income		125,331,813	96,385,499
Finance costs	29	(795,238,012)	(685,198,797)
Equity in net loss of associates	2z,11	3,961,278	(210,001)
PROFIT BEFORE FINAL TAX AND INCOME TAX EXPENSE		**922,919,835**	**969,027,135**
FINAL TAX EXPENSE	2t,17d,17h	**(269,885,120)**	**(267,946,675)**
PROFIT BEFORE INCOME TAX EXPENSE		**653,034,715**	**701,080,460**
INCOME TAX EXPENSE - NET	2t,17d	**(40,014,289)**	**(10,456,830)**
PROFIT FOR THE YEAR		**613,020,426**	**690,623,630**
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gain on employee benefits liability	2q,18	21,585,334	17,215,876
Deferred income tax	2t,17	(381,008)	(37,869)
NET COMPREHENSIVE INCOME FOR THE YEAR		**634,224,752**	**707,801,637**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Entity		514,984,429	448,709,527
Non-controlling Interests	2c,21	98,035,997	241,914,103
TOTAL		**613,020,426**	**690,623,630**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (continued)
For the Year Ended December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	**2019**	**2018**
NET COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Entity		536,188,755	465,887,534
Non-controlling interests	2c,21	98,035,997	241,914,103
TOTAL		**634,224,752**	**707,801,637**
EARNINGS PER SHARE (full amount)	2v,22,37	**35.70**	**31.10**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

		Equity attributable to the owners of the Parent Entity							
					Retained earnings				
	Notes	Issued and fully paid capital stock	Additional paid-in capital	Differences in value of equity transactions with non-controlling interests	Appropriated - reserve fund	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of December 31, 2017		**1,442,678,168**	**22,996,315**	**1,557,398**	**99,357,313**	**4,943,312,285**	**6,509,901,479**	**1,843,840,584**	**8,353,742,063**
Appropriation for general reserve	24	-	-	-	5,094,519	(5,094,519)	-	-	-
Cash dividend	25	-	-	-	-	(72,133,908)	(72,133,908)	-	(72,133,908)
Net comprehensive income for the year		-	-	-	-	465,887,534	465,887,534	241,914,103	707,801,637
Payments to non-controlling interests in subsidiaries	21	-	-	-	-	-	-	(79,450,000)	(79,450,000)
Sold its ownership in indirect subsidiary with loss of control effect	1f	-	-	-	-	(63,972)	(63,972)	(6,481,255)	(6,545,227)
Capital contributions paid by non-controlling interests in subsidiaries	21	-	-	-	-	-	-	169,050,000	169,050,000
Capital reduction in indirect subsidiaries	21	-	-	-	-	-	-	(11,760,000)	(11,760,000)
Balance as of December 31, 2018		**1,442,678,168**	**22,996,315**	**1,557,398**	**104,451,832**	**5,331,907,420**	**6,903,591,133**	**2,157,113,432**	**9,060,704,565**

These consolidated financial statements are originally issued in the Indonesian language.

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the Year Ended December 31, 2019
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

		Equity attributable to the owners of the Parent Entity							
					Retained earnings				
	Notes	Issued and fully paid capital stock	Additional paid-in capital	Differences in value of equity transactions with non-controlling interests	Appropriated - reserve fund	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of December 31, 2018		**1,442,678,168**	**22,996,315**	**1,557,398**	**104,451,832**	**5,331,907,420**	**6,903,591,133**	**2,157,113,432**	**9,060,704,565**
Appropriation for general reserve	24	-	-	-	7,078,016	(7,078,016)	-	-	-
Cash dividend	25	-	-	-	-	(72,133,908)	(72,133,908)	-	(72,133,908)
Net comprehensive income for the year		-	-	-	-	536,188,755	536,188,755	98,035,997	634,224,752
Payments to non-controlling interests in subsidiaries	21	-	-	-	-	-	-	(262,437,370)	(262,437,370)
Capital contributions paid by non-controlling interests in subsidiaries	21	-	-	-	-	-	-	91,001,883	91,001,883
Saldo tanggal 31 Desember 2019		**1,442,678,168**	**22,996,315**	**1,557,398**	**111,529,848**	**5,788,884,251**	**7,367,645,980**	**2,083,713,942**	**9,451,359,922**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(Expressed in thousands of Indonesian Rupiah)

	Notes	Year ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		5,906,705,730	6,252,392,793
Receipts of interest income		117,917,905	92,666,799
Cash payments to:			
Suppliers and for other operating expenses		(3,673,547,469)	(4,721,999,449)
Employees		(712,413,281)	(636,334,085)
Payments of:			
Interest expense		(848,218,050)	(830,992,654)
Final tax		(277,989,915)	(278,258,876)
Income taxes		(7,711,142)	(6,209,550)
Net cash provided by (used in) operating activities		**504,743,778**	**(128,735,022)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets and investment properties	9,10	2,138,868	2,887,060
Acquisitions of undeveloped land		(313,931,531)	(118,481,034)
Acquisitions of fixed assets and investment properties	9,10	(228,443,838)	(200,827,489)
Decrease in due from related parties	30	(40,835,470)	(35,928,957)
Cash payment of investment payable in other entity		(100,000)	-
Proceeds from sale of ownership in subsidiaries to third party-net of cash and cash equivalent from deconsolidation of subsidiaries amounting Rp2,417,037 in 2018	1f	-	11,582,963
Net cash used in investing activities		**(581,171,971)**	**(340,767,457)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	12,40	4,134,074,967	2,960,126,872
Proceeds from bonds and sukuk ijarah issuance berkelanjutan III tahap I and II Tahap II - (2019 and 2018: net of bonds issuance cost each amounting to Rp4,237,900 and Rp7,147,712)	13,40	696,287,500	412,496,005
Decrease (increase) in due to related parties	30,40	94,637,830	(124,368,979)
Capital contribution from non-controlling interests	21	91,001,883	169,050,000
Payments of loans from banks and financial institutions	12,40	(3,364,180,839)	(1,839,565,108)
Payment of bonds payable		(1,100,000,000)	(900,000,000)
Payments to non-controlling interests	21	(262,437,370)	(79,450,000)
Cash dividends paid by the Company	25	(72,015,636)	(72,010,084)
Drawdown of (placement for) restricted time deposits in subsidiaries		(364,270)	5,079,723
Payment of stock subscription to non-controlling interests	21	-	(11,760,000)
Net cash provided by financing activities		**217,004,065**	**519,598,429**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2019
(Expressed in thousands of Indonesian Rupiah)

		Year ended December 31,	
	Notes	**2019**	**2018**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**140,575,872**	**50,095,950**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	**1,523,848,275**	**1,473,752,325**
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**1,664,424,147**	**1,523,848,275**

Supplementary information on non-cash activities is presented in Note 38.

1. GENERAL

a. The Company's Establishment

PT Summarecon Agung Tbk (the "Company") was established within the framework of the Domestic Capital Investment Law based on notarial deed No. 308 dated November 26, 1975 of Ridwan Suselo, S.H. The Company's articles of association was approved by the Ministry of Justice in its Decision Letter No. YA 5/344/6 dated July 12, 1977 and was published in the State Gazette Republic of Indonesia No. 79, dated October 4, 1977, Supplement No. 597. The articles of association has been amended several times, the latest of which was notarized under deed No. 34 dated June 20, 2019 of Fathiah Helmi S.H., concerning the changes of the Company's articles of association in compliance with Indonesian Financial Service Authority No. 33/POJK.04/2014 and promoting new independent commissioners and deletion of the term Independent Director as Director.

According to Article 3 of the Company's articles of association, its scope of activities comprises real estate development including the related supporting facilities, service and trading. Currently, the Company carries business in the sale or rental of real estate, shopping centers, and office facilities along with related facilities and infrastructures.

The Company is domiciled in East Jakarta, and its head office is located at Plaza Summarecon, Jl. Perintis Kemerdekaan No. 42, RT 010, RW 016, Kelurahan Kayu Putih, Kecamatan Pulo Gadung, Jakarta.

The Company started its commercial operations in 1976.

PT Semarop Agung is the ultimate parent entity of the Company and its subsidiaries (hereinafter collectively referred to as the "Group").

b. The Company's Public Offerings

The Chairman of the Capital Market and Financial Institutions Supervisory Agency ("BAPEPAM-LK"), through its letter No. SI-085/SHM/MK.10/1990 dated March 1, 1990, effective at that date, declared the offering of 6,667,000 shares of the Company with a par value of Rp1,000 (full amount) per share to the public at an offering price of Rp6,800 (full amount) per share. The Company listed its shares on the Jakarta Stock Exchange on August 14, 1996.

Based on the minutes of the Stockholders' Extraordinary General Meeting ("EGM") which were notarized under deed No. 1 dated July 1, 1996 of Sutjipto, S.H., the stockholders approved the reduction in the par value of the Company's shares from Rp1,000 (full amount) to Rp500 (full amount) per share. The amendment was acknowledged and recorded by the Ministry of Justice in its Decision Letter No. C2.9225.HT.01.04.TH.96 dated September 27, 1996.

Based on the minutes of the EGM which were notarized under deed No. 100 dated June 21, 2002 of Sutjipto, S.H., the stockholders approved the reduction in the par value of the Company's shares from Rp500 (full amount) to Rp100 (full amount) per share. The amendment was acknowledged and recorded by the MLHR in its Decision Letter No. C-12844 HT.01.04.TH.2002 dated July 12, 2002.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. The Company's Public Offerings (continued)

In 2005, the Company issued additional 93,676,000 shares with a par value of Rp100 (full amount) per share which were issued for and fully paid by Valence Asset Limited, British Virgin Islands, at an offering price of Rp775 (full amount) per share. The Company listed these additional shares on the Jakarta Stock Exchange on November 17, 2005. This increase in the issued and fully paid capital stock was made under BAPEPAM-LK Regulation No. IX.D.4., Attachment to the Chairman of BAPEPAM-LK Decision No. Kep-44/PM/1998 dated August 14, 1998 regarding the additional shares issuance without Pre-Emptive Rights.

In 2006, the Company distributed 786,881,920 bonus shares with a par value of Rp100 (full amount) per share.

On August 28, 2007, the Company's Registration Statement to offer its First Limited Public Offering of Rights to the Stockholders with the Issuance of Pre-emptive Rights totaling 459,014,453 new shares and a maximum of 229,507,226 Series I Warrants was declared effective. The Company listed these new shares on the Indonesia Stock Exchange.

In June 2008, the Company distributed 3,217,893,796 bonus shares with a par value of Rp100 (full amount) per share.

In June 2010 and December 2009, a total of 436,340,202 and 1,013,046 Series I Warrants, respectively, were exercised.

In 2012, the Company issued 340,250,000 new shares with a nominal value of Rp100 (full amount) per share through the issuance of capital stock without pre-emptive rights phase I with minimum exercise price of Rp1,550 (full amount) per share, thereby increasing the Company's issued and fully paid capital stock from 6,873,140,840 shares to 7,213,390,840 shares.

Based on the minutes of the EGM held on June 5, 2013 which were covered by notarial deed No. 21 of Fathiah Helmi, S.H., the stockholders approved the distribution of bonus shares through the capitalization of additional paid-in capital amounting to Rp721,339,084, whereby each outstanding share received 1 bonus share. As a result, the issued and fully paid capital stock increased from Rp721,339,084 to Rp1,442,678,168. The distribution of the bonus shares was conducted on July 15, 2013.

c. Board of Commissioners, Directors, Audit Committee and Employees

The composition of the Company's Boards of Commissioners and Directors as of December 31, 2019 was as follows:

Board of Commissioners		Board of Directors	
President Commissioner	: Soetjipto Nagaria	President Director	: Adrianto Pitoyo Adhi
Commissioner	: Harto Djojo Nagaria	Director	: Liliawati Rahardjo
Independent Commissioner	: H. Edi Darnadi	Director	: Soegianto Nagaria
Independent Commissioner	: Lexy Arie Tumiwa	Director	: Herman Nagaria
Independent Commissioner	: Ge Lilies Yamin	Director	: Lydia Tjio
		Director	: Nanik Widjaja
		Director	: Sharif Benyamin
		Director	: Jason Lim

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

c. Board of Commissioners, Directors, Audit Committee and Employees (continued)

The composition of the Company's Boards of Commissioners and Directors as of December 31, 2018 was as follows:

Board of Commissioners		Board of Directors	
President Commissioner	: Soetjipto Nagaria	President Director	: Adrianto Pitoyo Adhi
Commissioner	: Harto Djojo Nagaria	Director	: Liliawati Rahardjo
Independent Commissioner	: H. Edi Darnadi	Director	: Soegianto Nagaria
Independent Commissioner	: Esther Melyani Homan	Director	: Herman Nagaria
		Director	: Lydia Tjio
		Director	: Nanik Widjaja
		Director	: Sharif Benyamin
		Independent Director	: Jason Lim

The composition of the Company’s Audit Committee as of December 31, 2019 was as follows:

Chairman	: Lexy Arie Tumiwa
Member	: Leo Andi Mancianno
Member	: Neneng Martini

The composition of the Company’s Audit Committee as of December 31, 2018 was as follows:

Chairman	: Esther Melyani Homan
Member	: Leo Andi Mancianno
Member	: Neneng Martini

The formation of the Company’s Audit Committee is in accordance with the OJK Regulations No.55/POJK.04/2015.

The Group had 2,538 permanent employees (unaudited) as of December 31, 2019 (2018: 2,480) (unaudited), respectively.

The total amount of gross compensation for the key management of the Company was as follows:

	Year ended December 31,	
	2019	**2018**
Commissioners:		
Short-term employee benefits	19,223,857	14,222,877
Directors:		
Short-term employee benefits	35,761,849	25,088,284
Post-employment benefits	4,571,571	1,231,064
Sub-total	40,333 ,420	26,319,348
Total	**59,557,277**	**40,542,225**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries

The Company had direct and indirect ownership in the following subsidiaries:

Name of Subsidiaries	Domicile	Principal Activity	Commercial Operations	December 31, 2019	December 31, 2018
Direct Subsidiaries					
PT Bahagia Makmursejati (BHMS)	Jakarta	a	2003	99.99	99.99
PT Serpong Cipta Kreasi (SPCK)	Tangerang	a	2004	100.00	100.00
PT Anugerah Damai Abadi (AGDA)	Tangerang	b	2007	100.00	100.00
PT Gading Orchard (GDOR)	Jakarta	a	2008	100.00	100.00
PT Summarecon Property Development (SMPD)	Jakarta	a	2012	100.00	100.00
PT Summarecon Investment Property (SMIP)	Jakarta	c	2012	100.00	100.00
PT Multi Abadi Prima (MTAP)	Jakarta	d	2013	100.00	100.00
PT Bhakti Karya Sejahtera (BTKS)	Jakarta	e	2013	100.00	100.00
PT Citra Damai Agung (CTDA)	Jakarta	a	2014	100.00	100.00
PT Bhakti Karya Bangsa (BTKB)	Tangerang	e	2016	80.00	80.00
PT Sagraha Mitraloka Elok (SMLE)	Jakarta	i	2017	100.00	100.00
PT Java Investama Properti (JVIP)	Jakarta	c	-	100.00	100.00
PT Setia Mitra Intifajar (SMIF)	Jakarta	j	-	100.00	100.00
PT Mahakarya Sinar Simphoni (MSSP)	Tangerang	c	-	100.00	-
Indirect Subsidiaries through SMPD					
PT Eskage Tatanan Kota (EKTK)	Jakarta	f	2009	100.00	100.00
PT Bekasi Tatanan Kota (BKTK)	Bekasi	f	2012	100.00	100.00
PT Mahkota Permata Perdana (MKPP)	Bandung	a	2015	100.00	100.00
PT Sinergi Mutiara Cemerlang (SGMC)	Makassar	a	2018	53.94	53.94
PT Bandung Tatanan Kota (BDTK)	Bandung	f	2018	100.00	100.00
PT Karawang Tatanan Kota (KRTK)	Karawang	f	2018	100.00	100.00
PT Summa Sinar Fajar (SMSF)	Bekasi	a	2019	51.00	51.00
PT Summatoyo Talaga Harmoni (SMTH)	Karawang	a	2019	51.00	-

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries: (continued)

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Percentage of Ownership (%)	
				December 31, 2019	December 31, 2018
Indirect Subsidiaries through SMPD (continued)					
PT Maju Lestari Properti (MJLP)	Jakarta	a	-	100.00	100.00
PT Inovasi Jaya Properti (IVJP)	Jakarta	a	-	100.00	100.00
PT Mahkota Intan Cemerlang (MKIC)	Jakarta	a	-	100.00	100.00
PT Banyumas Eka Mandiri (BYEM)	Jakarta	a	-	100.00	100.00
PT Aruna Cahaya Abadi (ARCA)	Jakarta	a	-	100.00	100.00
PT Selaras Maju Mandiri (SLMM)	Jakarta	a	-	100.00	100.00
PT Orient City (ORCT)	Jakarta	a	-	100.00	100.00
PT Bumi Perintis Asri (BMPA)	Tangerang	a	-	100.00	100.00
PT Duta Sumara Abadi (DTSA)	Jakarta	a	-	51.00	51.00
PT Sinar Mahakam Indah (SNMI)	Samarinda	a	-	88.31	88.31
PT Sinar Semesta Indah (SNSI)	Tangerang	a	-	100.00	100.00
PT Wahyu Kurnia Sejahtera (WYKS)	Jakarta	a	-	100.00	100.00
PT Kahuripan Jaya Mandiri (KHJM)	Jakarta	a	-	51.00	51.00
PT Gunung Suwarna Abadi (GNSA)	Jakarta	a	-	51.00	51.00
PT Taruna Maju Berkarya (TRMB)	Jakarta	a	-	100.00	100.00
PT Gunung Srimala Permai (GNSP)	Jakarta	a	-	51.00	51.00
PT Sunda Besar Properti (SDBP)	Bandung	a	-	100.00	100.00
PT Maju Singa Parahyangan (MJSP)	Bandung	a	-	100.00	100.00
PT Surya Mentari Diptamas (SYMD)	Jakarta	a	-	51.00	51.00
PT Surya Menata Elokjaya (SYME)	Jakarta	a	-	100.00	100.00
PT Kencana Jayaproperti Agung (KCJA)	Jakarta	a	-	51.00	51.00
PT Kencana Jayapropert Mulia (KCJM)	Jakarta	a	-	51.00	51.00

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries: (continued)

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Percentage of Ownership (%) December 31, 2019	December 31, 2018
Indirect Subsidiaries through SMPD (continued)					
PT Sukmabumi Mahakam Jaya (SBMJ)	Jakarta	a	-	100.00	100.00
PT Bintang Mentari Indah (BNMI)	Maros	a	-	100.00	100.00
Indirect Subsidiaries through SMIP					
PT Lestari Mahadibya (LTMD)	Tangerang	c	2006	100.00	100.00
PT Summerville Property Management (SVPM)	Jakarta	h	2007	100.00	100.00
PT Summarecon Hotelindo (SMHO)	Jakarta	g	2010	100.00	100.00
PT Makmur Orient Jaya (MKOJ)	Bekasi	c	2013	100.00	100.00
PT Kharisma Intan Properti (KRIP)	Tangerang	c	2013	100.00	100.00
PT Dunia Makmur Properti (DNMP)	Jakarta	c	2015	100.00	100.00
PT Summarecon Bali Indah (SMBI)	Jakarta	c	2016	100.00	100.00
PT Permata Jimbaran Agung (PMJA)	Badung	c	2016	59.40	59.40
PT Pradana Jaya Berniaga (PDJB)	Badung	b	2016	100.00	100.00
PT Hotelindo Permata Jimbaran (HOPJ)	Badung	g	2017	59.40	59.40
PT Seruni Persada Indah (SRPI)	Jakarta	c	-	100.00	100.00
PT Bali Indah Development (BLID)	Badung	c	-	100.00	100.00
PT Bali Indah Property (BLIP)	Badung	c	-	100.00	100.00
PT Bukit Jimbaran Indah (BKJI)	Badung	a	-	100.00	100.00
PT Bukit Permai Properti (BKPP)	Badung	a	-	100.00	100.00
PT Nirwana Jaya Semesta (NWJS)	Jakarta	g	-	100.00	100.00
PT Sadhana Bumi Jayamas (SDBJ)	Jakarta	c	-	100.00	100.00
PT Unota Persadajaya (UNPS)	Jakarta	c	-	100.00	100.00
PT Java Orient Properti (JVOP)	Yogyakarta	g	-	90.00	90.00

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries (continued):

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Percentage of Ownership (%)	
				December 31, 2019	December 31, 2018
Indirect Subsidiaries through SMIP (continued)					
PT Mahakarya Buana Damai (MKBD)	Bandung	c	-	100.00	100.00
PT Hotelindo Saribuana Damai (HSBD)	Bandung	g	-	100.00	100.00
PT Hotelindo Java Properti (HIJP)	Yogyakarta	g	-	100.00	100.00
PT Hotelindo Cahaya Gemilang (HICG)	Jakarta	g	-	100.00	100.00
PT Maha Karya Reksawarga (MKRW)	Karawang	c	-	100.00	100.00
PT Mahakarya Lastari Gading (MKLG)	Jakarta	c	-	100.00	-
Indirect Subsidiaries through SPCK					
PT Serpong Tatanan Kota (SPTK)	Tangerang	f	2010	100.00	100.00
PT Jaya Bangun Abadi (JYBA)	Tangerang	a	-	100.00	100.00
PT Permata Cahaya Cemerlang (PMCC)	Tangerang	a	-	100.00	100.00
PT Surya Intan Properti (SYIP)	Tangerang	a	-	100.00	100.00
PT Mahkota Berlian Indah (MKBI)	Tangerang	a	-	100.00	100.00
PT Mahkota Permata Indah (MKPI)	Tangerang	a	-	100.00	100.00
Indirect Subsidiaries through SMIF					
PT Jejaring Ultra Prima (JJUP)	Jakarta	j	-	100.00	100.00

Notes on the principal activities of subsidiaries as of December 31, 2019 and 2018
a Property development
b Retail, food and beverages
c Investment property
d Gas station
e Education
f Town management
g Hotel
h Property management
i Trading
j Infrastructure development

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries (continued):

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Total Assets Before Elimination	
				December 31, 2019	December 31, 2018
Direct Subsidiaries					
PT Bahagia Makmursejati (BHMS)	Jakarta	a	2003	18,677,904	18,519,333
PT Serpong Cipta Kreasi (SPCK)	Tangerang	a	2004	6,848,952,887	6,537,730,986
PT Anugerah Damai Abadi (AGDA)	Tangerang	b	2007	8,116,276	7,044,272
PT Gading Orchard (GDOR)	Jakarta	a	2008	33,964,233	41,333,535
PT Summarecon Property Development (SMPD)	Jakarta	a	2012	8,442,364,812	8,182,025,889
PT Summarecon Investment Property (SMIP)	Jakarta	c	2012	4,271,154,768	4,349,966,477
PT Multi Abadi Prima (MTAP)	Jakarta	d	2013	10,683,040	11,395,360
PT Bhakti Karya Sejahtera (BTKS)	Jakarta	e	2013	92,107,519	84,022,752
PT Citra Damai Agung (CTDA)	Jakarta	a	2014	5,921,981	14,967,634
PT Bhakti Karya Bangsa (BTKB)	Tangerang	e	2016	47,719,027	32,519,014
PT Sagraha Mitraloka Elok (SMLE)	Jakarta	i	2017	6,926,227	23,343,523
PT Java Investama Properti (JVIP)	Jakarta	c	-	15,082,675	15,091,272
PT Setia Mitra Intifajar (SMIF)	Jakarta	j	-	20,789,932	9,421,880
PT Mahakarya Sinar Simphoni (MSSP)	Tangerang	c	-	2,505,104	-
Indirect Subsidiaries through SMPD					
PT Eskage Tatanan Kota (EKTK)	Jakarta	f	2009	4,206,047	4,172,907
PT Bekasi Tatanan Kota (BKTK)	Bekasi	f	2012	16,278,360	20,615,513
PT Mahkota Permata Perdana (MKPP)	Bandung	a	2015	3,783,679,611	3,809,991,661
PT Sinergi Mutiara Cemerlang (SGMC)	Makassar	a	2018	985,675,843	740,204,245
PT Bandung Tatanan Kota (BDTK)	Bandung	f	2018	1,777,082	2,191,180
PT Karawang Tatanan Kotai (KRTK)	Karawang	f	2018	3,194,550	2,811,732
PT Summa Sinar Fajar (SMSF)	Bekasi	a	2019	199,184,641	183,631,324
PT Summatoyo Talaga Harmoni (SMTH)	Karawang	a	2019	185,375,113	-

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries (continued):

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Total Assets Before Elimination December 31, 2019	Total Assets Before Elimination December 31, 2018
Indirect Subsidiaries through SMPD (continued)					
PT Maju Lestari Properti (MJLP)	Jakarta	a	-	26,728,689	36,132,831
PT Inovasi Jaya Properti (IVJP)	Jakarta	a	-	1,395,612,910	1,218,618,890
PT Mahkota Intan Cemerlang (MKIC)	Jakarta	a	-	192,497,927	266,945,013
PT Banyumas Eka Mandiri (BYEM)	Jakarta	a	-	120,462,529	173,747,591
PT Aruna Cahaya Abadi (ARCA)	Jakarta	a	-	26,156,147	26,590,228
PT Selaras Maju Mandiri (SLMM)	Jakarta	a	-	1,395,084,629	1,141,800,729
PT Orient City (ORCT)	Jakarta	a	-	1,605,095	1,754,140
PT Bumi Perintis Asri (BMPA)	Tangerang	a	-	624,389	22,581,478
PT Duta Sumara Abadi (DTSA)	Jakarta	a	-	464,860,090	395,509,722
PT Sinar Mahakam Indah (SNMI)	Samarinda	a	-	45,127,489	44,235,206
PT Sinar Semesta Indah (SNSI)	Tangerang	a	-	749,416	747,102
PT Wahyu Kurnia Sejahtera (WYKS)	Jakarta	a	-	26,010,600	70,636,627
PT Kahuripan Jaya Mandiri (KHJM)	Jakarta	a	-	26,105,512	26,393,790
PT Gunung Suwarna Abadi (GNSA)	Jakarta	a	-	221,792,050	208,991,916
PT Taruna Maju Berkarya (TRMB)	Jakarta	a	-	815,184	3,957,080
PT Gunung Srimala Permai (GNSP)	Jakarta	a	-	207,136,428	190,888,289
PT Sunda Besar Properti (SDBP)	Bandung	a	-	1,259,036	1,194,606
PT Maju Singa Parahyangan (MJSP)	Bandung	a	-	1,259,043	1,194,613
PT Surya Mentari Diptamas (SYMD)	Jakarta	a	-	3,122,065	3,019,994
PT Surya Menata Elokjaya (SYME)	Jakarta	a	-	3,385,880	3,222,739
PT Kencana Jayaproperti Agung (KCJA)	Jakarta	a	-	598,656,541	418,495,159
PT Kencana Jayaproperti Mulia (KCJM)	Jakarta	a	-	188,979,436	188,558,808

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries (continued):

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Total Assets Before Elimination	
				December 31, 2019	December 31, 2018
Indirect Subsidiaries through SMPD (continued)					
PT Sukmabumi Mahakam Jaya (SBMJ)	Jakarta	a	-	1,063,315	1,019,000
PT Bintang Mentari Indah (BNMI)	Maros	a	-	253,854,043	256,266,091
Indirect Subsidiaries through SMIP					
PT Lestari Mahadibya (LTMD)	Tangerang	c	2006	1,140,022,293	1,099,443,840
PT Summerville Property Management (SVPM)	Jakarta	h	2007	3,841,632	4,767,405
PT Summarecon Hotelindo (SMHO)	Jakarta	g	2010	125,414,871	123,246,617
PT Makmur Orient Jaya (MKOJ)	Bekasi	c	2013	957,944,609	890,412,325
PT Kharisma Intan Properti (KRIP)	Tangerang	c	2013	196,215,262	198,658,308
PT Dunia Makmur Properti (DNMP)	Jakarta	c	2015	112,437,342	115,821,642
PT Summarecon Bali Indah (SMBI)	Jakarta	c	2016	1,236,992,133	1,299,521,832
PT Permata Jimbaran Agung (PMJA)	Badung	c	2016	752,280,690	806,439,501
PT Pradana Jaya Berniaga (PDJB)	Badung	b	2016	1,993,262	5,061,277
PT Hotelindo Permata Jimbaran (HOPJ)	Badung	g	2017	248,271,373	303,970,330
PT Seruni Persada Indah (SRPI)	Jakarta	c	-	391,991	1,143,159
PT Bali Indah Development (BLID)	Badung	c	-	152,764,666	155,834,812
PT Bali Indah Property (BLIP)	Badung	c	-	3,756,182	3,756,395
PT Bukit Jimbaran Indah (BKJI)	Badung	a	-	185,367	658,079
PT Bukit Permai Properti (BKPP)	Badung	a	-	477,028,280	484,951,492
PT Nirwana Jaya Semesta (NWJS)	Jakarta	g	-	12,657,679	13,324,209
PT Sadhana Bumi Jayamas (SDBJ)	Jakarta	c	-	84,098,473	83,109,461
PT Unota Persadajaya (UNPS)	Jakarta	c	-	143,180,407	145,195,510
PT Java Orient Properti (JVOP)	Yogyakarta	g	-	151,184,445	151,435,916

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure of the Company's subsidiaries (continued)

The Company had direct and indirect ownership in the following subsidiaries (continued):

Name of Subsidiaries	Domicile	Principal Activity	Start of Commercial Operations	Total Assets Before Elimination	
				December 31, 2019	December 31, 2018
Indirect Subsidiaries through SMIP (Continued)					
PT Mahakarya Buana Damai (MKBD)	Bandung	c	-	196,256,663	179,430,758
PT Hotelindo Saribuana Damai (HSBD)	Bandung	g	-	245,510	240,887
PT Hotelindo Java Properti (HIJP)	Yogyakarta	g	-	239,882	236,094
PT Hotelindo Cahaya Gemilang (HICG)	Jakarta	g	-	246,468	241,094
PT Maha Karya Reksawarga (MKRW)	Karawang	c	-	43,007,640	42,957,119
PT Mahakarya Lastari Gading (MKLG)	Jakarta	c	-	5,493,043	-
Indirect Subsidiaries through SPCK					
PT Serpong Tatanan Kota (SPTK)	Tangerang	f	2010	65,298,325	66,589,674
PT Jaya Bangun Abadi (JYBA)	Tangerang	a	-	89,983,013	90,353,446
PT Permata Cahaya Cemerlang (PMCC)	Tangerang	a	-	305,000,751	328,309,137
PT Surya Intan Properti (SYIP)	Tangerang	a	-	134,358,689	153,379,399
PT Mahkota Berlian Indah (MKBI)	Tangerang	a	-	86,712,619	90,457,388
PT Mahkota Permata Indah (MKPI)	Tangerang	a	-	83,010,669	83,221,211
Indirect Subsidiaries through SMIF					
PT Jejaring Ultra Prima (JJUP)	Jakarta	j	-	20,788,800	9,382,070

Notes on the principal activities of subsidiaries as of December 31, 2019 and 2018
a Property development
b Retail, food and beverages
c Investment property
d Gas station
e Education
f Town management
g Hotel
h Property management
i Trading
j Infrastructure development

In 2019, the Company established new direct subsidiaries, which is MSSP, new indirect subsidiaries through SMPD, which is SMTH and new indirect subsidiaries through SMIP, which is MKLG.

As of December 31, 2019, JVIP, SMIF, MSSP, MJLP, IVJP, MKIC, BYEM, ARCA, SLMM, ORCT, BMPA, DTSA, SNMI, SNSI, WYKS, KHJM, GNSA, TRMB, GNSP, SDBP, MJSP, SYMD, SYME, KCJA, KCJM, SBMJ, BNMI, SRPI, BLID, BLIP, BKJI, BKPP, NWJS, SDBJ, UNPS, JVOP, MKBD, HSBD, HIJP, HICG, MKRW, MKLG, JYBA, PMCC, SYIP, MKBI, MKPI dan JJUP have not started their commercial operations.

1. GENERAL (continued)

e. Establishment of new subsidiaries

PT Mahakarya Sinar Simphoni (MSSP)

In 2019, MSSP was established with an authorized capital stock of Rp10,000,000 of which Rp2,500,000 was issued and fully paid by shareholders. SMRA has acquired 2,499,999 shares with par value of Rp1,000 (full amount) per share for 99.99996% of ownership in MSSP. The remaining 1 shares with par value of Rp1,000 (full amount) was acquired by BHMS for 0.00004% of ownership in MSSP. The establishment of MSSP was notarized under deed No. 66 dated August 19, 2019 of Dewi Himijati Tandika S.H., which was acknowledged and recorded by the Ministry of Law and Human Right ("MLHR") in its Decision Letter No. AHU-0044060.AH.01.01. Year 2019 and was published in the State Gazette Republic of Indonesia No. 72, dated September 6, 2019, Supplement No. 27513.

PT Mahakarya Lastari Gading (MKLG)

In 2019, MKLG was established with an authorized capital stock of Rp10,000,000 of which Rp5,500,000 was issued and fully paid by shareholders. SMIP has acquired 5,499,999 shares with par value of Rp1,000 (full amount) per share for 99.99998% of ownership in MKLG. The remaining 1 shares with par value of Rp1,000 (full amount) was acquired by SVPM for 0.00002% of ownership in MKLG. The establishment of MKLG was notarized under deed No. 92 dated July 25, 2019 of Dewi Himijati Tandika S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0040529.AH.01.01. Year 2019 dated August 16, 2019 and was published in the State Gazette Republic of Indonesia No. 67, dated August 20, 2019, Supplement No. 23334.

PT Summatoyo Talaga Harmoni (SMTH)

In 2019, SMTH was established with an authorized capital stock of Rp185,718,129 of which Rp185,718,129 was issued and fully paid by shareholders. SMPD has acquired 94,716,245,739 shares with par value of Rp1 (full amount) per share for 51% of ownership in SMTH. The remaining 91,001,883,161 shares with par value of Rp1 (full amount) was acquired by PT Toyota Housing Indonesia for 49% of ownership in SMTH. The establishment of SMTH was notarized under deed No. 115 dated March 28, 2019 of Dewi Himijati Tandika S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0018158.AH.01.01. Year 2019 dated 5 April 2019. As of the completion date of the consolidated financial statements, the publication in the state Gazette of the Republic of Indonesia is still in process.

f. Sales of Investment in Subsidiary

PT Bhakti Karya Vita (BTKV)

On December 5, 2018, SPCK sold its ownership in BTKV totalling to 14,000 shares with selling price of Rp1,000,000 (full amount) per share to PT Berkat Vita Kasih, third party, with total cost amounting to Rp14,000,000, whereby its fair value is Rp13,770,000 based on appraisal report Felix Sutandar & Rekan No. FSR/SV-FS/060353/2018 dated June 25, 2018. The resulting difference between selling price and net book value amounting to Rp10,327,604 was recorded as gain on sale of investment in subsidiary in the consolidated statements of profit or loss and other comprehensive income. The sale was notarized under deed No. 10 dated December 5, 2018 of Dewi Himijati Tandika S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0002586 and AHU-AH.01.03-0002596. Year 2019 dated January 3, 2019.

1. GENERAL (continued)

f. Sales of Investment in Subsidiary (continued)

PT Bhakti Karya Vita (BTKV) (continued)

After the date of transaction, SPCK's ownership in BTKV reduced from 60% to 40% of ownership, since the Group lost its control in BTKV, the Group ceased to consolidate the financial statements of BTKV into the Group's consolidated financial statements.Therefore, the retained investment in BTKV is recognized at its fair value at the date when control is lost which is presented as "Investment in associates" in the consolidated statement of financial position.

On December 7, 2018, the Company submitted letter No. 0381/XII/DIR/SMRA/18 for the compliance disclosure of information to Indonesian Financial Service Authority, in accordance with BAPEPAM-LK No. Kep-614/DL/2011.

g. Changes in Capital Structure of Subsidiaries

PT Summarecon Investment Property (SMIP)

In September 2019, the shareholders of SMIP resolved to decrease the issued and fully paid capital stock from Rp3,051,675,450 to Rp1,381,675,450 with par value of Rp1,000 (full amount) per share. SMRA subscribed for all of the increase of 1,670,000,000 shares or amounting to Rp1,670,000,000. After the decrease of capital stock, the percentage of SMRA's ownership is 99.99% and BHMS's ownership is 0.01%. The decrease in issued and fully paid capital stock was notarized under deed No. 18 dated September 6, 2019 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0087323.AH.01.02 Year 2019 dated October 26, 2019.

PT Lestari Mahadibya (LTMD)

In December 2019, the shareholders of LTMD resolved to decrease the authorized capital stock from Rp2,500,000,000 to Rp300,000,000 and decreased its issued and fully paid capital stock from Rp680,094,970 to Rp80,094,970 with par value of Rp1,000 (full amount) per share. SMIP subscribed for all of the decrease of 600,000,000 shares or amounting to Rp600,000,000. After the decrease of capital stock, the percentage of SMIP's ownership is 99.99% and BHMS's ownership is 0.01%. The decrease in issued and fully paid capital stock was notarized under deed No. 103 dated August 29, 2019 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0086331.AH.01.02 Year 2019 dated October 24, 2019.

PT Makmur Orient Jaya (MKOJ)

In August 2019, the shareholders of MKOJ resolved to decrease the issued and fully paid capital stock from Rp782,580,030 to Rp732,580,030 with par value of Rp1,000 (full amount) per share. SMIP subscribed for all of the decrease of 50,000,000 shares or amounting to Rp50,000,000. After the decreased of capital stock, the percentage of SMIP's ownership is 99.99% and BHMS's ownership is 0.01%. The decrease in issued and fully paid capital stock was notarized under deed No. 104 dated August 29, 2019 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0086345.AH.01.02 Year 2019 dated October 24, 2019.

In December 2019, the shareholders of MKOJ resolved to decrease the issued and fully paid capital stock from Rp732,580,030 to Rp592,580,030 with par value of Rp1,000 (full amount) per share. SMIP subscribed for all of the decrease of 140,000,000 shares or amounting to Rp140,000,000. After the decrease of capital stock, the percentage of SMIP's ownership is 99.99% and BHMS's ownership is 0.01%. The decrease in issued and fully paid capital stock was notarized under deed No. 121 dated December 16, 2019 of Dewi Himijati Tandika, S.H., As of the completion date of the consolidated financial statements, acknowledged and recorded by the MLHR is still in the process.

1. GENERAL (continued)

g. Changes in Capital Structure of Subsidiaries (continued)

PT Summarecon Bali Indah (SMBI)

In August 2019, the shareholders of SMBI resolved to decrease the issued and fully paid capital stock from Rp751,391,586 to Rp750,891,586 with par value of Rp1,000 (full amount) per share. SMIP subscribed for all of the decrease of 500,000 shares or amounting to Rp500,000. After the decrease of capital stock, the percentage of SMIP's ownership is 99.99% and BHMS's ownership is 0.01%. The decrease in issued and fully paid capital stock was notarized under deed No. 102 dated August 29, 2019 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0086330.AH.01.02 Year 2019 dated October 24, 2019.

PT Seruni Persada Indah (SRPI)

In August 2019, the shareholders of SRPI resolved to decrease the authorized capital stock from Rp4,000,000 to Rp800,000 and decreased its issued and fully paid capital stock from Rp1,000,000 to Rp200,000 with par value Rp1,000 (full amount) per share. SMIP subscribed all of the decrease of 800,000 shares or amounting to Rp800,000. After the decrease of capital stock, the percentage of SMIP's ownership is 99.99% and SVPM's ownership is 0.01%. The decreased in authorized and issued and fully paid capital stock was notarized under deed No. 105 dated August 29, 2019 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0086346.AH.01.02 Year 2019 dated October 24, 2019.

PT Bali Indah Development (BLID)

In August 2019, the shareholders of BLID resolved to decrease the issued and fully paid capital stock from Rp210,248,248 to Rp209,998,248 with par value Rp1,000 (full amount) per share. SMBI subscribed al lof the decrease of 250,000 shares or amounting to Rp250,000. After the decrease of capital stock, the percentage of SMBI's ownership is 99.99% and SVPM's ownership is 0.01%. The decreased in issued and fully paid capital stock was notarized under deed No. 99 dated August 28, 2019 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0085751.AH.01.02 Year 2019 dated October 23, 2019.

PT Bukit Jimbaran Indah (BKJI)

In August 2019, the shareholders of BKJI resolved to decrease the authorized capital stock from Rp2,000,000 to Rp400,000 and decrease the issued and fully paid capital stock from Rp600,000 to Rp100,000 with par value Rp1,000 (full amount) per share. SMBI subscribed the decrease of 350,000 shares or amounting to Rp350,000, whereas BLID subscribed the decrease of 150,000 shares or amounting to Rp150,000. After the decrease of capital stock, the percentage of SMBI's ownership is 70% and BLID's ownership is 30%. The decreased in authorized and issued and fully paid capital stock was notarized under deed No. 97 dated August 27, 2019 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0085242.AH.01.02 Year 2019 dated October 22, 2019.

PT Nirwana Jaya Semesta (NWJS)

In August 2019, the shareholders of NWJS resolved to decrease the authorized capital stock from Rp40,000,000 to Rp39,444,800 and decrease the issued and fully paid capital stock from Rp10,561,200 to Rp9,861,200 with par value Rp1,000 (full amount) per share. SMIP subscribed all of the decrease of 700,000 shares or amounting to Rp700,000. After the decrease of capital stock, the percentage of SMIP's ownership is 99.99% and BHMS's ownership is 0.01%. The decreased in authorized and issued and fully paid capital stock was notarized under deed No. 106 dated August 29, 2019 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0086350.AH.01.02 Year 2019 dated October 24, 2019.

1. GENERAL (continued)

g. Changes in Capital Structure of Subsidiaries (continued)

PT Permata Cahaya Cemerlang (PMCC)

On September 5, 2019, the shareholders of PMCC resolved to decrease the issued and fully paid capital stock from Rp344,939,000 to Rp324,939,000 with par value of Rp1,000 (full amount) per share. SPCK subscribed for all of the decrease of 20,000,000 shares or amounting to Rp20,000,000. After the decrease of capital stock, the percentage of SPCK's ownership is 99.99% and BHMS's ownership is 0.01%. The decreased in issued and fully paid capital stock was notarized under deed No. 2 dated September 5, 2019 of Lalitaiswari Janaputri, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0087734.AH.01.02 Year 2019 dated October 27, 2019.

PT Surya Intan Properti (SYIP)

On August 23, 2019, the shareholders of SYIP resolved to decrease the issued and fully paid capital stock from Rp153,931,000 to Rp133,931,000 with par value of Rp1,000 (full amount) per share. PMCC subscribed for all of the decrease of 20,000,000 shares or amounting to Rp20,000,000. After the decrease of capital stock, the percentage of PMCC's ownership is 99.99% and BHMS's ownership is 0.01%. The decreased in issued and fully paid capital stock was notarized under deed No. 1 dated September 5, 2019 of Lalitaiswari Janaputri, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-007735.AH.01.02 Year 2019 dated October 27, 2019.

h. Equity transactions in Subsidiaries without loss of control

PT Sinar Mahakam Indah (SNMI)

In December 2018, SNMI increased its issued and fully paid capital stock from Rp35,566,500 (full amount) to Rp44,319,500 with par value of Rp1,000 per share. MKIC subscribed for all of the increase of 3,647,000 shares for Rp8,753,000. The subsrciption increased the percentage of MKIC's onwnership in SNMI from 85.44% to 88.31%. The increase in issued and fully paid capital stock was notarized under deed No. 110 dated December 17, 2018 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03.0026102 dated January 15, 2019.

i. Approval and authorization for the issuance of the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which were completed and authorized for issuance by the Board of Directors of the Company on March 26, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations to Financial Accounting Standards ("ISAK") issued by the Financial Accounting Board of the Indonesian Institute of Accountants and Rule No. VIII.G.7 Attachment of Chairman of OJK's decision No. KEP-347/BL/2012 dated June 15, 2012 on the Regulations and Guidelines on Financial Statement Presentation and Disclosures issued by OJK. These policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with PSAK No. 1: Presentation of Financial Statements. The consolidated financial statements, except consolidated statement of cash flows, have been prepared on the accrual basis, using the historical cost basis of accounting, except for certain accounts which are measured on the basis described in the related accounting policies for those accounts.

The consolidated statement of cash flows, which have been prepared using the direct method, present receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities.

The annual financial reporting period of the Group is January 1 – December 31.

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian rupiah (Rp), which is also the functional currency of the Group.

b. Accounting standards issued but not yet effective

The following are several accounting standards including amendment issued by the DSAK, but not yet effective until January 1, 2020:

- PSAK No. 71: Financial Instruments, adopted from IFRS 9, effective January 1, 2020 with earlier application is permitted. This PSAK provides for classification and measurement of financial instruments based on the characteristics of contractual cash flows and business model of the entity; expected credit loss impairment model that resulting information more timely, relevant and understandable to users of financial statements; accounting for hedging that reflect the entity's risk management better by introduce a more general requirements based on management's judgment.
- PSAK No. 72: Revenue from Contracts with Customers, adopted from IFRS 15, effective January 1, 2020 with earlier application is permitted. This PSAK, a single standards that is a joint project between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), provides revenue recognition from contracts with customers, and the entity is expected to analyze contracts before recognizing the revenue.
- PSAK No. 73: Leases, adopted from IFRS 16, effective January 1, 2020 with earlier application is permitted, but not before an entity applies PSAK 72: Revenue from Contracts with Customers. This PSAK establishes the principles of recognition, measurement, presentation, and disclosure of the lease by introducing a single accounting model, with the requirement to recognize the right-of-use assets and liability of the lease; there are 2 optional exclusions in the recognition of the lease assets and liabilities: (i) short-term lease and (ii) lease with low-value underlying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Accounting standards issued but not yet effective (continued)

The following are several accounting standards including amendment issued by the DSAK, but not yet effective until January 1, 2020: (continued)

- Amendment to PSAK 1 and PSAK 25: Definition of Material, effective January 1, 2020. This amendment clarifies the definition of material with the aim of harmonizing the definitions used in the conceptual framework and some relevant PSAK. In addition, it also provides clearer guidance regarding the definition of material in the context reducing over disclosure due to changes in the threshold of the material definition.

- Amendments to PSAK No. 15 – Investments in Joint Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures, effective January 1, 2020 with earlier application is permitted. These amendments provide that the entity also applies PSAK No. 71 on the financial instruments to associates or joint ventures where the equity method is not applied. This includes long-term interests that substantively form the entity's net investment in an associates or joint ventures.
- Amendments to PSAK 22: Definition of Business, effective from January 1, 2021. This amendments were issued to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

- Amendments to PSAK 62: Insurance Contract on Applying PSAK 71 Financial Instruments with PSAK 62 Insurance Contract, effective January 1, 2020. These amendments allow those who meet certain criteria to apply a temporary exclusion of PSAK No. 71 (deferral approach) or choose to implement overlay approach for financial assets designated.

- Amendments to PSAK No. 71 – Financial Instruments: Prepayment Features with Negative Compensation, effective January 1, 2020 with earlier application is permitted. These amendments provide that a financial asset with prepayment features that may result in negative compensation qualifies as a contractual cash flow derived solely from the principal and interest of the principal amount owed.

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation

The consolidated financial statements include the subsidiary accounts owned by the Company with the equity ownership of more than 50%, either directly or indirectly through another subsidiary as disclosed in Notes 1d.

All material intercompany accounts and transactions (including unrealized gains or losses) have been eliminated, A Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date such control ceases.

Specifically, the Group controls an investee if and only if the Group has:
(a) Power over the investee (i,e,, existing rights that give it the current ability to direct the relevant activities of the investee);
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual arrangements; and
(c) The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control, Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group and to the Non-controlling interests (“NCI”), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

Non-controlling interests (“NCI”) represent the portion of the profit or loss and net assets of the Subsidiaries not attributable, directly or indirectly, to the Parent Entity, which are presented in the consolidated statements of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to owners of the parent entity.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Parent Entity’s ownership in its subsidiaries which do not result in loss of control are recorded as equity transaction. If the loss of control in a subsidiary occurs, then the Group will cease the recognition of the assets, liabilities and other related equity components and the difference is recognized as profit and loss. Part of the remaining investment is recognized at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation (continued)

Losses of a non-wholly owned Subsidiary are attributed to the NCI even if the losses create an NCI deficit balance. In case of loss of control over a Subsidiary, the Company:

- derecognizes the assets (including goodwill) and liabilities of the Subsidiary;
- derecognizes the carrying amount of any NCI;
- derecognizes the cumulative translation differences recorded in equity, if any;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

d. Cash equivalents

Time deposits with maturities of three months or less at the time of placement, which are not restricted as to withdrawal or are not pledged as collateral for loans, and which are subject to an insignificant risk of changes in value are classified as "Cash Equivalents". Cash in banks and time deposits which are pledged as collaterals are presented as part of "Other Non-current Financial Assets".

e. Restricted funds

Restricted funds represent funds obtained from the bank through the Company's House Financing Credit facility ("KPR") and Apartement Financing Credit facility ('KPA") sales method which are restricted for use by the Group until gradual stages of completion of construction are completed depending on agreement with related banks.

f. Transactions with related parties

The Company and subsidiaries have transactions with related parties as defined in PSAK No. 7: Related party disclosures.

The transactions with related parties are made based on terms agreed by the parties. Such terms may not be the same as those for transactions with unrelated parties.

The details of the accounts and the significant transactions entered into with related parties are presented in Note 30.

Unless specifically identified as related parties, the parties disclosed in the Notes to the consolidated financial statements are unrelated parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method.

Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventories.

The cost of land under development consists of cost of undeveloped land, direct and indirect development costs related to real estate development activities and borrowing costs. Land under development is transferred to landplots available for sale when the land development is completed. Total project cost is allocated proportionately to the saleable landplots based on their respective areas.

The cost of apartment under construction consists of the cost of developed land, construction costs, borrowing costs and other costs related to the development of the apartment. Costs capitalized to apartment under construction are allocated to each apartment unit using the saleable area method.

The cost of land development, including land which is used for roads and infrastructure or other unsaleable area, is allocated using saleable area.

The cost of buildings and apartments under construction is transferred to houses, shops and apartments (strata title) available for sale when the construction is substantially completed.

For residential property project, its cost is classified as part of inventories upon the commencement of development and construction of infrastructure. For commercial property project, upon the completion of development and construction of infrastructure, its cost remains as part of inventories or is reclassified to the related investment properties account, whichever is more appropriate.

Assessment of the estimation cost is reviewed at the end of each reporting period until the project is substantially completed. If there is a change, the Company will revise the cost.

Other inventories consist of food, beverages and others which are related to operational activities of the Group’s hotel, club house and hospital are stated at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete and the estimated costs to sell. The decline in value of inventories is determined to writedown the carrying amount of inventories to their net realizable value and the decline is recognized as a loss in the consolidated statement of profit or loss and other comprehensive income.

h. Prepaid expenses

Prepaid expenses are amortised and charged to operations over the periods benefited using straight-line method, and are presented as current asset or non-current asset based on their nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Undeveloped land

Undeveloped land is stated at cost or net realizable value, whichever is lower.

The cost of undeveloped land consisting of pre-acquisition and acquisition cost of land, is transferred to land under development upon commencement of land development.

j. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is not depreciated.

Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are met. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit and loss as they are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings and infrastructures	2 - 40
Machinery and heavy equipment	10
Vehicles	5 - 10
Furniture and office equipment	2 - 5

Land is stated at cost and is not depreciated.

Specific costs associated with the extension or renewal of land titles are deferred and amortized over the legal term of the landrights or economic life of the land, whichever period is shorter.

Construction in progress is stated at cost and is accounted as part of fixed assets. The accumulated costs are reclassified to the appropriate fixed assets or investment properties account when the construction is completed and the constructed asset is ready for its intended use.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is credited or charged to operations in the year the asset is derecognized.

The fixed assets' residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively, if appropriate, at each financial year end.

The costs incurred in order to acquire legal rights over land in the form of "Hak Guna Bangunan" (HGB) upon acquisition of land is recognized as part of the acquisition cost of the land in Fixed assets and is not amortized. Costs incurred in connection with the extension or renewal of the HGB are deferred and amortized throughout the validity period of the legal rights and presented as part of "Other non current financial assets" in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Investment properties

Investment properties are stated at cost, which includes transaction cost, less accumulated depreciation and impairment loss, if any, except for land which is not depreciated. Such cost also includes the cost of replacing part of the investment properties if the recognition criteria are met, and excludes the daily expenses on their usage.

Investment properties consist of land, building and infrastructures, machinery and heavy equipment and hotel facilities held by the Group to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Depreciation is computed using the straight-line method over the estimated useful lives of the investment properties as follows:

	Years
Buildings and infrastructures	3 - 40
Machinery and heavy equipment	10
Hotel facilities	2 - 5

Transfers to investment properties should be made when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or end of construction or development. Transfers from investment properties should be made when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

The changes in the useful lives estimation is done after considering the effect of the repairs and maintenance performed by the Group.

An investment property should be derecognized on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the retirement or disposal of investment property is credited or charged to operations in the year the asset is derecognized.

For a transfer from investment properties to owner-occupied property, the Company uses the cost method at the date of change in use. If an owner-occupied property becomes an investment property, the Company records the investment property in accordance with the fixed assets policies up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

m. Capitalization of borrowing costs

Capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying are capitalized as part of the cost of the related asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs consist of interests expense and other financing charges that the Group incurs in connection with the borrowing of funds.

Capitalization of borrowing costs commences when the activities to prepare the qualifying asset for its intended use have started and the expenditures for the qualifying asset and the borrowing costs have been incurred.

Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use are substantially completed.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site property acquired specifically for development, but only where activities necessary to prepare the asset for development are in progress.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Impairment of non-financial asset value

The Group assesses at each reporting date whether there is an indication that assets may be impaired. If any such indication exists, or when annual impairment testing for assets (i.e., an intangible asset with an indefinite useful life, or an intangible asset not yet available for use) is required, the Group makes an estimate of the recoverable amounts of the respective assets.

An asset's recoverable amount is the higher of the asset's or its CGU's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the consolidated statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Reversal of an impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Stock issuance costs

Costs incurred in connection with the Company's issuance of share capital to the public were offset directly with the proceeds and presented as deduction to additional paid-in capital account in the consolidated statement of financial position.

p. Revenue and expense recognition

Revenues from real estate sales are recognized as follows:

(i) Revenues from sales of houses, shops and other similar property and related land are recognized under the full accrual method if all of the following conditions are met:

1. A sale is consummated.
2. The selling price is collectible.
3. The seller's receivable is not subject to future subordination to other loans which will be obtained by the buyer.
4. The seller has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

(ii) Revenues from sales of landplots that do not require the seller to construct the building are recognized under the full accrual method if all of the following conditions are met:

1. Total payments by the buyer are at least 20% of the agreed selling price and the amount is not refundable.
2. The selling price is collectible.
3. The receivable is not subordinated to other loans that will be obtained by the buyer.
4. The land development process is complete so that the seller has no further obligations related to the landplots sold.
5. Only the landplots are sold. without any requirement for the seller's involvement in the construction of the building on the landplots.

(iii) Revenues from sales of apartments, the construction of which has not been completed, are recognized using the percentage-of-completion method if all of the following conditions are met:

1. The construction process has already commenced, i.e., the building foundation has been completed and all of the requirements to commence construction have been fulfilled.
2. Total payments by the buyer are at least 20% of the agreed selling price and the amount is not refundable.
3. The amount of revenue and the cost of the property can be reliably estimated.

If any of the above conditions is not met, the payments received from the buyer are recorded as deposits received until all of the criteria are met.

The method used to determine the percentage of completion is the proportion of actual costs incurred to the estimated total development cost of the real estate project.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue and expense recognition (continued)

Rental payments received in advance from tenants of shopping centers and membership fees in sports club are presented as “Unearned Revenues”. Rental and membership fees in sports club are recognized as income over the terms of the lease and membership contracts. Deposits received from customers are presented as part of “Downpayments received and security deposits”.

Revenues from restaurant operations are recognized when the goods are delivered or when the services have been rendered. Revenue from hotel room occupancy is recognized on the basis of the period of occupancy. Revenue from other hotel services is recognized when the services are rendered or the goods are delivered to the customer.

Revenues from medical services are recognized at the point of sale or upon delivery of services to the patients.

The elements of costs which are capitalized to real estate development projects include the pre-acquisition cost of land, cost of land acquisition and other costs attributable to the development activity of real estate. The costs are allocated to real estate development projects using either the saleable area method or the sales value method.

Costs which are not clearly related to a real estate project, such as general and administrative expenses, are recognized as an expense as they are incurred.

If a certain project is estimated to generate a loss, a provision must be recognized for the amount of the loss.

The revision of estimated costs or revenues, if any, which are generally attributed to real estate development activities must be allocated to ongoing and future projects. Revisions resulting from current period and prior period adjustments are recognized in the current period profit and loss, while revisions related to future periods are allocated to the remaining period of development.

q. Employee benefits

Short-term employee benefits

The Group recognizes short-term employee benefits liability (if any) when services are rendered and the compensation for such services are to be paid within twelve months after such services are rendered.

Post-employment benefits

The Group recognized funded and an unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the “Law”) and PSAK No. 24 (2013), “Employee Benefits”. Under the Law, the Group is required to pay separation, appreciation and compensation benefits to its employees if the conditions specified in the Law are met.

The Group also has a defined contribution plan covering substantially all of its eligible employees. The benefits under the Law have been calculated by comparing the benefits that will be received by an employee at normal pension age from the Pension Plan with the benefits as stipulated under the Law, after deducting the accumulated employee contribution and the related investment results. If the employer-funded portion of the Pension Plan benefit is less than the benefit as required by the Law, the Group will provide for such shortfall.

Pension costs under the Group’s defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate, expected return on plan assets and annual rate of increase in compensation.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Employee benefits (continued)

All re-measurements, comprising of actuarial gains and losses, and the return of plan assets (excluding net interest) are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit and surplus. Re-measurements are not reclassified to profit or loss in subsequent periods.

All past service costs are recognized at the earlier of when the amendment/curtailment occurs and when the related restructuring or termination costs are recognized. As a result, unvested past service costs can no longer be deferred and recognized over the future vesting period.

r. Foreign currency transactions and balances

The Company's consolidated financial statements are presented in Rupiah, which is also the Parent Company's functional currency. Each subsidiary determine its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transaction in foreign currencies are initialy recorded by the Group at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average of the selling and buying rates of exchange prevailing at the last banking transaction date of the period, as published by Bank Indonesia and any resulting gains or losses are credited or changed to operations of the current period.

As of December 31, 2019 and 2018, the rates of exchange used were as follows:

	December 31, (Full Amount)	
	2019	**2018**
1 European euro (Euro)	15,588	16,560
1 United States dollar (US$)	13,901	14,481
1 Singapore dollar (Sin$)	10,320	10,603

Transactions in other foreign currencies are considered not significant.

s. Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All of the provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Income tax

The Group has adopted PSAK No. 46 (Revised 2014), “Income Tax”.

Final tax
Tax regulation in Indonesia determined that certain taxable income is subjected to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction are recognizing losses. The calculation of final tax based on invoice of contract amount. Based on PSAK No. 46 above, final tax excluded from this PSAK’s. Hence, there is no deferred tax assets/liabilities recognition. By applying the revised PSAK, the Group has decided to present all of the final tax arising from sales of landplots, houses, shops, apartment and interest income from bank and time deposits as separate line item.

The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset, except for certain asset such as land, which realization is taxed with final tax on gross value of transaction.

According to Law No. 12 year 1994, the value of the transfer is the highest value among the values under the Deed of Assignment and the Tax Object Sales Value of related land and/or buildings.

Based on Government Regulation (PP) No. 5 dated March 23, 2002, income from shopping center rental is subjected to a final tax of 10% from related income. On November 4, 2008, the President of the Republic of Indonesia and the Minister of Law and Human Rights signed Government Regulation No. 71/2008 (PP No. 71/2008) effective January 1, 2009, the income of a taxpayer from transactions of transferring rights on land and/or building, is subjected to final tax of 5% from the sales or transfer, which has been replaced by Government Regulation (PP) No. 34/2016 dated August 8, 2016. Effective September 8, 2016, income from the transfer of land or buildings are subjected to final tax amounting to 2.5% of the value of the sale or transfer. Interest income from bank and time deposits are subjected to final tax amounting to 20%.

Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the subjected prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of “Income Tax Expense - Net” in the consolidated statement of profit or loss and other comprehensive income. The Group also presented interest/penalty, if any, as part of “Income Tax Expense - Net”.

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined.

Deferred tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Income tax (continued)

Deferred tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Group reassesses unrecognized deferred tax assets. The Group recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The tax effects for the year are allocated to current operations, except for the tax effects of transactions which are charged or credited to equity. Management periodically evaluates positions taken by the Company in with respect to situations in which applicable tax regulations are subject interpretation and establishes provisions where appropriate.

u. Financial instruments

i. Financial assets

Initial Recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

Subsequent Measurement

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Financial instruments (continued)

i. Financial assets (continued)

Subsequent Measurement (continued)

The Group has determined that its financial assets are categorized as loans and receivables.

As of December 31, 2019 and 2018, the Group has cash and cash equivalents, trade and other receivables, due from related parties and other current and non-current financial assets in this category.

- Available-For-Sale (AFS) financial assets

  AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as fair value through profit or loss, loans and receivables and held-to-maturity investments. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity is reclassified to profit or loss.

The Company has investments in shares of stock that have readily determinable fair value and on which the Company's ownership interest is less than 50%.

Derecognition of financial asset

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

(i) the contractual rights to receive cash flows from the financial asset have expired; or
(ii) the Group has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Group has transferred its rights to receive cash flows from a financial asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new assets obtained less any new liabilities assumed, and (ii) any cumulative gain or loss which had been recognized in equity, should be recognized in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Financial instruments (continued)

i. Financial assets (continued)

Derecognition of financial asset (continued)

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (incurred 'loss events') and those loss events have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The Group considers whether there is objective evidence of impairment individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets that have similar credit risk characteristics and the group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or that continues to be recognized, are not included in a collective assessment of impairment.

The impairment loss of a financial asset which is assessed individually is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows discounted using the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance for impairment account and the impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

Future cash flows of a group of financial assets that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Financial instruments (continued)

i. Financial assets (continued)

Financial assets carried at amortized cost

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

The recovery should not lead to the carrying amount of the financial asset exceeding its amortized cost that would have been determined had no impairment loss been recognized for the asset at the reversal date. The amount of reversal is recognized in the consolidated statement of profit or loss and other comprehensive income. If a future write-off is later recovered, the recovery is also recognized in the consolidated statement of profit or loss and other comprehensive income.

If there is objective evidence that an impairment has occurred over equity instruments that do not have quoted market price and are not carried at fair value because fair value cannot be measured reliably, then the amount of any impairment loss is measured as the difference between the carrying value of the financial assets and the present value of estimated future cash flows discounted at the prevailing rate of return on the market for a similar financial asset. Impairment losses are not recoverable in the following years.

ii. Financial liabilities

Initial Recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss. financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value which, in the case of financial liabilities at amortized cost, is inclusive of directly attributable transaction costs.

As of December 31, 2019 and 2018, the Group has determined that short-term bank loans, trade payables to third parties, other payables, due to related parties, accrued expenses, liability for short-term employee benefits, downpayments received and security deposits - customer deposits, long-term debts, bonds payable and sukuk ijarah and other non-current financial liabilities are categorized as financial liabilities at amortized cost.

Subsequent Measurement

Financial liabilities at amortized cost

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Financial instruments (continued)

ii. Financial liabilities (continued)

Derecognition of financial liabilities

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows (including all fees and points received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial asset, or a shorter period, where appropriate, to the net carrying amount at initial recognition of the financial asset.

Fair value hierarchy

The Group measures financial instruments, such as derivatives, at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in the related note.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.
- Level 3: Fair values measured based on valuation techniques for which inputs which have a significant effect on the recorded fair values are not based on observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Financial instruments (continued)

ii. Financial liabilities (continued)

Fair value hierarchy (continued)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

v. Earnings per share

Earnings per share is computed based on the weighted average number of issued and fully paid shares during the year.

The Company has no outstanding dilutive potential ordinary shares as of December 31, 2019.

w. Operating segments

A segment is a distinguishable component of the Group that is engaged either in providing certain products and services (business segment) or in providing products and services within a particular economic environment (geographical segment), which is subjected to risks and rewards that are different from those in other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated. The amount of each segment item reported is the measure reported to the chief operating decision-maker for the purposes of making decisions about allocating resources to the segment and assessing its performance. Supplementary information for each operating segments are presented in Note 34.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Business combination of entities under common control

Transfer of business within entities under common control does not result in a change of the economic substance of ownership of the business being transferred and does not result in gain or loss to the Group or to the individual entity within the Group. Since the transfer of business of entities under common control does not result in a change of the economic substance, the business being exchanged is recorded at book value as a business combination using the pooling of-interests method.

Under the pooling-of-interests method, the components of the financial statements for the period during which the restructuring occurred and for other periods presented, for comparison purposes, are presented in such a manner as if the restructuring had already happened from the beginning of the periods during which the entities were under common control. The difference between the carrying amounts of the business combination transaction and the consideration transferred is recognized as part of the account “Additional Paid-in Capital”.

y. Sukuk ijarah payable

Sukuk ijarah is recognized when the Group becomes a party involved with the issuance of sukuk ijarah which is presented as a liability. At initial recognition, sukuk ijarah is stated at nominal amount, adjusted for premium or discount and sukuk ijarah issuance costs. After initial recognition, if the amount recorded is different with the nominal amount, the difference is amortized using the straight-line method over the term of the sukuk ijarah.

Sukuk ijarah issuance costs are directly deducted from the issue proceeds in the consolidated statement of financial position as a transaction cost and are amortized using the straight-line method over the term of the sukuk ijarah.

z. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group’s share of the results of operations of the associate. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group determines whether it is necessary to recognize an impairment loss on the Group’s investments in associates. The Group determines at each reporting date whether there is any objective evidence that the investments in the associatesare impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investmentsand their carrying value, and recognizes the amount in the consolidated statement of profit or loss and other comprehensive income.

The financial statements of the associates are prepared for the same reporting period with the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Current and no-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

i) expected to be realised or intended to be sold or consumed in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) expected to be realised within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

i) expected to be settled in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) due to be settled within twelve months after the reporting period, or
iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

bb. Events after the financial reporting period

Post year-end events that provide additional information about the Group's position at reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- *Revenue recognition*

  When a contract for the sale of a property upon completion of construction is judged to be a construction contract (see revenue recognition policy for sales of property under development) (Note 2p), revenue is recognized using the percentage-of-completion method as construction progress. The percentage of completion is made by reference to the stage of completion of the project or contract, determined based on the proportion of the contract costs incurred to date to the total estimated costs of the project or contract.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the consolidated financial statements: (continued)

· *Classification of financial assets and financial liabilities*

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2u.

· *Classification of property*

The Group determines whether an acquired property is classified as investment property, fixed assets or inventory:

- Investment property consists of land, buildings and infrastructures (principally offices, commercial warehouse and retail property), machinery and heavy equipment, hotel facilities and contructions in progress which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Fixed assets consists of land, buildings and infrastructures, machinery and heavy equipment, vehicles and furniture and office equipment and contructions in progress which are occupied substantially for use by, or in the operations of, the Group, and for sale in the ordinary course of business, but are held primarily not to earn rental income and capital appreciation.
- Inventory consists of property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

· *Valuation of property*

The fair value of land and buildings disclosed under the “Fixed assets” and “Investment properties” accounts are determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the cost approach and market and revenue valuation methods. In some cases, the fair value is determined based on recent real estate transactions with similar characteristics and location to those of the Group's assets. Total fair value as of December 31, 2019 is disclosed in Notes 9 and 10 to the consolidated financial statements.

· *Operating lease contracts - the Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the leased property and, therefore, it accounts for the leases as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Determination of fair value of financial assets and financial liabilities*

  When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- *Estimating useful lives of fixed assets and investment properties*

  The Group estimates the useful lives of its fixed assets and investment properties based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of fixed assets and investment properties is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

  It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

  The amounts and timing of recorded expenses for any year are affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's fixed assets and investment properties increases the recorded cost of sales and direct costs and operating expenses and decreases total assets. Further details on fixed assets and investment properties are disclosed in Note 9 and 10.

- *Estimation of pension cost and other employee benefits*

  The cost of defined benefit plan and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions which consist of, among other things, discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. Actual results that differ from the Group's assumptions are recognized as other comprehensive income. Due to the complexity of the valuation and its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

  While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in its assumptions may materially affect its employee benefit liabilities of Rp131,296,215 in 2019 (2018 : Rp135,313,737). Further details on employee benefits are disclosed in Note 18.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below: (continued)

- *Uncertain tax exposure*

  In certain circumstances. the Group may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, “Provisions, Contingent Liabilities and Contingent Assets”. The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	December 31,	
	2019	**2018**
Cash on hand		
Rupiah	5,791,532	5,683,718
Foreign currencies	356,561	339,932
Total cash on hand	6,148,093	6,023,650
Cash in banks		
Rupiah		
PT Bank Central Asia Tbk	439,764,246	416,508,419
PT Bank Mandiri (Persero) Tbk	228,926,257	90,101,626
PT Bank Permata Tbk	215,858,030	255,917,334
PT Bank CIMB Niaga Tbk	38,804,228	25,313,391
PT Bank OCBC NISP Tbk	25,911,443	22,448,784
Others (each below Rp20,000,000)	37,133,235	58,567,501
United States dollar		
PT Bank Permata Tbk (US$3,849,816 in 2019 and US$3,591,741 in 2018)	53,516,279	52,011,996
Others (each below Rp10,000,000)	9,329,059	12,476,495
Other currencies		
Others (each below Rp10,000,000)	-	2,637,623
Total cash in banks	1,049,242,777	935,983,169

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents consist of the following: (continued)

	December 31,	
	2019	**2018**
Time deposits		
Rupiah		
PT Bank Central Asia Tbk	535,409,372	402,084,059
PT Bank Permata Tbk	29,180,035	142,600,000
Others (each below Rp10,000,000)	38,406,457	31,050,353
United States dollar		
Others (each below Rp4,000,000)	6,037,413	6,107,044
Total time deposits	609,033,277	581,841,456
Total cash and cash equivalents	**1,664,424,147**	**1,523,848,275**

Ranges of annual interest rates of time deposits are as follows:

	Year ended December 31,	
	2019	**2018**
Rupiah	4.25% - 8.00%	4.50% - 8.00%
United States dollar	0.85% - 2.35%	0.85% - 2.00%

As of December 31, 2019, cash on hand is covered by insurance against theft and other risks with PT Asuransi FPG Indonesia, PT China Taiping Insurance Indonesia and PT Asuransi Multi Artha Guna, all third parties, with total coverage of Rp44,075,000 (2018: Rp46,450,000). The Group's management believes that the coverage is adequate to cover possible losses arising from such risks.

Interest income from time deposits is presented in the consolidated statement of profit or loss and other comprehensive income as part of "Finance Income".

All cash in banks and time deposits are placed in third-party banks. As of December 31, 2019 and 2018, no cash and cash equivalents are pledged as collateral for loans.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

5. TRADE RECEIVABLES - NET

The details of trade receivables are as follows:

	December 31,	
	2019	**2018**
Related parties (Note 30)		
Sale of houses, shops and landplots	6,677,941	49,595,351
Rental of retail and commercial investment properties	1,221,004	4,249,840
Hotel services	246,334	162,792
Sale of apartments	59,996	1,493,381
Others	4,197	-
Sub-total	**8,209,472**	**55,501,364**
Third parties		
Sale of houses, shops and landplots	114,138,568	156,803,475
Sale of apartment	59,068,746	147,661,834
Rental of retail and commercial investment properties	42,962,159	41,672,650
Hotel services	9,359,855	17,659,950
Monthly membership fees in sports club	1,978,051	1,671,100
Rental of residential and office investment properties	1,820,300	2,117,094
Sale of office	1,255,776	-
Others	28,035,354	23,256,766
Sub-total	**258,618,809**	**390,842,869**
Total trade receivables	**266,828,281**	**446,344,233**
Allowance for impairment – third parties	(1,807,226)	(1,362,435)
Total trade receivables - net	**265,021,055**	**444,981,798**
Less current maturities	(220,913,070)	(393,868,139)
Long-term portion	**44,107,985**	**51,113,659**

The movements of allowance for impairment - third parties are as follows:

	December 31,	
	2019	**2018**
Beginning Balance	1,362,435	2,596
Provision during the year	912,035	1,362,435
Reversal/write-off during the year	(467,244)	(2,596)
Ending Balance	**1,807,226**	**1,362,435**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

5. TRADE RECEIVABLES (continued)

All of the Group's trade receivables are denominated in Rupiah. All the non-current trade receivables have maturity between 2 to 4 years after the reporting date. As of December 31, 2019, there are no trade receivables collateralized in relation to its loan.

Based on a review of the status of the individual receivables at the end of the year, the Group's management believes that the allowance for impairment of trade receivables from third parties is sufficient to cover probable losses from uncollectible trade receivables from third parties in the future. Trade receivables from related parties are fully collectible, therefore no allowance for impairment of trade receivables is provided.

In relation to operating leases of the Group, the following is the aggregate amount of future minimum lease payments for each period under non-cancellable operating leases:

	December 31,	
	2019	**2018**
< 1 year	1,001,784,961	480,994,492
1-5 years	1,285,729,083	1,285,259,559
> 5 year	7,981,996	-
Total operating lease receivables	**2,295,496,040**	**1,766,254,051**

In 2019, total contingent rent, which was recognized as revenue, amounted to Rp84,502,462 (2018: Rp74,029,337).

The general terms and conditions of lessor agreements are as follows:
- Rental periods range from 1 to 10 years,
- Lessee is required to pay 5-20% non-refundable rental downpayment at the beginning of the rental period, while the remaining rental fees are payable in installments over the lease term as agreed upon by both parties,
- Lessee is required to pay service charge at certain rate per square meter (m^2),
- Lessee is required to pay rental security deposit, service charge, telephone, and others to lessor.

6. INVENTORIES

Inventories consist of:

	December 31,	
	2019	**2018**
Inventories available for sale		
Apartment	674,661,418	382,698,449
Houses	234,395,571	165,617,262
Landplots	90,669,217	119,505,456
Shops	40,534,047	20,709,609
Offices	18,618,299	-
Total inventories available for sale	1,058,878,552	688,530,776

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

6. INVENTORIES (continued)

Inventories consist of: (continued)

	December 31,	
	2019	2018
Inventories under construction		
Buildings	4,891,378,528	4,207,893,202
Landplots	1,801,392,169	1,900,193,112
Apartments	709,541,874	1,024,998,271
Total inventories under construction	7,402,312,571	7,133,084,585
Others	53,140,822	68,637,854
Total inventories	**8,514,331,945**	**7,890,253,215**

The movements in the buildings and apartments inventories under construction account are as follows:

	Year ended December 31,	
	2019	2018
Beginning balance	5,232,891,473	4,645,357,019
Production costs	2,620,046,897	2,689,582,725
Transfers to buildings and apartments inventories available for sale	(2,252,017,968)	(2,102,048,271)
Ending balance	**5,600,920,402**	**5,232,891,473**

The movements in the inventories available for sale account are as follows:

	Year ended December 31,	
	2019	2018
Beginning balance:		
Apartments	382,698,449	-
Houses	165,617,262	86,797,700
Shops	20,709,609	71,580,534
Transfers from buildings and apartments inventories under construction	2,252,017,968	2,102,048,271
Cost of sales (Note 27):		
Houses	(1,254,429,033)	(864,360,188)
Shops	(363,544,824)	(73,325,703)
Apartments	(198,970,101)	(753,715,294)
Offices	(35,889,995)	-
Ending balance	**968,209,335**	**569,025,320**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

6. INVENTORIES (continued)

Real estate development inventories which are already covered by signed sales/purchase agreements but have not yet been recognized as sales are as follows:

	December 31,	
	2019	**2018**
Inventories under construction		
Buildings	974,877,341	1,326,703,455
Landplots	52,292,665	72,031,834
Total	**1,027,170,006**	**1,398,735,289**

In 2019, reclassifications from inventories to fixed assets with net book value of Rp75,000 (2018: Rp13,788,095) were due to the change in management's intention on the use of the related assets (Note 9).

In 2019, reclassifications from investment properties to inventories with net book value of Rp19,575,939 (2018: Rp0) (Note 10).

The downpayments received related to the above-mentioned inventories as of December 31, 2019 amounting to Rp3,294,464,979 (2018: Rp3,384,081,889) are presented as Downpayments Received in the consolidated statement of financial position and as part of "Downpayments Received from Sale" in Note 19.

As of December 31, 2019, inventories amounting to Rp409,138,473 (2018: Rp405,792,941) were used as collateral for bank loans payable to BCA (Note 12). As of December 31, 2019, borrowing costs which were capitalized to inventories amounted to Rp97,831,477 (2018: Rp200,777,093), Capitaization rate of borrowing costs ranged from 9.00% to 10.50%.

As of December 31, 2019, houses, shops and apartments inventories are covered by insurance against fire and other risks with PT Asuransi FPG Indonesia, PT China Taiping Insurance Indonesia, PT Asuransi Multi Arthaguna, all third parties, with total coverage of Rp495,859,039 and US$272,194,149 (2018: Rp2,040,911,461 and US$132,890,225), The Group's management is of the opinion that the above coverage is adequate to cover possible losses arising from such risks.

Revenue from property development presented as part of net revenues in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2019 amounted to Rp3,616,943,220 (2018: Rp3,435,767,606) (Note 26).

Based on the review of the physical conditions and net realizable value of inventories at the reporting date, the Group's management believes that inventories are realizable at the above amounts and no provision for losses is necessary.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

7. UNDEVELOPED LAND

The details of undeveloped land are as follows:

	December 31, 2019		December 31, 2018	
Location	**Area (m²)**	**Amount**	**Area (m²)**	**Amount**
Summarecon Serpong	3,003,493	943,461,967	3,016,115	922,845,607
Summarecon Bekasi	3,988,033	1,047,159,242	3,956,993	1,022,554,022
Summarecon Bandung	3,247,125	1,972,841,202	3,313,280	1,973,543,815
Summarecon Karawang	138,766	178,282,190	138,103	165,476,722
Summarecon Makassar	3,452,974	827,592,728	3,329,369	821,837,557
Bogor	4,217,865	814,323,197	4,217,865	795,784,940
Others	2,275,091	752,375,210	2,280,105	733,819,389
Total undeveloped land	**20,323,347**	**6,536,035,736**	**20,251,830**	**6,435,862,052**

The status of ownership of undeveloped land is as follows:

	December 31,	
	2019	**2018**
Status	**Area (m²)**	**Area (m²)**
Land certificates already issued	11,506,300	11,515,168
Non certificates building usage right	8,817,047	8,736,662
Total	**20,323,347**	**20,251,830**

The deduction to undeveloped land was used for the projects of property Group.

Management believes that there will be no issue in obtaining the land certificates and the extension of the land rights since all the land were legally acquired and supported by sufficient evidence of ownership.

As of December 31, 2019 and 2018, some undeveloped land properties are pledged as collateral for loans from banks (Note 12) with details of the carrying value of the assets as follows:

	December 31, 2019		December 31, 2018	
Lokasi	**Luas (m²)**	**Total**	**Luas (m²)**	**Total**
Summarecon Serpong				
- PT Bank Mandiri (Persero) Tbk	284,144	26,710,673	284,144	26,710,673
- PT Bank Central Asia Tbk	161,738	14,994,584	167,403	15,370,785
- PT Bank KEB Hana Indonesia	108,134	10,277,163	-	-
- PT Bank OCBC NISP	184,499	20,543,073	-	-
Summarecon Bandung				
- PT Bank Central Asia Tbk	955,484	1,035,698,634	665,342	600,000,000
Summarecon Makassar				
- PT Bank Central Asia Tbk	665,063	383,800,000	447,080	250,000,000
Bogor				
- PT Bank BCA Syariah	253,491	181,604,325	253,491	179,230,564
Total	**2,612,553**	**1,673,628,452**	**1,817,460**	**1,071,312,022**

As of December 31, 2019 and 2018, there is no undeveloped land used for collateral for bonds payable and Sukuk Ijarah.

No borrowing costs have been capitalized to undeveloped land in 2019 and 2018.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

8. ADVANCE PAYMENTS

This account consists of payments for:

	December 31, 2019	December 31, 2018
Current advance payments for:		
Purchase of construction materials	184,809,793	199,149,050
Agency costs	106,763,100	89,824,771
Others	48,624,565	58,126,904
Total current advance payments	340,197,458	347,100,725
Non-current advance payments for:		
Purchase of:		
Land	668,446,734	593,705,068
Fixed assets and investment properties	41,007,687	26,453,217
Others	7,166,822	7,066,822
Total non-current advance payments	716,621,243	627,225,107
Total advance payments	**1,056,818,701**	**974,325,832**

9. FIXED ASSETS

The details of fixed assets are as follows:

	Balance as of December 31, 2018	Year ended December 31, 2019			Balance as of December 31, 2019
		Additions	Deductions**	Reclassifications	
Cost					
Direct ownership					
Land	20,740,281	-	-	-	20,740,281
Buildings and infrastructures	285,651,643	4,676,474	-	(8,185,456)	282,142,661
Machinery and heavy equipment	91,158,553	3,954,963	-	130,182	95,243,698
Vehicle	115,689,943	8,869,981	7,494,280	-	117,065,644
Furniture and office equipment	463,096,841	41,497,441	724,899	-	503,869,383
Sub-total	976,337,261	58,998,859	8,219,179	(8,055,274)	1,019,061,667
Construction in progress	26,842,950	10,792,601	73,500	(15,242,780)	22,319,271
Total cost	1,003,180,211	69,791,460	8,292,679	(23,298,054)	1,041,380,938
Accumulated depreciation					
Direct ownership					
Buildings and infrastructures	133,734,358	10,810,496	-	-	144,544,854
Machinery and heavy equipment	37,112,057	12,970,901	-	-	50,082,958
Vehicle	83,622,426	11,582,351	6,908,654	-	88,296,123
Furniture and office equipment	371,982,679	51,633,610	716,970	(2,780,993)	420,118,326
Total accumulated depreciation	626,451,520	86,997,358	7,625,624	(2,780,993)	703,042,261
Net book value	**376,728,691**				**338,338,677**

** consist of sales and disposals

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

9. FIXED ASSETS (continued)

The details of fixed assets are as follows: (continued)

	Balance as of December 31, 2017	Year ended December 31, 2018 Additions	Deductions**	Reclassifications	Effect of Release of Subsidiaries*	Balance as of December31, 2018
Cost						
Direct ownership						
Land	20,698,962	229,670	-	-	(188,351)	20,740,281
Buildings and infrastructures	313,326,822	7,440,970	61,188	15,840,140	(50,895,101)	285,651,643
Machinery and Heavy equipment	89,707,113	5,276,458	-	-	(3,825,018)	91,158,553
Vehicle	115,284,573	11,649,758	9,293,049	-	(1,951,339)	115,689,943
Furniture and Office equipment	464,534,856	28,922,345	1,134,980	-	(29,225,380)	463,096,841
Sub-total	1,003,552,326	53,519,201	10,489,217	15,840,140	(86,085,189)	976,337,261
Construction in progress	10,673,563	22,247,674	-	(6,078,287)	-	26,842,950
Total cost	1,014,225,889	75,766,875	10,489,217	9,761,853	(86,085,189)	1,003,180,211
Accumulated depreciation						
Direct ownership						
Buildings and infrastructures	138,944,863	10,850,134	-	-	(16,060,639)	133,734,358
Machinery and Heavy equipment	32,134,152	7,775,431	-	310,414	(3,107,940)	37,112,057
Vehicle	81,676,980	12,918,567	9,164,448	-	(1,808,673)	83,622,426
Furniture and office equipment	339,891,287	64,642,019	918,204	(310,414)	(31,322,009)	371,982,679
Total accumulated depreciation	592,647,282	96,186,151	10,082,652	-	(52,299,261)	626,451,520
Net book value	**421,578,607**					**376,728,691**

*In 2018, SPCK, direct subsidiary, has sold part of its ownership in BTKV; therefore, the Company has lost controlling interests. This transaction was recorded as part of investment in associates (Note 1f).

** consist of sales, disposals, and disposals and deduction of contract amounts to suppliers

Depreciation was charged to the following:

	Year ended December 31, 2019	2018
General and administrative expenses (Note 28)	79,611,964	87,088,709
Cost of sales and direct costs	7,385,394	9,097,442
Total depreciation	**86,997,358**	**96,186,151**

The details of sales of fixed assets are as follows:

	Year ended December 31, 2019	2018
Cost	8,119,204	9,453,059
Accumulated depreciation	(7,531,834)	(9,324,457)
Net book value	587,370	128,602
Selling price	1,895,995	2,887,060
Gain on sales of fixed assets - net	**1,308,625**	**2,758,458**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

9. FIXED ASSETS (continued)

The details of construction in progress are as follows:

	December 31, 2019		December 31, 2018	
Project	Amount	Percentage of completion (%)	Amount	Percentage of completion (%)
Plaza office	7,907,605	5.00	7,907,605	5.00
Marketing Gallery	4,181,453	85.00	-	-
Others	10,230,213		18,935,345	
Total construction in progress	**22,319,271**		**26,842,950**	

The percentages of completion of the construction in progress are based on the actual expenditures incurred compared to the total budgeted project cost.

Below are the estimated completion dates for the construction in progress as of December 31, 2019:

	Estimated Completion Dates
Plaza office	December 2021
Marketing Gallery	April 2020

Deductions of fixed assets in 2019 including deduction of contract amounts to suppliers on furniture and office equipment amounted to Rp0 (2018: Rp61,188).

In 2019, the Group disposed of some fixed assets with net book value of Rp79,685 (2018: Rp216,775).

In 2019 & 2018, no borrowing costs have been capitalized to fixed assets.

In 2019, reclassifications of fixed assets with net book value of Rp2,312,380 (2018: Rp0) to investment properties were due to the change in management's intention on the use of the related assets (Note 10).

In 2019, reclassifications of investment properties with net book value of Rp214,182 (2018: Rp0) to fixed assets were due to the change in management's intention on the use of the related assets (Note 10).

In 2019, reclassifications of fixed assets to inventories amounted to Rp18,493,863 (2018: Rp0).

In 2019, reclassifications from inventories to fixed assets with net book value of Rp75,000 (2018: Rp13,788,095) were due to the change in management's intention on the use of the related assets (Note 6).

In 2019, reclassifications from construction in progress to fixed assets amounted to Rp15,242,780 (2018: Rp2,052,045).

In 2019, reclassifications of construction in progress - fixed assets to inventory amounted to Rp0 (2018: Rp4,026,242) to the change in management's intention on the use of the related assets.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

9. FIXED ASSETS (continued)

In 2019, fixed assets, except land, with net book value of Rp90,491,297 (2018: Rp143,603,894) are covered by insurance against fire, flood and other risks (all-risks) under blanket policies with several companies, including PT Asuransi FPG Indonesia, PT Asuransi Allianz Utama Indonesia, PT Asuransi Sinar Mas, PT Asuransi Bintang, PT Asuransi Multi Artha Guna, PT Asuransi Realiance Indonesia, PT Asuransi Central Asia, PT Chubb General Insurance Indonesia, all third parties, with sum insured amounting to US$19,024,821 and Rp105,787,333 (2018: US$20,691,151 and Rp221,418,189).

As of December 31, 2019, fixed assets with net book value of Rp20,742,168 (2018: Rp20,689,251), are used as collateral for the loans from banks and financial institutions (Note 12).

The detail of fair value of the fixed assets which appraise by KJPP for Year 2019 and 2018 are as follows (unaudited):

	31 Desember
Fair Value	780,178,000
KJPP	Hendra, Widjaja Robinson & rekan
Report date	March 22, 2018

Based on the Group's assessments, there were no events or changes in circumstances which indicated an impairment in the value of fixed assets as of December 31, 2019.

10. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Balance as of December 31, 2018	**Year ended December 31, 2019**			**Balance as of December 31, 2019**
		Additions	**Deductions****	**Reclassifications**	
Cost					
Land	953,849,594	22,265	-	9,860,856	963,732,715
Building and infrastructures	3,824,656,360	78,548,850	2,392,752	(19,720,472)	3,881,091,986
Machinery and	720,158,090	37,599,766	59,656	4,749,328	762,447,528
heavy equipment	274,889,415	1,530,179	2,418,284	5,939,884	279,941,194
Hotel facilities					
	5,773,553,459	117,701,060	4,870,692	829,596	5,887,213,423
Sub-total	105,896,496	65,755,848	3,208,084	(21,388,999)	147,055,261
Construction in progress					
	5,879,449,955	183,456,908	8,078,776	(20,559,403)	6,034,268,684
Total cost					
Accumulated depreciation					
Building and infrastructures	887,590,921	112,739,270	538,121	(4,196,647)	995,595,423
Machinery and	439,316,018	59,906,654	59,656	-	499,163,016
heavy equipment	166,624,126	18,585,655	2,418,284	-	182,791,497
Hotel facilities					
Total accumulated depreciation	1,493,531,065	191,231,579	3,016,061	(4,196,647)	1,677,549,936
Net book value	**4,385,918,890**				**4,356,718,748**

** consist of sales, disposals, and disposals and deduction of contract amounts to suppliers

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

10. INVESTMENT PROPERTIES (continued)

The details of investment properties are as follows: (continued)

	Balance as of December 31, 2017	Year ended December 31, 2018			Balance as of December 31, 2018
		Additions	Deductions**	Reclassifications	
Cost					
Land	917,260,357	36,589,237	-	-	953,849,594
Building and infrastructures	3,774,931,987	44,033,731	805,288	6,495,930	3,824,656,360
Machinery and heavy equipment	704,537,322	13,639,768	18,000	1,999,000	720,158,090
Hotel facilities	274,701,613	421,421	233,619	-	274,889,415
Sub-total	5,671,431,279	94,684,157	1,056,907	8,494,930	5,773,553,459
Construction in progress	77,421,831	36,969,595	-	(8,494,930)	105,896,496
Total cost	5,748,853,110	131,653,752	1,056,907	-	5,879,449,955
Accumulated depreciation					
Building and infrastructures	775,036,998	112,560,019	6,096	-	887,590,921
Machinery and heavy equipment	381,072,367	58,261,651	18,000	-	439,316,018
Hotel facilities	131,421,066	35,203,060	-	-	166,624,126
Total accumulated depreciation	1,287,530,431	206,024,730	24,096	-	1,493,531,065
Net book value	**4,461,322,679**				**4,385,918,890**

** consist of sales, disposals, and disposals and deduction of contract amounts to suppliers

Depreciation was charged to the following:

	Year ended December 31,	
	2019	**2018**
Cost of sales and direct costs	189,994,140	204,787,292
General and administrative expenses (Note 28)	1,237,439	1,237,438
Total depreciation	**191,231,579**	**206,024,730**

The details of sales of investment properties are as follows:

	Year ended December 31,	
	2019	**2018**
Cost	4,766,449	-
Accumulated depreciation	(2,956,405)	-
Net book value	1,810,044	-
Selling price	242,873	-
Loss on sales of investment properties - net	**(1,567,171)**	**-**

10. INVESTMENT PROPERTIES (continued)

In 2019, the Group disposed of some investment properties with net book value of Rp3,208,083 (2018: Rp0).

The deductions in 2019 included the deduction of contract value for machineries and equipment and construction in progress to each suppliers amounting to Rp44,588 (2018: Rp1,032,811).

In 2019, reclassifications of construction in progress to investment properties amounted to Rp10,847,628 (2018: Rp8,494,930).

In 2019, reclassifications to investment properties with net book value of Rp2,312,380 (2018: Rp0) from fixed assets were due to the change in management’s intention on the use of the related assets (Note 9).

In 2019, reclassifications of investment properties with net book value of Rp8,960,336 (2018: Rp0) from undeveloped land were used for rent (Note 7).

In 2019, reclassifications of construction in progress - investment properties to inventories amounted to Rp340,846 (2018: Rp0).

In 2019, reclassifications of construction in progress - investment properties to advance payment amounted to Rp10,236,525 (2018: Rp0).

In 2019, reclassifications of investment properties with net book value of Rp214,182 (2018: Rp0) to fixed assets were due to the change in management’s intention on the use of the related assets (Note 10).

In 2019, reclassifications of investment properties to inventories amounted to Rp19,575,939 (2018: Rp0) (Note 6).

In 2019, reclassifications of investment properties with net book value of Rp900,520 (2018: Rp0) from uncreditable value added tax.

In 2019, reclassifications of construction in progress - investment properties with net book value of Rp36,000 (2018: Rp0) from uncreditable value added tax.

In 2019, reclassifications of advance payment to investment properties with net book value of Rp1,795,500 (2018: Rp0) were due to the change in management’s intention on the use of the related assets.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

10. INVESTMENT PROPERTIES (continued)

The details of construction in progress as of December 31, 2019 and 2018 are as follows:

	December 31, 2019		December 31, 2018	
Project	**Amount**	**Percentage of completion (%)**	**Amount**	**Percentage of completion (%)**
Summarecon Mall Bandung	80,573,676	15.00	69,514,520	13.90
Power House	32,408,335	68.95	-	-
Others	34,073,250		36,381,976	
Total construction in progress	**147,055,261**		**105,896,496**	

Below are the estimated completion dates of the projects under construction in progress as of December 31, 2019:

	Estimated Completion Dates
Power House	March 2020
Summarecon Mall Bandung	June 2022

The percentages of completion of the construction in progress are based on the actual expenditures incurred compared to the total budgeted project cost.

As of December 31, 2019 and 2018, there is no borrowing cost capitalized to investment properties.

As of December 31, 2019, investment properties, except land, with net book value of Rp2,504,461,137 (2018: Rp2,746,300,692) are covered by insurance against fire, flood and other risks (all risks) under blanket policies with several companies, including PT Asuransi FPG Indonesia, PT Asuransi Allianz Utama Indonesia, PT Asuransi Sinar Mas, PT Asuransi Bintang, PT Asuransi Multi Artha Guna, PT Asuransi Realiance Indonesia, PT Asuransi Umum Mega, PT Mitra, Iswara & Rorimpandey, PT Asuransi Indrapura dan PT ACE Jaya Proteksi, all third parties, with sum insured amounting to US$672.050.528 and Rp397,347,393 (2018: US$674,872,805 and Rp585,480,956).

As of December 31, 2019, the Group also covered its investment properties by insurance against terrorism and sabotage for US$382,714,569 and Rp1,108,014,000 (2018: US$428,123,166 and Rp1,267,958,000). In addition, the Group also obtained insurance against business interruption amounting to Rp1,355,228,000 (2018: Rp1,356,728,000). In 2019, the Group's management believes that the above coverages are adequate to cover possible losses arising from such risks.

As of December 31, 2019, investment properties with net book value of Rp2,281,857,092 (2018: Rp2,253,540,212) are pledged as collateral for the loans from banks and financial institutions, bonds payable and sukuk ijarah (Notes 12 and 13).

The detail of fair value of the investment properties which appraise by KJPP for Year 2019 and 2018 are as follows (unaudited):

	December 31,
Fair Value	17,458,216,000
KJPP	Hendra, Widjaja Robinson & rekan
Report date	March 22, 2018

Rental income from investment properties recognized in the consolidated statement of comprehensive income for the year ended December 31, 2019 amounted to 1,598,954,662 (2018: Rp1,491,984,542) (Note 26).

Based on the Group's assessments, there were no events or changes in circumstances which indicated an impairment in the value of investment properties as of December 31, 2019.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

11. OTHER FINANCIAL ASSETS

a. Other financial assets

This account consists of:

	December 31, 2019	December 31, 2018
Other current financial asset:		
Security deposit	5,163,451	60,013
Other non-current financial assets:		
Restricted time deposits		
PT Bank CIMB Niaga Tbk	141,040,832	54,905,326
PT Bank Permata Tbk	134,337,853	92,467,170
PT Bank Mandiri (Persero) Tbk	118,020,125	77,993,175
PT Maybank Indonesia Tbk	52,289,741	40,840,738
PT Bank Danamon Indonesia Tbk	52,224,924	14,011,569
PT Bank OCBC NISP Tbk	51,580,149	73,148,243
PT China Construction Bank	41,817,772	11,530,503
PT Bank Central Asia Tbk	6,642,044	9,728,428
PT Bank Rakyat Indonesia (Persero) Tbk	2,765,682	226,011
PT Bank Pembangunan Daerah Jawa Barat dan Banten	1,477,646	195,311
PT Bank KEB Hana	1,199,882	-
PT Bank Pan Indonesia Tbk	543,215	350,000
Restricted cash in banks		
PT Bank Central Asia Tbk	367,962,652	280,588,621
PT Bank UOB Indonesia Tbk	47,550,597	29,532,593
PT Bank Negara Indonesia Tbk	1,343,850	-
PT Bank Tabungan Negara Tbk	989,520	-
PT OCBC NISP Tbk	825,540	714,656
PT Maybank Indonesia Tbk	2,057	2,477
PT Bank Permata Tbk	-	23,032,987
Investments - available for sale	312,500	312,500
Security deposits	1,633,205	1,630,846
Total other non-current financial assets	1,024,559,786	711,211,154
Total other financial assets	**1,029,723,237**	**711,271,167**

As of December 31, 2019 and 2018, the restricted time deposits in PT Bank CIMB Niaga Tbk (CIMB), PT Bank Permata Tbk (Permata), PT Bank Mandiri (Persero) Tbk (Mandiri), PT Maybank Indonesia Tbk (Maybank), PT Bank Danamon Indonesia Tbk (Danamon), PT Bank OCBC NISP Tbk (OCBC), PT China Construction Bank (CCB), PT Bank Central Asia Tbk (BCA), PT Bank Rakyat Indonesia (Persero) Tbk (BRI), PT Bank Pembangunan Daerah Jawa Barat dan Banten (BPDJB), PT Bank KEB Hana (HANA) and PT Bank Pan Indonesia Tbk (Panin), are used as collateral for the corporate guarantees provided by the Company, SMPD, MKPP, SGMC and SPCK to those banks on the housing loans obtained by the customers of the Company, SMPD, MKPP, SGMC and SPCK.

The restricted time deposit in BCA are used as collateral for loans obtained and interest payment made by the Company and LTMD from this bank (Note 12).

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

11. OTHER FINANCIAL ASSETS (continued)

a. Other financial assets (continued)

For the year ended December 31, 2019, the restricted time deposits earned interest at annual interest rates ranging from 4.25% to 6.25% (2018: 4.00% to 6.75%)

CIMB, Permata, Mandiri, Maybank, Danamon, OCBC, CCB, BCA, BRI, BPDJB, Hana and Panin agreed to grant housing and apartment loans to the customers of the Company, SMPD, MKPP, SGMC and SPCK. The Company, SMPD, MKPP, SGMC and SPCK provided corporate guarantees on their customers' loans from these banks until the Company, SMPD, MKPP, SGMC and SPCK have submitted the buyers' land and building certificates to these banks.

The restricted cash in banks - BCA represent escrow accounts, which are used as collateral for the loans obtained from this bank (Note 12). The restricted cash in banks - BCA, UOB, BNI, BTN, OCBC, Maybank and Permata represents escrow accounts, which are used as collateral relating to housing and apartment loans to the customers of the Company, SMPD, MKPP, SGMC and SPCK.

All restricted cash in banks and time deposits are placed in third-party banks.

Investments - available for sale consist of the following investments of the Company in other entities with ownership interests below 20% :

	December 31, 2019		December 31, 2018	
Entities	**Total**	**Percentage of ownership (%)**	**Total**	**Percentage of ownership (%)**
PT Daksawira Perdana	162,500	6.25	162,500	6.25
PT Graha REI Property	100,000	2.98	100,000	2.98
PT Jakartabaru Cosmopolitan	50,000	1.00	50,000	1.00
Tota	**312,500**		**312,500**	

b. Investment in associates

This account represent investment in PT Bhakti Karya Vita (BTKV). BTKV domiciled in Tangerang and had started it's commercial operation in 2011.

In March 2019, the shareholder of BTKV increased its authorized capital stock from Rp100,000,000 to Rp350,000,000 and increased its issued and fully paid capital stock from Rp70,000,000 to Rp195,000,000 with par value of Rp1,000,000 (full amount) per share. SPCK subscribed for the increase of 50,000 shares or amounting to Rp50,000,000 and PT Berkat Vita Kasih subscribed for the increase of 75,000 shares or amounting to Rp75,000,000. After the increase of capital stock the percentage of BTKV's ownership is 40% and PT Berkat Vita Kasih's ownership is 60%. The increase in issued and fully paid capital stock was notarized under deed No. 14 dated March 6, 2019 of Dewi Himijati Tandika, S.H. which was authorized by the MLHR in its Decision Letter No. AHU-0013294.AH.01.02 dated March 12, 2019.

The detail of investment in BTKV as of December 31, 2019 as follows:

Book Value	Percentage of ownership (%)	Addition	Equity in net profit of associates	Carrying Values
5,754,948	40	50,000,000	3,961,278	59,716,226

The investment in BTKV represents unquoted equity shares accounted for at cost.

Based on Management assessment, there was no impairment of investment in BTKV since there were no events or changes in circumstances that indicated the impairment.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

11. OTHER FINANCIAL ASSETS (continued)

b. Investment in associates (continued)

Additional information on the investments in associates are as follows:

	December 31,	
	2019	**2018**
Current assets	20,849,246	14,594,833
Non-current assets	159,904,656	40,002,096
Current liabilities	19,562,317	17,417,465
Non-current liabilities	10,563,060	21,454,136
Net revenues	133,154,490	109,245,533
Net (loss) comprehensive income for the year	9,903,196	(230,767)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS

a. The short-term bank loans are due to the following third parties:

	December 31,	
	2019	**2018**
Rupiah		
PT Bank Central Asia Tbk	396,103,311	427,135,804
PT Bank HSBC Indonesia	300,000,000	150,000,000
PT Bank OCBC NISP Tbk	300,000,000	125,000,000
PT Bank BTPN Tbk (previously PT Bank Sumitomo Mitsui Indonesia)	250,000,000	250,000,000
PT Bank Mandiri (Persero) Tbk	200,000,000	200,000,000
PT Bank Mayora Tbk	200,000,000	150,000,000
PT Bank CIMB Niaga Tbk	190,000,000	275,000,000
PT Bank Resona Perdania	161,576,000	161,576,000
PT Bank KEB Hana Indonesia	100,000,000	-
United States Dollar		
PT Bank Resona Perdania (US$3,000,000 in 2019 and 2018)	41,703,000	43,443,000
Total	**2,139,382,311**	**1,782,154,804**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

b. The long-term loans from banks and financial institutions are due to the following third parties:

	December 31,	
	2019	**2018**
Rupiah		
PT Bank Central Asia Tbk	2,648,001,288	2,721,027,617
PT Bank Mandiri (Persero) Tbk	800,000,000	1,112,500,000
PT Bank OCBC NISP Tbk	680,000,000	-
PT Bank Central Asia Syariah	199,806,313	69,557,635
PT BCA Finance	10,138,271	13,117,548
United States dollar		
PT Bank Central Asia Tbk (US$7,748,834 in 2019 and US$8,156,668 in 2018)	107,716,548	118,116,707
Total loans	4,445,662,420	4,034,319,507
Less of unamortized debt commission fees	(19,374,311)	(9,856,021)
Net	4,426,288,109	4,024,463,486
Less current maturities	(1,216,411,396)	(833,070,713)
Long-term portion	**3,209,876,713**	**3,191,392,773**

As of December 31, 2019 and 2018, the details of future installments of the long-term loans from banks and financial institutions are as follows:

	December 31,	
Year Due	**2019**	**2018**
2019	-	838,634,628
2020	1,227,283,301	1,225,003,804
2021	884,227,031	871,215,301
2022	401,072,676	350,746,360
2023	481,580,883	395,581,746
2024	439,819,594	301,089,442
2025	197,344,987	17,389,409
2026	276,380,841	34,658,817
2027	333,953,107	-
2028	204,000,000	-
Total installments	**4,445,662,420**	**4,034,319,507**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

Below are details of the information related to the credit facilities and loan balances owned by the Group:

a. Short-term bank loan:

Parties	Total facilities	Loan periods	Installment Payment for the periods	Interest payment	Annual interest rate	Collateral	Purpose	Current year drawdown (principal payment)	Balance as of December, 31
Company and PT Bank Central Asia Tbk Credit facility Bank overdraft	Rp80,000,000	Until April 2020	April 2020	Monthly	2019 : 9%, 2018 : 9.25%	Investment properties, temporary account and restricted time deposit (Notes 10 and 11)	Working capital	2019 : Rp0/(Rp39,616,915), 2018 : Rp354,746/(Rp0)	2019 : Rp14,614,522, 2018 : Rp54,231,437
Revolving credit facility	Rp250,000,000	Until April 2020	April 2020	Monthly	2019 : 9%, 2018 : 9%	-	Working capital	2019 : Rp0/(Rp0), 2018: Rp245,000,000/(Rp0)	2019 : Rp245,000,000, 2018 : Rp245,000,000
SGMC and PT Bank Central Asia Tbk Credit facility Bank overdraft	Rp50,000,000	Until June 2020	February 2020	Monthly	2019 : 9.25%, 2018 : 9.25%	Inventories and Undeveloped land (Notes 6 and 7)	Working capital	2019 : Rp6,012,162/(Rp0), 2018 : Rp10,470,413/(Rp0)	2019 : Rp34,896,655, 2018 : Rp28,884,493
MKPP and PT Bank Central Asia Tbk Credit facility Bank overdraft	Rp100,000,000	Until September 2020	September 2020	Monthly	2019 : 9%, 2018 : 9.50%	Undeveloped Land (Note 7)	Working Capital	2019 : Rp12,959,200/(Rp0) 2018 : Rp78,291,021/(Rp0)	2019 : Rp91,250,221 2018 : Rp78,291,021
SPCK and PT Bank Central Asia Tbk Credit facility Bank overdraft	Rp80,000,000	Until June 2020	September 2020	Monthly	2019 : 9%, 2018 : 9.50%	Inventories and Undeveloped land (Notes 6 and 7)	Working capital	2019 : Rp10,341,913/ (Rp20,728,853), 2018 : Rp14,447,511/ (Rp48,123)	2019 : Rp10,341,913, 2018 : Rp20,728,853
SPCK and PT Bank Central Asia Tbk Time Loan Loan Revolving	Rp100,000,000	Until March 2019	March 2019	Monthly	2018 : 9.5%	Inventories and Undeveloped land (Notes 6 and 7)	Working capital	2018 : Rp20,000,000/ (Rp75,000,000)	2018 : Rp0
Company and PT Bank CIMB Niaga Tbk Credit facilitiy Loan term facility	Rp275,000,000	Until September 2020	September 2020	Monthly	2019 : 8.5%, 2018 : 8.3% - 8.65%	-	Working capital	2019 : Rp1,010,000,000/ (Rp1,095,000,000) 2018 : Rp275,000,000/(Rp0)	2019 : Rp190,000,000, 2018 : Rp275,000,000
Company and PT Bank BTPN Tbk (previously PT Bank Sumitomo Mitsui Indonesia) Revolving credit facility	Rp250,000,000	Until August 2020	August 2020	Monthly	2019 : 8.95%, 2018 : 10.5%	-	Working capital	2019 : Rp500,000,000/ (Rp500,000,000), 2018 : Rp800,000,000/ (Rp750,000,000)	2019 : Rp250,000,000, 2018 : Rp250,000,000
Company and PT Bank Mandiri (Persero) Tbk working capital credit facility	Rp200,000,000	Until June 2020	June 2020	Monthly	2019 : 9.25% - 9.75%, 2018: 9.75%	MKOJ's investment properties and Hotel Harris Bekasi Building (Note 10)	Working capital	2019 : Rp100,000,000/ (Rp100,000,000), 2018 : Rp160,000,000/(Rp150,000,000)	2019 : Rp200,000,000, 2018 : Rp200,000,000

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

Below are details of the information related to the credit facilities and loan balances owned by the Group: (continued)

a. Short-term bank loan: (continued)

Parties	Total facilities (in 000)	Loan periods	Installment Payment for the periods	Interest payment	Annual interest rate	Collateral	Purpose	Current year drawdown (principal payment)	Balance as of December, 31
SPCK and PT Bank Resona Perdania working capital loan facility	Rp30,000,000	Until August 2020	August 2020	Monthly	2019 : 7.95%, 2018 : 8% - 8.86%	Letter of undertaking	Working capital	2019 : Rp0/(Rp0), 2018 : Rp0/(Rp0)	2019 : Rp5,000,000, 2018 : Rp5,000,000
Company and PT Bank Resona Perdania Credit facility Revolving	US$3,000,000 and Rp161,220,000	Until December 2020	December 2020	Monthly	2019: 4.56% - 7.69%, 2018 : 4.93% - 8.91%,	Investment properties (Note 10)	Working capital	2019 : Rp0/(Rp0), 2018 : Rp0/(Rp0)	2019 : US$3,000,000 or equivalent to Rp41,703,000 (Note 31) and Rp156,576,000, 2018 : US$3,000,000 or equivalent to Rp43,443,000 and Rp156,576,000
Company and PT Bank Mayora Tbk Credit facility Loan term facility	Rp200,000,000	Until October 2020	October 2020	Monthly	2019 : 9.50%, 2018 : 9.75%	-	Working capital	2019 : Rp50,000,000/(Rp0), 2018 : Rp0/(Rp0)	2019 : Rp200,000,000, 2018 : Rp150,000,000
Company and PT HSBC Indonesia Credit facilitiy Loan term facilitiy	Rp300,000,000	Until July 2020	July 2020	Monthly	2019 : 8.65% 2018 : 8.65%	-	Working capital	2019 : Rp200,000,000/ (Rp50,000,000), 2018 : Rp150,000,000/(Rp0)	2019 : Rp300,000,000, 2018 : Rp150,000,000
Company and PT Bank OCBC NISP Tbk Demand Loan credit facility	Rp600,000,000	Until May 2020	May 2020	Monthly	2019 : 9.50%, 2018 : 10%	Land and company's building (Notes 9 and 10)	Working capital	2019 : Rp645,000,000/ (Rp470,000,000), 2018 : Rp325,000,000/ (Rp230,000,000)	2019 : Rp300,000,000, 2018 : Rp125,000,000
Company and PT Bank Muamalat Indonesia Tbk Credit facility Loan term facility	Rp250,000,000	Until July 2020	July 2020	Monthly	2019 : 9.35%, 2018 : 9.75% - 10.75%	-	Working capital	2019 : Rp200,000,000/ (Rp200,000,000), 2018 : Rp100,000,000/ (Rp100,000,000)	2019 : Rp0, 2018 : Rp0
Perusahaan dan PT Bank KEB Hana Indonesia Tbk Credit facility Bank overdraft	Rp100,000,000	Until April 2020	April 2020	Monthly	2019 : 9.50%	Undeveloped land and investment properties (Notes 7 dan 10)	Working capital	2019 : Rp49,414,283/ (Rp49,414,283)	2019 : Rp0, 2018 : Rp0
Credit facility Loan term facility	Rp100,000,000	Until April 2020	April 2020	Monthly	2019 : 9.50%	-	Working capital	2019 : Rp100,000,000/(Rp0)	2019 : Rp100,000,000, 2018 : Rp0
Total short term bank loans	**USD$3,000,000 and Rp3,126,220,000**							**2019 : Rp2,883,727,558/ (Rp2,524,760,051), 2018 : Rp2,178,563,691/ (Rp1,305,048,123)**	**2019 : USD$3,000,000 or equivalent to Rp41,703,000 and Rp2,097,679,311, 2018 : USD$3,000,000 or equivalent to Rp43,443,000 and Rp1,738,711,804**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

Below are details of the information related to the credit facilities and loan balances owned by the Group: (continued)

b.1. Long-term bank loan:

Parties	Total facilities (in 000)	Loan periods	Installment Payment for the periods	Interest payment	Annual interest rate	Collateral	Purpose	Current year drawdown (principal payment)	Balance as of December, 31
Company and PT Bank Central Asia Tbk Investment credit facility	Rp550,000,000	February 2015 - February 2022	Quarterly installment (second quarter 2018 – first quarter 2022)	Quarterly	2019 : 9.00% - 9.50%, 2018 : 9.25% - 10.25%	Land and The Kensington's Apartment building (Note 6)	Construction of The Kensington Royal Suite Apartement	2019 : Rp0/(Rp111,375,000), 2018 : Rp0/(Rp61,875,000)	2019 : Rp376,750,000, 2018 : Rp488,125,000
Company and subsidiaries and PT Bank Central Asia Tbk Investment credit facility	Rp650,000,000 Company: Rp75,000,000, MKOJ: Rp165,000,000, DNMP: Rp70,000,000, SMHO: Rp65,000,000, LTMD: Rp225,000,000, KRIP: Rp50,000,000	September 2013 - September 2021	Installment every quarter (fourth quarter 2016 – third quarter 2021	Quarterly	2019 : 9%, 2018 : 9.5%	Investment properties Company: and restricted time deposit (Notes 10 and 11)	Construction of Hotel Pop! Kelapa Gading MKO : Construction of Harris Hotel Bekasi, DNMP; Construction of Plaza Summarecon Bekasi, SMHO: Purchase equipment Hotel Pop! Kelapa Gading and Harris Hotel Bekasi, LTMD: Construction of Summarecon Digital Center, KRIP: Construction of Scientia Business Park	2019 : Rp0/(Rp130,000,000), 2018 : Rp0/(Rp129,999,999)	2019 : Rp238,750,000, 2018 : Rp368,750,000
SPCK and PT Bank Central Asia Tbk Investment credit facility I	Rp100,000,000	June 2014 - September 2021	Quarterly installment - (forth quarter 2016 third quarter 2021)	Quarterly	2019 : 9.00%, 2018 : 9.50%	Inventories and undeveloped land (Notes 6 and 7)	Construction of The Spring Club	2019 : Rp0/(Rp20,000,000), 2018 : Rp0/(Rp20,000,000)	2019 : Rp35,000,000, 2018 : Rp55,000,000
Investment credit facility II	Rp200,000,000	June 2015 - June 2021	Quarterly installment - (fourth quarter 2017 second quarter 2021)	Quarterly	2019 : 9.00%, 2018 : 9.50%,	Inventories and undeveloped land (Notes 6 and 7)	General purpose financing capital expenditure and development cost	2019 : Rp0/(Rp50,000,000), 2018 : Rp0/(Rp50,000,000)	2019 : Rp75,000,000, 2018 : Rp125,000,000
Investment credit facility III	Rp400,000,000	March 2016 - March 2022	Quarterly installment (fourth quarter 2018 – first quarter 2022)	Quarterly	2019 : 9.00%, 2018 : 9.50%	Inventories and undeveloped land (Notes 6 and 7)	Construction house, apartement and infrastructure of Summarecon Serpong	2019 : Rp0/(Rp100,000,000), 2018 : Rp0/(Rp75,000,000)	2019 : Rp225,000,000, 2018 : Rp325,000,000
Investment credit facility IV	Rp425,000,000	November 2017 – December 2026	Quarterly installment	Quarterly	2019 : 9.00%, 2018 : 9.50%	Inventories and undeveloped land (Notes 6 and 7)	Working capital and project development cost apartement, house and infrastructure in Summarecon Serpong area	2019 : Rp11,272,000/ (Rp0), 2018 : Rp0/(Rp0)	2019 : Rp11,272,000, 2018 : Rp0
LTMD and PT Bank Central Asia Tbk Investment credit facility II	Rp350,000,000	March 2011 - March 2021	Quarterly installment (second quarter 2013 - first quarter 2021)	Quarterly	2019 : 9% - 9.50%, 2018 : 9% - 10.5%	Investment properties and temporary account (Notes 10 and 11)	Construction of Summarecon Mal Serpong Stages II	2019 : Rp0/(Rp63,000,000), 2018 : Rp0/(Rp61,250,000)	2019 : Rp78,750,000, 2018 : Rp141,750,000

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

Below are details of the information related to the credit facilities and loan balances owned by the Group: (continued)

b.1. Long-term bank loan: (continued)

Parties	Total facilities (in 000)	Loan periods	Installment Payment for the periods	Interest payment	Annual interest rate	Collateral	Purpose	Current year drawdown (principal payment)	Balance as of December, 31
PMJA, HOPJ and PT Bank Central Asia Tbk Investment credit facility	PMJA: Rp220,000,000 HOPJ: Rp307,000,000	December 2013 - September 2024	Quarterly installment (third quarter 2017 – third quarter 2024)	Quarterly	2019 : 9.00%, 2018 : 9.00% - 10.50%	Fixed asset, investment properties and PMJA's and HOPJ's shares (Notes 9 and 10)	Construction of Movenpick Resort & Spa	2019 : Rp0/ (Rp25,870,131), 2018 : Rp11,721,494/ (Rp0)	2019 : Rp491,532,486, 2018 : Rp517,402,617
Investment credit facility	PMJA: US$5,000,000 HOPJ: US$4,800,000	December 2013 - December 2024	Quarterly installment (third quarter 2017 – third quarter 2024)	Quarterly	2019 : 5.5%, 2018 : 5.5% - 5.75%	Fixed asset, investment properties and PMJA's and HOPJ's shares (Notes 9 and 10)	Construction of Movenpick Resort & Spa	2019 : US$0 or equivalent to Rp0/ (US$407,834 dan Rp5,771,971), 2018 : US$20,863 or equivalent to Rp284,052/ (US$0 and Rp0)	2019 : US$7,748,834 (Note 31) or equivalent to Rp107,716,548, 2018 : US$8,156,668 (Note 31) or equivalent to Rp118,116,707
SGMC and PT Bank Central Asia Tbk Investment credit facility	Rp200,000,000	November 2017 – November 2023	Quarterly	Monthly	2019 : 9.00% 2018 : 9.50%	Undeveloped land (Note 7)	Working capital and Project development cost apartement, house and infrastructure in Summarecon Mutiara Makassar area	2019 : Rp0/(Rp0), 2018 : Rp200,000,000/ (Rp0)	2019 : Rp200,000,000, 2018 : Rp200,000,000
Investment credit facility II	Rp200,000,000	August 2019 - July 2025	Quarterly	Monthly	2019 : 9.00%	Undeveloped land (Note 7)	Working capital and Project development cost apartement, house and infrastructure in Summarecon Mutiara Makassar area	2019 : Rp89,048,553/(Rp0)	2019 : Rp89,048,553
MKPP and PT Bank Cental Asia Tbk Investment credit facility	Rp500,000,000	June 2016 - June 2024	Quarterly	Monthly	2019 : 9% - 9.5%, 2018 : 9.5%	Undeveloped land (Note 7)	Construction project residential and infrastructure in Summarecon Bandung area	2019 : Rp0/ (Rp12,500,000) 2018 : Rp500,000,000/ (Rp0)	2019 : Rp487,500,000, 2018 : Rp500,000,000
Investment credit facility II	Rp400,000,000	November 2019 - October 2027	Quarterly	Monthly	2019 : 9% - 9.5%	Undeveloped land (Note 7)	Construction project residential and infrastructure in Summarecon Bandung area	2019 : Rp339,398,249/ (Rp0)	2019 : Rp339,398,249

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

Below are details of the information related to the credit facilities and loan balances owned by the Group: (continued)

b.1. Long-term bank loan: (continued)

Parties	Total facilities (in 000)	Loan periods	Installment Payment for the periods	Interest payment	Annual interest rate	Collateral	Purpose	Current year principal payment	Balance as of December, 31
The company and PT Bank Mandiri (Persero) Tbk Specific transaction credit facility (PTK II)	Rp600,000,000	March 2013 - March 2020	Quarter start from December 2015 - March 2020	Monthly	2019 : 9.25% - 9.75%, 2018 : 9.75%	JYBA's undeveloped land and LTMD's investment properties (Notes 7 and 10)	General Purpose	2019 : Rp0/(Rp112,500,000), 2018 : Rp0/(Rp50,000,000)	2019 : Rp330,000,000, 2018 : Rp442,500,000
Specific transaction credit facility (PTK III)	Rp750,000,000	April 2015 - April 2021	Quarter start from April 2018 - April 2021	Monthly	2019 : 9.25% - 9.75%, 2018 : 9.75%	Investment properties MKOJ (Note 10)	Financing capital expenditures/working capital in Summarecon Bekasi area	2019 : Rp0/(Rp200,000,000), 2018 : Rp0/(Rp80,000,000)	2019 : Rp470,000,000, 2018 : Rp670,000,000
KCJA, GNSA, GNSP and PT Bank Central Asia Syariah Investment credit facility	Rp250,000,000	December 2018 – April 2027	Quarterly	Mothly	2019 : 9.5%, 2018 : 9.5%	Undeveloped land (Note 7)	Construction project residential and infrastructure in Summarecon Bogor area	2019 : Rp130,628,607/ (Rp379,929), 2018 : Rp69,557,635/ (Rp0)	2019 : Rp199,806,313, 2018 : Rp69,557,635
Perusahaan dan PT Bank OCBC NISP Tbk Investment credit facility	Rp1,100,000,000	October 2019 - September 2028	Quarterly installment (fourth quarter 2021 – third quater 2028)	Quarterly	2019 : 9.75%,	Undeveloped land (Note 7)	Construction project residential and infrastructure in Summarecon Bandung area	2019 : Rp680,000,000/ (Rp0)	2019 : Rp680,000,000
Perusahaan dan PTBank KEB Hana Indonesia Working capital loan facility	Rp200,000,000	April 2019 - April 2029	Quarterly	Quarterly	2019 : 9.75%,	Undeveloped land and investment properties (Notes 7 dan 10)	Working capital	2019 : Rp0/(Rp0)	2019 : Rp0
Total long-term bank loans	**Rp7,402,000,000 and US$ 9,800,000**							**2019 : US$0 or equivalent to Rp0 and Rp1,250,347,409/ (US$407,834 or equivalent to Rp5,771,971 and Rp825,625,060), 2018 : US$20,863 or equivalent to Rp284,052 and Rp781,279,129/ (US$0 and Rp528,124,999)**	**2019 : US$7,748,834 or equivalent to Rp107,716,548 and Rp4,327,807,601, 2018 : US$8,156,668 or equivalent to Rp118,116,707 and Rp3,903,085,252**

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (continued)

Below are details of the information related to the credit facilities and loan balances owed by the Group: (continued)

b.1. Long-term bank loan: (continued)

Under the loan agreements, the Group (debtors) must comply with several covenants, as follows:

a. Maintain certain financial ratios:
   1. EBITDA to interest expense;
   2. Debt to equity ratio;
   3. Current ratio;
   4. Debt service coverage; and,
   5. Maintain positive equity and profit.

b. Debtors must obtain written approval from the Creditor prior to performing the following activities:
   1. Provide loans, act as guarantor/pledgor in any form and with any name and/or pledge the Company's assets to other parties, including but not limited to affiliates, both direct or indirectly related, and to third parties in the amount greater than 20% of the Company's total equity for each transaction, except in the ordinary course of business;
   2. Pay dividends;
   3. Sell or dispose of their major assets used in their business, except under normal business transactions;
   4. Enter into merger, consolidation, acquisition, liquidation; and,
   5. Amend its articles of association, except increase their capital stock.

As of December 31, 2019 and 2018, the Group is in compliance with all of the debt covenants related to the above short-term bank loans and long-term debts.

b.2. Loans from financing institution:

PT BCA Finance

The loans from PT BCA Finance represent drawdowns from various consumer financing credit facilities obtained by the Company and its subsidiaries, which were used to finance the acquisitions of vehicles. The loans are payable in monthly installments at different dates, the latest up to October 29, 2022, and are collateralized by the vehicles purchased (Note 9). The outstanding loans as of December 31, 2019 amounted to Rp10,138,271 (2018: Rp13,117,548).

In 2019, the Group has made principal payments totaling Rp8,023,757 (2018: Rp6,391,986).

In 2019 and 2018, the loans bore interest at annual rates ranging from 6.99% to 17.25%.

There are no covenants imposed by PT BCA Finance in relation to these loans.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

13. BONDS PAYABLE AND SUKUK IJARAH

The details of bonds issued are as follows:

	December 31,	
	2019	**2018**
Face Value		
Obligasi Berkelanjutan I Tahap II	-	800,000,000
Obligasi Berkelanjutan II Tahap I	500,000,000	500,000,000
Obligasi Berkelanjutan II Tahap II	800,000,000	800,000,000
Obligasi Berkelanjutan III Tahap I	416,000,000	416,000,000
Obligasi Berkelanjutan III Tahap II	700,000,000	-
Sukuk Ijarah Berkelanjutan I Tahap II	-	300,000,000
Total face value	2,416,000,000	2,816,000,000
Less deferred issuance costs (net of current amortization of Rp7,590,962 in 2019 and Rp7,906,930 in 2018)	(12,663,849)	(16,016,911)
Net	2,403,336,151	2,799,983,089
Less current maturities	(1,296,211,016)	(1,098,443,190)
Long-term portion	**1,107,125,135**	**1,701,539,899**

The details of the above deferred issuance costs and the related accumulated amortization are as follows:

	Year ended December 31,	
	2019	**2018**
Obligasi Berkelanjutan I Tahap I	7,336,106	7,336,106
Obligasi Berkelanjutan I Tahap II	6,160,646	6,160,646
Obligasi Berkelanjutan I Tahap III	1,124,325	1,124,325
Obligasi Berkelanjutan II Tahap I	8,919,096	8,919,096
Obligasi Berkelanjutan II Tahap II	5,008,600	5,008,600
Obligasi Berkelanjutan III Tahap I	7,147,712	7,147,712
Obligasi Berkelanjutan III Tahao II	4,237,900	-
Sukuk Ijarah Berkelanjutan I Tahap I	2,504,429	2,504,429
Sukuk Ijarah Berkelanjutan I Tahap II	2,325,994	2,325,994
Sukuk Ijarah Berkelanjutan I Tahap III	1,124,325	1,124,325
Total	45,889,133	41,651,233
Less accumulated amortization of deferred issuance costs (inclusive of current amortization of Rp7,590,962 in 2019 and Rp7,906,930 in 2018)	(33,225,284)	(25,634,322)
Net	**12,663,849**	**16,016,911**

13. BONDS PAYABLE AND SUKUK IJARAH (continued)

<u>Obligasi Berkelanjutan I Tahap II" ("OB I Tahap II")</u>

On October 10, 2014, the Company issued OB I Tahap II with nominal value of Rp800,000,000 with fixed annual interest of 11.50%. Interest will be paid quarterly, which started on January 10, 2015 and will continue up to October 10, 2019. The OB I Tahap II will mature on October 10, 2019 and already paid on maturity date.

The OB I Tahap II has been listed in the Indonesia Stock Exchange since October 10, 2014.

The OB I Tahap II is secured by the Company's investment properties (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A (single A) for the OB I Tahap II in 2019.

<u>Obligasi Berkelanjutan II Tahap I ("OB II Tahap I")</u>

On December 16, 2015, the Company issued OB II Tahap I with nominal value of Rp500,000,000 with fixed annual interest rate of 11.25%. Interest will be paid quarterly, which started on March 16, 2016 and continue up to December 16, 2020. The OB II Tahap I will mature on December 16, 2020.

The OB II Tahap I has been listed in the Indonesia Stock Exchange since December 17, 2015.

The OB II Tahap I is secured by the Company's investment properties (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A (single A) for the OB II Tahap I in 2019.

<u>Obligasi Berkelanjutan II Tahap II ("OB II Tahap II")</u>

On November 28, 2017, the Company issued OB II Tahap II with nominal value of Rp800,000,000 with fixed annual interest rate of 8.80%. Interest will be paid quarterly, which started on November 28, 2017 and will continue up to November 28, 2020. The OB II Tahap II will mature on November 28, 2020.

The OB II Tahap II has been listed in the Indonesia Stock Exchange since November 28, 2017.

The OB II Tahap II is secured by the Company's investment properties (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A (single A) for the OB II Tahap II in 2019.

<u>Obligasi Berkelanjutan III Tahap I ("OB III Tahap I")</u>

On December 6, 2018, the Company issued OB III Tahap I with nominal value of Rp416,000,000 with fixed annual interest rate of 10.75%. Interest will be paid quarterly, which started on December 6, 2018 and will continue up to September 6, 2021. The OB III Tahap I will mature on December 6, 2021.

The OB III Tahap I has been listed in the Indonesia Stock Exchange since December 6, 2018.

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A (single A) for the OB III Tahap I in 2019.

13. BONDS PAYABLE AND SUKUK IJARAH (continued)

Obligasi Berkelanjutan III Tahap II ("OB III Tahap II")

On October 15, 2019, the Company issued OB III Tahap II with two series that is Series A with nominal value of Rp500,000,000 and Series B with nominal value of Rp200,000,000 with fixed annual interest rate of 9.125% and 9.500%, respectively. Interest will be paid quarterly, which started on January 15, 2020 and will continue up to October 15, 2020 for Series A and will continue up to October 15, 2024 for Series B. The OB III Tahap II will mature each on October 15, 2022 for Obligasi Series A and October 15, 2024 for Obligasi Series B.

The OB III Tahap II has been listed in the Indonesia Stock Exchange since October 16, 2019.

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A (single A) for the OB III Tahap II in 2019.

Sukuk Ijarah Berkelanjutan I Tahap II ("SIB I Tahap II")

On October 10, 2014, the Company issued SIB I Tahap II with a nominal value of Rp300,000,000, with obligation to pay benefits installment of ijarah amounting to Rp34,500,000 annually, payable over 5 years which started on October 10, 2014 and will continue up to October 10, 2019. Payments of the benefits installment of ijarah are made quarterly in arrears. The SIB I Tahap II will mature on October 10, 2019 and already paid on maturity date.

The SIB I Tahap II has been listed on the Indonesia Stock Exchange since October 10, 2014.

The SIB I Tahap II is guaranteed by the Company's investment properties (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A (sy) (single A syariah) for the SIB I Tahap II in 2019.

Obligasi Berkelanjutan I Tahap I ("OB I Tahap I")

On December 11, 2013, the Company issued OB I Tahap I with nominal value of Rp450,000,000 with fixed annual interest of 10.85%. Interest will be paid quarterly, which started on March 11, 2014 and will continue up to December 11, 2018. The OB I Tahap I will mature on December 11, 2018, and already paid on maturity date.

Obligasi Berkelanjutan I Tahap III ("OB I Tahap III")

On April 22, 2015, the Company issued OB I Tahap III with nominal value of Rp150,000,000 with fixed annual interest of 10.50%. Interest will be paid quarterly, which started on July 22, 2015 and will continue up to April 22, 2018. The OB I Tahap III will mature on April 22, 2018, and already paid on maturity date.

Sukuk Ijarah Berkelanjutan I Tahap I ("SIB I Tahap I")

On December 11, 2013, the Company issued SIB I Tahap I with nominal value of Rp150,000,000, with obligation to pay benefits installment of ijarah amounting to Rp16,275,000 annually for 5 years. Payment of the benefits installment of ijarah is made quarterly in arrears. The SIB I Tahap I will mature on December 11, 2018, and already paid on maturity date.

13. BONDS PAYABLE AND SUKUK IJARAH (continued)

Sukuk Ijarah Berkelanjutan I Tahap III ("SIB I Tahap III")

On April 22, 2015, the Company issued SIB I Tahap III with a nominal value of Rp150,000,000 with obligation to the benefit installment of ijarah amounting to Rp15,750,000 annually, payable over 3 years which started on July 22, 2015 and will continue up to April 22, 2018. Payments of the benefits installment of ijarah are made quarterly in arrears. The SIB I Tahap III will mature on April 22, 2018, and already paid on maturity date.

Based on the minutes of meetings of the bondholders and sukuk ijarah holders ("holders"), the holders agreed that :

- 70% of the funds generated from the issuance of OB I Tahap I and SIB I Tahap I will be used for the property development of the Group and about 30% will be used for working capital;
- 90% of funds generated from the issuance of the OB I Tahap II and SIB I Tahap II will be used for business expansion in property across areas and about 10% will be used for working capital;
- 100% of funds generated from the issuance of the OB I Tahap III and SIB I Tahap III will be used for business expansion in property across areas;
- 70% of the funds generated from the issuance of OB II Tahap I will be used for property development of the Group and about 30% will be used for working capital; and
- 100% of funds generated from the issuance of the OB II Tahap II will be used for settle all or part of obligasi and/or sukuk, and/or company's bank loan and/or subsidiaries.
- 100% of funds generated from the issuance of the OB III Tahap I will be used for paid OB I Tahap I, and the rest will be used for working capital.

Based on *Perjanjian Perwaliamanatan Obligasi* (*OB Tahap I, II & III, SIB Tahap I, II & III*) between the Company and PT Bank CIMB Niaga Tbk as a trustee and *Obligasi (OB II Tahap I & II and OB III Tahap I)* between the Company and PT Bank Permata Tbk as a trustee, the Company is required to comply with the following covenants:

a. Maintain certain financial ratios:
   (1) Interest-bearing debt to equity ratio of not more than 3:1;
   (2) EBITDA to interest expense ratio of not less than 1:1; except from PT Bank Permata Tbk not less than 1.5:1;
   (3) Collateral value, which should be appraised every year by an appraiser registered with BAPEPAM-LK, to the bonds payable of not less than 1:1.

The Company has complied with all of the above financial ratios.

b. The Company is not allowed to conduct the following activities without the prior consent of the trustee:
   (i) Pay or make or distribute payments to others in the current year as long as the Company default to make payments of its obligation to the bondholders;
   (ii) Provide loans to other parties;
   (iii) Enter into merger, consolidation, acquisition, liquidation;
   (iv) Change the Company's major activities; and
   (v) Decrease their respective authorized capital stock, issued and fully paid capital stock.

As of December 31, 2019 and 2018, the Company has complied with the covenants stated in the agreements on the bonds and sukuk ijarah.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

14. TRADE PAYABLES TO THIRD PARTIES

Trade payables to third parties consist of purchases of goods and services from the following:

	December 31,	
	2019	**2018**
Suppliers	78,616,072	68,553,668
Office construction contractors	3,358,013	4,352,321
House construction contractors	1,383,322	1,364,256
Infrastructure construction contractors	1,246,253	1,413,183
Others (each below Rp1,000,000)	1,530,190	1,057,340
Total trade payables to third parties	**86,133,850**	**76,740,768**

The details of trade payables to third parties based on their original currencies (Note 31) are as follows:

	December 31,	
	2019	**2018**
United States dollar (US$4,074,059 in 2019 and US$257,216 in 2018)	56,633,521	3,724,740
Rupiah	24,047,438	72,539,820
European euro (Euro349,800 in 2019 and Euro3,870 in 2018)	5,452,891	64,086
Singapore dollar (Sin$25,882)	-	274,430
Thailand baht (THB259,521)	-	115,457
Australia dollar (AUD$2,178)	-	22,235
Total trade payables to third parties	**86,133,850**	**76,740,768**

None of the Company's assets are pledged as collateral in relation to trade payables to third parties as of December 31, 2019 and 2018.

15. OTHER PAYABLES

Other payables are liabilities to third parties consist of:

	December 31,	
	2019	**2018**
Deposits payable	257,545,486	158,853,268
Deferred lease income	21,836,718	16,669,475
Others (each below Rp15,000,000)	94,777,854	96,855,863
Total other payables	**374,160,058**	**272,378,606**
Less current maturities	(359,441,982)	(261,345,102)
Long-term portion	**14,718,076**	**11,033,504**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

16. ACCRUED EXPENSES

This account consists of accruals for:

	December 31,	
	2019	**2018**
Development of projects, infrastructures, social and public facilities	865,781,008	715,046,135
Interest expense	127,087,892	118,697,261
Repairs and maintenance	43,891,916	57,842,070
Promotion	39,828,658	41,679,296
Electricity, water and telephone	26,075,873	24,999,398
Others (each below Rp15,000,000)	72,306,395	68,011,482
Total accrued expenses	**1,174,971,742**	**1,026,275,642**

In 2019 and 2018, accruals of projects, infrastructures, social and public facilities were provided for of the Group which are involved in property development. The accruals were computed based on cost per square meter (sqm) to be spent on the area to be developed as infrastructures, social and public facilities.

17. TAXATION

a. Prepaid taxes consist of:

	December 31,	
	2019	**2018**
Income tax - Article 21	3,547	3,407
Income tax - Article 22	-	155
Income tax - Article 23	-	719,530
Final income tax	167,256,694	159,558,970
Value added tax	138,569,612	92,297,385
Claim for tax refund (Note 17e)	8,545	252,396
Total prepaid taxes	**305,838,398**	**252,831,843**

b. Taxes payable consists of:

	December 31,	
	2019	**2018**
Income tax		
Article 21	5,572,836	4,476,826
Article 23	4,678,546	4,228,629
Article 25	1,985	-
Article 26	296,588	714,571
Article 29 (Note 17e)	5,719,137	2,547,071
Final income tax	41,080,734	41,487,805
Development tax	8,624,174	7,827,568
Total taxes payable	**65,974,000**	**61,282,470**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

17. TAXATION (continued)

c. A reconciliation between profit before income tax, as shown in the consolidated statement of profit or loss and other comprehensive income, and estimated taxable income of the Company is as follows:

	Year ended December 31,	
	2019	**2018**
Profit before income tax per consolidated statement of profit or loss and other comprehensive income	653,034,715	701,080,460
Loss before income tax of subsidiaries	(1,048,288,916)	(1,099,828,507)
Loss before income tax	(395,254,201)	(398,748,047)
Permanent differences:		
Interest income	(22,022,319)	(10,659,828)
Income already subjected to final tax	(1,373,775,132)	(1,207,659,406)
Expenses related to income already subjected to final tax	1,810,642,454	1,631,681,763
Tax correction in 2016	-	3,086,887
Temporary differences - depreciation	665,427	688,711
Estimated taxable income of the Company	**20,256,229**	**18,390,080**

As of the date of completion of the consolidated financial statements, the Company has not submitted its 2019 corporate income tax return to the Tax Office. The Company's management declares that its 2019 corporate income tax will be reported based on the computation above.

The amount of estimated taxable income for the year ended December 31, 2018 conforms with the amount reported in the Company's 2018 annual income tax return submitted to the Tax Office.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

17. TAXATION (continued)

d. Income tax expense - net consists of:

	Year ended December 31,	
	2019	**2018**
Current income tax expense		
The Company		
Non-final	(5,064,057)	(4,597,520)
Subsidiaries		
Non-final	(5,821,136)	(2,005,725)
Total current income tax expense	(10,885,193)	(6,603,245)
Deferred income tax expense		
The Company		
Depreciation	(166,357)	(172,178)
Sub-total	(166,357)	(172,178)
Subsidiaries		
Provision for of employee benefits	302,783	416,774
Allowance of receivable	228,009	-
Depreciation	(29,493,531)	579,827
Tax loss	-	(4,678,008)
Sub-total	(28,962,739)	(3,681,407)
Deferred income tax expense - net	(29,129,096)	(3,853,585)
Income tax expense - net	**(40,014,289)**	**(10,456,830)**
Final tax expense (Note 17h)	**(269,885,120)**	**(267,946,675)**
Deferred tax income		
Subsidiaries		
Provision for employee benefits recognized in other comprehensive income	**381,008**	**37,869**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

17. TAXATION (continued)

e. The computation of the Group's income tax payable and the breakdown of the estimated claims for income tax refund are as follows:

	December 31, 2019	December 31, 2018
Current income tax expense		
The Company	5,064,057	4,597,520
Subsidiaries	5,821,136	2,005,725
Total current income tax expense	10,885,193	6,603,245
Prepayments of income tax		
The Company		
Article 22	38	3,866
Article 23	494,937	39,714
Article 25	4,322,423	3,652,357
Total prepayments of income tax	4,817,398	3,695,937
Subsidiaries		
Article 23	348,658	360,237
Article 25	-	-
Total prepayments of income tax	348,658	360,237
Estimated income tax payable		
The Company	246,659	901,583
Subsidiaries	5,472,478	1,645,488
Total estimated income tax payable (Note 17b)	**5,719,137**	**2,547,071**
Estimated claims for income tax refund:		
Subsidiaries		
Current year	-	-
Provision current year	(243,851)	(181,789)
Previous year	252,396	434,185
Subtotal - Subsidiaries	8,545	252,396
Total estimated claims for income tax refund (presented as part of prepaid taxes) (Note 17a)	**8,545**	**252,396**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

17. TAXATION (continued)

f. Deferred tax assets (liabilities) consists of:

		Deferred tax income (loss) recognized in		
	December 31, 2018	**Profit (loss)**	**Others comprehensive loss**	**December 31, 2019**
The Company				
Deferred tax liability				
Difference in value of total fixed assets between commercial and fiscal	(2,633,484)	(166,357)	-	(2,799,841)
Total deferred tax liability - the Company	(2,633,484)	(166,357)	-	(2,799,841)
Subsidiaries				
Deferred tax asset	605,798	(210,479)	(243,871)	151,448
Deferred tax liability	(522,071)	(28,752,260)	(137,137)	(29,411,468)
Net	83,727	(28,962,739)	(381,008)	(29,260,020)
Consist of:				
Deferred tax asset	605,798	(210,479)	(243,871)	151,448
Deferred tax liability	(3,155,555)	(28,918,617)	(137,137)	(32,211,309)
Net	**(2,549,757)**	**(29,129,096)**	**381,008**	**(32,059,861)**

		Deferred tax income (loss) recognized in			
	December 31, 2017	**Profit (loss)**	**Other comprehensive loss**	**Effect of Release of Indirect Subsidiaries**	**December 31, 2018**
The Company					
Deferred tax liability					
Difference in valueof total Fixed Assets between commercial And fiscal	(2,461,306)	(172,178)	-	-	(2,633,484)
Total deferred tax liability -the Company	(2.461.306)	(172.178)	-	-	(2,633,484)
Subsidiaries					
Deferred tax asset	11,125,176	(4,446,782)	(2,107)	(6,070,489)	605,798
Deferred tax liability	(1,251,684)	765,375	(35,762)	-	(522,071)
Net	9,873,492	(3,681,407)	(37,869)	(6,070,489)	83,727
Consist of:					
Deferred tax asset	11,125,176	(4,446,782)	(2,107)	(6,070,489)	605,798
Deferred tax liability	(3,712,990)	593,197	(35,762)	-	(3,155,555)
Net	**7,412,186**	**(3,853,585)**	**(37,869)**	**(6,070,489)**	**(2.549.757)**

The management of the Group believes that the above deferred tax assets are fully recoverable through future taxable income.

g. The Company didn't provide any reconciliation between income tax expense computed by multiplying the profit before income tax attributable by 25% for the years ended December 31, 2019 and 2018, with income tax expense as shown in the consolidated statements of profit or loss and other comprehensive income, because the majority of the Group's revenues for the years ended December 31, 2019 and 2018 were subjected to final tax.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

17. TAXATION (continued)

h. The computation of final tax is as follows:

	Year ended December 31,	
	2019	**2018**
Revenue subjected to final tax at applicable tax rates		
The Company		
Property development and investment property	1,373,775,132	1,401,387,772
Interest	22,022,319	13,324,785
Subsidiaries		
Property development and invesment porperty	2,712,676,586	3,541,827,663
Interest	96,044,380	80,258,446
Total	**4,204,518,417**	**5,036,798,666**
Current income tax expense		
The Company		
Property development and investment property	(87,485,539)	(81,857,435)
Interest	(4,404,464)	(2,669,957)
Subsidiaries		
Property development and investment property	(158,786,241)	(167,367,594)
Interest	(19,208,876)	(16,051,689)
Current income tax expense - final (Note 17d)	**(269,885,120)**	**(267,946,675)**

i. Others

Company
On November 22, 2018, the Company received a tax assessment letter for underpayment of corporate income tax, value added tax, income tax-article 4(2), article 21 and article 23 for fiscal year 2016 each amounting to Rp1,154,348, Rp457,932, Rp657,726, Rp568,110, and Rp248,771, respectively, that were already paid and recorded as a part of tax penalty expense on general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

Subsidiaries

In 2019, PT Hotelindo Permata Jimbaran (HOPJ) received a tax assessment letter for underpayment of value added tax, income tax article 4(2), article 23, article 26 and article 21 for fiscal year 2016 each amounting to Rp200,891, Rp38,351, Rp18,831, Rp19,631 and Rp26,835, respectively, that were already paid and recorded as part of tax penalty expense on general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

17. TAXATION (continued)

i. Others (continued)

Subsidiaries (continued)

In 2019, PT Sadhana Bumi Jayamas (SDBJ) received a tax assessment letter for underpayment of value added tax, income tax article 21, article 23/26 for fiscal year 2015 each amounting to Rp269,294, Rp8,830 and Rp8, respectively, that were already paid and recorded as part of tax penalty expense on general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

In 2019, PT Anugerah Damai Abadi (AGDA) received a tax assessment letter for overpayment of corporate income tax and income tax article 23 for fiscal year 2017 each amounting to Rp161,398 and Rp464, respectively, that were already received and recorded in the consolidated statement of profit or loss and other comprehensive income.

In 2018, PT Permata Jimbaran Agung (PMJA) received a tax assessment letter for underpayment of value added tax for fiscal year 2014 amounting to Rp84,248 that was already paid and recorded as part of tax penalty expense on general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

In 2018, PMJA received a tax assessment letter for underpayment of value added tax, income tax-article 21, article 26 and article 23 for fiscal year 2013 each amounting to Rp239,732, Rp17,923, Rp28,864 and Rp2,593, respectively, that were already paid and recorded as part of tax penalty expense on general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

18. EMPLOYEE BENEFITS LIABILITIES

The Company and its subsidiaries provide benefits to their qualified employees based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The benefits are funded, except for PT Summarecon Hotelindo, PT Hotelindo Permata Jimbaran and PT Pradana Jaya Berniaga.

The Company registered its permanent employees to retirement funds which is organized by Dana Pensiun Lembaga Keuangan Central Asia Raya all of which are placed as time deposits.

The amounts recognized as employee benefits liability in the consolidated statement of financial position and as employee benefits expense in the consolidated statement of profit or loss and other comprehensive income were determined by PT Dian Artha Tama, an independent actuary, in its reports dated as follows:

	Year Ended December 31,	
	2019	**2018**
PT Lestari Mahadibya (LTMD)	February 27, 2020	March 13, 2019
PT Makmur Orient Jaya (MKOJ)	February 27, 2020	March 13, 2019
PT Mahkota Permata Perdana (MKPP)	February 27, 2020	March 13, 2019
PT Summarecon Property Development (SMPD)	February 27, 2020	March 13, 2019
PT Serpong Cipta Kreasi (SPCK)	February 27, 2020	March 13, 2019
PT Summarecon Hotelindo (SMHO)	February 27, 2020	March 13, 2019
PT Hotelindo Permata Jimbaran (HOPJ)	February 27, 2020	March 13, 2019
Company	February 27, 2020	March 13, 2019
PT Sinergi Mutiara Cemerlang (SGMC)	February 27, 2020	-
PT Summerville Property Management (SVPM)	February 27, 2020	-
PT Pradana Jaya Berniaga (PDJB)	February 27, 2020	-

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

18. EMPLOYEE BENEFITS LIABILITIES (continued)

The significant assumptions used are as follows:

Discount rates per annum	: 7.7% - 8% in 2019 and 8.3% in 2018
Annual salary increase	: 6% in 2019 and 8% in 2018
Mortality table	: TMIII – (2011)
Retirement age	: 55 years

a. Short-term employee benefits liabilities:

	December 31,	
	2019	**2018**
Salaries and other allowances	9,591,080	10,184,432
Post-employment benefits - current maturities (Note 18b)	10,617,864	7,296,362
Total short-term employee benefits liabilities	**20,208,944**	**17,480,794**

b. Long-term employee benefits liabilities:

	December 31,	
	2019	**2018**
Post-employment benefits - long-term maturities	**131,296,215**	**135,313,737**

Movements in the long-term employee benefits liabilities are as follows:

	December 31,	
	2019	**2018**
Balance at beginning of year	135,313,737	150,500,394
Provision during the year	39,599,568	34,681,291
Payments during the year:		
Contribution	(17,035,360)	(18,137,524)
Benefits	(4,996,396)	(10,746,316)
Other comprehensive income	(21,585,334)	(17,215,876)
Disposal due to deconsolidation of indirect subsidiaries	-	(3,768,232)
Total long-term employee benefits liabilities	**131,296,215**	**135,313,737**
Less current year maturities (Note 18a)	(10,617,864)	(7,296,362)
Long-term maturities of employee benefits liabilities	**120,678,351**	**128,017,375**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

18. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Employee benefits expense:

	Year ended December 31,	
	2019	**2018**
Current service cost	19,647,789	22,027,343
Past service cost	9,240,783	2,674,601
Interest cost	16,357,644	14,688,245
Return on asset plan	(5,646,648)	(4,708,898)
Total employee benefits expense	**39,599,568**	**34,681,291**

d. Long-term employee benefits liabilities:

	December 31,	
	2019	**2018**
Present value of defined benefits obligation	206,810,406	197,080,042
Fair value of plan assets	(75,514,191)	(61,766,305)
Balance at the end of year	**131,296,215**	**135,313,737**

e. The movements in other comprehensive income:

	Year ended December 31,	
	2019	**2018**
Balance at beginning of year	55,043,377	72,152,633
Actuarial gain (loss) on employee benefits liability	(30,519,456)	(36,526,185)
Actuarial loss on plan asset	8,934,122	19,310,309
Disposal due to deconsolidation of indirect subsidiaries	-	106,620
Balance at the end of year	**33,458,043**	**55,043,377**

f. The movements in the present value of the defined benefits obligation are as follows:

	Year ended December 31,	
	2019	**2018**
Balance at beginning of year	197,080,042	208,730,586
Current service cost	19,647,789	22,027,343
Interest cost	16,357,644	14,688,245
Past service cost	9,240,783	2,674,601
Actuarial (gain) loss on benefits obligation:		
Demography	200,928	(1,466,150)
Experience adjustment	(9,400,364)	(16,184,632)
Changes in financial assumptions	(21,320,020)	(18,875,403)
Employee benefits paid	(4,996,396)	(10,746,316)
Disposal due to deconsolidation of indirect subsidiaries	-	(3,768,232)
Balance at the end of year	**206,810,406**	**197,080,042**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

18. EMPLOYEE BENEFITS LIABILITIES (continued)

g. The movements of fair value of plan asset are as follows:

	Year ended December 31,	
	2019	**2018**
Balance at beginning of year	61,766,305	58,230,192
Return on plan asset	5,646,648	4,708,898
Contribution	17,035,360	18,137,524
Actuarial loss on plan asset	(8,934,122)	(19,310,309)
Balance at end of year	**75,514,191**	**61,766,305**

h. A change of one percent in the discount rate would change the present value of the defined benefits obligation and current service cost to become the figures described/indicated below.

	December 31, 2019
Increase of 1%	
Present value of the defined benefits obligation	193,726,637
Current service cost	17,939,867
Decrease of 1%	
Present value of the defined benefits obligation	226,669,822
Current service cost	21,619,513

i. A change of one percent in the salary increase rate would change the present value of the defined benefit obligation and current service cost to become the figures described/indicated below.

	December 31, 2019
Increase of 1%	
Present value of the defined benefits obligation	226,702,561
Current service cost	21,622,386
Decrease of 1%	
Present value of the defined benefits obligation	193,436,195
Current service cost	17,909,007

The sensitivity analysis have been determined based on a method that extrapolates the impact on define benefits obligations (DBO) as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The above result of sensitivity analysis determines the individual impact on each complete program at the end of the year.

In fact, every program depends on some other external things resulting to movements of DBO in one direction or opposite direction and the sensivity of each program may vary from time to time.

There are no changes in the method and assumptions used in preparing the sensitivity analysis from the previous period.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

18. EMPLOYEE BENEFITS LIABILITIES (continued)

j. The maturity profile of defined benefits obligation as of December 31, 2019 is as follows:

	December 31, 2019
Less than 1 year	10,617,864
1 - 5 years	81,453,071
More than 5 years	1,528,821,909
Total	**1,620,892,844**

The average duration of the defined benefits plan obligation at the end of reporting period is 10 years for the Group. The Group management believes that employee benefits liabilities have been quite appropriate with the requirements by Labor Law.

19. DOWNPAYMENTS RECEIVED AND SECURITY DEPOSITS

This account consists of:

	December 31,	
	2019	**2018**
a. Downpayments received from sales (Note 6):		
Related parties (Note 30)		
Apartments	3,496,680	-
Houses	1,521,168	1,628,186
Shops	-	5,133,801
Third parties		
Houses	2,450,785,732	2,321,451,331
Shops	656,569,682	860,529,087
Apartments	126,838,428	62,736,846
Office	22,932,812	79,027,007
Landplots	19,584,507	40,890,369
Others	12,735,970	12,685,262
Total downpayments received	3,294,464,979	3,384,081,889

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

19. DOWNPAYMENTS RECEIVED AND SECURITY DEPOSITS (continued)

b. Customer deposits:		
Related parties (Note 30)		
Rent	6,641,643	5,428,900
Telephone	91,000	54,000
Others	122,378	64,208
Third parties		
Rent	145,640,839	111,519,010
Others	60,688,514	47,818,440
Total customer deposits	213,184,374	164,884,558
Total	3,507,649,353	3,548,966,447
Less current maturities	(2,160,323,267)	(1,637,058,579)
Long-term portion	**1,347,326,086**	**1,911,907,868**

The details of downpayments received from customers based on the percentage to the contract sales price are as follows:

	December 31,	
	2019	**2018**
100%	2,297,587,804	2,154,549,643
50% - 99%	429,765,351	610,284,457
20% - 49%	299,206,935	227,827,909
< 20%	267,904,889	391,419,880
Total	**3,294,464,979**	**3,384,081,889**

20. UNEARNED REVENUES

This account consists of unearned rental revenues from third parties as follows:

	December 31,	
	2019	**2018**
Mall and retail	478,767,844	414,841,149
Commercial and others	61,646,352	70,195,009
Office	1,483,218	1,258,573
Residential	1,224,467	1,960,932
Total unearned revenues	543,121,881	488,255,663
Less current maturities	(431,278,493)	(435,221,014)
Long-term portion	**111,843,388**	**53,034,649**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

21. NON-CONTROLLING INTERESTS

The details of non-controlling interests in the consolidated Subsidiaries are as follows:

	December 31,	
	2019	**2018**
SPCK and subsidiaries	1,057,989,965	1,148,370,899
SMPD and subsidiaries	1,030,997,736	971,433,740
SMIP and subsidiaries	(5,808,038)	35,239,711
BTKB	534,276	2,069,079
BHMS	3	3
Total equity attributable to non-controlling interests	**2,083,713,942**	**2,157,113,432**

As of December 31, 2019, deposits for stock subscription from non-controlling interests of SMPD and subsidiaries amounted to Rp91,001,883 (2018:Rp169,050,000) whereas no repayment of stock subscription to SMPD and subsidiaries (2018: Rp11,760,000).

Total comprehensive loss attributable to non-controlling interests for the year ended December 31, 2019 amounted to Rp98,035,997 (2018: Rp241,914,103).

For the year ended December 31, 2019, payments to non-controlling interests related to revenue sharing on SPCK amounted to Rp262,437,370 (2018: Rp79,450,000).

Subsidiaries with Significant Non-controlling interest

SMPD, through its subsidiary GNSP, KCJA, GNSA, DTSA, SGMC, SNMI, SYMD, KCJM, KHJM, SMSF and SMTH owns 11.69% - 49.00% of NCI and SMIP, through its subsidiaries PMJA and JVOP, owns at 10.00% - 40.60% of NCI.

The financial information of subsidiaries which have significant non-controlling interests ("NCI") are as follows:

	December 31,	
	2019	**2018**
Accumulated balance of NCI		
SPCK and Subsidiaries	1,057,989,965	1,148,370,899
SMPD and Subsidiaries	1,030,997,736	971,333,740
SMIP and Subsidiaries	(5,808,038)	35,239,711

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

21. NON-CONTROLLING INTERESTS (continued)

The details of subsidiaries' financial information with significant NCI are as follows:

SPCK and Subsidiaries

	December 31, 2019	December 31, 2018
Consolidated statement of profit or loss and other comprehensive income		
Net revenues	**1,633,848,358**	**2,241,238,029**
Net comprehensive income for the year	**640,669,263**	**888,323,112**

	December 31, 2019	December 31, 2018
Consolidated statement of financial position		
Current assets	4,445,772,459	4,428,654,731
Non-current assets	2,403,180,428	2,109,076,255
Current liabilities	(1,441,209,325)	(1,327,580,371)
Non-current liabilities	(1,138,756,809)	(907,395,753)
Total equity	**4,268,986,753**	**4,302,754,862**

	December 31, 2019	December 31, 2018
Consolidated statement of cash flows		
Operating	1,102,282,346	617,625,810
Investing	(129,656,556)	(30,792,719)
Financing	(846,390,798)	(372,700,281)
Net increase in cash and cash equivalents	**126,234,992**	**214,132,810**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

21. NON-CONTROLLING INTERESTS (continued)

The details of subsidiaries' financial information with significant NCI are as follows: (continued)

SMPD and Subsidiaries

	December 31, 2019	December 31, 2018
Consolidated statement of profit or loss and other comprehensive income		
Net revenues	**1,574,883,858**	**896,530,477**
Net comprehensive income for the year	**270,188,390**	**158,719,805**

	December 31, 2019	December 31, 2018
Consolidated statement of financial position		
Current assets	3,026,650,791	2,914,001,606
Non-current assets	5,415,714,021	5,268,024,283
Current liabilities	(1,220,037,794)	(1,251,513,780)
Non-current liabilities	(1,643,088,844)	(1,725,716,289)
Total equity	**5,579,238,174**	**5,204,795,820**

	December 31, 2019	December 31, 2018
Consolidated statement of cash flows		
Operating	(453,397,310)	(580,353,617)
Investing	(258,384,144)	(291,655,657)
Financing	636,957,819	800,034,283
Net decrease in cash and cash equivalents	**(74,823,635)**	**(71,974,991)**

SMIP and Subsidiaries

	December 31, 2019	December 31, 2018
Consolidated statement of profit or loss and other comprehensive income		
Net revenues	**1,183,441,088**	**1,112,510,490**
Net comprehensive income for the year	**130,221,939**	**64,518,245**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

21. NON-CONTROLLING INTERESTS (continued)

The details of subsidiaries' financial information with significant NCI are as follows: (continued)

SMIP and Subsidiaries (continued)

	December 31, 2019	December 31, 2018
Consolidated statement of financial position		
Current assets	423,768,116	398,965,900
Non-current assets	3,847,386,652	3,951,000,577
Current liabilities	(700,930,717)	(597,701,450)
Non-current liabilities	(2,385,539,290)	(1,027,802,205)
Total equity	**1,184,684,761**	**2,724,462,822**

	December 31, 2019	December 31, 2018
Consolidated statement of cash flows		
Operating	369,855,755	310,641,477
Investing	(61,184,534)	(182,038,147)
Financing	(286,115,898)	(94,285,306)
Net increase in cash and cash equivalents	**22,555,323**	**34,318,024**

22. SHARE CAPITAL

The details of the Company's share ownership as of December 31, 2019 are as follows:

Shareholders	Number of shares issued and fully paid	Percentage of ownership (%)	Amount
Commissioner			
Harto Djojo Nagaria	20,000,000	0.14	2,000,000
Director			
Liliawati Rahardjo	135,261,100	0.94	13,526,110
Ownership of 5% or more			
PT Semarop Agung	4,836,415,914	33.52	483,641,592
PT Sinarmegah Jayasentosa	951,576,224	6.60	95,157,622
BNYMSANV RE AMS RE Stichting D APG ST RE E ES Pool - 2039846201	810,000,000	5.61	81,000,000
Others (each below 5% ownership)	7,673,528,442	53.19	767,352,844
Total	**14,426,781,680**	**100**	**1,442,678,168**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

22. SHARE CAPITAL (continued)

The details of the Company's share ownership as of December 31, 2018 are as follows:

Shareholders	Number of shares issued and fully paid	Percentage of ownership (%)	Amount
Commissioner			
Harto Djojo Nagaria	21,000,000	0.15	2,100,000
Director			
Liliawati Rahardjo	121,345,000	0.84	12,134,500
Ownership of 5% or more			
PT Semarop Agung	4,840,662,914	33.55	484,066,291
PT Sinarmegah Jayasentosa	951,576,224	6.60	95,157,622
BNYMSANV RE AMS RE Stichting D APG ST RE E ES Pool - 2039846201	810,000,000	5.61	81,000,000
Others (each below 5% ownership)	7,682,197,542	53.25	768,219,755
Total	**14,426,781,680**	**100**	**1,442,678,168**

The Company's Directors and other Commissioners do not own shares of the Company. Information on the composition of the shareholders and the Company's ownership is based on reports from PT Sirca Datapro Perdana, Registrar of Companies, on December 31, 2019 and 2018.

23. ADDITIONAL PAID-IN CAPITAL

As of December 31, 2019 and 2018, the balance of this account arose from the following:

	December 31,	
	2019	**2018**
Share premium	721,671,346	721,671,346
Other paid-in capital	17,103,214	17,103,214
Differences in value of transactions of entities under common control	5,560,839	5,560,839
Bonus shares	(721,339,084)	(721,339,084)
Total	**22,996,315**	**22,996,315**

Share premium represents the excess of the amounts received and/or the carrying value of shares and converted warrants over the par value of the shares issued after offsetting all stock/warrant issuance costs.

Other paid-in capital represents the excess of the carrying value of shares distributed as dividends over the par value of the shares issued.

Differences in value of transactions of entities under common control represent the differences between the acquisition cost and the book value of a subsidiary which was acquired indirectly by other subsidiaries and Soetjipto Nagaria (controlling party) using the pooling-of-interests method in 2012.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

24. APPROPRIATED RETAINED EARNINGS - GENERAL RESERVE

Based on the minutes of stockholders' annual general meetings held on June 20, 2019 and June 7, 2018, the Company stockholders approved the appropriation of general reserve amounting to Rp7,078,016 and Rp5,094,519, respectively, and already presented as part of "Appropriated retained earnings – reserve fund" in the consolidated statement of financial position.

As of December 31, 2019 the balances of the general reserve are less than 20% of the issued and fully paid capital stock. The additional reserve will be made after obtaining the approval from the stockholders in their next annual meeting.

Based on article 70 in Law of Republic of Indonesia No.40 year 2007, the Company must set aside certain part of net profits for reserve funds which shall be minimum 20% of total subscribed capital and deposited.

25. CASH DIVIDENDS

In the stockholders' annual general meetings held on June 20, 2019 and June 7, 2018, the Company's stockholders approved the distribution of cash dividend amounting to Rp5 (full amount) per share or equivalent to Rp72,133,908 and Rp5 (full amount) per share or equivalent to Rp72,133,908, respectively.

As of December 31, 2019, the dividend payable balance amounted to Rp2,166,503 (2018: Rp2,048,231), which is presented as part of "Other Payables" under current liabilities in the consolidated statement of financial position.

26. NET REVENUES

The details of net revenues are as follows:

	Year ended December 31,	
	2019	**2018**
Property development (Note 6):		
Related parties (Note 30)		
Landplots	107,771,897	37,906,035
Shops	1,865,700	4,056,520
Apartments	7,520	2,210,235
Third parties		
Houses	2,227,652,565	1,825,694,312
Shops	679,306,132	119,445,777
Apartments	387,864,979	1,183,338,133
Landplots	116,528,363	247,403,906
Offices	74,432,674	-
Others	21,513,390	15,712,688
Sub-total	3,616,943,220	3,435,767,606
Investment properties (Note 10):		
Related parties (Note 30)		
Mall and retail	48,051,618	48,034,803
Commercial and others	1,531,436	1,472,792
Offices	947,580	1,323,310
Third parties		
Mall and retail	1,472,907,398	1,366,370,381
Commercial and others	41,862,090	38,409,159
Offices	28,479,731	29,634,844
Residential	5,174,809	6,739,253
Sub-total	1,598,954,662	1,491,984,542

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

26. NET REVENUES (continued)

The details of net revenues are as follows: (continued)

	Year ended December 31,	
	2019	**2018**
Others:		
Related parties (Note 30)		
Estate and property management	103,122	95,122
Others	2,152,729	1,199,695
Third parties		
Hotel	348,229,060	344,276,902
Estate and property management	241,892,879	175,023,917
Leisure	74,544,192	77,471,765
Others	58,805,898	135,540,565
Sub-total	725,727,880	733,607,966
Net revenues	**5,941,625,762**	**5,661,360,114**

The percentage of revenues from sales to related parties to net revenues accounted for 2.73% in 2019 (2018: 1.70%). In 2019 and 2018, no revenues exceeding 10% of annual net revenues were earned from any single customer.

27. COST OF SALES AND DIRECT COSTS

The details of cost of sales and direct costs are as follows:

	Year ended December 31,	
	2019	**2018**
Property development		
Houses (Note 6)	1,254,429,033	864,360,188
Shops (Note 6)	363,544,824	73,325,703
Apartments (Note 6)	198,970,101	753,715,294
Landplots	81,359,788	51,168,873
Offices (Note 6)	35,889,995	-
Sub-total	1,934,193,741	1,742,570,058
Investment properties		
Mall and retail	616,286,023	627,461,383
Commercial and others	21,353,034	25,724,892
Offices	22,769,341	21,118,612
Residential	3,281,932	4,159,707
Sub-total	663,690,330	678,464,594

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

27. COST OF SALES AND DIRECT COSTS (continued)

The details of cost of sales and direct costs are as follows: (continued)

	Year ended December 31,	
	2019	**2018**
Others		
Hotel	199,958,358	208,064,936
Estate and property management	195,548,353	137,571,032
Leisure	54,856,688	53,143,697
Others	43,322,552	102,663,105
Sub-total	493,685,951	501,442,770
Total cost of sales and direct costs	**3,091,570,022**	**2,922,477,422**

In 2019 and 2018, no purchases exceeding 10% of net revenues were made from any single supplier.

28. OPERATING EXPENSES

The details of operating expenses are as follows:

	Year ended December 31,	
	2019	**2018**
Selling expenses		
Promotion and advertising	247,049,764	211,559,091
Agency	63,404,334	84,372,668
Others (each below Rp15,000,000)	44,011,538	47,558,846
Total selling expenses	354,465,636	343,490,605
General and administrative expenses		
Salaries and employee benefits	617,217,947	522,768,671
Depreciation (Notes 9 and 10)	80,849,403	88,326,147
Land & building tax (L&B tax)	30,990,436	14,381,033
Travelling and transportation	19,430,089	18,608,661
Entertainment, representation and donations	16,503,731	11,812,207
Royalty and incentives	15,008,798	15,720,994
Others (each below Rp15,000,000)	135,770,670	183,630,522
Total general and administrative expenses	915,771,074	855,248,235
Total operating expenses	**1,270,236,710**	**1,198,738,840**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

29. FINANCE COSTS

	Year ended December 31,	
	2019	**2018**
Interest expense:		
Loans from banks	473,897,620	318,611,754
Bonds payable	283,930,694	330,863,389
Other payables	948,890	7,818,342
Amortization of bonds issuance costs	7,590,962	7,906,930
Others	28,869,846	19,998,382
Total finance costs	**795,238,012**	**685,198,797**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Group, in its regular conduct of business, has engaged in transactions with related parties. The balances of the accounts and transactions are as follows:

	December 31,		Percentage to total consolidated assets (%)	
	2019	**2018**	**2019**	**2018**
Trade receivables (Note 5)				
Trade receivables - current				
Other related parties				
PT Sulisman Graha	5,918,941	16,845,454	0.0242	0.0723
PT Cahaya Fajar Properti	759,000	-	0.0031	-
PT Maktosa Jaya Indah	39,616	198,079	0.0002	0.0009
PT Centrapacific Nusajaya	20,380	101,899	0.0001	0.0004
Edwin Eka Putra Halim	15,113	62,641	0.0001	0.0003
Thomas Lundi Halim	8,300	28,710	0.0000	0.0001
PT Maju Lestari Kreasi	-	28,480,956	-	0.1222
Entity under common control				
PT Star Maju Sentosa	1,221,004	4,249,840	0.0050	0.0182
Key management personnel				
Soegianto Nagaria	218,959	23,533	0.0009	0.0001
Soetjipto Nagaria	3,962	43,206	0.0000	0.0002
Adrianto P. Adhi	2,598	-	0.0000	-
Ge Lilies Yamin	816	-	0.0000	-
Theresia Mareta	783	-	0.0000	-
Harto Djojo Nagaria	-	809,770	-	0.0035
Nanik Widjaja	-	383,632	-	0.0016
Herman Nagaria	-	4,703	-	0.0000
Total trade receivables - current	8,209,472	51,232,423	0.0336	0.2198
Trade receivables - non-current				
Other related parties				
PT Sulisman Graha	-	4,268,941	-	0.0183
Total trade receivables	**8,209,472**	**55,501,364**	**0.0336**	**0.2381**
Due from related parties - current:				
Joint venture				
PT Jakartabaru Cosmopolitan	48,093,195	43,169,875	0.1968	0.1853
Due from related parties - non-current:				
Other related parties				
Yayasan Inti Prima Bangsa	45,696,652	30,267,626	0.1870	0.1299
Entity under common control				
PT Mutiara Properti Cemerlang	21,204,250	-	0.0868	-
PT Star Maju Sentosa	-	721,126	-	0.0031
Total due from related parties-non current	66,900,902	30,988,752	0.2738	0.1330
Total due from related parties	**114,994,097**	**74,158,627**	**0.4706**	**0.3183**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The Group, in its regular conduct of business, has engaged in transactions with related parties. The balances of the accounts and transactions are as follows: (continued)

	December 31,		Percentage to total consolidated liabilities (%)	
	2019	2018	2019	2018
Due to related parties				
Due to related parties - current:				
Key management personnel				
PT Duta Putra Mahkota	33,320,000	-	0.2223	-
PT Budiman Kencana Lestari	14,750,000	-	0.0984	-
Colliman Capital Limited	14,160,000	-	0.0945	-
Sudino	4,610,000	-	0.0308	-
Sumitomo Forestry Singapore Ltd,	155,184	143,754	0.0010	0.0010
Total Due to related parties - current	66,995,184	143,754	0.4470	0.0010
Due to related parties - non-current:				
Key management personnel				
Soetjipto Nagaria	26,237,000	1,396,600	0.1750	0.0098
Other related parties:				
Thomas Lundi Halim	2,676,000	-	0.0179	-
Edwin Eka Putra Halim	270,000	-	0.0018	-
Total Due to related parties - non-current	29,183,000	1,396,600	0.1947	0.0098
Total due to related parties	**96,178,184**	**1,540,354**	**0.6417**	**0.0108**
Downpayments received and security deposits (Note 19)				
Downpayments received and security deposits - current				
Key management personnel				
Herman Nagaria	3,499,087	1,955	0.0233	0.0000
Soegianto Nagaria	6,765	5,329	0.0000	0.0000
Liliawati Rahardjo	5,628	6,466	0.0000	0.0000
Adrianto P. Adhi	4,393	3,432	0.0000	0.0000
Lexy Arie Tumiwa	3,266	-	0.0000	-
Ge Lilies Yamin	2,274	-	0.0000	-
Harto Djojo Nagaria	2,023	3,269,769	0.0000	0.0230
Other related parties				
PT Maktosa Jaya Indah	1,527,772	1,057,924	0.0102	0.0074
Theresia Mareta	4,618	3,569	0.0000	0.0000
Entity under common control				
PT Star Maju Sentosa	164,492	164,492	0.0011	0.0012
Total downpayments received and security deposits - current	5,220,318	4,512,936	0.0346	0.0316
Downpayments received and security deposits - non-current				
Entity under common control				
PT Star Maju Sentosa	6,652,551	5,354,908	0.0444	0.0376
Key management personnel				
Herman Nagaria	-	1,865,700	-	0.0131
Other related parties				
PT Maktosa Jaya Indah	-	575,551	-	0.0040
Total downpayments received and security deposits - non-current	6,652,551	7,796,159	0.0444	0,0547
Total downpayments received and security deposits	**11,872,869**	**12,309,095**	**0.0790**	**0.0863**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The Group, in its regular conduct of business, has engaged in transactions with related parties. The balances of the accounts and transactions are as follows (continued):

	Year ended December 31,		Percentage to total consolidated net revenues (%)	
	2019	**2018**	**2019**	**2018**
Net revenues (Note 26)				
Entity under common control				
PT Bhakti Karya Vita	107,081,897	-	1.8022	-
Other related parties				
Yayasan Inti Prima Bangsa	2,152,729	1,199,695	0.0362	0.0212
Yayasan Syiar Bangsa	1,531,436	1,472,793	0.0258	0.0260
PT Cahaya Fajar Properti	690,000	37,906,035	0.0116	0.6696
PT Maktosa Jaya Indah	20,271	275,888	0.0003	0.0049
Theresia Mareta	14,931	14,797	0.0003	0.0003
PT Centrapacific Nusajaya		133,494		0.0024
Entity under common control				
PT Star Maju Sentosa	48,877,930	49,358,114	0.8226	0.8718
Key management personnel				
Herman Nagaria	1,872,132	140,923	0.0315	0.0025
Soegianto Nagaria	20,447	20,261	0.0003	0.0004
Adrianto P. Adhi	13,707	12,940	0.0002	0.0002
Harto Djojo Nagaria	12,574	658,383	0.0002	0.0116
Liliawati Rahardjo	10,337	432,118	0.0002	0.0076
Lexy Arie Tumiwa	5,972	-	0.0001	-
Ge Lilies Yamin	5,972	-	0.0001	-
Nanik Widjaja	-	4,673,071	-	0.0825
Entitas induk terakhir				
PT Semarop Agung	121,267	-	0.0020	-
Total net revenues	**162,431,602**	**96,298,512**	**2.7336**	**1.7010**

The amounts due from and due to related parties resulting from non-trade transactions are non-interest bearing and have no fixed repayment dates (except for those stated in Note 35b and c) and will be settled in cash, There are no security deposits given or received for each due to and due from related parties.

On December 31, 2019, the Group management believes that all due from related parties are collectible; therefore, no allowance and impairment needed.

The nature of related party relationships and transactions with the related parties is as follows:

Related parties	Relationship	Transactions
PT Sulisman Graha	Under common control	Sale of landplots
PT Cahaya Fajar Properti	Under common control	Sale of landplots
PT Maktosa Jaya Indah	Stockholder	Sale of apartment
PT Centrapacific Nusajaya	Other	Sale of apartment
PT Star Maju Sentosa	Under common control	Space rental and management deposit
Soegianto Nagaria	Director	Deposit and revenue of estate management
Edwin Eka Putra Halim	Key Management Personel	Capital contribution
Thomas Lundi Halim	Key management personnel	Capital contribution

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The nature of related party relationships and of the transactions with the related parties is as follows (continued):

Related parties	Relationship	Transactions
Soetjipto Nagaria	Key management personnel	Income from hotel and non-trade payable
Adrianto P. Adhi	Director	Deposit and revenue of estate management
Ge Lilies Yamin	Key management personnel	Sale of apartment and deposit and revenue of estate management
Theresia Mareta	Close family member of Director	Deposit and revenue of estate management
PT Jakartabaru Cosmopolitan	Joint venture	Non-trade receivables
Yayasan Inti Prima Bangsa	Under common control	Revenue of estate management, non-trade receivables
PT Mutiara Properti Cemerlang	Other	Non-trade receivables
PT Duta Putra Mahkota	Other	Non-trade payables
PT Budiman Kencana Lestari	Other	Non-trade payables
Colliman Capital Limited	Other	Non-trade payables
Sudino	Other	Non-trade payables
Sumitomo Forestry Singapore Ltd	Others	Payable on technical fee
Herman Nagaria	Director	Sale of apartment and deposit and revenue of estate management
Liliawati Rahardjo	Director	Sale of apartment and deposit and revenue of estate management
Lexy Arie Tumiwa	Key management personnel	Deposit and revenue of estate management
Harto Djojo Nagaria	Commissioner	Sale of apartment and deposit and revenue of estate management
PT Bhakti Karya Vita	Entity assosiate	Sale of landplots
Yayasan Syiar Bangsa	Under common control	Space rental
PT Semarop Agung	Ultimate parent entity	Space rental
PT Maju Lestari Kreasi	Under common control	Sale of landplots
Nanik Widjaja	Director	Sale of apartment and shops

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

31. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2019 and 2018, the Group has monetary assets and liabilities denominated in foreign currencies. The rupiah equivalents of foreign currency-denominated assets and liabilities as of December 31, 2019 and 2018 and as of the date of completion of the consolidated financial statements are as follows:

		Foreign Currency		Rupiah Equivalent		March 26, 2020 Audit Report Date
		2019	2018	2019	2018	
Assets						
Cash and cash equivalents						
United States Dollar	US$	4,959,174	4,881,826	68,937,503	70,693,727	80,973,393
Turkish Lira	TRY	300,000	-	700,311	-	749,910
Australian Dollar	AUD	11,883	11,883	115,729	121,340	114,146
Eurpoean Euro	Euro	5,459	164,168	85,098	2,718,583	97,156
France Swiss	CHF	4,240	-	60,910	-	70,918
Singapore Dollar	Sin$	1,505	1,505	15,531	15,955	16,936
Malaysian Ringgit	RM	3,898	3,898	13,240	13,616	14,487
Thailand Baht	THB	20,561	20,560	9,583	9,147	10,225
Denmark Kroner	DKK	290	290	605	643	690
Korea Won	KRW	2,999	-	36	-	39
New Zealand Dollar	NZD	3	3	25	26	25
Hong Kong Dollar	HKD	7	7	12	13	15
Total assets in foreign currencies		**5,310,019**	**5,084,140**	**69,938,583**	**73,573,050**	**82,047,940**
Liabilities						
Short-term bank loan (Note 12a)						
United States Dollar	US$	3,000,000	3,000,000	41,703,000	43,443,000	48,984,000
Long-term bank loan (Catatan 12b)						
United States Dollar	US$	7,748,834	8,156,668	107,716,580	118,116,707	126,522,962
Trade payables to third parties (Note 14)						
United States Dollar	US$	4,074,060	257,216	56,633,521	3,724,740	66,521,243
European Euro	Euro	349,813	3,870	5,452,891	64,086	6,225,578
Singapore Dollar	Sin$	-	25,882	-	274,430	-
Thailand Bath	THB	-	259,521	-	115,457	-
Australian Dollar	AUD	-	2,178	-	22,235	-
Other payables						
United States Dollar	US$	78,047	-	1,084,937	-	1,274,358
Dólar Singapura	Sin$	25,882	-	267,121	-	291,299
Accrued expenses						
United States Dollar	US$	188,922	381,849	2,626,206	5,529,558	3,084,719
Total liabilities in foreign currencies		15,465,558	12,087,184	215,484,256	171,290,213	252,904,159
Liabilities in foreign currencies - net		**(10,155,539)**	**(7,003,044)**	**(145,545,673)**	**(97,717,163)**	**(170,856,219)**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

32. FINANCIAL INSTRUMENTS

The following table sets out the carrying values and estimated fair values of the Group's financial instruments recorded in the consolidated financial statements:

	December 31, 2019		December 31, 2018	
	Carrying Values	**Fair Values**	**Carrying Values**	**Fair Values**
Financial Assets				
Loans and receivables				
Cash and cash equivalents	1,664,424,147	1,664,424,147	1,523,848,275	1,523,848,275
Trade receivables	265,021,055	265,021,055	444,981,798	444,981,798
Other receivables	22,191,078	22,191,078	17,837,038	17,837,038
Other current financial assets	5,163,451	5,163,451	60,013	60,013
Due from related parties	114,994,097	114,994,097	74,158,627	74,158,627
Other non-current financial assets	1,024,559,786	1,024,559,786	711,211,154	711,211,154
Total	**3,096,353,614**	**3,096,353,614**	**2,772,096,905**	**2,772,096,905**
Financial Liabilities				
Financial liabilities at amortized costs				
Short-term bank loans	2,139,382,311	2,139,382,311	1,782,154,804	1,782,154,804
Trade payables to third parties	86,133,850	86,133,850	76,740,768	76,740,768
Other payables	374,160,058	374,160,058	272,378,606	272,378,606
Due to related parties	96,178,184	96,178,184	1,540,354	1,540,354
Accrued expenses	1,174,971,742	1,174,971,742	1,026,275,642	1,026,275,642
Short-term employee benefit liabilities	9,591,080	9,591,080	10,184,432	10,184,432
Downpayments received and security deposits – customer deposits	213,184,374	213,184,374	164,884,558	164,884,558
Long-term debts	4,426,288,109	4,426,288,109	4,024,463,486	4,024,463,486
Bonds payable and sukuk ijarah	2,403,336,151	2,403,336,151	2,799,983,089	2,799,983,089
Other non-current financial liabilities	3,111	3,111	7,842,450	7,842,450
Total	**10,923,228,970**	**10,923,228,970**	**10,166,448,189**	**10,166,448,189**

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The Group uses the following hierarchy for determining the fair value of financial instruments:

- Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.
- Level 3: Fair value measured based on valuation techniques for which inputs which have a significant effect on the recorded fair value are not based on observable market data.

There is no financial instrument measured by hierarchy level 1, 2, and 3.

32. FINANCIAL INSTRUMENTS (continued)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a. Cash and cash equivalents, trade receivables, other receivables, other current financial assets, short-term bank loans, trade payables to third parties, other payables, due to related parties, accrued expenses and liability for short-term employee benefits will be settled at least twelve months, so the carrying value of assets and liabilities approximate their fair values.

b. Other non-current receivables, due from related parties, due to related parties and other non-current financial liabilities. The fair value of these financial instruments cannot be measured reliably since they have no fixed repayment dates; therefore, they are measured at cost.

c. The fair values of deposits received - customer deposits and other non-current financial assets are determined by discounting future cash flows using applicable rates from observable current market transaction for instruments with the same terms, credit risk and remaining maturities.

d. Long-term debts, bonds payable and sukuk ijarah are measured at amortized cost.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial liabilities consist of short-term bank loans, trade payables to third parties, other payables, accrued expenses, due to related parties, downpayments received and security deposits - customer deposits, long-term debts, bonds payable and sukuk ijarah, liability for short-term employee benefits and other non-current financial liabilities. The main purpose of the financial liabilities is to raise working capital for the Group’s operations and investment activities. The Group has various financial assets, such as cash and cash equivalents, trade receivables, other receivables, due from related parties and other current and non-current financial assets which arise directly from its operations.

The main risks arising from the Group’s financial instruments are market risk (including foreign currency risk and commodity price risk), interest rate risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows:

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The main risks arising from the Group's financial instruments are market risk (including foreign currency risk and commodity price risk), interest rate risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows: (continued)

a. Foreign currency risk

The Group does not significantly use foreign currencies because nearly all of its transactions, assets and liabilities are denominated in rupiah.

The Group's reporting currency is rupiah. It faces foreign exchange risk in cases of imported purchases of equipment and building equipment, but these are not material, so the effect of foreign currency risk, such as the U.S. dollar, European euro and Singapore dollar is not significant.

The Group does not have any formal hedging policy for foreign exchange exposure. If needed, hedging will be obtained to reduce risk to foreign currency risk. Transactions in foreign currencies other than in connection with regular operations is maintained at an acceptable minimum level.

b. Commodity price risk

The Group's exposures to commodity price risk relates primarily to the purchase of major building materials, such as iron, steel, paint and cement. Before this happens, the Group enters into contracts with its suppliers that bind them to a fixed price, quantity and period of delivery based on the needs of the Group.

The Group's policy is to minimize the risks arising from the fluctuations in commodity prices by maintaining the stability level of development costs, besides profit for the year that should be achieved by the Group.

c. Interest rate risk

The Group's interest rate risk mainly arises from loans for working capital and investment purposes. Loans at variable rates expose the Group to fair value interest rate risk. The Group manages its interest rate risk by obtaining loans with a mixture of fixed and floating interest rates.

d. Credit risk

The Group is exposed to credit risk arising from the credit granted to its customers and tenants. To mitigate this risk, receivable balances are monitored on an ongoing basis to reduce the exposure to bad debts.

When a customer fails to make payment for the property purchased, the Group is not going to hand over to the customer the title to the property. As for the tenant whose payment is in arrears, the tenant's security deposit will be closely monitored.

Before the arrears become greater than the security deposit, necessary action should be made, such as termination of rental agreement and rescheduling of payment. The Group's management is of the opinion that there are no significant concentrated risks on trade receivables.

With respect to credit risk arising from other financial asset, including cash in banks and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty. The Group has a policy not to place its funds in investments that have high credit risks and put its cash only in banks with good reputation.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The table below shows the maximum exposure to credit risk on the components of the consolidated statement of financial position as of December 31, 2019:

	Maximum Exposure
Loans and receivables:	
Cash in banks and cash equivalents	1,658,276,054
Trade receivables	265,021,055
Other receivables	22,191,078
Other current financial assets	5,163,451
Other non-current financial assets	1,024,559,786
Total	**2,975,211,424**

e. Liquidity risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously maintains its payable and receivable day's stability.

Wherever possible, the Group obtains financing from the capital market and financial institutions and for portfolio balances with short-term financing to achieve efficiency in financing.

The table below is a schedule of maturities of financial liabilities of the Group based on undiscounted contractual payments:

	≤ 1 year	> 1-5 year	> 5 year	Total
Short-term bank loans	2,139,382,311	-	-	2,139,382,311
Trade payables to third parties	86,133,850	-	-	86,133,850
Other payables	359,441,982	14,718,076	-	374,160,058
Accrued expenses	1,174,971,742	-	-	1,174,971,742
Short-term employee benefits liabilities	9,591,080	-	-	9,591,080
Due to related parties	93,232,184	2,946,000	-	96,178,184
Downpayments received and security deposits - customer deposits	101,431,757	111,752,617	-	213,184,374
Long-term debts - net	1,595,353,572	2,961,277,464	1,007,506,370	5,564,137,406
Bonds payable and sukuk ijarah	1,535,995,000	1,327,970,000	-	2,863,965,000
Other non-current financial liabilities	3,111	-	-	3,111
Total	**7,095,536,589**	**4,418,664,157**	**1,007,506,370**	**12,521,707,116**

Capital management

The Group aims to achieve an optimal capital structure in pursuit of its business objectives, which include maintaining healthy capital ratios and strong credit ratings and maximizing stockholder value.

Some of the Group's debt instruments contain covenants that impose maximum leverage ratios. In addition, the Group have complied with all capital requirements by bank creditors.

Management monitors capital using several financial leverage measurements such as debt-to-equity ratio. The Group's objective is to maintain its debt-to-equity ratio at a maximum of 2 as of December 31, 2019.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

As of December 31, 2019 and 2018, the Group's debt-to-equity ratios are as follows:

	December 31, 2019	December 31, 2018
Short-term bank loans	2,139,382,311	1,782,154,804
Long-term debts	4,426,288,109	4,024,463,486
Bonds payable and sukuk ijarah	2,403,336,151	2,799,983,089
Total Liabilities	**8,969,006,571**	**8,606,601,379**
Total Equity	**9,451,359,922**	**9,060,704,565**
Debt to equity ratio	**0.95**	**0.95**

34. OPERATING SEGMENT

Operating segment is reported based on the information used by the management evaluating the performance of each business segment and in determining the allocation of resources. There are no geographical segment since all the Group's business operations are located in Indonesia.

Significant business segments' revenues from property development, investment property, leisure and hospitality, and others which pertain to the main source of revenues. Property development segment comes from sale of houses, commercial building, apartment, and landplots. Investment property segment provides shophouses and office building rental. Leisure and hospitality segment related to sports club and hotel. The other segment comes from health services, estate management, office and others.

Group management oversees the operating results of business unit for the purpose of decision making in allocation resources and performance evaluation. Segment performance will be evaluated based on segment's income or loss from operations that is measured based on income or loss from operations in the consolidated financial statements.

All inter-segments have been eliminated. Consolidated information business segments is as follows:

	For the year ended December 31, 2019				
	Property Development	**Investment Property**	**Leisure & Hospitality**	**Others**	**Consolidation**
Net revenue	3,616,943,221	1,598,954,661	422,773,252	302,954,628	5,941,625,762
Gross profit	1,682,749,480	935,264,331	167,958,205	64,083,724	2,850,055,740
Income (loss) from operations	893,580,743	610,737,696	100,050,506	(15,504,189)	1,588,864,756
Finance income					125,331,813
Finance costs					(795,238,012)
Equity in net loss of associates					3,961,278
Profit before final tax and income tax expense					922,919,835
Final tax expense					(269,885,120)
Profit before income tax					653,034,715
Income tax expense					(40,014,289)
Profit for the year					**613,020,426**
Others information					
Segment asset	19,285,839,744	4,509,443,107	322,064,266	324,310,159	24,441,657,276
Segment liabilities	12,798,693,842	1,918,465,754	138,531,831	134,605,927	14,990,297,354
Acquisition of fixed assets and investment properties	55,613,417	150,429,428	11,051,805	36,153,718	253,248,368
Depreciation	33,736,842	200,603,494	23,067,190	20,821,411	278,228,937

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

34. OPERATING SEGMENT (continued)

All inter-segment transactions have been eliminated. Consolidated information by business segments is as follows: (continued)

	For the year ended December 31, 2018				
	Property Development	**Investment Property**	**Leisure & Hospitality**	**Others**	**Consolidation**
Net revenue	3,435,767,605	1,491,984,543	421,748,667	311,859,299	5,661,360,114
Gross profit	1,692,825,856	813,891,640	160,540,034	71,625,162	2,738,882,692
Income (loss) from operations	954,710,992	525,458,528	80,869,916	(2,989,002)	1,558,050,434
Finance income					96,385,499
Finance costs					(685,198,797)
Equity in net loss of associates					(210,001)
Profit before final tax and income tax expense					969,027,135
Final tax expense					(267,946,675)
Profit before income tax					701,080,460
Income tax expense					(10,456,830)
Profit for the year					**690,623,630**
Others information					
Segment asset	18,178,645,876	4,478,427,508	340,939,603	301,229,081	23,299,242,068
Segment liabilities	12,019,135,077	1,932,511,528	170,371,886	116,519,012	14,238,537,503
Acquisition of fixed assets and investment properties	43,053,888	136,842,651	17,897,976	9,626,112	207,420,627
Depreciation	35,653,964	203,352,610	45,722,559	17,481,748	302,210,881

Finance income and costs, and final tax and income tax expenses are not allocated to individual segments as these are presented on a Group basis.

35. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a. In January 2019, PT Serpong Cipta Kreasi (SPCK) entered into following agreements with certain parties as follows:

   1. Collaboration agreement named KSO Summarecon Lestari Lakeview (KSO SLL) to develop land owned by Lestari Kreasi (LK) located in Tangerang. Profit or loss from the operation will be distributed with the percentage allocation 70% to SPCK and 30% to LK. The agreement is valid for 10 years until September 18, 2027 and is notarized under deed No. 62 dated January 31, 2019 of Dewi Himijati Tandika, S.H.

   2. Collaboration agreement with PT Variatata (VT) named KSO Summarecon Variatata Serpong (KSO SVS) to develop land owned by Variatata located in Tangerang. Profit or loss from the operation will be distributed with the percentage allocation 20% to VT and 80% to SPCK. The agreement is valid for 10 years until September 18, 2027 and is notarized under deed No. 63 dated January 31, 2019 of Dewi Himijati Tandika, S.H.

   3. Collaboration agreement with PT Lestari Kreasi (LK) and PT Telaga Gading Serpong (TGS) named KSO Summarecon Lakeview Serpong (KSO Summarecon Lakeview) to develop East Business Unit Land located in Tangerang. Profit or loss from the operation will be distributed with the percentage allocation 5% to TGS, 40% to LK and 55% to SPCK. The agreement is valid for 10 years until April 29, 2029 and is notarized under deed No. 64 dated January 31, 2019 of Dewi Himijati Tandika, S.H.

35. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

a. In January 2019, PT Serpong Cipta Kreasi (SPCK) entered into following agreements with certain parties as follows: (continued)

   4. Collaboration agreement with PT Jakartabaru Cosmopolitan (JBC) named KSO Summarecon Serpong (KSO Summarecon Serpong) to develop Business Unit 2 Land and Business Unit 2 Enclosured Land located in Tangerang. Profit or loss from the operation will be distributed with the percentage allocation 20% to JBC and 80% to SPCK. The agreement is valid for 10 years until July 18, 2029 and is notarized under deed No. 65 dated January 31, 2019 of Dewi Himijati Tandika, S.H.

b. On December 31, 2018, PT Sinergi Mutiara Cemerlang (SGMC) was given credit facility from PT Mutiara Properti Cemerlang (MPC) which was notarized under deed No. 69 dated June 8, 2018 of Dewi Himijati Tandika, S.H., amounting to Rp24,358,494,390 and will mature on June 8, 2022. This credit facility bears an interest rate of 13% per annum.

c. On March 8, 2018, PT Bhakti Karya Bangsa (BTKB) gave credit facility to Yayasan Pendidikan Inti Prima Bangsa (YIPB), with the plafond of Rp18,784,000,000. This credit facility has a term of 60 months and will mature on March 8, 2023. This credit facility bears an interest rate of 11.25% per annum which will be paid monthly.

d. The Company and certain Subsidiaries entered into agreements with several banks (“Bank”), wherein such banks will provide credit facilities to the buyers of shops, commercial buildings, apartments of the Company and certain Subsidiaries. In general, the validity period of these agreements have not been determined since the agreement date. In the agreements, the Company and certain subsidiaries will be fully responsible and act as guarantor for the payment of all amounts due to the Bank including, principal and other costs incurred in the loan agreements made by and between the Buyer/Debtor with the Bank (buy back guarantee):
   1. Before the buyer/debtor has signed the Deed of Sale and Purchase (AJB),
   2. Before the buyer/debtor has signed the Power of Attorney to Encumber Security over Land (SKMHT)/Deed of Granting of Security Rights (APHT) and or,
   3. The buyer/debtor buyers had neglected its obligation to pay the installment for three months consecutively to the Bank.

   The guarantee will be provided as long as AJB has not been signed. This guarantee cannot be withdrawn or revoked as long as AJB on certificate of Unit Rights and APHT have not been signed, and have not been submitted and accepted by the bank

e. On May 1, 2017, PT Hotelindo Permata Jimbaran (HOPJ) entered into tradename and trademark license agreement with Soho Hospitality Co.,Ltd, wherein HOPJ has the right to use the name “Above Eleven” and the restaurant will be named “Above Eleven, Bali”. HOPJ agreed to pay royalties as compensation, which is computed at the rate in accordance with the terms of the agreement. This agreement is valid for 5 years.

f. On July 28, 2016, PT Bhakti Karya Bangsa (BTKB) entered into an operational agreement with Yayasan Pendidikan Inti Prima Bangsa (YIPB), whereby BTKB agreed to collaborate with YIPB in reforming the quality of education and management system in YIPB as well as elevating *Sekolah Tinggi Manajemen Informatika dan Komputer Inovasi Sains Teknologi dan Bisnis* (STMIK ISTB) to a university with an international level of competency standard.

35. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

g. In March 2014, PT Nirwana Jaya Semesta (NWJS) entered into the following agreements with PT AAPC Indonesia (AAPC):

   1. Hotel Technical Assistance Agreement with PT AAPC Indonesia (AAPC), wherein AAPC agreed to provide technical assistance and consultation for the construction of Novotel Hotel located at Slipi, Jakarta. NWJS agreed to pay a fee of a certain amount for the service rendered by AAPC. This agreement is valid until the opening and commencement of operations of the Hotel.

   2. Hotel Management Agreement with PT AAPC Indonesia (AAPC), wherein AAPC is engaged as the operator of Novotel Hotel in Slipi, Jakarta. AAPC is entitled to receive fees at certain amount as already computed in accordance with the terms of the agreement.

h. In November 2014, PT Summarecon Hotelindo (SMHO) entered into the following agreements with Pop International Hotels Corporation (PIHC) and PT Tauzia International Management (Tauzia):

   1. Tradename and Trademark License Agreements, wherein SMHO has the rights to use the name “Pop Hotels” and its hotel will be named “Pop! Hotel Kelapa Gading”. SMHO agreed to pay royalty as compensation, which are computed at the rate in accordance with the terms of the agreement. This agreement is valid for 10 years starting from the commercial operations of the hotel.

   2. Hotel Management Agreement, wherein Tauzia is engaged as operator of Pop! Hotel Kelapa Gading. Tauzia is entitled to receive fees, which are computed at the rate in accordance with the terms of the agreement.

i. In November 2014, PT Summarecon Hotelindo (SMHO) entered into the following agreements with Harris International Hotel Corporation (HIHC) and PT Tauzia International Management (Tauzia):

   1. Tradename and Trademark License Agreements, wherein SMHO is authorized to use the name “Harris” and its hotel will be named “Harris Hotel Bekasi”. SMHO agreed to pay royalty as compensation, which are computed at the rate in accordance with the terms of the agreement. This agreement is valid for 10 years starting from the commercial operations of the hotel.

   2. Hotel Management Agreement, wherein Tauzia is engaged as the operator of Harris Hotel Bekasi. Tauzia is entitled to receive fees, which are computed at the rate in accordance with the terms of the agreement.

35. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

j. In December 2011, PT Hotelindo Permata Jimbaran (HOPJ) entered into the following agreements with Movenpick Hotels and Resort Management AG (MH&R) as follows:

   1. Marketing and Hotel Services Agreement with MH&R, wherein MH&R agreed to provide hotel management services including human resource development, marketing and reservations. MH&R is entitled to receive contribution and marketing fees as compensation, which are computed at the rate in accordance with the terms of the agreement. This agreement is valid for 15 years starting from the commercial operations of the hotel.

   2. Tradename and Trademark License Agreements with MH&R, wherein HOPJ is authorized to use the name “Movenpick” and the hotel will be named “Movenpick Resort & Spa Jimbaran, Bali”. HOPJ agreed to pay royalty as compensation, which are computed at the rate in accordance with the terms of the agreement. This agreement is valid for 15 years, commencing from the start of the commercial operations of the hotel.

   3. Hotel Management Consulting Agreement with MH&R, wherein MH&R is engaged as the sole and exclusive advisor and consultant to supervise, direct, manage and control the operations of Movenpick Resort & Spa Jimbaran, Bali. MH&R is entitled to receive consultation fees as compensation, which are computed at the rate in accordance with the terms of the agreement. This agreement is valid for 15 years, commencing from the start of the commercial operations of the hotel.

36. LITIGATIONS

The Company and certain subsidiaries in the Group involved in several lawsuit as follows:

a. PT Jakartabaru Cosmopolitan (JBC) (Defendant I) and SPCK (Defendant II) vs Leliana Hananto (Plaintiff) and other Defendants in relation to the installation of net at Gading Raya Padang Golf & Club, Tangerang. The appeal was filed on August 21, 2013. On May 14, 2014, Tangerang High Court decided to refuse the Plaintiff’s claim. On May 20, 2014, the Plaintiff filed an appeal to Banten High Court. On September 22, 2014, Banten High Court has made the decision of ruling Tangerang High Court’s decision to be legally binding.

   Based on Banten High Court’s decision, on October 30, 2014, the Plaintiff filed an appeal to the Supreme Court. On July 9, 2015, Supreme Court issued a judgement ruling to decline Banten High Court’s decision.

   Based on Supreme Court’s decision, on December 5, 2016, the Defendants appealed for Judicial Review to Supreme Court. As of the completion date of the consolidated financial statements, the aforementioned case is still under review by the Supreme Court.

b. KCJA (Intervenor I) and other Defendants vs Jantje Manesah Agung (Plaintiff) in relation to land dispute over 85,940m^2 of land located in Bogor. On October 29, 2015, this claim was filed to North Jakarta District Court. On April 7, 2016, KCJA has requested to intervere in this case. On April 3, 2017, North Jakarta District Court decided to refuse Plaintiff’s claim. Based on North Jakarta District, Plaintiff filed an appeal to Jakarta High Court. As of the date of approval and authorization for issuance of these consolidated financial statements, the aforementioned case is still under review by the Jakarta Hight Court.

36. LITIGATIONS (continued)

The Company and certain subsidiaries in the Group involved in several lawsuit as follows: (continued)

c. KCJA (Intervenor II) vs Jantje Manesah Agung (Plaintiff) in relation to land dispute over 82,082m^2 of land located in Bogor. On December 23, 2016, this claim was filed to Bandung Administrative Court. On February 3, 2017, KCJA has requested to intervere in this case. On June 6, 2017 Bandung Administrative Court decided to granted the Plaintiff claim and declared the cancellation of decree which issued by Bogor District Land Agency. Based on Bandung Administrative Court's decision, on June 14, 2017, the Defendant (in this case Bogor District Land Agency) and Intervenor filed an appeal. On October 30, 2017, DKI Jakarta High Administrative Court issued a judgement ruling to decline Bandung Administrative Court. Based on DKI Jakarta High Administrative Court Decision, the Defendant filed an cassation appeal to Supreme Court. As of the completion date of the consolidated financial statements, the aforementioned case is still under review in cassation level by the Supreme Court.

d. MKPP (Defendant I) and other Defendants vs Hj. Sukaesih Binti Suarma Alias Ny. Tjartjih Binti Suarma (Deceased Plaintiff) in relation to land dispute over 8,050m^2 of land located in Bandung. On April 7, 2017, this claim was filed to Bandung District Court. Bandung district court decided to grant the Plaintiff's claim. On March 1, 2018, the Plaintiff filed an appeal to Bandung High Court. As of the completion date of the consolidated financial statements, the aforementioned case is still under review in cassation level by the Supreme Court.

e. The Company (Defendant I) vs Ny. Hj. Zakiyah (Plaintiff) in relation to land dispute over 6,980 m^2 of land located in Rorotan, Cilincing, North Jakarta. On October 4, 2018, North Jakarta District Court decided to accept some of Plaintiff's claim. As of judgment by North Jakarta District Court, PT Nusa Kirana Real Estate (Defendant) filed an appeal to Jakarta High Court. As of the date of approval and authorization for issuance of these consolidated financial statements, the aforementioned case is still under review by the Jakarta High Court.

f. The Company (Defendant IV) and other Defendants vs MAKAWI *et al*. as Plaintiffs in relation to land dispute over 33.100m^2 of land located in Kel. Kelapa Gading Barat (previously was Kelurahan Pengangsaan Dua), Kec. Kelapa Gading (previously was Kecamatan Koja), North Jakarta. This claim was filed at North Jakarta District Court Secretariat on March 28, 2019. As of the completion date of the consolidated financial statements, the aforementioned case is still under review by the North Jakarta District Court.

g. The Company (Defendant II) and other Defendants vs Ir.H. Novalita Namida H, MT as Plaintiff in relation to Plaintiff's request to put confiscated/withdraw Defendant's assets such as 1 (one) unit of SpringLake Summarecon Bekasi Apartement, located in Jl. Boulevard Jend. A. Yani, Kel. Marga Mulya, Kec. Bekasi Utara, Bekasi (bought from Defendant II) as compensation on Defendant's action against law. This claim was filed at Bekasi District Court Secretariat on April 5, 2019. As of the completion date of the consolidated financial statements, the aforementioned case is still under review by the Bekasi District Court.

h. CTDA (Defendant II) and other Defendants vs H. Husin bin Madi as Plaintiff and other Plaintiffs in relation to land dispute over 9.240m^2 located in Kel. Rawa Terate, Kec. Cakung, East Jakarta. This claim was filed at East Jakarta District Court Secretariat on June 25, 2019. As of the completion date of the consolidated financial statements, the aforementioned case is still under review by the East Jakarta District Court.

The Company's management believes that the above litigations will not have material effect and will not influence the going concern status of the Group and that these matters can be settled in accordance with the existing laws.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

37. EARNINGS PER SHARE

	Year ended December 31,	
	2019	**2018**
Profit for the year attributable to the owners of the Parent Entity	514,984,429	448,709,527
Weighted average number of shares for calculation of earnings per share	14,426,781,680	14,426,781,680
Earnings per share (full amount)	**35.70**	**31.10**

38. NON-CASH ACTIVITIES

Supplementary information to the consolidated statement of cash flows relating to non-cash activities is as follows:

	Year ended December 31,	
	2019	**2018**
Reclassification of undeveloped land to inventories in progress	153,190,751	-
Capitalization of borrowing costs to inventories	97,831,477	200,777,093
Acquisition of undeveloped land credited to:		
Advances	35,674,360	42,543,720
Other non current assets	25,710,861	-
Trade payable to third parties	5,322,011	-
Other payables	-	58,706
Reclassification of investment properties to:		
Inventories	19,575,939	-
Advances	10,236,525	-
Fixed assets	214,182	-
Reclassification of fixed assets to:		
Inventories	18,493,863	-
Investment properties	2,312,380	-
Fair value adjustment of financial instrument	16,589,737	7,525,059
Reclassification of invesment properties from undeveloped land	8,960,336	-
Acquisition of fixed assets and investment properties credited to:		
Other payables	7,978,565	-
Trade payables to third parties	6,696,191	-
Advance	5,085,294	-
Loans from banks and financial institutions	5,044,480	6,593,138
Decreasing of undeveloped lanf from land security deposit	7,839,260	-

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

38. NON-CASH ACTIVITIES (continued)

Supplementary information to the consolidated statement of cash flows relating to non-cash activities is as follows: (continued)

	Year ended December 31,	
	2019	**2018**
Reclassification of investment properties from advances	1,795,500	-
Reclassification of investment properties from Value added tax that cannot be credited	900,520	-
Reclassification of construction in progress-investment properties to inventories under construction	340,846	-
Reclassification of inventories to fixed assets	75,000	13,788,095
Reclassification of contruction in progress - investment properties from value added tax that cannot be credited	36,000	-
Reclassification of construction in progress-fixed assets to inventories under construction	-	4,026,242
Acquisition investment in subsidiary through debited other payable	-	100,000

39. SUBSEQUENT EVENTS

a. On February 4, 2020, the shareholders of CTDA agreed to decrease its authorized capital stock from Rp20,000,000 to Rp4,500,000 and its issued and fully paid capital stock from Rp5,000,000 to Rp1,127,000 with the par value of Rp1,000 (full amount) per share. SMRA subscribed for all of the decrease of 3,873,000 or amounting to Rp3,873,000. After the decrease of capital stock, the percentage of SMRA's ownership 99.99% and BHMS's ownership 0.01%. The decrease in authorized share capital and paid-up capital was notarized under deed No. 1 dated February 4, 2020 of Lalitaiswari Janapurti, S.H.

b. The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's results of operations and its financial position subsequent to the financial year end. The Group's is cognizant of the challenges posed by these developing events and the potential impact they have on the Group business sector. The Group will continuously assess the situation, work closely with the local authorities to support their efforts in containing the spread of COVID-19, and put in place measures to minimize impact to the Group business. As the situation is still evolving, the full effect of the COVID-19 outbreak is subject to uncertainty and could not be ascertained yet.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

40. RECONCILIATION LIABILITIES FROM FINANCING ACTIVITIES

Description	Beginning balance as of January 1, 2019	Cash flow		Difference in Foreign currency	Acquisition in non-cash	Amortization	Others	Ending balance as of December 31, 2019
		Cash flow in	Cash flow out					
Short term bank loan	Rp1,782,154,804	Rp2,883,727,558	(Rp2,524,760,051)	(Rp1,740,000)	-	-	-	Rp2,139,382,311
Long term debts - net	Rp4,024,463,486	Rp1,250,347,409	(Rp839,420,788)	(Rp4,628,188)	Rp5,044,480	(Rp9,518,290)	-	Rp4,426,288,109
Bonds payable and sukuk ijarah	Rp2,799,983,089	Rp696,287,500	(Rp1,100,000,000)	-	-	Rp7,590,962	(Rp525,400)	Rp2,403,336,151
Due to related parties	Rp1,540,354	Rp94,637,830	-	-	-	-	-	Rp96,178,184

Description	Beginning balance as of January 1, 2018	Cash flow		Difference in Foreign currency	Acquisition in non-cash	Amortization	Others	Ending balance as of December 31, 2018
		Cash flow in	Cash flow out					
Short term bank loan	Rp905,840,236	Rp2,178,563,691	(Rp1,305,048,123)	Rp2,799,000	-	-	-	Rp1,782,154,804
Long term debts – net	Rp3,794,645,054	Rp781,563,181	(Rp534,516,985)	Rp7,608,768	Rp6,593,138	(Rp2,743,716)	(Rp28,685,954)	Rp4,024,463,486
Bonds payable and sukuk ijarah	Rp3,283,223,871	Rp412,496,005	(Rp900,000,000)	-	-	Rp7,906,930	(Rp3,643,717)	Rp2,799,983,089
Due to related parties	Rp125,909,333	-	(Rp124,368,979)	-	-	-	-	Rp1,540,354