

**PT Swadaya Indopalma (KPN Group)**  
**SUMMARY PRINCIPAL TERMS AND CONDITIONS**  
**October 22, 2022**

This summary of indicative terms and conditions (the "Term Sheet") is not meant to be, nor shall it be construed as, an attempt to define all of the terms and conditions of the described transaction. Rather, it is intended to outline certain basic points of business understanding upon which the financing contemplated herein would proceed. The terms and conditions set out in this Term Sheet are for discussion material purpose only and subject to satisfactory documentation and legal due diligence. The structure proposed herein has been formulated with a view to complying with what is believed to be the Borrower's requirements. However, no representation is made that the structure proposed is appropriate for the Borrower or its affiliated companies and the Borrower should seek its own legal and other professional advice as to the appropriateness of the structure and its impact on the Borrower or any of its subsidiaries or affiliates.

- Borrower** : PT Swadaya Indopalma ("SIP" or "Borrower")
- Lender** : PT Bank OCBC NISP Tbk ("Bank" or "Lender")
- Facility Type, Purpose and Limit** : 1. **NEW** Committed Term Loan Facility with maximum limit of equivalent to IDR 206.000.000.000,-, comprising of:
- **Tranche A**  
**Maximum of IDR 137.500.000.000,-**, for refinancing Borrower's outstanding facilities at Bank BNI ("BBNI") based on latest confirmation letter provided by Bank Negara Indonesia (BNI) thereafter, **whichever is lower**. Non-utilized limit is not available for further drawdown.  
*\*) o/s per September '22 was approximately IDR 137.500.000.000 as informed*
  - **Tranche B**  
**Maximum of IDR 68.500.000.000,-** for refinancing Borrower's existing shareholder and/or affiliated loan previously on the plantation development.
- Total outstanding** for Tranche A and B shall not exceed IDR 206.000.000.000,- at all time.
2. **NEW** Demand Loan Facility with maximum limit of IDR 25 bio for Borrower's working capital purposes;
3. **NEW** Omnibus FX Line (Spot, Forward up to 1 year) with notional amount of USD 5 mio for Borrower's hedging purposes.
- Final Maturity Date** : Committed Term Loan Facility:  
**7 (seven) years** from Facility Agreement date
- Demand Loan Facility and Omnibus FX Line:  
**1 (one) year** from Facility Agreement date
- Availability&Grace Period** : Tranche A and B:
- Availability Period (AP): **1 (one) month** from Facility Agreement date;
  - Grace Period (GP): **Not available**.
- Fees and Pricing** : Committed Term Loan Facility:
- a) **Upfront Fee: 1.00% flat** of Total Facility Amount of Tranche A-C, payable in 2 (two) installments during Y2022;

b) **Commitment Fee:** [0.25]% flat. Payable 3 working days from end of period.

c) **Interest Rate:** 7,50% p.a (floating) - subject to monthly review

Demand Loan Facility:

a) **Upfront Fee:** 0.25% flat of Total Facility Amount;

b) **Interest Rate:** 7.25% p.a. (Subject to monthly review).

**Interest Payment** : Monthly and shall be calculated based on actual number of accrued days and on basis of a 360-days / year.

**Repayment Schedule** : Committed Term Loan Facility:  
**Equal amortization** over 7 years

**Financial Covenants**

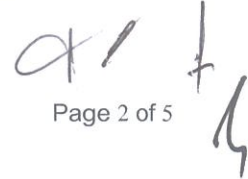
| No | Financial Covenants  | Definition   |
|----|--|--|
| 1  | Maximum Adjusted Debt to Equity Ratio ("DER") in<br>- 2022 = 5.0x;<br>- 2023 = 4.0x;<br>- 2024 onward = 3.5x.              | - Adj. DER = Adjusted Total Liabilities divided by Adjusted Tangible Network;<br>- Adj. Total Liabilities = Total Liabilities – Subordinated Shareholder Loan;<br>- Adj. Network = (Network + Subordinated Shareholder Loan) – Loan to related parties which is not for day to day business. |
| 2  | Minimum Debt Service Coverage Ratio ("DSCR"): 1.10x.   | - Debt Service Coverage Ratio = EBITDA divided by [Interest + Current Portion Long Term Debt].   |
| 3  | Maximum Net Debt to EBITDA in<br>- 2022 & 2023 = 5.0x;<br>- 2024 & 2025 = 4.5x;<br>- 2026 & 2027 = 4.0x;<br>- 2028 = 3.5x. | - EBITDA = Operating Profit/(Loss) + Depreciation + Amortization + other non-cash items in COGS and SGA only (+Gross Interest Expense, in a case where Gross Interest Expense is posted at the operating expense level);   |
| 4  | Minimum Current Ratio: 1.10x.  | - Net Debt = All Interest Bearing Debt less Cash Available;  |
| 5  | Maintain Positive Adjusted Net worth during facility tenor.  | - Current Ratio = Current Assets to Current Liabilities.   |
| 6  | Minimum Security Coverage Ratio 125% during facility tenor (excluding Omnibus FX Line).                                    |  |

Financial Covenants shall be tested quarterly, maximum 3 months after quarter end and based on consolidated In-House/Audited Financial Statement.

**Securities** : Committed Term Loan and Demand Loan Facilities

Including but not limited to the followings:

- 1<sup>st</sup> rank mortgage over 6,130 Ha plantation area, including the infrastructure and CPO mill(s) under the SHGU of SIP;
- Letter of Undertaking (LoU)\* from Bapak Martua Sitorus, the LoU will only applies until perfection of mortgage and fiduciaries **is completed**;
- Fiduciary over Inventory with pledged amount of IDR 12.5 bio;
- Fiduciary over Account Receivable with pledged amount of IDR 12.5 bio;
- Pledge over Borrower's account(s) in Bank OCBC NISP;





6. Any other relevant further information subject to Bank's final approval.

*\*)LoU covers any Cash Deficiency circumstances, and transition time during perfection of mortgage. Content of LoU or Cash Deficiency Guarantee may reflect existing one used to cover existing loan for WKN,GAN,SUM, PLD, NJP,AJP granted by OCBCNISP.*

## Conditions Precedent

- : Customary for a transaction of this nature and shall include, but not limited to:
1. Satisfactory execution of Facility Agreement;
  2. Satisfactory of all relevant account(s) opening and payment related to the Facility;
  3. Satisfactory placement of LoU from Bapak Martua Sitorus;
  4. Submission of written commitment confirmation from KPN Group or Borrower's Ultimate Beneficial Owner to support Borrower in relation to its financial obligation to the Bank.

## Drawdown Conditions

- : Customary for a transaction of this nature and shall include, but not limited to the followings:

### Committed Term Loan Facility:

#### **Tranche A**

- Submission of the following documents in 3 (three) business days prior to the drawdown date:
  1. Drawdown Notice;
  2. Confirmation letter from Bank Negara Indonesia (BNI) pertaining latest outstanding for financing;
- **Condition Subsequent:** submission of copy of letter from BNI stating that the loan outstanding in BNI has been repaid within 10 (ten) days from the drawdown date.

#### **Tranche B**

Submission of the following documents in 3 (three) business days prior to the drawdown date:

1. Drawdown Notice;
2. Submission of Statement Letter duly signed by Borrower's Director regarding the amount of Shareholder and/or Affiliated Loan\*) which will be refinanced. Outcome of the refinancing must be reflected in SIP's next quarterly in-house report.

*\*) The affiliated loan shall not be from the existing borrowers in Bank OCBC NISP (i.e. PT Wawasan Kebun Nusantara, PT Graha Agro Nusantara, PT Alam Jaya Persada, PT Putralirik Domas, PT Sumatera Unggul Makmur, PT Nusa Jaya Perkasa and PT Swadaya Indopalma).*


### Demand Loan Facility:

Submission of the following documents in 3 (three) business days prior to the drawdown date:

1. Drawdown Notice;
2. Maximum clean period is 6 months from Drawdown Date.

## Conditions Subsequent

- : Execution of the following security documents at the latest **120 (one hundred twenty)** working days after utilization of Tranche A:
1. 1<sup>st</sup> rank mortgage over 6,130 Ha plantation area, including the infrastructure and CPO mill(s) under the SHGU of SIP;

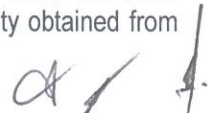


Execution of the following security documents at the latest **90 (ninety) working days** after utilization of Tranche A:

1. Fiduciary over Inventory with pledged amount of IDR 12.5 bio;
2. Fiduciary over Account Receivable with pledged amount of IDR 12.5 bio;

## Undertaking and Covenants

- : Customary for a transaction of this nature and shall include, but not limited to the following:
1. Submission of the following documents:
    - (i) Quarterly In-House Financial Statement, within 90 days of the end of its financial quarter of each Borrowers;
    - (ii) Annual Audited Financial Statement, within 180 days of the end of its financial year;
    - (iii) Quarterly Internal Operational Report, within 90 days of the end of its financial quarter of each Borrowers. The report shall consist of production report as well as Purchase and Sales Report (including volume and prices) of FFB (in kg) and CPO (in Ton) and PKO (in Ton).
    - (iv) Submission of Appraisal Report, on every year for internal (by Bank's internal appraisal team) and biennially for independent (by appointed KJPP from Bank's panel list);
  2. Written notification on change in Board of Director or Board of Commissioner, within 30 working days of the event date;
  3. All shareholder loan(s) must be subordinated **except for shareholder loans portion refinanced using Tranche B;**
  4. During loan period, Mr. Martua Sitorus and his immediate family undertakes to maintain their current direct and indirect controlling ownerships';
  5. No liquidation or merger or acquisition or joint venture without prior written consent from the Bank;
  6. No reduction in the Retained Earnings or Paid Up Capital without prior written consent from the Bank;
  7. Dividend and next shareholder loan payments are permissible subject to no breaches on any financial covenants, and **50% of the payout must be used to reduce Bank's outstanding;**
  8. **Cash-waterfall mechanism is applied** where all Income must be channeled to revenue account with immediate effect using following mechanism: 1. **First deduction**, will be for monthly principal and interest instalment; 2. **Second deduction** for DSRA, with a minimum amount of one-time of Principal and Interest payment. Balance will be blocked; 3. Remaining fund left can be used for operational purposes by Borrower;
  9. Availability of adequate insurance coverage with Banker's Clause from approved Insurance Companies to insure the CPO mills as applicable;
  10. No change of business activities;
  11. No asset sale or rent or lease or by any other means transfer any borrower's assets except for normal business activity;
  12. No new or additional indebtedness from financial institution and no guarantee to other party without prior written consent from the Bank;
  13. No loan to other party (including related party) and no advance payment to other party (including related party) without prior written consent from the Bank, except for normal business activity;
  14. Not allowed to provide or pledge any collateral derived from borrower's assets without prior written consent from the Bank, except for collateral which has been informed to the Bank previously and provided prior to credit facility obtained from the Bank;






## OFFERING LETTER



15. Funding Balance, Account Activities, and Account Throughput must be placed and routed through the Bank. This will be tested on quarterly basis against the Borrower's sales and 1<sup>st</sup> testing period will be started by 6 months after Facility Agreement date.

16. Company/ affiliation/ shareholder to use Bank OCBC NISP's payroll.

### Conditions Subsequent

: Signing and perfection of following mortgages on all plantation estates and availability of adequate insurance coverage with Banker's Clause to insure the Collaterals as applicable by **120 (one hundred twenty) working days** from Facility Agreement Date;

1. 1<sup>st</sup> rank mortgage over 6,130 Ha plantation area, including the infrastructure and CPO mill(s) under the SHGU of SIP;

Signing of the following security documents by **90 (ninety) working days** after utilization of Tranche A:

1. Fiduciary over Inventory with pledged amount of IDR 12.5 bio;
2. Fiduciary over Account Receivable with pledged amount of IDR 12.5 bio;

The above terms and conditions are general in nature. Detailed terms and conditions will be outlined in the Facility Agreement and General Terms & Conditions. If the above principal terms and conditions are acceptable, then please provide confirmation of your approval by giving your initials on each page and sign this Offering Letter on top of the company stamp and return to us no later than 10 (ten) working days after the date of this letter.

**IN WITNESS WHEREOF** the parties have caused this Indicative Term Sheet to be duly executed by their duly authorized officer(s) or representatives the day, month and year written herewith.

SIGNED by :  
for and behalf of the:  
**PT Bank OCBC NISP Tbk**  
In the presence of

*Adi W. Reksoprodjo*

Adi W. Reksoprodjo  
Business Head, Corporate Banking

We agree and accept the above terms and conditions:

1 SIGNED by :  
for and behalf of the  
**PT SWADAYA INDOPALMA**  
In the presence of

**AGUNG BUDI SUSANTO**  
Direktur

