



## **Project Appraisal Memorandum Project Finance**

**PT Indosat**

**Application Committed RCF with amount up to IDR400 billion and  
tenor up to 3 years. Part of joint lending with SMI totaling to  
IDR700 billion.**

**ISAT-ISA092-07TOSF**

**19-Desember-2018**

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### Part I - Dashboard

#### A. Project

Project Description	Application Committed RCF with amount up to IDR400 billion and tenor up to 3 years.
Sector – Sub Sector	ELECTRICITY - ROAD SUPPORTING FACILITIES
Project Cost	IDR 7,500,000,000,000.00
Project Scope	Cash Deficiency Support Facility

	<p>As a common occurrence in newly operating toll road, cash deficiency will likely to occur within the first few years of operations as traffic from revenue will be unable to cover operating expense, interest expense and principal payment. In this case, based on our financial projection, under the base case scenario, ABC is assumed to require cash deficiency support of IDR 800 billion for the first two years of operation and additional IDR 1.6 trillion in the next 9 years.</p>
Project Structure	<p>ABC is the BUJT/ Toll Road Concession Holder of ABC Toll Road. ABC was established on 15 June 2006 and is the concession holder of ABC for up to 40 years (until 2057).</p> <p>On 22 February 2016, DEF through XYZ, as per the direction of Minister of State Owned Enterprise was asked to participate in accelerating the development and construction of Trans Java toll road projects and thus, DEF completed the acquisition of 60% ownership of ABC from the previous shareholders. The remainder 40% is still owned by SMJ. Both DEF and SMJ are existing clients of IIF with good account conduct.</p> <p>XYZ was incorporated in June 2014 and is the subsidiary of PT DEF (Persero) Tbk, a major state-owned construction company. Currently, XYZ is the owner of 18 toll road concessions with over 1,000 km in length. On February 2017, XYZ welcomed state-owned infrastructure financing company PT Sarana Multi Infrastruktur (SMI) and state-owned pension insurance firm PT Taspen as its shareholders through PINA (Non State Funding Mechanism) by Bappenas. This highlights synergy between State Owned Enterprises (SOEs) and government's intention in accelerating infrastructure projects.</p> <p><b>SMJ</b> is the founding company of the <b>Mitra Jaya Group</b>("MJG"). MJG is wholly owned by Mr. Sumitra Gowindasamy (Indonesian Citizen). Based on Globe Asia magazine in June 2016, he is the 92<sup>nd</sup> richest person in Indonesia with total net worth of USD 430mn. Beside construction and mining business, he has since diversified into palm oil plantations, crude palm oil mill, the packaging industry and ink production.</p> <p>As of end of June 2018, the project has reached 99% completion with regards to land acquisition and construction progress on average has reached over 80%. The Project was functional starting 8 June 2018 for Idul Fitri holiday.</p> <p>ABC entered into EPC Contract with DEF for the procurement of construction work Pemalang – Batang toll road package I, II and IV on 31 March 2016 and entered into EPC Contract with SMJ for the procurement of construction work Pemalang – Batang toll road package III on the same day.</p>
Deal Strategy	<p>We intend to replace the existing short term loan of DEF with a Senior Loan and a Cash Deficiency Support Facility ("CDS") in ABC.</p> <p>It is common for toll road projects to have cash deficiency during first years of operation as traffic needs to ramp up before it can generate enough revenues to cover the costs of operation and payments of principals and interests.</p> <p>We propose for IIF to participate in the Cash Deficiency Support Facility due to the following reasons:</p> <ol style="list-style-type: none"> <li>1. To participate in providing funding of an infrastructure project that is part of Trans Java Toll Road and listed in Acceleration of National Strategic Project;</li> <li>2. To participate in projects with acceptable risk/reward profile. From risk perspective, although the project is greenfield in nature, we are coming to the project at the time when risks can be considered as minimal. With regards to land acquisition, as of end of June 2018, 99% of total land required has been</li> </ol>

	<p>acquired. Construction progress on average has reached over 80% and the Project is functional (can temporarily be used) starting 8 June 2018 for Idul Fitri holiday only. In addition, ABC is located in a densely populated Central Java and the interconnectivity of toll roads in TransJava toll road will likely to increase traffic volume to ABC;</p> <p>From return/ reward perspective, comparable return with equity and pari passu collateral, funding and strategic support from Government of Indonesia through Bappenas and strength of sponsors also provide additional comforts for the Project.</p> <p>While the CDS Facility has 17 year tenor, we view the Facility as quasi equity with acceptable return (13.5% return versus valuation using CAPM with ranges of 13.9% - 14.9%. We also view that given the recent trend of toll road divestment at 1.5x – 2x of project cost, divesting its shares in ABC or its shares in other toll road projects within XYZ will provide reassurance that XYZ will generate enough cash to cover its cash flow needs in the next few years.</p> <p>3. To continue our support for existing clients by providing project based loan and deepening our relationship with major player in infrastructure sector - XYZ and DEF;</p> <p>4. To perform our role as a catalyst in the infrastructure financing sector by providing financing type that traditional banks are not able to provide while at the same time making sound judgement in investment.</p> <p>* Notes: BOD IC has approved for IIF to participate in the new Senior Term Loan BNI Sindikasi II for ABC in the amount of IDR 200 billion and currently in the final documentation stage. Signing of the Senior Term Loan BNI Sindikasi II is expected on mid August 2018.</p>
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## B. Borrower

Project Company	PT Indosat Tbk			
Project Sponsors	Project Company	Project Sponsors		% ownership
	PT Indosat	PT SMJ		40.00
		PT XYZ		60.00
Ultimate Beneficial Owner	PT Indosat Tbk			
Rating	IIF Rating	External Rating	S&E Category	LQC/BI Checking
	IIF1 Rating Date: 19 Des 2018	S&P: N/A Moody's: Aaa Fitch: AAA Pefindo: idA	A-I	1 - Current / Lancar
Other Information	<p><b><u>National Strategic Projects (First Arterial Road Serving the Area)</u></b></p> <p>Since the issuance of the Presidential Regulation No. 3/2016 re: the acceleration in the implementation of national strategic projects with Trans Java toll roads included in the list of projects, 500 kms of Trans Java toll roads has been constructed, 180 kms had reached commercial operation and 260 kms was functional (temporarily in operation) starting on 8 June 2018 for Idul Fitri holiday. Of the 1,162 kms total length of Trans Java toll road, over 1,000kms will reach commercial operation by end of 2018, a testament to the significant impact of acceleration.</p> <p>For Pematang-Batang, the construction of ABC Toll Road marks the presence of an arterial road or arterial thoroughfare which is a public road that serves major transportation vehicles with long-haul traits, high average speeds, and a limited number of access roads at the highest level of service possible. Other than the over congested Pantura, there was no arterial road presence in ABC prior to ABC project.</p> <p><b><u>PINA (Non State Funding Mechanism) by Bappenas</u></b></p>			

	<p>On the financing side, the government provides its support through National Development Planning Board (Bappenas) by introducing PINA mechanism. PINA (Pembiayaan Investasi Non APBN or Non State Funding) intended to speed up financing for infrastructure development, complements existing schemes for private-public partnerships (PPPs), such as viability gap funds (VGF) and availability payment (AP). On February 2017, through PINA mechanism, state-owned infrastructure financing company PT Sarana Multi Infrastruktur (SMI) and state-owned pension insurance firm PT Taspen had distributed early equity of Rp 3.5 trillion, bringing total equity to Rp 9.5 trillion of the Rp 16 trillion needed.</p> <p>Under the PINA scheme, cash from pension funds, for instance, will be channeled into an intermediary, which will later issue bonds. Proceeds from bond sales will be used to buy equity in companies executing infrastructure projects. Once the infrastructure becomes operational, the intermediary will sell the equity.</p> <p><b><u>LMAN for Land Acquisition</u></b></p> <p>Land acquisition is a significant hurdle faced by the Indonesian authorities in infrastructure development. To overcome to this hurdle, the Government established LMAN. Lembaga Manajemen Aset Negara (“LMAN”) / State Asset Management Agency was established on 16 December 2015 by the House of Representatives as a public service agency under the Finance Ministry’s Directorate General of State Assets. It has been tasked to assist with the heavy task of procuring land required - by funding and the utilization of land banks as well as pay compensation for land acquisition to support the government’s infrastructure development programs.</p> <p>The presence of LMAN is supposed to speed the process of land procurement and ease the financing burden due to its quicker turnaround. The government allocated the agency state capital worth Rp 16 trillion (US\$1.2 billion) and Rp 20 trillion in the 2016 and 2017 state budgets, respectively.</p>
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### C. Proposal

Purpose	Cash Deficiency Support Facility To finance any cash deficiency incurred from Project after Commercial Operating Date (“COD”) of the Project.	
Approval Authority	BOC-IC	
Facility	Type	Amount
	Senior Term Loan	IDR 600,000,000,000.00
	Remarks : Maximum 222 (two hundred twenty two) months since the Facility Agreement Date or 60 (sixty) months since the full repayment of facility according to: (i) Syndication Credit Facility Agreement (Conventional) No. 37 dated 24 May 2017	
Group Exposure	IDR 600,000,000,000.00	
Remarks	<p>IIF currently have exposure in both ABC’s Sponsors SMJ and DEF.            For SMJ group, the proposed transaction will increase SMJ’s group exposure to become IDR570 bn</p> <p>For DEF group, after the proposed transaction DEF’s group exposure will become IDR 645 bn which includes IDR 165 bn in Waskita Sangir Energy and IDR120bn in Senior Term Loan Facility of ABC).</p> <p>IDR 800 bn in DEF due in 30 April 2018 and was extended until its final maturity in 31 October 2018. In the FA Addendum to DEF, there is a clause that DEF must make mandatory prepayment should IIF is to enter into a lending agreement with party from DEF group. We are proposing an adjustment to the clause and requesting that mandatory prepayment must be made prior to first drawdown made by ABC (instead of prior to signing of the Facility Agreement).</p>	

Tenor	5 year(s) 2 month(s)	
Average Loan Life	5 year(s) 3 month(s)	
Pricing	Interest Rate	<p>Amounting to annual interest rate of Syndication Credit Facility ("<b>Syndication Interest Rate</b>") + 3% (three percent) p.a.</p> <p>Syndication Interest Rate equals to Reference rate (LPS) + 4.25% p.a.</p> <p>Payment of the Interest Rate shall be paid with the followings conditions:</p> <p>a. During Grace Period:</p> <ul style="list-style-type: none"> <li>- Interest rate at [3% (three percent)] p.a shall be paid during the Grace Period; and</li> <li>- Interest Rate at unpaid Syndication Interest Rate will be [compounded or capitalized <a href="#">[AJT1]</a> ] which will be calculated using Syndication Interest Rate + 3% (three percent) p.a ("<b>Accumulated Syndication Interest Rate</b>") and shall be paid by Borrower after the Grace Period.</li> </ul> <p>b. After Grace Period:</p> <ul style="list-style-type: none"> <li>- Syndication Interest Rate + 3% (three percent) per annum, added with the payment of Accumulated Syndication Interest Rate in pro-rata.</li> </ul>
	Commitment Fee	[1]% p.a. of the undrawn Facility Amount. Commitment fee is calculated based on daily average of undrawn portion during Availability Period.
	Facility/Upfront Fee	[1]% flat of the Facility Amount, payable at 5 (five) Business Days after the Signing Date, or at the initial drawdown date, whichever is the earlier.
	Structuring Fee	[1]% flat of the Facility Amount, payable at 5 (five) Business Days after the Signing Date, or at the initial drawdown date, whichever is the earlier.
	Arranger Fee	[1]% flat of the Facility Amount, payable at 5 (five) Business Days after the Signing Date, or at the initial drawdown date, whichever is the earlier.
Collateral	<p>Cross collateral with the collateral for Senior Lender. Additionally, the collateral is pari passu with Lender to be elaborated further in the Security Sharing Agreement, which includes:</p> <ol style="list-style-type: none"> <li>1. Toll Road Concession Rights based on the Toll Concession Agreement of ABC, which irrevocable power of attorney to the Lender to appoint third parties as a toll road operator;</li> <li>2. All operational invoices and revenues from the operation of the toll road (other ventures pertaining to the Project) to be secured with fiduciary over receivables;</li> <li>3. Pledge of Borrower's accounts and its related Power of Attorney, including but not limited to Revenue Account, Debt Service Reserve Account, Debt Service Account, Operational Account, and Excess Cash Account ("<b>Project Account</b>");</li> <li>4. Proceeds from Insurance Claims, to be secured with fiduciary over proceeds of insurance claim;</li> <li>5. Proceeds of bank guarantee claim to be secured with fiduciary over proceeds of bank guarantee claim;</li> <li>6. Corporate Guarantee from PT Sumber Mitra Jaya;</li> <li>7. Corporate Guarantee from PT XYZ;</li> </ol>	

	<p>8. Pledged of ABC shares owned by sponsors along with power of attorney to vote and power attorney to sale shares;</p> <p>(Collectively referred to as the <b>”Security Document”</b>).</p> <p>[Note: In addition to the above, the shareholders of ABC (joint and severally) agree to provide cash deficiency support, cost overrun and to maintain positive equity in a term of notarial deed of shareholders general meeting. In the notarial deed of shareholders general meeting, shareholders also provide assurance that the interest payment and principal repayment schedule are being kept on time until full repayment of the Facility.]</p>
Other Conditions	<p>ABC will incorporate IIF mandatory clauses and Corrective Action Plan of the Project in separate side letter to be signed by IIF and ABC. We have been in discussion with the Borrower and a draft of the side letter has been presented to ABC for their review.</p> <p>The side letter will include statement from ABC that they will be in compliance with: Corrective Action Plans for Social and Environmental; IIF’s Principles; IIF’s Procurement procedure;</p> <p>ABC will also ensure that they will not be involved/ participate in Sanctionable Practices (either directly or indirectly).</p>
Exception to IIF Policy	<p>Please refer to part II. G for rationales to proposal.</p> <p>Per portfolio monitoring guideline, the limit for IIF-4 rating is IDR 491 billion. Thus, proposing IDR 600 billion Cash Deficiency Support Facility along with the previously approved IDR 200 billion Senior Term Loan Facility will require asking for waiver from BoC-IC.</p>
Review Period	Semi-Annual

#### D. Recommendation

##### Key Investment Consideration

- **Participate in providing funding of an infrastructure project that is part of Trans Java Toll Road and listed in Acceleration of National Strategic Project**

We are financing the Project which is considered key for the Government’s initiatives in rolling out the toll road infrastructure across Indonesia. The operational schedule of the Project has been accelerated by the Government.

- **A project with acceptable risk/ reward profile**

Although the project is greenfield in nature, we are coming to the project at the time when risks can be considered as minimal. With regards to land acquisition, as of end of June 2018, 99% of total land required has been acquired. Construction progress on average has reached over 80% and the Project was functional starting 8 June 2018 for Idul Fitri holiday. In addition, ABC is located in a densely populated Central Java and the interconnectivity of toll roads in TransJava toll road will likely to increase traffic volume to ABC. As the first and only arterial road in Pemalang, ABC is well positioned to get traffic.

While the CDS Facility has 17 year tenor, we view the Facility as quasi equity with acceptable return (13.5% return versus valuation using CAPM with ranges of 13.9% - 14.9%. We also view that given the recent trend of toll road divestment at 1.5x – 2x of project cost, divesting its shares in ABC or its shares in other toll road

projects within XYZ will provide reassurance that XYZ will generate enough cash to cover its cash flow needs in the next few years.

Pari passu collateral, funding and strategic support from Government of Indonesia through Bappenas and strength of sponsors also provide additional comforts for the Project.

- **Continue our support for existing clients and major players in infrastructure sector by providing project based loan**

By providing facilities to ABC, we continue our support to DEF through XYZ and Sumber Mitra Jaya who have been our client since 2016 and 2017 respectively.

- **Performing IIF role as a catalyst - Cash Deficiency Support Facility**

By providing a product not readily available in the market, CDS, we help ABC to become more bankable and allow IIF perform its role as a catalyst in the infrastructure financing sector by providing financing type that traditional banks are not able to provide while at the same time making sound judgement in investment.

#### Recommendation

Based on the assessment, we recommend for IIF to participate in the Cash Deficiency Support Facility of IDR [600] billion with 17.5 year tenor and to approve the new terms and conditions set out in the proposed Indicative Term Sheets.

Account Responsible	Deal Team	CIO
	Edo Yuliandra Alessandra Syukrika	Harold Tjiptadjaja



## Part II – Project Analysis

### Part II – Project Analysis

#### A. Analysis of the deal

##### A1. Rationale of the deal

In February 2016, DEF through its subsidiary, XYZ took over the controlling shares in ABC, after injecting IDR 220 bn worth of shares into ABC. Currently, the ownership of ABC is shared between XYZ (60%) and SMJ (40%). The Project covers a distant of 39.2 km with total project cost of IDR 7.5trillion and concession period of 40 years. ABC started the construction of a 39.2 km Pemalang – Batang toll road with a groundbreaking ceremony in June 2016. The project was Some importance of the Project is as follows:

##### **Participate in providing funding of an infrastructure project that is part of Trans Java Toll Road and is listed in Acceleration of National Strategic Project**

Based on the Presidential Regulation No. 3/2016 re: the acceleration in the implementation of national strategic projects, Pemalang-Batang toll road was listed as one of the national strategic. The Project is strategically located within the heavy populated Java Island. The operational schedule of the Project has been accelerated by the Government.

For Pemalang-Batang, the construction of ABC Toll Road marks the presence of an arterial road or arterial thoroughfare which is a public road that serves major transportation vehicles with long-haul traits, high average speeds, and a limited number of access roads at the highest level of service possible. Other than the over congested Pantura, there was no arterial road presence in ABC prior to ABC project.

##### **A project with acceptable risk/ reward profile**

Although the project is greenfield in nature, we are coming to the project at the time when risks can be considered as minimal. With regards to land acquisition, as of end of June 2018, 99% of total land required has been acquired. Construction progress on average has reached over 80% and the Project was functional starting on 8 June 2018 for Idul Fitri holiday. In addition, ABC is located in a densely populated Central Java and the interconnectivity of toll roads in TransJava toll road will likely to increase traffic volume to ABC.

Since the issuance of the Presidential Regulation No. 3/2016, 500 kms of Trans Java toll roads has been constructed, 180 kms reached commercial operation and 260 kms was functional (temporarily in operation) since 8 June 2018 for Idul Fitri holiday. Of the 1,162 kms total length of Trans Java toll road, over 1,000kms will reach commercial operation by end of 2018, a testament to the significant impact of acceleration.

While the CDS Facility has 17 year tenor, we view the Facility as quasi equity with acceptable return (13.5% return versus valuation using CAPM with ranges of 13.9% - 14.9%. We also view that given the recent trend of toll road divestment at 1.5x – 2x of project cost, divesting its shares in ABC or its shares in other toll road projects within XYZ will provide reassurance that XYZ will generate enough cash to cover its cash flow needs in the next few years.

For example, please see at the following illustration:

Project Cost	=	IDR	7.5
		trillion	
Debt Portion (70%)	=	IDR	5.25
		trillion	
Equity Portion (30%)	=	IDR	2.25
		trillion	
Price to Book Valuation with multiple of 2.0x	=	IDR	4.5
		trillion	
Selling 50% stake using new PB Valuation will be enough for CDS	=	IDR	2.25
		trillion	

Pari passu collateral, funding and strategic support from Government of Indonesia through Bappenas and strength of sponsors also provide additional comforts for the Project.

**Continue our support for existing clients by providing project based loan**

By providing facilities to ABC, we continue our support to DEF through XYZ and Sumber Mitra Jaya who have been our client since 2016 and 2017 respectively.

**Performing IIF role as a catalyst - Cash Deficiency Support Facility**

By providing a product not readily available in the market, CDS, we help ABC to become more bankable and allow IIF perform its role as a catalyst in the infrastructure financing sector by providing financing type that traditional banks are not able to provide while at the same time making sound judgement in investment.

**A2. General deal strategy**

We first signed with DEF for a one year, IDR 800 bn revolving credit facility on 31 October 2016. Following its expiration, we signed a short term loan with DEF with tenor of 6 months, extendable for another 6 months on 31 October 2017. Management team of DEF is fully aware that it is our extension to replace the IDR 800 bn short term loan with project based loan that is more directly support the development of infrastructure in Indonesia.

In addition, SMJ has been our client since July 2017.

We were first introduced by DEF to ABC in February 2018 and they presented the construction progress as well as the needs they have for financing. They need support in the form of Cash Deficiency Support (“CDS”) for the existing BNI led syndicated Facility and they need additional IDR 2 trillion of financing due to the increased project cost that has been approved by BPJT on a meeting dated December 2017. Note that the cost increase is due to approved change of technical scope of work due to soft soil handling and request from regional governments. DEF initially proposed for IIF to provide CDS fund up to 800 billion to cover the first two years of cash shortage.

By providing facility to ABC, IIF will be involved in project financing direct to toll road, which is part of the Strategic National Project, Trans Java toll road that have good sponsors.

It is common for toll road projects to have cash deficiency during first years of operation as traffic needs to ramp up before it can generate enough revenues to cover the costs of operation and payments of principals and interests starting in January 2019. As the grace period of BNI Sindikasi loan only takes place 6 months after COD or 24 months after signing (calculated to be May 2019) whichever happens first, ABC has projected need of cash deficiency support for the coming years.

In the first two years since COD (from 2018 – 2020), ABC will need cash deficiency support of IDR 600 billion which will be provided by IIF. However, the remaining cash deficiency support of IDR 1.8 trillion will be provided by ABC.

ABC Cash Deficiency (IDR mn)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Cash Deficiency	300,000	527,053	362,069	275,211	163,864	184,880	179,082	150,597	22,307	66,124	163,864

For the cash deficiency above, IIF is providing up to IDR [600] in 2018 and sponsors will provide the remaining IDR 1.8 trillion for the next 9 years

Based on the tenor of the Senior Term Loan, ABC will be able to start making repayments in 2030 (following full repayment of Senior Loan) and will fully repay its CDS in 2035.

#### Pricing of Cash Deficiency Support:

Cash Deficiency Support Facility:

(1) By Pricing Guideline

Not relevant. As the pricing guideline only provides margin for Senior Term Loan, which substantially has different structure and not comparable to the Cash Deficiency Support structure.

(2) Based on Market Price

a). using Capital Asset Pricing Model Formula (CAPM):

We compute the cost of equity in this industry as below:

$$\text{Cost of Equity} = R_f + \beta(R_m - R_f)$$

$$\text{Cost of Equity} = 7.561\% + 0.94 \times (7.79\%)$$

$$\text{Cost of Equity} = 14.88\%$$

**Assumptions:**

$R_f$  = Risk Free rate – Indonesian government bond yield curve 20 year tenor as of 5 June 2018

$\beta$  = average in the industry

EMRP = Equity Market Risk Premium, empirical study Damodaran.com.

As a comparison, we try an assumption with  $R_m$  (Market Return) value using the average growth of IDX Composite in the last 10 years (14.31%) as follows:

$$\text{Cost of Equity} = R_f + \beta(R_m - R_f)$$

$$\text{Cost of Equity} = 7.561\% + 0.94 \times (14.31\% - 7.561\%)$$

$$\text{Cost of Equity} = 13.91\%$$

b). Comparables based on Return on Equity (ROE)

Jasa Marga's 2017 ROE is 15.3%.

**Conclusion:**

Considering the return on equity based on CAPM and comparables that generate rate of return of 13.9%-14.9% and rate of senior term loan of 10.5%, we can conclude that 13.5% return for CDS is acceptable. Please note that the ROE of Jasa Marga, a toll road operator with more mature portfolio as they are mostly operating, is 15.3% thus it makes sense for our CDS in ABC to generate 13.5% return.

(3) CDS IRR

- a. From the total of 13.50% interest rate applied for CDS facility, 10.50% will be deferred until the maturity date of Senior Term Loan facility. It is rolled over in every interest payment date [compounded/ capitalized]. Remaining 3% of interest rate will be paid as cash interest payment, payable in monthly basis.

IRR CDS	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Cash Out</b>	(300,000)	(300,000)							
<b>Cash In</b>									
Principle Payment	-	-	-	-	-	-	-	-	-
Interest Payment	750	9,750	18,000	18,000	18,000	18,000	18,000	18,000	18,000
<b>Net Cash</b>	(299,250)	(290,250)	18,000	18,000	18,000	18,000	18,000	18,000	18,000
<b>IRR CDS</b>	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Cash Out</b>									
<b>Cash In</b>									
Principle Payment	-	-	-	287,795	431,692	431,692	431,692	431,692	143,692
Interest Payment	18,000	18,000	18,000	188,030	224,479	166,201	107,922	49,644	3,692
<b>Net Cash</b>	18,000	18,000	18,000	475,824	656,171	597,893	539,614	481,336	147,384

Based on the above cash projection, this scenario will present **CDS IRR of 13.88%**

- b. From the total of 13.50% interest rate applied for CDS facility, there will be no cash interest paid in monthly basis. It is fully deferred until the maturity date of Senior Term Loan facility.

IRR CDS	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Cash Out</b>	(300,000)	(300,000)							

<b>Cash In</b>									
Principle Payment	-	-	-	-	-	-	-	-	-
Interest Payment	-	-	-	-	-	-	-	-	-
<b>Net Cash</b>	(300,000)	(300,000)	-	-	-	-	-	-	-
<b>IRR CDS</b>	2027	2028	2029	2030	20231	2032	2033	2034	2035
<b>Cash Out</b>									
<b>Cash In</b>									
Principle Payment	-	-	-	347,165	520,747	520,747	520,747	520,747	173
Interest Payment	-	-	-	219,767	271,066	200,765	130,464	60,163	4
<b>Net Cash</b>	-	-	-	566,931	791,813	721,512	651,211	580,910	178

Based on the above cash projection, this scenario will present **CDS IRR of 13.94%**

#### Conclusion:

With the above IRRs, we can conclude that CDS interest rate of LPS rate + 4.25% + 3% (additional margin), or equivalent to 13.50% p.a. is still acceptable considering the IRR of this CDS facility is still higher than 13.50%.

#### A3. Deal structure (financing plan, required sources, project costs)

The total project cost is IDR 7.5 trillion (previously was IDR 4.1 trillion as stated in 2011 PPJT or IDR 4.9 trillion as noted in the proposal of BNI Sindikasi I on May 2017). This Increase in project cost has been approved to be part of investment costs and as stated in *Berita Acara Perubahan Rencana Usaha Pengusahaan Jalan Tol ABC Nomor 223/BA/Pt.6/2017* dated 14 December 2017. The approved increase in the project cost resulted in the increased amount of funding required. Currently, BNI and its syndication are raising additional IDR 2.0 trillion of funding (Senior Loan) for the project ("Investment Credit Phase II").

Uses of Fund	Cost (IDR mn)	Sources of Fund	Cost (IDR mn)
Construction Cost	4,764,124	<b>Equity Contribution from Sponsors 30%</b>	<b>2,249,375</b>
Toll equipment	34,046		
Design and AMDAL	31,506		
Supervision	38,784		
Escalation	1,086,466		
Contingency	-		
Value added tax	595,493		
Overhead cost	58,834	Investment Credit Syariah	500,000
Land Acquisition	180,000	Investment Credit Non Syariah	4,335,581
IDC	589,944	IDC Non Syariah	412,473
Finance Cost	118,720	<b>Total Bank Loans 70%</b>	<b>5,248,541</b>
<b>Total Uses of Funds</b>	<b>7,497,916</b>	<b>Total Source of Funds</b>	<b>7,497,916</b>

The uses of funds reflect the increase of project cost as below:

No	Assumptions	PPJT 2011	Budget Proposed in BNI Sindikasi I	Approved Amendment Dec 2017	% Increase
1	Construction Cost	2,269,661	3,568,921	4,764,124	110%
2	Toll equipment	34,046	51,000	34,046	0%
3	Design and AMDAL	29,506	29,506	31,506	7%

4	Supervision	38,584	38,584	38,784	1%
5	Escalation	559,429	171,021	1,086,466	94%
6	Contingency	115,185	-	-	-
7	Value added tax	304,641	385,903	595,493	95%
8	Overhead cost	58,834	58,834	58,834	0%
9	Land Acquisition	180,168	180,168	180,000	0%
10	IDC	418,173	323,882	589,944	41%
11	Finance Cost	68,967	68,967	118,720	72%
<b>Total Project Cost</b>		<b>4,077,194</b>	<b>4,876,786</b>	<b>7,497,916</b>	<b>84%</b>

The sources of funds reflect the increase of project cost as below:

	<b>Phase I Signed in May 2017</b>	<b>Phase II To be Signed in Q3 2018</b>	<b>Total (IDR mn)</b>
Investment Credit Syariah	500,000	-	500,000
Investment Credit Non Syariah	2,506,150	1,829,431	4,335,581
IDC Non Syariah	213,850	199,110	412,473
<b>Total Credit Facility (70%)</b>	<b>3,220,000</b>	<b>2,028,541</b>	<b>5,248,541</b>
<b>Equity (30%)</b>	<b>1,656,786</b>	<b>592,589</b>	<b>2,249,375</b>
<b>Total</b>	<b>4,876,786</b>	<b>2,621,130</b>	<b>7,497,916</b>

#### **A4. Expected Timeline**

#### **Cash Deficiency Support:**

The expected timeline for closing is August/ September 2018.

### **B. Project Description**

#### **B1. Project Background**

Pemalang – Batang Toll Road Project (“Project”) is part of the government’s Trans Java Toll Road Project (“TJTR”), which consist of 10 parts of toll roads which extends from Merak in the western Java province of Banten to Banyuwangi in East Java (Jalur Pantai Utara or Pantura). TJTR is considered as one of government’s land transportation solution to support logistic flow especially to ease the burden on Java’s northern coastal road, Pantura, which have been the island’s transportation backbone.

As a part of the Government’s incentives to enhance the national economy and to accelerate the development of road infrastructure and road network facilities, Pemalang – Batang toll road is established by SMJ and XYZ as a part of the Trans Java toll road that connects Pejagan – Pemalang that has been partly operational and Batang – Semarang that was functional on 8 June 2018 (temporarily) for Idul Fitri holiday. The establishment of this toll road is part of an effort to provide efficient transport system, in which Java North Coast is the primary arterial road that is no longer tamed as the optimal road network system that connects distribution services.

In 1995, SMJ was nominated as the winner for the Project and Jasa Marga has then granted the concession agreement to SMJ in 1996, hence SMJ became the 100% concession owner. Subsequently, SMJ had proposed the syndication facility from BNI to fund the project and start the land clearing process. However, monetary crisis occurred in 1998 and resulted in postponement of the project. The toll concession contract was renegotiated in 2005 in which SMJ was once again selected as the winner.

On June 2006, ABC Toll Road, as a company/ concession holder was established in June 2006.

On 7 July 2011, ABC signed *Perjanjian Pengusahaan Jalan Tol Pemalang – Batang* with Badan Pengatur Jalan Tol (“BPJT”), the authorized body to carry out the management and supervision of the majority toll road business in Indonesia. At that time, ABC was owned by SMJ by 45%, PT Langkah Hutama Perkasa by 45% and Countryside Investment Corp by 10%.

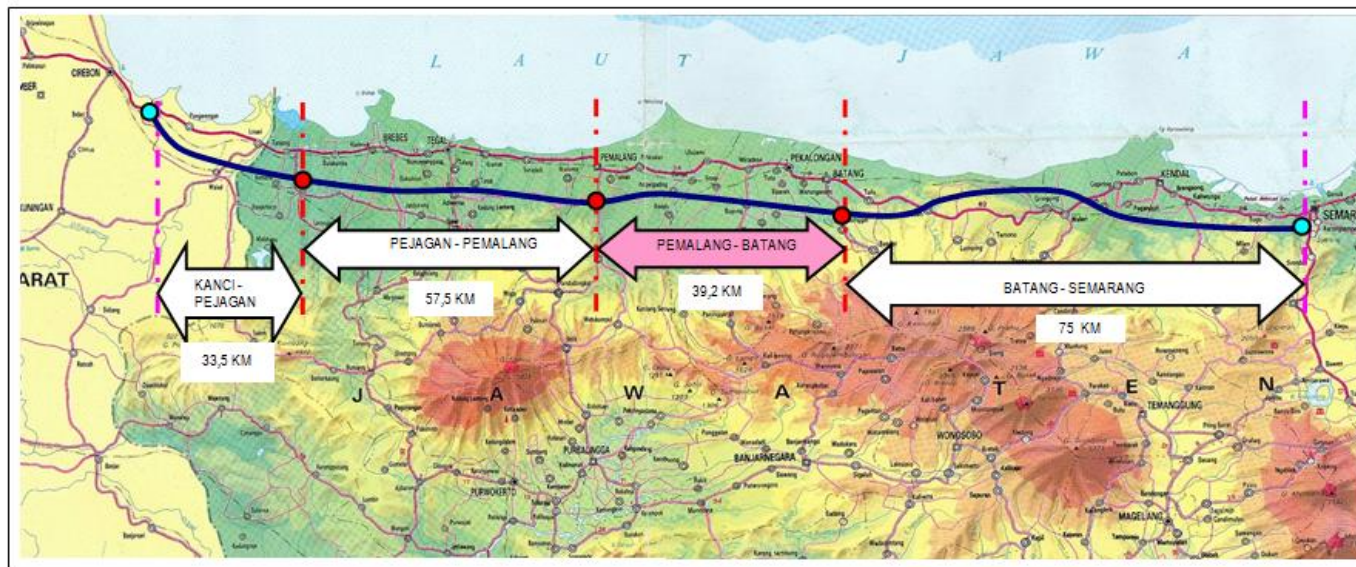
On 22 February 2016, DEF through XYZ, as per the direction of Minister of State Owned Enterprise was asked to participate in the development and construction of toll road projects in Java and thus, DEF completed the acquisition of 60% ownership of ABC from the previous shareholders. The remainder 40% is still owned by SMJ. Other than ABC, DEF through XYZ also owns ownership in several other Trans Java toll road projects such as Kanci-Pejangan, Pejagan-Pemalang, Pemalang-Batang, Batang-Semarang, Solo-Ngawi and Ngawi-Kertosono toll road projects.

On June 2016, ground breaking of the ABC project was conducted.

On December 2017, BPJT approved the increase in cost and indicated that the PPJT would soon be amended to reflect the approved increase cost.

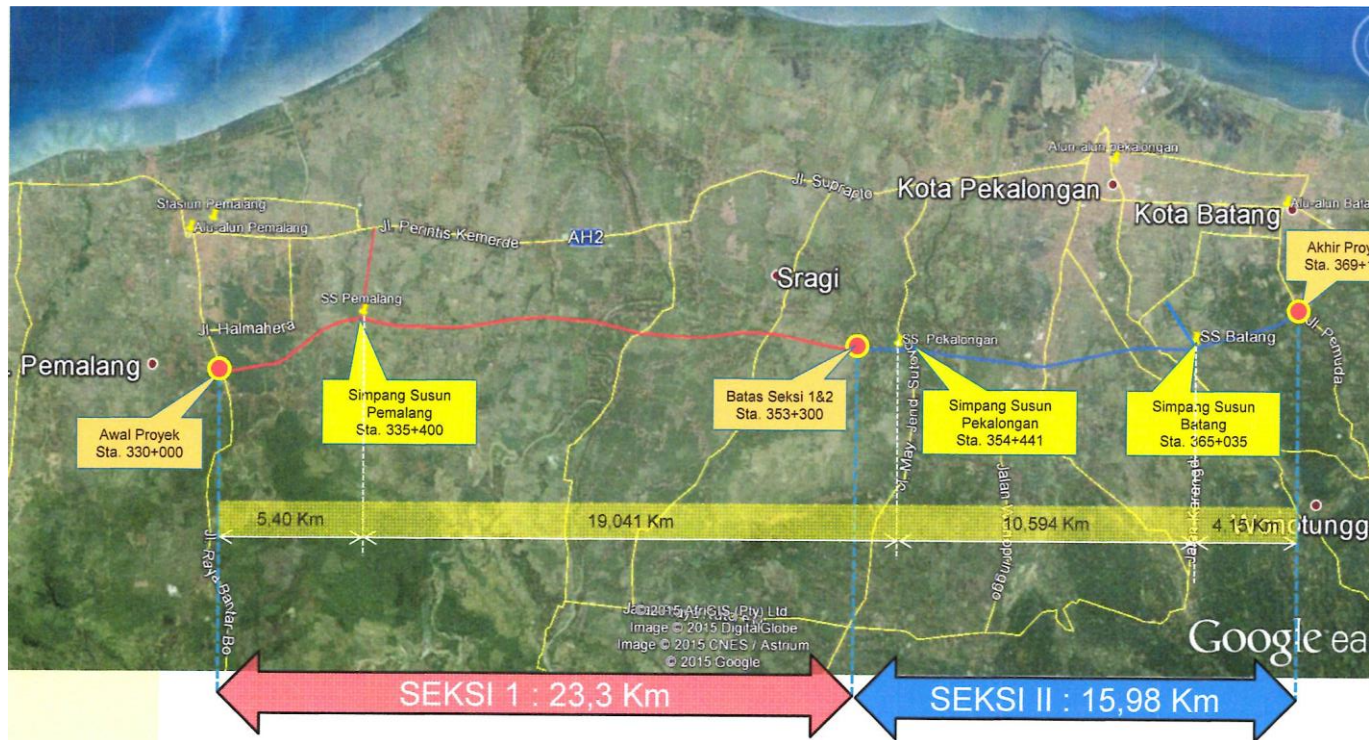
## **B2. Project Location**

Pemalang – Batang Toll Road Project (“the Project”) is part of the government’s 18 toll road concessions totaling of 1,162 km long Trans Java Toll Road Project (“TJTR”), which extends from Merak in the Western Java province of Banten to Banyuwangi in East Java. TJTR is considered as one of government’s land transportation solution to support logistic flow especially to ease the burden on Java’s northern coastal road, Pantura, which have been the island’s transportation backbone.



ABC stretches through three regencies in Central Java and they are Pemalang, Pekalongan and Batang.





### Land Acquisition

Below table points out the land acquisition progress as of 25 June 2018:

RUAS	PANJANG	TARGET		PROGRES LAHAN					
				S/D SAAT INI			SISA LAHAN		
		BID	LUAS	BID	LUAS		BID	LUAS	
	(km)	(Bh)	(m2)	(Bh)	(m2)	(%)	(Bh)	(m2)	(%)
Seksi 1(Pemalang - Pekalongan)	27.03	2,176	1,748,938	2,174	1,748,043	99.95%	2	895	0.05%
Seksi 2 (Pekalongan - Batang)	19.10	2,187	1,384,035	2,175	1,362,703	98.46%	12	21,332	1.54%
<b>Total</b>	<b>46.13</b>	<b>4,363</b>	<b>3,132,973</b>	<b>4,349</b>	<b>3,110,746</b>	<b>99.29%</b>	<b>14</b>	<b>22,227</b>	<b>0.71%</b>

### B3. Project Scope

The scope of the Project is defined as follows:

Criteria	Detail per 2011 PPJT (Basic Design)
Sections	Section 1 (Pemalang – Pekalongan) (23.3km) Section 2 (Pekalongan – Batang) (15.9 km)
Length	Main Road 39,2 km and access 8,9 km
Speed	120 km/hour
Lane	2x2
Lane Width	3,60 m (rigid)
Width Roadside (Outside)	3,00 m (flexible)

Width Roadside (Inside)	1,50 m (rigid)
Interchange	4 (1 additional on next stage)
Under Bridge	11
Number of Overpass	6
Number of Underpass	13
Box Traffic	37
Box Drainage	110

Changes to Basic Design:

Criteria	Detail per 2011 PPJT (Basic Design)	Amendment 2017 PPJT (Review Design)
Under Bridge	11	10
Number of Overpass	6	5
Number of Underpass	13	11
Box Traffic	37	46
Box Drainage	110	192

The project is divided into 4 different work packages. Package I, II and IV are being constructed by PT DEF (Persero) Tbk (“DEF”), the parent of PT XYZ (“XYZ”), 60% shareholder of ABC while package III is being constructed by PT Sumber Mitra Jaya (“SMJ”), a 40% shareholder of ABC. As most of the soil type found in package III is mostly soft soil, some of the work (5.3 km in length) originally allocated to package III(SMJ) is shifted to package II(DEF).

Changes to Package Length/ Aspect:

Package	Aspect (old)	Aspect (new)	Contractor	Work Type
I	Sta 330+000 – Sta 369+196	Sta 330+000 – Sta 369+196	DEF	All Structural
II	Sta 330+000 – Sta 336+500	Sta 330+000 – Sta 341+850	DEF	Road at Grade
III	Sta 336+500 – Sta 359+660	Sta 341+850 – Sta 359+660	SMJ	Road at Grade
IV	Sta 359+660 – Sta 369+169	Sta 359+660 – Sta 369+169	DEF	Road at Grade

As of 14 December 2017, a meeting to discuss Changes in Business Plan for Pemalang- Batang Toll Road Concession was conducted as stated in *Berita Acara Perubahan Rencana Usaha Pengusahaan Jalan Tol ABC Nomor 223/BA/Pt.6/2017* dated 14 December 2017.

The business plan changes emphasized that the scope of work change can be accommodated as an increase in investment cost (from IDR 4.9 trillion to IDR 7.5 trillion) as they fulfilled the following requirements: (i). request by governmental agencies in accordance with rules/ regulations and the needs of government/ people affected by the construction of ABC Toll Road and (ii). in accordance with conditions, needs, technical requirements of toll road.

The scope of work in the Final Engineering Review has been adjusted to reflect the soft soil handling (36 kms in length instead of the originally forecasted 5.5 kms in length), the change in design (100+ additional box culvert, 29 additional box tunnel) and request of regional government for additional rest areas.

#### **Construction Period**

<b><u>ABC</u></b>				
<b>Progress Week: 23 June 2018 – 29 June 2018</b>				
	<b><u>Length (km)</u></b>	<b><u>Planned (%)</u></b>	<b><u>Realization (%)</u></b>	<b><u>Deviation (%)</u></b>
I Structure - DEF	39.196	86.001	87.985	1.985
II – DEF	6.500	72.382	77.587	5.205



III – SMJ	23.160	69.599	70.455	0.856
IV - DEF	9.536	73.404	75.381	1.912

#### B4. Project Structure & Stakeholders

In addition to chart above, below is the list of consultants used in the project:

Type		Name of Consultant
Planning Consultant	:	PT Perentjana Djaja
Supervisory Consultant	:	PT Jakarta Rencana Selaras
Quality Assurance Consultant	:	PT Aria Jasa Reksatama

##### Concession Agreement

- Notarial Deed of Rina Utami Djauhari, S.H for the PPJT Agreement No. 03 dated 7 July 2011, between Badan Pengatur Jalan Tol (BPJT) Kementerian Pekerjaan Umum Republik Indonesia and PT. ABC Toll Road.
- *Berita Acara* No. BA.396/BPJT/KE/HK.02.03/2011 dated 13 June 2011, between BPJT and ABC.
- *Berita Acara Evaluasi Perubahan Rencana Usaha Pengusahaan* Pemalang – Batang Toll Road No. 220.1/BA/Pt/2017 dated 13 December 2017, between BPJT and ABC.
- *Berita Acara Perubahan Rencana Usaha Pengusahaan* Pemalang – Batang Toll Road No. 2231/BA/Pt/2017 dated 14 December 2017, between BPJT and ABC.

##### Shareholder Agreement

- Shareholder agreement between XYZ and ABC in which XYZ agrees to provide *dana talangan tanah* for ABC Toll Road with maximum amount of IDR 1.3 trillion. This agreement is effective immediately upon signing and should be repaid as specified in the tenor of the agreement. The tenor can be extended based on written agreement of both XYZ and ABC.

##### EPC Contract

- EPC Contract of Pemalang – Batang Toll Road Package I for Structural Work: STA 330+000 – STA 369+196 No. 01/SPPJP/ABC/2016 dated 31 March 2016, between ABC and DEF
- EPC Contract of Pemalang – Batang Toll Road Package II AT Grade : STA 330+000 – STA 336+500 No. 02/SPPJP/ABC/2016 dated 31 March 2016, between ABC and DEF.
- Addendum III of EPC Contract for Pemalang – Batang Toll Road Package III At Grade : STA 330+000 – STA 336+500, No. 02.3/ADD3/SPPJK/ABC/ 2018 dated 5 January 2018, between ABC and DEF.
- EPC Contract Pemalang – Batang Toll Road Package IV Grade : STA 359+660 – STA 369+196 No. 04/SPPJP/ABC/2016 dated 31 March 2016, between ABC and DEF.
- Addendum III of EPC Contract for Pemalang – Batang Toll Road Package III At Grade: STA 359+660 – STA 369+196, No. 01.3/ADD3/SPPJK/ABC/2017 dated 5 January 2018, between ABC and DEF.
- Addendum III of EPC Contract for Pemalang – Batang Toll Road Package IV Grade : STA 359+660 – STA 369+196, No. 04.3/ADD3/SPPJK/ABC/ 2018 dated 5 January 2018, between ABC and DEF.
- EPC Contract Pemalang – Batang Toll Road Package 3: STA. +336+500 – STA. 359+660 No. /SPPJK/ABC/2016 dated 31 March 2016, between ABC and SMJ.
- EPC Contract Pemalang – Batang Toll Road Package III AT Grade : STA 336+500 – STA 359+660 No. 03.1/AMD1/SPJK/ABC/2016 dated 31 March 2016, between ABC and SMJ.
- Addendum III of EPC Contract for Pemalang – Batang Toll Road Package III At Grade : STA 337+550 – STA 359+660, No. 03.3/ADD3/SPPJK/ABC/ 2017 dated 4 December 2017, between ABC and DEF.

##### Syndication Facility Agreement

- Please refer to part F for the proposed key terms and conditions of Syndication facility Agreement.

## **B5. Material Contracts**

### **B5.1. Summary of Concession Agreement**

There have been several PPJT agreements issued by the BPJT in regards to ABC toll concession. The latest PPJT we have available is PPJT deed no. 3 dated 7 July 2011 that was made in front of Rina Utami Djauhari, a notary public. Previous PPJTs include PPJT No. 266/PPJT/VII/Mn/2006 dated 21 July 2006 that was later amended by Amendemen I dated 3 July 2007 No. KU.08.10-SJ/432 and later further amended by Amendemen II dated 7 January 2009 no. 2 also was made as deed in front of Rina Utami Djauhari, a notary public.

ABC have met with BPJT in 2017 regarding cost increase and have received approval as reflected in *Berita Acara* as well as Letter from the Ministry on the approved cost increase, however, ABC have not received the amended PPJT to reflect for the approved cost increase. Moreover, recently, lower tariff is expected but ABC have yet to receive either *Berita Acara* or amended PPJT on the regards.

**Summary of PPJT deed no. 3 dated 7 July 2011**

Parties	Indonesian Toll Road Authority (“BPJT”) PT ABC Toll Road (“ABC”)
Signed on	7 July 2011
Scope of Concession	To seek funding, technical planning, to construct, to operate and to maintain.
Maturity	45 years since the first SPMK is issued from BPJT as stated in <i>Berita Acara Kesepakatan tentang Penerusan Pengusahaan Jalan Tol Pemalang – Batang dated 13 June 2011 no. BA.396/BPJT/KE/HK.02.03/2011</i> .
Funding for the Project	Maximum debt allowed is 70% of total Project Cost; Financial close must be achieved maximum 3 months after 75% of the land required has been procured.
Construction	ABC is required to appoint an independent supervision consultant prior to start the construction; Prior to the appointment, ABC is required to submit at least 3 (three) candidates to be agreed by BPJT; Surat Perintah Mulai Kerja (“SPMK”) is released 7 days after ABC completed land handover with BPJT for one full section / or for the full length of the toll road. In the case of acceleration, full land procurement is not required as long as it is agreed by all parties including the lenders; The construction period must start 30 days after SPMK has been issued and will continue for 27 months since SPMK has been issued as stated in <i>Berita Acara Kesepakatan tentang Penerusan Pengusahaan Jalan Tol Pemalang – Batang dated 13 June 2011 no. BA.396/BPJT/KE/HK.02.03/2011</i> . ABC is responsible for the construction of 39.2 km of ABC Toll Road.
Tariff	The PPJT referred to tariff toll regulated by Ministry as based on the business plan proposed by ABC. According to <i>Berita Acara</i> that is often referred to I the PPJT, <i>Berita Acara Kesepakatan tentang Penerusan Pengusahaan Jalan Tol Pemalang – Batang dated 13 June 2011 no. BA.396/BPJT/KE/HK.02.03/2011</i> , toll tariff of Rp. 839 (2014) for type I vehicle was assumed. The tariff will be adjusted every two years by 14% to account for inflation rate, after ABC meets the minimum service standard.
Insurance	During construction, ABC is required to cover the project with third party liability and contractor’s all risk. During operation phase, ABC is required to cover the project (toll road, building, utilities, facilities, and other installations) with Civil Engineering Completed Risk (“CECR”) insurance to avoid any loss and damage in accordance with industry practice.
Breach of Contract by ABC	Government will make a written notice to ABC in relation with breach of contract due to (before construction): Failed in providing Performance Bond; Failed in providing land acquisition fund deposit to the Land Procurement account; Failed in providing land acquisition/ procurement payment; Failed in fulfilling target of financial close; Failed to start construction. If ABC fails to fix the breach within a set period of time, the concession will be terminated automatically.  Delay in construction progress, with certain conditions. If ABC fails to fix the breach during construction and ABC has payment obligation to Lender, then Lender has a right to take over the ownership/ to control the Project, and to appoint new

	<p>company to run the Project.</p> <p>If ABC fails to fix the breach during operation and ABC has payment obligation to Lender, then Lender has a right to take over the ownership/ to control the Project, and to appoint new company to run the Project.</p>
Breach of Contract by GoI	<p>If Government does not fulfill its obligation, ABC will release written statement in order for Government to fix the breach within 6 months;</p> <p>If Government fails to remedy the situation, ABC may terminate the concession. If ABC has payment obligation to Lender, the termination will be subject to Lender's approval;</p> <p>If ABC terminates the concession due to the reason above, ABC has a right to receive indemnification from the new BUJT appointed by the Government over all costs and expenses incurred minus dividend that ABC may already received – This indemnification payment will first go to Lenders in case ABC has payment obligation to Lender ;</p> <p>If ABC does not terminate the concession then they may renegotiate to extend the concession and/or increase the initial tariff;</p> <p>If there is a change in law which impact to the profitability of ABC, then ABC may renegotiate to extend the concession and/or adjust the tariff.</p>
Change of Shareholder	Change of shareholder is allowed if at minimum 1 section has been operation and obtained proper certification ("Sertifikat Laik Operasi")

**Draft PPJT amendment VI summary as reflected in Minutes of Meeting dated 14 December 2017**

Agreement	Minutes of Meeting dated 14 December 2017 becomes an inseparable document from PPJT and will be attached as appendix
Concession Period	Same as stated in Minutes of Meeting 14 December 2017, 40 years.
Land Acquisition Schedule	<p>Same as stated in Minutes of Meeting 14 December 2017. The land owned by government will be given to "<i>Badan Usaha Jalan Tol (BUJT)</i>" in a condition ready to construct.</p> <p>Government will pay back the money used for land acquisition through LMAN at the latest 10 working days since LMAN issue government's request confirmation note. The payback scheduled to finish before 31 December 2018.</p>
Investment Cost	Total investment cost is <b>Rp. 7,497,916,000,000</b>
Debt to Equity Ratio (DER)	Maximum DER is 70 : 30 from total investment cost

**Changes summary from Minutes of Meeting dated 14 December 2017**

Changes summary from Minutes of Meeting dated 14 December 2017

Concession Period	Concession period changed from 45 years to 40 years, starting from the first issuance of SPMK in 24 January 2017		
Construction Cost	The construction cost changed to Rp <b>4,764,124 mio</b> (exclude VAT)		
Tariff	Tariff toll changed from Rp. 839 (2014) for type I vehicle to Rp. 1,100 (2018). Below is the agreed tariff price starting from 2018:		
	Type	Tariff (Rp / km)	
		PPJT 2011	Amendment
	I	839	1,100
	II	1,259	1,650
	III	1,678	2,200

	IV	2,098	2,750
	V	2,517	3,300
	The tariff will be adjusted every two years by 14% to account for assumed inflation rate of 7%.		
Land Acquisition Schedule	It is planned to finish in January 2018 and using government's budget (APBN). ABC have to use their own money first, then government will pay it back.		

#### Minutes of Meeting dated 6 October 2017

Road Pavement	Road pavement changed from using rigid pavement for the whole project to flexible pavement and rigid pavement.
Interchange	The amount of interchange increased from 3 to 4 with the addition of SS Sragi (STA. 348+100), which will be build in maximum 5 years after the toll road operating date
Supporting Building	Box culvert increased from 65 to 196 pieces and box tunnel increased from 26 pieces to 55 pieces.  There are also some reduction in the amount of underpass, under bridge and pedestrian bridge
Rest Area	Total rest area increased from 2 places to 4 places
Soft Soil Improvement	Previously only accounted for total length of 5.5 km and increased to around 36 km
Construction Cost	Construction Cost according to PPJT 2011: <b>Rp. 2.269.661.437.143</b> New Construction Cost according to the amendment: <b>Rp. 4.791.116.790.226</b>

#### B6. Operation & Maintenance

The O&M procedure is linked to the minimum service standard (SPM/ Standar Pelayanan Minimum). Fulfillment on this standard will be a justification for BPJT to raise the tariff.

As per Ministry of Public Works Regulation no. 392 dated 31 August 2005, in operating the toll road, the Company has obligation to maintain the quality of the road based on SPM of Toll Road. SPM is a parameter (quality and type) which is needed to be achieved by the concession holder.

SPM includes the services below:

1. Road condition (parameter: roughness, ruggedness and zero potholes)
2. Average vehicle speed (parameter: inner city road is >1.6x of average non toll road)
3. Accessibility (parameter: speed transaction at toll gate which is less than 8 seconds per vehicle per gate and more than 450 vehicles per hour per gate)
4. Mobility (parameter: speed of handling of traffic obstacles)
5. Safety (parameter: availability of road signs, public street lighting, road fence, accident handling, pacification and law enforcement)
6. Rescue Unit and Help Desk (parameter: availability of ambulance, towing car, police patrol, operator patrol and Information System)
7. Environment (parameter: cleanliness and plants along the toll road)

## B7. Other Notable Information

### B.7.3. Legal Due Diligence

We are engaging Aditomo Ariyanto Peri Hantono Law Firm (“AAP”) to conduct limited due diligence of material contracts and AAP report is included as an appendix in the PAM.

## C. Industry Highlight

Currently Government of Indonesia (“GoI”) is boosting the infrastructure development in Indonesia as represented by the increasing State Budget allocation to the infrastructure projects that reaches IDR 410 trillion in 2018, an increase of 6% compared to state budget allocation in 2017 of IDR 387 trillion. GoI also established Committee for Acceleration of Priority Infrastructure Delivery (“KPPIP”) to coordinate stakeholders related to the infrastructure development. One of the infrastructure developments that GoI puts an emphasize on is development of toll road projects. Recognized for its benefits to reduce cost of logistics, increase connectivity and reduce inefficiency, GoI plans to increase the total length of toll road up to 1.851 kms in 2019. List of toll road projects are depicted below.

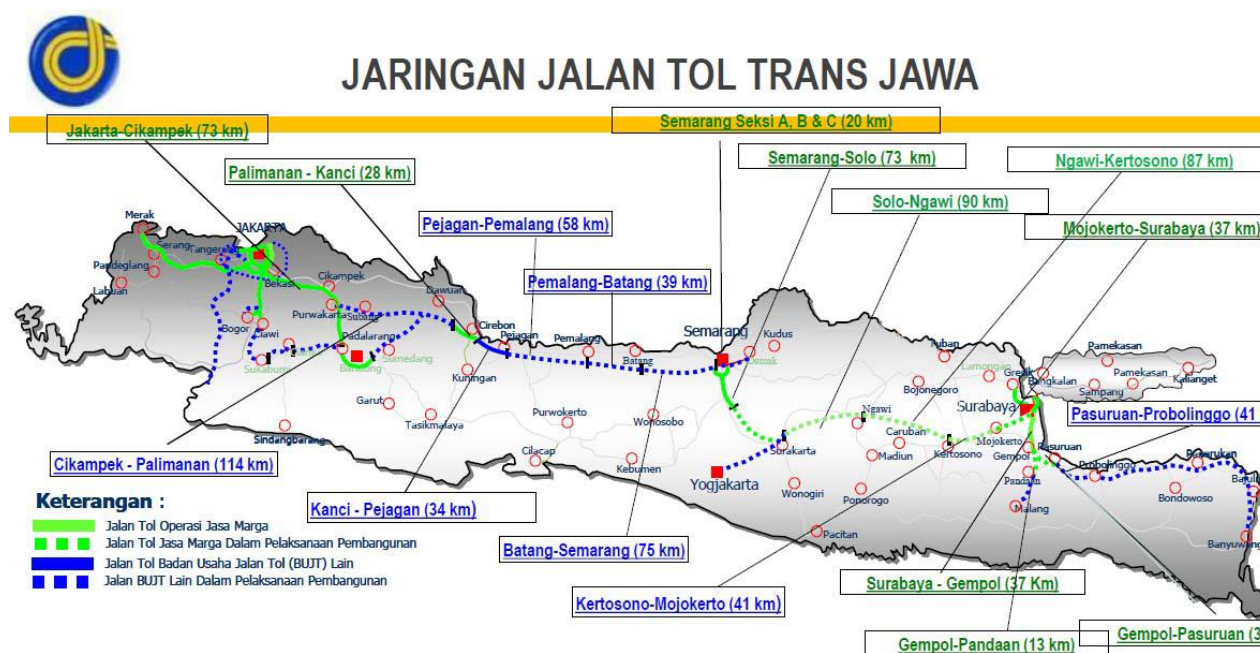


Source : The Indonesia Toll Road Authority (BPJT)

### National Strategic Projects

Since the issuance of the Presidential Regulation No. 3/2016 re: the acceleration in the implementation of national strategic projects with Trans Java toll roads included in the list of projects, 500 kms of Trans Java toll roads has been constructed, 180 kms had reached commercial operation and 260 kms was functional (temporarily in operation) since 8 June 2018 for Idul Fitri holiday. Of the 1,162 kms total length of Trans Java toll road, over 1,000kms will reach commercial operation by end of 2018, a testament to the significant impact of acceleration.

## Trans Java Toll Road Project



Pemalang – Batang Toll Road Project (“the Project”) is part of the government’s Trans Java Toll Road Project (“TJTR”), which consist of toll roads which extends from Merak in the Western Java province of Banten to Banyuwangi in East Java. TJTR is considered as one of government’s land transportation solution to support logistic flow especially to ease the burden on Java’s northern coastal road, Pantura, which have been the island’s transportation backbone.

The total length of Trans-Java toll road, including its complements, is more than 1,000 kilometers. The ±358km of existing toll roads are Cikampek, Cirebon, Semarang, Surabaya has been around for some time. New toll road constructed in the past two years will be operational by end of 2018 as can be seen in the table below.

Concession	Total Length (km)	Length COD by June 2018 (km)	Length Functional by June 2018 (km)	Status as of 5 May 2018
Tangerang - Merak	72.45	72.45	0	COD in 1981
Jakarta - Tangerang	33	33	0	COD in 1984
Jakarta Inner & Outer Toll Road	115.6	115.6	0	Operational
Jakarta – Cikampek	73	73	0	COD in 2014
Jakarta - Cikampek II	64	64	0	Operational
Cikampek – Palimanan	116	116	0	COD in 2015



Palikanci	26.3	26.3	0	COD in 1998
Kanci - Pejagan	36	36	0	COD in 2010
Pejagan - Pemalang	57.5	37.3	20.2	Partial COD in 2016
Pemalang - Batang	39	5.8	33.2	Some COD in 2018; some functional Lebaran 2018
Batang - Semarang	75	0	75	Functional Lebaran 2018
Semarang - Solo	72.6	40.6	32	Some COD since 2011/ 2014; some functional Lebaran 2018
Solo - Ngawi	90	35.2	54.8	Some COD in 2018; some functional Lebaran 2018
Ngawi - Kertosono	87	49.5	37.5	Some COD in 2018; some functional Lebaran 2018
Kertosono - Mojokerto	40.5	40.5	0	COD in 2017
Surabaya - Mojokerto	36.3	36.3	0	COD in 2017
Surabaya - Gempol	49	49	0	COD in 1986
Gempol - Pasuruan	34.1	13.9	6.6	Some COD in 2017; some functional Lebaran 2018
Pasuruan – Probolinggo	45	0	0	Construction phase
Total Length	1162.4	844.45	259.3	

#### **First Arterial Road in the Area**

For Pemalang-Batang, the construction of ABC Toll Road marks the presence of an arterial road or arterial thoroughfare which is a public road that serves major transportation vehicles with long-haul traits, high average speeds, and a limited number of access roads at the highest level of service possible. Other than the over congested Pantura, there was no arterial road presence in ABC prior to ABC project.

#### **PINA (Non State Funding Mechanism) by Bappenas**

On the financing side, the government provides its support through National Development Planning Board (Bappenas) by introducing PINA mechanism. PINA (Pembiayaan Investasi Non APBN or Non State Funding) intended to speed up financing for infrastructure development, complements existing schemes for private-public partnerships (PPPs), such as viability gap funds (VGF) and availability payment (AP). On February 2017, through PINA mechanism, state-owned infrastructure financing company PT Sarana Multi Infrastruktur (SMI) and state-owned pension insurance firm PT Taspen had distributed early equity of Rp 3.5 trillion, bringing total equity to Rp 9.5 trillion of the Rp 16 trillion needed.

Under the PINA scheme, cash from pension funds, for instance, will be channeled into an intermediary, which will later issue bonds. Proceeds from bond sales will be used to buy equity in companies executing infrastructure projects. Once the infrastructure becomes operational, the intermediary will sell the equity.

#### **LMAN for Land Acquisition**

Land acquisition is a significant hurdle faced by the Indonesian authorities in infrastructure development that often leads to project delays and cost overrun. To overcome to this hurdle, the Government established Lembaga Manajemen Aset Negara (“LMAN”)/ State Asset Management Agency. LMAN was established on 16 December 2015 by the House of Representatives as a public service agency under the Finance Ministry’s Directorate General of State Assets. It has been tasked to assist with the heavy task of procuring land required for toll road projects - by funding and utilizing land banks as well as paying compensation for land acquisition to support the acceleration of government’s infrastructure development programs.

The presence of LMAN has been helpful in speeding the process of land procurement and easing the financing burden due to its quicker turnaround. The government allocated the agency state capital worth Rp 16 trillion (US\$1.2 billion) and Rp 20 trillion in the 2016 and 2017 state budgets, respectively.

### **Key Situation of Project Areas**

The construction plan of Pemalang - Batang toll road will pass through the three districts of Central Java Province namely Pemalang District – Pekalongan District and Batang District. The development of infrastructure of a region is closely related to the development of economic conditions and the number of population in the region.

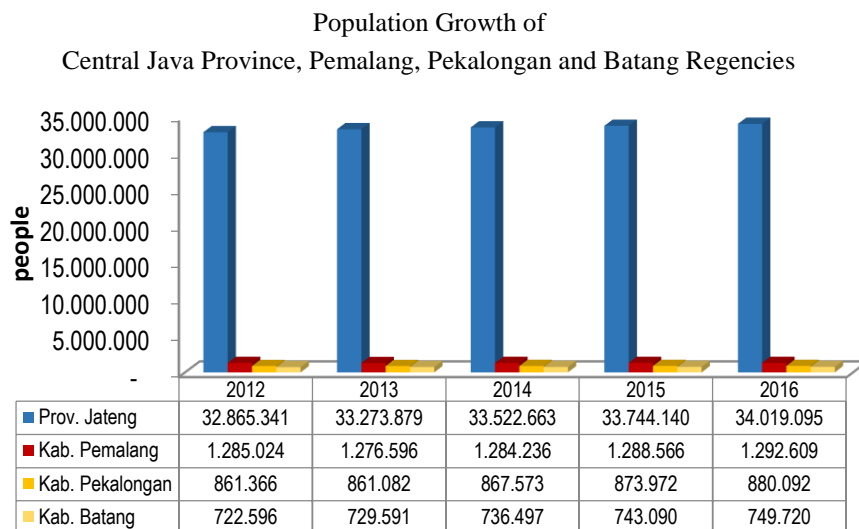
### **Geographical and Demographical Condition**

Central Java Province is one of the provinces in Java Island located between two big provinces, namely West Java and East Java. Central Java is located at 5°40' North Latitude and 8° 30' South Latitude and between 108° 30' West Longitude and 111° 30' East Longitude (including Karimun Jawa Island). The total area of Central Java is 3.25 million hectares or about 25.04% of the area of Java (1.70% of the total area of Indonesia). The boundaries of Central Java are as follows:

- East side: Laut Jawa;
- South Side : Samudera Hindia, Provinsi D.I. Yogyakarta;
- West Side : Jawa Barat;
- North Side : Jawa Timur.

Administratively, Central Java Province consists of 29 districts and 6 cities, including Regency Pemalang, Pekalongan, and Batang. Population growth rate of Central Java province, Pemalang, Pekalongan and Batang Districts during 2012 until 2016 shows an increasing trend.

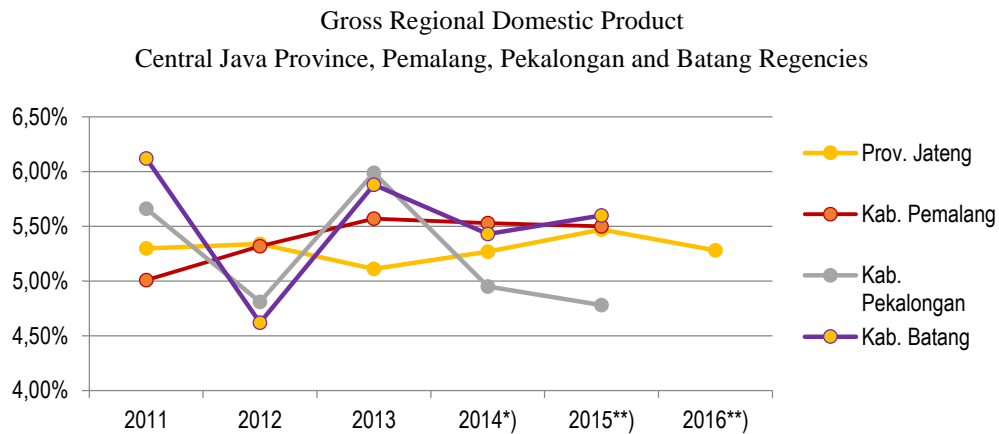
In 2012 the number of residents in Central Java province amounted to ± 32.87 million and increased to ± 34 million in 2016 with average growth of 0.88% per year. Population growth in the specific areas such as Pemalang - 0.50% per year, Pekalongan - 0.81% per year and Batang 0.94% per year. Here is an overview of the development of the people of Central Java and some districts traversed Pemalang Toll - Batang:



*Source: BPS Provinsi Jawa Tengah*

## Regional Economic Growth

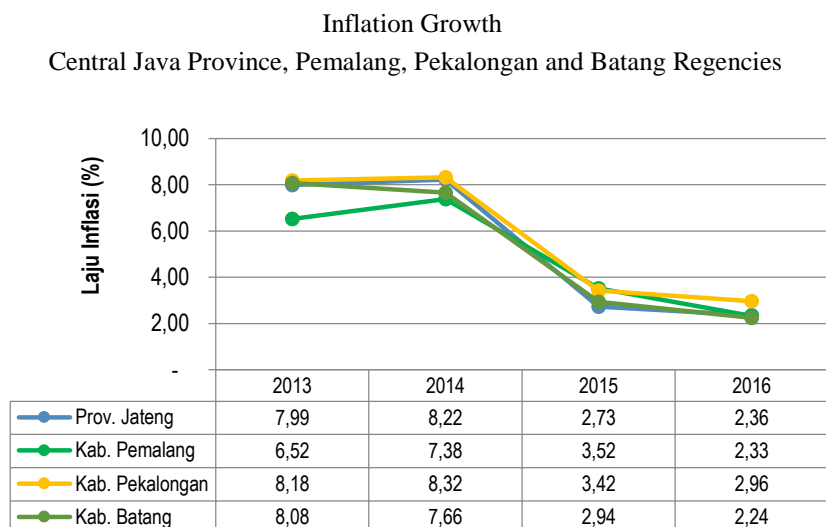
From the economic standpoint, the Central Java Province has a good economic development. The growth rate of Gross Regional Domestic Product (GRDP) in Central Java during the period of 2011 - 2015 tends to be stable, although declining in 2016 but the growth rate is still above 5%. Other areas covered by Pemalang - Batang toll road, namely Pemalang, Pekalongan, and Batang regencies also have an average growth above 5%.



Source: BPS Prov. Jawa Tengah

Based on the income of each sector, the sectors with the highest revenue contribution in Central Java in 2016 were manufacturing (34.9%), Trade and Reparation (14.3%), Agriculture, Forestry and Fisheries (13.7%) and construction (10.2%). However, in terms of GDP growth per sector, mining and quarrying sectors were the highest growth sectors (18.7%), followed by the Government Administration, Defense and Social Security (10.6%), Health Services and Social Activities (9.9%), financial services and insurance (9.7%) and the information and communication sector (8.3%).

Growth of this GRDP is the main indicator to see growth of economic sector in Indonesia. Besides, economic stability can also be seen from the development of inflation rate in the region. The growth of inflation rate in Central Java, Pemalang, Pekalongan and Batang has the same tendency, increasing in the period of 2011 - 2014 and then decreasing until 2016 which can be seen in the following graph:



Sumber: BPS Provinsi Jawa Tengah

The inflation rate of Central Java in annual basis (year on year / year) of December 2016 is 2.36%. The

condition is better than the previous period, which experienced inflation of 2.73%. Likewise with inflation Pemalang District, Pekalongan and Batang also decreased. These three areas have lower inflation compared to the inflation of Central Java Province. If seen from its development, average inflation of Regency Pemalang, Pekalongan and Batang year 2013 until 2016 is 5,534%.

#### **D. Project Company**

##### **D1. Company background**

ABC was established on 15 June 2006 based on notarial deed of Bonardo Nasution, S.H., No. 10, and amended by notarial deed No. 14 dated 22 June 20016 from the same notary.

##### **D2. Project sponsors**

**SMJ** is the founding company of the **Mitra Jaya Group** (“MJG”). MJG is wholly owned by Mr. Sumitra Gowindasamy (Indonesian Citizen). Based on Globe Asia magazine in June 2016, he is the 92<sup>nd</sup> richest person in Indonesia with total net worth of USD 430mn. Beside construction and mining business, he has since diversified into palm oil plantations, crude palm oil mill, the packaging industry and ink production.

**XYZ** was incorporated in June 2014 and is the subsidiary of PT DEF (Persero) Tbk, a major state-owned construction company who has been mandated by the GoI to participate in accelerating the construction of toll roads in Indonesia. Currently, XYZ is the owner of 18 toll road concessions with over 1,000 km in length.

**DEF** is considered as one of the biggest construction companies in Indonesia, listed its shares in December 2012, actively participated in bond market and most recently mandated by the Government of Indonesia to participate in the acceleration of the construction of infrastructure projects. Waskita has been rated idA- by Pefindo in March 2018.

**SMI** is established with a mandate to become the catalyst of National Infrastructure development acceleration. Since its inception in 2009, SMI implements its roles as the government fiscal tools to optimize funding acquisition and strategic cooperation with various institutions including bilateral, multilateral and capital market. On 22 February 2017, SMI signed the Financial Close of Non Government Budget Investment Financing (PINA) for XYZ by investing IDR 1.75 trillion or equivalent to ca 12% of equity investment in XYZ. The Minister of Finance supported this measure through the Minister of Finance Letter No. S-22/MK.06/2017. On 22 December 2017, SMI signed a bridging shareholder loan for XYZ for IDR 976 billion. SMI has been rated idAAA by Pefindo in 2017.

**PT Taspen (Persero) Tbk. (“Taspen”)** is a state owned pension insurance company.

##### **Sponsor – XYZ**

**XYZ** was incorporated in June 2014 and is the subsidiary of PT DEF (Persero) Tbk, a major state-owned construction company who has been mandated by the GoI to participate in accelerating the construction of toll roads in Indonesia. Currently, XYZ is the owner of 18 toll road concessions with over 1,000 km in length.

##### **Operational/ Toll Road Analysis**

<b>SPV</b>	<b>% Own</b>	<b>Project Name</b>	<b>Length (km)</b>	<b>COD</b>
SNJ	40%	Solo Ngawi	90.4	Done
NKJ	40%	Ngawi Kertosono	109.2	Done
WTTR – SMR (30%)	77%	Kanci Pejagan	35	Done
WTTR – PPTR (30%)	100%	Pemalang Pejagan	57.5	Done
JMKT	30%	Medan- Kualanam-Tebing Tinggi - Sumatra	61.8	Done
CW	25%	Depok Antasari	21.5	‘18
CSJ	35%	Cinere Serpong	10.1	‘18
ABC	60%	ABC	39.2	‘18

JSB	40%	Batang Semarang	75	'18
CCT	90%	Cimanggis Cibitung	26.5	'18
SRIMP	98%	Kapal Betung - Sumatra	111.7	'18
KKDM	99%	Becakayu	16.02	'18
WTTR – TJPJT(30%)	99%	Pasuruan Probolinggo	31.3	'18
TJT	99%	Ciawi Sukabumi	54	'19
WBW	99%	Krian Legundi Bunder	38.3	'19
CKJT	15%	Cisumdawu	60.4	'19
CTP	55%	Cibitung - Cilincing	34.7	'20
HMW	30%	Kuala Tanjung-Tebing Tinggi-Parapat - Sumatra	143.5	'20
			1,016.1	

- 70% of the total length or 15 toll road concessions are located in densely populated Java of which 6 toll road concessions are in surrounding Jakarta/ West Java (including Becakayu, Cinere Serpong, Depok Antasari as well as Cimanggis Cibitung, Cibitung Cilincing and Ciawi Sukabumi), 8 toll road concessions are part of Trans Java toll road and one toll road concession, Krian Legundi Bunder, that is strategically located passing through industrial estate of Gresik and Sidoarjo, near Surabaya, East Java . Three toll road concessions are in Sumatra, two of which are expected to have good traffic as it passes through from Medan to Parapat.
- Out of the 18 toll road concessions, 5 has been operating (at least partly), 8 will be operating in 2018, 3 will be operating in 2019 and 2 will be operating in 2020.
- Included in its 2018 RKAP is the plan to divest its existing toll road concessions, especially those who have reached COD and plan to acquire new toll road concessions.
- The value of the toll road concession and the recent market trend of Price to Book Value (“PBV”) multiple valuation is providing reassurance that XYZ can meet its equity injection for CDS and other potential funding needs over the next few years by making equity selldown if required.

### D2.1. KYC Checking and Pefindo Summary

We have conducted KYC and Pefindo checking towards ABC, XYZ and SMJ in May 2018 and the result is as follows:

a). KYC checking result

b). Pefindo checking

Result of Pefindo checking for ABC, XYZ and SMJ.

Company	Pefindo Score	Pefindo Grade	Description	Probability of Default	Delinquency
ABC	709	B1	Low Risk	1.57%	n/a
XYZ	n/a	n/a	n/a	n/a	n/a
SMJ	686	B3	Low Risk	2.65%	n/a
DEF	n/a	n/a	n/a	n/a	n/a

### D3. BoD & BoC, including the key persons

Board of Commissioners As of 31 December 2017			Board of Directors As of 31 December 2017		
President Commissioner	:	Kuhan Selvaretnam	President Director	:	Supriyono
Commissioners	:	Amir Syamsudin	Directors	:	Arman Dahlius Panjaitan
		Nyoman Wirya Adnyana			Fathul Anwar
		Aan Akhmad Prayoga			

Designation	Name	Remarks
President Commissioner	Kuhan Selvaretnam	Mr. Kuhan Selvaretnam is a professional member of the association of company machinery and graduated with Bachelor of Science degree from University of Malaysia. Before joining PT. Sumber Mitra Jaya, Mr. Kuhan has worked in Ericsson – CSDC for APEC Region as a Competence Consultant. Since 2006 Mr. Kuhan has been involved in various role within the organisation ranging from business development, toll road, mining and road construction and currently Mr. Kuhan is the Director for PT. Sumber Mitra Jaya.
Commissioner	Amir Syamsudin	Mr. Amir Syamsudin was the Minister of Justice and Human Rights from 2011 – 2014. Mr. Amir became commissioner of XYZ since February 2016.
Commissioner	Nyoman Wirya Adnyana	Mr. Nyoman Wirya Adnyana is a Director of Operation at PT. DEF since 2015. He joined PT. DEF in 1988 and had various roles within the organization. He became a president commissioner for several companies such as PT. Cimanggis Cibitung Tollways, PT. Trans Jawa Paspro Jalan Tol, and commissioner at PT. Sriwijaya Markmore Persada. Currently he also hold positions as a President Commissioner at PT Jasamarga Semarang Batang and Commissioner at PT. ABC Toll Road  Mr. Nyoman obtained his bachelor's degree in Civil Engineering from Udayana University (1988) and Master's degree from Prasetya Mulya School of Management (2011).

Commissioner	Aan Akhmad Prayoga	Mr. Aan Akhmad Prayoga is currently working for Office of The President of Republic of Indonesia as the Coordinator for Acceleration Program of National Priority Projects for Infrastructure and Energy sectors. Mr. Prayoga became commissioner of XYZ since July 2017.
President Director	Supriyono	<p>Mr. Supriyono has more than 36 years of experience in construction services. He worked at DEF for 32 years from 1982 – 2014 and involved in various role within the company ranging from field supervisor, marketing section head, project manager, branch head and lastly as marketing regional head. He currently holds the position as President Director of PT ABC Toll Road.</p> <p>Mr. Supriyono obtained his bachelor's degree in Civil Engineering from Diponegoro University.</p>
Director	Arman Dahlius Panjaitan	<p>Mr. Arman Dahlius Panjaitan has 22 years of experience in construction services ranging from field supervision head, technical construction head, and project director of Cipularang toll road. He also experienced as commissioner and director for several company. Prior joining PT ABC Toll Road, he also worked in Toll Road Management Agency (BPJT). He joined PT ABC Toll Road in 2008 as President Director. Currently he holds the position as Operation &amp; Technical Director since 2016.</p> <p>Mr. Arman completed his bachelor's degree in Civil Engineering at Bandung Institute of Technology (ITB).</p>
Director	Fathul Anwar	<p>Mr. Fathul Anwar has 16 years of various experience. He worked as transportation modeller and project engineer from 2002 – 2004 before joining Bank Mandiri Officer Development Program. He held several positions in Bank Mandiri from 2004 – 2014 such as credit analyst, Relationship Manager, Senior Relationship Manager, Team Leader, and lastly as Commercial Banking Manager. He currently hold the position as director of PT ABC Toll Road.</p> <p>Mr. Fathul graduated in Civil Engineering from Bandung Institute of Technology (ITB) (2002).</p>

**Result of Pefindo checking for ABC's management for Kuhan Selvaretnam, Amir Syamsudin, Nyoman Wira Adnyana, Aan Akhmad Prayoga, Supriyono, Arman Panjaitan and Fathul Anwar have been run and is deemed as not material.**

**E. Risk and Mitigation*****Industry Risks***

<b><i>Analysis</i></b>	<b><i>Mitigation Mechanism</i></b>
Lower Traffic Than Projected	<p>As it is part of the interconnected Trans Java toll road located in densely populated Java connecting the west and east Java and it lacks of a competing/ alternative route as it has no other arterial road other than the over congested Pantura, it is reasonable to assume daily traffic from ABC to be 15,500 as provided in the base case. The neighboring toll road, Pejagan Pemalang has reached COD in 2016 and traffic has reached 15,481 average daily traffic in 2018 after the completion of 4 toll road sections, which is higher than the worst case scenario in ABC.</p> <p>The other neighboring toll road, Batang Semarang does not have historical daily traffic but its financial projected over 18,000 daily traffic in its 1<sup>st</sup> year of operational (2018)</p>
Competition with other transportation modes – Included in Strategic National Project is development/ expansion of existing Achmad Yani airport in Semarang	<p>Beside to reduce the congestion in the existing Pantura, the Trans Java toll road, including its ABC Toll Road is also prepared to serve the potential increase of traffic due to growth of surrounding areas and the connectivity from west to east of Java island. While airport and air transportation is designed for business/ personal travelers especially those with higher disposable income, the transportation of goods will still benefit from the toll road development, especially considering that there is no other main road (jalan arteri) in ABC.</p>



**Construction Risks**

<b>Analysis</b>	<b>Mitigation Mechanism</b>										
<p>There is no cost overrun, instead an increase in cost has been approved by in <i>Berita Acara Perubahan Rencana Usaha Pengusahaan Jalan Tol ABC Nomor 223/BA/Pt.6/2017</i> dated 14 December 2017.</p> <p>Last construction update as of 25 May 2018 is as follow:</p> <table border="1"> <thead> <tr> <th>Package Name</th><th>% Completion</th></tr> </thead> <tbody> <tr> <td>I. Structural – DEF</td><td>88.0%</td></tr> <tr> <td>II. At Grade – DEF</td><td>77.6%</td></tr> <tr> <td>III. At Grade – SMJ</td><td>70.5%</td></tr> <tr> <td>IV. At Grade – DEF</td><td>75.4%</td></tr> </tbody> </table>	Package Name	% Completion	I. Structural – DEF	88.0%	II. At Grade – DEF	77.6%	III. At Grade – SMJ	70.5%	IV. At Grade – DEF	75.4%	<p>As we are reaching the end of the project, all packages expected to be functional by June 2018 and operational by Q3/Q4 2018, we can assume that there will be minimal cost overrun/ COD delay.</p>
Package Name	% Completion										
I. Structural – DEF	88.0%										
II. At Grade – DEF	77.6%										
III. At Grade – SMJ	70.5%										
IV. At Grade – DEF	75.4%										

**Business Risks**

<b>Analysis</b>	<b>Mitigation Mechanism</b>
<p><b>Operational Risk</b></p> <p>Risk of having ABC as a toll road operator. ABC has minimal track record in operating toll road.</p>	<p>As a new toll road operator, ABC can recruit experienced professionals to operate the toll road. As part of XYZ who is the concession holder of over 1,000 kms of toll road and will operate many of them, ABC can benefit from knowledge sharing with XYZ.</p> <p>Moreover, BPJT is closely monitoring its BUJT and as stipulated in PPJT, all BUJTs must follow minimum standard of services.</p>
<p><b>Tariff Reduction</b></p> <p>GoI policy to lower the toll road tariff and simplify the tariff category which will affect the financial projection of the Project.</p>	<p>Currently, the plan to reduce tariff is not yet finalized and still under consideration by the GoI. We are unsure when this will take place, if it will take place. Moreover, GoI has assured BUJTs that it plans to compensate the tariff reduction and the re-categorization of vehicles by extending the concession period and providing incentives such as tax holiday to the new operated toll road.</p>

### **Financial Risks**

<b>Analysis</b>	<b>Mitigation Mechanism</b>
<b>Financial Strength of Sponsors</b> As can be seen in its financial projection and as commonly found for new toll road projects, in the first few years after reaching COD, ABC will be needing cash deficiency support (total of over IDR 2 trillion over the years) as toll road revenue will be far less than the amount needed to self sustain its opex and financing cost/ repayment.	Sponsors with strong financials are expected to be able to support ABC during its few years of operations.  XYZ being supported by DEF, SMI and Taspen is considered financially capable to support XYZ in its cash deficiency.
<b>Back Ended Risk Specifics to CDS</b> Delay in full prepayment of Senior Term Loan/ BNI Sindikasi is most likely to impact in delay in prepayment of CDS Facility.	The shareholders of ABC (joint and severally) agree to provide cash deficiency support, cost overrun, and to maintain positive equity in a term of notarial deed of shareholders general meeting and shareholders also provide assurance that the interest payment and principal repayment schedule are being kept on time until full repayment of the Senior Term Loan Facility.  However, should full repayment of Senior Term Loan BNI sindikasi is not completed on time (2030), ABC has concession period that will end on January 2057 with sufficient cash flows projected.

### **Social & Environmental Risks**

<b>Analysis</b>	<b>Mitigation Mechanism</b>
<b>Social &amp; Environmental Risk</b>	IIF has conducted Social and Environmental Due Diligence (“SEDD”) by hiring Hatfield. Any gap in the project will be incorporated in the Corrective Action Plans (“CAP”) to be included in the Side Letter.

### **Other Risks**

<b>Analysis</b>	<b>Mitigation Mechanism</b>
<b>Land Acquisition Risk</b> With regards to land acquisition, as of end of June, 99% of total land required had been acquired with 100% for the land for the toll main route had been acquired and a small portion of the new Bojong interchange was in land acquisition progress.  <i>Penetapan Lokasi (“PenLok”)</i> is the appointment of development sites for the public interest established by the decree of the governor, which is used as a license for land procurement, land use change, and the transfer of land rights in the procurement of land for development for the public interest.	Land acquisition process was led by the government (Public Works) with ABC assistance.  All procedures of land acquisition have followed National Regulation UU 2/2012.  As of April the process of land acquisition have reached 100% for the toll main route, and project affected people --PAP (landowners) have been compensated well, and there was no significant dissatisfaction from the PAPs regarding the process of land acquisition nor the compensation paid.  The new determination location or ‘penlok’ to Bojong interchange (1.5 km – due to the change of design) was issued by Central Java Governor in March 2018, which is as of April, the process underwent verification and measurement. It was reported that the process

	<p>of land acquisition went well and no resistance from the landowners.</p> <p>ABC understands IIF requirement on land acquisition stipulated in the CAP, that is to trace some of the PAPs to check on whether the process of land acquisition have followed the mandated government regulation and IIF Principle 5.</p>
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In addition to the risks above, there are certain features of Cash Deficiency Support facility that we should be aware of:

- Timing Gap between cash in from interest income and cash out from payment for cost of fund;
- Accumulation of interest receivables over years.

## F. Facility Limit

### a. Proposed Key Terms – Cash Deficiency Support Facility

Facility Type	Cash Deficiency Support Facility (“ <b>Facility</b> ”).
Facility Amount	Up to IDR 600.000.000.000 (six hundred billion Rupiah)
Project	Construction and operating of Pemalang – Batang Toll Road section
Purpose of the Facility	To finance any cash deficiency incurred from Project after Commercial Operating Date (“ <b>COD</b> ”) of the Project.
Facility Agreement Date	Signing date of Syndication Credit Agreement (Conventional) No. 37 dated 24 May 2017.
Final Maturity Date	Maximum 222 (two hundred twenty two) months since the Facility Agreement Date or 60 (sixty) months since the full repayment of facility according to: (i) Syndication Credit Facility Agreement (Conventional) No. 37 dated 24 May 2017; (ii) Syndication Credit Facility Agreement (Sharia) No. 38 dated 24 May 2017; and (iii) Other Syndication Credit Agreement which will be signed to finance the project where Lender could participate (afterwards will be called together “ <b>Syndication Credit Facility</b> ”), whichever comes first.
Availability Period	The facility is available for drawdown from the signing date of the Facility Agreement (“ <b>Signing Date</b> ”) until [31 December 2018].
Grace Period	<p>Maximum of 162 (one hundred sixty two) months from the Facility Agreement Date or following the full prepayment of the Syndication Credit Facility whichever earlier.</p> <p>For avoidance of doubt:</p> <ol style="list-style-type: none"> <li>1. First repayment of principal will start from 3 (three) months after the end of Grace Period;</li> <li>2. Interest shall be paid during the Grace Period, with terms and conditions as set out in “Interest Rate” section below.</li> </ol>
Interest Period	<p>Monthly, as regulated in Syndication Credit Facility Agreement.</p> <p>Payment of the interest shall be made at the end of each Interest Period (“<b>Interest Repayment Date</b>”) with condition of Interest Repayment Date shall not exceed the Final Maturity Date.</p>
Principal Payment	Repayment shall be paid quarterly proportionally.

Interest Rate	<p>Amounting to annual interest rate of Syndication Credit Facility ("<b>Syndication Interest Rate</b>") + 3% (three percent) p.a.  Syndication Interest Rate equals to Reference rate (LPS) + 4.25% p.a.  Payment of the Interest Rate shall be paid with the followings conditions:</p> <p>a. During Grace Period:</p> <ul style="list-style-type: none"> <li>- Interest rate at [3% (three percent)] p.a shall be paid during the Grace Period; and</li> <li>- Interest Rate at unpaid Syndication Interest Rate will be capitalized and increase the principal amount, which will be calculated using Syndication Interest Rate + [3% (three percent)] p.a ("<b>Accumulated Syndication Interest Rate</b>") and shall be paid by Borrower after the Grace Period.</li> </ul> <p>b. After Grace Period:</p> <ul style="list-style-type: none"> <li>- Syndication Interest Rate + [3% (three percent)] per annum, added with the payment of Accumulated Syndication Interest Rate in pro-rata.</li> </ul>
Commitment Fee	<p>[1]% p.a. of the undrawn Facility Amount. Commitment fee is calculated based on daily average of undrawn portion during Availability Period.</p> <p>Commitment Fee shall be paid monthly at the end of each month during Availability Period, at the latest 5 (five) Business Days after the end of each month.</p>
Facility Fee	<p>[1]% flat of the Facility Amount, payable at 5 (five) Business Days after the Signing Date, or at the initial drawdown date, whichever is the earlier.</p>
Default Interest Rate	<p>Any unpaid due amount (i.e. interest payable and/or principal repayment) will be charged with a default interest rate at 2.0% p.a. above the applicable Interest Rate, calculated until the actual payment date of the overdue amount.</p>
Mandatory Prepayment	<p>The Facility shall be prepaid to the Lender if and when:</p> <p>a. Illegality  If, at any time, it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as completed under the Finance Documents, the Borrower shall fully repay the outstanding loan and the available Facility (as applicable), will be immediately cancelled.</p> <p>b. Other Prepayment customary to financing of this nature, including but not limited to:</p> <ul style="list-style-type: none"> <li>(i) Asset disposal,</li> <li>(ii) Acceptance of Insurance Claim;</li> <li>(iii) The payment of money compensation to the Borrower due to a cancellation of the Toll Road Concession Agreement;</li> </ul> <p>where, the Lender shall receive the payment in pro-rata with Lender of Syndication Credit Facility ("<b>Senior Lender</b>").</p> <p>c. Refinancing of Syndication Credit Facility  The Borrower shall fully repay the Facility if the Borrower does refinancing and/ or rescheduling to the Syndication Credit Facility.</p> <p>d. Excess Cash after repayment of the Syndication Credit Facility  [50%] of the remaining excess cash from Borrower's transaction account after final repayment of Syndication Credit Facility, shall be used to prepay the loan to Lender.</p>

	<p>e. Other mandatory prepayment events according to due diligence report.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. Each repaid facility is irrefundable by Borrower.</li> <li>2. Each prepaid facility (except due to "illegality") shall be done inverse order of maturity according to loan repayment schedule.</li> <li>3. Each prepayment shall be done in Interest Repayment Date.</li> </ol>
Collateral	<p>Cross collateral with the collateral for Senior Lender. Additionally, the collateral is pari passu with Lender to be elaborated further in the Security Sharing Agreement, which includes:</p> <ol style="list-style-type: none"> <li>1. Toll Road Concession Rights based on the Toll Concession Agreement of ABC, which irrevocable power of attorney to the Lender to appoint third parties as a toll road operator;</li> <li>2. All operational invoices and revenues from the operation of the toll road (other ventures pertaining to the Project) to be secured with fiduciary over receivables;</li> <li>3. Pledge of Borrower's accounts and its related Power of Attorney, including but not limited to Revenue Account, Debt Service Reserve Account, Debt Service Account, Operational Account, and Excess Cash Account ("<b>Project Account</b>");</li> <li>4. Proceeds from Insurance Claims, to be secured with fiduciary over proceeds of insurance claim;</li> <li>5. Proceeds of bank guarantee claim to be secured with fiduciary over proceeds of bank guarantee claim;</li> <li>6. Corporate Guarantee from PT Sumber Mitra Jaya;</li> <li>7. Corporate Guarantee from PT XYZ;</li> <li>8. Pledged of ABC shares owned by sponsors along with power of attorney to vote and power attorney to sale shares;</li> </ol> <p>(Collectively referred to as the "<b>Security Document</b>").</p> <p>[Note: In addition to the above, the shareholders of ABC (joint and severally) agree to provide cash deficiency support, cost overrun and to maintain positive equity in a term of notarial deed of shareholders general meeting. In the notarial deed of shareholders general meeting, shareholders also provide assurance that the interest payment and principal repayment schedule are being kept on time until full repayment of the Facility.]</p>
Ranking	<p>The payment of Accumulated Syndication Interest Rate and payment of Facility shall rank junior and subordinated with the repayment of the Syndication Credit Facility, except for company's obligation which regulated under the common law for companies. [This item excludes the [3%] p.a. interest payment during Grace Period which shall rank senior.]</p> <p>After the end of Grace Period, the interest and principal repayment obligation under Facility Agreement and other documents related to Facility Agreement ("<b>Financing Document</b>") shall rank the same with Syndication Credit Facility. The Negative Covenant set out in Syndication Credit Facility Agreement shall also apply in this Facility Agreement.</p> <p>For avoidance of doubt, the payment under the Facility Agreement shall rank senior to any shareholders loans and inter-company loans both now and in the future.</p> <p>[Note: There is a bridging shareholder loan for land acquisition purpose that may be required to be paid and rank Senior].</p>

General Undertakings	<p>Undertakings customary for the Facility of this nature will be included in the Facility Agreement, including (without limitation):</p> <ol style="list-style-type: none"> <li>1. Status and due authorization;</li> <li>2. Maintenance of all material licenses, registrations, and authorizations;</li> <li>3. No change of shareholders;</li> <li>4. No changes in Borrowers group structure;</li> <li>5. Compliance with laws;</li> <li>6. Retention of external reputable auditor acceptable to the Lender;</li> <li>7. <i>Pari passu</i> ranking;</li> <li>8. Maintenance of insurances in the amount and type appropriate for the business as agreed by the Lender;</li> <li>9. Compliance to tax payment;</li> <li>10. Restriction on acquisition or investments;</li> <li>11. The Borrower shall not engage in mergers, consolidation, separation, or restructurisation without written approval from Lender;</li> <li>12. Ensuring no material adverse effect;</li> <li>13. Any transaction with affiliates or related party is conducted based on arm's length basis;</li> <li>14. No change of business;</li> <li>15. Subordination of all shareholders' loan and inter-company loans;</li> <li>16. The Borrower shall only use the Facility to provide cash deficiency for the Project after COD;</li> <li>17. The Borrower shall not engage in sanctionable practices, which includes corrupt, fraudulent, coercive, collusive, and obstructive practices;</li> <li>18. The Borrower shall not apply a new loan from other lender without prior written consent of the existing Lender;</li> <li>19. The Borrower shall conduct procurement of goods and services based on the principles of fairness, competition, transparency, no conspiracy and value for money;</li> <li>20. The Borrower shall comply with IIF's Social &amp; Environmental Principles, which includes the compliance to Corrective Action Plan and its reporting requirements;</li> <li>21. The Borrower shall not enter into any transaction or engaged in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter ;</li> <li>22. The Borrower shall not use the Facility to finance any business activities listed under the IIF's Exclusion List;</li> <li>23. The Borrower and its affiliation that act as behalf of the Borrower, shall comply with the regulation and will not engage in any activity prohibited by World Bank's Anti Corruption Guideline;</li> <li>24. The Borrower shall not enter into any transaction or engaged in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter and World Bank Listing of Ineligible Firms &amp; Individual as publicized and updated in official website of World Bank ;</li> <li>25. Restriction on asset disposal, except for daily business activities of the Borrower with maximum value up to IDR 10.000.000.000,- (Ten Billion Rupiah).</li> <li>26. The Borrower shall maintain all material contracts related to business activity;</li> </ol>
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	<p>27. Upon prior notice, the Borrower shall permit Lenders' representative or any of its agents or designees to visit the project site, to get information and/or queries access related with the financial statements, and have access to employees, agents, contractors who have or may have knowledge of matters with respect to which IIF seeks information. For avoidance of doubt, no prior notice shall be necessary if there is potential or continuing Event of Default or if special circumstances so require;</p> <p>28. The Borrower shall notify the Lender of any other Borrowers' project financing plan and its subsidiaries that needs financing from third parties;</p> <p>29. The Borrower shall not pledge its asset to banks or other parties, except as collateral for the Syndication Credit Facility, without prior written consent of the Lender; and</p> <p>30. The Borrower shall not pay any dividend;</p> <p>31. Such other conditions standard for transaction of this type.</p>
Conditions Precedent for Signing	<p>Standard and customary for this type of facility, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. Submission of all Corporate Approval of the Borrower (including approval from Board of Directors and Shareholders, as applicable) proofing that all approval has been obtained, including satisfactory evidence that approval from governmental institution and approval, authority, permit, and waiver of tax as might be required has been obtained;</li> <li>2. Receipt of offering letter on Terms and Conditions of Facility from Lender signed by the Borrower;</li> <li>3. Submission of [Legal Due Diligence and Social &amp; Environment Due Diligence Report] in the form and substance satisfactory to the Lender;</li> <li>4. Submission of document evidencing appointment of the Agent;</li> <li>5. Satisfaction of all applicable conditions to Social &amp; Environmental covenants and Corrective Action Plans to comply with IIF's Social and Environmental Principles, including uploading documents related to social and environmental studies on the IIF website or the Lender website (if any);</li> <li>6. A copy of notification, and approval or waiver from existing Lender, related to: <ul style="list-style-type: none"> <li>- transactions defined under the Facility Agreement in conjunction with the facility from Lender; and</li> <li>- Security sharing the Borrowers' assets as collateral to Syndication Credit Facility, for the benefit of the Lender;</li> </ul> </li> <li>7. Such other documents standard for transaction of this type.</li> </ol>
Conditions Precedent to Effective	<p>Submission of certified true copy of Minutes of Meeting of ABC Toll Road Concession Continuation and ABC Toll Road Concession Agreement (<i>PPJT</i>) including its amendments in form and substance satisfactory to IIF.</p>
Conditions Precedent for Initial Drawdown	<p>Standard and customary for this type of facility, including but not limited to:</p>

	<ol style="list-style-type: none"> <li>1. All Financing Documents have been signed and effective;</li> <li>2. Evidence that all fees, cost and expenses due from the Borrower have been paid on the initial drawdown date;</li> <li>3. Submission of the Borrowers' letter stating that there will be cash deficiency and an attachment of projected cash flow report.</li> <li>4. Submission of the notice to drawdown at the latest 5 (five) Business Day prior the drawdown date;</li> <li>5. Submission of insurance policy on the Project during the operation period, provided that the banker's clause correspond to the terms of the Insurance in the Credit Agreement;</li> <li>6. Lender has received satisfactory legal opinion addressed to the Lender on the validity and enforceability of Finance Documents, including conditions precedent confirmation to initial drawdown from external legal adviser;</li> <li>7. Submission of copy receipt that stated PT DEF has paid off loan made under Facility Agreement between PT DEF with the Lender;</li> <li>8. Satisfaction of all applicable conditions to Social &amp; Environmental covenants and Corrective Action Plans to comply with Lender's Social and Environmental Principles;</li> <li>9. Such other documents standard for transaction of this type which will be determined later.</li> </ol>
Condition Precedent to Subsequent Drawdown	<p>Standard and customary for this type of facility, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. Borrower to provide written notice of drawdown at the latest 5 (five) Business Days prior the drawdown date;</li> <li>2. Satisfaction of all applicable conditions to Social &amp; Environmental covenants and Corrective Action Plans to comply with Lender's Social and Environmental Principles;</li> <li>3. Any other documents as might be required and requested during the final documentation stage.</li> </ol>

b. Proposed Exposure

(in eq. IDR billion) As of 30 June 2018	Existing		Proposed	
	Borrower	Waskita Group	Borrower	Waskita Group
Senior Loan*		DEF: 800 WSE: 165.3	ABC: 200	ABC: 120 WSE: 165.3
Mezzanine			ABC: 600	ABC: 360
Equity				
<b>Total</b>		<b>967.3</b>	<b>800</b>	<b>645.3</b>

*\*including non-funded products*

(in eq. IDR billion)	Existing		Proposed	
	Borrower	SMJ Group	Borrower	SMJ Group
Senior Loan*		SMJ: 250	ABC: 200	ABC: 80 SMJ: 250
Mezzanine			ABC: 600	ABC: 240
Equity				
<b>Total</b>		<b>SMJ: 250</b>	<b>800</b>	<b>570</b>

c. Limit Compliance (as of 30 June 2018)

(in eq. IDR billion)	Max. Limit	Proposed Limit	Remarks
Single Project Exposure	SL: 1,500 Sub debt: 750	SL: 200 Sub debt: 600	Comply
Product (senior)	1,083.6	200	Comply
Product (mezz)	650.8	600	Comply
Risk Rating (IIF4)	488.1	800	<b>Not Comply</b>
Group Exposure (Waskita Group)	976.2	645	Comply
Group Exposure (SMJ Group)	976.2	570	Comply
Sector Exposure (Toll Road)	10,082	2,610	Comply



*\*including non-funded products*

*Note:*

- 1. 20% from Project Cost of IDR 7.5 Trillion*
- 2. Consist of proposed LMS (IDR 810bn), JSMR (IDR 250 bn), MLJ (IDR 250 bn), SMJ (IDR 250 bn), JJC (IDR 250 bn) and this proposed transaction for ABC of (IDR 800 bn)*
- 3. The proposed exposure includes IDR 200 bn portion of Senior Term Loan BNI Sindikasi that is previously approved.*

## G. Exception to IIF Policy

### Limit Based on Rating

Per portfolio monitoring guideline, the limit for IIF-4 rating is IDR 488 billion. Thus, proposing IDR 600 billion Cash Deficiency Support Facility along with the previously approved IDR 200 billion Senior Term Loan Facility will require asking for waiver from BoC-IC.

Despite the IIF-4 limit rating of IDR 488 billion, we propose to provide financing for up to IDR 800 billion based on the following considerations:

a. Risk rating is expected to improve.

We are expecting the risk rating of IIF-4 to be temporary. The biggest risk in a toll road project is construction risk and with the expected COD in Q3 2018, this risk will no longer be relevant. On mid June 2018 for Lebaran holiday the toll road was functional / open to public for general use. In preparation for COD, currently ABC is undergoing a Commissioning and Functional Viability Test or *Uji Laik Operasi (ULO)* process.

Traffic risk is expected to decrease influenced by these factors:

i. Connectivity of Trans Java Toll Road;

Trans Java toll road projects is scheduled to reach COD by end of 2018; as an integral part of Trans Java Toll Road, the end-to-end connectivity from West to East Java from Trans Java Toll Road is expected to generate traffic. On mid June 2018, Trans Java toll road was functional and used by public.

ii. First and Only Arterial Road in Pemalang;

For Pemalang-Batang, the construction of ABC Toll Road marks the presence of an arterial road or arterial thoroughfare which is a public road that serves major transportation vehicles with long-haul traits, high average speeds, and a limited number of access roads at the highest level of service possible. Other than the over congested Pantura, there was no arterial road presence in ABC prior to ABC project.

Please note that assumed traffic projection from ABC is lower than the assumed traffic projection from the neighboring Batang Semarang toll road;

b. Collateral and Support for the Project.

i. Collateral provided for CDS is pari passu with collateral for the Senior Term Loan. We have discussed and requested for pari passu collateral with BNI, the MLA Syndication for Senior Lenders, and so far all participant banks do not have any objection to the requirement.

ii. The value of the toll road concession and the recent market trend of Price to Book Value ("PBV") multiple valuation is providing reassurance that XYZ and ABC can meet its CDS and other potential funding needs over the next few years by making equity sell-down if required. For example, please see at the following illustration:

Project Cost	=	IDR	7.5
		trillion	
Debt Portion (70%)	=	IDR	5.25
		trillion	
Equity Portion (30%)	=	IDR	2.25
		trillion	
Price to Book Valuation with multiple of 2.0x	=	IDR	4.5
		trillion	
Selling 50% stake using new PB Valuation will be enough to cover the required CDS	=	IDR	2.25
		trillion	

Based on our discussion with XYZ, XYZ currently does not have the intention to sell its stake in ABC but XYZ acknowledges that divestment of up to two toll road concessions per year either directly or through RDPT is part of its future strategic planning. Also note that when SMI and Taspen entered into the deal with XYZ, it requires a PBV multiple valuation of 1.7x;

- iii. Funding and strategic support from Government of Indonesia through Bappenas. Bappenas supports XYZ through the PINA mechanism through which SMI and Taspen entered as shareholders to XYZ on February 2017.
- iv. Financial strength of SMI (10.67% shareholder) and Taspen (12.22% shareholder) as institutions mandated by the Government to support Waskita and its mission to accelerate national infrastructure projects. As of 31 December 2017, Taspen has assets of IDR 230 trillion and SMI has assets of IDR 55 trillion. Pefindo rated SMI as idAAA in 2017.
- c. Return Consideration: CDS is a quasi equity with risk/ return measurement that should be evaluated differently than conventional loan. The expected return for ABC is as follows:
  - i. Considering the return on equity based on market return value using the average growth of IDX Composite in the last 10 years (14.3%), the CAPM model generates rate of return of 13.9%. This equity return calculation and rate of senior term loan of 10% p.a., we can conclude that 13.5% return for CDS is acceptable.
  - ii. In the last RDPT conducted by XYZ for WTTR in April 2018, the PBV multiple valuation of 2.0x in line with recent toll road transactions with PBV multiple valuation of ca. 2.0x.
- d. To perform our role as a catalyst in the infrastructure financing sector by providing financing type that traditional banks are not able to provide while at the same time making sound judgement in investment.

Also, note that existing IIF projects which are toll roads have much better ratings creating room for rating improvement for ABC, once traffic is proven and commitment of shareholders become evidenced. Marga Lingkar Jakarta (“MLJ”) and Jasa Marga have rating of IIF-1 and Lintas Marga Sedaya (“LMS”) or Cipali toll concession holder has rating of IIF-2.

IIF have met with XYZ management and XYZ disclosed that to meet funding needs of its growing company, XYZ intends to work with two possible solutions: (i). to find new investors/ strategic partner at XYZ level with full support from Bapennas and (ii). to divest its toll road concessions either through RDPT mechanism or through direct sale. Furthermore, existing shareholders of XYZ are all participating in the projects as mandated by the GoI to accelerate the development of national strategic projects which highlights synergy between State Owned Enterprises (SOEs).

### Part III – Historical Financial & Financial Projection

#### Part III – Historical Financial & Financial Projection

##### A. Project Company

PT ABC Toll Road (“ABC”)

##### Auditor’s Opinion

Satrio Bing Eny & Rekan/ Deloitte; Unqualified Opinion for full year ended 31 December 2017 report dated 5 February 2018.

Balance Sheet (in IDR mn)	2015 (Audited )	2016 (Audited)	2017 (Audited)
<b>Asset</b>			
<u>Current Assets</u>			
Cash	117	426,196	7,293
Advances and Prepaid Expenses	-	505,984	213,951
Other Receivables from Third Party	-	1,044,083	299,316
Prepaid Tax	577	-	-

<b>Total Current Asset</b>	<b>694</b>	<b>1,976,263</b>	<b>520,560</b>
<u>Non Current Assets</u>			
Other Receivables from Related Parties	107,910	-	-
Fixed Assets	-	355	488
Toll Road Concession Rights	59,839	508,577	3,626,870
<b>Total Non Current Asset</b>	<b>167,749</b>	<b>508,932</b>	<b>3,627,358</b>
<b>Total assets</b>	<b>168,443</b>	<b>2,485,195</b>	<b>4,147,918</b>
<b>Liabilities and Equity</b>			
<u>Current Liabilities</u>			
Account Payable to Related Party	-	192,634	2,415,863
Taxes Payables	-	9,124	929
Accrual Expenses	-	3,657	17,492
Other Payables			
Related Parties	-	1,442,766	360,697
Third Parties	-	179,962	180,830
Finance Lease Liabilities - Net of Current Maturity	-	-	99
<b>Total Current Liabilities</b>	<b>-</b>	<b>1,828,143</b>	<b>2,975,909</b>
<u>Non Current Liabilities</u>			
Bank Loan			
Related Parties	-	-	415,397
Third Parties	-	-	79,459
Finance Lease Liabilities - Net of Current Maturity	-	-	115
Loan to Related Parties or Third Parties	107,569	-	-
<b>Total Non Current Liabilities</b>	<b>107,569</b>	<b>-</b>	<b>494,972</b>
<b>Total Liabilities</b>	<b>107,569</b>	<b>1,828,143</b>	<b>3,470,881</b>
<u>Equity</u>			
Share Capital	277,623	277,623	872,623
Advance Payment of Capital	-	595,000	19,058
Deficits	-216,749	-215,572	-214,644
<b>Total Equity</b>	<b>60,874</b>	<b>657,051</b>	<b>677,038</b>
<b>Total Liabilities and Equity</b>	<b>168,443</b>	<b>2,485,195</b>	<b>4,147,918</b>

- Balance sheet increased significantly from 2016 to 2017 as ABC started its construction work on ABC in 2017 and as BNI financing kicked in also in 2017.
- Though, ABC entered into EPC Contract with DEF for the procurement of construction work Pemalang – Batang toll road package I, II and IV with contract value amounting to IDR 2.3 trillion on 31 March 2016 and entered into EPC Contract with SMJ for the procurement of construction work Pemalang – Batang toll road package III with contract value amounting to IDR 1.6 trillion on the same day, it is not until 75% completion of land acquisition (gate to gate) according to PPJT and after Surat Perintah Mulai Kerja being issued by BPJT, that the construction work actually started. As of December 2016, the land acquisition only reached 74.9% thus construction started in 2017.
- During 2017, 88% of total asset consisted of Toll Road Concession Right while the rest are construction advances to DEF and SMJ and receivables from Ministry of Public Work and Public Housing related to bailout fund on land acquisition. In 2017, the construction work of IDR 3.1 tn was completed, thus increased Toll Road Concession Right by the same amount. Toll Road Concession Right are expenditures that can be capitalized as an intangible asset such as cost of construction, consultation fees, borrowing costs and land acquisition cost over the construction of Pemalang - Batang toll roads.

- During 2016, assets consisted mostly of receivables from Ministry of Public Work and Public Housing related to bailout fund on land acquisition and construction advances to DEF and SMJ.
- For the liabilities, during 2017, in line with construction progress, account payables to related party (DEF and SMJ) represented payable for construction in progress increased to IDR 2.4 trillion in 2017 compared to IDR 192 billion in 2016. On the contrary, other payables decreased in 2017 compared to 2016 as the balance of loan outstanding for land acquisition from DEF has been reduced as repayment is required as ABC obtained reimbursement bailouts from Government.
- In 2017, the company also signed a syndication loan amounting to IDR 3.2 trillion. By the end of 2017, the company had withdrawn IDR 494 billion and the remaining of the facility as well as the additional financing required to fund the approved cost increase will also be fully drawn in 2018.
- In 2017, the company made changes to the articles of association, this change caused the company's issued share capital increase to IDR 872 billion. These changes had been approved by Minister of Law and Human Rights of the Republic of Indonesia.

<b>Income Statement (in IDR mn)</b>	<b>2015 (Audited)</b>	<b>2016 (Audited)</b>	<b>2017 (Audited)</b>
Construction Revenues	-	448,738	3,118,293
Construction Expenses	-	(448,738)	(3,118,293)
<b>Gross Profit</b>	-	-	-
Interest income	1,722	1,307	967
Others Income	-	5	-
General and Administrative Expense	(1,979)	-	-
Other Expenses	(119,058)	(135)	(39)
<b>Profit (Loss) from Operation</b>	(119,316)	1,177	928
Finance Charges	(2,030)	-	-
<b>Profit (Loss) Before Tax</b>	(121,346)	1,177	928
	-	-	-
<b>Total Comprehensive Income</b>	(121,346)	1,177	928

- Construction revenue is the compensation of the service recognized for building new toll roads and to upgrade toll roads capacity. Construction revenue is recognized in which the company is reimbursed for allowable defined cost. The increase in construction revenue and expenses is due to the construction progress of Pemalang - Batang Toll Road amounting to IDR 3.1 tn.

<b>Cash Flows (in IDR mn)</b>	<b>2015 (Audited)</b>	<b>2016 (Audited)</b>	<b>2017 (Audited)</b>
<b>Operating Activities</b>			
Payment to Supplier and Employees	(3,763)	-	-
Receipt Interest Income	1,722	1,312	967
Payment of Bank Administration Expenses	(2,030)	(135)	(39)
Tax Payment	-	-	(22,976)
<b>Net Cash from Operating Activities</b>	(4,072)	1,177	(22,048)
<b>Investing Activities</b>			
Acquisition of Fixed Assets	-	(412)	(44)
Receipt for Land Acquisition	-	107,910	943,015
Payment for Land Acquisition	-	(1,036,118)	(160,441)
Acquisition of Intangible Assets	(155)	(555,982)	(493,232)
<b>Net Cash Used from Investing Activities</b>	(155)	(1,484,602)	289,298

<b>Financing Activities</b>			
Loan Receipt from			
Related Parties	-	1,422,073	152,608
Third Parties	4,376	-	-
Loan Interest Payment to Related Parties	(30,310)	-	(76,251)
Loan Principal Payment to Related Parties	-	(107,569)	(1,243,334)
Payment of Bank Loan Interest and Transaction Fee	-	-	(75,894)
Receipt of Paid in Capital	-	595,000	19,058
Principal Bank Loan Receipt	-	-	537,660
<b>Net Cash from Financing Activities</b>	<b>(25,934)</b>	<b>1,909,504</b>	<b>(686,153)</b>
Net Increase/(decrease) cash on hand and in banks	(30,160)	426,079	(418,903)
Cash on hand and in banks, beginning of year	30,277	117	426,196
<b>Cash on hand and in banks, end of year</b>	<b>117</b>	<b>426,196</b>	<b>7,293</b>

- For the yearly period from 2015 to 2016, cash outflow from investing activities had increased sharply from IDR 154 mn to IDR 1.48 tn, respectively. This was mostly accounted from payment for land acquisition in Pemalang - Batang Toll Road. The cash from investing activities was however turned to positive inflow to approximately IDR 289 bn in 2017, this was due to the project's land acquisition repaid by government through LMAN.
- Cash from financing activities in 2016 had leaped significantly, this was mostly due to loan receipt from XYZ amounting to IDR 1.3 tn. This money used by the company for the land acquisition of Pemalang - Batang Toll Road Project. In 2017, the government had reimbursed ABC for the land acquisition and the company repaid the loan to XYZ and recorded in 2017 cash financing activities.

<b>FINANCIAL RATIO</b>	<b>2015 FY</b>	<b>2016 FY</b>	<b>2017 FY</b>
Current Ratio	-	1.08	0.17
Debt/Equity	-	-	73%
Debt/EBITDA	-	-	-

- Debt to Equity ("DER", ratio of bank financing to self financing) is 0.7x, in compliance with covenants stipulated in the syndication facility that Debt to Equity ratio must have a max ratio of 2x (Bank Financing: Self Financing = 66.03 : 33.97). In addition to DER, the other covenants will be in effect after COD include minimum current ratio (ratio of current asset to current liabilities excluding current portion of long term debt) of 1.0x and DSCR of min 1.0x.

## **B. Guarantor/Sponsor Financials**

### **SMJ Financial Highlights**

(in IDR mn)	<b>2016 FY Audited</b>	<b>2017 FY Audited</b>
Revenue	454,193	1,595,637
Operating Expense	426,791	979,441
Operating Income	27,402	616,196
Other (Income)/Expense	13,169	17,320
Earnings Before Tax	14,233	598,876
Tax	(3,089)	(23,438)
Net Profit (Loss)	11,144	575,438

EBITDA	104,121	745,989
Memo: Depreciation	75,418	99,717
Memo: Interest Expense	14,470	47,396
Cash	118,529	106,301
Trade receivables	64,493	881,569
Inventories	68,391	49,435
Other Current Assets	62,748	72,805
<b>Total Current Assets</b>	<b>314,161</b>	<b>1,110,110</b>
Investment in Associates	384,436	391,260
Fixed Assets	716,976	806,226
Receivables from Related Parties	222,252	211,964
Other Non Current Assets	18,631	19,158
<b>Total Non Current Assets</b>	<b>1,342,295</b>	<b>1,428,608</b>
<b>Total Assets</b>	<b>1,656,456</b>	<b>2,538,718</b>
Trade Payables	123,815	253,278
Other Current Liabilities	44,305	118,797
<b>Current Liabilities</b>	<b>168,120</b>	<b>372,075</b>
Bank Loans, Net of CPLTD & IIF Loan	55,231	262,608
Lease Payable	195,022	269,425
Amount Due to Directors	194,544	141,164
Other Non Current Liabilities	210,598	90,744
<b>Non Current Liabilities</b>	<b>655,395</b>	<b>763,941</b>
<b>Total Liabilities</b>	<b>823,515</b>	<b>1,136,016</b>
<b>Equity</b>	<b>832,941</b>	<b>1,402,702</b>
CF from Operating	46,915	(8,090)
CF from Investing	(334,954)	(122,847)
CF from Financing	370,207	118,708
<b>Net change in Cash</b>	<b>82,168</b>	<b>(12,228)</b>
Gross Profit Margin	6%	39%
Net Profit/(Loss) Margin	2%	36%
ROA	1%	23%
ROE	1%	41%
Current Ratio	1.9	3.0
Debt/Equity	0.3	0.4
Debt/EBITDA	2.4	0.7
Net Debt/EBITDA	1.3	0.6

#### Analysis on Key Items on Income Statement

SMJ earned 251% YoY increase in revenue in 2017 thanks to increase in construction service revenue and increase in revenue from coal mining services. Construction service revenue contributed IDR 1.1 trillion, or equal to 70% of SMJ revenue in 2017 while revenue from coal mining increased by 28% YoY to IDR 392 billion in 2017. Growing performance in 2017 is also presented at the bottom line as SMJ net profit margin improved from 2% to 36% .

#### Analysis on Key Items on Balance Sheet

Total asset in 2017 increased by 53.3% YoY. Increase in asset from IDR 1.7 trillion in 2016 FY to IDR 2.5 trillion in 2017 FY can be clearly seen in increase in trade receivables of IDR 817 billion, of which IDR 729 billion in 2017 can be traced back to ABC. Total liabilities in 2017 increased by 37.9% YoY

due to increase in trade payables and IIF loans. Total equity in 2017 increased by 68.4% YoY from IDR 833 billion to IDR 1,403 billion thanks to the increase in retained earnings due to 2017 profit.

#### Analysis on Key Items on Cash Flow Statement

Cash flow from Operating is receipt from customers and payments to suppliers and employees. In 2017 FY, cash from operating is negative as payment for suppliers and employees is higher than receipt from customers. Note that, as informed by both ABC and BNI, as the PPJT for ABC is being amended, not all of the work done in ABC has been invoiced and subsequently paid. ABC is also behind from its projected drawdown schedule for BNI Sindikasi I. Cash flow from investing – In 2017 FY, included in this account is acquisition of fixed assets of IDR 189 billion which is offsetted by lease payables of IDR 73 billion. Cash flow from financing - In 2017 FY, SMJ received IDR 250 billion from IIF, of which IDR 200 billion was outstanding as of 31 December 2017.

#### Analysis on Financial Ratios

As the EBITDA improved in 2017, SMJ maintained its low leverage with Debt to Equity Ratio of 0.4x and Debt to EBITDA of 0.7x.



**XYZ Financial Highlights**

The financial highlight based on audited financial statement is as follows:

(in IDR mn)	2016 FY	2017 FY
Gross Profit	102,030	180,171
Profit From Operations	201,420	422,972
Financial Charges	(299,594)	(530,618)
Equity in Income from Associates	11,038	11,635
Loss Before Tax	(87,135)	(96,011)
Tax Benefit (Expense)	1,871	(256,621)
Net Loss for the Year	(85,264)	(352,632)
Cash	1,717,562	1,858,390
Other Account receivables	5,407,294	8,558,918
Other Current Assets	1,090,101	725,626
<b>Total Current Assets</b>	<b>8,214,957</b>	<b>11,142,934</b>
Investment in Associates	937,770	1,641,582
Toll Concession Rights	11,156,912	33,932,684
Goodwill	1,710,769	2,235,780
Other Non Current Assets	571,464	89,491
<b>Total Non Current Assets</b>	<b>14,376,915</b>	<b>37,899,537</b>
<b>Total Assets</b>	<b>22,591,872</b>	<b>49,042,471</b>
Account Payables	3,764,989	17,365,556
Other short term payables	6,383,235	6,903,236
Other Current Liabilities	85,827	1,788,861
<b>Current Liabilities</b>	<b>10,234,051</b>	<b>26,057,653</b>
Account Payables	-	1,639,845
Other LT Payables	3,470,751	3,352,531
Bank Loans	2,698,965	4,908,801
Other Non Current Liabilities	21,631	67,262
<b>Non Current Liabilities</b>	<b>6,191,347</b>	<b>9,968,439</b>
<b>Total Liabilities</b>	<b>16,425,398</b>	<b>36,026,092</b>
<b>Equity</b>	<b>6,166,474</b>	<b>13,016,379</b>
CF from Operating	(255,717)	(77,272)
CF from Investing	(9,830,617)	(9,169,107)
CF from Financing	10,655,119	9,387,207
Net change in Cash	568,786	140,827
Gross Profit Margin	1.94%	1.00%
Net Profit/(Loss) Margin	-2%	-2%
ROA	-0.4%	-0.7%
ROE	-1.4%	-2.7%
Current Ratio	0.80	0.43
Debt/Equity	0.44	0.50
Debt/EBITDA	27.83	45.88
Net Debt/EBITDA	10.16	32.88

**Analysis on Key Items on Income Statement**

- Gross profit increased by 80% YoY from 2016 FY to 2017 FY primarily due to increase in toll revenue. Higher revenue from Kanci Pejagan and Pejagan Pemalang as well as Becakayu that reached COD in 2017 contributed to the increase.

- Increase in profit from operation was primarily due to interest revenue. However, interest revenue in both 2016 FY and 2017 FY were lower than financial charges resulting in net loss in both periods.

#### Analysis on Key Items on Balance Sheet

- Balance sheet items grow significantly (over 100% YoY) both for assets, liabilities and equity.
- Increase in assets were driven by the following factors:
  - increase in toll concession rights - Toll concession rights account for 70% of total assets or IDR 34 trillion of IDR 49 trillion in assets. Included in toll concession right are 10 toll road concessions in which XYZ had majority stake as of 31 December 2017. They are (1) Becakayu, (2) Ciawi Sukabumi, (3) Cimanggis Cibitung, (4) Cibitung Cilincing (5) Kanji Pejagan, (6) Pejagan Pematang, (7) ABC, (8) Krian Legundi Bunder, (9) Pasuruan Probolinggo and one toll road located in Sumatra Kapalbetung.
  - Increase in investment in associates - The other 8 toll road concessions in which XYZ had minority stake is included in investment in associates and only amounted to IDR 1.6 trillion or 3% of total assets.
  - Increase in Other account receivables – As of 31 December 2018, other receivables amounted to IDR 8.5 trillion (an increase in other account receivables due to increase in other account receivables from Ministry of Public Works and Public Housing represent receivables for Government Support Fund for Cimanggis Cibitung, Cibitung Cilincing, Krian Legundi Bunder Manyar, Becakayu, ABC, Ciawi Sukabumi toll road concessions).
- Increase in liabilities were due to the following factors:
  - increase in account payables from IDR 3.6 trillion in 2016 FY to IDR 16.4 trillion in 2017 FY – payment to DEF of IDR 12.1 trillion and to Waskita Beton Precast of IDR 3.4 trillion.
  - increase in bank loans.
- Increase in equity were due to the following factors;
  - Facilitated by Bappenas, Taspen and SMI became sponsors of XYZ through PINA mechanism on February 2017.
  - Throughout 2017, the stockholders agreed to increase XYZ's authorized capital several times in March, May and December 2017 increasing the Company's issued and paid up capital from IDR 5.6 trillion to IDR 10.8 trillion.
  - Additional paid in capital increased to IDR 2.2 trillion in 2017.

#### Analysis on Key Items on Cash Flow Statement

- Cash flow from Operating is receipt from operating toll roads and payments to suppliers and employees of the toll roads. In 2017 FY, cash from operating is negative as payment for financial charges is higher than receipt from customers.
- Cash flow from investing – In 2017 FY, included in this account is acquisition of intangible assets of IDR 4.8 trillion and payment for related parties of IDR 3 trillion.
- Cash flow from financing - In 2017 FY, included in this account is receipt of bank loans of IDR 3.1 trillion and receipt of paid in capital from parent entity of IDR 5.2 trillion.

#### Analysis on Financial Ratios

- Mandated by the GoI to accelerate toll road developments in Indonesia, XYZ owns 18 toll road concession with total length of over 1000 kms with 10 concessions were actually majority owned by XYZ as of 31 December 2017.
- As of 2017 FY, Debt to EBITDA is 46x and Net Debt to EBITDA is 33x. As of 2017 FY, only three of XYZ toll roads were operating, thus while the Debt is Debt used to finance 10 toll road concessions, only 3 toll roads generating EBITDA. While Net Debt to EBITDA of 33x may seem high, please note that no infrastructure project is expected to generate breakeven in less than 5 years thus infrastructure projects are bound to violate the Net Debt to EBITDA rule of maximum 4x.

#### Analysis on Funding Needs

- Based on the discussion we had with XYZ management, they acknowledged that to develop 18 toll road concessions, the related project cost is IDR 165 trillion. In 2017 FY, XYZ recorded toll concession rights of IDR 34 trillion, goodwill of IDR 2.2 trillion and investment in associates of IDR 1.6 trillion. In March 2018, toll concession right increased to IDR 38 trillion while goodwill and investment in associates remain the same. As the toll roads are still under construction in 2018 and 8 of them will be completed this year, we expect toll concession rights to increase significantly by

2018 FY. Turnkey contracts, which will only be recognized and recorded at completion, will add to the toll concession right balance.

- For XYZ's IDR 165 trillion total project cost, we can assume that 30% will be funded by equity while the rest will be funded by bank loans. Thus, XYZ needs to have equity financing of IDR 50 trillion, to be provided by DEF (IDR 38.2 trillion), Taspen (IDR 6 trillion) and SMI (IDR 5.3 trillion). As of December 2017, XYZ had recorded equity capital of IDR 13 trillion, thus XYZ needs to only inject equity financing of IDR 37 trillion to complete its toll road projects, three of which will be completed in 2019 and 2020.
- XYZ meets its funding needs from divesting its toll road concessions, finding a strategic partner, or topping up from existing/ new sponsors.
- (Partial) divestment is attractive for XYZ as it potentially allows XYZ to deconsolidate some debt from its financial statement given XYZ reduced its majority stake to minority. However, 5 year buyback clause making it possible to retain the asset if later desired.
- Currently DEF is a 77% owner of XYZ but is willing to be further diluted up to 51% if a suitable partner emerges. DEF reiterated that they are mandated to accelerate the toll road construction projects in Indonesia and intend to stay majority especially during construction period.

## C. Parent of XYZ's Financials

### DEF Financial Highlights

The financial highlight based on audited financial statement is as follows:

Waskita Karya Financial Highlight in Billion IDR	Audited 2015	Audited 2016	Audited 2017
Cash & CE	5,511	10,656	6,089
Trade Receivables	3,244	11,647	14,133
Inventories	826	2,557	3,236
Gross amount due from customer	4,580	10,972	25,021
Other current asset	1,645	3,879	3,948
Total Current Assets	15,806	39,711	52,427
Toll road concession right	5,580	11,154	33,933
Other non-current asset	8,923	10,566	11,536
Total non-current asset	14,503	21,720	45,469
<b>Total Assets</b>	<b>30,309</b>	<b>61,431</b>	<b>97,896</b>
Trade Payable	5,176	7,184	14,098
ST Loan	3,194	12,063	24,292
CPLTD	557	3,286	1,594
Other current liabilities	4,704	8,751	12,325
Total Current Liabilities	13,631	31,284	52,309
LT Loan	1,876	4,323	8,970
Bond Payable	2,671	5,568	9,045
Other non current liabilities	2,427	3,485	4,817
Total non current liabilities	6,974	13,376	22,832
<b>Total Liabilities</b>	<b>20,605</b>	<b>44,660</b>	<b>75,141</b>
<b>Equity</b>	<b>9,704</b>	<b>16,773</b>	<b>22,755</b>

in Billion IDR	2015	2016	2017
Revenue	14,153	23,788	45,213
Operating Expense	12,749	20,608	37,854
<b>Operating Income</b>	<b>1,404</b>	<b>3,180</b>	<b>7,359</b>
Other (Income)/Expense	(53)	41	806
Interest Expense	340	983	1,932
Earning before tax	1,117	2,156	4,621
Tax	69	343	419
<b>Net profit (Loss)</b>	<b>1,048</b>	<b>1,813</b>	<b>4,202</b>

	2015	2016	2017
Debt/EBITDA	5.36	7.47	5.57
Debt/Equity	0.86	1.50	1.93
Current Ratio	1.16	1.27	1.00
DSCR	4.55	2.19	1.51
ROA (%)	3.5%	3.0%	4.3%
ROE (%)	10.8%	10.8%	18.5%
Net Profit Margin	7.4%	7.6%	9.3%
Operating Margin	9.9%	13.4%	16.3%

Notes:

- DEF revenue rose 2 years in a row, experiencing 68% and 90% growth in 2016 and 2017, respectively. Main revenue growth was accounted by construction services business line which grew by 89% YOY. It came as the biggest contributor to revenue at IDR 42.37 trillion followed by precast sales IDR 2.23 trillion, toll road revenue IDR 313.80 billion, hotel revenue IDR 36.35 billion, energy IDR 76.92 trillion, property revenue IDR 204.66 billion, and buildings and equipment rental IDR

10.29 billion. In line with brisk revenue growth, DEF Operating income and net profit follow with significant growth of 131.4% and 131.7%, respectively in 2017.

- DEF expansion in construction, especially toll road construction, lifted the asset to IDR 97.7 Trillion in 2017, increased by 59% from 2016. It is presented in toll road concession right which jumped from IDR 11.2 Trillion in 2016 to IDR 33.9 Trillion in 2017. As of December 2017, DEF has obtained 10 toll road concession right, including two concession toll road right contracts awarded in 2017: ABC toll section with concession right of 40 years (to ABC) and Kayu Agung – Palembang – Betung toll section with concession right of 45 years
- DEF financing in 2017 was obtained mostly from bond issuance and syndicated loan. On May 2017, DEF entered into loan syndication with 17 banks for an investment loan ceiling of IDR 3.22 Trillion. This loan were used for the development of Pemalang-Batang Toll Road. Additional financing came from Shelf Registration Bond issuance amounted to IDR 4.36 Trillion from two issuances.
- Overall, as per F/S December 2017, DEF managed a well financial ratio since 2015, as seen from positive margin, >1x DSCR, and 1.93x Debt/Equity ratio.

### 2018 Outlook

- New Contracts – Initial 2018 target for new construction contracts was IDR 70 trillion but was revised to IDR 50 trillion as DEF was unable to reach an agreement with terms of payment for Probolinggo – Banyuwangi, a 172 km toll road in East Java, that requested the construction contract to be turnkey.
- Cash Flow Management – In 2018, DEF is expecting payment of IDR 20 trillion from the following transactions:
  - LRT Palembang (turnkey project): IDR 9 trillion (of which IDR 5 trillion will be received directly from the client and IDR 4 trillion will be received through factoring)
  - Batang Semarang toll road (turnkey project): IDR 6 trillion
  - Salatiga Kertasuro toll road: IDR 3 trillion
  - Terbanggi Besar Pematang Panggang toll road: IDR 2 trillion
- Cash Flow Management – In 2018, DEF is expecting to receive reimbursement from Dana Talangan Tanah (Land Acquisition Fund) for IDR 6.5 trillion. As the speed of land acquisition process has improved, it now takes 6 months from cash disbursement to cash reimbursement, thus DEF can expect IDR 6.5 trillion to be received back from land acquisition this year.
- Going forward, the land acquisition process for new toll road concessions awarded for XYZ, will likely use external financing as banks are now willing to provide land acquisition fund. For example, on May 2018, BRI gave IDR 7.2 trillion land acquisition loans to XYZ for its subsidiaries, PT Cimanggis Cibitung Tollways (90% owned, 27 km in length), PT Trans Jabar Toll (Bogor Ciawi Sukabumi, 99% owned, 54 km in length) and PT Kresna Kusuma Dyandra Marga (Becakayu, 99% owned, 16 km in length).

### Analysis on DEF's Commitment to XYZ

DEF had shown its commitment to XYZ by doing the following:

1. Provided shareholder loans for dana talangan tanah;
2. Provided turn key contracts for PT Trans Jawa Paspro Jalan Tol (Pasuruan Probolinggo, previously 99% owned, recently divested), PT Jasamarga Semarang Batang (40% owned, 75 km in length), PT Cibitung Tanjung Priok Port Tollways, PT Cimanggis Cibitung Tollways (90% owned, 27 km in length), PT Trans Jabar Tol (Bogor Ciawi Sukabumi, 99% owned, 54 km in length) and PT Sriwijaya Markmore Persada (Kapalbetung, 98% owned, 112 km in length) projects in which XYZ only needs to start making payment to DEF once these toll roads become operational;
3. Historically stepping up to inject additional funds as needed as the other sponsor, Taspen, was unable to readily participate in an equity call due to internal processing time. DEF has indicated that in the upcoming equity call, DEF will let Taspen to take more share as needed to return the Taspen's shareholding composition.

**SMI Financial Highlights**

The financial highlight based on audited financial statement is as follows:

(in IDR mn)	2016 FY	2017 FY
Revenues	2,329,444	3,154,863
Operating Expenses	(794,476)	(1,483,310)
Final Tax Expense	(150,779)	(122,164)
Income From Operations	1,384,238	1,549,390
Profit For the Period	1,212,803	1,262,008
Cash	8,089,506	15,398,139
Loans Receivables	32,648,418	33,323,778
Investment in Equity	690,751	2,759,169
Other Assets	2,903,462	3,904,810
<b>Total Assets</b>	<b>44,332,137</b>	<b>55,385,896</b>
Loans Received from Banks & Finl Instns	3,141,318	3,715,561
Debt Securities Issued	7,333,680	14,243,219
Borrowings from GoI	2,616,273	2,608,996
Other Liabilities	405,156	496,967
<b>Total Liabilities</b>	<b>13,496,427</b>	<b>21,064,743</b>
<b>Equity</b>	<b>30,835,710</b>	<b>34,321,153</b>
	<b>2016 FY</b>	<b>2017 FY</b>
Operating Profit Margin	59%	49%
Net Profit/(loss) Margin	53%	55%
Debt/Equity	0.42	0.60
ROE	4%	4%
ROA	3%	2%

**Notes:**

- Increase in revenues is driven by increase in interest on loan receivables, an increase of IDR 900 billion. Increase in opex is also driven partly by IDR 446 billion increase in interest expenses, ca. IDR 170 billion increase in allowance for impairment losses on loans receivables and other G&A expense increase.
- From 2016 FY to 2017 FY, increase in assets can be seen in increase in cash from IDR 8 trillion to IDR 15.4 trillion. Percentagewise, increase in investment in equity is also significant with value more than quadrupled from IDR 700 billion in 2016 to IDR 2.7 trillion in 2017 – due to investment in XYZ.
- The growth in assets has been financed by growth in liabilities, primarily due to issuance of new bonds with idAAA rating in 2017. The bonds, Sarana Multi Infrastruktur Bond I Phase II 2017, Serie A, B and C has outstanding amount of IDR 1.2 trillion, IDR 4.5 trillion and IDR 1.3 trillion accordingly with tenor of 1,3 and 5 years and coupon rate of 6.15%, 7.40% and 7.60%.

**Analysis on SMI's Commitment to XYZ**

SMI had shown its commitment to XYZ by doing the following:

1. Provided loans for dana talangan tanah;
2. Provided Cash Deficiency Support Facility;
3. Provided equity injection to XYZ.

**Taspen Financial Highlights**

The financial highlight based on audited financial statement is as follows:

(in IDR mn)	2016 FY	2017 FY
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Revenue	15,067,416	16,835,340
Opex	(14,705,984)	(15,870,684)
Profit Before Tax	361,432	964,656
Tax	(114,179)	(242,930)
Net Profit After Tax	247,253	721,726
Employer Receivables	21,162,360	16,332,168
Time Deposit	28,281,126	43,497,371
Available for Sale - Bond	91,964,648	110,139,459
Held to Maturity - Bond	12,214,694	12,486,491
Sukuk at carrying value	19,045,568	23,740,801
Other Assets	25,950,850	24,182,261
<b>Total Assets</b>	<b>198,619,246</b>	<b>230,378,551</b>
Akumulasi Iuran Pensiun PNS	102,693,565	126,013,566
Liabilitas Manfaat Polis Masa Depan	82,785,471	88,511,516
Other Liabilities	1,837,506	1,894,819
<b>Total Liabilities</b>	<b>187,316,542</b>	<b>216,419,901</b>
<b>Equity</b>	<b>11,203,704</b>	<b>13,958,651</b>
Operating Profit Margin	2.4%	5.7%
Net Profit Margin	1.6%	4.3%
ROA	0.1%	0.3%
ROE	2.2%	5.2%

Notes:

- Revenue increased from 2016 FY to 2017 FY due to increase in revenue from premium and due, gains from investments and employer's past serviced liabilities. Increase in opex from 2016 FY to 2017 FY is mainly driven by increase in claim benefit. Overall, profit before tax and Net Profit After Tax increased significantly in 2017 FY compared to 2016 FY.
- Balance sheet items increased in 2017 FY compared to 2016 FY.

#### Analysis on Taspen's Commitment to XYZ

Taspen had shown its commitment to XYZ by doing the following:

1. Became a standby buyer for Medium Term Notes which proceeds go toward providing dana talangan tanah for XYZ projects;
2. Participated in RDPT process for divestment of Waskita TransJawa Toll Road in Q2 2018.
3. Provided equity injection to XYZ.

## D. Financial Projection and Sensitivity

### General Assumptions (in IDR Mn) – BASE CASE:

Inflation Rate	:	7.00%	p.a.
Initial Tariff (Gol. 1)	:	1,100*	Rupiah/Km/ Vehicle
Concession Start (SPMK)	:	1/24/2017	
Concession Period	:	40	Years
End of Concession	:	1/24/2056	
Length of Toll Road			
Beginning Project - IC Pemalang	:	5.4	KM
IC Pemalang - IC Pekalongan	:	19.04	KM
IC Pekalongan - IC Batang	:	10.59	KM
IC Batang - End of Project	:	4.16	KM
Interest Rate			
- Bank Loan	:	10.50%	
- SHL	:	13.50%	
Other Income	:	1.50%	
VAT (PPN)	:	10%	
Income Tax	:	25%	
Biaya Provisi	:	2%	

\* As agreed, Toll tariff will regularly increase by 14% in every 2 years.

- Assumptions are as provided by ABC to IIF in its financial model. This model is presented with general assumption developed in PPJT and potential agreement with lender.
- The traffic study was done by PT. Perentjana Djaja and PT. Jakarta Rencana Selaras.
- Initial tariff of Rp. 1,100 per km per vehicle is as agreed in the last meeting with BPJT in December 2017.
- The model also assumed 7% increase in inflation and 14% increase in tariff every two year as regulated in UU No.38, 2004.
- The projection and assumes around 15K traffic daily for 5 different type of vehicles and also differentiates its traffic by specific road sections. Though it did not differ much from one section to the other.
- As a sample, we provided the 2018 – 2030 traffic projection for Pemalang – Pekalongan to give you an idea as it is the longest road sections (19 km in length). We trimmed the traffic volume by 20% in this scenario
- Traffic is assumed to increase by 11%, 13% and 16% from 2018 – 2019, 2019 – 2020 and 2020 – 2021 respectively.
- Repayment schedule is actual as agreed by Investment Credit Phase I lenders. Please note that terms and conditions for Investment Credit Phase II will be mostly identical to Phase I, except for tenor of the Facility that will have to differ as the signing of the Facilities take place a year apart.
- ABC sort the traffic volume based on 5 different vehicle classification, of which charged with different tariff per km. The tariff is ranging from 1,100 per km to 3,300 per km for each vehicles classification.

Traffic Projections (Projection numbers had slight variations between section, represented here is Pemalang – Pekalongan section, 19 km in length)

Tahun ke -	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
- Gol. 1		8,386	9,308	10,519	12,202	13,910	15,718	17,604	19,541	21,495	23,429	25,304	27,328	29,241
- Gol. 2		4,159	4,616	5,217	6,051	6,898	7,795	8,731	9,691	10,660	11,620	12,549	13,553	14,502
- Gol. 3		1,870	2,076	2,346	2,721	3,102	3,505	3,926	4,357	4,793	5,224	5,642	6,094	6,520
- Gol. 4		756	839	948	1,100	1,254	1,417	1,587	1,762	1,938	2,115	2,281	2,464	2,636
- Gol. 5		327	363	410	476	542	613	684	759	835	911	983	1,062	1,136

ABC has developed a conservative approach on this base case traffic volume. Compared to the Semarang-Batang Toll Road (“SBTR”) traffic forecast, toll road section right after ABC, ABC traffic is somewhat lower. SBTR foresees the traffic will reach 18,210 vehicles/day on the 1<sup>st</sup> operating year. It is 17% higher than this base case traffic volume assumption. Compared to operating toll road, Pejagan Pemalang Toll Road (PPTR), a neighboring toll road of ABC, this traffic is considered comparable. PPTR estimates the traffic will be around 15,400 in 2018.

### Repayment Schedule for Investment Credit I & II – BNI led syndication



Tahun ke -	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Repayment		-	0.5%	1.0%	1.0%	1.0%	1.5%	6.7%	10.0%	12.0%	17.0%	21.0%	21.0%	7.3%

Year		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
		0	1	2	3	4	5	6	7	8	9	10
Cash Inflow From Operating Activities												
	Rev from toll road	-	-	151,759	341,587	413,699	510,440	622,080	749,606	899,772	1,062,322	1,249,232
	Other revenue	1,312	967	2,276	5,124	6,205	7,657	9,331	11,244	13,497	15,935	18,738
	Total	1,312	967	154,035	346,711	419,905	518,096	631,411	760,850	913,269	1,078,257	1,267,971
Cash Outflow from Operating Activities												
	Op. and maintenance	-	-	81,440	156,741	167,713	179,453	192,014	205,455	219,837	235,226	251,691
	Other expenses	135	39									
	Tax	-	-	-	-	-	-	-	-	-	-	2,029
	Total	135	39	81,440	156,741	167,713	179,453	192,014	205,455	219,837	235,226	253,720
Net Cash from Operating Activities		1,177	928	72,595	189,970	252,192	338,644	439,397	555,395	693,432	843,031	1,014,251
Cash in from Investing Activities												
	Investment											
	Total											
Cash Out from Investing Activities												
	Toll road construction	555,982	493,232	6,448,701	-	-	5,094	-	118,031	6,240	-	-
	Total	555,982	493,232	6,448,701	-	-	5,094	-	118,031	6,240	-	-
Net Cash from Investing Activities		(555,982)	(493,232)	(6,448,701)	-	-	(5,094)	-	(118,031)	(6,240)	-	-
Cash Inflow from Financing Activities												
	SHL Loan Land Acq	1,300,000	152,608	250,000	-	-	-	-	-	-	-	-
	BLU Loan	179,822	(92)	-	-	-	-	-	-	-	-	-
	Senior Term Loan	-	498,454	4,010,874	-	-	-	-	-	-	-	-
	Syariah Loan	-	39,206	460,794	-	-	-	-	-	-	-	-
	IIF CDS Loan	-	-	300,000	300,000	-	-	-	-	-	-	-
	LMAN Receivable											
	Principal	-	930,792	505,023	-	-	-	-	-	-	-	-
	Interest	-	-	52,534								
	SHL Cash Deficiency				227,053	362,069	275,211	163,864	184,880	179,082	150,597	22,307
	Capital Placement	595,000	19,058	1,635,317	-	-	-	-	-	-	-	-
Cash Outflow from Financing Activities												
	LMAN Land Acq	1,036,118	148,218	251,479								
	Land Acq Loan Payable											
	Principal		1,121,334	581,274	179,730							
	Interest		86,571	74,203	13,180							
	Syndication Payable											
	Principal				26,193	52,385	52,385	52,385	78,578	348,466	523,852	628,622
	Interest		6,504	139,558	548,335	543,876	538,376	532,875	525,666	499,807	451,776	389,936
	IIF CDS											
	Principal											
	Interest	-	-	750	9,750	18,000	18,000	18,000	18,000	18,000	18,000	18,000
	SHL Repayment											
Debt Service (P+I)		1,036,118	1,362,627	1,047,263	777,188	614,262	608,761	603,261	622,244	866,274	993,628	1,036,558
Net Change in Cash		483,898	(214,905)	(208,828)	(60,165)	-	-	-	-	-	-	-
Beginning Cash		-	483,898	268,993	60,165	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Ending Cash		483,898	268,993	60,165	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Year		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		11	12	13	14	15	16	17	18	19	20
Cash Inflow From Operating Activities											
	Rev from toll road	1,452,049	1,680,782	1,930,787	2,201,696	2,520,043	2,862,985	3,227,918	3,657,842	4,134,656	4,697,334
	Other revenue	21,781	25,212	28,962	33,025	37,801	42,945	48,419	54,868	62,020	70,460
	Total	1,473,830	1,705,993	1,959,749	2,234,722	2,557,844	2,905,930	3,276,337	3,712,710	4,196,676	4,767,794
Cash Outflow from Operating Activities											
	Op. and maintenance	269,310	288,162	308,333	329,916	353,010	377,721	404,162	432,453	462,725	495,115
	Other expenses										
	Tax	47,610	99,720	153,456	205,638	267,871	332,536	398,059	471,010	572,229	765,444
	Total	316,920	387,882	461,789	535,555	620,882	710,257	802,221	903,463	1,034,953	1,260,559
Net Cash from Operating Activities		1,156,910	1,318,112	1,497,960	1,699,167	1,936,962	2,195,673	2,474,116	2,809,247	3,161,722	3,507,235
Cash in from Investing Activities											
	Investment										
	Total										
Cash Out from Investing Activities											
	Toll road construction	7,644	165,545	140,361	9,365			243,658	9,347		4,246,804
	Total	7,644	165,545	140,361	9,365			243,658	9,347		4,246,804
Net Cash from Investing Activities		(7,644)	(165,545)	(140,361)	(9,365)			(243,658)	(9,347)		(4,246,804)
Cash Inflow from Financing Activities											
	SHL Loan Land Acq										
	BLU Loan										
	Senior Term Loan										
	Syariah Loan										
	IIF CDS Loan										
	SHL Cash Deficiency	66,124	165,186								
	Capital Placement	-	-	-	-	-	-	-	-	-	-
	Total	66,124	165,186	-	-	-	-	-	-	-	-
Cash Outflow from Financing Activities											
	LMAN Land Acq										
	Land Acq Loan Payable										
	Principal										
	Interest										
	Syndication Payable										
	Principal	890,548	1,100,089	1,100,089	384,926	-					
	Interest	306,842	199,664	84,154	5,198	-	-	-	-	-	-
	IIF CDS										
	Principal	-	-	-	287,795	431,692	431,692	431,692	431,692	143,897	-
	Interest	18,000	18,000	18,000	188,030	224,479	166,201	107,922	49,644	3,597	-
	SHL Repayment (P+I)									2,202,054	3,075,892
Debt Service (P+I)		1,215,390	1,317,752	1,202,243	865,949	656,171	597,893	539,614	481,336	2,349,549	3,075,892
Net Change in Cash		0	0	155,356	823,854	1,280,791	1,597,780	1,690,845	2,318,565	812,174	(3,815,461)
Beginning Cash		(0)	0	0	155,356	979,209	2,260,000	3,857,780	5,548,625	7,867,189	8,679,363
Ending Cash		0	0	155,356	979,209	2,260,000	3,857,780	5,548,625	7,867,189	8,679,363	4,863,902

- The above cash flow statement represent a 20 years projection of ABC project. The toll road construction will run in the first 3 year of the project (2016-2018), by support of capital placement, bank loan (incl. IIF senior term loan), and Syariah loan. To deal with cash deficiency occurs in 2018 and 2019, ABC expects the cash deficiency support

facility from IIF to cover some of the cash shortage. In addition to that, ABC will obtain shareholders loan for any cash deficiency, as reflected in “SHL Cash Deficiency”, from 2018 – 2028. Payment to this shareholder loan will be deferred until 2035 (after IIF CDS facility is matured).

### Income Statement Projection – Base Case

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	0	1	2	3	4	5	6	7	8	9	10
Toll Road Revenue	-	-	151,759	341,587	413,699	510,440	622,080	749,606	899,772	1,062,322	1,249,232
Other Revenue	1,312	967	2,276	5,124	6,205	7,657	9,331	11,244	13,497	15,935	18,738
Total Revenue	1,312	967	154,035	346,711	419,905	518,096	631,411	760,850	913,269	1,078,257	1,267,971
Operating Expenses											
O&M expenses		-	81,440	156,741	167,713	179,453	192,014	205,455	219,837	235,226	251,691
Other expenses	135	39	-	-	-	-	-	-	-	-	-
Depreciation expenses	-	-	2,876	6,473	7,839	9,672	13,485	15,902	42,353	45,816	49,357
Total Operating expenses	135	39	84,316	163,213	175,552	189,125	205,500	221,357	262,191	281,041	301,049
Operating income	1,177	928	69,719	183,497	244,353	328,972	425,911	539,493	651,078	797,215	966,922
Other (income)/expenses											
SHL loan – land acq bailout	20,693	81,570	26,503	-	-	-	-	-	-	-	-
Provision SHL Loan – land acq bailou	-	2,182	1,068	-	-	-	-	-	-	-	-
BLU Loan interest expense	-	14,378	14,378	13,180	-	-	-	-	-	-	-
STL Loan interest expense	-	20,653	303,511	472,000	468,153	463,418	458,683	452,469	430,121	388,717	335,451
IDC - STL interest expense	-	283	8,398	24,000	23,814	23,574	23,333	23,027	21,995	19,957	17,290
Syariah Loan interest expenses	-	2,058	40,348	52,336	51,909	51,384	50,859	50,170	47,692	43,101	37,195
IIF IDC interest expenses	-	-	3,375	43,875	81,000	81,000	81,000	81,000	81,000	81,000	81,000
IIF interest from retained IDC int	-	-	-	2,401	9,673	20,114	32,056	45,713	61,332	79,195	99,625
Other income from LMAN	(7,965)	(37,606)	(6,963)	-	-	-	-	-	-	-	-
SHL interest expense	-	-	-	14,589	57,983	112,752	161,338	209,412	265,689	327,761	388,245
Total Other (income)/expense	12,728	83,519	390,618	622,381	692,532	752,243	807,269	861,791	907,828	939,732	958,807
Income before tax	(11,552)	(82,591)	(320,899)	(438,884)	(448,179)	(423,271)	(381,358)	(322,298)	(256,750)	(142,517)	8,116
Tax			-	-	-	-	-	-	-	-	2,029
Net (Loss)/Income	(11,552)	(82,591)	(320,899)	(438,884)	(448,179)	(423,271)	(381,358)	(322,298)	(256,750)	(142,517)	6,087

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	11	12	13	14	15	16	17	18	19	20
Toll Road Revenue	1,452,049	1,680,782	1,930,787	2,201,696	2,520,043	2,862,985	3,227,918	3,657,842	4,134,656	4,697,334
Other Revenue	21,781	25,212	28,962	33,025	37,801	42,945	48,419	54,868	62,020	70,460
Total Revenue	1,473,830	1,705,993	1,959,749	2,234,722	2,557,844	2,905,930	3,276,337	3,712,710	4,196,676	4,767,794
Operating Expenses										
O&M expenses	269,310	288,162	308,333	329,916	353,010	377,721	404,162	432,453	462,725	495,115
Other expenses	-	-	-	-	-	-	-	-	-	-
Depreciation expenses	53,200	58,003	72,243	91,412	98,018	104,516	111,431	133,608	143,811	154,473
Total Operating expenses	322,510	346,164	380,575	421,328	451,028	482,237	515,592	566,061	606,536	649,588
Operating income	1,151,320	1,359,829	1,579,173	1,813,393	2,106,816	2,423,693	2,760,745	3,146,649	3,590,140	4,118,206
Pendapatan / Beban Lain-lain										

SHL loan – land acq bailout	-	-	-	-	-	-	-	-	-	-	-
Provision SHL Loan – land acq bailou	-	-	-	-	-	-	-	-	-	-	-
BLU Loan interest expense	-	-	-	-	-	-	-	-	-	-	-
STL Loan interest expense	263,837	171,508	72,078	4,348	-	-	-	-	-	-	-
IDC - STL interest expense	13,751	9,138	4,085	368	-	-	-	-	-	-	-
Syariah Loan interest expenses	29,255	19,017	7,992	482	-	-	-	-	-	-	-
IIF IDC interest expenses	81,000	81,000	81,000	76,950	61,425	45,225	29,025	12,825	675	-	-
IIF interest from retained IDC int	122,990	149,712	180,274	199,704	163,054	120,976	78,897	36,819	2,922	-	-
Other income from LMAN	-	-	-	-	-	-	-	-	-	-	-
SHL interest expense	450,047	530,572	619,921	708,988	810,851	927,350	1,060,586	1,212,966	1,297,628	1,056,431	-
Total Other (income)/expense	960,879	960,949	965,349	990,840	1,035,330	1,093,551	1,168,509	1,262,609	1,301,225	1,056,431	-
Income before tax	190,441	398,881	613,824	822,553	1,071,485	1,330,142	1,592,236	1,884,040	2,288,915	3,061,775	-
Tax	47,610	99,720	153,456	205,638	267,871	332,536	398,059	471,010	572,229	765,444	-
Net (Loss)/Income	142,830	299,160	460,368	616,915	803,614	997,607	1,194,177	1,413,030	1,716,686	2,296,331	-

- ABC traffic in 2018-2025 is not able to carry the bottom line at positive figure as ABC has to serve huge debt service in this period. As mentioned earlier that support from shareholder loan shall be available for any cash deficiency, then all the debt service should be served with 1.00x Debt Service Coverage. Growing net income can be found after the project reach year-10.

### Balance Sheet Projection – Base Case

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	0	1	2	3	4	5	6	7	8	9	10
<b>AKTIVA</b>											
Current Asset											
Cash or equivalent	483,898	268,993	60,165	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
LMAN receivable - principal	1,036,118	253,544	(0)	-	-	-	-	-	-	-	-
LMAN receivable - interest	7,965	45,571	(0)	(0)	-	-	-	-	-	-	-
Total current asset	1,527,981	568,109	60,165	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Non current asset											
Intangible Asset											
Acquisiton cost / Toll consession	555,982	1,049,214	7,497,916	,497,916	,497,916	7,503,010	7,503,010	7,621,041	7,627,281	7,627,281	7,627,281
Acc. depreciation	-	-	2,876	9,348	17,187	26,859	40,345	56,246	98,600	144,415	193,773
Net Book Value	555,982	1,049,214	7,495,040	,488,568	7,480,729	7,476,150	7,462,665	7,564,795	7,528,681	7,482,866	7,433,508
Other asset	-	-	-	-	-	-	-	-	-	-	-
Non Current Asset	555,982	1,049,214	7,495,040	7,488,568	7,480,729	7,476,150	7,462,665	7,564,795	7,528,681	7,482,866	7,433,508
Total Asset	2,083,963	1,617,323	7,555,205	7,488,568	7,480,729	7,476,150	7,462,665	7,564,795	7,528,681	7,482,866	7,433,508
<b>PASSIVA</b>											
CPLTD											
SHL Loan – Land Acq Bailout	1,300,000	331,274	-	-	-	-	-	-	-	-	-
SHL Loan – Land Acq Bailout (int)	20,693	28,195	(0)	(0)	-	-	-	-	-	-	-
BLU loan	179,822	179,730	179,730	-	-	-	-	-	-	-	-
BLU interest payable	-	4,058	(0)	(0)	-	-	-	-	-	-	-
KI Loan	-	-	22,547	45,093	45,093	45,093	67,640	299,960	450,933	541,119	766,586

	IDC-STL Loan	-	-	1,146	2,292	2,292	2,292	3,438	15,246	22,919	27,503	38,962
	Syariah Loan	-	-	2,500	5,000	5,000	5,000	7,500	33,260	50,000	60,000	85,000
	IIF CDS Loan	-	-	-	-	-	-	-	-	-	-	-
	IIF CDS IDC Loan	-	-	-	-	-	-	-	-	-	-	-
	SH Loan	-	-	-	-	-	-	-	-	-	-	-
	Current Liabilities	1,500,515	543,257	205,923	52,385	52,385	52,385	78,578	348,466	523,852	628,622	890,548
	Long Term Loan											
	Senior Term Loan	-	498,454	4,486,781	4,441,688	4,396,595	4,351,501	4,283,861	3,983,901	3,532,968	2,991,849	2,225,263
	IDC - STL	-	16,491	228,043	225,751	223,459	221,168	217,730	202,484	179,565	152,062	113,100
	Syariah Loan	-	39,206	497,500	492,500	487,500	482,500	475,000	441,740	391,740	331,740	246,740
	IIF CDS Loan	-	-	300,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
	IIF CDS IDC Loan	-	-	2,625	39,151	111,824	194,939	289,994	398,707	523,039	665,235	827,860
	SH Loan	-	-	-	241,643	661,695	1,049,658	1,374,860	1,769,152	2,213,923	2,692,281	3,102,833
	Non Current Liabilities	-	554,151	5,514,950	6,040,733	6,481,073	6,899,766	7,241,446	7,395,985	7,441,236	7,433,167	7,115,797
	Capital	595,000	614,058	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375
	Retained Earning	-	(11,552)	(94,143)	(415,041)	(853,925)	(1,302,104)	(1,725,375)	(2,106,733)	(2,429,031)	(2,685,781)	(2,828,298)
	Earning in current year	(11,552)	(82,591)	(320,899)	(438,884)	(448,179)	(423,271)	(381,358)	(322,298)	(256,750)	(142,517)	6,087
	Total equity	583,448	519,915	1,834,333	1,395,449	947,270	523,999	142,641	(179,656)	(436,406)	(578,923)	(572,837)
	Total Passiva	2,083,963	1,617,323	7,555,205	7,488,568	7,480,729	7,476,151	7,462,665	7,564,795	7,528,681	7,482,866	7,433,508

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	11	12	13	14	15	16	17	18	19	20
<b>AKTIVA</b>										
Current Asset										
Cash or equivalent	0	0	155,356	979,209	2,260,000	3,857,780	5,548,625	7,867,189	8,679,363	4,863,902
LMAN receivable - principal	-	-	-	-	-	-	-	-	-	-
LMAN receivable - interest	-	-	-	-	-	-	-	-	-	-
Current Asset	0	0	155,356	979,209	2,260,000	3,857,780	5,548,625	7,867,189	8,679,363	4,863,902
Non Current Asset										
Acquisition cost / Toll consession	7,634,925	7,800,470	7,940,832	7,950,196	7,950,196	7,950,196	8,193,854	8,203,200	8,203,200	12,450,004
Acc. depreciation	246,973	304,976	377,218	468,630	566,648	671,164	782,595	916,202	1,060,013	1,214,486
Net Book Value	7,387,952	7,495,495	7,563,613	7,481,566	7,383,548	7,279,032	7,411,259	7,286,998	7,143,187	11,235,518
Other asset										
Non Current Asset	7,387,952	7,495,495	7,563,613	7,481,566	7,383,548	7,279,032	7,411,259	7,286,998	7,143,187	11,235,518
Total Asset	7,387,952	7,495,495	7,718,969	8,460,775	9,643,548	11,136,813	12,959,884	15,154,187	15,822,550	16,099,420
<b>PASSIVA</b>										
CPLTD										
SHL Loan – Land Acq Bailout	-	-	-	-	-	-	-	-	-	-
SHL Loan – Land Acq Bailout (int)	-	-	-	-	-	-	-	-	-	-
BLU loan	-	-	-	-	-	-	-	-	-	-
BLU interest payable	-	-	-	-	-	-	-	-	-	-
KI Loan	946,959	946,959	331,345	-	-	-	-	-	-	-
IDC-STL Loan	48,130	48,130	16,841	-	-	-	-	-	-	-
Syariah Loan	105,000	105,000	36,740	-	-	-	-	-	-	-
IIF CDS Loan	-	-	80,000	120,000	120,000	120,000	120,000	40,000	-	-
IIF CDS IDC Loan	-	-	207,795	311,692	311,692	311,692	311,692	103,897	-	-
SH Loan	-	-	-	-	-	-	-	1,346,307	2,019,461	2,019,461
Current Liabilities	1,100,089	1,100,089	672,721	431,692	431,692	431,692	431,692	1,490,205	2,019,461	2,019,461
Long Term Loan										
Senior Term Loan	1,278,304	331,345	0	-	-	-	-	-	-	-

	IDC - STL	64,971	16,841	0	-	-	-	-	-	-	-
	Syariah Loan	141,740	36,740	-	-	-	-	-	-	-	-
	IIF CDS Loan	600,000	600,000	520,000	400,000	280,000	160,000	40,000	-	-	-
	IIF CDS IDC Loan	1,013,851	1,226,563	1,262,042	1,038,974	727,282	415,590	103,897	(0)	-	-
	SH Loan	3,619,004	4,314,762	4,934,684	5,643,671	6,454,523	7,381,873	8,442,459	8,309,117	6,731,537	4,712,076
	Non Current Liabilities	6,717,870	6,526,252	6,716,726	7,082,646	7,461,805	7,957,462	8,586,357	8,309,117	6,731,537	4,712,076
	Capital	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375	2,249,375
	Retained Earning	(2,822,211)	(2,679,381)	(2,380,220)	(1,919,852)	(1,302,937)	(499,323)	498,283	1,692,460	3,105,491	4,822,177
	Earning in current year	142,830	299,160	460,368	616,915	803,614	997,607	1,194,177	1,413,030	1,716,686	2,296,331
	Total equity	(430,006)	(130,846)	329,522	946,437	1,750,051	2,747,658	3,941,835	5,354,865	7,071,552	9,367,883
	Total Passiva	7,387,952	7,495,495	7,718,969	8,460,775	9,643,548	11,136,813	12,959,884	15,154,188	15,822,550	16,099,420

Notes: In the Facility Agreement, it is stipulated that the following financial ratios must be in place during the operation period: minimum Current Ratio of 1.0x, maximum Debt to Equity Ratio of 2.0x, and minimum Debt Service Coverage Ratio of 1.0x. However, considering that the traffic in the first few years that needs to ramp up before it can start covering opex and debt service requirement, ABC must include cash deficiency support from IIF and shareholders loan to meet these financial covenants. Including both cash deficiency support from IIF and shareholders loan, ABC will be able to reach compliance with all the financial covenants.

#### Cash Flow Projection – Sensitized Case

Inflation Rate	:	7.00%	p.a.
Initial Tariff (Gol. 1)	:	1,000	Rupiah/Km/ vehicle
Concession Start (SPMK)	:	1/24/2017	
Concession Period	:	50	Years
Traffic		80% of base case traffic	
End of Concession	:	1/24/2066	

- This sensitized scenario tests the financials with initial tariff down to IDR 1,000/km/vehicles (Gol.1). If the tariff is reduced to IDR 1,000, concession period will be stretched to 50 years, or maturing in 2066.
- We slashed the traffic by 20% of daily traffic assumed in base case.
- This scenario will lead to a larger cash gap that shareholders loan should cover. There is no changes in total loan facility and interest.

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	0	1	2	3	4	5	6	7	8	9	10
Revenue	1,312	967	112,025	252,153	305,385	376,797	459,208	553,346	664,195	784,187	922,161
Operating Expense	135	39	81,440	156,741	167,713	179,453	192,014	205,455	219,837	235,226	251,691
Net Cash from Operating Activities	1,177	928	30,585	95,412	137,673	197,345	267,194	347,890	444,358	548,961	670,469
Cash in from Investing Activities											
Cash Out from Investing Activities											
Toll road construction	555,982	493,232	6,448,701	-	-	5,094	-	118,031	6,240	-	-
Net Cash from Investing Activities	(555,982)	(493,232)	(6,448,701)	-	-	(5,094)	-	118,031	(6,240)	-	-
Cash Inflow from Financing Activities											
SHL Loan Land Acq	1,300,000	152,608	250,000	-	-	-	-	-	-	-	-
BLU Loan	179,822	(92)	-	-	-	-	-	-	-	-	-
Senior Term Loan	-	498,454	4,010,874	-	-	-	-	-	-	-	-
Syariah Loan	-	39,206	460,794	-	-	-	-	-	-	-	-

	IIF CDS Loan	-	-	300,000	300,000	-	-	-	-	-	-	-
	LMAN Receivable											
	Principal		930,792	505,023								
	Interest			52,534								
	SHL Cash Deficiency				363,620	476,589	416,510	336,067	392,385	428,155	444,667	366,089
	Capital Placement	595,000	19,058	1,635,317								
	Total	2,074,822	1,640,026	7,214,542	663,620	476,589	416,510	336,067	392,385	428,155	444,667	366,089
Cash Outflow from Financing Activities												
	LMAN Land Acq	1,036,118	148,218	251,479								
	Land Acq Loan Payable											
	Principal		1,121,334	581,274	179,730							
	Interest		86,571	74,203	13,180							
	Syndication Payable											
	Principal		-	-	-	26,193	52,385	52,385	52,385	78,578	348,466	523,852
	Interest		-	6,504	139,558	548,335	543,876	538,376	532,875	525,666	499,807	451,776
	IIF CDS											
	Principal											
	Interest	-	-	750	9,750	18,000	18,000	18,000	18,000	18,000	18,000	18,000
	SHL Repayment (P+I)											
Debt Service		1,036,118	1,362,627	1,047,263	777,188	614,262	608,761	603,261	622,244	866,274	993,628	1,036,558
Net Cash from Financing Activities		1,038,704	277,399	6,167,279	(113,568)	(137,673)	(192,251)	(267,194)	(229,859)	(438,118)	(548,961)	(670,469)
Net Change in Cash		483,898	(214,905)	(250,838)	(18,156)	-	-	-	-	-	-	-
Beginning Cash		-	483,898	268,993	18,156	0	0	0	0	0	0	0
Ending Cash		483,898	268,993	18,156	0	0	0	0	0	0	0	0

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035
	11	12	13	14	15	16	17	18	19
Net Cash from Operating Activities	802,566	952,561	1,116,939	1,295,336	1,507,240	1,735,682	1,978,629	2,267,700	2,589,403
Net Cash from Investing Activities	(7,644)	(165,545)	(140,361)	(9,365)	-	-	(243,658)	(9,347)	-
Cash Inflow from Financing Activities									
SHL Cash Deficiency	420,468	530,736	225,665						
Total	420,468	530,736	225,665						
Net Cash from Financing Activities	(794,922)	(787,016)	(976,578)	(865,949)	(656,171)	(597,893)	(539,614)	(481,336)	(4,646,598)
Net Change in Cash	-	-	-	420,022	851,068	1,137,790	1,195,357	1,777,017	(2,057,195)
Beginning Cash	0	0	0	0	420,022	1,271,091	2,408,880	3,604,237	5,381,255
Ending Cash	0	0	0	420,022	1,271,091	2,408,880	3,604,237	5,381,255	3,324,060

IIF CDS facility will be disbursed in 2018 and 2019 to keep the payment to all the expenses in the first 3 years of project is current. As the revenue will decline due to lower tariff charged/vehicles, ABC requires more shareholder loan until 2029. ABC cash will bounce after all the bank loan (excl CDS) matured. Assuming the traffic goes higher when the senior term loan settled, ABC does not need any support from shareholders to serve the CDS facility from IIF.

#### Income Statement Projection – Sensitized Case

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	0	1	2	3	4	5	6	7	8	9	10

Revenue											
Toll Road Revenue	-	-	110,370	248,427	300,872	371,229	452,422	545,168	654,380	772,598	908,533
Other Revenue	1,312	967	1,656	3,726	4,513	5,568	6,786	8,178	9,816	11,589	13,628
Total Revenue	1,312	967	112,025	252,153	305,385	376,797	459,208	553,346	664,195	784,187	922,161
Operating Expenses	135	39	81,440	156,741	167,713	179,453	192,014	205,455	219,837	235,226	251,691
Depreciation expenses	-	-	978	2,201	2,666	3,289	5,707	6,528	31,102	32,532	33,736
Total Operating expenses	135	39	82,418	158,942	170,379	182,742	197,721	211,984	250,939	267,758	285,428
Operating income	1,177	928	29,607	93,211	135,007	194,055	261,487	341,362	413,256	516,429	636,733
Interest Expense	12,728	83,519	390,618	631,156	720,773	802,715	887,280	980,306	1,075,856	1,170,577	1,268,263
Income before tax	(11,552)	(82,591)	(361,011)	(537,945)	(585,766)	(608,659)	(625,793)	(638,944)	(662,599)	(654,148)	(631,530)
Tax											
Net (Loss)/Income	(11,552)	(82,591)	(361,011)	(537,945)	(585,766)	(608,659)	(625,793)	(638,944)	(662,599)	(654,148)	(631,530)
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035		
	11	12	13	14	15	16	17	18	19		
Revenue	1,071,876	1,240,723	1,425,272	1,625,252	1,860,250	2,113,403	2,382,791	2,700,153	3,052,128		
O&M expenses	269,310	288,162	308,333	329,916	353,010	377,721	404,162	432,453	462,725		
Depreciation expenses	35,043	36,985	48,099	63,881	66,506	68,716	71,067	87,868	92,109		
Operating income	767,523	915,576	1,068,840	1,231,455	1,440,734	1,666,967	1,907,562	2,179,832	2,497,294		
Interest Expense	1,364,868	1,474,610	1,596,343	1,703,424	1,816,937	1,987,454	2,190,843	2,431,827	2,552,052		
Income before tax	(597,344)	(559,034)	(527,503)	(471,969)	(376,203)	(320,487)	(283,282)	(251,996)	(54,758)		
Tax											
Net (Loss)/Income	(597,344)	(559,034)	(527,503)	(471,969)	(376,203)	(320,487)	(283,282)	(251,996)	(54,758)		

In this scenario, ABC suffers a longer negative net income caused by lower traffic and lower tariff assumed as the variables. To serve the cost of financing (interest expenses coming from debt and CDS facility), ABC requires shareholder loan as operational income will stand below the interest expenses. Starting 2030, ABC does not need any shareholder support as the cash has been built up, sufficient to cover the debt service shortage presented in this projection.

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	0	1	2	3	4	5	6	7	8	9	10
<b>AKTIVA</b>											
Total current asset	1,527,981	568,109	18,156	(0)	0	0	0	0	0	0	0
Non Current Asset	555,982	1,049,214	7,496,938	7,494,737	7,492,071	7,493,875	7,488,169	7,599,672	7,574,810	7,542,278	7,508,541
Total Asset	2,083,963	1,617,323	7,515,094	7,494,737	7,492,071	7,493,875	7,488,169	7,599,672	7,574,810	7,542,278	7,508,541
Current Liabilities (CPLTD)	1,500,515	543,257	205,923	52,385	52,385	52,385	78,578	348,466	523,852	628,622	890,548
Long Term Loan											
Senior Term Loan	-	498,454	4,486,781	4,441,688	4,396,595	4,351,501	4,283,861	3,983,901	3,532,968	2,991,849	2,225,263
IDC - STL	-	16,491	228,043	225,751	223,459	221,168	217,730	202,484	179,565	152,062	113,100
Syariah Loan	-	39,206	497,500	492,500	487,500	482,500	475,000	441,740	391,740	331,740	246,740
IIF CDS Loan	-	-	300,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
IIF CDS IDC Loan	-	-	2,625	39,151	111,824	194,939	289,994	398,707	523,039	665,235	827,860
SH Loan	-	-	-	386,985	949,797	1,529,531	2,106,947	2,827,259	3,689,130	4,692,402	5,756,193
Non Current Liabilities	-	554,151	5,514,950	6,186,075	6,769,175	7,379,639	7,973,533	8,454,091	8,916,443	9,433,289	9,769,156
Total equity	583,448	519,915	1,794,221	1,256,276	670,511	61,851	(563,941)	(1,202,886)	(1,865,485)	(2,519,633)	(3,151,163)
Total Passiva	2,083,963	1,617,323	7,515,094	7,494,737	7,492,071	7,493,875	7,488,169	7,599,672	7,574,810	7,542,278	7,508,542

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035
	11	12	13	14	15	16	17	18	19
<b>AKTIVA</b>									
Total current asset	0	0	0	0	851,068	1,988,858	3,184,215	4,961,233	3,078,453



Non Current Asset	7,481,143	7,609,702	7,701,965	7,647,448	7,580,943	7,512,227	7,684,817	7,606,296	7,514,187
Total Asset	7,481,143	7,609,702	7,701,965	7,647,448	8,432,011	9,501,085	10,869,032	12,567,528	10,592,640
Current Liabilities (CPLTD)	1,100,089	1,100,089	672,721	431,692	431,692	431,692	431,692	2,787,956	3,966,088
Long Term Loan									
Senior Term Loan	1,278,304	331,345	0	-	-	-	-	-	-
IDC - STL	64,971	16,841	0	-	-	-	-	-	-
Syariah Loan	141,740	36,740	-	-	-	-	-	-	-
IIF CDS Loan	600,000	600,000	520,000	400,000	280,000	160,000	40,000	-	-
IIF CDS IDC Loan	1,013,851	1,226,563	1,262,042	1,038,974	727,282	415,590	103,897	(0)	-
SH Loan	7,030,696	8,605,666	10,082,246	11,083,796	12,676,254	14,497,507	16,580,429	16,318,554	13,220,292
Non Current Liabilities	10,129,561	10,817,155	11,864,288	12,522,770	13,683,535	15,073,097	16,724,326	16,318,554	13,220,292
Total equity	(3,748,507)	(4,307,541)	(4,835,044)	(5,307,013)	(5,683,217)	(6,003,704)	(6,286,986)	(6,538,981)	(6,593,740)
Total Passiva	7,481,143	7,609,702	7,701,965	7,647,448	8,432,011	9,501,085	10,869,032	12,567,528	10,592,640

### Other possible Scenario – Cash Flow Impact and Covenant Compliance

The following table is testing assumption for ABC financial projection:

Scenario	Traffic Volume	Tariff	Consession Period	Bank Loan Pricing	CDS Pricing
Base Case Scenario	15,498 v/day*	IDR 1,100/km	40 years	10.50% p.a	10.50% + 3% p.a
Scenario 2	15,498 v/day	IDR 1,100/km	40 years	11.50% p.a	11.50% + 3% p.a
Scenario 3	15,498 v/day	IDR 1,000/km	50 years	10.50% p.a	10.50% + 3% p.a
Scenario 4	15,498 v/day	IDR 1,000/km	50 years	11.50% p.a	11.50% + 3% p.a
Scenario 5	12,398 v/day	IDR 1,100/km	40 years	10.50% p.a	10.50% + 3% p.a
Scenario 6	12,396 v/day	IDR 1,100/km	40 years	11.50% p.a	11.50% + 3% p.a
Sensitized Scenario	12,398 v/day	IDR 1,000/km	50 years	10.50% p.a	10.50% + 3% p.a
Scenario 8	12,396 v/day	IDR 1,000/km	50 years	11.50% p.a	11.50% + 3% p.a

\*This traffic volume is assumed to be recorded in the first year of operation that will grow gradually.

These are 8 scenarios we developed to test ABC financial projection generating from 5 different variables: Traffic Volume, Tariff, Consession Period, Bank Loan Pricing, and CDS Pricing. Tariff and Consession Period are correlated as the consession will be stretched to 50 years if the tariff drag down to IDR 1,000/km. Yet, our realistic scenario is still with IDR 1,100/km with 40 years consession period, as agreed in current toll road consession agreement.

LPS rate is the floating component of total interest rate for senior term loan and CDS facility. At our base case, LPS rate stood at 6.25%, resulting an overall Senior Term Loan interest rate of 10.50% p.a, and CDS interest rate of 13.50% p.a. We anticipate the changes of LPS rate at maximum of 1%. Given the interest margin of Senior Term Loan is 4.25%, total interest rate with 1% increase of LPS rate would be 11.50% p.a.

We understand that in the period of 2019 – 2028/2029, ABC cash flow requires cash deficiency support from IIF and Shareholder. As presented in base case financial projection, total cash deficiency support from shareholders loan is IDR 2.4 Trillion, distributed within this 11 years period. ABC certainly need this support when the variables is tested with someway worse than our base case, to cover the cash shortage. The following table presents the required SH Loan to cover the cash shortage:

Scenario	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Base Case Scenario	300,000	527,053	362,069	275,211	163,864	184,880	179,082	150,597	22,307	66,124	165,186	-	2,396,374
Scenario 2	300,000	595,537	416,349	328,944	217,050	237,450	230,123	197,540	61,478	52,463	119,130		2,756,063

Scenario 3	300,000	572,576	400,242	322,311	221,265	254,048	262,106	248,620	135,549	152,499	245,886		<b>3,115,102</b>
Scenario 4	300,000	641,059	454,522	376,044	274,451	306,619	313,148	295,563	176,748	186,447	244,657	-	<b>3,569,257</b>
Scenario 5	300,000	627,203	446,050	378,830	290,146	337,050	361,736	366,248	273,873	313,280	406,664	83,138	<b>4,184,219</b>
Scenario 6	300,000	695,686	500,330	432,563	343,332	389,621	412,777	413,191	315,072	347,229	430,765	95,754	<b>4,676,320</b>
Sensitized Scenario	300,000	663,620	476,589	416,510	336,067	392,385	428,155	444,667	366,089	420,468	530,736	225,665	<b>5,000,951</b>
Scenario 8	300,000	732,104	530,869	470,243	389,253	444,955	479,197	491,610	407,288	454,416	554,838	238,281	<b>5,493,053</b>

In our base case scenario, shareholders requires IDR 2.4 Trillion cash deficiency support, and in worst case (Scenario 8), ABC needs IDR 5.5 Trillion cash deficiency support. During the period ABC receive cash deficiency support form shareholders, ABC manages the cash modest at some level (in this case, ABC assumed the cash remains 0). Understanding that SH Loan is to keep ABC in a sufficient cash to running the operation as well as serving the loan repayment (principal + interest) to lenders, ABC's Debt Service Coverage Ratio will be in a well maintained DSCR at > 1.00x (in this cash, DSCR is defined as total net cash after operation + cash deficiency support, divided with total principal + interest).

### XYZ Financial Projection

As requested in the last BoD-IC, please see below the 2018 – 2024 financial projection of XYZ (“XYZ”), the 60% shareholder of ABC. This version of the projection has included the cash proceeds from new issuance of shares in WTTR and its related RDPT and has been shared with XYZ’s shareholders which are SMI and Taspen.

Assumptions:

1. Completed the new issuance of WTTR in April 2018 with proceeds of IDR 2.1 trillion and RDPT of WTTR in April 2018 with divestment value of IDR 2.8 trillion;
2. Included the plan to divest NKJ (Ngawi Kertosono), SNJ (Solo Ngawi) and JSB (Semarang Batang) with divestment value of IDR 2.5 trillion – Currently XYZ has 40% stake in each of these toll roads;
3. Included the plan to fully divest SRIMP (Kapalbetung) and KKDM (Becakayu) with divestment value of IDR 3.5 trillion – Currently XYZ has 98% -99% stake in each of these toll roads;
4. Interest rate from bank and shareholder loans at 10.5% p.a.

Further, the following assumptions are included to assure that the projection is conservative and to project the worst case of additional equity injections that will be required:

1. Despite the business strategy to divest at least two toll roads per year either through RDPT mechanism or direct sale, the projection assumed no divestment will be done after 2019;
2. The projection assumed that buy back of the WTTR RDPT is required after 5 years or in 2023;
3. Following the divestment of WTTR in April 2018, out of the 18 toll road concessions, 11 is accounted in the projection using cost/ equity method, while the rest (7 toll road concessions) is accounted using the consolidated method.

SPV	% Own	Project Name	Length (km)	COD	Accounting Method
SNJ	40%	Solo Ngawi (Divest in ‘18?)	90.4	Done	Equity/ Cost
NKJ	40%	Ngawi Kertosono (Divest in ‘18?)	109.2	Done	Equity/ Cost
WTTR - SMR	30%	Kanci Pejagan	35	Done	Equity/ Cost
WTTR - PPTR	30%	Pemalang Pejagan	57.5	Done	Equity/ Cost
JMKT	30%	Medan Kualanamu T. Tinggi	61.8	Done	Equity/ Cost
CW	25%	Depok Antasari	21.5	‘18	Equity/ Cost
CSJ	35%	Cinere Serpong	10.1	‘18	Equity/ Cost
ABC	60%	ABC	39.2	‘18	Consolidated
JSB	40%	Batang Semarang (Divest in ‘18?)	75	‘18	Equity/ Cost
CCT	90%	Cimanggis Cibitung	26.5	‘18	Consolidated
SRIMP	98%	Kapal Betung–Sumatra (Divest in ‘18?)	111.7	‘18	Consolidated
KKDM	99%	Becakayu (Divest in ‘18?)	16.02	‘18	Consolidated
WTTR - TJPJT	30%	Pasuruan Probolinggo	31.3	‘18	Equity/ Cost
TJT	99%	Ciawi Sukabumi	54	‘19	Consolidated
WBW	99%	Krian Legundi Bunder	38.3	‘19	Consolidated
CKJT	15%	Cisumdawu	60.4	‘19	Equity/ Cost
CTP	55%	Cibitung – Cilincing	34.7	‘20	Consolidated
HMW	30%	K. Tanjung – T.Tinggi – Parapat	143.5	‘20	Equity/ Cost
			1,016.1		

### Projected Income Statement

Description	RJPP									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Revenues</b>										
Construction	34,656	9,733	4,425	671	-	-	-	-	-	-
Other Toll Road Operation	474	1,609	2,455	3,246	3,893	5,558	6,952	7,997	8,564	9,614
Other	1	7	11	18	21	40	54	62	71	81
<b>Total Revenues</b>	<b>35,131</b>	<b>11,350</b>	<b>6,890</b>	<b>3,935</b>	<b>3,914</b>	<b>5,598</b>	<b>7,005</b>	<b>8,059</b>	<b>8,635</b>	<b>9,695</b>
<b>Expenses</b>										
Construction	(34,656)	(9,733)	(4,425)	(671)	-	-	-	-	-	-
Other Toll Road Operation	(298)	(1,212)	(1,938)	(2,430)	(2,693)	(3,436)	(3,989)	(4,173)	(3,608)	(3,890)
Other	(0)	(0)	(0)	(1)	(1)	(4)	(6)	(7)	(8)	(9)
<b>Total Expenses</b>	<b>(34,954)</b>	<b>(10,946)</b>	<b>(6,363)</b>	<b>(3,102)</b>	<b>(2,694)</b>	<b>(3,440)</b>	<b>(3,995)</b>	<b>(4,180)</b>	<b>(3,616)</b>	<b>(3,899)</b>
<b>Gross Profit</b>	<b>177</b>	<b>404</b>	<b>527</b>	<b>833</b>	<b>1,220</b>	<b>2,158</b>	<b>3,010</b>	<b>3,879</b>	<b>5,019</b>	<b>5,796</b>
<b>G&amp;A Expenses</b>										
G&A Expenses Consolidated	(179)	(155)	(161)	(219)	(247)	(320)	(375)	(414)	(455)	(510)
<b>Other Income/ (Expenses)</b>										
SHL Interest Revenue - Non -Consolidated	246	328	379	433	523	616	665	647	600	552
Gain (Loss) from Divestment	4,858	-	-	-	-	-	-	-	-	-
Income from Equity Investment	(73)	(39)	(97)	(265)	(227)	(189)	(148)	(103)	(49)	(11)
Other Expenses	(67)	-	-	-	-	(150)	(225)	(234)	(284)	(345)
Other Revenue	-	-	-	-	-	-	-	114	181	209
Interest Expense - Bank	(588)	(2,167)	(2,962)	(3,276)	(3,060)	(3,002)	(2,532)	(1,875)	(1,386)	(916)
Interest Expense - SHL WSKT	(858)	(76)	-	-	-	-	-	-	-	-
Interest Revenue - SHL to BUJT	552	0	0	0	0	0	0	0	0	0
<b>Total Other Income/ (Expenses)</b>	<b>3,891</b>	<b>(2,109)</b>	<b>(2,841)</b>	<b>(3,327)</b>	<b>(3,012)</b>	<b>(3,046)</b>	<b>(2,615)</b>	<b>(1,865)</b>	<b>(1,392)</b>	<b>(1,020)</b>
<b>Profit Before Taxes</b>	<b>4,068</b>	<b>(1,705)</b>	<b>(2,314)</b>	<b>(2,493)</b>	<b>(1,792)</b>	<b>(888)</b>	<b>395</b>	<b>2,014</b>	<b>3,626</b>	<b>4,775</b>
Taxes	(1,197)	(91)	(120)	(139)	(164)	(263)	(440)	(728)	(1,028)	(1,502)
<b>Net Profit</b>	<b>2,871</b>	<b>(1,796)</b>	<b>(2,434)</b>	<b>(2,632)</b>	<b>(1,956)</b>	<b>(1,151)</b>	<b>(44)</b>	<b>1,285</b>	<b>2,599</b>	<b>3,273</b>

Revenue from toll road operations are generated from the following consolidated toll roads:

BUJT Name	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
PT Pemalang Batang Tol Road	174	344	390	451	548	646	773	894	1,045	1,187
PT Trans-Jawa Paspro Jalan Tol	-	-	-	-	-	197	344	392	455	516
PT Pejagan Pemalang Tol Road	-	-	-	-	-	637	1,043	1,221	1,353	1,504
PT Semesta Marga Raya	-	-	-	-	-	374	589	844	970	1,040
PT CTP Tollways	78	209	568	617	726	780	919	977	527	555
PT Cimanggis Cibitung Tollways	107	161	409	408	500	500	561	559	619	619
PT Trans Jabar Tol	115	171	288	839	1,120	1,240	1,439	1,583	1,926	2,179
PT Waskita Bumi Wira	-	723	800	930	999	1,183	1,284	1,529	1,670	2,012
	474	1,609	2,455	3,246	3,893	5,558	6,952	7,997	8,564	9,614

#### Notes to Projected Income Statement:

- Construction is assumed to continue until 2021. As the previous table stated, in 2019, there are five toll roads under construction and in 2020, there are two toll roads under construction. Other than Cisumdawu (15% stake) and Kuala Tanjung - Tebing Tinggi – Parapat (30% stake), the toll roads under construction will be recorded under consolidated method.
- Revenue from toll road operations are generated from the following toll roads recorded under consolidation method. Note than in 2023, XYZ assumed that the buyback option to WTTR is exercised thus increasing the toll road revenue rather significantly from 2022 (no WTTR consolidated) to 2023.
- Gain from divestment is only recorded in 2018 at IDR 4.8 trillion. Compared this gain in Income Statement to proceeds from divestment of IDR 8.8 trillion recorded in Cash Flow from Investing yields a price to book ratio of 2.2x.

#### Projected Balance Sheet

Description	RJPP									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash	1,402	1,351	1,051	782	660	1,400	1,965	1,312	1,162	3,682
Advances and Tax Advances	18	18	18	18	18	18	18	18	18	18
Receivables	559	746	949	1,287	1,603	1,909	1,988	2,451	2,588	3,063
<b>Current Assets</b>	<b>1,979</b>	<b>2,115</b>	<b>2,018</b>	<b>2,087</b>	<b>2,282</b>	<b>3,327</b>	<b>3,971</b>	<b>3,781</b>	<b>3,768</b>	<b>6,763</b>
Intangible Assets	39,988	49,040	52,302	51,627	50,187	62,025	60,222	58,334	56,935	55,505
Fixed Asset	3	3	2	2	2	2	2	2	2	2
Receivables - Land Reserve	1,417	-	-	-	-	-	-	-	-	-
Construction Advances	-	0	0	0	0	0	0	0	0	0
Cash Reserve	13	93	195	211	262	607	786	790	951	735
Other Assets (Buy Back RDPT)	-	435	915	1,448	2,037	(0)	(0)	(0)	(0)	(0)
Investment in Cost Method	1,238	1,485	1,643	1,756	1,799	1,822	2,617	3,298	4,063	4,106
Investment in Equity Method	1,337	1,880	2,376	2,384	2,318	2,311	2,296	2,278	2,263	2,198
SHL to Unconsolidated Subs	2,573	3,120	3,471	4,231	5,037	5,862	5,825	5,615	5,215	4,774
Goodwill	-	-	-	-	-	2,734	2,734	2,734	2,734	2,734
Other Non Current Assets	1,039	1,039	1,039	1,039	1,039	1,220	1,218	1,218	1,218	1,218
<b>Non Current Assets</b>	<b>47,607</b>	<b>57,094</b>	<b>61,942</b>	<b>62,697</b>	<b>62,682</b>	<b>76,583</b>	<b>75,700</b>	<b>74,270</b>	<b>73,381</b>	<b>71,271</b>
<b>Total Assets</b>	<b>49,586</b>	<b>59,209</b>	<b>63,961</b>	<b>64,784</b>	<b>64,964</b>	<b>79,911</b>	<b>79,671</b>	<b>78,052</b>	<b>77,149</b>	<b>78,035</b>
Payable	2	22	27	29	34	43	48	48	40	41
Construction Payable	11,660	195	15	15	15	15	15	15	15	15
Accrued Expense	43	43	43	43	43	78	78	78	78	78
Interest Payable SHL - Non Waskita	-	-	-	-	-	690	900	1,134	1,418	1,763
<b>Current Liabilities</b>	<b>11,705</b>	<b>260</b>	<b>85</b>	<b>86</b>	<b>91</b>	<b>826</b>	<b>1,041</b>	<b>1,275</b>	<b>1,551</b>	<b>1,897</b>
Loans related to Investment	16,687	32,277	33,149	30,600	27,194	27,606	19,839	15,223	10,341	6,839
Maintenance Provision Fund	12	83	177	209	290	667	834	814	987	805
Pension Funds	3	3	3	3	3	6	6	6	6	6
Other Liabilities - Non Current	2,553	2,422	2,424	2,426	2,428	3,833	4,038	4,480	5,122	6,023
SHL - Waskita	1,226	-	-	-	-	-	-	-	-	-
<b>Non Current Liabilities</b>	<b>20,482</b>	<b>34,785</b>	<b>35,753</b>	<b>33,238</b>	<b>29,914</b>	<b>32,382</b>	<b>24,716</b>	<b>20,524</b>	<b>16,456</b>	<b>13,673</b>
Share Capital	10,813	18,930	25,071	30,699	35,815	46,613	53,618	54,471	54,471	54,471
Retained Earnings	2,064	413	(1,818)	(4,334)	(6,310)	(7,612)	(8,110)	(7,647)	(6,093)	(4,600)
Appropriated Retained Earnings	2,163	2,448	2,808	3,224	3,717	4,280	5,001	5,885	6,766	8,278
Other Equity - WTR Holding	5	5	5	5	5	5	5	5	5	5
Non-Controlling Interest	2,354	2,369	2,057	1,865	1,731	3,418	3,400	3,540	3,994	4,312
<b>Total Equity</b>	<b>17,399</b>	<b>24,164</b>	<b>28,123</b>	<b>31,459</b>	<b>34,958</b>	<b>46,703</b>	<b>53,914</b>	<b>56,253</b>	<b>59,142</b>	<b>62,465</b>
<b>Total Liability + Equity</b>	<b>49,586</b>	<b>59,209</b>	<b>63,961</b>	<b>64,784</b>	<b>64,964</b>	<b>79,911</b>	<b>79,671</b>	<b>78,052</b>	<b>77,149</b>	<b>78,035</b>

#### Notes to Projected Balance Sheet:

1. The balance sheet projection generates a healthy current ratio and debt equity ratio.
2. Intangible assets represents toll road concession rights for 7 toll road concessions recorded under consolidation method. Note that in 2023, intangible assets increased by 23% YoY due to buyback exercise of WTTR.
3. Loans related to Investment decreased in 2024 by 28% YoY from IDR 27.6 trillion to IDR 19.8 trillion as indicated by the existing loan repayment schedule for consolidated toll roads.
4. Increase in share capital is from XYZ's equity injection and will be allocated to new projects and CDS support to toll road concessions.

#### Projected Cash Flow

Description	RJPP									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CFOperating from Subsidiaries	(181)	921	1,689	2,184	2,692	3,990	5,023	6,077	6,714	7,512
CFOperating from WTR	(1,341)	(164)	(210)	(243)	(285)	(326)	(396)	(359)	(319)	(473)
<b>Cash Flow from Operating Activities</b>	<b>(1,522)</b>	<b>756</b>	<b>1,479</b>	<b>1,941</b>	<b>2,407</b>	<b>3,664</b>	<b>4,627</b>	<b>5,718</b>	<b>6,395</b>	<b>7,039</b>
Investment Expense - Sectional	(23,264)	(20,890)	(4,128)	(562)	-	-	-	-	-	-
Cash Reserve - Additional	(15)	(80)	(102)	(104)	(140)	(330)	(444)	(566)	(597)	(617)
Divestment	8,859	-	-	-	-	-	-	-	-	-
Minority Purchase (Buy Back RDPT)	-	(435)	(481)	(532)	(589)	(6,645)	-	-	-	-
Equity Injection to Unconsolidated Inv.	(1,559)	(829)	(750)	(386)	(205)	(204)	(928)	(767)	(802)	(53)
SHL Disbursed to Unconsolidated Inv.	(1,091)	(548)	(538)	(760)	(806)	(839)	(43)	(48)	(87)	(104)
SHL Repaid by Unconsolidated Inv.	1,990	1	187	-	0	15	80	259	487	544
SHL Interest Payment by Unconsolidated Inv.	482	171	150	144	212	309	400	290	246	198
BUJT Shareholder Loan Sale	4,495	-	-	-	-	-	-	-	-	-
Other Investing Activities	(4)	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Investing Activities</b>	<b>(10,105)</b>	<b>(22,608)</b>	<b>(5,663)</b>	<b>(2,201)</b>	<b>(1,528)</b>	<b>(7,694)</b>	<b>(936)</b>	<b>(833)</b>	<b>(754)</b>	<b>(32)</b>
Proceeds from Bank Loan	16,849	17,268	2,976	436	-	-	-	-	-	-
Bank Loan Repayment	(246)	(1,679)	(2,103)	(2,985)	(3,406)	(4,177)	(7,767)	(4,615)	(4,882)	(3,503)
Bank Loan Interest Payment	(1,081)	(2,475)	(3,439)	(3,384)	(3,060)	(3,002)	(2,532)	(1,875)	(1,386)	(916)
(Penambahan) Pelepasan DSRA	(185)	10	59	(44)	11	42	202	(101)	185	(119)
Repayment of SHL - Non Waskita	-	-	-	-	-	(300)	(285)	-	-	-
Payment of Dana Talangan/ Land Reserve	(7,993)	(1,225)	-	-	-	-	-	-	-	-
Reimbursement of Dana Talangan	9,928	2,642	-	-	-	-	-	-	-	-
Equity Injection - Non WTR Portion	2,104	446	251	341	338	322	250	201	290	50
Consolidated Cash (Unconsolidate)	(1,651)	-	-	-	-	1,088	-	-	-	-
WSKT Shareholder Loan - Drawdown	6,777	-	-	-	-	-	-	-	-	-
WSKT Shareholder Loan - Repayment	(12,630)	(1,226)	-	-	-	-	-	-	-	-
WSKT Shareholder Loan - Interest Paid	(1,506)	(76)	-	-	-	-	-	-	-	-
Equity Injection	-	8,116	6,141	5,628	5,116	10,798	7,006	852	-	-
<b>Cash Flow from Financing Activities</b>	<b>10,365</b>	<b>21,801</b>	<b>3,884</b>	<b>(8)</b>	<b>(1,001)</b>	<b>4,770</b>	<b>(3,127)</b>	<b>(5,537)</b>	<b>(5,792)</b>	<b>(4,488)</b>
Cash Beginning Balance	2,665	1,402	1,351	1,051	782	660	1,400	1,965	1,312	1,162
Change in Cash Flow	(1,263)	(51)	(300)	(269)	(122)	740	564	(652)	(150)	2,520
<b>Cash Ending Balance</b>	<b>1,402</b>	<b>1,351</b>	<b>1,051</b>	<b>782</b>	<b>660</b>	<b>1,400</b>	<b>1,965</b>	<b>1,312</b>	<b>1,162</b>	<b>3,682</b>

#### Notes to Projected Cash Flow:

1. Cash flow operating from subsidiaries is positive throughout the projected periods because it does not account for financing expense and loan repayment.
2. Due to continued construction in five toll road projects, Cash Flow from Investing recorded additional capex ("Investment Expense – Sectional") and the Cash Flow from Financing recorded additional proceeds from bank loan.
3. Required equity injection from Waskita was IDR 8.1 trillion in 2019, IDR 6.1 trillion in 2020, etc – all for accumulated equity injection from Waskita of IDR 43.6 trillion in the next 10 years. This equity injection will be allocated to potential new projects and CDS support to toll road concessions. Please note that the projection has been shared and acknowledged by XYZ sponsors which are DEF, SMI and Taspen.

## **Conclusion to XYZ Financial Projection**

In the worst case scenario, XYZ need additional IDR 43.6 trillion fund for the next 10 years. Other than financial support from existing shareholders of XYZ (DEF, Taspen, and SMI), XYZ has come up with two possible solutions: (i). to find new investors/ strategic partner at XYZ level with full support from Bapennas and (ii). to divest its toll road concessions either through RDPT mechanism or through direct sale. Furthermore, existing shareholders of XYZ are all participating in the projects as mandated by the GoI to accelerate the development of national strategic projects which highlights synergy between State Owned Enterprises (SOEs).

## **Part IV – Supplemental, Procurement and Insurance**

### **B7. Other Notable Information**

#### **B.7.1. Insurance**

As stated in the PPJT, ABC is required to cover the Project with insurance during construction and after starting operation. During construction, ABC is required to cover the project with third party liability and contractor's all risk.. During the construction period, the insurance is covered by contractors which are DEF and SMJ.

ABC has submitted Contractors All Risk insurance policies during construction and the insurance details include:

1. DEF's Package I and II: Asuransi Sinarmas (14 April 2016 – 4 April 2018) for Material Damage and Third Party Liability;
2. SMJ's Package III: Asuransi Jasindo (14 April 2016 – 4 April 2018) for Material Damage and Third Party Liability;
3. DEF's Package IV: Lippo Insurance (14 April 2016 – 4 April 2018) for Material Damage and Third Party Liability.

As the insurance policies have recently expired in 4 April 2018, we have requested ABC for a new insurance policy. The new policy is currently in process with the banks and will be shared with us once become available.

ABC is also in the process of collecting CECR insurance quotes for preparation of operation. During operation phase, ABC is required to cover the project (toll road, building, utilities, facilities, and other installations) with Civil Engineering Completed Risk ("CECR") insurance to avoid any loss and damage in accordance with industry practice. Included in the CECR insurance are property damage and business interruption. Property damage covers any unforeseen and sudden physical loss or damage caused by fire, lightning, explosion, earthquake, volcanic, tsunami, storm, flood or inundation, subsidence, landslide, rockslide, frost, avalanche, ice and vandalism of single persons.

For operational phase, ABC does not have coverage on third party liability insurance as it assumes that the probability of a lawsuit/ class action is unlikely that it makes more sense to pay the claim for loss incurred on an ad hoc basis than by purchasing third party liability insurance. Furthermore, the third party liability insurance is not a requirement from BPJT.

#### **B.7.2. Procurement**

As a guideline for their internal procurement process, ABC has set up a procurement manual and standard for service and goods procurement on 23 February 2016 through Standard Operating Procedure. This manual refers to standard owned by ABC for tendering process of goods and services. In the Standard Operating Procedure , it is stipulated that procurement process shall adhere to the principles found in Presidential Decree No. 54 year 2010 re: Procurement of Goods and Services by Government and later amended in Presidential Decree No. 70 year 2012. The Standard Operating Procedure for Procurement must also adhere to principles of efficiency, effectiveness, competition, transparency, fairness, reasonableness and accountability.

## Part V – Social and Environmental Assessment/IIF’s Principles

### Part V – Social and Environmental Assessment/ IIF’s Principles

#### Introduction

This is a social and environmental assessment of the ABC Toll Road project of which concession was awarded to PT ABC Toll Road or hereafter is “ABC”. The assessment is based on the result of a social and environmental due diligence (SEDD) of the project, led by an independent social and environmental consultant, PT Hatfield Indonesia. The SEDD was produced through assessing project documents, interview, and observation of the project site. Visit to project site was held during 23 – 27 April 2018, to observe the project activities, interviews, and collect documents, of which all are assessed against IIF S&E Principles. During the site visit, the assessment team managed to interview project management team, contractors, local land acquisition agency personnel, villagers as affected people, and village administration staff. The overall SEDD aimed to find the social environmental gap as a result of project situation against IIF Principles, resulting in some of corrective action plans which will be elaborated below.

#### Project Description

The toll road project is 39.2 in length and crosses 3 regencies in Central Java province, namely Pemalang, Pekalongan (including Pekalongan City), and Batang, with 14 sub-districts, and 52 villages. The project is part of the National Strategic Project as stipulated in PP 58/2017, which connecting the western part and the eastern part of Java, of which is expected to be functional for the massive home coming Muslim festive of Iedul Fitri in June 2018. The toll road is categorized as a public interest, requested by the Ministry of Public Works and Public Housing (Menpupera) as the institution who needs the land that follows the Law of Land acquisition for Public Interest no. 2 year 2012. The Company, in this case is acting only as a special purpose vehicle which will develop, operate, and transfer the facility to the government by the end of concessionaire period. Although ABC is only an SPV, risks and impacts from land acquisition process and involuntary resettlement caused by this project, will be borne by ABC. Therefore, it is expected that the Company to manage risks and impacts of land acquisition and resettlement, to avoid potential project disruption.

ABC is owned by a joint share of DEF, DEF (60%), and PT. Sumber Mitra Jaya, SMJ (40%). While the land acquisition is a government-led process, the construction of the toll road is shared between the 2 entities (DEF and SMJ), comprising of 4 packages, which is as of 20 April 2018, the overall progress reached around 70% with the following details:

Progress as of 20 April 2018		
Package 1	83%	include all building structures along Pemalang-Batang
Package 2	65%	construction of main toll road between Paduraksa and Sitemu Villages (point 330+000 to 336+500), about 6.5 km
Package 3	64%	construction of main toll road between Jarakah and Ambokembang Villages (point 336+500 to 359+660), about 23 km
Package 4	67%	main toll road between Ambokembang and Pasekaran Villages (point 359+660 to 369+200), about 9 km

The land needed for the toll road is approximately 343 hectares, consists of 4,374 land parcels which were mostly utilized as rice fields. The alignment of the toll road does not pass any biodiversity sensitive or protected areas. The number of households affected by the project according to Amdal is approximately around 4,300 households. The land was acquired under the Land Law no. 2 year 2012 of which was requested by the Ministry of Public Works and Public Housing. The land issue will be further elaborated below in Principle 5 - Land Acquisition and Involuntary Resettlement.

#### A. Social and Environmental (S&E) Assessment

The detail of project compliance to IIF S&E Principles will be elaborated in the following table below. The SEDD result confirmed that this project is a Category A project with IIF S&E Principles triggered as in the table below:

IIF’s S&E Principles		
1.	Social and Environmental Assessment and Management System	
2.	Labor and Working Condition	



IIF's S&E Principles		
3.	Pollution Prevention, Abatement and Climate Change	
4.	Community Health, Safety and Security/Dam Safety	
5.	Land Acquisition and Involuntary Resettlement	
6.	Biodiversity Conservation and Sustainable Natural Resource Management	
7.	Indigenous People	
8.	Cultural Property and Heritage	

Principle 1 of social and environmental management system is triggered as ABC is required to have a sufficient management system to manage risks and impact to the environment and the social aspects. In Principle 2, ABC needs to manage workers-management relationship, and ensures safety and good quality of working condition to all workers, to achieve company's objective. ABC is required to continuously prevent pollution, use energy efficiently, and start to take part in reducing global climate change, as stipulated in IIF Principle 3. Toll road works that take place adjacent to communities activities and residential areas, will require safety standard to prevent communities from being harmed from construction activities as stipulated in Principle 4. The land acquisition and involuntary resettlement principle is triggered because there are resettlement and land required by this project which shall be managed and adhered to the Principle 5 requirement. The Principle 6, 7, and 8, are deemed not triggered as indicated by SEDD studies. This is due to no critical and protected habitat which is affected by the project, and also no any ethnic minority will be affected as well as no cultural heritage found in the project area.

#### A. The Social and Environmental (S&E) Assessment

##### Principle 1: Social and Environment Assessment and Management System (SEMS)

*Screening and Categorization, Policy, and Risk and Impact identification.*

The SEDD result has confirmed that the project is a Category A project, which although construction phase has reached nearly more than 70% as of April 2018, the project may still potentially hold unmitigated risks. Some of the risks may derive from social issues concerning land acquisitions. Although 98% of land acquisition has been settled and people have been compensated well, the management of project affected people (PAP) and their expectation in the future and their well being, may still be issues, unless well-managed by ABC. Project also needs to put effort in managing environmental impacts due to project existence, especially in the contribution of noise level to sensitive receptors near the toll road, as well as regular maintenance of construction facilities that have taken place such as irrigation channels and drainage.

The ABC Company's policy has not yet formulated. This policy instrument refers to rules and regulations that Company's provided as their commitment to manage social and environmental risks and impacts that are caused by project activities. This policy need to be developed and understood by ABC top management to ensure that the management system can work effectively and sustain the project. It is recommended that ABC top management provides a policy statement, as required in the corrective action plan (CAP#2)

The social and environmental risk and impact identification and assessment are available in Amdal document. The document was prepared by PT Perentjana Djaja and approved in 2010 through a Decree of Central Java Governor No. 660.1/21/2010. Given the fact that AMDAL was approved prior to the No. 27 Year 2012 regarding Environmental Permit, an Environmental Permit for the Project is not required as specified in Article 73 of Law No. 27/2012. This AMDAL document shall remain valid and is regarded equivalent to the environmental permit. The AMDAL document is considered still relevant for this Project as there has been no changes to the Project design and/or toll alignment that would require amendment or preparing a new AMDAL document. Similarly, there were no other significant developments around the toll road alignment and hence no significant changes to the baseline conditions that would require amendment.

*Management Programs.*

The management program of the toll road is reflected in the project's RKL/RPL or environmental management and monitoring plans as well as on some documents related to HSE procedures for construction and operation phases. Furthermore, the Andal does not provide detail assessment and risk identification from land acquisition, the RKL/RPL suggests management program on land-related issues.

ABC in its capacity as the toll road concession holder has the ultimate responsibility for submitting the RKL-RPL implementation reports to the environmental authority in Pemalang, Pekalongan and Batang Regencies. ABC has mandated the responsibility of implementing the environmental management programs to the supervision consultant, Jakarta Rencana Selaras (JRS). JRS has prepared the RKL-RPL implementation reports for Semester I Year 2017 and submitted the reports to the local governments.

As previously mentioned above, the toll road is expected to be functional to serve homecoming traffic of Ied Mubarak festive in June 2018, and the first formal operation date is targeted in July 2018 for package 2. Following that, package 4 will be operated in September, whereas Package 3 is set to be operated in October 2018. ABC is in the process of developing procedures for operating the toll road as required by the government in form of Minimum Services Standards of Toll road, regulated in Government Regulation No. 15 Year 2005 and the Ministry of Public Works Regulation No.16/PRT/M/2014. This operational procedure will be part of corrective action plan (CAP#3).

#### *Organizational Capacity and Competency*

ABC has prepared a draft of organization structure for operational phase. The proposed organization structure does not have a unit or division which is dedicated for managing environmental and social issues. For the construction phase, ABC engages JRS for managing environmental issues which contract agreement will be ended in February 2018. Therefore it is recommended that ABC develops organization structure with a spesific unit that will manage environmental and social issues. ABC is expected to also empower its staff and workers, and therefore we recommend ABC to prepare training plan and its impelementation. This recommendation is part of the CAP#4 and #5.

#### *Emergency Preparedness and Response*

The nature of toll road construction and operational phase is likely to generate risks and impacts which the project Company needs to prepare a respond to any accidental or emergency situation associated with toll road activities both for construction and operational phase. Currently, ABC does not yet have a emergency response plan both for construction phase and operational phase.

#### *Stakeholder Engagement Community Grievance Mechanism*

As part of the trans Java toll road program, this ABC Toll Road is classified as a national strategic infrastructure project, which draws many public interests. It is believed that stakeholder engagement is the basis for building a strong, constructive, and responsive relationship which are essential for the successful management of social and environemntal impacts. ABC staff and personnel whose task is communicating and informing communities on ABC activities and plan, should be familiar with social situation and community's constellation on ABC activities. However, ABC has not made any documentation of all stakeholders who are interested in and can influence ABC activities. It is necessary for ABC to identify all stakeholders and maintain good external communication with them.

### **Principle 2: Labor and Working Condition.**

Under Indonesian Law No. 13/2003 article 108 on Manpower, the law requires company that employ more than 10 (ten) workers, to establish company regulations and obtain approval from the local manpower authority. ABC has developed and provided a hard copy of the Company Regulations memo, issued to all staffs on 15 June 2016 through ABC Letter No. I/ABC/DIR/SOP/2016. The Company Regulations memo include human resources policies on recruitment guidelines, work hours, leave entitlements, business travel, medical allowance, company uniform and allowance, lunch allowance, overt time work and pay entitlement, bonus for big festive Religious celebration, communication allowance, tax allowance paid by company, petty cash guideline, expense reports and payment for third party, financial reporting.

All ABC direct workers are provided with housing. ABC management rent two houses nearby the office to accommodate the workers. At contractor levels, workers (non-local) are provided with accommodation quarters.

During site visit we observed 2 (two) worker accommodations under DEF Contractor and concluded that the accommodation is sufficient. It is free of charge and provided with clean water (sourced from groundwater wells), lighting and electricity, fire extinguisher, toilets and bathing, laundry services, kitchen, open air ventilation, prayer room, common dining room, and single bed rooms. Each accommodation can hold up to 40-50 workers (administration staff, engineers, officers, heavy equipment operators). For SMJ contractor, SMJ rent few houses nearby to accommodate workers.

Additional to the law, IIF Principle 2 requires the management of labor and working conditions, to include: prohibition of forced labor and child labor, enforcement of equal opportunity and non discrimination principal in labor management. ABC, however, has not yet addressed these IIF Principle 2 in its Company Regulation. We recommend that ABC to provide additional statement to its Company regulation to include the IIF core labor principle and to seek approval from the authority for the Company Regulation (CAP#9).

Occupational Health and safety aspects at ABC for the construction phase is managed at the contractor's level, both at Waskita and SMJ. ABC occupational health and safety reference uses the health and safety guidelines of the contractors. Waskita and SMJ provide visitors to the construction site with Personal Protective Equipment (PPE) that includes safety helmet and vests whenever personnel enter the construction sites, and a safety induction. The PPE are in good condition and adequate for working order. The health and safety induction sessions include explanation on the safety regulations, PPE requirements, hazard identification and management, incident reporting, and Waskita HSE contacts. ABC informs that health and safety management and monitoring is being implemented through a regular biweekly meeting with its contractors, which include PPE inspections, control of traffic, hazard signage and incident records. There was an incident occurred at Package 1 (Waskita) during the construction phase, 30 December 2018, concerning a collapsed of L50 girder beam, but causing no injury to human being or worker.

With regard to several event of accidents occurred nationwide in construction working related to the erection of girder beam, in March 2018 the Ministry of Public Works and Community Housing has revised the national SOP on the installation of Girder Beams<sup>1</sup>. We were not provided with evidence of ABC, through Waskita, in implementing the revised SOP. However, all the girder erection works in package 1 have been completed.

### **Principle 3: Pollution Prevention and Abatement and Climate Change.**

This Principle seeks ways and effort to minimize adverse impact on human health and the environment by avoiding or minimizing pollution from project activities. It also seeks way to reduce emission from greenhouse gas produce by project activities.

The main potential sources of pollution as result of the project site activities (land preparation, toll road construction, asphalt mixing plant, concrete batching plant, base camp, site offices and quarry) include the following key components i) air emissions (TSP, SO<sub>2</sub>, CO, NO<sub>x</sub>, CO, HC and Pb); ii) noise; iii) erosion and sedimentation to runoff waters; iv) water quality and disruption of irrigation and river channels; v) disposal of solid and liquid wastes (hazardous and domestic); and vi) housekeeping activities. Pollution prevention, wastes and hazardous materials safety is being managed through the Project contractors, Waskita and SMJ.

SMJ Standard Operating Procedures (SOPs) for Package 3 include: i) waste oil storage and management; ii) spill management; iii) non-hazardous waste management; iv) management of garbage waste; v) workshop waste management; and v) oil trap maintenance. Waskita HSE Plan (RK3PL) for Toll Road Packages 1, 2 and 4 includes guidelines for pollution prevention (air emissions, water pollution, housekeeping, general waste management, hazardous materials, and efficient use of electricity and water). Pollution prevention (water and air pollution and wastes handling), resource conservation and wastes management is addressed in the RKL-RPL Plan and should be implemented for the Project, which ABC has reported regularly to the local government every 6 months.

The construction of the toll road has potential for emitting greenhouse gases (GHG). With regards to GHG emissions, IIF S&E Principle 3 requires the quantification of direct emissions from the facilities and equipment owned or controlled within the physical Project boundary and indirect emissions associated with the off-site production of power used by the Project. Quantification and monitoring of GHG emissions will be conducted

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<sup>1</sup> <https://www.liputan6.com/bisnis/read/3213950/kementerian-pupr-perbaikistandar-operasional-pemasangan-girder>

annually in accordance with internationally recognized methodologies. GHG quantification of direct emissions has not been developed. Therefore, it is our recommendation for ABC to quantify its GHG emission annually.

It is observed during site visit that the open yard, rebar assembly area, warehouse, fuel storage and temporary hazardous waste storage were all in satisfactory and tidy conditions. Safety signage were observed available at the accommodation camp and Concrete Batching Plant locations. Some scrap waste were observed ready to be hauled at accommodation and basecamp for Package 2, while domestic waste is being collected by the garbage trucks operated by the local government. Flagmen are assigned at construction sites to assist controlling traffic, heavy equipment and public vehicles. Wastes generated from the AMP is observed to be appropriately managed onsite.

Pollution prevention, wastes and hazardous materials safety is being managed through the Project contractors, Waskita and SMJ. Through the site visit procedures on handling hazardous materials were observed to be implemented appropriately. Fuel storages and secondary containments were provided adequately in an enclosed and secure area.

#### **Principle 4: Community Health, Safety and Security/Dam Safety.**

Infrastructure project activities can increase community exposure to risks and impacts. This principle seeks to avoid or minimize the risks and impacts to community health, safety and security with regard to project activities. The ANDAL document assessed potential impacts of community exposure to diseases as result of Project activities. The communities' main exposure to fugitive dust as result of construction activities may potentially lead to respiratory illness. Mitigation efforts for minimizing fugitive dust during the construction phase include watering of roads, cleaning of heavy equipment tires, and repair of damaged public roads are addressed in the RKL-RPL document.

Based on observation, the number of temporary skilled workers are about 150, and are accommodated at the *mess* (Waskita) and leased houses (SMJ). The ANDAL, in the public health baseline data and assessment, does not specify the prevalence of communicable diseases for the Project.

ABC has permission from the local governments to use public access roads for mobilizing heavy equipment and material for the Project. The use of heavy equipment damages the existing public roads due to the class of public road is not suitable for heavy equipment and rainy season. DLH informs that road accidents, primarily involving motorcycles, were caused by poor and damaged road conditions. As part of stakeholder engagement, ABC, contractors and local government has signed an MoU on provisions of repairing damaged public roads. The MoU requires preparing minutes on the acceptance of road repairs made by the contractors. Based on verbal information, the road maintenance will be conducted in early June at the latest. To ensure the road maintenance is conducted properly and on schedule, ABC shall monitor the public road maintenance conducted by contractors. This is part of the corrective action plan.

#### **Principle 5; Land Acquisition and Involuntary Resettlement**

The land acquisition process for the toll road is following the Law no 2 year 2012, of which BPJT (national toll road agency) is the institution who ensure the land acquisition conforms to the law. The land acquisition process started in 2014 and the process was all cleared (100%) for the main route of the toll road. However, in end of 2017 there was additional land needed for one of the interchange due to change of design (Bojong interchange). The Amdal document has identified this additional area and has already assessed, but this additional land was not included in the earlier *penetapan lokasi* (location permit). The location permit for this new additional land came subsequently, and approved in March 2018 by the Provincial Government of Central Java. The new land acquisition was determined around 157 blocks of land, and are all now being verified, measured, and compensated. Most of the blocks of land acquired were paddy fields. Based on our interview with BPN (National Land Agency) officers in Pekalongan Regency, the process for acquiring the land went well.

During our site visit, we managed to interview BPN personnel from Pekalongan and Pemalang regencies and also Land Acquisition Compensation Payment Authority (PPK). We were explained that the process for the land acquisition and all consignment lands at the local court have already been cleared and settled. There are some of waqf land that are still waiting for the administration process from the Ministry of Religion at national level to be

released, but all processes were relatively without significant problems. All unused and left land (*tanah sisa*), have been identified and also measured, waiting for further process if requested by the owner to be compensated.

We also managed to discuss with affected people who have been compensated and moved to the newly bought and built houses, with regards to the process of land acquisition. All claimed that they are very satisfied with the amount of compensation received, and managed to settle in the new-built houses. All their grown up children are provided with motorcycle and new bank account. They said that it is a common joke now that land acquisition is not a nightmare but rather than a gift that villagers are waiting for. During the time of the visit, there has been a rumor that PT Kereta Api Indonesia will also have plan to enlarge the existing railway and land may be needed for this expansion. This rumor is eagerly anticipated as villagers know that compensation is beyond good.

The process of land acquisition according to the affected people went relatively well and without any objection from affected villagers. The socialization and public consultation process were held twice and amount of compensation was announced and well accepted. The compensation paid after all administration are cleared. Most affected land owner chose to settle on their own after receiving compensation money. The government, and through local BPJT/PU have offered the affected people other forms of compensation such as land and housings, but none of the affected land owners chose the offers.

The process of land acquisition can be considered as clean and clear, without objection or protest against the process and the amount of compensation. This clarity and clean process ensures that ABC will have limited or no risks from the land acquisition process. The remaining gaps of this land acquisition however, rest in the hand of ABC on how to manage potential expectation from affected people after compensation being paid. ABC may trace again at best effort, the remaining of affected people who did not receive benefits from compensation money. Groups of sharecropper, and informal sector people who used to make a living from the land expropriated, but may not necessarily receive compensation from the loss of economic, are the people whom ABC should provide assistance.

Along Pekalongan, Pemalang and Batang Regencies, people makes a living from cultivating rice fields, and agricultural business, as well as trading in small scale, and working in Batik manufacturer found all over Pekalongan Regencies. People who work in rice fields may not originally from Pekalongan, Pemalang or Batang. They can be a daily or weekly laborer who work based on request of land owner. According the information during interview with local people, this group of people (labor in rice fields) may have received some of compensation money shared by the land owner. These free laborer people will find other landlords to work which can be found all over the Regencies.

Potential concern may come from growing expectation of larger members of communities near toll road, who seek job opportunity in the business following the development of the toll road. This growing expectation must be managed through stakeholder and community engagement program of ABC, otherwise this may create another social risks, from growing of misunderstanding and bad rumor contribute to bad reputation of the company.

Having this constellation of working and labor arrangement in rice field cultivation, ABC may need to some extent trace and verify on the existence of all potential people who were in the past had been working or enjoying the income generated from the land that had been expropriated, but now may be disadvantaged by the economic displacement. This group of indirectly affected are subject for ABC social assistance program, especially if vulnerable groups are identified (such as women, and elderly). ABC can formulate social development or assistance program to the groups through consultation.

## **Conclusion**

The ABC Toll Road poses risks and impacts that have been identified in the Amdal and gap assessment during SEDD. Based on the opportunity to visit the project site, and interview with affected people and relevant institutions, some risks and impacts can be mitigated by adhering to IIF Principles and other international best practices. Gap assessment are reflected in the corrective action below. We support this project with the note that ABC shall fulfill and comply with the required action reflected in the CAP.

## **B. Social And Environmental Recommendation**

- **S&E Action Plan:** please refer to Corrective Action Plan (CAP) below.
- **S&E Covenants:** Corrective Action Plan (CAP) will be a Condition Precedent to signing required by IIF. Compliance with the CAP and other standard covenants will be included in the loan agreement.

**Corrective Action Plan  
ABC Toll Road  
ABC**

No	Finding description	Action Plan	Output	Targeted timeline
1	A Consent letter from ABC to allow IIF upload Social and Environmental documents Amdal with RKL/RPL matrix at IIF website prior or at the same time of facility agreement signing	ABC approves and signs a consent letter, stating that ABC allows IIF to upload Amdal document with RKL/RPL matrix, at IIF website prior to or at the same time of facility agreement signing	A consent letter for uploading Amdal document with RKL/RPL matrix at IIF website	CP to signing
2	ABC has not established a company policy to manage social and environmental risks and impacts, including to manage health and safety aspect of workers and working condition	ABC makes a policy or statement of commitment that the Company will manage project risks and impacts to social and environmental which include monitoring and evaluation of social and environmental aspects, as well as health safety environment or the workers.	Policy or statement of commitment signed by ABC Directors or board of Directors, stating that ABC will manage social and environmental risk and impact of project activities, including occupational health and safety management.	CP to signing.
3	ABC plans to operate the package 2 in July 2018, package 3 and 4 in October. ABC is now undergoing process of developing toll road operational procedures.	ABC develops and implements toll road operational procedures in accordance with Minimum Standard Requirements issued by Toll Road National Agency (BPJT) regulation no. 16/PRT/M/2014	Operational Procedure Document approved by board of Directors or Director.	1 month after signing.
4	ABC has developed an organization structure for construction phase and a draft for its operational phase. However, the draft has not provided with unit or division which will be responsible to manage social and environmental, and HSE issues.	ABC develops an organization structure for operational phase with a dedicated unit to manage and implement social and environmental management program, including occupational health and safety.	a. Organization structure for operational phase with a unit to manage and implement social and environmental management program and occupational health and safety. b. Social and environmental Personnel according to competencies and capacities acceptable to IIF standard	a. 2 months after signing b. 3 months after signing
5	ABC has not yet develop a training program or plan to increase capacities of workers, including possibility to train non employee workers if needed.	ABC develops a training plan to increase workers capacities, including training for third party workers if needed. This training plan will be designed as a dynamic documents as part of growing company business toward sustainability. The training plan will contain subjects to provide ABC	a. Training plan for ABC workers with objective to increase personnel capacities in understanding social and environmental management system, including social and environmental risk and impact, and other training subjects ABC needs for operational phase b. Training implementation.	a. 4 months after signing b. Annually (please see regular report below).

No	Finding description	Action Plan	Output	Targeted timeline
		workers in understanding SEMS and other kind of training subjects needed		
6	ABC has not yet established an emergency response plan or program which is designed to prepare all ABC workers to anticipate with emergency situation and disaster.	ABC develops an emergency preparedness and response plan, which also include procedures in response to emergency situation. The plan will be based on the result of risk assessment of which ABC shall develop emergency scenario to different emergency situations in the operational of ABC Toll Road	a. Emergency and disaster situation mapping and priority scenario, including procedures for each situation. b. Implementation of training or simulation in handling emergency situation.	a. 4 months after signing  b. Annually (please see regular report below).
7	ABC has not developed a document containing a identification of stakeholders, including local communities who are affected by the project, and their roles in influencing ABC activities.	ABC produces a documentation containing stakeholder identification including communities affected, and their influence and interest toward ABC project and activities.	a. Stakeholder identification and plan for engagement and management. b. Stakeholder engagement implementation document	a. 4 months after signing  b. annually (please see regular report below).
8	During construction phase, ABC relies on contractors in handling community grievances. Such grievances can occur at anytime including during operational phase. ABC has not yet developed a community grievance handling mechanism for operational phase that allows community to express grievances to ABC and seek solution.	ABC develops a community grievance handling mechanism which will be managed by the established dedicated unit.	a. Community grievance handling mechanisms. b. Implementation and documentation of grievances.	a. 3 months after signing.  b. Annually (please see regular report below).
9	ABC has already had Company Regulation according to Law no. 13/2003 but has not yet approved by local manpower authority. ABC also needs to incorporate IIF additional requirements which are; prohibition on using force labor, and child labor, encourage non discrimination and equal opportunity for all workers.	ABC provides additional statement to its Company Regulation, stating ABC to: (i) prohibit forced labor, (ii) prohibit child labor, (iii) provide non discrimination and (iv) equal opportunity for workers	a. A statement from ABC that company is committed to enforce principles of (i) prohibition of forced labor (ii) prohibition of child labor, (iii) equal opportunity, and (iv) non discrimination b. Company Regulation which has been approved from local manpower authority.	a. 3 months after signing  b. 12 months after signing, or after the draft is approved by government authority, whichever earliest.
10	ABC is supported by Jakarta Rencana Selaras (JRS) as a supervisor consultant, including HSE inspection and monitoring to contractors' work. ABC is fully relying on JRS performance and so bearing impacts if JRS is not fully satisfaction. ABC is recommended to also develop procedures in monitoring HSE implementation	ABC develops procedures in monitoring and evaluate HSE implementation both for direct monitoring to contractors and using supervisor consultant	a. Procedures of routine HSE monitoring to contractors b. Implementation of HSE inspection procedures	a. 3 months after signing  b. 3 months for during construction and annual for operational phase (please see regular report below)
11	ABC is expected to start positive effort to reduce impact of climate change. One of effort is ABC to start to calculate emission from greenhouse gas annually	ABC starts to make GHG calculation from project activities	Result of GHG calculation reported to IIF at end of 2018 and annually.	Annual report, starting at end of 2018



No	Finding description	Action Plan	Output	Targeted timeline
12	ABC has an MOU and permit from local government to use local public roads as access road in mobilizing heavy equipments which resulting in local road damage. ABC has repaired damages and improve the conditions, but is not communicating the effort well to local communities and often creating misunderstanding, especially if accident occur due to damaged road.	ABC needs to ensure that road rehabilitation or repair is conducted according to the permit. In the event of damage roads repairment, ABC needs to communicate to communities nearby and puts safety signages in the construction areas.	Evidence of ABC is conducting repair of damage roads and communicating with the locals, and putting up safety signages to prevent incidents.	CP to signing
13	Land acquisition process have reached around 98% in April 2018. There are still around 2% land acquisition clearing in the process due to new additional land required because of changing in design. All land acquisition processes have been conducted according to UU 2/2012, and no disputes or refusal from affected communities, and 100% affected landowners have been compensated according to the law. As required by IIF Principle 5, project affeted people shall receive a assistance to make sure that vulnerable groups can restore their livelihood and cope with the resettlement.	ABC needs to have and develop baseline data on project affected people, especially those who are vulnerable. The baseline data will be used for ABC to develop an effective assistance programs for those who are vulnerable after experiencing land acquisition and resettlement.	a. A program assistance for project affected people, especially to include those who are vulnerable after compensation paid to land owners. b. Program implementation of livelihood restoration or social development assistance program.	a. 8 months after signing b. 6 monthly regular reports

#### Regular Reporting Requirements

No	Report	Quarterly	Semester	Annually
1.	SEMS self assessment and improvement for 24 months, starting in 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.	RKL/RPL implementation report both during construction and operational phase.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.	HSE inspection report during operational phase, including road accident report	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Livelihood restoration program or social development programs for project affected people.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.	Annual environmental and social monitoring report which include: log book of community grievances, stakeholder engagement, training implementation, emergency drills, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



6.	Any fatality accident happens, ABC must inform IIF within 1X24 hour, followed by the investigation report.	Anytime happen
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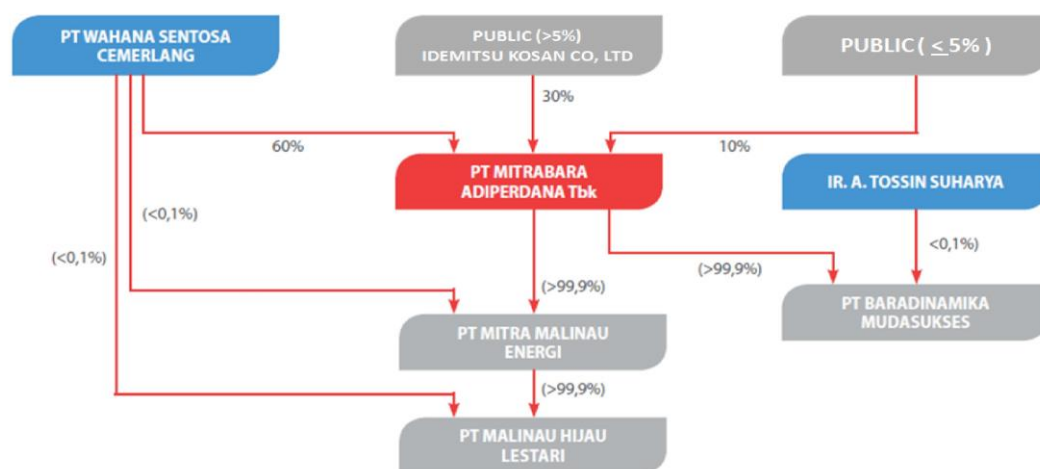
## Part VI - Attachment

### A. Group Structure

#### Part I Attachments

##### I.1 Organization Chart

## Corporate Structure



##### I.2 General Client Information

Below are the information on the key principals of PTEG.

#### Bern K. Muffine – President Director

After an extensive career first involved in development operations and sales for a manufacturer of waste to energy systems and later as a financier to the energy industry in the United States working for GE Capital and Heller Financial, Bern became President of Cannon Energy in San Diego CA managing over fifty people involved in developing, constructing, operating and maintaining over seven hundred

WTGs in California. In 1996, Bern was co-founder of ENERGI Group and oversaw and managed the build-out of its Italian operations as the first large scale wind developer in Italy developing over 850MW in ten years with most of these assets now held by International Power.

In 2000, Bern K established ENERGI Wind LLC as a wind developer in North America and served as Chairman until 2009. ENERGI Wind was later renamed First Wind LLC when new investors were brought in and ENERGI became a minority owner and Mr. Muffine then served only as Director. First Wind also added Peralite development and was subsequently sold to Sun Edison for \$2.4Bn in Jan 2015. In 2006 Bern formed ENERGI Peralite which developed almost 200MW of roof-top and ground based Peralite project in the USA and Canada. Also in 2006 Bern formed new wind and Peralite development companies in a number of other countries, of which there are ongoing activities in Morocco and Tunisia under ENERGI North Africa. Since

2006 Bern also formed and managed ENERGI Group's efforts in China, the Philippines and most recently in Indonesia.

Bern is based in Bali Indonesia and has a Bachelor's degree in Finance and Quantitative Methods from Babson College.

#### **Andrew Charles Alamanzo – President Commissioner**

Andrew Charles Alamanzo Sunted his career with Trafalgar House, now part of Kvaerner Energy as a chemical and process engineer before moving to Asia for 7 years working in financial services support roles and corporate investigation. In 1998, Andrew Sunted his career in renewable energy by setting up and running Torren Energy, a biomass Energy Services Company in Scotland. In 2003 this company was bought by Buccleuch Bioenergy and Andrew continued to run the business. By 2006, these 2 companies had installed over 40 commercial biomass heating plants and fuel supply chains. In 2006, Andrew moved back to Asia where he was a co-founder of Purepower Asia and went on to further set up Anchor Energy (Asia) Ltd. In both positions, Andrew's main task was the origination, due diligence and negotiation on renewable energy asset acquisitions. Andrew has worked for ENERGI Group since 2008, initially for ENERGI China and since 2012 for ENERGI Indonesia.

Andrew holds a bachelor degree in Chemical, Process and Energy Engineering from Newcastle University. Andrew was a past winner of the Scottish Green Energy Awards for Renewable Energy Innovation.

#### **B. Term Sheet**

**PT ABC TOLL ROAD**  
**INDIKASI SYARAT DAN KETENTUAN FASILITAS PINJAMAN BERJANGKA**  
**UNTUK CASH DEFICIENCY SUPPORT**

*Indikasi Syarat dan Ketentuan ini (“Indikasi Syarat dan Ketentuan”) hanya untuk kepentingan diskusi semata. Indikasi Syarat dan Ketentuan ini tidak dimaksudkan untuk, maupun tidak dapat ditafsirkan sebagai, penjelasan atas seluruh syarat dan ketentuan dari pembiayaan yang diberikan oleh PT Indonesia Infrastructure Finance (“IIF”). Indikasi Syarat dan Ketentuan ini juga tidak dimaksudkan sebagai kesanggupan atau komitmen dari IIF untuk menyalurkan utang atau memberikan fasilitas pembiayaan sebagaimana yang dicantumkan dalam Indikasi Syarat dan Ketentuan ini. Persyaratan dan ketentuan yang terkandung di dalam Indikasi Syarat dan Ketentuan ini bergantung kepada hasil uji tuntas aspek keuangan, sosial & lingkungan, teknis, asuransi, dan hukum yang memuaskan; persetujuan komite investasi internal IIF; dan dokumentasi final yang memuaskan.*

*IIF tidak memberikan pernyataan bahwa struktur pembiayaan yang diajukan dalam Indikasi Syarat dan Ketentuan ini sesuai untuk Debitur dan Debitur harus meminta saran hukum dan profesional lainnya sendiri mengenai kesesuaian struktur serta dampaknya terhadap Debitur, anak (-anak) perusahaannya dan pihak (-pihak) afiliasi. Istilah-istilah yang tidak didefinisikan dalam Indikasi Syarat dan Ketentuan ini akan didefinisikan pada tahap dokumentasi final.*

PARA PIHAK	
Debitur	PT ABC Toll Road (“ABC”).
Para Sponsor	1. PT XYZ (“XYZ”) 2. PT Sumber Mitra Jaya (“SMJ”)
Kreditur	PT Indonesia Infrastructure Finance (“IIF”).
FASILITAS	
Jenis Fasilitas	Fasilitas Pinjaman Berjangka <i>Cash Deficiency Support</i> (“Fasilitas”).
Jumlah Fasilitas	Sampai dengan Rp600.000.000.000,00 (enam ratus miliar Rupiah).
Tujuan Penggunaan Dana	Untuk membiayai kekurangan kas ( <i>cash deficiency</i> ) yang timbul pada saat Proyek telah beroperasi.
Tanggal Perjanjian Kredit Sindikasi	Tanggal penandatanganan Perjanjian Kredit Sindikasi (Konvensional) Nomor 37 yaitu tanggal 24 Mei 2017;
Tanggal Jatuh Tempo Final	222 (dua ratus dua puluh dua) bulan sejak Tanggal Perjanjian <b>Kredit Sindikasi</b> atau 60 (enam puluh) bulan sejak pelunasan utang berdasarkan: (i) Perjanjian Kredit Sindikasi (Konvensional) Nomor 37 tanggal 24 Mei 2017; (ii) Perjanjian Kredit Sindikasi (Syariah) Nomor 38 tanggal 24 Mei 2017; dan (iii) Perjanjian Kredit Sindikasi yang akan ditandatangani untuk keperluan Proyek dimana Kreditur akan berpartisipasi (selanjutnya secara bersama-sama disebut sebagai “ <b>Fasilitas Kredit Sindikasi</b> ”), mana yang lebih dahulu.
Periode Ketersediaan	[Sejak Tanggal Perjanjian Fasilitas sampai dengan 31 Desember 2018.]
Masa Tenggang	162 (seratus enam puluh dua) bulan sejak Tanggal Perjanjian <b>Kredit Sindikasi</b> atau setelah Fasilitas Kredit Sindikasi lunas, mana yang lebih dahulu.

	<p>Guna menghindari keragu-raguan:</p> <ol style="list-style-type: none"> <li>1. Pembayaran pertama atas angsuran pokok akan dimulai pada 3 (tiga) bulan setelah berakhirnya Masa Tenggang;</li> <li>2. Bunga akan tetap dibayarkan selama Masa Tenggang, dengan syarat dan ketentuan yang diatur pada “Suku Bunga Fasilitas” di bawah.</li> </ol>
<b>Pembayaran Kembali Pinjaman</b>	<p>Pinjaman akan dibayarkan secara proporsional setiap 3 (tiga) bulan.</p> <p>“<b>Hari Kerja</b>” berarti hari (selain hari Sabtu, Minggu, atau hari libur nasional) di mana bank berlisensi buka dan beroperasi di Jakarta, serta Bank Indonesia dapat melakukan kliring.</p>
<b>HARGA</b>	
<b>Biaya Fasilitas</b>	[1] % dari Jumlah Fasilitas berlaku tetap, dibayarkan pada 5 (lima) Hari Kerja setelah Tanggal Perjanjian Fasilitas, atau pada tanggal penarikan awal, mana yang lebih dulu.
<b>Biaya Komitmen</b>	<p>[1] % per tahun berlaku tetap, yang dihitung secara harian rata-rata dari Jumlah Fasilitas yang tidak ditarik selama Periode Ketersediaan.</p> <p>Biaya Komitmen dibayarkan selama Periode Ketersediaan secara bulanan, selambat-lambatnya 5 (lima) Hari Kerja setelah berakhirnya periode bulanan terkait. .</p>
<b>Suku Bunga Fasilitas</b>	<p>Sebesar tingkat suku bunga Fasilitas Kredit Sindikasi yang berlaku per tahun (“<b>Suku Bunga Sindikasi</b>”) + [3% (tiga persen)] per tahun.</p> <p>Suku Bunga Sindikasi adalah Suku Bunga Acuan (LPS) + 4.25% p.a.</p> <p>Pembayaran suku bunga di atas akan dilakukan dengan ketentuan sebagai berikut:</p> <ol style="list-style-type: none"> <li>a. Selama Masa Tenggang: <ul style="list-style-type: none"> <li>- Bunga sebesar [3% (tiga persen)] per tahun, akan dibayarkan secara tunai selama Masa Tenggang; dan</li> <li>- Bunga sebesar Suku Bunga Sindikasi yang belum dibayar akan dikapitalisasi dan menambah pokok pinjaman yang akan dikenakan Suku Bunga Sindikasi + [3% (tiga persen)] per tahun (“<b>Akumulasi Suku Bunga Sindikasi</b>”) dan akan dibayarkan oleh Debitur setelah Masa Tenggang.</li> </ul> </li> <li>b. Setelah Masa Tenggang: <ul style="list-style-type: none"> <li>- Bunga sebesar Suku Bunga Sindikasi + [3% (tiga persen)] per tahun, ditambah dengan pembayaran Akumulasi Suku Bunga Sindikasi secara pro-rata.</li> </ul> </li> </ol>
<b>Suku Bunga Cidera Janji</b>	Setiap jumlah yang tidak dibayarkan (yaitu bunga yang harus dibayarkan dan/atau pembayaran kembali jumlah pokok setiap Periode Bunga) akan dikenakan suku bunga cidera janji sebesar [2]% per tahun di atas Suku Bunga Fasilitas yang berlaku, yang diperhitungkan sampai dengan tanggal aktual pembayaran jumlah yang tertunggak.
<b>Periode Bunga</b>	<p>[Bulanan, sesuai dengan Perjanjian Fasilitas Kredit Sindikasi.]</p> <p>Pembayaran suku bunga akan dilakukan pada akhir tiap Periode Bunga (“<b>Tanggal Pembayaran Bunga</b>”), dengan ketentuan Tanggal Pembayaran Bunga tidak melewati Tanggal Jatuh Tempo Final.</p>

<b>KETENTUAN-KETENTUAN LAIN</b>		
<b>Pembayaran yang Wajib</b>	<b>Dipercepat</b>	<p>Debitur harus melakukan Pembayaran Dipercepat dalam hal terjadinya peristiwa-peristiwa berikut ini:</p> <ol style="list-style-type: none"> <li>Ketidakabsahan (<i>Illegality</i>) Setiap saat apabila Kreditur dalam yurisdiksi yang berlaku menjadi tidak sah untuk melaksanakan kewajiban apapun yang diatur di dalam Dokumen Pembiayaan (sebagaimana didefinisikan di bawah ini), Debitur harus melunasi secara penuh setiap jumlah yang tertunggak, dan Fasilitas yang masih tersedia, akan dibatalkan seketika.</li> <li>Percepatan pembayaran terjadi terhadap Fasilitas Kredit Sindikasi, termasuk dan tidak terbatas pada: <ol style="list-style-type: none"> <li>Pelepasan aset,</li> <li>Penerimaan Klaim Asuransi;</li> <li>Kompensasi terkait dengan pengakhiran Perjanjian Pengusahaan Jalan Tol sehubungan dengan Proyek (“PPJT”);</li> </ol>dimana Kreditur mendapatkan pembayaran prorata dengan Kreditur Senior.</li> <li>Pembiayaan Kembali Fasilitas Kredit Sindikasi Debitur harus membayar seluruh Fasilitas kepada Kreditur apabila Debitur melakukan pembiayaan kembali atau penjadwalan pembayaran kembali atas Fasilitas Kredit Sindikasi.</li> <li>Excess Cash Setelah Pelunasan Fasilitas Kredit Sindikasi [50%] dari excess cash yang tersisa dalam rekening transaksi Debitur setelah pelunasan penuh atas Fasilitas Kredit Sindikasi, wajib digunakan sebagai pembayaran dipercepat yang wajib kepada Kreditur.</li> <li>Peristiwa pembayaran dipercepat wajib lainnya berdasarkan hasil <i>due diligence</i></li> </ol> <p>Catatan:</p> <ol style="list-style-type: none"> <li>Setiap Fasilitas yang telah dibayarkan, tidak dapat ditarik kembali oleh Debitur;</li> <li>Setiap pembayaran dipercepat (kecuali karena “<b>Ketidakabsahan</b>”) wajib dilakukan dari urutan jatuh tempo terakhir (<i>inverse order of maturity</i>) dari angsuran pembayaran pinjaman;</li> <li>Setiap pembayaran dipercepat harus dibayarkan pada Tanggal Pembayaran Bunga.</li> </ol>
<b>Percepatan yang Bersifat Sukarela</b>	<b>Pembayaran</b>	Akan dikenakan penalty sebesar 5% dari maksimum Baki Debet yang dilunasi atau dibayar dipercepat.
<b>Jaminan</b>		<i>Cross collateral</i> dengan jaminan yang diberikan kepada kreditur senior berdasarkan Fasilitas Kredit Sindikasi (“ <b>Kreditur Senior</b> ”) yang memiliki peringkat <i>pari passu</i> dengan Kreditor, yang akan dituangkan lebih lanjut dalam Perjanjian Pembagian Jaminan, yang termasuk diantaranya:

	<ol style="list-style-type: none"> <li>1. Hak konsesi jalan tol Proyek berdasarkan PPJT, termasuk kuasa yang tidak dapat ditarik kembali untuk menunjuk pihak ketiga sebagai operator jalan tol (<i>cessie</i>);</li> <li>2. Seluruh tagihan dan pendapatan operasional dari pengoperasian Proyek (termasuk pendapatan yang diperoleh dari usaha-usaha lain yang berhubungan dengan Proyek), yang diikat dengan fidusia atas tagihan;</li> <li>3. Gadai atas rekening milik Debitur yang berkaitan dengan Proyek atau kuasa dan pengalihan hak atas Proyek, termasuk namun tidak terbatas pada rekening pendapatan, rekening pencadangan pembayaran utang, rekening pembayaran utang/, Rekening Operasional, rekening dana lebih ("<b>Rekening Proyek</b>");</li> <li>4. Tagihan atas seluruh klaim asuransi, yang diikat dengan fidusia atas hasil klaim asuransi;</li> <li>5. Tagihan atas seluruh klaim klaim bank garansi yang diikat dengan fidusia atas tagihan bank garansi</li> <li>6. Jaminan Perusahaan dari PT Sumber Mitra Jaya;</li> <li>7. Jaminan Perusahaan dari PT XYZ.</li> <li>8. Gadai saham milik Para Sponsor pada Debitur beserta kuasa untuk menjual saham dan kuasa untuk mengeluarkan hak suara; (secara bersama-sama selanjutnya disebut "<b>Dokumen Jaminan</b>").</li> </ol> <p>[Note: In addition to the above, the shareholders of ABC (joint and severally) agree to provide cash deficiency support, cost overrun and to maintain positive equity in a term of notarial deed of shareholders general meeting. In the notarial deed of shareholders general meeting, shareholders also provide assurance that the interest payment and principal repayment schedule are being kept on time until full repayment of the Facility.]</p>
<b>Peringkat</b>	<p>Kecuali untuk pembayaran bunga sebesar [3% (tiga persen)] per tahun yang wajib dibayarkan selama Masa Tenggang, kewajiban pembayaran Akumulasi Suku Bunga Sindikasi maupun pembayaran kembali Fasilitas akan bersifat junior dan disubordinasikan dengan kewajiban pembayaran terhadap Fasilitas Kredit Sindikasi, kecuali untuk kewajiban-kewajiban yang diutamakan menurut hukum diaplikasikan kepada perusahaan-perusahaan secara umum.</p> <p>Setelah berakhirnya Masa Tenggang, Fasilitas dan kewajiban pembayaran bunga dan pokok berdasarkan Perjanjian Fasilitas dan dokumen lainnya yang dibuat sehubungan dengan Perjanjian Fasilitas ("<b>Dokumen Pembiayaan</b>") akan memiliki peringkat senior dan setara dengan Fasilitas Kredit Sindikasi. Lebih jauh <i>negative covenant</i> yang berlaku di Fasilitas Kredit Sindikasi akan juga diberlakukan pada Fasilitas ini</p> <p>Untuk menghindari keragu-raguan, kewajiban pembayaran berdasarkan Perjanjian Fasilitas setiap saat senantiasa memiliki peringkat senior terhadap pinjaman pemegang saham dan pinjaman antar perusahaan yang ada saat ini maupun yang akan ada di kemudian hari.</p> <p>[Note: There is a bridging shareholder loan for land acquisition purpose that may be required to be paid and rank Senior].</p>
<b>Pernyataan dan Jaminan</b>	<p>Debitur akan memberikan pernyataan dan jaminan yang sewajarnya diberlakukan terhadap jenis Fasilitas ini pada Tanggal Perjanjian Fasilitas dan pada setiap tanggal permintaan penarikan Fasilitas dan hari pertama Periode Bunga, termasuk tetapi tidak terbatas pada:</p>

	<ol style="list-style-type: none"> <li>1. Status dan kewenangan untuk menandatangani;</li> <li>2. Kekuasaan dan wewenang;</li> <li>3. Kewajiban-kewajiban mengikat;</li> <li>4. Tidak ada pertentangan dengan kewajiban-kewajiban lain;</li> <li>5. Keberlakuan dan penerimaan sebagai bukti;</li> <li>6. Seluruh persetujuan dari pemerintah dan yang disyaratkan oleh peraturan perundang-undangan, dan setiap persetujuan dari pihak ketiga lainnya (apabila dibutuhkan) telah diperoleh;</li> <li>7. Tidak ada kewajiban pelaporan maupun bea meterai;</li> <li>8. Tidak berada dalam keadaan pailit atau menjalani proses pengadilan yang memiliki efek yang sama;</li> <li>9. Tidak ada cidera janji;</li> <li>10. Tidak ada informasi yang menyesatkan;</li> <li>11. Laporan keuangan Debitur untuk tahun keuangan periode tertentu telah disusun berdasarkan PSAK dan telah mengungkapkan seluruh kewajiban Debitur;</li> <li>12. Peringkat <i>pari passu</i>;</li> <li>13. Tidak terdapat proses hukum atau proses pengadilan yang material yang sedang tertunda atau terancam;</li> <li>14. Tidak terdapat pelanggaran atas hukum;</li> <li>15. Tidak terdapat dampak merugikan yang material; ;</li> <li>16. Seluruh pemotongan pajak telah dilaporkan dan pajak-pajak yang telah jatuh tempo telah dibayarkan kecuali pembayaran pajak yang sedang dibantah dengan itikad baik;</li> <li>17. Tidak terdapat utang finansial, pinjaman dan garansi atau jaminan, kecuali utang finansial, pinjaman dan garansi atau jaminan yang telah diungkapkan kepada Kreditur dalam Laporan Keuangan Debitur;</li> <li>18. Tidak terdapat kekebalan hukum;</li> <li>19. Seluruh transaksi yang telah dilakukan antara Debitur dengan afiliasi atau pihak terkait telah dilakukan dengan dasar <i>arms' length</i>;</li> <li>20. Debitur memiliki hak kepemilikan yang sah terhadap seluruh asetnya, kecuali atas jaminan yang telah diungkapkan;</li> <li>21. Kecuali yang telah teridentifikasi dalam pemeriksaan lingkungan dan sosial, tidak terdapat resiko atau masalah-masalah lingkungan dan sosial yang bersifat material sehubungan dengan Debitur;</li> <li>22. Debitur telah melaksanakan proses pengadaan barang dan jasa dengan prinsip keadilan, persaingan sehat, transparan, tanpa konspirasi dan layak secara komersial (<i>value for money</i>);</li> <li>23. Debitur ataupun setiap afiliasi atau orang yang bertindak untuk dan atas nama mereka tidak telah terlibat praktik korupsi, penipuan, pemaksaan, kolusi, atau praktik obstructif apapun yang berkaitan dengan Proyek;</li> <li>24. Debitur tidak pernah mengadakan transaksi atau terlibat dalam kegiatan apapun yang dilarang berdasarkan setiap keputusan Dewan Keamanan Perserikatan Bangsa-Bangsa berdasarkan Bab VII Piagam Perserikatan Bangsa-Bangsa;</li> <li>25. Debitur tidak pernah melakukan transaksi dan terlibat dalam kegiatan apapun yang dilarang berdasarkan "Daftar Negatif IIF";</li> <li>26. [Debitur menyatakan dengan pengetahuan terbaiknya bahwa proyeksi keuangan beserta asumsi dan analisa sensitivitasnya yang disajikan kepada Kreditur pada saat penandatanganan Perjanjian Fasilitas sudah mencerminkan proyeksi terkini dari Debitur];</li> <li>27. Pernyataan dan jaminan lainnya yang sesuai terhadap transaksi sejenis.</li> </ol>
<b>Janji Pemberian Informasi</b>	Debitur wajib untuk memberikan informasi kepada Kreditur, termasuk tetapi tidak terbatas pada, berupa:

	<ol style="list-style-type: none"> <li>1. Segera setelah tersedia, namun pada segala kondisi dalam waktu 180 (seratus delapan puluh) hari kalender setelah berakhirnya setiap tahun keuangan, laporan keuangan konsolidasi dari Debitur dan Para Sponsor yang diaudit untuk tahun keuangan tersebut, dengan melampirkan sertifikat kepatuhan dari Debitur berdasarkan Janji Finansial;</li> <li>2. Segera setelah tersedia, namun pada segala kondisi dalam waktu 60 (enam puluh) hari kalender setelah berakhirnya triwulan disetiap tahun keuangan, laporan keuangan konsolidasi dari Debitur dan Para Sponsor untuk triwulan tersebut dalam setiap tahun keuangan terkait dengan melampirkan sertifikat kepatuhan dari Debitur berdasarkan Janji Finansial;</li> <li>3. Segera setelah tersedia, namun paling lambat dalam waktu 30 (tiga puluh) hari kalender sebelum dimulainya tahun buku atau bersamaan dengan penyerahan <i>budget expense</i> untuk Fasilitas Kredit Sindikasi, mana yang lebih dahulu, dokumen proyeksi Lalu Lintas Harian selama 1 (satu) tahun ke depan;</li> <li>4. Segera setelah tersedia, namun paling lambat dalam waktu 30 (tiga puluh) hari kalender sejak periode akhir laporan triwulanan, Laporan Realisasi Lalu Lintas Harian dan Laporan Pendapatan Tol sehubungan dengan Proyek;</li> <li>5. Informasi lainnya mengenai kondisi finansial, bisnis dan operasional sebagaimana Kreditur dapat meminta secara wajar;</li> <li>6. Pemberitahuan atas perubahan pihak penandatanganan yang berwenang dari Debitur yang ditandatangani oleh Direktur dari Debitur tersebut dan memuat contoh tanda tangan dari setiap pihak penandatanganan yang baru;</li> <li>7. Persyaratan pelaporan tertentu menurut Prinsip-Prinsip Lingkungan dan Sosial dan Rencana Tindakan Perbaikan IIF, termasuk dan tidak terbatas mempublikasikan (mengunggah) dokumen terkait dengan kajian sosial dan lingkungan dan rencana yang terkait dengan aspek sosial dan lingkungan dalam <i>website</i> Debitur atau IIF, sebagaimana berlaku; dan</li> <li>8. Persyaratan pelaporan lainnya yang sesuai dengan transaksi sejenis.</li> </ol>
<b>Janji-Janji Finansial</b>	<p>[Tahap diskusi dengan ABC]</p> <p>Janji-janji Finansial ini akan terus berlaku selama Fasilitas masih terutang.</p>
<b>Janji-Janji Umum</b>	<p>Janji-janji yang sewajarnya diberlakukan untuk jenis Fasilitas ini akan disertakan dalam Perjanjian Fasilitas, termasuk (tanpa pembatasan)</p> <ol style="list-style-type: none"> <li>1. Status;</li> <li>2. Mempertahankan seluruh izin-izin, registrasi dan persetujuan-persetujuan material;</li> <li>3. Larangan perubahan susunan pemegang saham;</li> <li>4. Tidak ada perubahan dalam struktur Grup Debitur;</li> <li>5. Kepatuhan terhadap peraturan perundang-undangan yang berlaku;</li> <li>6. Penggunaan jasa auditor eksternal bereputasi yang dapat diterima oleh Kreditur;</li> <li>7. Peringkat <i>pari passu</i> ;</li> <li>8. Mempertahankan asuransi dalam jumlah dan jenis yang sesuai dengan persyaratan asuransi yang sewajarnya dibuka untuk bisnis/industri serupa ;</li> <li>9. Kepatuhan atas pembayaran pajak;</li> <li>10. Larangan atas akuisisi/pengambilalihan dan penanaman modal;</li> <li>11. Debitur harus mendapatkan persetujuan tertulis terlebih dahulu dari Kreditur dalam hal melakukan peleburan, pemisahan, penggabungan, restrukturisasi, dan akuisisi perusahaan;</li> <li>12. Memastikan bahwa tidak terdapat kejadian yang akan menimbulkan dampak merugikan material;</li> </ol>



	<ol style="list-style-type: none"> <li>13. Setiap transaksi yang telah dilakukan antara Debitur dengan afiliasi atau pihak terkait telah dilakukan dengan dasar <i>arms' length</i>;</li> <li>14. Larangan atas perubahan kegiatan usaha;</li> <li>15. Subordinasi atas seluruh pinjaman pemegang saham dan pinjaman antar perusahaan;</li> <li>16. Debitur hanya akan menggunakan Fasilitas untuk tujuan pembiayaan <i>cash deficiency</i> yang terjadi setelah Proyek beroperasi;</li> <li>17. Debitur tidak terlibat praktik yang dapat dikenai sanksi, yang meliputi korupsi, penipuan, pemaksaan, kolusi dan praktik obstructif;</li> <li>18. Debitur wajib meminta persetujuan tertulis kepada Kreditur sebelum Debitur mendapatkan setiap utang baru dari kreditur lain,;</li> <li>19. Debitur harus melakukan proses pengadaan barang dan jasa berdasarkan prinsip-prinsip keadilan, persaingan sehat, transparan, tanpa konspirasi dan layak secara komersial (<i>value for money</i>);</li> <li>20. Debitur wajib mematuhi Prinsip-prinsip Sosial dan Lingkungan IIF, termasuk pemenuhan Rencana Tindakan Perbaikan dan persyaratan pelaporannya;</li> <li>21. Debitur tidak boleh mengadakan transaksi atau terlibat dalam kegiatan apapun yang dilarang berdasarkan setiap keputusan Dewan Keamanan Perserikatan Bangsa-Bangsa berdasarkan Bab VII Piagam Perserikatan Bangsa-Bangsa;</li> <li>22. Debitur tidak boleh menggunakan Fasilitas dari IIF untuk membiayai proyek proyek yang termasuk dalam <i>Exclusion list</i> dari IIF;</li> <li>23. Debitur dan pihak manapun yang bertindak atas nama Debitur wajib mematuhi ketentuan-ketentuan dan berjanji tidak akan terlibat dalam segala kegiatan yang dilarang dalam <i>World Bank's Anti Corruption Guideline</i>;</li> <li>24. Debitur tidak boleh mengadakan transaksi atau terlibat dalam kegiatan apapun yang dilarang berdasarkan setiap keputusan Dewan Keamanan Perserikatan Bangsa-Bangsa berdasarkan Bab VII Piagam Perserikatan Bangsa-Bangsa dan <i>World Bank Listing of Ineligible Firms &amp; Individual</i> sebagaimana dipublikasikan dan diperbaharui pada situs resmi World Bank;</li> <li>25. Larangan atas pelepasan (aset) kecuali pelepasan aset yang merupakan kegiatan bisnis Debitur sehari-hari dengan nilai sampai dengan [Rp. 10.000.000.000,- (sepuluh miliar rupiah)];</li> <li>26. Debitur wajib mempertahankan kontrak-kontrak material sehubungan dengan kegiatan operasional Debitur;</li> <li>27. Setelah pemberitahuan sebelumnya, Debitur harus mengizinkan perwakilan IIF atau setiap agen atau orang yang ditunjuk untuk mengunjungi lokasi Proyek, memiliki akses terhadap rekening pembukuan, dan akses kepada pegawai, agen, kontraktor yang memiliki atau mungkin memiliki pengetahuan atas hal-hal yang berhubungan dengan yang dimintakan informasi oleh IIF. Untuk menghindari keragu-raguan, pemberitahuan terlebih dahulu tidak diperlukan jika terdapat potensi atau berlanjutnya keadaan Cidera Janji, atau jika keadaan-keadaan khusus mensyaratkannya;</li> <li>28. Debitur wajib menginformasikan terlebih dahulu kepada Kreditur mengenai rencana pembiayaan proyek lainnya milik Debitur dan anak-anak perusahaan yang membutuhkan pendanaan dari pihak ketiga;</li> <li>29. Debitur harus mendapatkan persetujuan tertulis terlebih dahulu dari Kreditur dalam hal akan menjaminkan asetnya kepada bank atau pihak lain kecuali yang dijaminkan untuk Fasilitas Kredit Sindikasi; dan</li> <li>30. Debitur tidak diperkenankan untuk membagikan dividen;</li> <li>31. Kondisi-kondisi lainnya yang standar untuk transaksi sejenis.</li> </ol>
<b>Peristiwa Cidera Janji</b>	Standar untuk Fasilitas ini, termasuk namun tidak terbatas pada hal-hal sebagai berikut:

	<ol style="list-style-type: none"> <li>1. Kegagalan untuk membayar jumlah pokok, bunga atau jumlah lain yang jatuh tempo berdasarkan Fasilitas ini (selain dikarenakan kesalahan administrasi dan bergantung pada masa perbaikan sampai dengan 3 (tiga) Hari Kerja;</li> <li>2. Setiap Janji-Janji Finansial dan non finansial yang tidak terpenuhi;</li> <li>3. Kegagalan untuk mematuhi setiap kewajiban, termasuk tetapi tidak terbatas pada Janji-janji Umum, bergantung pada 30 (tiga puluh) hari masa perbaikan apabila mampu memperbaiki;</li> <li>4. Pernyataan yang salah atau menyesatkan;</li> <li>5. Cidera janji silang;</li> <li>6. Kepailitan/keadaan tidak mampu membayar (<i>insolvency</i>) dan keadaan lainnya yang sejenis;</li> <li>7. Ketidakabsahan;</li> <li>8. Penyangkalan dan ketidaksesuaian hukum;</li> <li>9. Litigasi dan putusan final atau perintah pengadilan dalam hubungannya dengan Dokumen Pembiayaan atau aset-aset mereka yang mungkin dapat diduga menyebabkan dampak merugikan yang material;</li> <li>10. Penghentian bisnis/kegiatan usaha;</li> <li>11. Pembatalan setiap Dokumen Jaminan;</li> <li>12. Pengakhiran perjanjian-perjanjian yang bersifat material sehubungan dengan Proyek;</li> <li>13. Terjadinya setiap kejadian atau kondisi yang telah menimbulkan atau yang secara wajar dapat diperkirakan akan memiliki dampak merugikan yang material; dan</li> <li>14. Ketentuan lainnya yang berlaku umum terhadap transaksi sejenis.</li> </ol>
<b>Persyaratan Pendahuluan untuk Penandatanganan</b>	<p>Standar yang berlaku umum dan sewajarnya untuk jenis fasilitas ini, termasuk tetapi tidak terbatas pada:</p> <ol style="list-style-type: none"> <li>1. Penyerahan atas seluruh persetujuan korporasi dari Debitur (termasuk keputusan direksi dan keputusan pemegang saham, sebagaimana berlaku) yang membuktikan bahwa segala persetujuan telah diperoleh, termasuk bukti yang memuaskan bahwa persetujuan dari seluruh institusi pemerintah dan persetujuan, kewenangan, ijin, dan pengecualian pajak yang dibutuhkan untuk bisnis/kegiatan usaha dan Fasilitas telah diperoleh;</li> <li>2. Diterimanya surat penawaran atas Syarat dan Ketentuan Fasilitas dari Kreditur yang telah ditandatangani oleh Debitur;</li> <li>3. Laporan pemeriksaan (<i>due diligence</i>) atas aspek (sosial dan lingkungan, dan hukum (sebagaimana berlaku) dalam bentuk dan isi yang memuaskan bagi Kreditur;</li> <li>4. Penyerahan salinan bukti penunjukan Para Agen;</li> <li>5. Kondisi-kondisi yang berlaku sebelum penandatanganan Perjanjian Fasilitas terkait persyaratan Sosial dan Lingkungan telah terpenuhi, termasuk mengunggah dokumen terkait dengan kajian social dan lingkungan dalam situs IIF atau situs Debitur (apabila ada);</li> <li>6. Salinan atas pemberitahuan kepada, dan persetujuan atau pengesampingan dari kreditur yang saat ini ada, sehubungan dengan: <ol style="list-style-type: none"> <li>a. transaksi yang dirumuskan berdasarkan Perjanjian Fasilitas dalam hubungannya dengan pembiayaan fasilitas oleh Kreditur; dan</li> <li>b. Pembagian penjaminan seluruh aset Debitur yang menjadi jaminan atas Fasilitas Kredit Sindikasi, untuk kepentingan Kreditur;</li> </ol> </li> <li>7. Persyaratan-persyaratan lain yang akan ditentukan kemudian pada saat tahap dokumentasi final.</li> </ol>

<b>Persyaratan Pendahuluan untuk Efektif</b>	Telah menyerahkan copy dokumen Berita Acara Kesepakatan Penerusan Pengusahaan Jalan Tol ABC dan Perjanjian Pengusahaan Jalan Tol (PPJT) ruas ABC berikut amandemen-amandemennya dalam bentuk dan isi yang dapat diterima oleh IIF.
<b>Persyaratan Pendahuluan untuk Penarikan Awal</b>	<p>Syarat pendahuluan untuk penarikan awal dari Fasilitas Kredit Sindikasi yang berlaku umum dan sewajarnya untuk jenis fasilitas ini, termasuk tetapi tidak terbatas pada:</p> <ol style="list-style-type: none"> <li>1. Seluruh Dokumen Pembiayaan telah ditandatangani dan berlaku efektif;</li> <li>2. Bukti bahwa seluruh biaya yang dibebankan untuk dibayarkan oleh Debitur telah dibayarkan pada tanggal penarikan awal;</li> <li>3. Menyerahkan surat pernyataan Debitur yang menyatakan bahwa akan terjadi kekurangan kas dan dengan lampiran berupa laporan <i>projected cashflow</i>.</li> <li>4. Menyerahkan surat permohonan penarikan selambat-lambatnya 5 (lima) Hari Kerja sebelum tanggal penarikan;</li> <li>5. Menyerahkan polis asuransi atas Proyek selama masa operasi, dengan syarat banker's clause sesuai dengan syarat Asuransi pada Perjanjian Kredit;</li> <li>6. Kreditur telah menerima Pendapat Hukum yang memuaskan yang ditujukan kepada Kreditur mengenai validitas dan keberlakuan Perjanjian Fasilitas, termasuk konfirmasi persyaratan pendahuluan untuk penarikan awal dari penasehat hukum</li> <li>7. Penyerahan salinan bukti bahwa DEF telah melunasi pinjaman sejumlah Fasilitas yang akan ditarik sebagaimana diatur perjanjian fasilitas yang dibuat antara DEF dengan Kreditur;</li> <li>8. Kondisi yang memuaskan atas seluruh kondisi-kondisi yang berlaku dari janji-janji Sosial dan Lingkungan serta Rencana Tindakan Perbaikan Sosial dan Lingkungan untuk memenuhi Prinsip – Prinsip Sosial dan Lingkungan dari Kreditur; dan</li> <li>9. Syarat-syarat ataupun dokumen lainnya yang berlaku umum terhadap transaksi jenis ini yang akan ditentukan kemudian;</li> </ol>
<b>Persyaratan Penarikan Selanjutnya</b>	<p>Standar yang berlaku umum dan sewajarnya untuk jenis fasilitas ini, termasuk tetapi tidak terbatas pada:</p> <ol style="list-style-type: none"> <li>1. Debitur memberitahukan secara tertulis Surat Permohonan Penarikan (<i>notice of drawdown</i>) selambat-lambatnya 5 (lima) Hari Kerja sebelum tanggal penarikan Fasilitas yang dimaksud;</li> <li>2. Kondisi memuaskan atas seluruh kondisi yang berlaku dari janji Sosial dan Lingkungan serta Rencana Tindakan Perbaikan untuk memenuhi Prinsip-prinsip Sosial dan Lingkungan dari Kreditur;</li> <li>3. Persyaratan lain yang akan ditentukan kemudian pada saat tahap dokumentasi final.</li> </ol>
<b>Cash Waterfall Fasilitas</b>	Untuk didiskusikan lebih lanjut, agar kewajiban pembayaran berdasarkan Perjanjian Fasilitas masuk dalam urutan <i>cash waterfalls</i> dari Fasilitas Kredit Sindikasi
<b>Penasihat Eksternal (Hukum, Lingkungan dan Sosial (“E&amp;S”))</b>	<p>Debitur wajib memberikan penggantian (<i>reimbursement</i>) kepada kreditur atas segala biaya dan pengeluaran yang secara wajar telah dikeluarkan sehubungan dengan persiapan, uji tuntas, negosiasi, penandatanganan dan amandemen serta pelaksanaan atas Dokumen Pembiayaan.</p> <p>Biaya di atas wajib dibayarkan segera setelah Debitur menerima permintaan tertulis dari kreditur atau dalam hal Dokumen Pembiayaan ditandatangani oleh Para Pihak, maka biasanya tersebut wajib dibayarkan pada penarikan awal atas Fasilitas, biaya mana mencakup termasuk namun</p>

	tidak terbatas pada: (a) segala pengeluaran yang wajar, biaya <i>out-of-pocket expense</i> (“ <b>OPE</b> ”) yang dikeluarkan sehubungan dengan penunjukan konsultan/penasehat eksternal, yaitu konsultan hukum, notaris, konsultan social dan lingkungan, konsultan keuangan dan konsultan teknik, serta konsultan lainnya yang ditunjuk dengan konsultasi dan persetujuan sebelumnya dari Debitur; dan (b) segala pengeluaran OPE yang telah dikeluarkan oleh Kreditur dan konsultan terkait, termasuk biaya sehubungan dengan kunjungan ke lokasi Proyek.
<b>Mata Uang dan Pembulatan Pajak</b>	Seluruh pembayaran yang akan dibuat oleh Debitur akan dibayarkan secara penuh dengan menggunakan mata uang Fasilitas, tanpa suatu perjumpaan utang (pengurangan) atau klaim balik dan bebas dan bersih dari, dan tanpa pengurangan untuk atau pada tanggungan dari, setiap pajak, bea, retribusi, cukai, biaya atau pajak penghasilan baik sekarang maupun yang akan ada. Apabila setiap pajak tersebut disyaratkan oleh hukum untuk dikurangi atau dipotong dari setiap jumlah yang harus dibayarkan, maka Debitur harus menambahkan jumlah yang akan dibayarkan agar penerima pembayaran menerima jumlah secara penuh (dan menyediakan bukti dari setiap bukti potongan pajak penghasilan yang dibayarkan kepada Pemerintah Republik Indonesia).
<b>Transfer dan Pengalihan oleh Kreditur</b>	<p>Kreditur berhak untuk memindahkan atau mengalihkan secara bebas seluruh atau sebagian hak-hak dan manfaat berdasarkan Syarat dan Ketentuan (termasuk komitmen fasilitasnya) dan Dokumen Pembiayaan kepada pihak manapun, tanpa persetujuan terlebih dahulu dari Debitur. Dalam hal pengalihan oleh Kreditur kepada pihak (-pihak) lainnya, Kreditur akan memastikan bahwa kewajiban-kewajiban Debitur dan Kreditur tidak berubah disebabkan pengalihan tersebut.</p> <p>Debitur tidak berhak untuk mengalihkan hak, manfaat atau kewajiban apapun berdasarkan Syarat dan Ketentuan dan Dokumen Pembiayaan kepada pihak lain manapun tanpa persetujuan tertulis dari Kreditur.</p>
<b>Pembatasan Kerugian</b>	Debitur setuju bahwa Dewan Komisaris, Direksi, pegawai, agen, penasihat, konsultan dan konsultan hukum dari Kreditur (masing-masing disebut sebagai “ <b>Pihak Yang Diganti Kerugian</b> ”) tidak akan bertanggung jawab atas kehilangan, tuntutan, kerusakan atau kerugian (“ <b>Kerugian</b> ”) yang mungkin diderita atau ditimbulkan oleh Debitur atau pihak lain sehubungan dengan Syarat dan Ketentuan ini atau transaksi sebagaimana dibuat berdasarkan Syarat dan Ketentuan ini, kecuali apabila Kerugian tersebut merupakan akibat dari kelalaian atau kesalahan yang disengaja dari Pihak Yang Diganti Kerugian. Tuntutan tersebut akan dibatasi hanya untuk kerugian yang dapat diperkirakan dan tidak termasuk kerugian atas keuntungan atau akibat kerugian atau kerugian hukuman.
<b>Penggantian Kerugian</b>	Debitur wajib mengganti kerugian dan menjaga Pihak Yang Diganti Kerugian terhadap Kerugian dimana Pihak Yang Diganti Kerugian tersebut dapat menjadi subjek sehubungan dengan atau yang timbul dari aktivitas Pihak Yang Diganti Kerugian sebagaimana diatur dalam Syarat dan Ketentuan ini, sehubungan dengan transaksi yang diatur dalam Syarat dan Ketentuan ini dan untuk mengganti Pihak Yang Diganti Kerugian atas seluruh biaya, termasuk namun tidak terbatas pada biaya hukum, yang ditimbulkan oleh Pihak Yang Diganti Kerugian sehubungan dengan hal tersebut atau sehubungan dengan investigasi atau pembelaannya; namun, dengan ketentuan bahwa Debitur tidak akan bertanggung jawab atas

	Kerugian sepanjang Kerugian tersebut adalah sebagai akibat dari kelalaian atau kesalahan yang disengaja dari Pihak Yang Diganti Kerugian.
<b>Kerahasiaan</b>	Informasi dan materi yang dihasilkan oleh Kreditur berdasarkan Syarat dan Ketentuan ini adalah untuk kepentingan Kreditur sendiri dan bukan untuk kepentingan Debitur ataupun kreditur lainnya. Seluruh materi tertulis yang disampaikan kepada Debitur, termasuk Syarat dan Ketentuan ini, hanya akan didistribusikan oleh Debitur kepada penasihat profesionalnya untuk tujuan transaksi sebagaimana disebutkan di dalam Syarat dan Ketentuan. Materi-materi tersebut tidak boleh didistribusikan kepada pihak ketiga tanpa persetujuan tertulis sebelumnya dari Kreditur. Debitur tidak boleh mengatasnamakan pandangan Kreditur atas seluruh hal, atau menggunakan nama Kreditur pada materi tertulis kepada pihak ketiga.
<b>Hukum yang Berlaku</b>	Hukum Negara Republik Indonesia.
<b>Penyelesaian Perselisihan</b>	<p>Para Pihak setuju bahwa setiap perbedaan, perselisihan, konflik atau kontroversi (“<b>Perselisihan</b>”) yang muncul dari/atau sehubungan dengan Syarat dan Ketentuan ini, Para Pihak akan berusaha dalam jangka waktu 30 (tiga puluh) hari kalender setelah diterimanya pemberitahuan oleh salah satu pihak dari pihak yang lain mengenai keberadaan Perselisihan, untuk menyelesaikan Perselisihan dengan secara musyawarah dan mufakat diantara para pihak.</p> <p>Jika tidak ada penyelesaian tercapai dalam jangka waktu tersebut, maka Para Pihak wajib menyelesaikan Perselisihan tersebut melalui badan arbitrase yang pada saat ini beralamat kantor di Wahana Graha Lantai 1&amp;2, Jalan Mampang Prapatan No. 2 Jakarta 12760, berdasarkan Peraturan Arbitrase Badan Arbitrase Nasional Indonesia (“<b>BANI</b>”) dan menggunakan Bahasa Indonesia.</p>

**PT ABC TOLL ROAD**  
**INDICATIVE TERMS AND CONDITIONS FOR SENIOR TERM LOAN FACILITY**

*These Indicative Terms & Conditions (“Term Sheet”) is for discussions purpose only. The Term Sheet is not meant to be, nor shall it be construed as, an attempt to define all of the terms & conditions of financing provided by PT Indonesia Infrastructure Finance (“IIF”). The Term Sheet is also not intended as an undertaking or commitment by IIF to extend a loan or provide the financing facility contemplated herein. The terms and conditions set out in this Term Sheet are subject to satisfactory result of financial, social & environmental, technical, insurance and legal due diligence; IIF’s internal investment committee approval; and satisfactory final documentation.*

*No representation is made by IIF that the structure proposed herein is appropriate for the Borrower(s) and the Borrower(s) should seek its own legal and other professional advice as to the appropriateness of the structure and its impact on the Borrower(s), its subsidiary(ies), and affiliate(s). Terms not defined herein shall be defined at the final documentation stage.*

<b>PARTIES</b>	
<b>Borrower</b>	PT ABC Toll Road (“ABC”).
<b>Sponsor</b>	3. PT XYZ (“XYZ”); and 4. PT Sumber Mitra Jaya (“SMJ”).
<b>Lender</b>	PT Indonesia Infrastructure Finance (“IIF”).
<b>FACILITY</b>	
<b>Facility Type</b>	Cash Deficiency Support Facility (“Facility”).
<b>Facility Amount</b>	Up to IDR 600.000.000.000 (six billion thousand Rupiah)
<b>Project</b>	Construction and operating of Pemalang – Batang Toll Road section
<b>Purpose of the Facility</b>	To finance any cash deficiency incurred from Project after Commercial Operating Date (“COD”) of the Project.
<b>Facility Agreement Date</b>	Signing date of Syndication Credit Agreement (Conventional) No. 37 dated 24 May 2017.
<b>Final Maturity Date</b>	Maximum 222 (two hundred twenty two) months since the Facility Agreement Date or 60 (sixty) months since the full repayment of facility according to: (i) Syndication Credit Facility Agreement (Conventional) No. 37 dated 24 May 2017; (ii) Syndication Credit Facility Agreement (Sharia) No. 38 dated 24 May 2017; and (iii) Other Syndication Credit Agreement which will be signed to finance the project where Lender could participate (afterwards will be called together “ <b>Syndication Credit Facility</b> ”), whichever comes first.
<b>Availability Period</b>	The facility is available for drawdown from the signing date of the Facility Agreement (“ <b>Signing Date</b> ”) until [31 December 2018].
<b>Grace Period</b>	Maximum of 162 (one hundred sixty two) months from the Facility Agreement Date or following the full prepayment of the Syndication Credit Facility whichever earlier.

	<p>For avoidance of doubt:</p> <ol style="list-style-type: none"> <li>1. First repayment of principal will start from 3 (three) months after the end of Grace Period;</li> <li>2. Interest shall be paid during the Grace Period, with terms and conditions as set out in "Interest Rate" section below.</li> </ol>
<b>Repayment</b>	<p>Repayment shall be paid quarterly proportionally.</p> <p><b>"Business Day(s)"</b> means a day (other than Saturday, Sunday or public holiday) on which licensed banks are open for business in Jakarta and Bank Indonesia conducts clearing.</p>
<b>PRICING</b>	
<b>Facility Fee</b>	<p>[1]% flat of the Facility Amount, payable at 5 (five) Business Days after the Signing Date, or at the initial drawdown date, whichever is the earlier.</p>
<b>Commitment Fee</b>	<p>[1]% p.a. of the undrawn Facility Amount. Commitment fee is calculated based on daily average of undrawn portion during Availability Period.</p> <p>Commitment Fee shall be paid monthly at the end of each month during Availability Period, at the latest 5 (five) Business Days after the end of each month.</p>
<b>Interest Rate</b>	<p>Amounting to annual interest rate of Syndication Credit Facility (<b>"Syndication Interest Rate"</b>) + [3% (three percent) p.a.]</p> <p>Syndication Interest Rate equals to Reference rate (LPS) + 4.25% p.a.</p> <p>Payment of the Interest Rate shall be paid with the followings conditions:</p> <ol style="list-style-type: none"> <li>a. During Grace Period: <ul style="list-style-type: none"> <li>- Interest rate at [3% (three percent)] p.a shall be paid during the Grace Period; and</li> <li>- Interest Rate at unpaid Syndication Interest Rate will be capitalized and increase the principal amount, which will be calculated using Syndication Interest Rate + [3% (three percent)] p.a (<b>"Accumulated Syndication Interest Rate"</b>) and shall be paid by Borrower after the Grace Period.</li> </ul> </li> <li>b. After Grace Period: <ul style="list-style-type: none"> <li>- Syndication Interest Rate + [3% (three percent)] per annum, added with the payment of Accumulated Syndication Interest Rate in pro-rata.</li> </ul> </li> </ol>
<b>Default Interest Rate</b>	<p>Any unpaid due amount (i.e. interest payable and/or principal repayment) will be charged with a default interest rate at 2.0% p.a. above the applicable Interest Rate, calculated until the actual payment date of the overdue amount.</p>
<b>Interest Period</b>	<p>[Monthly, as regulated in Syndication Credit Facility Agreement.]</p> <p>Payment of the interest shall be made at the end of each Interest Period (<b>"Interest Repayment Date"</b>) with condition of Interest Repayment Date shall not exceed the Final Maturity Date.</p>
<b>OTHER TERMS</b>	
<b>Mandatory Prepayment</b>	<p>The Facility shall be prepaid to the Lender if and when:</p>

	<p>a. <b>Illegality</b> If, at any time, it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as completed under the Finance Documents, the Borrower shall fully repay the outstanding loan and the available Facility (as applicable), will be immediately cancelled.</p> <p>b. <b>Other Prepayment</b> customary to financing of this nature, including but not limited to:</p> <ul style="list-style-type: none"> <li>(i) Asset disposal,</li> <li>(ii) Acceptance of Insurance Claim;</li> <li>(iii) The payment of money compensation to the Borrower due to a cancellation of the Toll Road Concession Agreement; where, the Lender shall receive the payment in pro-rata with Lender of Syndication Credit Facility ("<b>Senior Lender</b>").</li> </ul> <p>c. <b>Refinancing of Syndication Credit Facility</b> The Borrower shall fully repay the Facility if the Borrower does refinancing and/ or rescheduling to the Syndication Credit Facility.</p> <p>d. <b>Excess Cash</b> after repayment of the Syndication Credit Facility [50%] of the remaining excess cash from Borrower's transaction account after final repayment of Syndication Credit Facility, shall be used to prepay the loan to Lender.</p> <p>e. <b>Other mandatory prepayment events</b> according to due diligence report.</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>1. Each repaid facility is irrefundable by Borrower.</li> <li>2. Each prepaid facility (except due to "illegality") shall be done inverse order of maturity according to loan repayment schedule.</li> <li>3. Each prepayment shall be done in Interest Repayment Date.</li> </ul>
<b>Voluntary Prepayment Penalties</b>	In the amount of 5% (five percent) from prepaid amount.
<b>Collateral</b>	<p>Cross collateral with the collateral for Senior Lender. Additionally, the collateral is pari passu with Lender to be elaborated further in the Security Sharing Agreement, which includes:</p> <ul style="list-style-type: none"> <li>1. Toll Road Concession Rights based on the Toll Concession Agreement of ABC, which irrevocable power of attorney to the Lender to appoint third parties as a toll road operator;</li> <li>2. All operational invoices and revenues from the operation of the toll road (other ventures pertaining to the Project) to be secured with fiduciary over receivables;</li> <li>3. Pledge of Borrower's accounts and its related Power of Attorney, including but not limited to Revenue Account, Debt Service Reserve Account, Debt Service Account, Operational Account, and Excess Cash Account ("<b>Project Account</b>");</li> <li>4. Proceeds from Insurance Claims, to be secured with fiduciary over proceeds of insurance claim;</li> <li>5. Proceeds of bank guarantee claim to be secured with fiduciary over proceeds of bank guarantee claim;</li> <li>6. Corporate Guarantee from PT Sumber Mitra Jaya;</li> <li>7. Corporate Guarantee from PT XYZ;</li> <li>8. Pledged of ABC shares owned by sponsors along with power of attorney to vote and power attorney to sale shares;</li> </ul>



	<p>(Collectively referred to as the "<b>Security Document</b>").</p> <p>[Note: In addition to the above, the shareholders of ABC (joint and severally) agree to provide cash deficiency support, cost overrun and to maintain positive equity in a term of notarial deed of shareholders general meeting. In the notarial deed of shareholders general meeting, shareholders also provide assurance that the interest payment and principal repayment schedule are being kept on time until full repayment of the Facility.]</p>
<b>Ranking</b>	<p>The payment of Accumulated Syndication Interest Rate and payment of Facility shall rank junior and subordinated with the repayment of the Syndication Credit Facility, except for company's obligation which regulated under the common law for companies. This item excludes the 3% p.a. interest payment during Grace Period which shall rank senior.</p> <p>After the end of Grace Period, the interest and principal repayment obligation under Facility Agreement and other documents related to Facility Agreement ("<b>Financing Document</b>") shall rank the same with Syndication Credit Facility. The Negative Covenant set out in Syndication Credit Facility Agreement shall also apply in this Facility Agreement.</p> <p>For avoidance of doubt, the payment under the Facility Agreement shall rank senior to any shareholders loans and inter-company loans both now and in the future.</p> <p>[Note: There is a bridging shareholder loan for land acquisition purpose that may be required to be paid and rank Senior].</p>
<b>Representation &amp; Warranties</b>	<p>The Borrower will make representations and warranty customary for facilities of this nature on the date of the Agreement and on the date of each utilisation request and the first day of each Interest Period, including but not limited to:</p>

	<ol style="list-style-type: none"> <li>1. Status and due authorization;</li> <li>2. Power and authority;</li> <li>3. Binding obligations;</li> <li>4. Non conflict with other obligations;</li> <li>5. Validity and admissibility in evidence;</li> <li>6. All government and regulatory approval, and any other third party consents (if required) have been obtained;</li> <li>7. No filing or stamp taxes;</li> <li>8. No insolvency or similar proceeding;</li> <li>9. No default;</li> <li>10. No misleading information;</li> <li>11. The Borrower's financial statements for a specified period have been prepared in accordance with the Indonesian Accounting Standards, and disclose all liabilities;</li> <li>12. <i>Pari-passu</i> ranking;</li> <li>13. No material litigation or proceeding pending or threatened;</li> <li>14. No breach of laws;</li> <li>15. No material adverse effect;</li> <li>16. All tax return have been filed, and all taxes due have been paid save for tax payment, which is being contested in good faith;</li> <li>17. No financial indebtedness, loans and guarantees or security, save as financial indebtedness, loans and guarantees or security which has been disclosed to the Lender;</li> <li>18. No immunity;</li> <li>19. All transactions conducted with affiliates or related party have been made on arm's length basis;</li> <li>20. The Borrower have a good title to all of its assets, subject only to permitted and disclosed liens;</li> <li>21. Except as identified in the social and environmental assessment, there are no material social or environmental risks or issues in relation to the Project;</li> <li>22. The Borrower has conducted procurement of goods and services based on the principles of fairness, competition, transparency, no conspiracy and value for money;</li> <li>23. Neither the Borrower, nor the Sponsor, nor any affiliate nor any person acting on their behalf has engaged in any corrupt, fraudulent, coercive, collusive or obstructive practice;</li> <li>24. The Borrower has not entered into any transaction nor engaged in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter;</li> <li>25. The Borrower has not involved in any business activities listed under the IIF's Exclusion List;</li> <li>26. The Borrower has stated with the best knowledge that the financial statements already reflects the current Borrower's projection;</li> <li>27. Such other representations and warranties appropriate for transaction of this type.</li> </ol>
<b>Reporting Covenant</b>	<p>The Borrower shall supply to the Lender with, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. As soon as they become available, but in any event within 180 (one hundred and eighty) days after the end of each of its audited financial years, the Borrower and sponsors audited consolidated financial statements for that financial year, by enclosing the compliance certificate pursuant to Financial Covenant;</li> <li>2. As soon as they become available, but in any event within 60 (sixty) days after the end of each quarter of each financial years, the Borrower and sponsors consolidated internal financial statements for that quarter of the relevant financial year by enclosing the compliance certificate pursuant to Financial Covenant;</li> <li>3. As soon as they become available, but in any event within 30 (thirty) days before the starts of each of its fiscal years or together with the</li> </ol>

	<p>submission of budget expense for Syndication Credit Facility, whichever comes earlier, the projected daily traffic report for the next 1 (one) year;</p> <ol style="list-style-type: none"> <li>4. As soon as they become available, but in any event within 30 (thirty) days before the starts of each of quarterly report period, the Daily Traffic Realization Report and Toll Revenue Report related to the Project;</li> <li>5. Such other information regarding the financial condition, business and operations on any member of the Group as the Lender may reasonably request;</li> <li>6. Notice of change in the authorised signatories of any [Obligor] signed by a director of such [Obligor] and containing the specimen signature of any new authorised signatories;</li> <li>7. Certain reporting requirements under IIF's Social &amp; Environmental Principles and its Corrective Action Plan including to upload documents related to social &amp; environmental impact assessment and action plans related to social &amp; environmental aspect in the Borrower's or IIF's website as applicable; and</li> <li>8. Such other reporting requirement appropriate for transaction of this type</li> </ol>
<b>Financial Covenants</b>	<p><i>[In discussion with ABC]</i></p> <p>The Financial covenants applied all times through out the Facility Tenor.</p>
<b>General Undertakings</b>	<p>Undertakings customary for the Facility of this nature will be included in the Facility Agreement, including (without limitation):</p> <ol style="list-style-type: none"> <li>1. Status and due authorization;</li> <li>2. Maintenance of all material licenses, registrations, and authorizations;</li> <li>3. No change of shareholders;</li> <li>4. No changes in Borrowers group structure;</li> <li>5. Compliance with laws;</li> <li>6. Retention of external reputable auditor acceptable to the Lender;</li> <li>7. <i>Pari passu</i> ranking;</li> <li>8. Maintenance of insurances in the amount and type appropriate for the business as agreed by the Lender;</li> <li>9. Compliance to tax payment;</li> <li>10. Restriction on acquisition or investments;</li> <li>11. The Borrower shall not engage in mergers, consolidation, separation, or restructurisation without written approval from Lender;</li> <li>12. Ensuring no material adverse effect;</li> <li>13. Any transaction with affiliates or related party is conducted based on arm's length basis;</li> <li>14. No change of business;</li> <li>15. Subordination of all shareholders' loan and inter-company loans;</li> <li>16. The Borrower shall only use the Facility to provide cash deficiency for the Project after COD;</li> <li>17. The Borrower shall not engage in sanctionable practices, which includes corrupt, fraudulent, coercive, collusive, and obstructive practices;</li> <li>18. The Borrower shall not apply a new loan from other lender without prior written consent of the existing Lender;</li> <li>19. The Borrower shall conduct procurement of goods and services based on the principles of fairness, competition, transparency, no conspiracy and value for money;</li> <li>20. The Borrower shall comply with IIF's Social &amp; Environmental Principles, which includes the compliance to Corrective Action Plan and its reporting requirements;</li> <li>21. The Borrower shall not enter into any transaction or engaged in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter ;</li> </ol>

	<ol style="list-style-type: none"> <li>22. The Borrower shall not use the Facility to finance any business activities listed under the IIF's Exclusion List;</li> <li>23. The Borrower and its affiliation that act as behalf of the Borrower, shall comply with the regulation and will not engage in any activity prohibited by World Bank's Anti Corruption Guideline;</li> <li>24. The Borrower shall not enter into any transaction or engaged in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter and World Bank Listing of Ineligible Firms &amp; Individual as publicized and updated in official website of World Bank ;</li> <li>25. Restriction on asset disposal, except for daily business activities of the Borrower with maximum value up to IDR 10.000.000.000,- (Ten Billion Rupiah).</li> <li>26. The Borrower shall maintain all material contracts related to business activity;</li> <li>27. Upon prior notice, the Borrower shall permit Lenders' representative or any of its agents or designees to visit the project site, to get information and/or queries access related with the financial statements, and have access to employees, agents, contractors who have or may have knowledge of matters with respect to which IIF seeks information. For avoidance of doubt, no prior notice shall be necessary if there is potential or continuing Event of Default or if special circumstances so require;</li> <li>28. The Borrower shall notify the Lender of any other Borrowers' project financing plan and its subsidiaries that needs financing from third parties;</li> <li>29. The Borrower shall not pledge its asset to banks or other parties, except as collateral for the Syndication Credit Facility, without prior written consent of the Lender; and</li> <li>30. The Borrower shall not pay any dividend;</li> <li>31. Such other conditions standard for transaction of this type.</li> </ol>
<b>Events of Default</b>	<p>Events of default customary for Facility of this nature will be included in the Agreement , including (without limitation):</p> <ol style="list-style-type: none"> <li>1. Failure to pay principal, fees, interest, or any other sums due under this Facility (other than due to administrative error, subject to remedy period of up to 3 (three) Business Days),</li> <li>2. Any Financial and non Financial Covenants not satisfied;</li> <li>3. Failure to comply with any other obligations, including but not limited to General Undertakings, subject to 30 (thirty) calendar days remedy period if capable of remedy;</li> <li>4. Misrepresentation;</li> <li>5. Cross default;</li> <li>6. Insolvency, bankruptcy, or any other similar events;</li> <li>7. Unlawfulness;</li> <li>8. Repudiation and rescission;</li> <li>9. Litigation and final judgments or court orders in relation to the Borrower or their assets which could reasonably be expected to have a material adverse effect;</li> <li>10. Cessation of business;</li> <li>11. Revocation of any Security Document;</li> <li>12. Termination of any material agreements related to the Project;</li> <li>13. Any event or circumstance occurs which has had or could reasonably be expected to have material adverse effect; and</li> <li>14. Such other events standard for transaction of this type.</li> </ol>

<b>Conditions Precedent for Signing</b>	<p>Standard and customary for this type of facility, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. Submission of all Corporate Approval of the Borrower (including approval from Board of Directors and Shareholders, as applicable) proofing that all approval has been obtained, including satisfactory evidence that approval from governmental institution and approval, authority, permit, and waiver of tax as might be required has been obtained;</li> <li>2. Receipt of offering letter on Terms and Conditions of Facility from Lender signed by the Borrower;</li> <li>3. Submission of [Legal Due Diligence and Social &amp; Environment Due Diligence Report] in the form and substance satisfactory to the Lender;</li> <li>4. Submission of document evidencing appointment of the Agent;</li> <li>5. Satisfaction of all applicable conditions to Social &amp; Environmental covenants and Corrective Action Plans to comply with IIF's Social and Environmental Principles, including uploading documents related to social and environmental studies on the IIF website or the Lender website (if any);</li> <li>6. A copy of notification, and approval or waiver from existing Lender, related to: <ul style="list-style-type: none"> <li>- transactions defined under the Facility Agreement in conjunction with the facility from Lender; and</li> <li>- Security sharing the Borrowers' assets as collateral to Syndication Credit Facility, for the benefit of the Lender;</li> </ul> </li> <li>7. Such other documents standard for transaction of this type.</li> </ol>
<b>Conditions Precedent to Effective</b>	<p>Submission of certified true copy of Minutes of Meeting of ABC Toll Road Concession Continuation and ABC Toll Road Concession Agreement (<i>PPJT</i>) including its amendments in form and substance satisfactory to IIF.</p>
<b>Conditions Precedent for Initial Drawdown</b>	<p>Standard and customary for this type of facility, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. All Financing Documents have been signed and effective;</li> <li>2. Evidence that all fees, cost and expenses due from the Borrower have been paid on the initial drawdown date;</li> <li>3. Submission of the Borrowers' letter stating that there will be cash deficiency and an attachment of projected cash flow report.</li> <li>4. Submission of the notice to drawdown at the latest 5 (five) Business Day prior the drawdown date;</li> <li>5. Submission of insurance policy on the Project during the operation period, provided that the banker's clause correspond to the terms of the Insurance in the Credit Agreement;</li> <li>6. Lender has received satisfactory legal opinion addressed to the Lender on the validity and enforceability of Finance Documents, including conditions precedent confirmation to initial drawdown from external legal adviser;</li> <li>7. Submission of copy receipt that stated PT DEF has paid off the loan made under Facility Agreement between PT DEF with the Lender;</li> <li>8. Satisfaction of all applicable conditions to Social &amp; Environmental covenants and Corrective Action Plans to comply with Lender's Social and Environmental Principles;</li> <li>9. Such other documents standard for transaction of this type which will be determined later;</li> </ol>
<b>Condition Precedent to Subsequent Drawdown</b>	<p>Standard and customary for this type of facility, including but not limited to:</p>

	<ol style="list-style-type: none"> <li>1. Borrower to provide written notice of drawdown at the latest 5 (five) Business Days prior the drawdown date;</li> <li>2. Satisfaction of all applicable conditions to Social &amp; Environmental covenants and Corrective Action Plans to comply with Lender's Social and Environmental Principles;</li> <li>3. Any other documents as might be required and requested during the final documentation stage.</li> </ol>
<b>Cash Waterfall Mechanism</b>	To be discussed later, so that priority of payment made under Facility Agreement shall be included in cash waterfalls mechanism from Syndication Credit Facility.
<b>External Advisor (Legal, Environment &amp; Social ("E&amp;S"))</b>	<p>The Borrower shall reimburse the Lender (or pay directly, if requested by the Lenders) for all costs and expenses reasonably incurred in connection with the preparation, negotiation, due diligence, printing, execution (and amendment) of the Finance Documents and any documents referred by it, whether or not the Finance Documents is actually signed and executed.</p> <p>The reimbursable expenses shall be paid immediately upon Lender request or in the event the Finance Documents are signed and executed, these shall be paid prior to disbursement of the Facility and shall include but not limited to, (a) all reasonable fees, charges and out-of-pocket expenses ("OPE") of all external advisor (including but not limited to: legal counsel, notary, social and environmental consultant, insurance consultant, finance consultant, and independent technical consultant (if necessary)), appointed in consultation with and consented by the Borrower, and (b) all reasonable OPE incurred by the Lender and its consultants, including those related to the right to inspect.</p>
<b>Currency and Tax Gross Up</b>	All payments to be made by the Borrower shall be paid in full using the currency of the Facility, without any set-off or counter-claim and free and clear of, and without deduction for or on account of, any present and future taxes, duties, levies, imposts, charges or withholdings. If any such taxes are required by law to be deducted or withheld from any sum so payable, then the Borrower shall increase the amount so paid so that the recipient receives the full amount due to it (and provide the evidence of any withholding tax slips payable to the Government of Indonesia).
<b>Assignment and Transfer by Lender</b>	<p>A Lender shall be entitled to freely transfer or assign the whole or parts of their rights and benefits under the Term Sheet (including their facility commitment) and the Finance Document to any party, without prior consent of the Borrower. In the event of assignment by Lender to other party(ies), Lender shall ensure that Borrower's and Lender's obligations do not change due to such assignment.</p> <p>The Borrower shall not be entitled to assign any rights, benefits or obligations under the Term Sheet and the Finance Documents to any other party without the Lender's prior written consent.</p>
<b>Limitation of Liability</b>	The Borrower agree that none of the Lender's commissioners, directors, employees, agents, advisors, consultants and legal counsel (each, an " <b>Indemnified Party</b> ") will be liable for any loss, claim, damage, or liability (" <b>Loss</b> ") that the Borrower(s), or any other party might suffer or incur in connection with this Term Sheet, or any transaction contemplated hereby, except to the extent that such Loss resulted from such Indemnified Party's gross negligence or wilful misconduct. Any such claim will be limited to

	reasonably foreseeable losses and will not include lost profits or consequential or punitive damages.
<b>Indemnity</b>	The Borrower shall indemnify and hold harmless the Indemnified Party against any Loss to which such Indemnified Party may become subject in connection with or arising from any Indemnified Party's activities as contemplated under this Term Sheet, in connection with the transaction contemplated hereby and to reimburse such Indemnified Party for all expenses, including any legal expenses, incurred by such Indemnified Party in connection therewith or with the investigation or defence thereof; provided, however, that the Borrower shall not be liable in respect of any Loss to the extent that such Loss resulted from such Indemnified Party's gross negligence or wilful misconduct.
<b>Confidentiality</b>	The information and works produced by Lender under this Term Sheet are for the Lender own benefit and not for the Borrower or any other lender. All written material delivered to the Borrower, including this Term Sheet, may only be distributed by the Borrower to its professional advisors, for purposes of transaction contemplated in the Term Sheet. The said materials shall not be distributed to other third parties without the Lender's prior written consent. The Borrower may not represent Lender's views on any matter, or use Lender's name in any written material for third parties.
<b>Governing Law</b>	The Laws of the Republic of Indonesia.
<b>Settlement of Disputes</b>	<p>The parties agree that for any difference, dispute, conflict or controversy (a "Dispute") arises out of or in connection with the Term Sheet, the parties will attempt for a period of thirty (30) days after the receipt by one party of a notice from the other party of the existence of the Dispute, to settle the Dispute by amicable settlement between the parties.</p> <p>If no settlement is reached within such period, the parties shall settle the Dispute by arbitration under the Rules of Arbitration of the Indonesia National Board of Arbitration (<i>Badan Arbitrase Nasional Indonesia</i>) in Jakarta and by using Bahasa Indonesia.</p>

### C. Risk rating

#### Risk Rating

Summary			
<b>Sector</b>	<b>Infrastructure</b>	<b>Country</b>	Indonesia
<b>Sub-Sector</b>	<b>Toll</b>	<b>External Rating</b>	
<b>Project Name</b>	<b>Roads/Bridges/Tunnels</b>	<b>Project ID</b>	
<b>Analyst</b>	<b>ABC Toll Road</b>	<b>Financials</b>	
<b>Group</b>	<b>Eduard</b>	<b>Date</b>	4/2/2018
	<b>DEF</b>		
		<b>S&amp;P Scale</b>	<b>Bank Master Scale</b>
Market Protection and Revenue Contracts	Score		
	-		

Competitive Market Position	7.00		
<b>Market Risk Exposure</b>	1.0		
Financial Strength	9.00		
Technology, Construction & Operations	8.00		
Legal & Finance Structure	7.00		
<b>Project Level Score (1-10)</b>	7.91		
<b>Implied Project Rating</b>	7.50	B+	IIF4
Force Majeure Adjustment	-		
<b>Implied Project Rating after Force Majeure Risk</b>	7.50		
Country Risk Cap	6.00		
<b>Implied Project Rating after Country Risk</b>	7.50	B+	IIF4
Credit Enhancements			
<b>Final Project Rating</b>	7.50	B+	IIF4

#### D. KYC Checklists

##### KYC Checklists

Legal and General Information						
Name of Institution	:	PT ABC Toll Road				
Legal Domicile	:	Gedung Graha Irama Blok X-1 Lantai 14, Jl. HR. Rasuna Said Kav. 1-2, Kel. Kuningan Timur, Kec. Setiabudi Jakarta Selatan 12950				
Company Address (if different than above)	:	(same as above)				
Phone	:	62(21) 5261616				
Fax	:	62(21) 5261615				
Email	:	ABC@mitrajaya.co.id				
Taxpayer ID *)	:	02.419.564.6-063.000				
Company Type (refer to AoA)	:	State-owned enterprise	Local Investment	Joint venture	Foreign Investment	Others
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Business License Number	:					



Corporate Registration Number	:	09 03.1.52.50649	Expiration Date of Registration Number: 15 September 2021
Letter of Domicile Number	:	1333/27.1BU.1/31.74.02.1008/-071.562/e/2016	Expiration Date Letter of Domicile: 23 December 2021
Current Line of Business	:	Transportation	<input checked="" type="checkbox"/>
		Oil and Gas	<input type="checkbox"/>
		Electricity	<input type="checkbox"/>
		Construction	<input type="checkbox"/>
		Water	<input type="checkbox"/>
		Other, Telecommunication	<input type="checkbox"/>
Business Activities (refer to Aoa)	:	Toll road operation	
Eligible Activities (refer to Annex A: Exclusion List)	:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Company Status		<input type="checkbox"/> Established Company	<input checked="" type="checkbox"/> Special Purpose Vehicle/Project Company
<b>If Established Company:</b>			
Net Assets	:		
Annual Operating (Loss)	:		
Annual Gross Income	:		
House Banks	:		
<b>If SPV/Project Company:</b>			
Paid in Capital	:	IDR 891.681.225.300	
House Banks	:	-	
<b>Source of Equity *)</b>			
	:	Injection from Shareholders	<input type="checkbox"/> <input checked="" type="checkbox"/>
	:	Bank Loan	<input type="checkbox"/>
	:	Mezzanine	<input type="checkbox"/>
	:	Investment Result	<input type="checkbox"/>
	:	Internal Profit	<input type="checkbox"/>
	:	Others, please specify	<input type="checkbox"/>

#### Article of Association

Number of deed of establishment *)	:	10
Date *)	:	15 Juni 2006
Country of incorporation *)	:	Indonesia
Authorized Capital *)	:	IDR 3.490.492.176.000
Paid up Capital *)	:	IDR 891.681.225.300

#### Shareholding Structure

Name	Article of Association	Ownership (%)	Nationality	
			WNI	WNA
PT XYZ	-	60%	V	
PT Sumber Mitra Jaya	-	40%	V	

#### DIRECTORS AND COMMISSIONERS UNDER ARTICLES OF ASSOCIATION

No	BOD Name	Position	ID Number	Date of Birth
1	Supriyono	President Director	3374060407610002	04/07/1961

2	Ir. Arman D Panjaitan, MBA	Director	3275052507520007	25/07/1952
3	Fathul Anwar	Director	6471051212780026	12/12/1978

No	BOC Name	Position	ID Number	Date of Birth
1	Kuhan Selvaretnam	Pres. Commissioner	3174051608745001	16/08/1974
2	Amir Syamsudin	Commissioner	3175022705450004	27/05/1945
3	Ir. Nyoman Wirya Adnyana	Commissioner	3175082309630007	23/09/1963
4	Aan Akhmad Prayoga	Commissioner	3274050604830004	06/04/1983

**E. Other Banks Facilities / Summary of Pefindo report**  
*Other banks*

Client No.	Facility Type	Name other bank	Client or group of clients exposure limit / Facility type	Curr .	Amount (million)	Outstanding Exposure	Maturity (dd/mm/yy)

Facility Type	Repayment schedules	Curr.	Amount	Remarks

Collateral, Support, Covenants, Other conditions, Pricing grid	Facility Type	Description
-		

**F. Industry Analysis**

**I.3 Industry Study**

Electricity sales in Indonesia during past five years have grew approximately around 8.1% per year. The growth in electricity sales has been recovered from the global financial crisis Sunting from 2010. From 2012, STP has actively connecting the customer with 3.5 million customer per year. Specifically in Sulawesi, the electricity sales have grew approximately around 11% per year. Thus STP has aggressively increase the power plant project in such area. Table below depicts the electricity sales in Sulawesi and Nusa Tenggara regional.

Description	(TWh)					
	2011	2012	2013	2014	2015	2016
Household	3,930	4,493	5,053	5,611	5,977	6,854
Industry	846	945	969	1,051	1,134	1,376
Business	1,466	1,741	2,152	2,103	2,089	2,405
Social	250	285	333	369	409	468
Government Building	209	231	259	287	319	364
Street Lighting	260	261	272	294	317	363
<b>Total</b>	<b>6,961</b>	<b>7,956</b>	<b>9,038</b>	<b>9,714</b>	<b>10,244</b>	<b>11,680</b>

Source: STP RUPTL 2017-2026

Makassar as a capital of South Sulawesi province has been growing into an industrial area as well as the center of trade for eastern part of Indonesia. The economic growth in South Sulawesi has the biggest contribution in the economic growth. In the last 5 years, the South Sulawesi has experienced astonishing economic growth in average of 7.7% per annum, higher than the national economic growth. Such growth has pushed the increase of electricity needs to grow significantly. The proposed power requirement from Industry can achieve more than 200 MW. Thus, this should be balanced with adequate electricity capacity to align with the economic growth. Moreover, as a commitment of STP to serve the community, STP will fulfil the energy needs for healthcare in 21 districts which spread across municipals in South Sulawesi province.

Wind Power potential in Indonesia has been identified in some of locations such as Java, South Sulawesi, Nusa Tenggara, and Maluku. Some of the developer has propose of Wind Power Plant development in location such as: Sukabumi, Banten, Energi Gratis, Bantul, and Jenepono. One of the things that should be considered in entering Wind Power Plant in the system is its stability to receive Wind Power Plant unit. Wind Power Plant, which has intermittent source of energy, generates electricity in fluctuative manner. In operating it, a reserve power plant may be necessary to support in the case of wind speed drop, until it reach the minimum turbine design threshold. However, the development of renewable energy power plant is inevitable as the Government of Indonesia aims that by 2025 renewable power should represent at least 25% of the energy mix. Moreover, the development of Energi Gratis Wind Power Plant has been supported by the local and national government due to its role to support the energy reserve in South Sulawesi considering its rapid economic growth.

In South Sulawesi alone, the existing electricity power is recorded at 1,250 MW and on the peak, electricity being used is recorded at 1,050 MW, giving a reserve about 250 MW. To balance the predicted economic growth in South Sulawesi, new power plants is being developed; Punagaya Coal Fired Power Plant, Bosowa Energy Coal Fired Power Plant in Jenepono district, and Energi Gratis Wind Power Plant phase I and phase II. This development of new power plant is expected to support 50% of energy reserve during peak.

## G. Legal Due Diligence Report

Attachment	Description
Part VI - Legal Due Diligence Report.docx	Legal Due Diligence Report

## H. S&E Due Diligence

Attachment	Description
Part VI - Legal Due Diligence Report.docx	S&E Due Diligence

## I. Other Reports

Attachment	Description
Part VI - Other Report - Company Licenses & Contracts.docx	Other Reports