Project Appraisal Memorandum

Project Finance

PT Pelabuhan Indonesia IV (Persero)
PT Pelabuhan Indonesia

Sub-participation agreement with Bank Mandiri for up to 6 months

XSOE-PL4151-02SEAP

11-December-2018

Table of Contents

Part I - Dashboard

A. Project

Project Description	Sub-participation agreement with Bank Mandiri for up to 6 months - Pelabuhan Indonesia IV (Persero)
Sector – Sub Sector	ROAD - SEA PORT
Project Cost	USD 560,500,000.00
Project Scope	The Project Company to build and operate a bulk water supply system, that consist of: - Production area: (i) water intake facility to take raw water from Umbulan spring water, tapak springs, and Rejoso river; (ii) water treatment plant ("WTP") to process raw water into bulk water with capacity of 4,000 lps; and (iii) water reservoir with capacity of 40,000 m^3. - Water transmission pipe that spans for 92.3 km, going through 5 regencies in East Java province (i.e. Pasuruan Municipal, Pasuruan City, Surabaya City, Sidoarjo Municipal, and Gresik Municipal). There are 16 tapping points along the transmission pipe. Upon completion, the Project will supply 4,000 lps bulk water to 5 regencies via Perusahaan Daerah Air Bersih ("PDAB") and 5 Perusahaan Daerah Air Minum ("PDAM").
Project Structure	The Project is structured as Public Private Partnership project ("PPP"), with stakeholders as follows: - The Government Contracting Agency ("GCA") is East Java Province. - The Project Company is PT MATA AIR UMBULAN ("MAU"), which is also the Borrower. - PT Penjaminan Infrastruktur Indonesia (Persero) ("IIGF") provides guarantee in favor of the Project Company to cover GCA's financial obligation. - Ministry of Finance provides Viability Gap Fund ("VGF") for the amount of IDR818.01 billion, to be disbursed in 5 disbursement schedule based on certain milestone. This VGF scheme is the first one provided by the government. - PDAB and the 5 PDAMs agreed to purchase the bulk water from Project Company, which will make the monthly payments to the Project Company through PDAB. - Each of the 5 regency governments agreed to support the project by purchase of the bulk water via its respective PDAM.

	GCA and Project Company entered into Cooperation Agreement ("**CA**"), with concession period of 25 years. IIGF provides guarantee with period of 15 years after Commercial Operating Date ("**COD**"). The financing is provided as loan syndication with total financing amount of IDR1,055 billion. The participant lenders consist of: IIF (IDR530 billion) and SMI (IDR525 billion). The appointed agency is BNI. (Project Structure)
Deal Strategy	· One of the National Strategic Project We will provide financing for the project which have significant impact to the Indonesian people as this project is part of the South Sulawesi Power Plant Development Plan stated in RUPTL 2017-2026 · First wind power plant project in Indonesia The project will become the first wind power plant built in Indonesia. This will become the benchmark for further study and this project may become a good exposure for IIF in wind power plant sector · First guarantee facility by IIF The facility will become the first guarantee facility implemented by IIF. This will become the benchmark for guarantee facility and this facility may become a good exposure taking that facility was structured by reputable parties · Experienced in Industry (ENERGI Group) ENERGI Group has focused on developing, financing, constructing, owning, and operating a portfolio of wind and Pertalite generation assets for 20 years. Under ENERGI Group, the company has entered selected markets early and built experienced management teams to deliver projects in North America, Europe, North Africa, and Asia (including in South East Asia e.g. Philippines). It has developed wind farms to a total of over 1,500 MW in more than 12 locations throughout the world. This project is the first PPP for water supply system. We pitched and obtained Mandated Lead Arranger role to arrange for the senior loan portion and the bridging to VGF. Aside that this is a PPP project, we were interested to provide financing as the project sponsors are prominent groups: Medco Group with main business in oil & gas that has experience in laying pipes, and Bangun Tjipta Group that has built and operate a couple of similar water projects. Due to acceleration of financial close, we signed the facility agreement to Senior loan on December 2016. The bridging to VGF was not too needed at that time. However, as the VGF disbursement process is taking longer time than anticipated (originally expected for 2 month, but in actual can

	be up to 4 months), MAU has sounded the requirement to secure the bridging loan facility. The Project itself is still on construction phase, remains expected to reach COD timely on July 2019. This is despite the delayed completion of Condition Subsequent ("CS") to CA. In addition to this Project, we have further developed the relationship with the Sponsors. We provided loans to a couple of companies under Medco Group, and we supported Bangun Tjipta on its Bandar Lampung Water Supply System Project.

B. Borrower

<table>
<tr><td>Project Company</td><td colspan="4">PT Pelabuhan Indonesia IV (Persero)</td></tr>
<tr><td>Project Sponsors</td><td colspan="4"><table>
<tr><th>Project Company</th><th>Project Sponsors</th><th>% ownership</th></tr>
<tr><td>PT Pelabuhan Indonesia IV (Persero)</td><td>Handoko Wiraguna</td><td>100.00</td></tr>
<tr><td>PT Pelabuhan Indonesia</td><td>Hadiwijaya</td><td>100.00</td></tr>
</table></td></tr>
<tr><td>Ultimate Beneficial Owner</td><td colspan="4">Hadiwijaya</td></tr>
<tr><td>Rating</td><td>IIF Rating</td><td>External Rating</td><td>S&E Category</td><td>LQC/BI Checking</td></tr>
<tr><td></td><td>IIF5
Rating Date: 30 Nov 2018</td><td>S&P: CCC+
Moodys: Caa1
Fitch: CCC+
Pefindo: idCCC</td><td>C-IV</td><td>4 - Doubtful / Diragukan</td></tr>
<tr><td>Other Information</td><td colspan="4">• Semi-annual Review of this Facility to MAU, with proposed ratification of the late submission, as the periodic review was due on May 2018.
• Waiver to senior loan Tranche A1 (for capex) to allow drawdown with total amount of IDR150 billion (IIF portion at c.IDR63.94 billion), prior to completion of CP to Second Drawdown.
• Extension of Availability Period of Tranche A3 (fee payment) to end of November 2018.
(Other Information)</td></tr>
</table>

C. Proposal

Purpose	• Semi-annual Review of this Facility to MAU, with proposed ratification of the late submission, as the periodic review was due on May 2018.

<table>
<tr><td></td><td>• Waiver to senior loan Tranche A1 (for capex) to allow drawdown with total amount of IDR150 billion (IIF portion at c.IDR63.94 billion), prior to completion of CP to Second Drawdown.
• Extension of Availability Period of Tranche A3 (fee payment) to end of November 2018.
(Purpose)</td></tr>
<tr><td>Approval Authority</td><td>BOD-IC</td></tr>
<tr><td>Facility</td><td>
<table>
<tr><th>Type</th><th>Amount</th></tr>
<tr><td>Senior Term Loan</td><td>USD 55,000.00</td></tr>
<tr><td>Mezzanine Funding</td><td>USD 45,500.00</td></tr>
<tr><td colspan="2">Remarks : Lorem Ipsum is simply dummy text of the printing and typesetting industry. Lorem Ipsum has been the industry's standard dummy text ever since the 1500s, when an unknown printer took a galley of type and scrambled it to make a type specimen book. (Remark)</td></tr>
</table>
</td></tr>
<tr><td>Group Exposure</td><td>GBP 45,455.00</td></tr>
<tr><td>Remarks</td><td>• The total syndicated loan amount is IDR1,055 billion, with total outstanding at IDR486.81 billion.
• Other lender is SMI with participation amount at IDR525 billion, with loan outstanding at IDR230.84 billion.
(Remarks)</td></tr>
<tr><td>Tenor</td><td>25 year(s) 26 month(s)</td></tr>
<tr><td>Average Loan Life</td><td>27 year(s) 28 month(s)</td></tr>
<tr><td>Pricing</td><td>
<table>
<tr><td>Interest Rate</td><td>JIBOR 1 month + 2.7% p.a. Interest Rate</td></tr>
<tr><td>Commitment Fee</td><td>2.0% p.a., payable based on undrawn amount at the end of Availability Period. -Comm Fee</td></tr>
<tr><td>Facility/Upfront Fee</td><td>0.85% on the undisbursed loan amount, shall be payable every interest period until the end of Availability Period - Upfront/Facility Fee</td></tr>
<tr><td>Structuring Fee</td><td>1.4% flat -Structuring Fee</td></tr>
<tr><td>Arranger Fee</td><td>1.3% flat - Arranger Fee</td></tr>
</table>
</td></tr>
<tr><td>Collateral</td><td>- Pledge on all shares.
- Pledge on Transaction Accounts.
- Fiduciary security over insurance claim proceeds.
- Fiduciary security over movables assets.
- Fiduciary security over receivables.
- Assignment of all material contracts.
- Joint and several Letter of Undertaking for Cash Deficiency Support from Sponsors, whereby Sponsors unconditionally and irrevocably undertake to fund and finance any cash deficiency of the Borrower in relation to the Project, including but not limited for the debt service, to be effective during the tenor of the Facility;
- Joint and several Completion Guarantee from the Sponsors whereby the Sponsors unconditionally and irrevocably agree and guarantee to ensure</td></tr>
</table>

	that Projects shall be completed in accordance with the Material Contracts. *(Collateral)*
Other Conditions	1. A valid, first priority, perfected security interest in all of the Borrower's assets; 2. A valid, first priority, perfected security interest in all of the Borrower's rights under the Project Documents and all consents, licenses and permits; 3. Land Mortgage Agreement; 4. A pledge of all shares (We may need to have a carve out for the shares of SunEd due to their financially distressed situation. However, measures would be put in place to ensure lenders can enforce the security); 5. A pledge of all subordinated debt from the Shareholders, if applicable; 6. A valid, first priority, perfected security interest in all offshore and onshore accounts of theBorrower and all funds and investments therein; 7. An assignment of all insurance policies and proceeds; 8. Direct Agreement with counterparties to WTG Contracts, Civil Balance Of Plant (CBOP) Contract and Electrical Balance Of Plant (EBOP) Contract;[1]and STP consent letter.[2] [1] Direct agreements between security agents for the secured parties with the relevant contractors under the material agreements under which the relevant security agents have certain step-in rights in the event of a default of the Borrower under those agreements [2] PLN consents regarding terms and conditions set forth in the Security Documents (Other Conditions)
Exception to IIF Policy	MAU is considered as part of Medco Group, given that (i) GAI has majority vote in the Company, (ii) the management is controlled by seconded persons from Medco. GAI is 100%-owned by PT Prima Gas Indonesia Tbk. ("**PGI**"), a listed company in IDX with market share at IDR13.2 trillion (USD886.4 million) as of 10 September 2018. About 51% PGI shares are owned by PT Prima Daya Lestari, a holding company wholly-owned by Panigoro family. *(Exception to IIF Policy)*
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

We wish to have BoD IC support the proposal for IIF to participate in the Guarantee Facility for OPIC in regards with Energi Gratis Wind Power Plant project by taking over a USD 20 million guarantee portion of SMBC exceeding the guarantee cover to include Political Risk Events.

	Deal Team	CIO
Account Responsible	Eko Teguh Santoso Febrina Kalangie (Nina) Harold Tjiptadjaja	Harold Tjiptadjaja

	Anton Benyamin Simatupang	

Part II – Project Analysis

Part I Project Analysis

I.1 Background

IIF was offered by SMBC, if we have the interest to participate as a guarantor to term loan financer for the financing of 85MW wind farm project in the municipality of Energi Gratis, South Sulawesi, Indonesia ("**Project**") which is being developed by Energi Gratis ("**PTEG**" or "**Project Company**").

The Project is estimated to be USD 150 million, of which the Overseas Private Investment Corporation ("**OPIC**") commit to provide USD 120 million loan or 80% of project cost with tenor of 16.5 years ("**Term Loan Facility**" or "**TLF**"). To the TLF, SMBC is currently providing a Commercial Credit Guarantee Facility ("**CGF**") to OPIC, for an amount up to USD 40 million. The Facility was signed on 15 September 2016 (the scheme related to CGF will be explained in detail in Section IV.5).

In this PAM, the investment team has analyzed the Project from technical, financial, legal and social & environmental point of view to seek whether PTEG will be a project within the acceptable risk to provide finance. Also taking that this will be the first guarantee facility to be provided by IIF, analyzation of the guarantee scheme, especially the trigger event under the CGF, was thoroughly looked into.

I.2 Project Description

The Project is a 85 MW wind farm project (with potentially expanding up to 250 MW. The expansion will be under development of Energi Gratis Wind Farm Phase II and Phase III, on different PPA with the Project), that consists of 30 (thirty) Gamesa G114-2.625MW wind turbine generator ("**WTG**") on 80 meter steel towers which was selected by PTEG to best fit for the class II wind on the site. The wind analysis is conducted by DNV GL, who is acting as technical consultant for PTEG, correlating the 3 years on site wind data and 8 years meteorological reanalysis data. The wind analysis and selection of technology is confirmed by Scotland, who is acting as technical consultant for OPIC. In addition to the WTGs and their foundations, a network of around 15km of 33kV array cable and on-site substation will be build. The substation will increase the voltage of the electricity generated from 33kV to 150kV, where it will be transported to the grid connection point, connecting to an already existing transmission line via a 2.7km transmission line which will also be built by PTEG. The Project is situated in the municipality of Energi Gratis, South Sulawesi, Indonesia, which is located 10.5km northeast of the city of Parepare. The project site and immediate vicinity is sparsely populated grassland and low yield farm located on three ridges orientated perpendicular to the prevailing wind. The wind is seasonal, but generally presents a strong wind resource for energy generation. A separate entity for Energi Gratis Phase II is currently in the process of establishment and will be called PT Energi Gratis II .

The Project enjoys relatively strong wind regime within Indonesia with an average wind speed of c. 7.4 m/s at 80 m hub height, which is classified as Class IIA for The International Electrotechnical Commission (**IEC**). The WTGs will be connected through a 33kV collection system to an onsite substation that will raise the voltage to 150 kV. The power generated in the Project with be transmit the electricity through 150kv transmission line to the existing line near the STP Energi Gratis substation at Pangkajene, which forms part of the main South Sulawesi Grid.

The PTEG signed a 30-year Power Purchase Agreement ("PPA") with PT STP (Persero) (the "Buyer" or "Offtaker") on 19 August 2015, agreeing to sell all power generated by the Project to the Buyer. Based on the PPA, STP is obliged to take all electricity generated by the project. The Project is required to deliver guaranteed minimum productivity at least 80% of the projected energy in the year one, and 92.5% for years thereafter, otherwise a penalty deduction will be applied for the project to pay the penalty to STP. The projected energy will be calculated on a monthly basis using actual wind speeds and wind direction distribution during the period and Predicted Capacity Matrix ("PCM"), a matrix developed by an independent wind consultant, engaged by the PTEG, to outline the energy yield for each wind speed and wind direction. Such matrix is due to be completed four weeks prior to the 56MW commissioning date and thereafter will be applied for the remaining term of PPA, unless updated.

The penalty deduction is calculated as difference between the guaranteed minimum productivity and the achieved productivity. The penalty deduction has been capped at 10% of the guaranteed minimum productivity. The guaranteed minimum productivity is based on a percentage of the projected energy that the project should generate on monthly basis. The Projected energy is to be calculated on a monthly basis, based on the actual wind speeds and wind direction distribution during the billing months as per template included under PPA.

The PTEG have organized a multi-contract scheme to construct the Project. The construction contract will include:

- WTG supply, installation, and commissioning being provided by Gamesa
- Civil Balance of Plant (CBOP) works being performed both in house for earth works and also by BUMA for the construction of the foundations
- Electrical BoP works performed by Indomobil; and
- Owner's Engineer (OE) assistance regarding design and supervision during construction

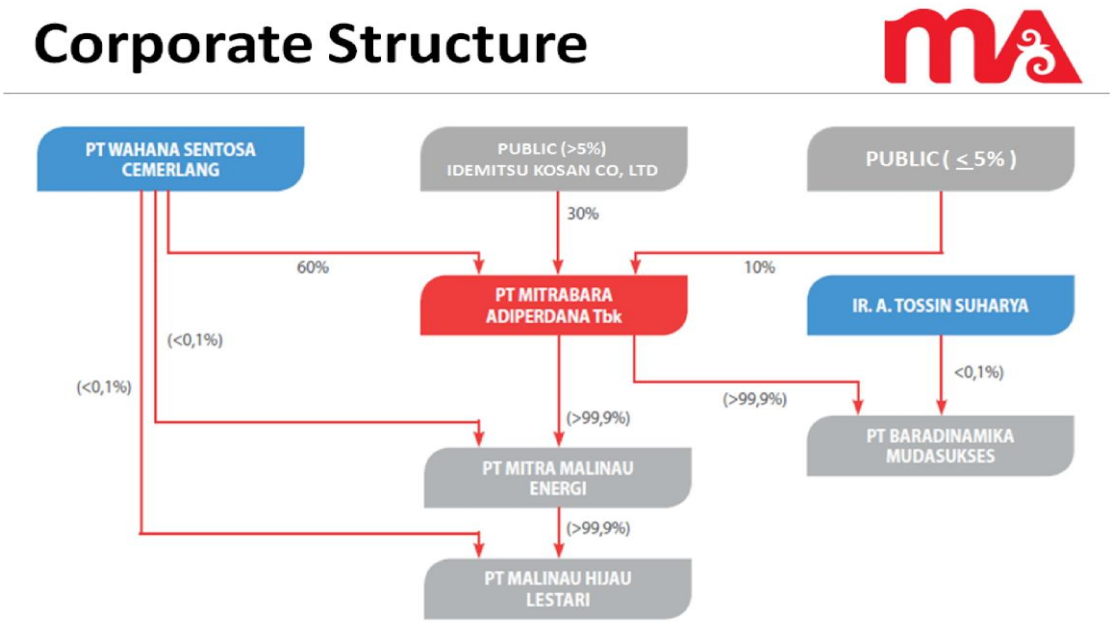
WTG parts are being manufactured in Spain, China, and Indonesia and shipped to site via a harbour in Parepare. From the harbour, parts are being transported by road to the storage area at site. Concrete is being obtained from an on-site facility. Notice to Proceed has been given to the main contractor, CBOP contractor, EBOP contractor, and WTG supplier.

As of September 2017, the project completion is 69.6% overall, which exhibits a 12.3% delay as the project is planned to achieve progress of 81.9%. The delay in Gamesa scope of work contributes the most to the delay in project progress, with a progress by 66.1%, a 10.4% delay from the planned progress of 79%. As confirmed by Scotland, Lender's Technical Assistant, on the technical conference call on November 2017, for the Project progress as of November 2017, Gamesa work has been progressing well as all WTG foundations is complete and 12 WTG have Sunted erecting the lower section (WTG tower). The erecting of WTG tower is progressing however the PTEG may face a delay in near future due to reobtaining of forestry permit process which hampers the work of 10 WTGs located inside forestry area. Also electrical components installation shows a delay due to geology issue and delay of products shipment to the site. The PTEG scheduled the COD to occur on 20 January 2018, however into consideration the contractor's performance and the permit issue, Scotland, Lender's Technical Advisor, reported there will be around one or two month delay in COD (around end of February or March 2018). Based on the PPA, the PTEG will need to pay the liquidity damages to STP, if

the COD should not achieve 24 months after Financial Close (LD will be payable to STP if COD exceeds February 2019) . Of the Project Cost, USD 90.6million (or 60.4%) has been used (of which USD 77.5 million is from TLF). The project completed is 69.6%. The total expected contingency amount to be used is USD 5.6million of USD 15million. The PTEG expects one or two month delay in project COD, which still have time buffer until liquidity damages to STP needs to be paid with contingency of USD 9.4million remaining.

I.2.1 Project Participants

The Project construction will be done in a multi-contract approach as illustrated below. It is noted that using multiple contracts introduces significant interface risk that must be appropriately managed by the construction management team. However, we take comfort that the Sponsor has developed a detailed master interface matrix for the management team, along with contractual interface matrices specific to each contract.



I.2.1.1 Sponsors

ENERGI Group ("Sponsor") has for the last 19 years, focused on developing, financing, constructing, owning and operating a portfolio of wind and Pertalite generation assets. ENERGI Group has entered selected markets early and built experienced management teams to deliver projects in the North America, Europe, North Africa, and Asia. ENERGI Group current portfolio companies and their subsidiaries include:

- ENERGI Philippines Wind Partners Ltd (wind energy in the Philippines)
- ENERGI Renewables China Holdings Ltd (wind energy in China)
- ENERGI North Africa Renewables Ltd (wind and Pertalite energy in Morocco, Tunisia, and Algeria)
- ENERGI Renewables Indonesia Ltd ("ENERGI RI") (wind energy in Indonesia)
- ENERGI Renewables Australia Pty Ltd (wind energy in Australia)
- ENERGI Pertalite LLC (Pertalite energy projects in North America)

After running a successful win energy business in California for several years, Bern Muffine co-formed ENERGI Group in 1995 to take over and purchase wind energy development assets in Italy originally developed by Mr. Muffine's former company. ENERGI Group initially focused on building a wind energy business in Italy in response to favorable laws encouraging renewable energy development. Between

1995 and when the business was sold in 2005, ENERGI Group constructed over 850MW of wind energy projects under the IVPC nameplate – approximately two thirds of the total capacity in Italy at the time. In 2002, ENERGI Group launched a US arm, ENERGI Wind partners (which later renamed First Wind and subsequently sold to SunEdison Corp in February 2015), which at the time of sale had over 250 employees, over 1,100 MW in operation and with over 4,000MW of projects under development. In 2005, ENERGI North Africa was formed with initial development rights in Tunisia and Morocco which currently has over 850MW in development and as of July 2016 is in construction on a 120MW project near Tangiers in Morocco. In 2006, ENERGI Pertalite was Sunted and has developed over 150MW of ground based and industrial Pertalite projects in North America. In 2006, ENERGI Renewables was formed to do new development in wind and Pertalite projects outside North America and North Africa.

ENERGI Philippines was formed in 2006 and in late 2014 an 81MW project in Northern Luzon went into operation. A portfolio of over 500MW is currently being developed with a 150MW project also in Northern Luzon in late stage development. ENERGI Philippines currently partners with Agya Corporation of the Philippines. ENERGI Indonesia was formed in 2011 and by mid 2016 was in construction on a 85 MW project in South Sulawesi. A portfolio of over 500MW is currently being developed with a PPA in hand for a 50MW project in Java and a signed MoU with STP, the national utility, to develop 350MW projects.

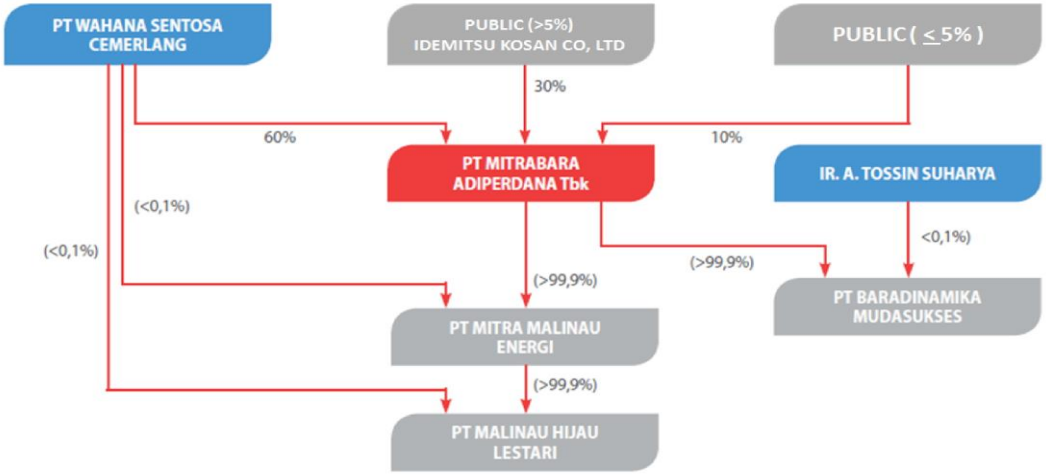
ENERGI Group is a highly professional developer of renewable energy projects focusing on wind and Pertalite energy. Currently, ENERGI group is active in 8 countries on 3 continents. ENERGI Group enjoys a strong reputation as innovative professional developer both in their financing arrangements as well as technically and as a pioneer in new countries. The company conducts their wind monitoring with exceptional diligence and to the very highest standards to allow their projects to reach financial close in good time and employs experts wind technicians and engineers within each country of operation. The Partners and senior management of ENERGI Group are well seasoned developers with over 100 years of experience in wind and Pertalite energy between them.

In Indonesia, ENERGI Group entered the Indonesian market in 2012 through its local subsidiary ENERGI Renewables Indonesia and related entities. ENERGI RI has been a pioneer in Indonesia working with STP and other Government entities to develop a robust Wind focused business in Indonesia. ENERGI RI and its local partner PT Bimanusa Energi ("**Bimanusa**") is now developing wind, Pertalite and other renewable energy projects totalling more than 500 MW at 20 plus locations throughout Indonesia. ENERGI RI and Bimanusa have an experienced management team with over 50 employees that cover a variety of skill sets necessary to develop, build, and operate wind and Pertalite farms. Bimanusa is a leading national renewable energy development company with several wind, hydro, geothermal, biomass, and methane capture renewable energy projects under development in various location in Indonesia. In February 2017, ENERGI RI reached financial close on its first project, the Energi Gratis Wind Farm , which will be the first utility scale wind energy project in Indonesia.

I.2.1.2 Project Company

PT Energi Gratis ("**PTEG**" or "**Project Company**") is the project company undertaking the Project. Wind Renewables III Ltd is the majority shareholder with 72.34% ownership. The chart below depicts the ownership structure of the PTEG.

Corporate Structure



I.2.1.3 Contractors

Owner's Engineer ("OE") – Jacobs & Worley Parsons

Jacobs is a global construction and engineering consultancy firm focused on petroleum chemicals, buildings and infrastructure and energy sectors, and Worley Parsons, a global firm providing engineering, procurement and construction related services in hydrocarbons, minerals, metals, chemicals, and infrastructure sectors. Both have previous experience in a number of wind power projects.

The scope of the contract with the OE includes:

- Detailed design of WTG foundations (for local code adaptation) with full design input from Gamesa
- Detailed design of sections of the site access road and ridgeline roads, including hardstands
- Design review of the medium voltage electrical system
- Design review of the 150kV substation including transformers
- Site supervision: full or part time supervision of the electrical and civil works; and
- Ad-hoc services as required by PTEG

As for the 150kV transmission line project, which is not included in the scope of work to the OE, we take comfort that, based on the Scotland technical report, the Sponsor has competencies to supervise such construction work given their recent involvement in managing the construction of a long transmission line in a wind project in Philippines. Furthermore, the design for the transmission line will be reviewed by STP.

In-House Civil Contractor – PT Bintaro Jaya Mandiri

PT Bayumas Jaya Mandiri ("**BJM**") will be the in-house contractor to the PTEG. BJM is a land and sea freight transportation company. BJM will be responsible for the earthworks, roads, laydown areas and hardstands. BJM will also be responsible for supplying the heavy equipment and operators.

Civil Balance of Plant ("CBOP") Contractor – PT Bursa Melati Mandiri Utama

BUMA will be in charge of the project's civil balance of plant ("CBOP"). PT Bursa Melati Mandiri Utama ("BUMA") is predominantly a mining contractor in Indonesia with operating income of around €60 million in the first nine months of 2015, over 8500 employees and 1900 items of heavy equipment. We note from the data provided by the Sponsor that BUMA has limited experience in high specification structural steel and concrete with experience mostly covering road works, heavy vehicle workshops and man camp facilities. Nevertheless further information was provided regarding the proposed team and we understand that they have proposed a site manager and have hired a business manager in from another company. Based on the CVs provided, there is some experience in concrete and structural steel works and this is considered adequate for the role envisaged combined with the strong management profile of the proposed personnel, as the scope of works does not include design. Furthermore, Buma has played as EPC Contractor on a number of large scale mining Projects, which shows their ability to manage and deliver on challenging engineering Projects.

Despite the background and experience of both CBOP contractor and In-house civil contractor, all of the major civil works, both foundation and earthworks, has been 100% delivered with some minor work still in progress (i.e. earthwork is near completion with minor work remaining on the roads and laydown area due to occasional heavy rain). We also take comfort that from the Scotland 5th Construction Monitoring report, there is no major concern on the quality of the construction works that have been done. For the earthworks, no visible erosion was spotted on the access roads apart from minor deterioration of the drainage trenches and some soft soil in the laydown area, which is currently being remedied. As for the foundation, hairline cracks are reported to occur but this is considered normal as the width of the crack is within Gamesa specification for its remediation method. The test for grout reached a specified strength in agreement with Gamesa's specifications. These construction quality reports shall provide us a reasonable level of comfort.

TSA, ICA and SMAA Contractor – Gamesa

PTEG has a Turbine Supply Agreement ("TSA") and Installation and Commissioning Agreement ("ICA") with Gamesa Eolica ("Gamesa"). Gamesa also has a Service, Maintenance and Availability Agreement ("SMAA") for the first 5 years of operation stage.

Gamesa will be responsible for the supply, delivery, testing, erection, commissioning, and operations and maintenance ("O&M") of the Wind Turbine Generators ("WTG") for the project. Gamesa Group was founded in 1976, in Spain, and has been manufacturing WTGs since 1994. The first wind farm where Gamesa was involved was commissioned in 1996 in Spain. It is currently one of the largest WTG manufacturers in the world with a workforce of nearly 6,500. The main source of its revenues is from WTG sale and manufacturing. Including its O&M services, its total revenue reached €2,846 billion in 2014 with more than half coming from Latin America and India. Gamesa provides a range of WTG types from 2.0MW to 5.0MW with hub heights from 80m to 153m. Gamesa is also positioning strongly in South East Asia with operational track record in the Philippines and various projects under development in Thailand.

On April 2017, Gamesa concluded the merger with Siemens Wind Power resulting in the formation of Siemens Gamesa Renewable Energy. The history of Siemens Wind Power is equally impressive. The company has been directly involved in the wind power industry since 2004, when it acquired the Danish wind turbine manufacturer Bonus Energy. With the acquisition of Bonus, Siemens gained a wealth of technology and proven experience stretching back to 1980. This history includes providing turbines for the world's first offshore wind farm in Vindeby off the coast of Denmark, in 1991. The company grew into

the global market leader for offshore wind turbines, earning a reputation for technological leadership, strong customer service, and for offering fully integrated end-to-end energy solutions.

Gamesa designs the majority of its WTG components but tends to use third party suppliers relatively extensively. Gamesa assembles and tests its own WTGs and has a research & development department in order to constantly update its design to market needs. Gamesa usea a factory in Spain to supply nacelles for the Project and blades and tower sections will be manufactured in China (LM) and Indonesia (Palapa) respectively.

Tower – Palapa

Palapa is a well-known for its wind tower installation. Palapa is a multibillion-dollar company that was founded in Jakarta in 1969. The 14 companies of The Palapa Group serve diverse industries worldwide and have decades of experience in heavy manufacturing, logistics and other areas that are crucial to wind energy development. Since 2006, Palapa Wind has produced more than 600 towers for the U.S. market, and close to 1,000 are supporting turbines in on- and off-shore applications around the globe. Palapa Wind have manufactured and delivered every one of them to the most exacting standards in the industry. Palapa Wind is an ISO 9001:2008 and ISO 14001:2004 certified manufacturer of high quality wind towers and monopiles.

Rotor Blades – LM Wind Power

LM Wind Power designs and manufactures the 56m G114-2.625MW WTG blade. As per the new design for G114 WTGs, the new optimized airfoil design helps maximize the energy production and reduce noise level. LM Wind Power in China is a world leading WTG blade supplier in the industry. As of April 2017, LM has become a part of GE Renewable Energy. Since 1978, LM has produced more than 195,000 blades corresponding to a capacity of approx. 84 GW, with one-fifth of turbine worldwide have LM Wind Power blades.

Logistics – Bluewater Shipping and LV Logistics

The inland WTG components transportation is subcontracted by Gamesa to LV Logistics whilst offshore shipment is subcontracted to Bluewater Shipping Pte Ltd ("**Bluewater**"). LV Logistics is a reputable transportation company and has experienced in moving oversized cargo in Indonesia. Whilst Bluewater is an international company established in Denmark in 1972, and it is a leading player in wind logistics, offering rail, road, air and sea transportation. Bluewater has handled 2,600 WTGs per year and has experience in ocean transport of WTGs.

Electrical Balance of Plant ("EBOP") Contractor – PT Indomobil Bima Perkasa

PT Indomobil Bima Perkasa ("**Indomobil**") will be responsible for the 33kV medium voltage collection system, the Project substation, and the 150kV high voltage interconnection line to connect with STP's network, along with related works on STP's side.

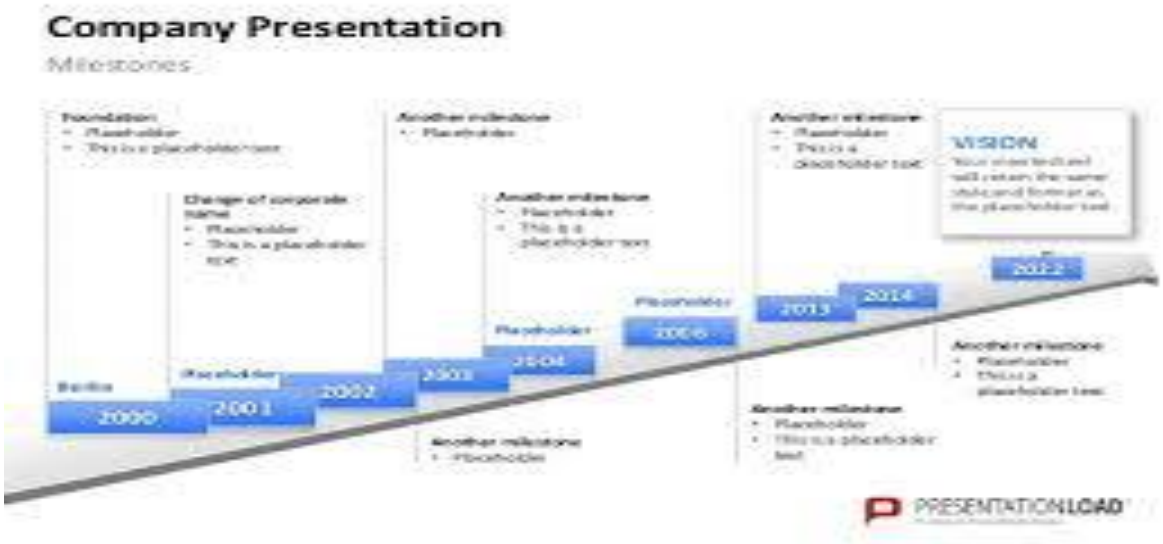
Indomobil is a local company and a subsidiary of Omexom which is a sub-brand of Vinci Energies, an international key provider of renewable energy solutions. Omexom specialises in electrical power generation and distribution systems. With €2 billion yearly revenue, Omexom is heavily involved with WTG systems, mainly in Europe. Indomobil has been one of the foremost providers of engineering services in Indonesia for over 50 years during which it has been a main player in 150kV projects for 30 years with turnover of €37 million in 2014 and with an over 660 strong workforce. It has extensive experience in electrical EPC role with 150kV substation related project work with STP and other clients. Indomobil track record is considered positive to the project.

To ensure the collection system, project substation, interconnection line, and all of the works related to STP's side have in line with STP specification, Indomobil has performed design review with STP around

May 2017, in which from Scotland Construction Monitoring report we found no issue raised regarding the design.

I.2.2 Key Contracts

Below table exhibits the summary of the key agreements of the Project.



I.2.2.1 Power Purchase Agreement ("PPA")

The PPA agreed between PT STP (Persero) ("**Buyer**") and the Project Company ("**Seller**") is valid for 30 years from the commercial operation date. The effective date of the PPA is 9 September 2015, at which the Minister of Energy and Mineral Resources approved the tariff for the Energy Base Price. Payment commences with the commissioning of the WTGs and terminates at the 30th anniversary of the COD which also the expiry date of the PPA, unless terminated earlier. The scheduled 56 MW comissioning date is due withing 18 months of the financing date. The COD is due within 6 months of the 56 MW comissioning date or within 24 months of the financing date.

The Seller's technical obligations as per Clause 4.1 of the PPA include:

- Design, finance, construct, commission and operate the Project (comprised of 2.5MW WTG with 85MW capacity + 10% according to Indonesian standards and where there are no standards, Australian standards shall apply);
- Design, finance, construct, commission, acquire land and pay for Special Facilities;
- Sell all power generated by the Project to the Buyer;
- Maintain all permits in full force;
- Install two meteorological masts;
- Deliver energy production forecasts;
- Comply with the required milestone dates as outlined in Section 8.2.8;
- Provide guarantees as set out in Section 8.2.9; and
- Obtain insurance as specified in Appendix E of the PPA.

The Buyer's obligations as per Clause 4.2 of the PPA include:

- Purchase all power generated by the Project;
- Indemnify the Seller for the taxes incurred for the construction of the Special Facilities and operate and maintain the Special Facilities after acceptance of these works by the Buyer;
- Provide and sell power to the Seller for the Project's own power consumption during construction and operation; and
- Pay compensation as required

The Seller is required to deliver at least 80% of the projected energy during Year One and 92.5% for years therafter, otherwise a penalty deduction will be applied to the payments by the Buyer. If output exceeds 120% of the projected yield in the first year and 107.5% in subsequent years, PTEG is not paid for the excess. The projected energy yield will be calculated on actual wind speeds and wind direction distribution during the billing month. The penalty deduction is calculated as difference between the guaranteed minimum productivity and the achieved productivity, valued at the Energy Base Price A only, and it is capped at 10% of the guaranteed minimum productivity.

The Buyer will be liable to pay for energy that could not be generated and exported due to: grid curtailment exceeding the first 48 aggregate hours of grid downtime due to construction, maintenance or emergencies; default by the Buyer; and force majeure events causing grid downtime exceeding the first ten days per events and exceeding 14 days per year and exceeding 100 days for the contract term, which means that if STP reject to accept power for more than 14 days due to event mentioned, STP has to pay for the potential power generated after 100 hours.

The Seller will also be liable to a IDR 61,000,000 daily liquidated damage payment for a delay in the plant's COD caused by the seller, with a cap of 180 delay days. If the delay in the plant's COD is caused by the Buyer, the Seller is entitled to an extension of completion date, as per Clause 4.5.1 of the agreement, but there are no Liquidity Damage payment payable by the Buyer.

The Seller will warrant the Special Facilities to be free from defects for a period of 12 months from take-over (i.e. on the COD where all of the Special Facilities will be given to STP), up to 18 months in case of warranty repairs. The Seller will provide a Bank Guarantee Stage I of IDR 6,800,000,000 from the signature of the PPA to the financing date, or the delivery of Bank Guarantee Stage II, or termination by Buyer. Bank Guarantee Stage II is a sum of IDR17,000,000,000 from the date of financing to the COD, or termination by Buyer, whichever is earlier. For any delay in COD, the Seller shall pay the liquidity damage, which does not come from the Bank Guarantee II. If in any event that the delay still occurs and STP decides to terminate the contract, then the Bank Guarantee Stage II can be called.

The Tariff agreed is as follows:

Component		Year	Base Tariff cUSD/kWh	Levelized Base Tariff cUSD/kWh	Remarks
Energy Base Price	A	1 – 16 17 – 30	10.55 6.33	9.8323	No escalation

	B	1 – 30	1.17	1.1850	50% escalation by USCPI and 50% escalation by ICPI from COD
Special Facility Price	E	1 – 16 17 – 30	0.44 (0.36*) 0.26 (0.22*)	0.4094	No escalation
Total Tariff				11.4117	

Note: Tariff is denominated in IDR, but a fixed IDR/USD exchange rate of 13,529 was used, thereby effectively rendering it a USD based contract.

Special Facility: STP collection system, substation, interconnection line, and all of the works related to STP's side which PTEG responsible to construct and will be transferred to STP on the COD date

ICPCI: General Consumer Price Index for All capital cities in Indonesia

USCPI: Average of the Producer Price Index and the consumer price index for the United States

*Since the signing of the PPA, the special facilities design have been amended and the new prices indicated in brackets are provided by the company to Scotland.

The following are the parties' termination rights:

Seller's Termination Rights:

- Restructuring or privatisation of the Buyer provided this prohibits the Buyer to continue its obligations under this agreement; or
- Failure to address material breach after remedial notice by the Buyer or within 150 days of the material breach being not addressed.

In the case where the Seller's terminate the PPA, Lenders can have the rights to take over the contract, which means under such situation, Lenders can bring new Company to continue the project under the PPA with STP.

Buyer's Termination Rights:

- Failure of the Seller to commence construction within 90 days of the Financing Date and failure to respond within 90 days after notice of such failure by the Buyer;
- Suspension of construction by the Seller for more than 60 days and failure of resume construction within 30 days after remedial notice by the Buyer;
- Operation by the Seller that is non-compliant with the provisions set out under the PPA for more than seven days and failure to resume compliant operation within seven days of the remedial notice by the Buyer; or
- Failure of the Seller to achieve the Plant Commercial Operation Date within 180 days of the required Plant Commercial Operation date.

Either party also have the right to terminate the agreement if the required financing date has not been achieved and a Force Majeure event delays the Plant's COD by more than 24 months. In case of a government force majeure event that prevents the Seller from operating the Project for a period exceeding 30 days, either party has the right to terminate the agreement. In case a government force majeure event continues for a period of at least 180 days, the Buyer will have to purchase the Project at the price set out in Appendix F. The purchase price for a force majeure event within the first year of

operation is comprised of the reimbursement of the required amount to repay debts, interest and equity contribution. For force majeure events after the first year of operation the purchase price is comprised of the reimbursement of the required amount to repay debts, interests and the discounted revenue potential of the Project. This provision is favourable compared to global market conditions

I.2.2.2 Turbine Supply Agreement ("TSA") & Installation and Commissioning Agreement ("ICA")

The Project will hire Gamesa Eolica SLU ("**Gamesa**") for the foundation design, WTG supply, installation and commissioning of the project. The TSA is an offshore agreement while the ICA is an onshore agreement. Both are governed under an Umbrella Agreement that effectively defines that these twoshall apply to Gamesa as if they were a single agreement.

The contract price, which is the sum of the TSA and ICA prices, is USD 76,608,183. Payment will be frontloaded as the second payment milestone M2 will bring the payment to date under both contracts to 50%. A retention amount of 5% will be retained by the Owner until completion of the punch list items in the form of payment milestone M6.

Gamesa's obligations under the TSA and ICA, specified in Clauses 1 and 2 of the General Conditions in each contract are as follows:

- Design, manufacture, supply and deliver 30 G114-2.5MW Maxima WTGs, fitted with 80m towers (excluding foundation and other construction as covered under the CBOP Contract);
- Provide all supplier's personnel, goods and consumables required for performance of the ICA by the onshore Contractor;
- Deliver works fit for the intended purpose, free from defects and in accordance with good wind industry practice, the type certificate and grid requirements;
- Provide a preliminary foundation design (first draft of a detailed foundation design);
- Engage an engineering entity qualified under the laws of Indonesia (Jacobs) to review the preliminary foundation design and make modifications required for compliance with any requirements of applicable laws;
- Confirm that the final foundation design is appropriate and suitable for use on the Project site;
- Provide a foundation engineer on site throughout the duration of the foundation construction activities;
- Provide a foundation bolt surveyor and all equipment necessary to perform the foundation bolt levelling;
- Provide transport manuals, warranting that the route from the delivery points has been surveyed;
- Provide a site specific type certificate as issued by DEWI-OCC;
- Supply the initial spare parts to be supplied, housed and available at the site for the duration of the defects liability period;
- Comply with all applicable laws relating to environmental matters for all permits, licenses, certificates and government approvals, including Environmental and Social Impact Assessment (ESIA)/ Indonesian Environmental Impact Assessment (Analisis Mengenai Dampak Lingkungan)(AMDAL) requirements;
- Be responsible for removal of equipment material and waste;
- Comply with H&S requirements, including provision of a Supplier H&S plan and appointment of an accident prevention officer on site;

- Obtain and maintain all permits, licenses, certificates and government approvals required for works up to delivery to the Project site;
- Institute a quality assurance system to demonstrate compliance with the requirements of the agreement; and
- Enter into an Escrow agreement (under the TSA).

Gamesa will provide an advance payment security which shall remain in full force until the title to the towers, blade sets and nacelles has been transferred to the PTEG. A performance security of 30% of the contract price will be provided. This will be reduced to 20% when the aforementioned title has been transferred and reducced again to 5% upon take-over of all WTGs and kept until the end of one year and 45 days after the expiration of the defects liability period.

The obligations of the owner under clauses 2 and 3 of the TSA and ICA are as follows:

- Provide micro-siting;
- Obtain or cause the CBOP Contractor to obtain all permits, licenses, certificates or government approvals required for the Contractor's work on site
- Provide access to the site and to the WTGs and SCADA system (including hardware equipment and internet connection);
- Provide site data and geotechnical data;
- Construct site roads, hardstands and laydown areas in accordance with Gamesa's requirements;
- Cause the CBOP Contractor to issue and sign a certificate stating that the foundations fulfil the requirements and are ready for the erection of the WTGs;
- Ensure all necessary electrical infrastructure is available for grid connection;
- Ensure a grid connection agreement has been obtained; and
- Provide the Contractor with power, fresh water, removal of waste that does not constitute hazardous materials, internet and telephone connection.

A five year defects liability period for the works and noise and power curve warranties for the WTGs are included, commencing at the take-over date. If ten or more WTGs exhibit a similar defect in the same major component, Gamesa will perform a root cause analysis in order to determine the cause. A major component is defined as having a total cost of USD 30,000 or more. Clause 9.3 warrants that the sound level of WTGs measured in line with IEC 61400-11 will not exceed 106.6dB(A). The PTEG must commission an independent party to conduct a test within the defects liability period.

Liquidity Damages ("LDs") are documented in Clause 5 for delays and Clause 9 for poor power curve performance. LDs of USD 2,113 per WTG per day must be paid for a failure to achieve the Scheduled Delivery Date under the TSA and the Commissioning Completion under the ICA, less the generated revenue by such WTG in the case of delayed commissioning completion. As a result of an extension agreement, an additional 4 week buffer has been agreed for the LD payment milestone on Commissioning Completion. Delay LDs are capped at 13% of the contract price, allowing for 157 delay days for the entire wind farm. For each percentage point Gamesa fails to comply with the warranted power curve, a power curve LD amounting to 2.5% of the contract price will be payable, limited to 13% of the EPC contract price. An overall LD cap of 20% is included in the Umbrella Agreement.

Gamesa is entitled to terminate the contracts in the following cases:

- In the case of bankruptcy or insolvency of the Owner;
- In case of payment required by the Owner being delayed by more than 14 days beyond the delays allowed in the agreement; or
- If the Owner assigns any of his rights to a competitor of the Contractor.

The PTEG is entitled to terminate the contracts in the following cases:

- If an event of force majeure lasts for more than 180 days;
- In case of payment required by the Contractor being delayed by more than 14 days beyond the delays allowed in the agreement;
- If the Contractor becomes involved in insolvency proceedings;
- If the Contractor has incurred liability to the Owner exceeding 100% of the contract price or has reached any specific LD cap, provided that the Contractor can opt to keep paying the LDs for a period of 45 days beyond this cap; or
- If the Contractor is in breach of any material obligations under the Contract.

The PTEG can also suspend the contractor's works at his own discretion under Clause 6.1. Under Clause 6.3, the PTEG may terminate the contract if this suspension lasts for more than 180 days. In the case of a Force Majeure event, Gamesa is entitled to extension of time but not to claims of any associated costs. Gamesa is entitled to such associated costs for periods after 180 days, where the force majeure is still on-going and the PTEG does not terminate the contract.

I.2.2.3 Liquidity Damage of the Key Contract

The summary on the liquidity damage within the key contract that PTEG signed will be as below.

Contract	LD	Remarks
PPA	IDR 61,000,000 per day for delay in Plant Commercial Operation Date cause by the Seller, capped at 180 days. Penalty for not meeting the guaranteed minimum productivity: (guaranteed minimum productivity – achieved productivity) x Energy Base Price A Capped at 10% of the guaranteed minimum productivity.	Allowed time is 18 months after financing date to 56MW commissioning date with an additional six months to Plant Commercial Operation Date
Gamesa (TSA/ICA)	Delay LDs are to be paid by Gamesa for not meeting the Scheduled Delivery Date and also for not meeting the Commissioning Completion date. These will be for USD 2,113 per WTG per day and capped at 13% of the Contract Price.	Gamesa has a grace period until 26 February 2018 before paying LDs if it delays completion. Therefore, taking into consideration that the project will expect a one month delay (to February 2018), it can be

		assumed that no LDs will be payable
EBOP	Delay LDs payable by the Contractor will be 0.22% of the Contract Price per day of delay. The Cap of Delay LDs is 13% of the Contract Price, thus allowing for a delay of 59 days based on the 0.22% per day value in order for the Cap to be reached. This only applies beyond the grace period.	Indomobil has a grace period until 21 January 2018 before paying LDs if it delays completion. Assuming that the EBOP work is delayed by around two months, the completion date would fall on 10 February 2018 (Note that the baseline of EBOP completion is 12 December 2017). Therefore, we can assume a 22 days of LDs to be paid by the PTEG.

I.2.2.4 Service, Maintenance, Availability Agreement ("SMAA")

The PTEG and Gamesa have signed a Service Undertaking Agreement to secure commitment from Gamesa that its local entity will be created and will sign a Service, Maintenance and Availability Agreement with the PTEG.

The operation and maintenance ("O&M") of the WTGs for the first five years of the Project will be done by Gamesa's local entity, Sunting from the take-over of the first WTG until the fifth anniversary ofg the take-over of the last WTG. Take-over definitions refer to the definitions included in the TSA. The Project Company has a right for WTG inspection before the end of the SMAA term.

The fee for the O&M of the WTGs is a daily fee per WTG of IDR 1,950,144.60 for Years 1 and 2, and IDR 2,665,218.33 for years 3 to 5. Section 5.1.1 of the SMAA effectively tags this fee to the USD value, through exchange rate adjustment upon invoicing, with further adjustment based on the consumer price index. In addition to the Service Fee, Gamesa is entitled to an Availability Bonus if the availability of its WTGs is exceeding the Guaranteed Project Availability.

Gamesa's scope of work, as per Section 2 and Exhibit A, include the following scheduled and unscheduled activities:

- Scheduled and unscheduled maintenance including spare parts, tools and equipment and labour costs;
- Management of Spare Parts;
- Remote WTG surveillance; and
- Monthly reporting.

The PTEG's obligations, according to Section 2 is as follows:

- Maintain the BOP and site infrastructure
- Operate the WTGs; and
- Provide site facilities for Gamesa including waste receptacles.

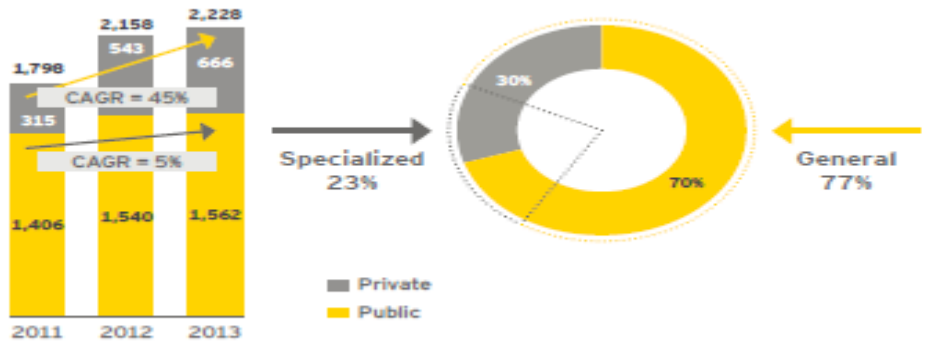
According to Section 14, Gamesa needs to ensure that the Measured Average Availability ("MAA") of all WTGs equals or exceeds the Guaranteed Project Availability ("GPA") as defined as 95% for the first 12 months and 96.25% for the remainder of the SMAA term. The calculation formula for the Project's availability is provided in Exhibit H1. The MAA is calculated over a period of 12 months for the first year and over a period of 24 months for the subsequent years of the SMAA. The Availability Bonus is calculated as 50% of the additional income being passed to Gamesa for availability above 96% for the first year and above 97.25% for the periods thereafter.

If the MAA of the WTGs do not achieve GPA, Gamesa will have to pay an Availability Payment Adjustment ("APA"). The formula for calculating the APA effectively uses an energy tariff of USD 0.1195/kWh, although this tariff was still to be finalised. The cap for the APAs is limited to 13% of the Contract Price, meaning the total price of the TSA and ICA. This cap allows for a drop of 24% availability for any given year based on P50 production or a 12% availability underperformance after Year one as APAs are subsequently calculated over two year peiods.

Gamesa's limit of liability in general, and not including APAs, is the sum of 100% of the fees paid to date and 730 multiiplied by the daily fee, effectively meaning all fees to date with an additional two years' worth of fees.

I.2.3 Project Location

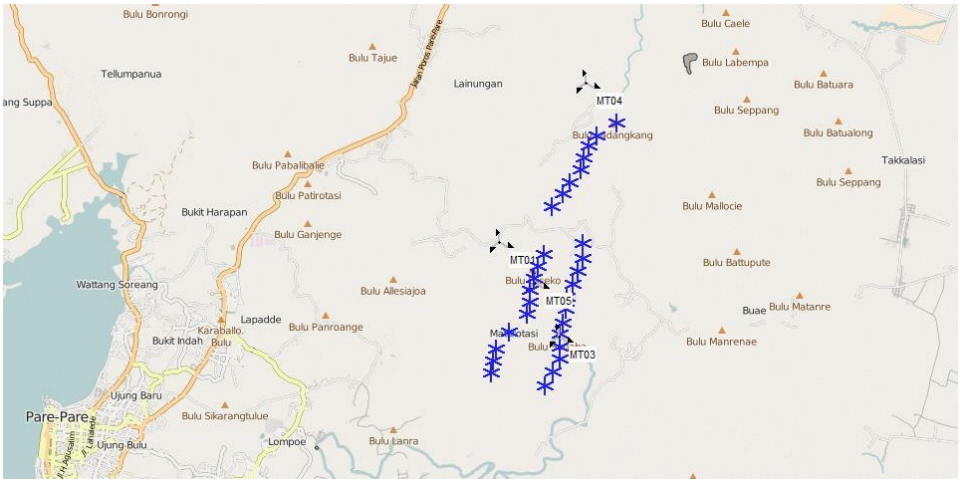
Number of hospitals in Indonesia (2011-2013) Chart 19



Source: Ministry of Health

The Energi Gratis Wind Farm is located in the municipality of Energi Gratis in South Sulawesi, Indonesia. The Project will be 10.5km north-east of the city of Pare-Pare and will be distributed across the villages of Lainungan and Mattirotasi. The WTGs are located in a relatively complex terrain in three ridges, broadly orientated north to south, at elevations between 245m to 326m. The wind farm will have 75 MW capacity, which consist of 30 WTGs. The location of WTG is depicted in the picture below. The project will use the model G114-2.5MW Maxima WTGs, with a rated capacity of 2.625 MW.

The WTGs will be connected through a 33 kV collection system to an onsite substation which will raise the voltage to 150 kV with a consequent grid tie which is currently determined to be via an approximately 7.5 km long 150 kV transmission line from the project site to STP's 150 kV grid to the existing line near the STP substation at Pangkajene. This interconnection from PTEG's project substation to STP existing grid (including the interconnection and controls at the STP substation) represent the "Special Facilities" for this project.



I.2.4 Wind Supply

The project was designed from the wind data which was collected from four onsite meteorological (met) masts, of which the longest data available was for 3 years and 8 years meteorological reanalysis (scientific method for developing a comprehensive record of weather) from 3 different sources. The data was analysis and correlated by DNV GL (technical consultant to PTEG) to conclude that WTG proposed can be used in wind environment for the Project and it will be able to generate 253.5GWh/year or 37.4% as net capacity factor in P50 (50% probability of exceedance) and 32.1% as net capacity factor in P90. Such report was reviewed by Scotland to conclude slightly lower but similar output. Gamesa has also used the same data to analyze and conclude the warranty of at least 95% of calculated power curve.

DNV GL estimates that the Project will be able to generate 253.5 GWh/year or 37.4% net capacity factor in P50 and 220.7 GWh/year or 32.1% net capacity factor in P90. Net capacity factor means the project able to produce average capacity of 37.4% (on the P50 scenario) and 32.1% (on the P90 scenario) of the nameplate capacity (75 MW) over a period of time. DNV GL's estimated P90 yield including 20 years of interannual variability is 220.7 GWh/year. These reports were reviewed by Scotland, the Lender's Technical Consultant, who estimated slightly lower but similar figures. Scotland estimates that the Project will be able to produce 249.5 GWh/year in P50 and 216.7 GWh/year in P90. Scotland's estimated P90 yield including 20 years of interannual variability is 216.7 GWh/year.

Based on the site conditions assessment from DNV GL, the WTG is designed for The International Electrotechnical Commission (IEC) Class IIA. The maximum long term mean wind speed is 8.0 m/s which is still within the 8.5 m/s limit for a Class II WTG. The WTGs will be connected through a 33kV collection system to an onsite substation that will raise the voltage to 150 kV with a consequent grid tie

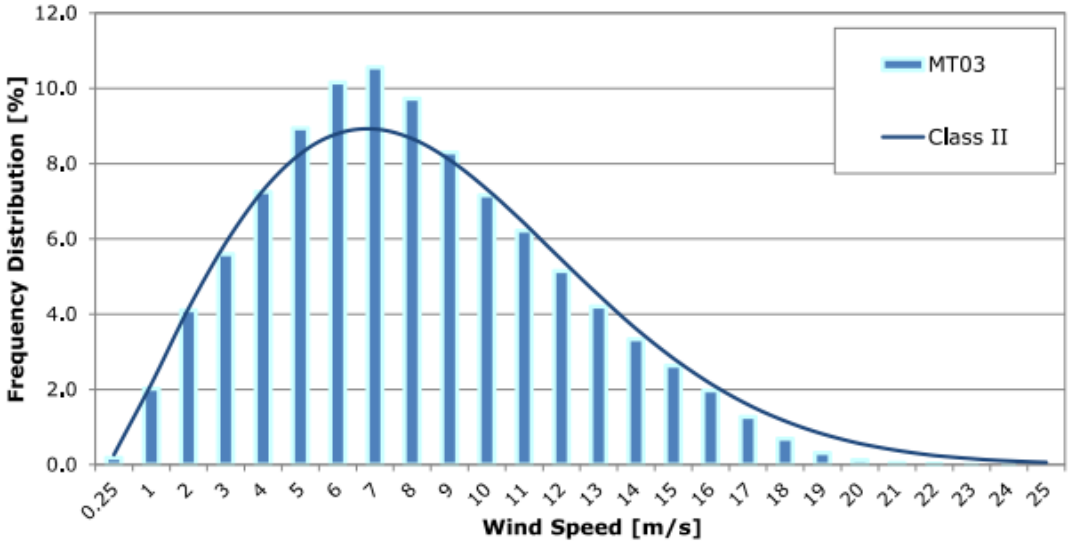
determined to be an approximately 7.5 kM long 150 kV transmission line from the project site to nearest STP's 150 kV grid to the existing line near the STP Energi Gratis substation at Pangkajene, which forms part of the main South Sulawesi Grid.

To avoid having to make over-engineered wind turbines, the wind turbines should be designed for optimal performance in weather conditions to where they are installed. IEC sets international standards of wind class which encompass the wind speed each class must withstands. The wind class impacts the blade design of the wind turbine to be installed. For instance, turbine in lower wind speed location (Class III) at given rated power will need a larger rotor to capture the same amount of energy as a similar turbine at Class II site. The IEC wind classification is depicted below.

	IEC Wind Class			
	I (High Wind)	II (Med. Wind)	III (Low Wind)	IV (Very Low Wind)
Annual Average Wind Speed (Max)	10 m/s	8.5 m/s	7.5 m/s	6 m/s

Considering the average wind speed in the Project, it is crucial to choose the optimum design combination. To improve performance at low-wind sites, manufacturers have raised towers to reach better winds aloft, lengthened blades to capture more energy and kept the generators small to reduce weight and cost. There have also been efficiency gains through improvements in blades and other components, although their impact has been much smaller. The low-wind turbines, tend to be massive, with very long blades and other huge components. Gamesa is the provider of the wind turbine using its G114-2.5MW WTG model, with 80m hub heights and 114m rotor diameter. This WTG is designed for IEC Class IIA, whereby the Project belongs to low wind class at the average wind speed of 7.4 m/s. Despite such fact, Scotland informed that the selected turbine is suitable for Energi Gratis wind farm environment considering that WTG will be installed up on the ridges, thus will be advantaged from extra height to capture more wind. Each WTG location of the Project is predicted to be class II or class III. The WTG model selected is designed for IEC class II, which is expected to be optimal given the site conditions. In addition to that, Gamesa has also concluded that after the implementation of feasibility study for 30 G114-2.5MW Maxima wind turbine model at 80m hub height, in accordance with the Project's wind conditions, it is concluded that it is acceptable to install G114-2.5MW Maxima wind turbine model at 80m hub height at all the positions.

Please find below diagram of Comparison between the frequencies of wind speed taken from one of met masts and Class II WTG. From below diagram we can see that the wind frequency distribution recorded at the met mast matches the wind frequency distribution of Class II WTG.



Long-term wind speed and frequency distribution at Mast MT03 at 80 m and Rayleigh distribution for IEC 61400-1 Ed 3 2005 Class II.

Scotland concluded that the WTG proposed will be able to generate annual power production, as follows:

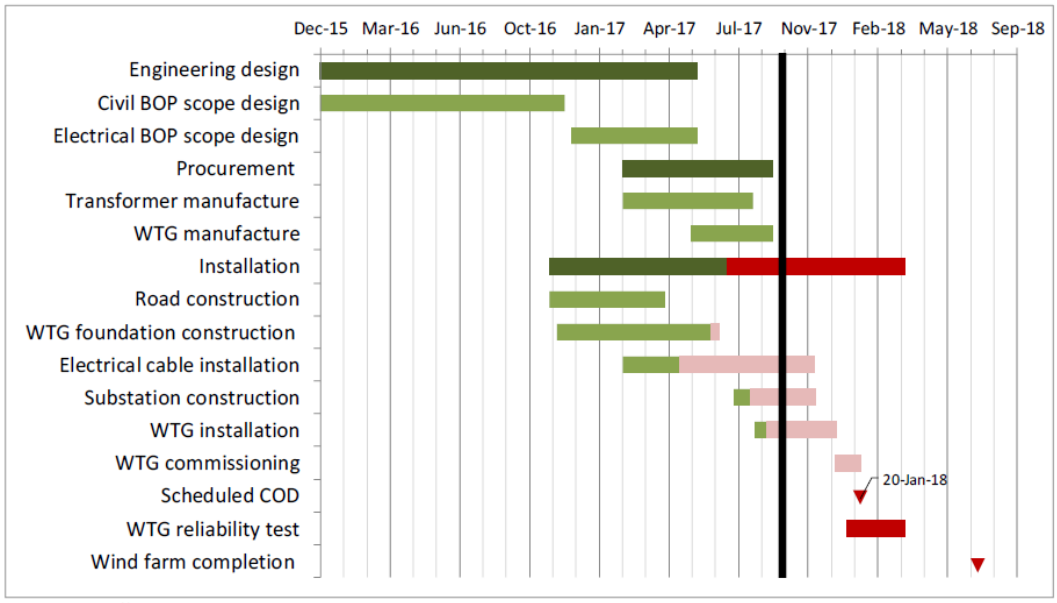
Probability of Exceedance	P50 (Gwh/a)	P75 (GWh/a)	P90 (GWh/a)	P95 (GWh/a)	P99 (GWh/a)
DNV GL					
Year 1 Average	253.6	229.4	207.1	193.6	168.5
First 10-year average	255.7	237.9	221.6	212.0	193.6
First 20-year average	253.5	236.1	220.7	211.3	193.9
Scotland					
Year 1 Average	249.6	225.0	203.0	189.8	165.0
First 10-year average	250.8	223.0	216.9	207.3	189.3
First 20-year average	249.5	232.2	216.7	207.4	189.9

Based on the PPA, there is Minimum capacity production which needs to be met, otherwise the penalty applies. The guaranteed minimum productivity is based on a percentage of the projected energy. The Projected energy is to be calculated on a monthly basis, based on the actual wind speeds and wind direction distribution during the billing months as per template included under Appendix V.2 of the PPA. In order to assess the projected energy yield, a matrix, or The Predicted Capacity Matrix ("PCM"), will be developed by an independent wind consultant which outlines the energy yield for each wind speed and wind direction. Under PPA, STP will offtake all electricity generated by the project. However, the project will need to pay penalty if the actual productivity is below 92.5% of the PCM.

I.2.5 Project Update

Below chart displays the timeline of the project with key project activities represented by the darker bars and the breakdown of the former's progress is represented by the lighter bars. The black vertical line represents the end of the reporting period and all bars to its left should be green if the project is on schedule. The red shows pending progress to milestone completion. If the Project is on target, all bars on the left of the vertical blank line should be green.

As of 30 September 2017



Source: Mott MacDonald

Contract/Scope	% Weight	Planned progress	Actual progress	Variance
Gamesa	80.30%	79%	66.10%	-10.40%
EBOP	12.20%	89.90%	75%	-1.80%
CBOP - Earthworks	2.80%	100%	97.30%	-0.10%
CBOP - Foundation	4.60%	100%	100%	0.00%
Weighted overall completion	**100%**	**81.90%**	**69.60%**	**-12.30%**

Source: Scotland

From the timeline chart above, The PTEG reports that the contract value weighted overall project progress is behind by 12.3%. It should be noted that while the EBOP progress is reported including both procurement and construction progress, the sole construction portion shows a delay from the baseline schedule of around three and a half months. Earthwork is near completion with minor work remaining on the roads and laydown area due to occasional heavy rain. Gamesa delays are mainly due to slower than expected inland transportation and main crane mobilisation.

Below depicts the key project progress as of September 2017

Table 2: Key project progress

Description	Actual progress
Gamesa	
WTG component	All 30 sets of towers, nacelles and blades have been manufactured. At the end of September 2017, 30, 8 and 12 sets of nacelles, blades and towers have arrived at the site, respectively. No major concern is noted over the rest of the shipment schedule.
WTG erection	Erection is separated into two major stages, lower section erection (first two tower sections) and upper section erection (last tower section, nacelle and blades). At the time of the site visit, lower section erection had been carried out for 12 WTGs, which represents about 14% of the total erection work. The lower section is delayed by around three and a half months and the upper section by around five and a half months from the baseline schedule. Further detail is explained in Section 2.2.
CBOP – Earthworks	
WTG foundation excavation and backfilling	All 30 foundations have been excavated and backfilled.
Drainage system	All drainage works at the site have been completed except some minor rails installation.
Regency road upgrade and site access road construction	All access roads have been completed with the exception of pending finishing works on the guard rails of a bridge at the site, allowing WTG transportation nonetheless.
CBOP – Foundation	
WTG foundation works	All 30 WTG foundations have been casted, painted with waterproofing material and backfilled.
WTG grouting	At the time of the site visit, 22 of the 30 grouts have been done, which is no major concern given the slower than expected WTG erection and reasonably short setting time of the grout.
EBOP	
Onsite substation	At the time of the site visit, civil work is being undertaken, with around three months delay from the baseline schedule. We note that all float in the schedule has been consumed.
150kV transmission line tower	All eight transmission line tower foundations have been completed and backfilled. No erection has been done due to a delay in material production.
33kV distribution line	No cable had been installed as of the site visit.

Source: Scotland

From the key project progress, below are the following items to note:

- BUMA has finished foundation works including waterproofing in line with the revised schedule. WTG grouting is currently in progress.
- For EBOP contractor, there is delay for around 3.5 months due to delay in delivery of 150kV transmission line streel material. The material however has been resolved and is expected to be delivered in the end of October 2017 which has already arrived to date. This may give 1.5 months for 150kV transmission line tower erection and cable installation before the scheduled energization on 11 December 2017 which appears challenging.
- The EBOP contractor still intends to align with the original based line schedule by significantly increasing resources and working hours but no detailed catch-up plan was provided. Energization is scheduled on 11 December 2017 which is very challenging, even with increased resources. Around one-month delay in the COD can be expected from the delay in EBOP activity
- The rate of WTG component delivery has since improved with now a transport of around six blades per day. A sufficient number of WTG components have now been stored at the site laydown area to allow reasonable float for WTG erection. Traffic management in collaboration the local authorities have been smooth according to the PTEG.
- The first shipment of WTGs was reported to have been delayed by around three weeks to mid-August 2017 due to slow inland transportation route upgrade. The shipment of WTG components has since been generally in line with the revised plan

- For Gamesa work, All WTG component production has been completed. The PTEG has appointed an inspection contractor to conduct nacelle, hub and blade inspection. All WTG foundations have been backfilled and at the time of the site visit, 12 WTGs locations have the lower section erected. An expected delay is noted in the erection compared to the baseline schedule.
- The Sunt of WTG erection has been delayed due to slow inland transport and custom processes, as well as the main crane mobilization. As of now, we were informed by Scotland that all of the WTG components have arrived in the site, thus there will be no more custom process issue. The current rate of WTG lower section erection rate is around 2.5 WTGs per week. Gamesa intends to achieve a WTG upper section erection rate of three WTGs per week at the beginning and four WTGs per week once erection procedure has been optimized, to match the revised WTG erection completion date of 30 December 2017. A more conventional assumption of WTG erection would be one WTG erection in three days or 2.3 WTG per week which would make the WTG erection completion fall in mid-January 2018
- The PTEG is now in the process of obtaining a longer-term permit allowing to resume work in the forestry land area, which can take up to six weeks. PTEG has received instructions from the national authorities in relation to forestry land use permit which are contradicting those received from the local authorities. As the short-term (one year) forestry land use permit has expired in September 2017, we understand The Project counts 10 WTGs located in the forestry land area. This has led to a revision of the WTG erection sequence and additional mobilization of the main crane. However, with the assumed WTG erection time of three days per WTG for the upper section, the 20 unaffected WTGs should complete erection by around mid-December 2017. These 20 WTGs will be at the capacity of 50MW in total, which close to commissioning capacity of 56 MW. Even if the permit approval is delayed, this will have little impact on the commissioning to be achieved. This means if the permit takes six weeks to be approved, which will fall in mid-November 2017, it would not affect the current situation.

Based on the contractor's performance so far, around one month delay in COD can be expected (i.e. COD which originally scheduled on January 2018 to be moved one or two month to February or March 2018), provided that the pending forestry permit is scheduled on timely manner.

Despite the expected one or two month delay, we take comfort that as required under the PPA, the Project shall achieve commissioning of the WTGs to a level of at least 56 MW within 18 months from financial close, which will fall around early August 2018, and it will have a further 6 months to complete commissioning of all WTGs (i.e. January 2019 to February 2019). In other words, the Project shall reach commissioning at the latest August 2018 and PCOD at the latest February or March 2019 in order to comply with the PPA, otherwise the Project will be charged a liquidity damage in amount of IDR 61 million per day for delay in PCOD, capped at 180 days. As per latest construction monitoring report, we take comfort that the expected COD with one or two month delay will fall on February or March 2018, which gives 11 to 12 months buffer until the project charged a liquidity damages under PPA. Hence, there shall be no concern on the expected COD date to the liquidity damages to STP. Below table depicts the project timeline.

Description	2017		2018												2019	
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Project Target 56 MW Commissioning																
Project Target COD																
Project Commissioning (with expected delay)																
Project Target COD (with expected delay)																
PPA Target 56 MW Commissioning																
PPA Target COD																

I.2.6 Financial Progress

According to Scotland, below are the schedule of Project's loan that has been drawdown

No	Drawdown Certificate Date	Drawn amount (USD 000)	Cumulative amount (USD 000)
1	25 January 2017	16,033	16,033
2	24 March 2017	27,322	43,356
3	26 July 2017	34,100	77,456

Source: Scotland

The total budget of USD 150 million is sourced from the loan and equity at 80% and 20%, respectively. Up to the end of September 2017, total drawdown amount is USD 77.5 million equating to 64.5% of the utilization of the total loan of USD 120 million. The next disbursement request for the Project costs during October to December 2017 is expected in early November 2017.

On 14 November 2017 we are informed by SMBC, forestry permit issue is expired on 15 September 2017 and was meant to be renewed in October 2017 but this did not happen. Since PTEG did not have forestry permit which is one of required permit, they become in breach of Loan Agreement Section 8.01 (u) (ii) Right to Site Default. Taking that this issue is normal course of business, OPIC and SMBC have not waived this Event of Default (EoD) and as a result of the EoD, OPIC and SMBCI jointly issued a Reservation of Rights ("RoR") Letter dated October 26, 2017. OPIC and SMBC has decided to wait for the PTEG to procure the required permit before waiving the EoD. However, the PTEG is allowed to make transfer requests which mean a request to withdraw funds from a Project Account in accordance with Accounts Agreement from the amounts already disbursed and for approved project costs (verified by LTA). No further disbursements are being made at this moment. However, as PTEG is hopeful of getting the permit by end of November 2017, it is not likely to affect the planned disbursement schedule.

As of September 2017, a total amount of USD 90.6 million has been spent to the Project, which equates to a utilization of the total budget of 60.4%. The Project completion is 69.6% overall and Scotland is in the view that the Project spending appears to be in line with the Project construction progress.

As a consequence to the delay in COD, there is some of the expected additional cost to accommodate the delay. Scotland has summarized the cost items which arise from such delay such as interest payment on the loan, management expenses, and contractor cost. As the project has progressed through construction, the main outstanding risk is depicted in table below:

Main project Risk	Status
Earthworks and Foundation works quality and schedule	All foundations have been backfilled and grouting is ongoing which is considered unlikely to cause any major variation. Earthworks are at a very advanced stage and are not expected to affect the Project contingency
Gamesa delay	Gamesa has grace period until 26 February 2018 before paying LDs if it delays completion. Therefore, it can be assumed that no LDs will be payable
EBOP delay	Indomobil has a grace period until 21 January 2018 before paying LDs if it delays completion. Assuming that the EBOP works is delayed by around two months, the completion date would fall on 10 February 2018 (note, the baseline EBOP completion is 12 December 2017). Therefore, we assumed 20 days of LDSs to be paid by the

	EBOP contractor. Note that the delay LD is capped at 13% of the contract price or 59 days payable delay LD.

Source: Scotland

In order to take into account the major risk items identified above, there will be following costs items that would be expected if there was a delay to COD, such as:

- Interest payment on the loan
- Management expenses
- Contractor cost (assuming the case where Gamesa is due additional costs of being delayed by the EBOP Contractor)
- EBOP Contractor delay LDs for 20 days payable at 0.22% of the contract price per days, which is in total of USD 539,000

This leads to a monthly expected additional cost of around USD 1.25 million. We note that the project Contingency at financial close is budgeted at USD 15 million. As per September 2017, the total contingency utilization is USD 5.6 million. Noting that the remaining contingency is in amount of USD 9.4 million, a one month delay will use up about 13% if the remaining contingency. Such contingency is partially compensated by the delay LDs of USD 539,000 payable by the EBOP contractor for this delay assumption. Due to the issuance of Reservation of Rights from OPIC and SMBC, Lenders have decided to hold the disbursement at the moment until the forestry permit issuance is settled. Taking that into consideration, we note that the available contingency of USD 9.4 million, with additional monthly cost of USD 1.25 million, will be enough to cover 7 months of Project's expenditure. This shall be enough to cover the Project's cost overrun until August 2018, on the deadline of the scheduled COD under PPA.

I.2.7 Regulatory Framework

Indonesian Energy Policy and Government Support

Indonesia's suppoort for renewable energy is manifested in National Law, which directs all Regional Governments and State-Owned Enterprises. In particular, it is a government stated objective for the state-owned utility company STP's fuel mix in energy production to have a greater emphasis on renewables in the future. The National Government aims to produce 23% of power from renewable sources of electrical power by 2025. The National Plan also aims to produce 950 MW of power from wind projects.

Indonesia ratified the UN Framework Convention on Climate Change ("UNFCCC") on 23 August 1994 and the Kyoto Protocol on 3 December 2004. The government is committed to participating in, and cooperating with the global effort to combat climate change, as Indonesia is the third largest emitter of greenhouse gases, mostly because of deforestation. It is also vulnerable to climate change as an island nation whose capital city, Jakarta, sits below sea level. The government has pledged to reduce greenhouse gas emissions from the forestry and energy sector by 26% on its own and by up to 41% with other economies by 2030.

Existing National Law encourages Independent Power Producer ("IPP") contracts and allows for a strong contractual framework and support from STP, as evidenced from their considerable work in creating a financeable wind energy PPA.

Some relevant laws include:

- The Green Energy Policy 2004, including guidelines for the development of renewable energy, including regulatory instruments
- The Energy Policy 2006, including an objective to achieve energy elasticity of less than 1 in 2025
- Ministerial Regulation No. 002/2006, regulating the commercialisation of middle scale renewable energy plants
- Law No. 25/2007, including tax incentives for renewable energy such as a net income tax reduction for 6 years equal to 30% of the total project cost offset against taxable revenue, free repatriation of investments and profits, and dispute settlement
- Law No. 30/2009, promoting conservation and use of renewable energy resources and encouraging IPPs to produce electricity
- Ministerial Regulation No. 031/2009, regulating the purchase price of electricity generated by small and medium scale renewable energy power plants and mandating the purchase of excess power

STP has signed two MOU's with ENERGI Group. One MOU covers small scale development of wind in the Province of Maluku. The second MOU covers 350MW of wind on large and smaller scale projects on Java and several other islands. The Province of South Sulawesi also has signed a 300 MW Memorandum of Understanding ("MoU") for wind projects in the province, including the Project.

In 2015, President Joko Widodo launched the 35,000 MW Program, designating projects under the Program to be nationally strategic projects. Both ENERGI Group's Samas and Energi Gratis wind projects are adopted in the program, and as such are nationally strategic projects. The Project's PPA was signed by Bern Muffine and President Director of STP, Sofyan Basir in Jakarta in the presence of the President of Indonesia, Joko Widodo.

Considering all the laws and regulations mentioned, the development of electrical power from renewable energy by IPPs is deemed a national priority.

I.3 Legal Due Diligence

The legal due diligence (LDD) was conducted by Ginting & Reksodiputro in association with Allen&Overy. The LDD report was prepared for IIF to review and provide legal due diligence on the PPA and the underlying loan documents and guarantee. Below are the key issues (Red Flag) presented in the LDD report which may be important to note by IIF. The complete legal due diligence is presented in Appendix VI.7.

Red Flag Due Diligence Report – Power Purchase Agreement

No.	Clause No.	Nature of Risk	Details	Remarks / Mitigant
12	8.1.2(a)	Wind risk	The WTGs will not be deemed to have been commissioned where the Seller is unable to conduct commissioning tests due to unavailability of wind. No deemed commissioning payments (or any other form of compensation) will be made in such circumstances. Rather, the Seller will be entitled to reschedule the relevant tests in accordance with Appendix J. Similarly, when the Plant is operational, energy payments will be based on energy generated (or deemed to be generated) with no capacity or availability payments.	With regard to risk mitigants under the Loan Agreement, we note that it is a condition precedent for each Disbursement that there should be no Material Adverse Effect circumstances. Notwithstanding the above, Project contingency funds / cost overrun support will need to contain sufficient allowance for delay costs arising from such circumstances. Also, IIF to consider on wind risk vis a vis what has been modelled – are the project sites likely to have sufficient wind to generate sufficient income to fulfil debt service obligations?

I.4 Analysis of the Deal

I.4.1 Structure of the Deal

OPIC is providing a TLF of USD 120 million to fund the Project. SMBC is providing a guarantee facility of up to USD 40 million for the principal and accrued interest payable theron.

The trigger event for guarantee payment will be the "non payment" event of principal and accrued interest amount by the PTEG. Under the TLF, if event of default occurs OPIC (after consulting with the guarantor) have the right to to declare that all loan outstanding together with accured interest amount to be due and payable. If accelaration occurs, the 33.3% of principal and accrued interest amount outstanding (after excluding the DSRA amount) will be claimed by OPIC to Guarantor. If non payment occurs and OPIC decide not to accelerate the project, the 33.3% of principal and accrued interest amount that is due on such Payment Date will be claimed by OPIC to Guarantor. In IIF's case, since we will be taking the PRE, if any "nonpayment" occurs due to PRE event, 16.66% of principal and accrued interest amount that is due on such Payment Date will be claimed by OPIC to IIF. Such claimed amount, together with OPIC's other overdue principal payment amount will be repaid by any project cashflow which remains after the scheduled repayment is settled which suggests that overdue principal amount will be subordinate to scheduled principal payment amount.

Example:
Assumption
Quarterly payment amount USD10million

2018 1Q
Non-payment (due to commercial risk) of USD10million occur (overdue principal amount)
OPIC will claim the guarantor to cover USD3.3million

2018 2Q and after
PTEG will pay all fees, interest payment amount and current principal payment due to OPIC loan.
If excess cash exist, then such amount will be used to repay the overdue principal amount.
If excess cash is not enough to pay the overdue principal amount in full, the excess cash will be paid to overdue principal amount to OPIC, IIF and SMBC in pro rata basis. The overdue principal amount will exist until it is paid in full.

Below are the main terms for the IGF:

Facility Type	Committed Guarantee Facility
Facility Summary	• OPIC will provide a USD 120 million loan ("TLF Amount") to fund the design, construction and commissioning of the Project • SMBC will provide to OPIC a credit guarantee for an amount equal to lower of USD 40 million and 33.33% of the TLF (and associated interest) • IIF to participate in the deal by taking over a USD 20 million and 16.66% of guarantee portion of SMBC exceeding the guarantee cover to include Political Risk Events ("IGF")
IIF Guarantee Facility	IIF Guarantee Facility in amount of USD 20 million from takeover of SMBC's guarantee portion to include Political Risk Events.
IIF Guaranteed Portion	USD 20 million of the guarantee portion

Facility Purpose	To provide guarantee to OPIC's Term Loan Facility
Parties	OPIC ("**Lender**" or "**Beneficiary**") and SMBC ("**Guarantor**") Note: If IIF participates, IIF will also be included as Guarantor, together with SMBC
Tenor	16.5 years from the date of first drawdown date (i.e. 3 February 2017)
Guarantee Fee	2.85% p.a. for the guaranteed portion Note: Interest rate on the IGF will be 6M LIBOR (USD) + 3.75% + 2.00% if the IGF is drawn
Tenor of the GF	IGF will remain in effect until the latest of: a. Such time as the Guarantor is no longer subject to a claim under the Guarantee Agreement; b. Such time as all amounts payable under the Guaranteed Obligations have been irrevocably paid in full and the Guaranteed Obligations shall have been cancelled; and c. The date on which this Guarantee Agreement has been terminated
Guaranteed Obligations	The outstanding principal amount together with interest on such principal amounts accrued under the TLF extended by OPIC but excluding any: a. Amounts due as a result of any voluntary prepayment or of any mandatory prepayment; b. Additional amounts as may be attributable to penalties, fees or default interest rates, amounts in respect of indemnification, costs, expenses or any other additional amounts payable by reason of a default or similar event; c. Additional amounts as may be attributable to any increased cost of funds or of capital in connection with funding or committing to fund any Guaranteed Obligations; and d. Shortfall attributable to the liability of the Borrower or any other person for withholding or other taxes including interest and penalties in respect of such liability
Political Risk Event ("**PRE**")	1. Breach by STP of any of its obligations which results in non-payment under the PPA; 2. Expropriation Events: means any action or series of actions (individually or in aggregate) of the Government of Indonesia (or any Indonesian national, municipal or regional governmental agency or instrumentality) for the requisition, confiscation, condemnation, expropriation, nationalization, seizure or other taking, without adequate compensation, of:

	• all or a substantial part of the Project, which prevents the construction or operation of the Project substantially in accordance with the PPA; • any equity interests in the Borrower, which deprives the sponsors or shareholders of ownership or control of all or a substantial part of the Project; or • effective control of all or a substantial part of the Project, which prevents the construction or operation of the Project 3. Political Violence Events: means any violent action in the nature of war (declared or undeclared), revolt, insurrection, civil disturbance, blockade, sabotage or terrorism, in each case to the extent such event is politically motivated, occurs in Indonesia, and directly or proximately: • causes the cessation of and renders it impossible to resume all or a part of the construction or operation of the Project; or • causes damage to the Project to the extent that it would be impossible to resume the construction of, or generation and distribution of electricity from the Project, it being agreed that for purposes of this definition, "impossible" shall mean that the construction of, or generation and distribution of electricity from, the Project by any person is either objectively impossible or involves extreme and unreasonable difficulty, expense, injury, loss or risk of physical harm to the person charged with such construction or operation or to such person's employees 4. Transferability and Inconvertibility Events: means any action or inaction by the Government of Indonesia (or any Indonesian national, municipal or regional governmental agency or instrumentality) that: • suspends, terminates or materially and adversely limits the right of the Borrower to maintain any of the offshore project accounts held outside of Indonesia; • or renders the Borrower unable to legally convert IDR held by it to make any payment in USD to the Beneficiary or any other party in connection with the Loan through any customary legal channels or to transfer Dollars outside Indonesia to make when due any payment to the Beneficiary in Dollars in accordance with the terms of the Loan Agreement
Amortisation Profile of IGF	• IGF would amortize with the same profile as the OPIC Loan • If during any period there is a default on the OPIC Loan due to any events excluded under the Guarantee Obligations, then IGF cannot be drawn. That unpaid portion of the OPIC Loan would not benefit from IIF's guarantee thereafter
Terms if the IGF is drawn	If the IGF is drawn:

	- Guarantor would become a direct lender to the Project - The interest on the Guarantor's Loan would be 6M LIBOR + 3.75% + 2.00% - The Guarantor's Loan (together with any OPIC Loan that was unpaid) would be repaid on a cash sweep basis after the scheduled amortization - Guarantor would share in the security on a *pari passu* basis
Guarantor's Voting Rights	Guarantor will have voting rights on the following: a. Changing the amount, rate, timing, method, application or currency of any payment of the Covered Tranche of the Loan; b. Extending the commitment period; c. Material modification of the Security Documents; d. Releasing of any material collateral from liens under any Security Document; e. Increasing the obligations of Guarantor under any Financing Document; f. Termination by the Borrower of the CBOP Contract, the EBOP Contract, the PPA, or the O&M Agreement; g. Amending the Intercreditor Agreement; h. Waiving or amending any condition precedent to the initial disbursement; i. Waiving or amending any provisions of the Financing Documents related to changes in ownership or control of the Borrower; j. Waiving or amending the governing law or dispute resolution provisions of the any Financing Document; k. Waiving or amending any of financial ration covenant in the Loan Agreement; and l. Waiving or amending any provision of the Financing Documents which expressly requires the consent of Guarantor Consultation on: a. Determination, waiver or enforcement of an Event of Default; b. Acceleration of the Loan or enforcement of rights under the Security Documents; and c. Waiving or amending any covenant in the Loan Agreement that is not specifically referred above; and OPIC shall be entitled to take all other actions related to the TLF and not expressly contemplated above in its sole discretion.
Termination of Guarantee	• The Guarantor may in its complete discretion terminate this Guarantee Agreement in full, at any time upon the OPIC's assignment or transfer of the Guaranteed Obligations • Any time by the mutual written agreement of the parties hereto • OPIC shall have the right to terminate the Guarantee Agreement at any time in its sole discretion
Dispute Resolution	• Any controversy or claim arising out of or relating to this Guarantee Agreement, or the breach hereof, which cannot be

	resolved by the parties within thirty (30) days shall be settled by arbitration • Any wards issued by the arbitral tribunal shall be final and binding • Arbitration seat would be in Singapore
Governing Law	State of New York, United States of America

Guarantee Mechanism and Repayment Schedule

If a Non-Payment has occurred, OPIC may deliver a notice of claim (i.e. a demand) to Guarantor. Within 5 Business Days of receipt of the notice of claim, Guarantor must pay to OPIC an amount equal to 33.33% of the relevant unpaid principal amount (and interest accruing on such principal amount) including all amounts due as a result of acceleration or otherwise, after deducting any amounts standing to the credit of the Debt Service Reserve Account (as defined in the Loan Agreement) that have not been designated for purposes other than application towards the relevant Non-Payment.

In regards with the allocation of payment, the waterfall set out in Section 7.2 of the Intercreditor Agreement only applies to amounts received by the Agents from an Intercreditor Party. They are to be redistributed amongst the Intercreditor Parties as follows:

First, pro rata as to fees, costs and expenses (market);

Second, pro rata of interest due to OPIC and the Guarantors but OPIC cannot get their share of this payment if they have already received claim payments under the Guarantee for this amount;

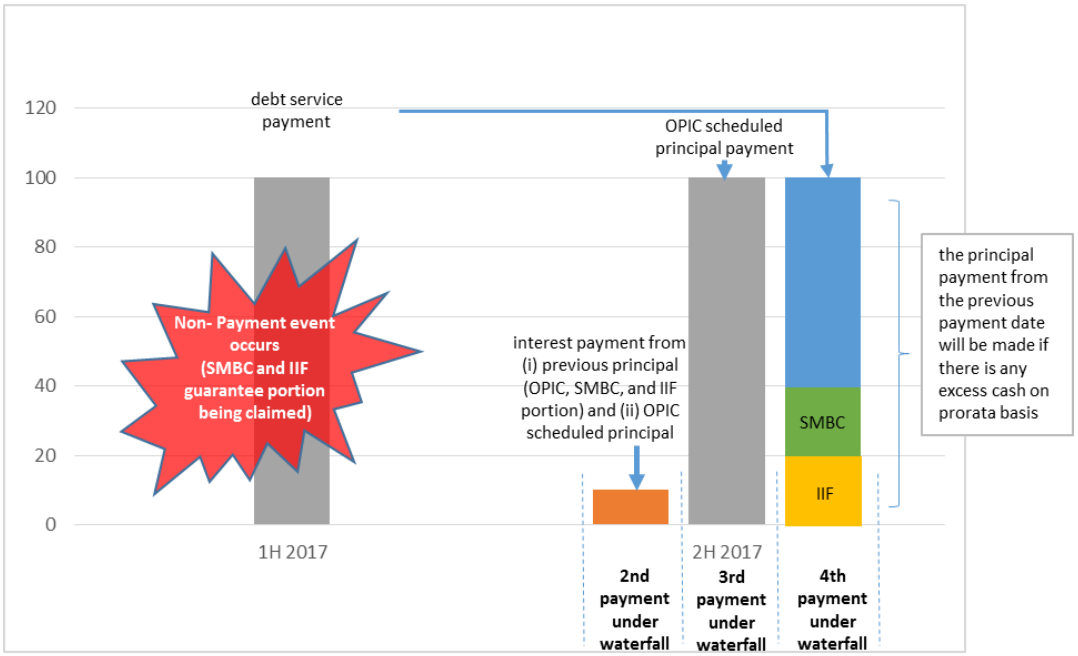
Third, scheduled principal on the Payment Date (current or next) due to OPIC only;

Fourth, if there is excess cash after the Borrower paid the scheduled principal to OPIC, such excess cash will be used pro rata of principal to OPIC, SMBC and IIF of the amount from the previous scheduled payment; and

Fifth, pro rata on any other sum due but unpaid.

Below is the illustration on the payment waterfall.

Scenario: Payment default due to commercial issue



We will act as a Lender to the portion that our guarantee being called. Whereas, the remaining amount which has not been called, we will still act as a Guarantor to such portion. Under the waterfall, once our outstanding principal is being paid in full, our position will become a Guarantor again. In addition, our subsequent guarantee amount outstanding would be reduced accordingly in line with the total amount of the previously called guarantee.

Guarantor's Voting Rights

IIF will only have voting rights in respect of a Fundamental Decision (which requires the vote of all Creditors) or, to the extent IIF is affected by, Retained Rights. This equally applies to PTBSMI as the Onshore Guarantor. For all other decisions, OPIC has full discretion to decide and IIF and PTBSMI are only entitled to consultation rights. In any case, IIF's position in the voting mechanism would continue to be minority.

In the Fundamental Decision under the Intercreditor Agreement, acceleration is not included, which means the decision of acceleration will be led by OPIC.

I.4.2 Deal Strategy

- One of the National Strategic Project

  We will provide financing for the project which have significant impact to the Indonesian people as this project is part of the South Sulawesi Power Plant Development Plan stated in RUPTL 2017-2026

- First wind power plant project in Indonesia

  The project will become the first wind power plant built in Indonesia. This will become the

benchmark for further study and this project may become a good exposure for IIF in wind power plant sector

- First guarantee facility by IIF
  The facility will become the first guarantee facility implemented by IIF. This will become the benchmark for guarantee facility and this facility may become a good exposure taking that facility was structured by reputable parties. As for PRE, since IIF is Indonesian institution owned partcually by Indonesian Government, we will be well placed to understand the country's regulatory framework, politics and culture to undertake such risk.

- Experienced in Industry (ENERGI Group)
  ENERGI Group has focused on developing, financing, constructing, owning, and operating a portfolio of wind and Pertalite generation assets for 20 years. Under ENERGI Group the company has entered selected markets early and built experienced management teams to deliver projects in North America, Europe, North Africa, and Asia (including in South East Asia e.g. Philippines). It has developed wind farms to a total of over 1,500 MW in more than 12 locations throughout the world.

I.5 Risk Analysis

Main Risks	Mitigations
Construction Risk	PTEG will use "multi-contract scheme" method of which multiple contract will be prepared with parties who are best equipped to the specific work. Under such strategy the Project will have; greater control, greater transparency and flexibility. However the Project will need to face interface risk, manage the multipoint of responsibility and design compatibility. Such risk is mitigated taking the ENERGI Group's past experiences in managing the multi-contract scheme. ▪ ENERGI Group have more than 20 years of experiences developing 40 wind power project that have been managed under a multi-contract scheme in Italy, the USA, China, and more recently the Philippines. ▪ Scotland has concluded that management team prepared for the project and key personnel in both Management team and owner's engineer have enough ability to manage the project. ▪ ENERGI Group has developed a detailed master interface matrix for the management team, along with contractual interface matrices specific to each contract The risk is also mitigated since in this project, the contract is divided into only four main work packages; (i) the wind turbine (ii) EBOP (iii) Foundation works (iv) earthworks, which is relatively clear who is responsible for delays to, or defects in, a particular work package. Also in the contracts contain obligation requiring the contractors to co-operate with each other. Especially for wind turbine and foundation design to be

	compatible, Gamesa will be responsible for the design and overseeing the construction of foundation. As mentioned in latest construction report by Scotland, we recognize that Project is progressing with some delay in works such as Turbine erection (Gamesa's work) and EBOP area (Indomobil' work). Scotland have already confirmed that all of the equipment needed to proceed the two work is already delivered on site, ready to be installed. Taking the limited time until the scheduled COD set by the Project (which was January 2018), Scotland confirmed that Project will achieve the COD by end of February 2018, taking the forest permit to be obtained by end of November. As for forestry permit, we note that permit will be only renewing of forestry permit which expired. Also Scotland have confirmed with PTEG that procedure is progressing smoothly, which permit is expected to be provided within November. We have comfort that such delay will not impact PTEG significantly taking the buffer in time before they need to pay liquidity damage under the PPA (LD will be paid if COD should not occur by August 2018). We also like to note that site will not be in windy season where Gamesa will be prevent to use cranes to erect WTGs. Also PTEG still have contingency budget left which is they can use to fulfil the additional cost which will accrued due to additional delay (such buffer is available until August 2018).
Operational Risk	O&M risks are mostly the ability of the project to maintain the WTG in good condition and management of spare parts to reduce availability due to repair. Two risk are mitigate from below points: Experience that will be obtained from Gamesa PTEG has signed a fixed price 5-year Service, Maintenance and Availability Agreement ("SMAA") with Gamesa, which will include all major maintenance and availability warranty for the first 5 years (which is not extendable). In order to allow smooth transition, Games personnel is expected to be reduced gradually over the 5 years in favor of Indonesia national personnel hired by ENERGI Group. Gamesa is currently one of the largest WTG manufacturers (including its O&M services) in the world with a workforce of nearly 6,500. Gamesa has been manufacturing WTGs since 1994, the first wind farm where Gamesa was involved was commissioned in 1996 in Spain. Gamesa assembles and tests its own WTGs and has a research & development department in order to update and tailor its design to meet market needs. Based on Scotland review, Gamesa's track record and experiences are relevantly suitable for their roles in the Project.

	Under the PPA the Project is required to deliver guaranteed minimum productivity at least 80% of the year one, and 92.5% for years thereafter, otherwise a penalty will need to be paid to STP. Comfort is taken as the company have entered into SMAA with Gamesa of which they guarantee to maintain the performance of the WTG availability (or "Guaranteed Project Availability" or "GPA") of 95% in Year 1 and 96% for the following years. In case the WTGs do not achieve the GPA, Gamesa will have to pay an Availability Payment Adjustment ("APA"). On other hand, Gamesa will be entitled for bonus for availability above 96% in Year 1 and 96% for the following years, using the same APA calculation. Spare parts and Special Technical Assistance from Gamesa After the expiry of SMAA, PTEG plans to manage the O&M by themselves taking the experience gained during SMAA and also mitigated with technical support agreement and spare parts agreement, to sustain the high operating performance. Under Technical Support Agreement the PTEG will be able to obtain support from Gamesa on any particular issues which will be beyond their capacity. Through Spare parts agreement the Company will have access to obtain spare parts from Gamesa at world-wide list prices.
Wind Risk	The project was designed from the wind data which was collected from four onsite meteorological (met) masts, of which the longest data available was for 3 years and 8 years meteorological reanalysis (scientific method for developing a comprehensive record of weather) from 3 different sources. The data was analysis and correlated by DNV GL (technical consultant to PTEG) to conclude that WTG proposed can be used in wind environment for the Project and it will be able to generate 253.5GWh/year or 37.4% as net capacity factor in P50 (50% probability of exceedance) and 32.1% as net capacity factor in P90. Such report was reviewed by Scotland to conclude slightly lower but similar output. Gamesa has also used the same data to analyze and conclude the warranty of at least 95% of calculated power curve. Under the existing loan agreement, PTEG has the obligation to update wind study providing the electricity production P90 (90% probability of exceedance) and P99 (99% probability of exceedance) forecasts, if average turbine hub height wind speed of the project should drop more than 2.5% from the initial wind speed confirmed by DNV's report. In such case the wind speed will be recalculated using the wind data collected right before COD of the project. PTEG also need to revise base case financial model, if the average actual energy production for the last two years should fall below 95% of projected P90 Projection. Under the PPA as well, PTEG or STP can request to update the predicted capacity matrix by the Nominated Expert at any time. This updated matrix then

	will replace the old matrix and will prevail for the remaining term of agreement, unless updated again. Under PPA, STP will offtake electricity generated by the project not exceeding 120% of the net output in the first contract year and 107.5% in the following years. However, the project will need to pay penalty if the actual productivity is below 92.5% of the GPA.
Grid Connection Risk	The Project is designed to be connected to nearest 150kV STP grid, which forms part of the main South Sulawesi Grid. A grid connection study was carried out in 2014 by GHD Hill Michael to demonstrate the ability of the Project to connect and export power reliably to the STP grid. Based on findings from this study, it is expected that all the power generated by the Project can be exported to the STP grid. The Project is also expected to provide some benefit in reactive power support, voltage stability and to reduce network loading during peak time. All of electrical design is review and confirmed by Scotland.
Social & Environment Risk	For the S&E Assessment, we appointed Scotland to perform the SEDD. Based on the report provided, the Project is a "Category B" project with potential limited adverse environmental and social risks and/or impacts that are generally site-specific, largely reversible and readily addressed through mitigation measures. Full S&E Assessment is provided in Section V.
Legal Risk Any legal content in the agreements should be construed under New York Laws	As per Memorandum prepared by Ginting & Reksodiputro in association with Allen & Overy to IIF regarding the governing law. It was concluded that under the laws of the Republic of Indonesia, IIF may enter into the Transaction Documents governed by and interpreted in accordance with the laws of a jurisdiction other than the Republic of Indonesia, subject to the limitations such as (i) the resulting application of the chosen law will not and does not result in acts that are contrary to mandatory provisions of Indonesian law, public order as determined by the Indonesian courts or good morals; and (ii) based on the statements of expert witnesses, the Indonesian courts may in practice be in the position to determine the application of foreign law chosen by the parties to the agreement. If the choice of forum under a Transaction Document is a foreign court, the judgment of the foreign court will not be enforceable by the courts in the Republic of Indonesia. A non-Indonesian court judgment may, however, be given such evidentiary weight as an Indonesian court considers appropriate. However, if the choice of forum under a Transaction Document is a foreign arbitration, the foreign arbitral award can be recognized and enforceable in the Republic of Indonesia, subject to the requirements such as (i) the awards are rendered by an arbitration body or by an

	arbitrator in a country which is bilaterally bound to Indonesia or jointly bound with Indonesia by an international convention on the recognition and enforcement of foreign arbitral awards (ii) foreign arbitral awards are only limited to those which, according to Indonesian law, fall within the scope of its commercial law (iii) foreign arbitral awards do not contravene public order (iv) foreign arbitral awards may be enforced in the Republic of Indonesia after an exequatur (writ of execution) has been obtained from the Chairman of the Central Jakarta District Court. If the choice of forum is an Indonesian court, the Indonesian court judgment can be enforced under Indonesian law but the proceeding would normally entail a lengthy process. The complete Memorandum regarding the foreign governing law is presented in Attachment VI. 7.

I.6 Conclusion

Based on the analysis above, we could consider that the project is feasible and we would like to recommend BoD-IC to approve the proposal of participate in the guarantee facility ("**IIF Guarantee Facility**" or "**IGF**") to OPIC as the Lender of the Project with limit of up to USD 20 million, with following considerations:

- Provide financing for the National Strategic Project which will have significant impact to Indonesia
- Participate in the first win power plant project in Indonesia may become a good exposure for IIF in wind power plant sector
- The facility will become the first guarantee facility implemented by IIF hence will become the benchmark for guarantee facility in the future
- ENERGI Group has more than 20 years of experience in developing, financing, constructing, owning, and operation a portfolio of wind and Pertalite generation assets

Part III – Historical Financial & Financial Projection

I.7 Financial Highlights

The below table presents financial statement of Wind Renewables III Ltd, a holding company who shares 72.34% ownership of PTEG. The Financial Statement are audited by PricewaterhouseCoopers, certified public accountant in Hong Kong.

Description (USD)	2015	2016	1H2017
	Audited	Audited	Unaudited
Loss from operation	(4,492)	(12,983)	(1,719,956)

Finance cost - loan interest	(38,979)	(113,664)	(12,407)
Loss before tax	(43,471)	(126,647)	(1,388,489)
Loss for the year	(43,471)	(126,647)	(1,388,489)
Non-current Assets	854,335	854,335	15,831,376
Current assets	1,290	1,290	44,856,577
Total current liabilities	901,648	1,028,295	43,348,033
Net Liabilities	46,023	172,685	46,348,033
Equity			
Share capital	1,290	1,290	21,865,835
Accumulated losses	(47,313)	(173,960)	(8,905,773)
Total Capital Deficiencies	(46,023)	(172,685)	14,513,117

- In 2016, the total non-current asset is regarding interest/investment in PTEG with ownership of 25%. On 11 January 2017, ENERGI Asia III entered into agreement for allocation of newly issued shares to ENERGI Renewables Asia I Ltd and AC Energy International Holdings Pte Ltd (the owners of ENERGI Asia III) at a consideration of USD 21.86 million to provide capital for ENERGI Asia III. The cash contribution for issued shares has been fully received by ENERGI Asia III on 11 January 2017.
- Pursuant to a Shareholders' Agreement between ENERGI Renewables Asia I Ltd, AC Energy Holdings Inc, AC Energy International Holdings Pte Ltd, Energi Gratis (HK) Ltd, ENERGI Asia III, and PTEG dated 11 January 2017, ENERGI Asia III's investment in PTEG increased from 25% to 72.34% making it a subsidiary of ENERGI Asia III, where ENERGI Asia III owns PTEG which project is currently still on construction phase hence no revenue recognition recorded. ENERGI Asia III portion of capital injection amounting to USD 13.89 million was paid in full on 12 January 2017.

I.8 Financial Projection

We understand that the financial advisor has provided OPIC with the agreed financial model which is one of the Condition Precedent to sign the Facility Agreement. Scotland has assessed the reasonableness of the technical assumptions in the financial model which they found no major concerns over the assumptions used in the model. For this PAM purposes, we conduct some review on the financial models.

Base Case Scenario

Construction Phase	
Sunt Construction	January 2017
Construction Period	12 months

Scheduled Completion	January 2018

Operation Phase	
Commercial Operation Date	January 2018
No of Wind Turbines Generators	30 units
Annual energy production (P90)	216.90 Gwh

Tariff	▪ Component A: 10.55 cUSD/kWh ▪ Component B: 1.17 cUSD/kWh ▪ Component E: 0.44 cUSD/kWh 17 years after COD, component A and E will be reduced to 6.33 cUSD/kWh and 0.26 cUSD/kWh, respectively.
Interest Rate	Fixed rate of US Treasury Constant Maturity Yields + 3.75% p.a.

CASH FLOW (in USD '000)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Comp A	350,247	-	8,883	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758	22,758
Comp E	10,876	-	276	707	707	707	707	707	707	707	707	707	707	707	707	707	707	707
Comp B	53,148	-	1,050	2,729	2,819	2,912	3,008	3,109	3,213	3,321	3,433	3,549	3,670	3,796	3,926	4,062	4,203	4,349
Penalty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nett Revenue	414,271	-	10,210	26,193	26,283	26,376	26,473	26,573	26,677	26,785	26,897	27,014	27,134	27,260	27,391	27,526	27,667	27,813
Opex																		
Fixed Opex	(82,720)	-	(2,217)	(4,552)	(5,385)	(5,523)	(5,616)	(4,416)	(4,555)	(4,995)	(4,843)	(4,997)	(5,353)	(5,863)	(5,666)	(5,834)	(6,012)	(6,894)
Yearly Financing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Tax	(1,516)	-	(49)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)
Total	(84,237)	-	(2,266)	(4,649)	(5,483)	(5,621)	(5,714)	(4,514)	(4,653)	(5,093)	(4,941)	(5,095)	(5,450)	(5,961)	(5,764)	(5,932)	(6,109)	(6,991)
Construction																		
Project costs	(150,000)	(76,602)	(73,398)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Costs at end of Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt	120,000	46,602	73,398	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Capital	18,750	18,750	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' Loan	11,250	11,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow after Funding	330,034	-	7,943	21,544	20,800	20,755	20,759	22,059	22,024	21,692	21,956	21,918	21,684	21,299	21,626	21,594	21,557	20,822
Initial Working Capital Funding	1,000	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Working Capital Movements	-	-	(1,621)	1,095	1,112	1,115	1,193	1,123	1,127	1,131	1,136	1,140	1,145	1,150	1,155	1,160	1,166	-
Tax paid	(23,431)	-	-	-	-	-	-	-	-	-	-	-	-	(3,305)	(4,849)	(4,995)	(5,147)	(5,134)
CFADS	306,136	-	7,322	21,544	20,901	20,765	20,818	21,849	22,031	21,737	21,928	21,927	21,717	18,046	16,742	16,608	16,419	15,783
Debt Service																		
Repayments	(120,000)	-	-	(5,531)	(5,487)	(5,811)	(6,264)	(7,384)	(8,020)	(8,419)	(9,147)	(9,803)	(10,360)	(8,748)	(8,538)	(9,065)	(9,591)	(7,832)
WHT Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Paid During Operation	(74,323)	-	(4,193)	(8,324)	(7,954)	(7,542)	(7,124)	(6,666)	(6,148)	(5,560)	(4,954)	(4,298)	(3,606)	(2,858)	(2,229)	(1,616)	(968)	(284)
Total	(194,323)	-	(4,193)	(13,854)	(13,441)	(13,353)	(13,388)	(14,051)	(14,168)	(13,979)	(14,102)	(14,101)	(13,966)	(11,605)	(10,766)	(10,681)	(10,559)	(8,116)
CF Available to Fund DSRA	111,813	-	3,129	7,689	7,460	7,411	7,430	7,798	7,863	7,758	7,826	7,826	7,751	6,441	5,975	5,928	5,860	7,667
DSCR	**1.59**	**-**	**1.75**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.56**	**1.94**

In the PAM, we assume that ENERGI will draw 100% of the limit provided which is USD 120 million before the end of availability period i.e. December 2018 and the COD of the project is on January 2018.

Under the base case with P90, the minimum DSCR achieved over the loan tenor is 1.56x or above the covenant of minimum DSCR of 1.15x. The annual energy production for the base case P90 is 216.90 Gwh p.a. The project generate high DSCR which provides enough buffer for the Project to service the debt service to OPIC, SMBC and IIF , if necessary. This high DSCR also provides enough as conditions for distribution as the historic DSCR greater than 1.15x and forward DSCR greater than 1.25x have been achieved.

Based on the SMBC assessment of the financial projection, it has been sensitized to the cases depicted in the table below. From the table we can see that under P99 scenario, the project is able to maintain the average DSCR of 1.32x with minimum DSCR recorded at 1.28x, above the threshold of P99 scenario in 1.05x or with annual energy produced of 189.30 Gwh p.a., which the energy production is 12.7% lower than base case. Under the worst case scenario (scenario No.8), the project also able to maintain the average DSCR of 1.32x with minimum of 1.08x, which the deal team views that this is still acceptable considering that the average DSCR still fulfill the minimum debt service.

S.No	Scenario	Revised	Revised
		Minimum DSCR	Average DSCR
1	P99 Case	1.28x	1.32x
2	Availability less -10%	1.34x	1.37x
3	Base Rate Increase of 2%	1.31x	1.41x
4	Opex Increase of 20%	1.45x	1.48x
5	CPI increase of 2%	1.47x	1.52x
6	IDR FX Appreciation (during operation period) by 30%	1.50x	1.54x
7	6-month delay	1.35x	1.55x
8	Combined Downside: Availability less 5%, Base Rate +1%, Opex + 20%, Delay 6 mths	1.08x	1.32x

Source: SMBC

Part IV – Supplemental, Procurement and Insurance

I.8.1 Insurance Due Diligence

Insurance Due Diligence was made based on IDD report prepared by Marsh Private Equity and M&A Service ("Marsh PEMA"), dated 2 August 2016, under instruction from Lenders to provide advice to and for the sole reliance by the Lenders. There report is to provide review on the insurability of the Project and the insurance solutions that the Project Company has purchased or proposed with respect to the Project. From the IDD report, following table summarizes the insurance policies that have been proposed, accepted by the Lenders, and applied by PTEG.

Insurance during Construction Phase

Class of Insurance	Policy coverage Summary	Limit/Sum Insured
Construction All Risk, including Third Party Liability Insurance, and Delay in Sunt-up	<u>Material Damages</u> To cover material damage to the construction including during testing & commissioning and maintenance	Sum insured: USD 107,966,850
	<u>Third Party Liability</u> To cover legal liability of the insured to third party arising from the performance of the construction works consequent upon: - Bodily injury/illness - Property damage	Limit of liability: USD 5,000,000 per event but in the aggregate during the period of insurance in respect of pollution Extensions: - Sabotage and Terrorism (sub limit USD 50,000,000 each occurrence and in the aggregate)
	<u>Delay in Sunt Up</u> To over fixed expenses and debt service cost (principal repayment plus interest) following delay in the commencement of commercial operation caused by loss/damage covered under Material Damages	Sum insured: USD 33,000,000 comprising of Gross Profit and increased Cost of Working Indemnity period: 18 months
Marine Cargo (Project Cargo) and Marine Delay in Sunt-up insurance	<u>Marine Cargo</u> To cover material damage to the goods and/or materials during the transportation	Sum insured: USD 87,100,000 any one conveyance any Extensions Sublimit: 1. Claim preparation Cost clause: USD 250,000 each and every occurrence 2. Sabotage and Terrorism (sub limit USD 50,000,000 each occurrence for all Sections (Marine Cargo and its Delay in Sunt Up, Construction Property Damage and its Delay in Sunt Up, Operational Property Damage and Business Interruption, Third Party Liability for Construction and Operational Project).
	Marine delay in Sunt-up To cover fixed expenses and Debt Service Cost (principal repayment plus interest) following delay in commencement of commercial	Sum insured: USD 33,000,000 with 12 months indemnity period Sublimit:

Class of Insurance	Policy coverage Summary	Limit/Sum Insured
	operation caused by loss/damage covered under Marine Cargo	1. Claim preparation cost clause: USD 250,000 each and every occurrence

Insurance during Operational Phase

Class of Insurance	Policy coverage Summary	Limit/Sum Insured
Property All Risks including Business Interruption Insurance and Earthquake Volcanic Eruption Tsunami (EQVET) Insurance	Property All Risk To cover material damage to the all real and personal property	Sum insured: Operational Property Damage of USD 107,666,850 Machinery Breakdown (MB) of USD 44,636,658
	Business Interruption To cover loss of gross profit due to reduction in turnover and increased cost of working due to loss indemnifiable under Property All Risk	Sum insured: USD 33,000,000 with indemnity period of 12 months
	Delay in Sunt Up To cover fixed expenses and debt service cost (principal repayment plus interest) following delay in the commencement of commercial operation caused by loss/damage covered under Material Damages	Sum insured: USD 33,000,000 comprising of Gross Profit and increased Cost of Working Indemnity period: 18 months
Comprehensive General Liability	Covering the legal liability of the insured for public liability	Limit: Public Liability: USD 5,000,000 any one occurrence

The following tables list the insurers and reinsurers and their participation by class of insurance.

Section	ACA	Reindo	GCube	Total
Marine Cargo (MC)	0.1%	1.0%	98.9%	100%
MC Delay in Sunt-up	0.1%	1.0%	98.9&	100%
Construction Property Damage	2.5%	1.0%	96.5%	100%
Delay in Sunt up	0.5%	1.0%	98.5%	100%
Operational Property Damage & Machinery Breakdown (MB)	0.5%	1.0%	98.5%	100%

Business Interruption & MB Business Interruption	0.5%	1.0%	98.5%	100%
Third Party Liability	0.5%	1.0%	98.5%	100%

Note: ACA= PT Asuransi Central Asia

Source: Marsh PEMA

Based on the Loan Agreement there is provision of Insurance Requirement that the PTEG shall maintain at all times with intention that such provision, when complied by the PTEG, are sufficient to provide and protect for the Lenders' interest in the Project. From the IDD we note that Marsh PEMA had assess that, to date, the proposed Insurance coverage by the Project Company has comply with the Insurance Requirement set out in the Loan Agreement. The insurance has also comply with IIF insurance guideline.

Part V – Social and Environmental Assessment/IIF's Principles

Part II Compliance Status

II.1 Social and Environmental Assessment

Energi Gratis 75 MW Wind Power Plant Project

Category: B Type 2

Prepared by: Indah Amaryllis & Teguh Y

Prepared date: 20 Nov 2017

A. Social and Environmental (S&E) Assessment as per IIF's Social & Environmental Principles

Introduction

IIF is currently proposing to provide guarantee to The Overseas Private Investment Corporation (**OPIC**) as the lender of Energi Gratis ("**Project Company**") with limit of up to USD20mln with 16.5 years tenor from the date of first drawdown. Energi Gratis is majority owned by ENERGI Group, which is an entity focused on developing, constructing, owning, and operating a portfolio of wind and Pertalite generation assets for 19 years. The Project Company is currently developing a wind power plant with capacity of 85MW (80% in progress) in South Sulawesi ("**Energi Gratis**" or "**Project**"). To the Term Loan Facility, the Sumitomo Mitsui Banking Corporation (**SMBC**) is currently providing a Commercial Credit Guarantee Facility to OPIC, for an amount up to USD 40 million. The Facility was signed on 15 September 2016. IIF is intending to participate in the deal by taking over USD20mln guarantee portion in the same terms. IIF may participate in the transaction, if IIF can also consider Political Risk Events, which is not covered by SMBC, as follow:

1. The breach of STP that results in non-payment under the PPA;
2. Expropriation events done by Government of Indonesia (including governmental agency);
3. Political violence events (such as war, revolt, civil disturbance, etc.); and
4. Transferability and inconvertibility events that prevent the construction or operation of the Project.

An international compliant study Environmental, Social and Health Impact Assessment (ESHIA) was developed as part of OPIC's requirements for financing the Project. The ESHIA included an Environmental and Social Action Plan (ESAP) which was referenced as part of the Loan Agreement. ENERGI's implementation of the measures stated in the ESAP is being monitored as part of Scotland's quarterly construction monitoring and reporting to OPIC.

A site visit to the project was conducted on 16 – 18 October 2017 together with the IIF S&E and Technical consultant from Scotland (MM).

Project Description

The project company is developing Indonesia's first commercial windfarm located in Sidenreng Rappang (Energi Gratis) regency, South Sulawesi province, Indonesia. The Project has a total footprint of about 86 hectares (as per location permit) and will have a total installed capacity of 75MW composed of thirty (30) Gamesa G114 2.5MW turbines on 80m steel towers. As per 17 November 2017, 17 towers had been erected, three of which had been completed with the blades installed. The Project aims to achieve commercial operations by the end of January 2018.

The project footprint is situated across two villages namely Lainungan and Mattirotasi villages. The 30 wind turbine generators (WTGs) are situated away from settlement areas, the nearest settlement is Pabbereseng, a sub-village of Mattirotasi village, located about one kilometer to the southeast of the project area. The 150kV transmission line will extend across these two villages and tie in to the STP grid at a substation located in Arawa village to the east. Existing land uses prior to the project development were either government forestry land, classified as limited production forestry, accounted for 11.27% or private agricultural land planted with corn, cashew and teak plantation.

The Project has the following on-site and off-site components:

<u>On-site components</u>

- 30 WTGs – each turbine will have an 80m hub height and 114m rotor diameter
- Turbine pad and parking area – each turbine pad will be approximately 30mx40m
- Permanent project roads – approximately 3km long and 5-8m wide, including shoulders
- Substation – approximately 1.2 to 2ha
- Permanent hazardous waste storage facility
- Operations and maintenance (O&M) building – area of 250m2 O&M building
- 150kV transmission line from the substation to STP's grid – approximately 8km long

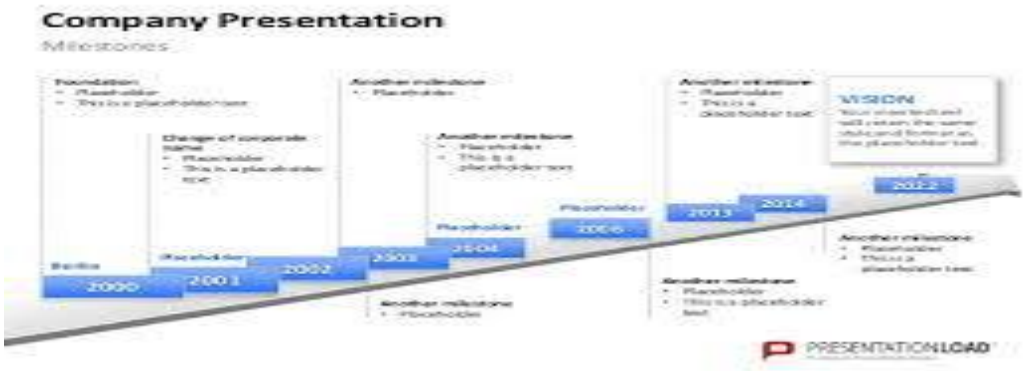


Fig1. Project's Location

Off-site components:

The off-site components are related to the transportation of wind farm components during construction:

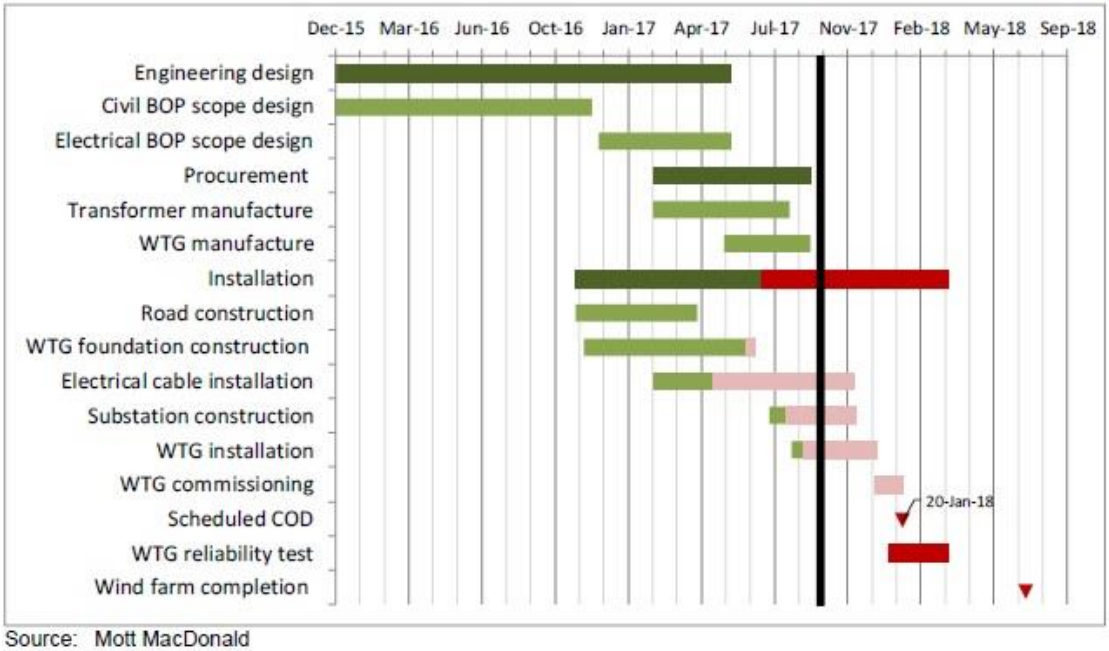
- Port rehabilitation works – removal of eight stalls to allow for safe unloading of wind farm components and maneuvering of delivery trucks
- Road improvement works – demolition of the Mayor's Bridge in Pare-Pare and road widening of about 100m of road to meet the specifications required by the delivery truck on height clearance and safe maneuvering
- Bridge strengthening works – strengthening of four bridge foundations to accommodate the load required

The Environmental & Social Impact Assessment (ESIA) study has been conducted by AECOM in February 2014. The Final Environmental & Social, Health Impact Assessment (ESHIA) for the project has been produced by PT. ENERGI Renewables Indonesia issued in June 2016, based on original drafts prepared by PT AECOM Indonesia issued in January 2016. The finalization of the document has been acknowledging inputs of the specialists from PT AECOM Indonesia which undertook the field studies and developed the data presented in the document. IIF noted that during the finalization of the document, PT. ENERGI Renewables Indonesia is permanently hired one of Senior Consultant of PT. AECOM Indonesia who is actually initially preparing the ESHIA draft report to finalize the report. Meanwhile, the Due Diligence (S&E Due Diligence is provided in the Chapter 9 in the report) for the project was conducted by MM issued in November 2016. In November 2017, as requested by IIF, MM issued an updated Due Diligence study to include assessment on addendum Andal and RKL-RPL which covering assessment of impacts related to the transportation route, Project's Transportation Management Plan which are not available during the first SEDD.

An Amdal of the project has been approved by local Government with Recommendation Letter No. 660/2564/I/BLHD dated 25 June 2015. An Amdal addendum of the project to include an assessment of impacts related to the transportation route has been issued and approved by the provincial level environmental agency through letter No. 8/M.02a.NP/P2T/08/2016 issued on 2 September 2016.

As per Energi Gratis Wind Farm Construction Monitoring 5 issued in November 2017 by MM, the current schedule status of project is as figure below. As of end of September 2017, the actual construction progress is at 81.9%. During site visit in November 2017, all WTG foundations have been backfilled and at the time of the site visit, 12 WTG locations have the lower section erected. A delay is noted in the erection compared to the baseline schedule and the revised erection schedule appears relatively challenging; a delay in completion of WTG erection from the baseline schedule can be expected. The Electrical Balance of Plant (EBOP) contractor proposed to catch up by significantly increasing resources and working hours and is still committed to align with the energization date under the baseline schedule. With regard to the forestry permit, the Project Company is now in the process of obtaining a longer-term permit allowing to resume work in the forestry land area, which can take up to six weeks. Giving the current project progress, the six weeks' timeframe for the permit has limited impact to the schedule. Based on the contractor's performance so far, around one month delay in Commercial Operating Date (COD) can be expected, provided that the pending forestry permit is secured on a timely manner.

Figure 1: Project Progress against Contractual Schedule



Source: Mott MacDonald

IIF Social and Environmental Categorization and Principles

As recommended in the ESHIA which is confirming by Due Diligence in November 2016 report as well as updated Due Diligence study in November 2017, the project is considered as Category B, with potential limited adverse environmental and social risks and/or impacts that are generally site-specific, largely reversible and readily addressed through mitigation measures. This is in line with the IIF point of view, with the considerations as follow:

- ESAP that is part of the loan agreement between OPIC and ENERGI, was developed based on Equator Principle (EP) and IFC Performance Standard (PS) 2012 that is mirroring with IIF S&E Principles
- More than 80% of construction work has been finished

- Mitigation measures have been made among others are on development of S&E Management System (SEMS), Waste Management Plan, Land Acquisition Plan and etc.
- Independent third party monitoring, quarterly during construction by MM and annually during operation.
- ENERGI's demonstrated its ability to manage S&E risks and impacts as observed during site visit and interviews.

Therefore IIF support the categorization of this project as **Category B Type 2**.

Based on our assessment, P1 – P6 and P8 are applicable to the project, while P7 is considered as not applicable.

IIF's S&E Principles		Yes	No
1.	Social and Environmental Assessment and Management System	☒	☐
2.	Labor and Working Condition	☒	☐
3.	Pollution Prevention and Abatement and Climate Change	☒	☐
4.	Community Health, Safety and Security Dam and Safety	☒	☐
5.	Land Acquisition and Involuntary Resettlement	☒	☐
6.	Biodiversity Conservation and Natural Resource Management	☒	☐
7.	Indigenous People	☐	☒
8.	Cultural Property and Heritage	☒	☐

Social and Environmental Principles Review

It is an IIF requirement that project's ESIAs, ESMPs, RAPs (whichever is applicable) to be disclosed on the IIF's or the client's website or other venues for new projects going forward prior to or at the same date with the financial close of the sub-projects (or the signing of the loan agreement). The project's ESIA, ESMP and Amdal have not been yet publicly available. Therefore, it is necessary to obtain consent letter to disclose necessary S&E documents either in our website or client's website (CAP#1) as well as obtaining all applicable documents (the ESIA and original Amdal).

Principle 1 - Social and Environmental Assessment and Management System

Permits & Licenses Status

Applicable Permit & Licenses	Status
Environmental Permit	The updated environmental permit as per Amdal Addendum was obtained in September 2016
Borrow-to-use permit for the protected forest area used for the Project	The forest land borrow-to-use permit was issued on 20 September 2016 and was expired on 20 September 2017. ENERGI is currently in the process of renewing this permit for the next 30 years.

As per table above, the borrow-to-use permit is considered as still outstanding. As observed during site visit, activities in the forestry area was stopped and shifted to other project areas, outside forestry area, to reduce the risk of delay. IIF noted that the process is progressing which is expected to take up to 6

weeks (end of November 2017). Due to the importance of obtaining the permit, we considered the absence of the permit will contribute as high risk to our investment (CAP#2).

Social and Environmental Assessment

An original Amdal for the project has been produced together with ESIA preparation, and the Amdal was approved in June 2015. The original Amdal has covered public consultation conducted on 25 November 2013 to discuss project's risks and impacts, among others were visual impact, noise, species mortality, habitat alteration, public access, community health issues, environmental impact of construction and transportation of Wind Turbine Generators (WTGs) and socialization. As per original Amdal document, the impact of the wind farm project to the community includes:

- displacement of economic system from plantation area;
- access to local resources such as rivers, plantation and farms site;
- interaction with external community, perception and knowledge development;
- road traffic changes;
- additional employment for local staff;
- population growth;
- Health and safety issue related to industrial activity and civil works.

A gap analysis between the original Amdal and IFC PS 2012 has been conducted as part of ESHIA study in September 2015. Moderate, minor and negligence gaps identified such as inflow of contaminants due to spills and losses, sewerage and domestic effluents from workers camps, species displacement due to lost habitats during land clearing and etc. These gaps then are addressed in the ESHIA study. Additionally, the assessment on associated facility (the 2.7 km transmission line) is also part of ESHIA study and the changes on equipment landing site at Pare-pare port and the access road has been included in the Amdal addendum. The Project Company performs semi-annual environmental monitoring activities and reports to the provincial environmental agency as part of its environmental permit obligations. The first RKL-RPL Implementation Report was submitted in December 2016 and the second was in August 2017. Results in both monitoring periods suggest overall compliance with national environmental standards. Additional monitoring points for surface water, groundwater, and emission sources (mobile and stationary) had been tested to monitor Project impacts on water and air quality. The additional emissions testing were specifically requested by the Department of Environment during their spot check in Jun 2017. Results indicate compliance with both national and where applicable, to international standards.

Management Program

SEMS, Land Acquisition Plan and Framework (LAPF), Stakeholder Engagement Plan (SEP) and Community Grievance Mechanism, Health and Safety Management Plan and etc. had been developed by ENERGI. ENERGI Renewable Indonesia (sponsor) has develop SEMS to be implemented at the project level. The SEMS has include the following components:

1. Policy
2. Identification of Risks and Impacts
3. Management Programs
4. Organizational Capacity and Competency
5. Emergency Preparedness and Response
6. Stakeholder Engagement
7. External Communications and Grievance Mechanisms
8. Ongoing Reporting to Affected Communities

9. Monitoring and Review

As also required under ESAP, the project company has established CESMP (Construction Environmental & Social Management) which includes:

- Water Management Plan
- Water Sampling Procedures
- Water Quality Monitoring Plan
- Top Soil Management Procedure
- Groundwater monitoring program
- Groundwater sampling procedure
- Grievance mechanism for community wells
- Waste management Plan
- Vegetation Waste Management Plan
- Soils and Spoils Management Plan
- Fuel Spill Response Plan
- Field Refueling Procedure
- WTG Maintenance Plan
- Landscape and Revegetation Plan
- Fuel Storage Design Plan Construction
- Erosion and Sediment Control Plan
- Temporary Silt Fence Installation Procedure
- Sediment Traps Monitoring and Maintenance
- Site Drainage Plan
- Culvert Design
- Traffic Management Plan
- Vehicle wash-down Plan
- Vehicle Maintenance Plan
- Internal Roads Inspection and Maintenance Plan
- Marine Traffic Management Plan

5 (five) Construction Monitoring Reports including site visits have been conducted, based on the reports these plans were fully implemented during construction.

Organizational Capacity and Competency

At project level, a detailed SEP, Emergency Preparedness Response Plan (EPRP) and Training Plan have been established. The ESMS states that the Chief Environmental Officer is responsible for the environmental and social performance of the Project Company across all projects, including Energi Gratis. An Action Plan for its implementation is included in the ESMS, however the timeline for these activities is not provided. While some of the training and awareness are being managed at the Project level through the Training, Competency and Awareness Plan, further detail is required to reflect how the HSE responsibility is managed at the corporate level. A Training, Competency and Awareness Plan has been developed for the Project. The Plan includes responsibilities and mandatory training requirements and states that a Training Needs Analysis will be undertaken. Currently, the organizational chart for the Operation & Maintenance (O&M) phase of the Project is in progress. We noted that during the site visit the future Operation Manager has been available at the project site and he and his team will attend training on operating Wind Power Plant in China. However, it is still unclear whether the S&E function including HSE and CSR are also included in the team. Therefore, Training Plan for O&M which incorporate S&E aspects will need to be developed (CAP#3 & #4).

Emergency Preparedness and Response

EPRP has been developed for the supply, erection commissioning and operation of the wind farm. The following gaps against the requirements of the WBG General EHS Guidelines have been identified:

- Updated escape routes and muster points locations for operational phase
- Procedures for using, inspecting, testing, and maintaining the emergency response equipment have not been included.

- Procedures for informing the public and emergency response agencies are not included.
- A procedure for reviewing and updating the emergency response plan to reflect changes, and ensuring that employees are informed of such changes, are not included.
- Communication with local authorities is not always considered.
- Emergency contacts are not included.
- Frequency of emergency drills is not specified.

It is then recommended that the project updating the EPRP for operational phase to incorporate gaps above (CAP#5).

Stakeholder Engagement and Grievance Mechanism

As mentioned, the Project Company has prepared Stakeholder Engagement Plan (SEP). Based on MM assessment, the Plan is comprehensive and captures the national and international requirements, previous engagement activities undertaken (stakeholders, dates, locations and issues are being tracked), future engagement program (including related Project activity, objective, method and timeframe), resources and monitoring/reporting. Monthly stakeholder engagement activities are being undertaken to regularly update the community about the project development.

The SEP contains a Grievance Mechanism (GM). The GM includes the process the Project Company will undertake to register and resolve grievances and how the GM will be disclosed. Further detail including timeframes to respond to and resolve grievances are also included in the document. Socialization activities were undertaken on 12 July 2017 and 12 August 2017 to regularly update the local communities regarding the logistics plan for the delivery of wind farm components. The socialization activities provided the community with the basic information to minimize safety risks during the transportation of these heavy loads, while at the same time addressing key community concerns and correcting misconceptions which the community may have regarding the process. No complaints received on the implementation of the logistics plan, except for the loss of income due to disruption of business activities related to temporary road closures. From July to September 2017, a total of six community grievances have been recorded related to any one of the followings:

- Property damage to a farmer's fence due to construction activities
- Loss of income due to temporary road closures
- Dust generation from equipment mobilization

All grievances recorded have been closed as per November 2017 by providing compensation for income loss or property damage or other necessary actions, e.g. road watering before the passage of heavy equipment. Compensation to affected individuals was provided by ENERGI and so far, no complaints have been received related to the compensation provided. ENERGI maintains and updates a Grievance Register which is summarized as part of the monthly Construction Monitoring Reports.

Monitoring and Review

The Project has RKL-RPL for local compliance and an ESAP table as part of its loan obligations with OPIC. Regular compliance monitoring and reporting against these are being been undertaken including third party independent review (quarterly during construction and annually during operation).

Principle 2 - Labor and Working Condition

Currently, the overall project health and safety focus is geared towards ensuring community and occupational health and safety both off-site (i.e. delivery and transportation of larger wind farm components from port to site laydown area) and on-site (i.e. erection of wind turbine towers and blades, construction of substation). As of 30 September 2017, manpower count was at 652, including 138 people employed by Gamesa and its two subcontractors, Windcare Jahermosa and SARENS. Gamesa and its subcontractors have responsibility to ensure a delivery and transport of the windfarm components from port to site, installing the anchor bolts for all WTG foundations, erect the wind turbine towers and install the blades through commissioning. Gamesa and its workers are housed in local hotels and apartments in Pare-Pare and no onsite accommodation/workers camp is required. We note that Gamesa and its subcontractors have their own dedicated HSE officers. Gamesa's subcontractors report directly to Gamesa and ENERGI, contractually, has no direct authority over Gamesa's subcontractors. However, ENERGI should be able to call the attention of its main contractors should there be any irregularities noted in the performance of their contractor's subcontractors.

Human Resources (HR) Policies and Procedures, Working Conditions and Terms of Employment:

The Project Company has developed an Employee Handbook which was approved in September 2014. However, the following requirements have not been captured in the handbook:

- Workers organizations
- Child labor
- Forced labor

The ESIA study does not include a human rights assessment. The Employee Handbook dated September 2014 and authorized by Department of Work and Transmigration, includes sections which are relevant to this requirement to include Statement of anti-discrimination and Harassment. The Handbook makes reference to a Ministry of Laws and Human Rights Regulation although further detail is not provided. We noted that during site visit observation and interview, as also confirm by the updated SEDD, the project has demonstrated respects to human rights in a way the Project Company deals with its employees and local community. We noted there is no indication of the occurrence of child labor or forced labor during construction. However, workers right of freedom of association is not addressed yet (CAP#6).

Non-Discrimination and Equal Opportunity

The Employee Handbook makes reference to equal opportunities. Indonesia has ratified the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Equality of Treatment (Social Security) Convention, 1962 (no, 118) and Equal Remuneration Convention, 1951 (No. 100).

Grievance Mechanism

A Workers Grievance Mechanism (WGM) has been established at the corporate level. The WGM is applicable to all employees, including at the Project level. Worker's grievances in regard to wages are addressed within the worker's grievance mechanism procedure. As per this report, no issues regarding labor and wages have been raised.

Occupational Health and Safety

A Project Health and Safety Management Plan has been developed for the supply, erection commissioning and operation of the wind farm, and it is applicable to all Project Company employees, contractors, subcontractors, suppliers and visitors. Health screening is required as part of the hiring process. No issues regarding outbreak of communicable diseases on site have been reported.

During Q3 2017, incidents related to driving and road safety, in relation to the various project activities recorded eight out of 13 incidents, with some requiring medical treatment and incurring lost time injury (LTI). All incidents reported have been closed except for the incident reported in 21 August 2017 regarding Gamesa's non-compliance with their lift activities (i.e. lifting outside of the radius swing), reported as a near miss. The update on the incident will be provided in the Q4 2017 Construction Monitoring Report.

During the site visit on 17 October 2017, a random street informant volunteered information regarding an incident whereby a motorbike driver hit on his head in one of Gamesa's delivery truck used for transporting the blades. The motorbike driver was injured and taken to the hospital. The delivery truck was parked in a "no entry" zone, with appropriate signage and barricade, when this occurred. Although we believe ENERGI cannot be held responsible for this incident as the motorbike driver was clearly trespassing into a "no entry" zone, we think it is necessary to log this incident and investigate further on what measures can be further adopted to prevent this from recurring.

Workers Engaged by Third Parties

The Sponsor is contracting construction works through a multi-contract structure, including WTG supply, installation and commissioning, being provided by Gamesa; civil Balance of Plant (BoP) works being performed both in house for the earth works and for the construction of the foundations by BUMA; electrical BoP works performed by Indomobil; and Owner's Engineer (OE) assistance regarding design and supervision during construction. A Procedure for Procurement of ESMP Compatible Goods and Services has been prepared by the Project Company, in order to ensure that the procurement of goods and services within the Project complies with the environmental, social and safety objectives of the project.

Principle 3 - Pollution Prevention and Abatement and Climate Change

Pollution Prevention

As stated in the ESAP included in Section 8 of the ESHIA recommends the preparation of the following plans:

- Dust Management Plan
- Air Quality Management Plan
- Ambient Air Monitoring Procedure
- Road rules for Project Vehicles

The management plans recommended in the ESAP included as section 8 of the ESHIA have been developed and implementation of these plans is regularly monitored and reported to the Lenders through independent quarterly Construction Monitoring report. The ESAP in the ESHIA was appended to OPIC's loan agreement with ENERGI. No operational emissions are envisaged.

The batching plant for the project is located on site between the ridges on a flat section of appropriately sized land. The concrete batching plant was constructed within the Project footprint and it is operating in compliance with the national regulations and adhering to ENERGI's procedures on air quality and emissions. No construction effluent from the concrete batching plant has been discharged to the environment. Surface runoff from the concrete batching plant was collected through perimeter drains which lead to sediment ponds. The concrete-contaminated runoff in sediment ponds was then left to evaporate hence no discharge was necessary.

Baseline night time noise levels at the closest settlements was already exceed the 45dB(A) limit established by the WBG General EHS Guideline (2007), thus noise impacts should not result in a maximum increase in background levels of 3 dB at the nearest receptor location off-site. Incremental noise levels predicted by the model at the sensitive receptors are below the 3dB threshold, and noise monitoring has only been recommended in the EIA, in case community complaints are received. Construction noise was not considered to be an issue during construction as the Project is located at about 1km from the nearest local community. However, a Noise Monitoring Plan has not been included in the ESAP. Therefore, it is recommended that a Noise Monitoring Plan is developed and implemented to confirm the noise model predictions and to ensure the limits set by the applicable guidelines are met. As per Nov 2017, the Noise Monitoring Plan which suitable for operations monitoring will be developed as part of the Operational Environmental & Social Management Plan (OESMP). This should be in place before commercial operation as expected in January 2018 (CAP#7).

A shadow flicker assessment has been conducted as part of the ESHIA, and its impact has been assessed as minor during operation. However, two sensitive receptors at Paberresang village have been predicted by the model, to receive shadow flicker for periods above the limits set by the Applicable Standards (35 hours per year predicted by the assessment versus a maximum of 30 hours per year recommended by WBG EHS Guidelines for Wind Energy). Despite this predicted exceedance, the ESIA discusses that the potentially affected houses are situated by a vegetation screen and the model is highly conservative, thus it concludes that actual occurrences of shadow flicker are expected to be within guideline limits. Following this assessment, a shadow flicker monitoring program has not been proposed. It is recommended that a Shadow Flicker Monitoring Plan is prepared and implemented to confirm the actual shadow flicker exposure levels and ensure the limits set by the applicable guidelines are met, which is shall be part of OESMP (CAP#7). Even though, we noted that a community grievance mechanism is in place and ensures potentially affected community members would be able to express any nuisance from shadow flicker.

Greenhouse Gas

According to the ESIA, GHG emissions during Project construction are considered negligible. Impact on climate change during the operation phase of the Project is considered as positive. This aspect is considered to be appropriately assessed in the ESIA as also confirms by MM during SEDD. The project is also applying for Clean Development Mechanism (CDM). Based on Project Design Document (PDD), the project is contributed estimated amount of annual average GHG emission reduction at 137,572 tCO_2.

Principle 4 - Community Health, Safety and Security Dam and Safety

Community Health and Safety

The ESHIA rates the impacts to community safety during construction as moderate. The ESIA recommends some mitigation measures including enforcing speed limits for vehicles. A Safety Transportation Management Plan and a Traffic Management Plan have been developed as part of the CESMP. We note that these plans were fully implemented during construction. Community exposure to disease resulting from project operations is unlikely. No reports or grievances from the local community in relation to this were received during construction.

As mentioned earlier, an Emergency Preparedness and Response Plan (EPRP) has been developed for the supply, erection commissioning and operation of the wind farm. As discussed above, it is recommended that the project updating the EPRP for operational phase incorporating gaps above (CAP#5).

Security

ENERGI has a standard procedure protocol for community safety. ENERGI posted safety and warning signs informing the public of construction activities where the access road(s) enters the project area from a public road. During construction, access to the site is being monitored. During non-construction hours a security guard is patrolling the site area. These measures attempt to prevent unauthorized dumping via use of the new road. Off-road vehicle use is likely to remain unchanged from the present situation. No accidental injuries because of unauthorized public ingress have been reported. However, it is noted that there are potential safety risks associated with the local community's use of project access roads. Stakeholder engagement has been undertaken to explain the safety implications to the local village people and a traffic management plan as well as Trespass Response Procedure and Security Plan have been implemented.

During operational phase, it will not be necessary to exclude local communities or livestock from access in and around the turbines. The WTG infrastructure will be completely self-contained, and access to the tower will be via a door approximately 3 m above the ground, maintenance crews will access the tower door via stairs. Tower doors will be security locked and public access will not be possible. It is anticipated that the local communities may use the access roads, principally for motorbike traffic, routine corridor inspections will ensure that other motor vehicles are not left parked on the access road. The project CSR team will maintain engagement with the local communities concerning aspects of public access and safety. As confirmed in the updated SEDD, ENERGI need to update its Trespass Response Procedure and Security Plan to be adjusted to Operational Phase which will be part of OESMP (CAP#7), as the requirements for safety and security will be more significant during the operation phase. The revised Trespass Response Procedure and Security Plan should be completed and disclosed to the local community before commissioning in January 2018.

Principle 5 - Land Acquisition and Involuntary Resettlement

The Project Company has developed a Land Acquisition Plan and Framework (LAPF). The majority of the Project area is public land, well suited for wind farm development. Some areas are designated for Limited Production Forestry Purposes, with some Protected Forest (Hutan Lindung) areas in the northeastern part and alongside the regency border in the west and southwest. Some distributed patches of community forest (Hutan Rakyat) exist in the northwest part of the working area. The remaining are private owned parcels of land. Based on ESIA, some isolated small settlements are present near the working area, but are in the valleys, not on the ridges where wind turbines are installed.

Land and crops have been valued by an independent appraiser in August 2014. The Project Company is acquiring four times the amount of land needed for the Project to (i) increase flexibility to move the facilities, and (ii) increase the payout. A Utilization Agreement has been signed between the Project Company and the Project Affected People (PAPs) to allow multiple easements over land that is not purchased; utilization provides an annual fee based on the amount of land the PAP owned.

A Leaseback Agreement has been signed between the Project Company and the PAPs to allow PAPs to use the unused, land purchased from PAPs:

- Grant Agreements are used to acknowledge the PAP's rights to reclaim the land following the end of the project's life.
- Surface rights will be the highest priority to be signed; once surface right PAPs has been signed, a BPN survey will clarify underlying land ownership under the signed land.

As a number of certificate holders: (i) do not know where the land in their certificate is located; and (ii) have not managed the land following certification, offers to the certificate holders will be a purchase-only option. Leaseback, grant, and utilization will go towards to the surface rights users following verification of traditional historic use. The LAPF is comprehensive in regard to compensation and benefits for physically displaced person. An Entitlements Matrix has been included for land acquisition based on PAPs that will be recognized by the Project. The LAPF confirms that crop compensation is based on that area which is impacted by the Project during pre-construction activities. The value paid will refer to market research and an agriculture expert from the government will assist in the assessment of crop compensation. Cash compensation will be provided to any crops/plants/trees that have been damaged during the Project's execution.

The LAPF contains an additional table comprising treatment of vulnerable PAPs. The treatment of PAPs that will be displaced is appropriate for the nature and scale of the Project and includes logistical assistance, transportation costs and additional benefits to offset impacts to livelihoods. According to the LAPF, engagement activities have been undertaken specifically with local landowners from Jan 2014. Concerns and responses have been documented and a Grievance Mechanism has been implemented. The Project Company is undertaking regular community visits to the affected PAPs to assess their status following the purchase of their land. The land acquisition resulted from voluntary land transactions is not changing the land use of the affected communities – except in the short term during construction.

The Project has acquired private land for all components through a willing buyer-willing seller process. Strings 1 and 3 are located on land primarily owned by one large land owner. String 2 is owned variously by 33 land owners. No physical displacement was necessary for the wind turbines. The LAPF states that the Project is avoiding pressuring PAPs with eminent domain to release their land. For any rejection of land acquisition, the Project is prepared to modify its existing drawings/plans. The transportation route from the port to the site does not involved relocation or resettlement.

During Q3 2017, it is noted that ten individuals have been compensated for loss of income due to road closures as part of the Mayor's bridge road improvement works. No complaints regarding the compensation received to date. Details on the Land Acquisition Process have been provided in the LAPF which is considered as compliant to IIF S&E Principles.

Principle 6 - Biodiversity Conservation and Natural Resource Management

The predominant land use within the study area is cultivated area, shrubs and grassland. It is not anticipated that the project will have significant Marine ecology impacts, however these will be compounded by other activities in the port area. This area is considered a disturbed ecosystem and there will not be any significant loss of biodiversity values. Impacts on ecosystem services are considered in the ESIA and are assessed as negligible. No legally protected or internationally recognized areas are identified in the ESIA. Bats surveys were undertaken at three locations using mist nets during the dry season, while no surveys were conducted during the wet season; thus baseline surveys fail to address potential seasonal variations or migration routes. During the surveys conducted on site, five bird species and one bat species endemic to Sulawesi were identified. While the presence of endemic species potentially impacted by the Project, an assessment on impacted species and habitat delineation are adequately addressed in the ESIA, and requirements for monitoring and preparation of an Adaptive Management Plan have been addressed as part of loan conditions between OPIC and ENERGI. A Bird and Bat Strike Management and Monitoring Plan for Operational Phase will be developed as part of the OESMP. The Plan should be available on or before commissioning (CAP #7).

Principle 7 - Indigenous People

A baseline study has been conducted to confirm the IP existence in the project area. Baseline surveys of ethnic composition of the study area yielded the following results:

- Bugis, including Tolotang Bugis (98.04% of people in the study area) – Bugis are the dominant ethnic and linguistic group in South Sulawesi. Tolotang Bugis, who also reside in the study area, are different in the sense that they have retained their pre-Islam animistic religious beliefs and do not practice Islam.
- Makassar (0.04% of people in the study area) – these are the other dominant ethnic and linguistic group in South Sulawesi (after the Bugis) who tend to reside in the far south of the southwestern peninsular of Sulawesi, predominantly in-and-around Makassar City.

- Javanese transmigrants (1.92% of people in the study area) – the most dominant ethnic group in Indonesia, both by population and politically. This ethnic group originates in Java (AECOM, 2014).

Based on the baseline study conducted and the Section 7.4.1.1 of the ESIA confirms that none of these could be considered indigenous peoples under the definitions of IIF S&E Principle 7. The ESIA concludes that there are no IPs residing within the study area or to hold interests in lands / natural resources therein and therefore, are no IPs affected by the project.

Principle 8 - Cultural Property and Heritage

Details of a pre-construction site survey procedure that allows for specific consideration of sensitive resources, including culturally sensitive areas, is included. The Project has developed a site specific CEMP to be utilized during Project construction activities in order to mitigate risks on potential sensitive areas. A Cultural Heritage Chance Find Procedures has also developed as part of the CEMP.

An environmental & social baseline study has been conducted in November 2015 as part of ESHIA. It is stated that four (4) sites of cultural significance were noted, these being a cemetery (CH1), a worship house (CH2), and two (2) outdoor worship sites (CH3 and CH4). Three (3) of these sites (CH1, CH2 and CH3) are located within the permit area. Sites CH1 and CH2 are located some 1.5km and 2km respectively from the project infrastructure, and are therefore unlikely to be impacted by the proposed activities during either construction or operations. Site CH3 is located some 0.6 km to the east of the turbine string (between WTGs 3 and 4) which is not within the turbine or transmission line footprint so is unlikely to be impacted directly. There is potential for the amenity of the site to be impacted as a result of increased noise during the operations phase of the project, however noise modelling presented in Section 6.8 indicates that ambient noise levels in the area are only expected to rise by some 0.1-0.2 dBA during the day time, and 0.3dBA at night. As such the impact is not expected to be significant. Nonetheless, if complaints about noise are about by members of the community (during either construction of operations), then noise monitoring should be undertaken to objectively assess the issue (CAP #7). As per now, no grievances received related to Cultural Heritage. Site CH4 is located outside of the permit area, and is therefore unlikely to be impacted. Additional cultural resources include mosques and temples within the villages surrounding the project site. These are well away from the disturbance envelope, and so are unlikely to be impacted directly, however sermons or other ceremonies held at these locations may be affected by construction or operations-phase noise. As with potential noise impacts to site CH3, the potential likelihood of this occurring is low, however noise monitoring at these sites is to be conducted if community complaints are received, and action taken accordingly if noise has to be mitigated as part of CAP#7. In conclusion, even though there are a number of items of cultural significance in the surrounding communities. It is not anticipated that the project will disturb or interact with any known items of cultural significance.

Part of the worker induction for the construction and operational workforces will be identification of items and locations of cultural significance and instruction on the appropriate levels of respect that will need to be followed. The project will put in place chance find procedures should earthworks, clearing or excavation unearth or expose any items of cultural significance. Workers will be given training in

identifying any items that would trigger the chance find procedures, which will involve liaison with local community elders and appropriately qualified personnel in the event that items are identified.

However, it is noted that during construction, there was one stone of interest near the concrete batching plant that was suspected to be a tombstone, hence it was preserved. There was no confirmation received from the local authorities as to whether it was indeed a cultural artefact. Consultation related Cultural and Property Heritage with affected community has been covered in one of the earlier socialization activities with the local community where attendees did not confirm the presence of cultural heritage sites or objects within the project footprint.

Conclusion

In general, the project and the sponsor have developed adequate mitigation measures such as SEMS and project's specific Procedures based on comprehensive risk & impacts identification process including developing the baseline study. In our opinion that the project and the sponsor has sufficient capacity and knowledge to implement its management system, even though we noted that this need to be formalize as the project is approaching operational phase. Issues on noise, shadow flicker as well as birds & bats are also highlighted during this assessment. Grievance Mechanism is observed well implemented both for community and workers. No issues found on this. Land Acquisition process has been verified during ESIA study and considered as complied with the IIF's S&E Principles. Based on ESIA, there are three local ethnics groups identified in the Project Area where none of them considered as IP. The ESIA also confirms that no cultural property and heritage found to be significant impacted by the project and is mitigated well, even though, it is noted that during construction the project preserved one stone. Additionally, the project has prepared Cultural Heritage Chance Find Procedure and trainings on the procedure have been conducted to the workers on site.

Based on our assessment on the available documents (Updated SEDD – November 2017, ESHIA – June 2016, Amdal Addendum – September 2016, Due Diligence – November 2016, Quarterly Construction Monitoring Reports 1 – 5, ENERGI ESMS – March 2016), as well as site visit and interviews, gaps are found. The risk level of each gap presented below:

Gaps/CAPs	Risk Level/Priority
CAP #1 Disclosure of Project's S&E Document	High
CAP #2 Renewal of Borrow-to-use permit	High
CAP #3 Organizational Chart for Operational Phase	Moderate
CAP #4 Training Plan for Operational Phase	Moderate
CAP #5 Updated EPRP for Operational Phase	Low
CAP #6 Addressed Workers Rights of Freedom of Association	Low
CAP #7 Finalization of Operational Environmental & Social Management Plan (OESMP) which must include: • Noise Monitoring Plan • Shadow Flicker Management Plan	Moderate

- Updated Trespass Response Procedure
- Birds & Bats Strike Management & Monitoring Plan

Based on gaps found, we developed a Corrective Action Plan as presented in the next section.

Corrective Action Plan: as attached

Social and Environmental Covenant: The proposed CAP shall be covenanted.

Attachment 1:

CORRECTIVE ACTION PLAN (CAP)

PT. Energi Gratis

No	Issue	Action Plan	Parameter	Timeline
1	As per IIF' Environmental & Social Action Plan (ESAP) with WB and IFC, project's ESIAs, ESMPs, RAPs (whichever is applicable) are disclosed on the IIF's or the client's website or other venues for new projects going forward prior to or at the same date with the financial close of the sub-projects (or the signing of the loan agreement).	To provide consent letter to disclose S&E documents and to provide additional S&E documents to be uploaded in either IIF and/or Client's Website	a. Consent Letter to disclose Client's S&E Documents b. Copy of original Amdal c. Copy of ESIA Document	Condition Precedent for signing
2	The forest land borrow-to-use permit was issued on 20 September 2016 and expired on 20 September 2017. ENERGI is currently in the process of renewing this permit for the next 30 years.	To obtain the renewal of Borrow-to-use permit	Copy of renewal Borrow-to-use permit	Condition Precedent for signing
3	Currently, The organizational chart for the O&M phase of the Project is in progress.	To finalize the Organizational Chart for Operational Phase which includes S&E function	Organizational Chart for Operational Phase which includes S&E function which is acceptable to IIF S&E Requirements.	One month after signing or prior commissioning date whichever earlier.
4	Training Plan specific for O&M related to S&E aspects are still being developed.	To finalize the Training Plan for Operational Phase which includes S&E aspects	Training Plan for Operational Phase which includes S&E aspects which is acceptable to IIF S&E Requirements.	One month after signing or prior commissioning date whichever earlier.
5	An Emergency Preparedness and Response Plan (EPRP) has been developed for the supply, erection commissioning and operation of the wind farm. Gaps especially for operational phase are found.	To revise/update the EPRP, tailored to the Operational Phase	Revised/Updated EPRP must include: • Updated escape routes and muster points locations for operational phase • Procedures for informing the public and emergency response agencies.	One month after signing or prior the commissioning date whichever earlier.

No	Issue	Action Plan	Parameter	Timeline
			• A procedure for reviewing and updating the emergency response plan to reflect changes, and ensuring that employees are informed of such changes, • Procedures for using, inspecting, testing, and maintaining the emergency response equipment • Communication with local authorities is considered. • Emergency contacts are included. • Frequency of emergency drills is specified	
6	The Project Company has Employee Handbook but it has not captured workers' right of freedom of association.	To address right for workers to organize association	HR Policy stated project's company respect the workers, right of freedom of association.	Two months after signing or prior commissioning date whichever earlier.
7	The OESMP Operation Environment & Social Management Plan of the project is still in the process. Some key issues identified must be addressed in the final document.	To finalize OESMP	Final OESMP which includes plans/procedures: • Noise Monitoring Plan • Shadow Flicker Management Plan • Updated Trespass Response Procedure • Birds & Bats Strike Management & Monitoring Plan With the quality acceptable to IIF S&E requirements	One month after signing or prior commissioning date whichever earlier.

Regular Reporting Requirements (part of CAP)

No	Report	Semester	Annually
1	The Project's SEMS self-assessment and improvement	☒	☐
2	Environmental Permit Implementation Report, including Amdal Addendum RKL/RPL implementation reports	☒	☐
3	Annual Environmental and Social Safeguard Monitoring Report (including HSE and social training implementation, logbook of grievance and stakeholder engagement/communication; emergency response drill, CSR, GHG calculation, biodiversity action	☐	☒

No	Report	Semester	Annually
	implementation, noise monitoring, shadow flicker monitoring, birds & bats monitoring and etc.)		
4	Any S&E related reports from third party to OPIC	Anytime when available	
5	If fatality accident happens, the Company must notify IIF in 1x24 hours	Anytime fatality happened	

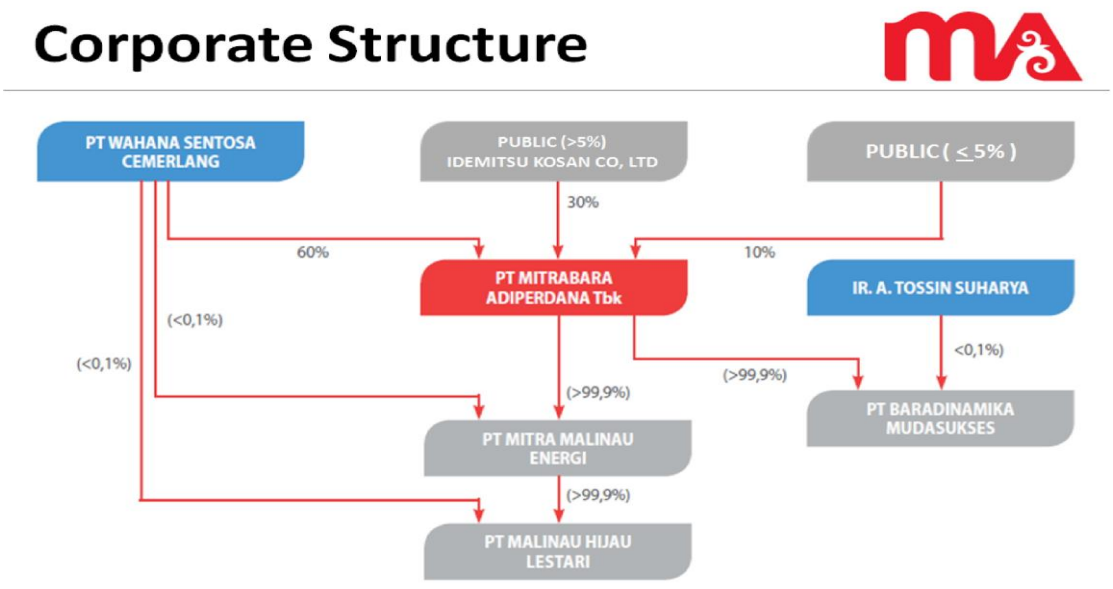
Approved by: Irdez Azhar VP Social & Environment

Part VI - Attachment

A. Group Structure

Part III Attachments

III.1 Organization Chart



III.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 Pertalite development and was subsequently sold to Sun Edison for $2.4Bn in Jan 2015. In 2006 Bern formed ENERGI Pertalite which developed almost 200MW of roof-top and ground based Pertalite project in the USA and Canada. Also in 2006 Bern formed new wind and Pertalite 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

III.3 Facility Sheet

Please fill in the information below as much as possible. If not applicable, please state N/A.

Client no.	E/ N*	Fac. No.	Client or group of clients exposure limit/ Facility type	Currency	Amount (USD mn)	Outstanding Exposure As on 30/09/17	Pricing (bps)**	Maturity (dd/mm/yy)
			Submitting entity					
1	N	1	Overseas Private Investment Corporation ("Lender") of PT Energi Gratis ("PTEG")	USD	20,000,000	-	2.7% p.a for guarantee fee. USD LIBOR + 3.75% + 2.00% if the IGF is drawn	16.5 years from the first drawdown

** E(xisting) / N(ew) / C(ancelled) / P(repaid)*

*** Pricing (bps) and distribution of pricing (bps)*

Facility No.	Repayment schedules	Curr.	Amount	Remarks

Collateral, Support, Covenants, Other conditions, Pricing grid	Facility No.	Description
Collateral	1	1. A valid, first priority, perfected security interest in all of the Borrower's assets; 2. A valid, first priority, perfected security interest in all of the Borrower's rights under the Project Documents and all consents, licenses and permits; 3. Land Mortgage Agreement;

		4. A pledge of all shares (We may need to have a carve out for the shares of SunEd due to their financially distressed situation. However, measures would be put in place to ensure lenders can enforce the security); 5. A pledge of all subordinated debt from the Shareholders, if applicable; 6. A valid, first priority, perfected security interest in all offshore and onshore accounts of the Borrower and all funds and investments therein; 7. An assignment of all insurance policies and proceeds; 8. Direct Agreement with counterparties to WTG Contracts, Civil Balance Of Plant (CBOP) Contract and Electrical Balance Of Plant (EBOP) Contract; and 9. STP consent letter.

III.4 Summary of Terms and Conditions

Guarantee Facility Main Terms	
Type of Facility	Committed Guarantee Facility ("GF")
Facility Summary	• OPIC will provide a USD 120 million loan ("**TLF Amount**") to fund the design, construction and commissioning of the Project • SMBC will provide to OPIC a credit guarantee for an amount equal to lower of USD 40 million and 33.33% of the TLF (and associated interest) IIF to participate in the deal by taking over a USD 20 million guarantee portion of SMBC exceeding the guarantee cover to include Political Risk Events ("**IGF**")
Facility Purpose	To provide commercial guarantee to OPIC's Term Loan Facility
Facility Amount	USD 40 mn (and associated interest) * IIF to take over USD 20mn of facility amount that initially SMBC holds. ("**IIF Guaranteed Portion**")
IIF Guaranteed Portion	USD 20 million of the guarantee portion
Parties	OPIC ("**Lender**" or "**Beneficiary**"), SMBC and IIF ("**Guarantor**")
Tenor	16.5 years from the date of first drawdown date (i.e. 3 February 2017)
Guarantee Fee for IGF	2.85% p.a. for the guaranteed portion Note: Interest rate on the IGF will be 6M LIBOR (USD) + 3.75% + 2.00% if the IGF is drawn
Tenor of the GF	This Guarantee Agreement shall take effect on the date hereof and shall remain in effect until the latest of: a) such time as the Guarantor is no longer subject to a claim under the Guarantee Agreement; b) such time as all amounts payable under the Guaranteed Obligations have been irrevocably paid in full and the Guaranteed Obligations shall have been cancelled; and c) c) the date on which this Guarantee Agreement has been terminated
Guaranteed Obligations For IIF Guaranteed Portion	The outstanding principal amount together with interest on such principal amounts accrued under the TLF extended by OPIC but excluding any:; a) amounts due as a result of any voluntary prepayment or of any mandatory prepayment; b) additional amounts as may be attributable to penalties, fees or default interest rates, amounts in respect of indemnification, costs, expenses or any other additional amounts payable by reason of a default or similar events; c) additional amounts as may be attributable to any increased cost of funds or of capital in connection with funding or committing to fund any Guaranteed Obligations; and d) shortfall attributable to the liability of the Borrower or any other person for withholding or other taxes including interest and penalties in respect of such liability

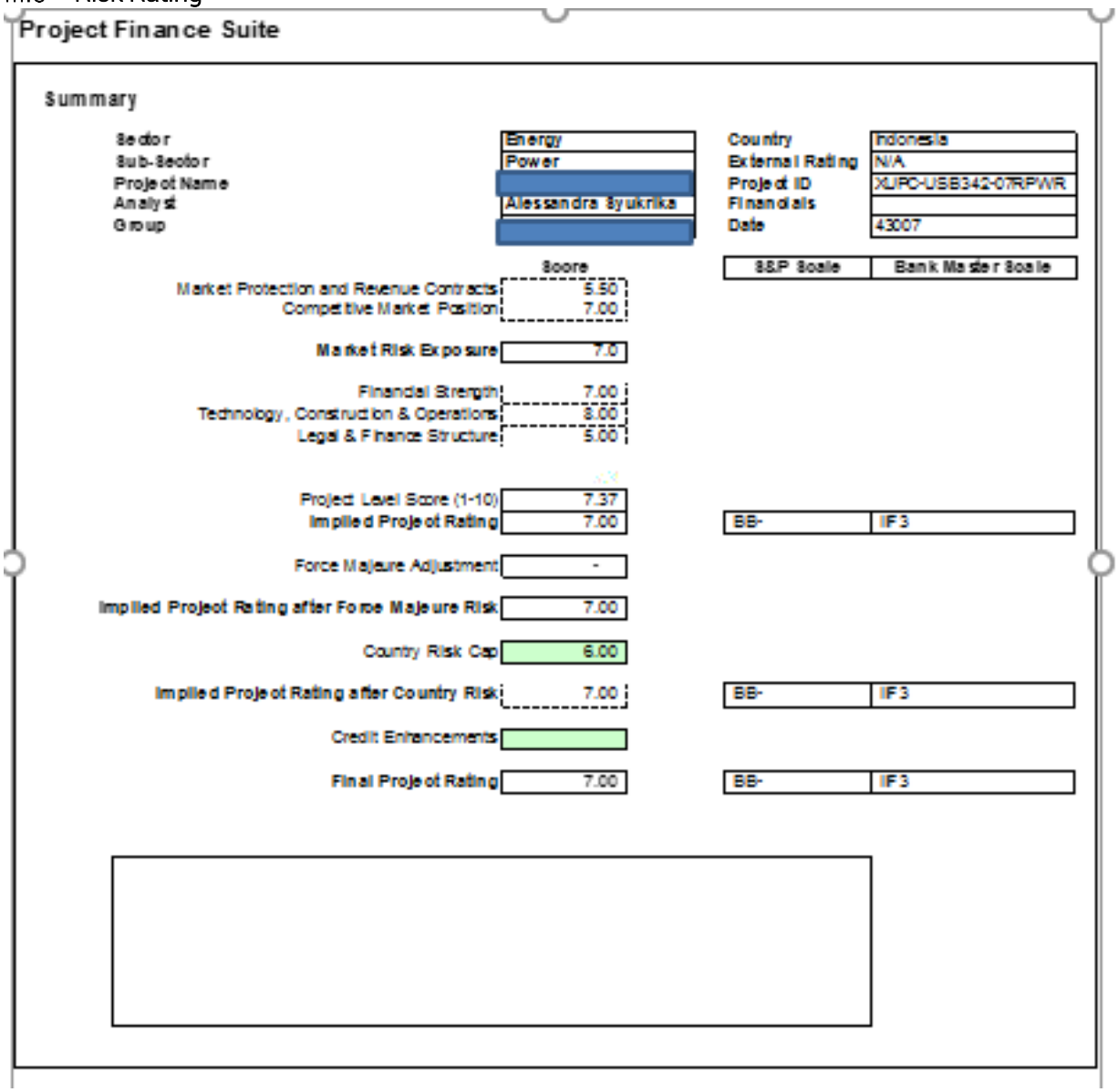
	(each non-payment less any amounts described in (a) through (d), an "**Eligible Amount**")
Political Risk Event ("**PRE**")	1. Breach by STP of any of its obligations which results in non-payment under the PPA; 2. Expropriation Events: means any action or series of actions (individually or in aggregate) of the Government of Indonesia (or any Indonesian national, municipal or regional governmental agency or instrumentality) for the requisition, confiscation, condemnation, expropriation, nationalization, seizure or other taking, without adequate compensation, of: • all or a substantial part of the Project, which prevents the construction or operation of the Project substantially in accordance with the PPA; • any equity interests in the Borrower, which deprives the sponsors or shareholders of ownership or control of all or a substantial part of the Project; or • effective control of all or a substantial part of the Project, which prevents the construction or operation of the Project 3. Political Violence Events: means any violent action in the nature of war (declared or undeclared), revolt, insurrection, civil disturbance, blockade, sabotage or terrorism, in each case to the extent such event is politically motivated, occurs in Indonesia, and directly or proximately: • causes the cessation of and renders it impossible to resume all or a part of the construction or operation of the Project; or • causes damage to the Project to the extent that it would be impossible to resume the construction of, or generation and distribution of electricity from the Project, it being agreed that for purposes of this definition, "impossible" shall mean that the construction of, or generation and distribution of electricity from, the Project by any person is either objectively impossible or involves extreme and unreasonable difficulty, expense, injury, loss or risk of physical harm to the person charged with such construction or operation or to such person's employees 4. Transferability and Inconvertibility Events: means any action or inaction by the Government of Indonesia (or any Indonesian national, municipal or regional governmental agency or instrumentality) that: • suspends, terminates or materially and adversely limits the right of the Borrower to maintain any of the offshore project accounts held outside of Indonesia; • or renders the Borrower unable to legally convert IDR held by it to make any payment in USD to the Beneficiary or any other party in connection with the Loan through any customary legal channels or to transfer Dollars outside Indonesia to make when due any payment to the Beneficiary in Dollars in accordance with the terms of the Loan Agreement
Amortisation Profile of GF	▪ GF would amortise with the same profile as the OPIC loan.

	▪ If during any period there is a default on the OPIC Loan due to any events excluded under Guarantee Obligation, then the GF cannot be requested. That unpaid portion of the OPIC Loan would not benefit from Guarantor's Guaranteed Obligations thereafter.
Voting Right	Guarantor will have 100% voting rights on following: a) changing the amount, rate, timing, method, application or currency of any payment of the Covered Tranche of the Loan; b) extending the commitment period; c) material modification of the Security Documents; d) releasing of any material collateral from liens under any Security Document; e) increasing the obligations of Guarantor under any Financing Document; f) termination by the Borrower of the CBOP Contract, the EBOP Contract, the PPA or the O&M <u>Consultation on:</u> a) determination, waiver or enforcement of an Event of Default; b) acceleration of the Loan or enforcement of rights under the Security Documents; and c) waiving or amending any covenant in the Loan Agreement that is not specifically referred above; and OPIC shall be entitled to take all other actions related to the TLF and not expressly contemplated above in its sole discretion
Termination of Guarantee	▪ The Guarantor may at the Guarantor's election exercised in its complete discretion to terminate this Guarantee Agreement in full, upon written notice to the Beneficiary, at any time upon the Beneficiary's assignment or transfer of all or any part of the Guaranteed Obligations to an entity other than a successor to the Beneficiary. ▪ If, in any applicable jurisdiction, it becomes illegal under any Applicable Law for the Guarantor to perform any of its obligations as contemplated by this Guarantee Agreement or the Offshore Guarantor to perform any of its obligations as contemplated by the Offshore Guarantee or it becomes illegal under any Applicable Law for any Affiliate of either such Person for that Person to do so: o that Person shall promptly notify the Borrower and the Beneficiary upon becoming aware of that event; and o upon that Person notifying the Borrower and the Beneficiary, this Guarantee Agreement and the Offshore Guarantee will be terminated on the date falling on the earlier of (A) the date falling ten (10) Business Days after the Payment Date immediately following such notice and (B) the last day of any applicable grace period allowed by law in relation to such illegality. ▪ The Guarantor may at the Guarantor's election exercised in its complete discretion terminate this Guarantee Agreement in full, upon written notice to the Beneficiary, at any time on and after the Borrower's failure to pay the Commercial Bank Risk Premium:

	○ on three (3) consecutive Payment Dates if each such non-payment is the result of a Political Risk Event; or ○ on five (5) consecutive Payment Dates without regard to the reason for any such non-payment. ▪ This Guarantee Agreement may be terminated at any time by the mutual written agreement of the parties hereto.
Termination of Guarantee	• The Guarantor may in its complete discretion terminate this Guarantee Agreement in full, at any time upon the OPIC's assignment or transfer of the Guaranteed Obligations • Any time by the mutual written agreement of the parties hereto • OPIC shall have the right to terminate the Guarantee Agreement at any time in its sole discretion
Terms if the IGF is drawn	If the IGF is drawn: • Guarantor would become a direct lender to the Project • The interest on the Guarantor's Loan would be 6M LIBOR + 3.75% + 2.00% • The Guarantor's Loan (together with any OPIC Loan that was unpaid) would be repaid on a cash sweep basis after the scheduled amortization [will be updated after G&R due diligence is available] • Guarantor would share in the security on a *pari passu* basis
Dispute Resolution	• Any controversy or claim arising out of or relating to this Guarantee Agreement, or the breach hereof, which cannot be resolved by the parties within thirty (30) days shall be settled by arbitration • Any wards issued by the arbitral tribunal shall be final and binding • Arbitration seat would be in Singapore
Governing Law	State of New York, United States of America

C. Risk rating

III.5 Risk Rating



D. KYC Checklists

III.6 KYC Checklist

Legal and General Information		
Name of Institution	:	PT Energi Gratis
Legal Domicile	:	Karet Kuningan No. 15
Company Address (if different than above)	:	-
Phone	:	
Fax	:	

Email	:					
Taxpayer ID *)	:					
Company Type (refer to AoA)	:	State-owned enterprise	Local Investment	Joint venture	Foreign Investment	Others
		☐	X	☐	☐	
Business License Number	:					
Corporate Registration Number	:	09.03.1.35.85603			Expiration Date of Registration Number: 2August 2018	
Letter of Domicile Number	:				Expiration Date Letter of Domicile:	
Current Line of Business	:	Transportation				☐
		Oil and Gas				☐
		Electricity				X
		Construction				☐
		Water				☐
		Other, please specify				☐
Business Activities (refer to Aoa)	:	Integrated electric power generation, which includes activities as follows: A. Power plant activities B. Operating power plant facility which produced electricity C. Operating transmission/distribution system or electricity supply activity D. Clean development mechanism activities				
Eligible Activities (refer to Annex A: Exclusion List)	:	☐Yes			☐No	
Company Status		☐Established Company			X Special Purpose Vehicle/Project Company	
If Established Company:						
Net Assets	:					
Annual Operating Profit	:					
Annual Gross Income	:					
House Banks	:					
If SPV/Project Company:						
Paid in Capital	:	IDR 50,000,000				
House Banks	:	-				
Source of Equity *)	:	Injection from Shareholders				X
		Bank Loan				☐
		Mezzanine				☐
		Investment Result				☐
		Internal Profit				☐
		Others, please specify				☐

Article of Association

Number of deed of establishment *)	:	Notarial Deed No. 71 from Notary Mala Mukti, S.H., LLM
Date *)	:	25 February 2013
Country of incorporation *)	:	Indonesia
Authorized Capital *)	:	IDR 274,942,000,000
Paid up Capital *)	:	IDR 274,942,000,000

Shareholding Structure

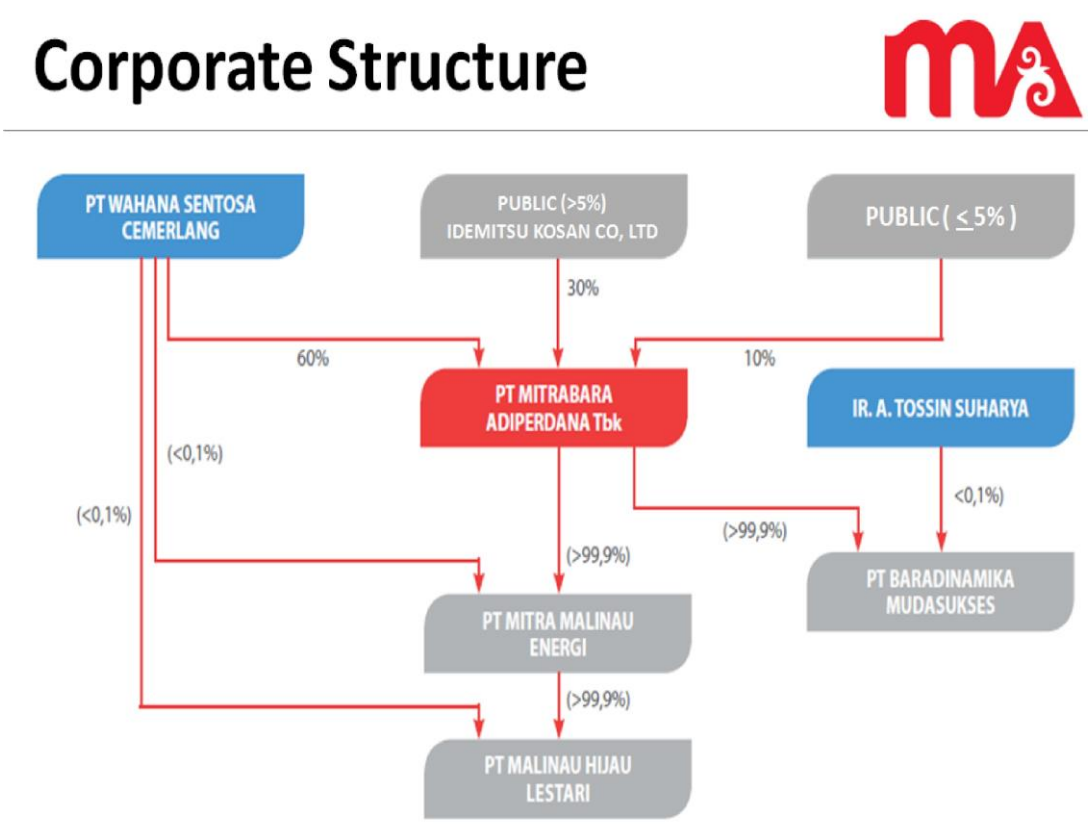
Name	ID Card Number/ Article of Association *)	Ownership (Percentage)	Nationality	
			WNI	WNA
Wind Renewables III Ltd		72.34%	☐	X
Energi Gratis (HK) Limited		21.41%	☐	X
PT Bimanusa Energi	Deed No. 38 made by notary Siti Pertiwi Henny Singgih, SH dated 19 November 2012	5%	X	☐
SunBathB.V.		1.25%	☐	X

DIRECTORS AND COMMISIONERS UNDER ARTICLES OF ASSOCIATION

Name	Position	ID Card Number/ KITAS	Expiration Date	Nationality	
				WNI	WNA
Mr. Bern Kugene Muffine	President Director	453436822	6 Apr 2019	☐	X
Mr. Ir. Armedi Jahja	Director	3174060402460002		X	☐
Mr. Ignatius Krisnawan	Director	EB9489200		☐	X
Mr. Miketheson	Director	N6562267		☐	X
Mr. Maroon Five	Director	468478640		☐	X

Mr. Andrew Jonathan	President Commissioner	517967673		☐	X
Mr. Patrik Caffein	Commissioner	G5X9011		☐	X

Corporate Structure

Please depict structure of ownership of the company, include the ultimate beneficiary owners if possible


Please specify the ultimate shareholder and beneficial owner (if any) and mention the source including anecdotal source	
Ultimate Shareholders	Beneficial owner
	Bern Kugene Muffine

Media Check (please print and attach supporting documents)

This section could include the following items, but not limited to: 1. History and business scope of the company 2. Reputation and track record of its directors, executives or other key principals 3. Networks, political links, existence of criminal links 4. Alternative business interests of the company's key principals 5. Past credit history 6. Any criminal records/ pending court decision on directors, executives, or key principals (shareholders)
PT Energi Gratis (the "Project Company") is majorly owned by Wind Renewables III Ltd with 73.34% ownership, Energi Gratis Ltd by 21.41%, PT Bimanusa Energi by 5%, and SunBathBV by 1.25%. ENERGI Group focuses on developing renewable energy especially wind and Pertalite energy around the world. Bern Kugene Muffine is the ultimate owner of the Project Company. He also acts as Director of the Project Company. Mr. Muffine founded the businesses under ENERGI Group has constructed over 2,000 MW of wind projects. Based on the KYC Checking, it can be confirmed that names of the Company and the key principals of the Project Company are not listed in the Compliance Watch List. From the checking, it was found that Bern Muffine was reported to have ties to Oreste Vigorito, head of IVPC Energy Company, who was accused of conspiracy to commit fraud by illicitly receiving public funds for the construction of wind farms in 2009 (Reference: http://www.cfact.org/2009/11/15/gone-with-the-wind-arrests-for-massive-fraud-in-italy/). The ties between the two was Mr. Vigorito once owned IVPC with Bern Muffine, founder of Cape Wind and First Wind. However, we note that Mr. Muffine sold his interest in Cape Wind in 2002 and sold his interest in IVPC in 2005. Mr. Vigorito has never had any involvement in Cape Wind. (Reference: https://www.environmentalleader.com/2009/11/mafia-tied-to-wind-fraud-in-italy/).
Reference Check (please obtain the reference in writing or by email) 1. Reference from the house banks and other potential lenders 2. Reference from industrial associations and other
(n.a.)

Others

1.	Does / Has / Is any of the director(s) / shareholder(s) currently hold / will hold / previously held / actively seeking for a position / being considered		

	for a prominent public position ("Politically Exposed Person" or "PEP") or High Risk Customer[1]? If yes, please state the title/position/duties of the PEP, whether this is a current or former position, name of the governmental institution, and years of service.	Yes	No
2.	Does / Has / Is any of the immediate family member(s) / close associate(s) of the director(s) / shareholder(s) currently / will hold / previously held / actively seeking for a position / being considered for a prominent public position ("Politically Exposed Person")? If yes, please state the title/position/duties of the PEP, whether this is a current or former position, name of the governmental institution, years of service, and the (family) relationship with the director(s) / shareholder(s).	Yes	No
3.	Are the name of the company and related persons recorded in the list of terrorists maintained by Indonesian National Police[2] and United Nations Security Council resolution[3]? (Note: The related persons include the directors, partners, shareholders having ownership ≥ 25%, power of attorney, commissioner)	Yes	No
4.	Are the name of the company and related persons recorded in the OFAC Sanctions List[4]?	Yes	No
5.	Does the company have business that is classified a High Risk Business[5]?	Yes	No
6.	Does the company have an existing investment/business overseas? (If any, please specify) Is it located in High Risk Countries[6]?	Yes	No
7.	Does the company, director(s) or company's authorized person(s) have any relationship with the shareholder(s)/Commissioner(s)/ Director(s)/Employee(s) of PT Indonesia Infrastructure Finance? (If any, please specify)	Yes	No
8.	Is the company, director(s) or the company's authorized person(s) part of management or controlling shareholder (≥ 35%) on one of the Public Company?	Yes	No
9.	Does the company currently hold 5% or more share ownership in any of a		

[1] Please refer to http://jdih.ppatk.go.id/wp-content/uploads/2015/03/PERKA-No.-2-Tahun-2015-ttg-Kategori-Pengguna-Jasa-Yang-Berpotensi-Melakukan-TPPU_.pdf
[2] Please refer to http://www.ppatk.go.id/pages/view/122?reloaded=yes
[3] Please refer to http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml
[4] Please refer to http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx
[5] Please refer to http://jdih.ppatk.go.id/wp-content/uploads/2015/03/PERKA-No.-2-Tahun-2015-ttg-Kategori-Pengguna-Jasa-Yang-Berpotensi-Melakukan-TPPU_.pdf
[6] Please refer to http://jdih.ppatk.go.id/wp-content/uploads/2015/03/PERKA-No.-2-Tahun-2015-ttg-Kategori-Pengguna-Jasa-Yang-Berpotensi-Melakukan-TPPU_.pdf

	publicly listed company?	☒Yes	X No

E. Other Banks Facilities / Summary of Pefindo report

Ijin Ijin Perusahaan & Kontrak

Ijin-ijin Usaha Perusahaan

1. Nomor Pokok Wajib Pajak (NPWP) No. 02.419.564.6-063.000 terdaftar tanggal 2 Juni 2008.

2. Surat keterangan Terdaftar No. PEM-00604/WPJ.07/KP.0903/2006 tanggal 1 Juli 2008, yang dikeluarkan oleh Pj. Kepala Seksi Pelayanan a.n. Kepala Kantor Pelayanan Pajak Pratama Jakarta Setiabudi Tiga.

3. Surat Pengukuhan Pengusaha Kena Pajak No. PEM-02332/WPJ.04/KP.1203/2008 tanggal 16 Juli 2008, yang dikeluarkan oleh Kepala Seksi Pelayanan a.n. Kepala Kantor Pelayanan Pajak Pratama Jakarta Setiabudi Tiga.

4. Tanda Daftar Perusahaan ("TDP") No. 09.03.1.52.50649 tanggal 9 Nopember 2016, yang dikeluarkan oleh Kepala Kantor Pelayanan Terpadu Satu Pintu Kota Administrasi Jakarta Selatan selaku Kepala Kantor Pendaftaran Perusahaan, dan berlaku sampai dengan tanggal 15 September 2021.

5. Surat Keterangan No. 1333/27.1BU.1/31.74.02.1008/-071.562/e/2016 tanggal 23 Desember 2016, tentang Keterangan Domisili Perusahaan a.n. PT ABC Toll Road, yang dikeluarkan oleh Kepala Satuan Pelaksana PTSP Kelurahan Kuningan Timur, dan berlaku sampai dengan tanggal 23 Desember 2021.

6. Keputusan Gubernur Jawa Tengah No. 660.1/21/2010 tanggal 8 Spetember 2010, tentang Persertujuan Kelayakan Lingkungan Hidup Rencana Pembangunan Jalan Tol Ruas Pemalang – Batang di Kabupaten Malang, Kabupaten Pekalongan, Kota Pekalongan dan Kabupaten Batang, Propinsi Jawa Tengah, PT ABC Toll Road selaku Pemrakarsa dan/atazu Penanggungjawab Kegiatan, yang ditetapkan oleh Gubernur Jawa Tengah.

7. Izin Prinsip Penenaman Modal Dalam Negeri No. 81/1/IP/PMDN/2017 tanggal 9 Pebruari 2017, a.n. PT ABC Toll Road, yang dikeluarkan oleh Deputi Pelaksanaan Penanaman Modal a.n. Kepala Koordinasi Penanaman Modal Republik Indonesia.

8. Bentuk Kerjasama Jalan Tol. Pengelolaan jalan tol di Indonesia pada umumnya merupakan Kemitraan Pemerintah Swasta (KPS) atau disebut juga Public Private Partnership (PPP). PPP adalah bentuk perjanjian jangka panjang (biasanya lebih dari 20 tahun) antara pemerintah, baik pusat ataupun daerah dengan mitra swasta. Kerjasama pada proyek pembangunan jalan tol Pemalang – Batang ini merupakan salah satu bentuk Kemitraan Pemerintah Swasta dengan sistem kerjasama Built Operate Transfer (BOT). Dalam sistem BOT ini pembangunan dan pengoperasian jalan tol dilakukan oleh PT ABC Toll Road dan setelah masa konsesi berakhir akan diserahkan kepada Pemerintah. Masa konsesi penyelenggaraan tol Pemalang – Batang pada awalnya adalah 45 tahun namun berdsarkan Berita Acara Evaluasi Perubahan Rencana Usaha Pengusahaan Jalan Tol Ruas Pemalang – Batang Nomor 220.1/BA/Pt/2017 tanggal 13 Desember 2017, masa konsesi menjadi 40 tahun sejak Surat Perintah Mulai Kerja (SPMK) dari BPJT yaitu tanggal 24 Januari 2017. Kerjasama pengelolaan jalan tol dilakukan berdasarkan Perjanjian Pengusahaan Jalan Tol (PPJT) antara PT ABC Toll Road sebagai Badan Usaha Jalan Tol (BUJT) dengan Badan Pengatur Jalan tol (BPJT) selaku lembaga pemerintah yang berwenang melaksanakan penyelenggaraan jalan tol. Perjanjian Pengusahaan Jalan Tol (PPJT) dituangkan dalam akta perjanjian dan Berita Acara (BA), diantaranya sebagai berikut:

- Akta Perjanjian Pengusahaan Jalan Tol No. 03 tanggal 7 Juli 2011, yang dibuat dihadapan Rina Utami Djauhari, S.H., Notaris di Jakarta, antara Badan Pengatur Jalan Tol (BPJT) Kementerian Pekerjaan Umum Republik Indonesia dengan PT. ABC Toll Road.

- Berita Acara No. BA.396/BPJT/KE/HK.02.03/2011 tanggal 13 Juni 2011, antara Badan Pengatur Jalan Tol (BPJT) dan PT ABC Toll Road.

- Berita Acara Evaluasi Perubahan Rencana Usaha Pengusahaan jalan Tol Pemalang – Batang No. 220.1/BA/Pt/2017 tanggal 13 Desember 2017, antara Badan Pengatur Jalan Tol (BPJT) dan PT ABC Toll Road.

- Berita Acara Perubahan Rencana Usaha Pengusahaan jalan Tol Pemalang – Batang No. 2231/BA/Pt/2017 tanggal 14 Desember 2017, antara Badan Pengatur Jalan Tol (BPJT) dan PT ABC Toll Road.

Kontrak

- Kontrak Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket I Paket Pekerjaan Struktur : STA 330+000 – STA 369+196 No. 01/SPPJP/ABC/2016 tanggal 31 Maret 2016, antara PT ABC Toll Road dengan PT DEF (Persero) Tbk.

- Kontrak Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket II AT Grade : STA 330+000 – STA 336+500 No. 02/SPPJP/ABC/2016 tanggal 31 Maret 2016, antara PT ABC Toll Road dengan PT DEF (Persero) Tbk.

- Kontrak Addendum III Pengadaan Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket III At Grade : STA 330+000 – STA 336+500, No. 02.3/ADD3/SPPJK/ABC/ 2018 tanggal 5 januari 2018, antara PT ABC Toll Road ("Pihak Pertama") dengan PT DEF (Persero) Tbk. ("Pihak Kedua").

- Kontrak Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket IV Grade : STA 359+660 – STA 369+196 No. 04/SPPJP/ABC/2016 tanggal 31 Maret 2016, antara PT ABC Toll Road dengan PT DEF (Persero) Tbk.

- Kontrak Addendum III Pengadaan Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket III At Grade : STA 359+660 – STA 369+196, No. 01.3/ADD3/SPPJK/ABC/2017 tanggal 5 januari 2018, antara PT ABC Toll Road ("Pihak Pertama") dengan PT DEF (Persero) Tbk. ("Pihak Kedua").

- Addendum III Kontrak Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket IV Grade : STA 359+660 – STA 369+196, No. 04.3/ADD3/SPPJK/ABC/ 2018 tanggal 5 Januari 2018, antara PT ABC Toll Road dengan PT DEF (Persero) Tbk.

- Kontrak Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket 3 : STA. +336+500 – STA. 359+660 No. /SPPJK/ABC/2016 tanggal 31 Maret 2016, antara PT ABC Toll Road dengan PT Sumber Mitra Jaya.

- Kontrak Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket III AT Grade : STA 336+500 – STA 359+660 No. 03.1/AMD1/SPJK/ABC/2016 tanggal 31 Maret 2016, antara PT ABC Toll Road dengan PT Sumber Mitra Jaya.

- Kontrak Jasa Konsultasi Review Rencana Teknik Akhir dan Pendapingan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang No. 07/SPPJK/ABC/2016 tanggal 8 Agustus 2016, antara PT ABC Toll Road dengan PT Perentjana Djaja.

- Kontrak Jasa Konsultasi Pengawasan Teknik Pekerjaan Pembangunan jalan Tol Pemalang – Batang No. 05/SPPJK/ABC/2016 tanggal 12 Juli 2016, antara PT ABC Toll Road dengan PT Jakarta Rencana Selaras.

- Kontrak Addendum III Pengadaan Jasa Pemborongan Pekerjaan Pembangunan Jalan Tol Pemalang – Batang Paket III At Grade : STA 337+550 – STA 359+660, No. 03.3/ADD3/SPPJK/ABC/ 2017 tanggal 4 Desember 2017, antara PT ABC Toll Road ("Pihak Pertama") dengan PT DEF (Persero) Tbk. ("Pihak Kedua").

- Perjanjian Pinjaman Fasilitas Pemegang Saham antara PT XYZ ("Pihak Pertama") dan PT ABC Toll Road ("Pihak Kedua"), bahwa Pihak Pertama dengan ini menyanggupi menyediakan fasilitas pinjaman kepada Pihak Kedua yang khusus digunakan untuk keperluan dana talangan tanah Ruas Pemalang – Batang sampai dengan jumlah maksimal sebesar Rp. 1.300.000.000.000 (satu trilliun tiga ratus milyar) (selanjutnya disebut "Pinjaman"), perjanjian ini berlaku efektif sejak tanggal ditandatanganinya Perjanjian sampai dengan selambat-lambatnya dilunasinya semua Jumlah Terhutang oleh Pihak Kedua kepada Pihak Pertama (selanjutnya disebut jangka waktu pinjaman, dan jangka waktu perjanjian dapat diperpanjang berdasarkan kesepakatan tertulis para pihak.

- Addendum Kesatu Nota Kesepahaman No. MOU-47/LMAN/2017.30/HK.02.03/BPJT/ 2017 dan 02/MOU/ABC/2017 tanggal 18 Desember 2017, antara Badan Layanan Umum Lembaga Manajemen Aset Negara Kementerian Keuangan Republik Indonesia dan Badan Pengatur Jalan Tol Kementerian Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia dan PT ABC Toll Road, No. MOU-123/LMAN/2017, No. 63/HK/02.03/BPJT/2017, No. 02/MOU/ABC/2017 tentang Pembayaran Dana Pengadaan Tanah Ruas Jalan Tol Pemalang – Batang yang telah dibayarkan terlebih dahulu oleh Badan Usaha dengan alokasi dana Tahun Anggaran 2017, tentang perubahan pasal 5 sehingga berbunyi Pengembalian Dana Ganti Kerugioan Pengadaan Tanah Yang Dibayarkan Terlebih Dahulu oleh Pihak Ketiga dan Besaran Biaya Dana (*Cost of Fund*), dan ketentuan Pasal 7 tentang Jangka Waktu.

F. Industry Analysis

III.7 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
Total	6,961	7,956	9,038	9,714	10,244	11,680

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 Jeneponto. 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 Jeneponto 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 dua

H. S&E Due Diligence

Attachment	Description

-	S&E Due Diligence

I. Other Reports

Attachment	Description
-	Other Report