

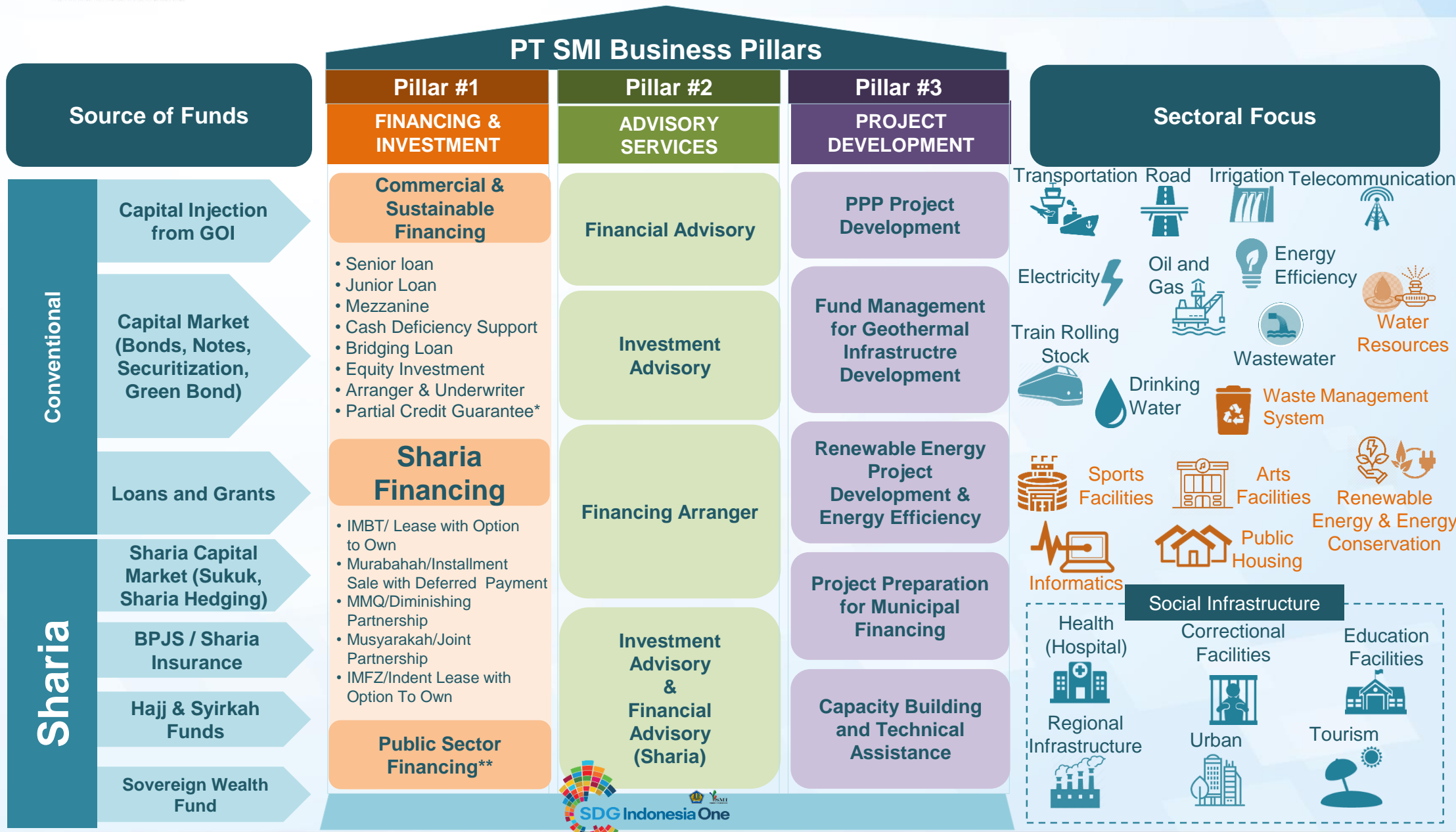


# Role of PT SMI for Accelerating Infrastructure Development in Indonesia

**Edwin Syahrudad**  
*President Director*  
PT Sarana Multi Infrastruktur (Persero)

**KNKS-BI-ADFIMI Joint Event Seminar**

**Jakarta, November 12<sup>th</sup>, 2019**



IMBT= Ijarah Muntahia Bittamlik

MMOB= Mudharabah Muqayyadah on Balance Sheet

\*Under development process

New sectors based on OJK Letter No. S-7/D.05/2019

MMQ= Musyarakah Mutanaqisah

IMFZ= Ijarah Mausufah Fiz Zimmah

\*Previously named Municipal Financing

### Financing & Investment



Implementation of **Partial Credit Guarantee** \*

Provide financing to **11** municipalities for infrastructure development outside Java



The first financing to **geothermal project (PT Geo Dipa Energy) Dieng Small Scale of 10 MW**

#### National Strategic Projects

- Krian – Legundi – Bunder – Manyar Toll Road
- Cibitung – Cilincing Toll Road



The **first syndicated financing in tourism zone (Labuan Bajo)**

### Advisory & Project Development



#### Assignment **1** new PPP project

- SPAM (water) Kamijoro



#### Assignment **2** Geothermal project (carry over)

- Waesano **30MW** • Jailolo **75MW**

#### 8 Technical Assistance (TA RIDF-PDF)

- Banjarbaru market
- North Sulawesi hospital
- North Sulawesi Eye hospital
- Tapin hospital (south Borneo)

#### Total Capacity Building 12x

#### Transaction, Advisory & Arranger

- PPP Unsolicited (**New Jakarta Loopline**) & Unsolicited LRT Jakarta Koridor 1 dan 2
- PPP Government Multifunctional Satellite
- Toba Tourism Zone Development



### Funding

Program Bonds II stage 1 & stage 2 amounting to

**USD500 mio**

Issuance for **Sukuk Mudharabah** amounting to **USD 140 mio**

**Negotiation for GREM**, loan amounting to **USD 40 mio** and **USD 7.5 mio from GCF**, and **grant money** amounting to **USD 35 mio from CTF**



SDG Indonesia One

Total Commitment  
**USD 3.05 bio** from  
**30 SDG partners**

- **Li Ka Shing (grant)** - disaster recovery at Palu, Sigi and Donggala **USD 5 mio**
- **Technical Assistance GGGI** - **USD 45K** for facilitation of **de-risking** & **USD 5K** for WTE Solo FS

- **Loan negotiation for GREM facility USD 150 mio from IBRD**
- **Signing AFD loan amounting to USD 150 mio for clean energy, renewable energy and climate change**



### Innovative Financing / Funding

Innovative Product	Sustainable Financing	Sharia Financing	Bridging Financing
	Municipal Financing	Take-out Financing	Cash Deficiency Support
	Partial Credit Guarantee	Equity Investment	De-risking product

Innovative Funding

- 1<sup>st</sup> GCF Accredited Entity in South East Asia
- 1<sup>st</sup> Sharia Hedging Facility in Indonesia **USD128 million**
- 1<sup>st</sup> Corporate Green Bond in Indonesia **Rp500billion**
- Approved PPF for Semarang BRT from GCF

### Financial Performance (September 2019)

**AAA/Stable** Highest rating for local company  
National Rating

**BBB/Stable** similar with sovereign rating  
International Rating

**Usd 5.2 Billion** Total Asset

**Usd 2.6 Billion** Total Equity

**Usd 42.6 Billion** Total Project Value

**19.77 times** Multiplier effect To paid up capital

**“unqualified opinion”** FS Opinion for 9 consecutive years



**3**  
Total Awards

- ▶ *“Outstanding Sustainable Project Financing to recognize success in financing Water Supply Project”*, The Karlsruhe Sustainable Finance Award, 2019
- ▶ One of the winner of *“Indonesian Green Company Award 2019”*, SWA Magazine
- ▶ *“Indonesian Best Companies in Creating Leaders From Within 2019”*, Financial Institution category, SWA Magazine



# PT SMI's Mandate as a Catalyst to Support Financing Infrastructure Development

## Innovative, unique and flexible financing products

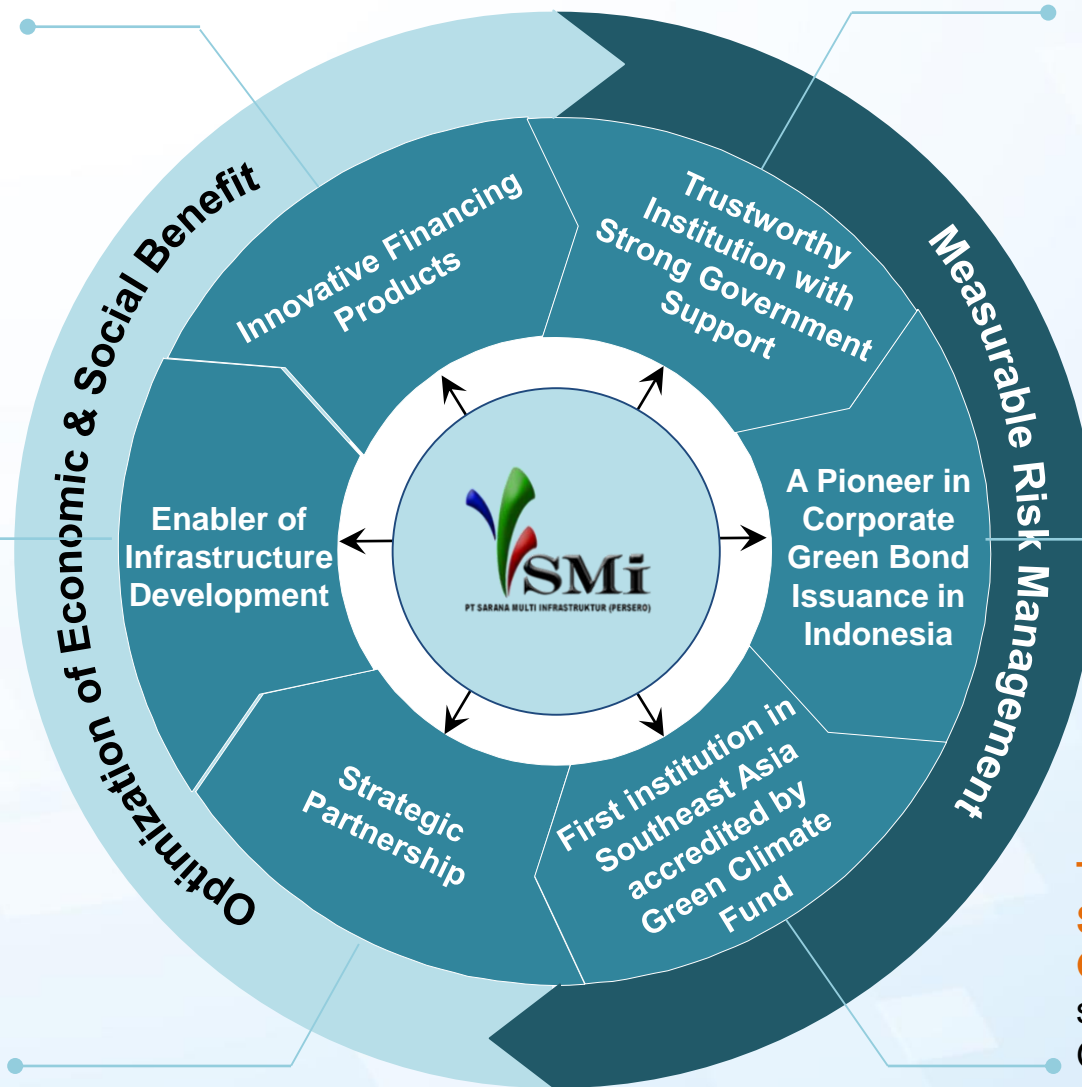
to close the gap and be complementary of banking products

## Acts as an enabler that accelerates infrastructure development by

providing advisory services and project development through project development facility and capacity building

## Optimization of Strategic Partnership and Technical Assistance

from bilateral/multilateral organizations to accelerate infrastructure development in Indonesia



## Trustworthy institution with strong government support,

where its shares owned 100% by the Government through Ministry of Finance

## A pioneer in issuing corporate green bond in Indonesia,

be the first company in the capital market using global standard (Green Bond Principles dan ASEAN Bond Standard), which certified by CICERO

## The first private institution in Southeast Asia accredited by Green Climate Fund (GCF)

to support Sustainable Development Goals (SDGs) achievement and Climate Change program



### PT SMI's advantages

Long-term financing

Competitive interest rate

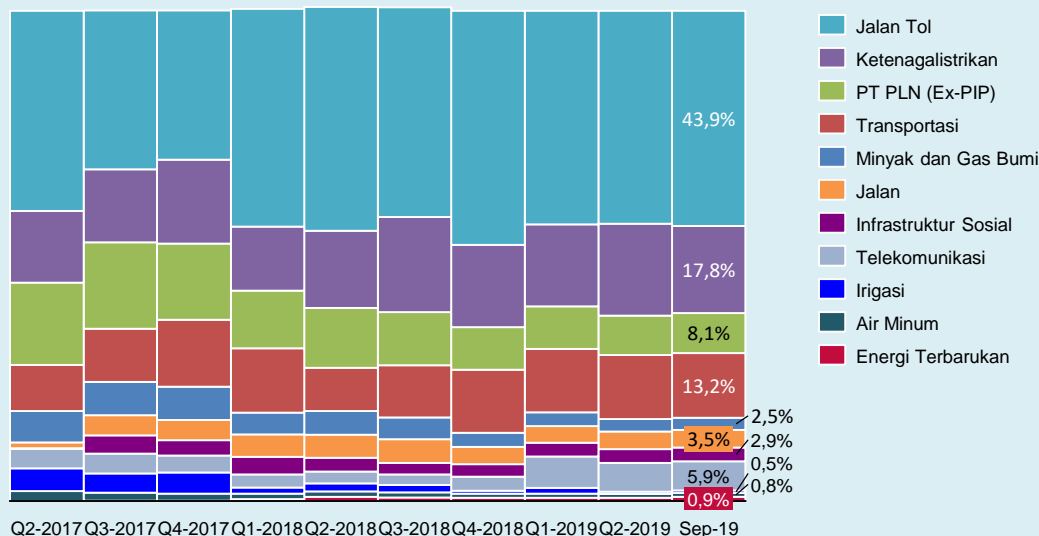
Innovative Financing Product

Flexible Financing Scheme

Large Multiplier effect



### Financing Sectors



### Multiplier Effect

USD 42.6 billion\*\*

▶ Total project cost\*

6.16 times

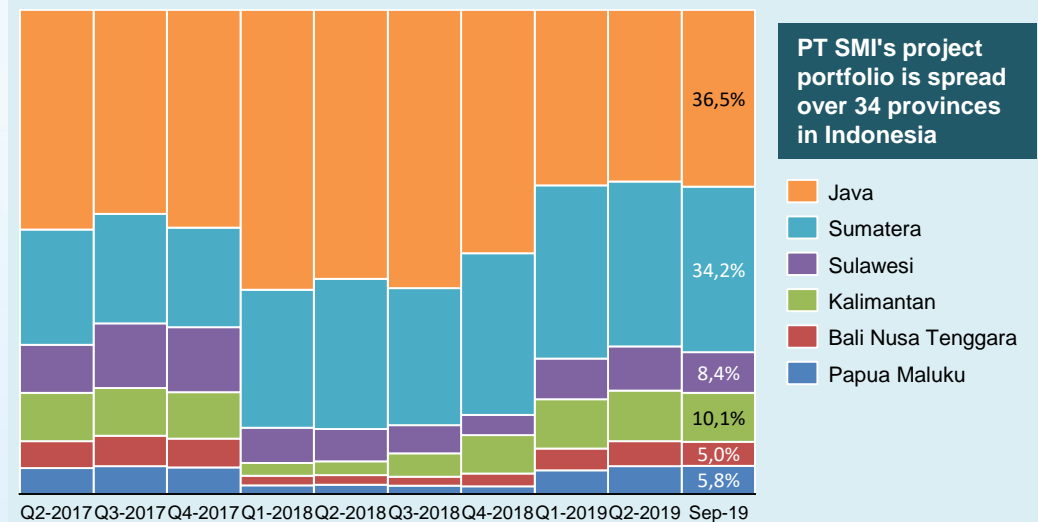
▶ Multiplier effect to Financing Commitment

19.77 times

▶ Multiplier effect to Paid-up Capital



### Project Location Mix

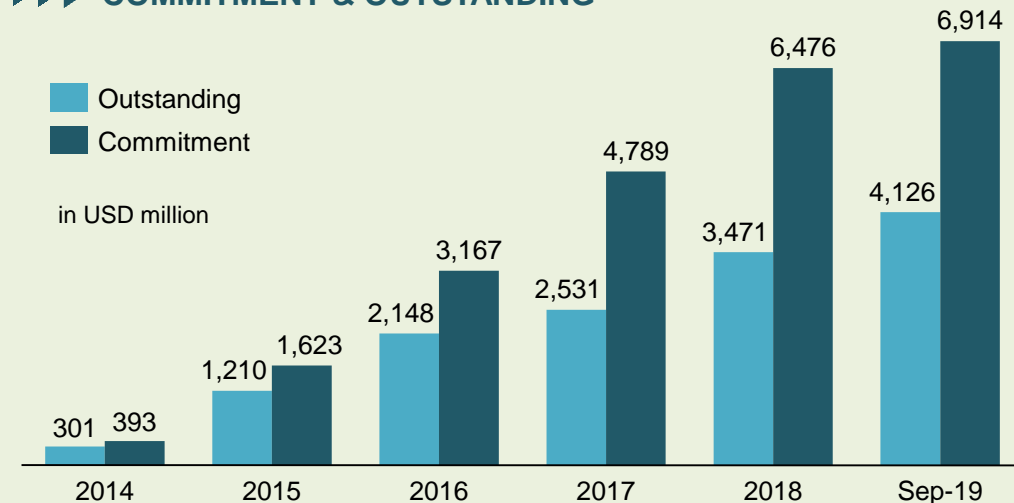


PT SMI's project portfolio is spread over 34 provinces in Indonesia

\*) Include projects that have been settled

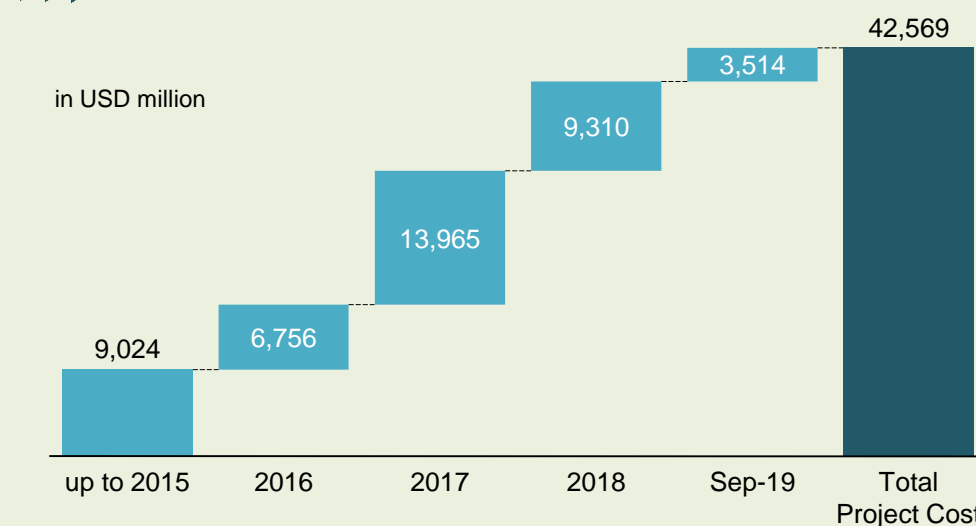
\*\*) Exchange Rate: USD 1 = IDR 14,174

## COMMITMENT & OUTSTANDING

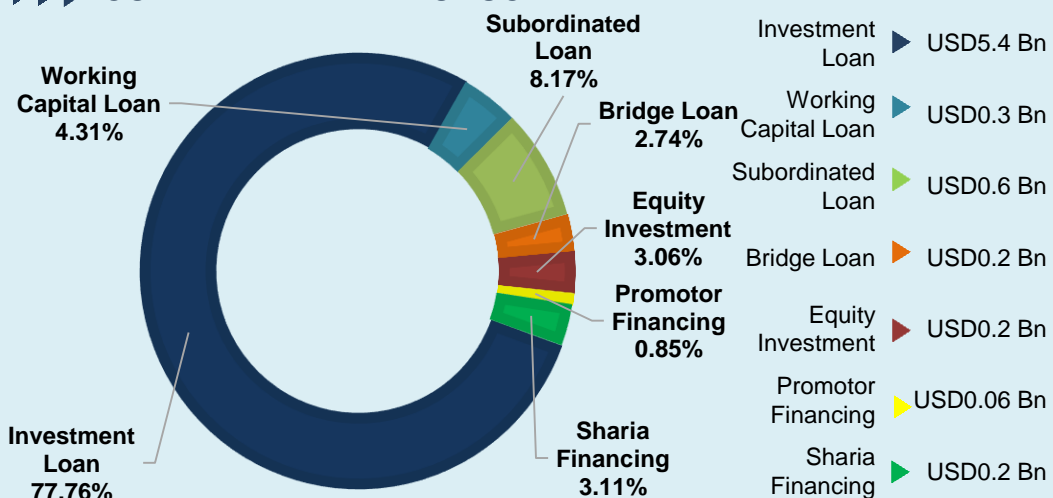


\*Including loan to Local Government, IIF Subordination, Equity Investment and signed credit agreement

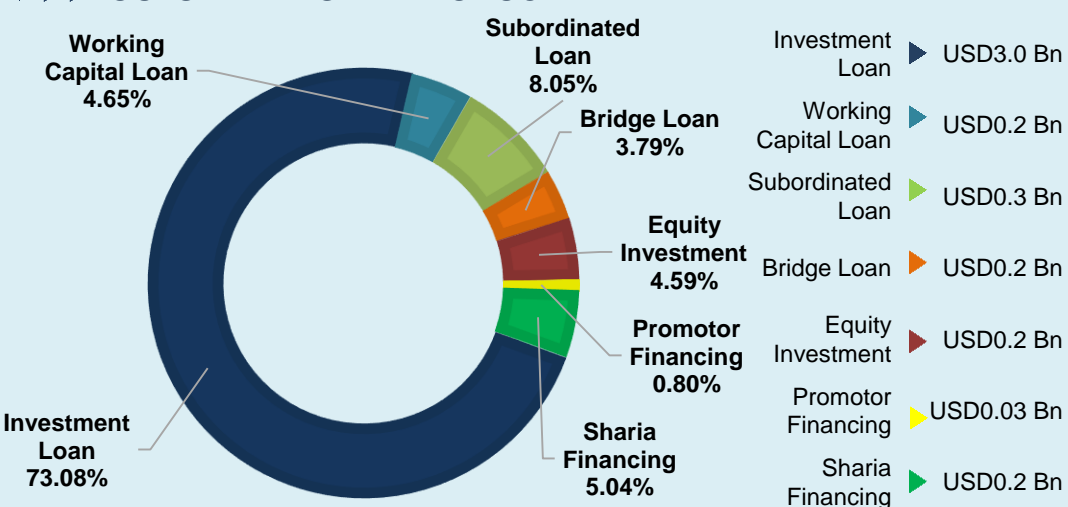
## FINANCED PROJECT COST



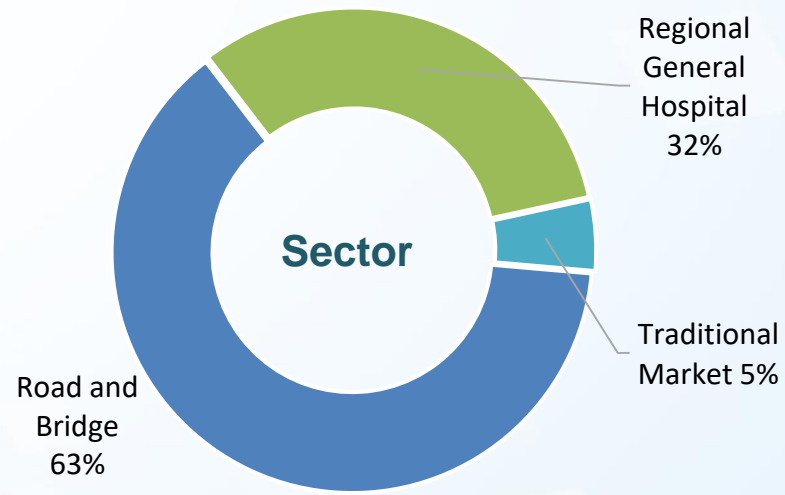
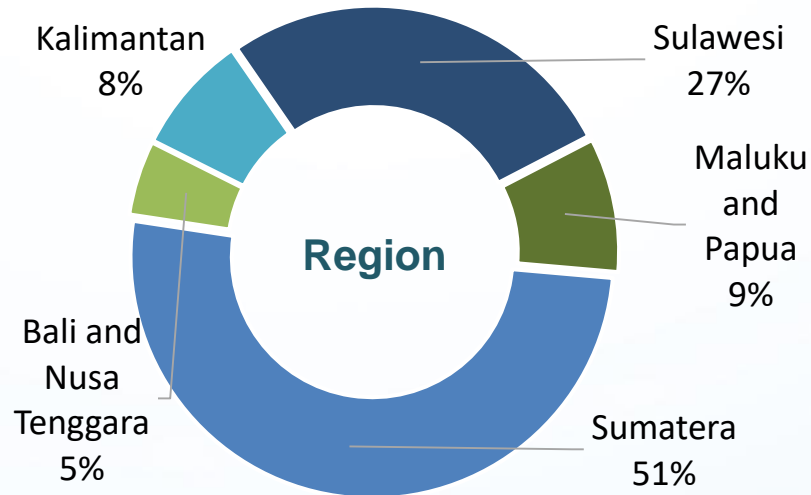
## COMMITMENT BY PRODUCT



## OUTSTANDING BY PRODUCT



## Commitment by Region & Sector



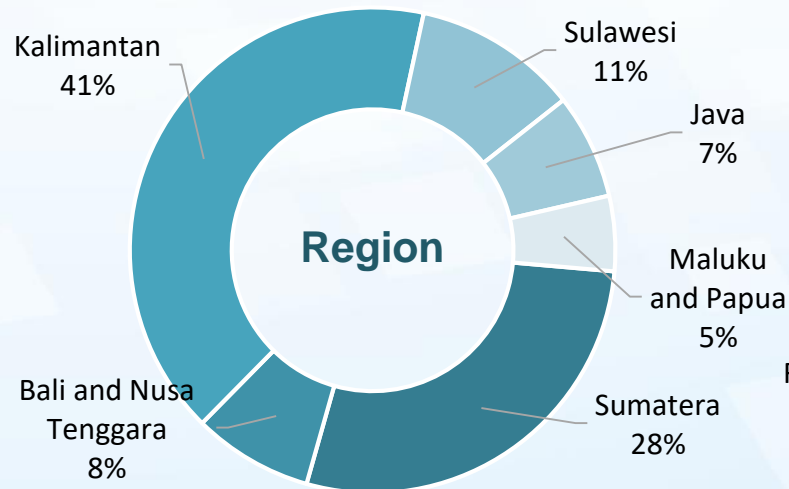
**Highlight**

**25 Local Governments**

**Total Outstanding: USD 193.1 Million**

**Total Commitment: USD 321.8 Million**

## Pipeline\* by Region & Sector



**Highlight**

**21 Local Governments**

**26 Financing Facilities**

**Total Commitment: USD 327.0 Million**

\*offering letter received by local government

Exchange Rate: USD 1 = IDR 14,174



## Better access



Provide electricity to **3.3 million homes** or **13 millions people**



Clean water contribution to **2 million homes** or **8.1 million people**



Natural gas supply to **21,000 homes**

## Climate Change Mitigation Support



CO<sup>2</sup> emissions reduction equivalent to **920 tons/year**

## Increase Productivity



Additional **2,994 MW** of electric power capacity



Clean water production with capacity of **14,140 l/s**



Additional fuel production of **31,000 bpd**



Gas stock capacity increased to **10,000 MT**

## Jobs Creation



Employed **1.9 million workers** during construction period

## Infrastructure & Rolling Stock Improvement



**2,253.2 km** toll roads (including public roads)



**80 additional electric trains** and revitalization of **438 train carriages**



**52,000 tower** telecommunication projects



**2,700 km of fiber optic** network in the centre of Indonesia

## Public Service Improvement



Serving **76 million users** of telecommunication service across Indonesia



Health facility for **720 new patients/year**



Additional facility of **1,031 new hospital beds**



Passenger capacity increased to **7.3 million/year**



Additional capacity of **37.5 million airport passengers per year**



Flow of port goods capacity increased to **2.26 million TEUs per year**



Irrigation to **185 thousand hectares paddy fields**

## First Loss Mechanism

Air Putih Mini Hydro Power Plant



Provision of Long Tenor Loan with Long Grace Period

Trans Sumatera Toll Road : Medan – Binjai



Take Out Financing

Trans Sumatera Toll Road : Pekanbaru – Dumai using Future Revenue of Tanjung Priok Access as underlying



Cash Deficiency Support (CDS) Facility



Trans Sumatera Toll Road: Terbanggi Besar – Kayu Agung

SDG Indonesia One

Blended Finance Platform - Supporting SDGs



# PT SMI's Concrete Steps to Support Green Projects in Indonesia

## Sustainable Financing

The establishment of **Sustainable Finance Division** (2016) to finance RE-projects related

## Green Finance Collaboration with Agence Française de Développement (AFD)

Partnership in **green financing** (Oct 2015) for renewable energy projects & **De-Risking Instruments**: Quasi Equity Facility (QEF)



## Green Climate Fund (GCF)

PT SMI as **the first accredited entity** in South-East Asia



## Green Bond

PT SMI issued **the first corporate green bond in Indonesia** (June 2018), awarded as Medium Green, to provide green financing



## Geothermal Fund Management

Geothermal fund management with amount of IDR 3,1 Trillion from Indonesia Investment Agency (PIP) since 2015

Grant Agreement with World Bank (CTF and GEF Fund) in 2016 amounted to USD 55,25 million for geothermal exploration activities



## Environmental and Safety Management Frameworks (ESMF)

The development (Nov 2016) and implementation of **Guidelines of Environmental and Safety Management Frameworks (ESMF)**



## SDG Indonesia One (SIO)

**Blended Finance Platform** (October 2018) to support Sustainable Development Goals (SDGs), including support for green projects



# Green Bond Issuance

## The 1<sup>st</sup> Corporate Green Bond in Indonesia

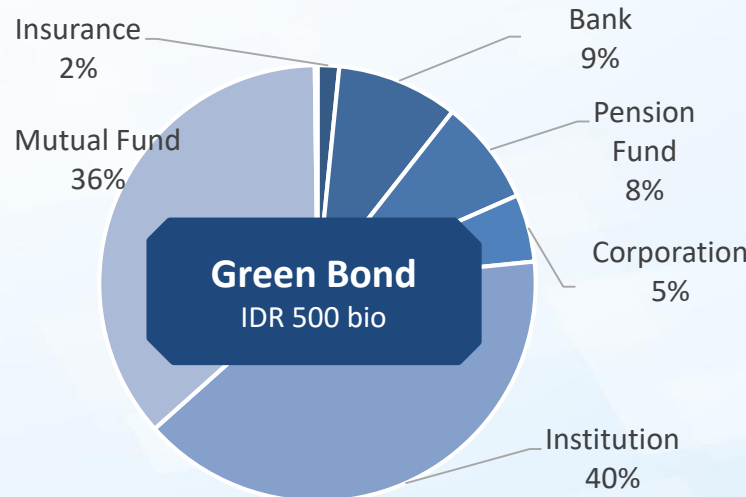
**Issued Amount**  
**IDR 500 Bio**  
 Program Green Bond  
 with total facility IDR 3 trillion

**Green Bond Structure of PT SMI**

	Series A 3 years	Series B 5 years
<b>Amount</b>	<b>IDR 251.5 bio</b>	<b>IDR 248.5 bio</b>
<b>Coupon</b>	<b>7.55%</b>	<b>7.80%</b>
<b>Risk Premium*</b>	<b>47 bps</b>	<b>62 bps</b>

\*) Above Govt. Bond rate with equivalent tenor

**Green Bond Investors\*\* of PT SMI**



\*\* Green Bond Investors: Foreign Investors (22%) vs Domestic Investors (78%)

### Compulsory Standards



POJK No. 60/POJK.04/2017  
 about Green Bond Issuance

### Voluntary Standards



### Second Opinion:



- 100% Green Projects**
1. Renewable energy
  2. Energy efficiency
  3. Sustainable pollution management and prevention
  4. Sustainable natural resource and land use management
  5. Clean transportation
  6. Sustainable water and sewage management

The **1<sup>st</sup>**  
**Green Bond**  
**Impact**  
**Report**  
 in Indonesia



# Strategic Partnership to Boost Capacity Leverage

## Type of Partnership

1

### Direct Lending

Long-term financing with competitive interest rate

2

### Innovative Product Development

- First Loss Mechanism
- Interest Subsidy
- Quasi-Equity Facility
- Multipurpose Line Facility (MLF)

3

### Transfer of Knowledge

Technical Assistance / Capacity Building

4

### Trustworthy Institution

Grants management with total up to USD64.7 million for projects related to renewable energy, geothermal, municipal financing, etc.

## Strategic Partnership with Multilateral/Bilateral Organizations



**WORLD BANK GROUP**  
RIDF Loan – USD100 million  
Subordinated loan to IIF -  
USD 200 million



**ADB**  
ASIAN DEVELOPMENT BANK  
Subordinated loan to IIF –  
USD 100 million



**AIIB** ASIAN INFRASTRUCTURE  
INVESTMENT BANK

**AIIB**  
RIDF Loan - USD100 million



**CTF**  
Grant USD49 million for  
geothermal projects



**GEF**  
Grant USD6.25 million for  
geothermal projects



**CDIA**  
“Linking Cities’ Infrastructure  
Investment Projects to Finance”  
Capacity Building



**UNDP**  
Technical Assistance  
Wind Power - USD 300,000



**AFD**  
AGENCE FRANÇAISE  
DE DÉVELOPPEMENT  
**AFD**  
Loan USD100 million, Grant USD5  
million, & TA EUR400,000 for RE & EE



**NEW ZEALAND**  
FOREIGN AFFAIRS & TRADE  
**NZ Aid Programme**  
TA – NZD2.13 million



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**SECO - State Secretariat for  
Economic Affairs (SECO)**  
Grant USD3 million



**GREEN  
CLIMATE  
FUND**

PT SMI is the first private  
institution in Southeast Asia  
accredited by Green Climate  
Fund (GCF)



PT SMI is the first institution  
issuing Corporate Green  
Bond in Indonesia  
(reviewed by CICERO)  
assisted by World Bank



**CLIMATE  
POLICY  
INITIATIVE**

**Climate Policy Initiative (CPI)**  
Technical Assistance USD 200,000

All these strategic partnerships indicate the trust of Bilateral/Multilateral Organizations toward the Company





## Water Supply

### Project

### Status

Umbulan Water Supply (IDR2.05 Trillion)	Construction 
Bandar Lampung Water Supply (IDR1.3 Trillion)	Construction 
Pekanbaru Regional Water Supply (IDR740 Billion)	Pre-Qualification
West Semarang Water Supply (IDR1.2 Trillion)	Construction 
Kamijoro Regional Water Supply (IDR347 Billion)	FBC Drafting



## Transportation

### Project

### Status




Integrated Urban Transportation City of Medan (IDR13.3 Trillion)	Completed
Hang Nadim Airport (IDR5.9 Trillion)	Prequalification



## Telecommunication

### Project

### Status

Palapa Ring West Package (IDR1.28 Trillion)	Operating 
Palapa Ring Centre Package (IDR1.38 Trillion)	Operating 
Palapa Ring East Package (IDR5.09 Trillion)	Construction 

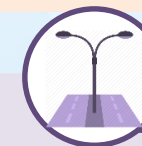


## Hospital

### Project

### Status

Dr. Pirngadi Medan Regional Hospital (IDR702 Billion)	FBC Drafting
Krian Regional Hospital (IDR351 Billion)	Pre-Qualification
Sam Ratulangi Teaching Hospital (IDR796-1,055 Billion)	FBC Drafting



## Street Lighting

### Project

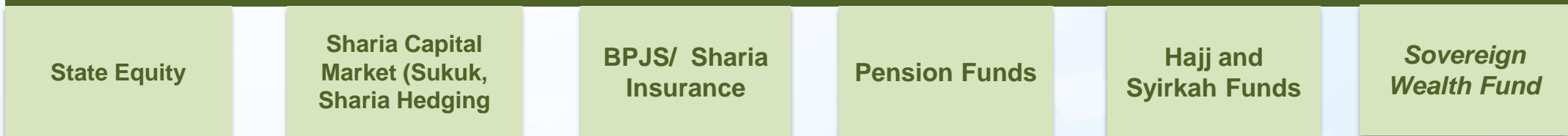
### Status

Surakarta Street Lighting (+-IDR383-420 Billion)	FBC Drafting
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## Target Sectors



## Source of Sharia Fund



## Financing

1. Ijarah Muntahia Bittamlik (IMBT) / *Financial Lease*
2. IMFZ/ Indent Lease with Option To Own
3. Murabahah/ *Installment Sale Financing*
4. Musyarakah/ *Partnership Financing*
5. Musyarakah Mutanaqisah (MMQ)/ Diminishing Partnership Financing
6. **Mudharabah Muqayyadah on Balance Sheet (MMOB) / Sharia Restricted Investment Account**

## Investment Advisory & Financial Advisory (Sharia)

1. **Investment Advisory**
2. **Financial Advisory**

## Funding

1. Sukuk
2. **Mudharabah Muqayyadah on Balance Sheet (MMOB) / Sharia Restricted Investment Account**

## Sharia Financing Products

## Description

## Project Example



- Murabahah / *Installment Sale*

1. Fix installment up to maturity
2. Flexible installment accordance with client's cashflow

1. Industrial Zone
2. Oil Refinery
3. University Building



- Ijarah Muntahia Bittamlik (IMBT / *Financial Lease*)
- Ijarah Mausufah Fi Al Dzimmah (IMFZ / *Indent Financial Lease*)

1. Business expansion without additional debt value on balance sheet
2. Asset Sale & lease Back
3. Profit enhancement
4. Applicable for asset in construction

1. Train Rolling Stocks Construction
2. Hospital Construction and Medical Equipments
3. Ports Area



- Musyarakah Mutanaqisah (MMQ/*Diminishing Partnership*)

1. Flexible installment accordance with client's cashflow
2. Long term financing
3. Applicable for refinancing
4. Independent from market fluctuation

1. Toll Roads Construction
2. Power Plants
3. Oil Refinery



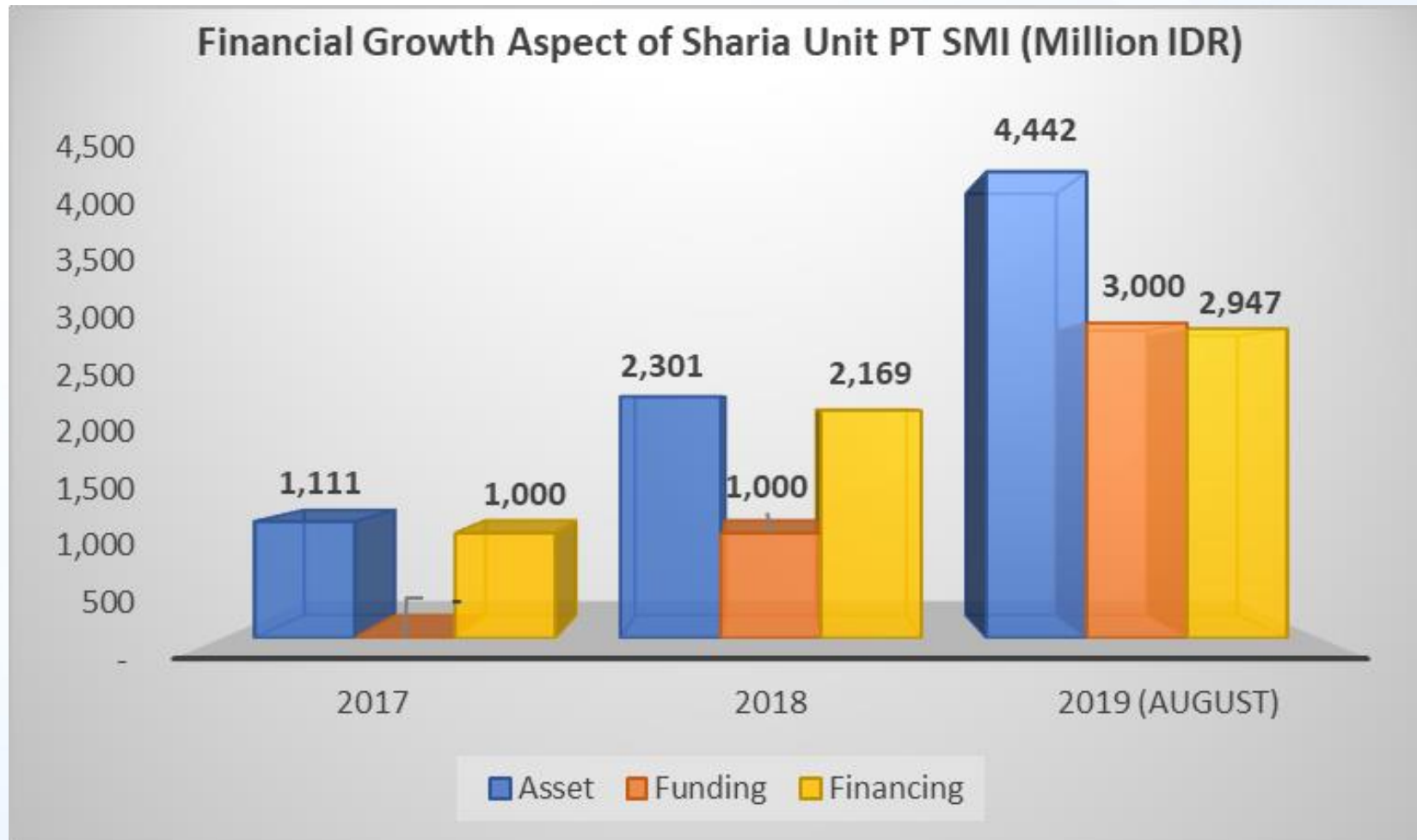
- Musyarakah / *Partnership Financing*

Corporate financing based on revenue sharing

1. Electricity Capital Expenditure
2. Corporate Finance Based Financing

Profile	
Sukuk Scheme	Mudharabah
Amount	IDR 3 Trillion (Eq. USD 214 million)
Issuing Period	2018 (Tranche 1) and 2019 (Tranche 2 and 3)
Proportion in Percentage	N/A
Underlying Asset	Sharia Financing of PT SMI, Sharia Investment of PT SMI and Advisory Revenue of PT SMI
Tenor	1-7 years







# Thank You

## PT Sarana Multi Infrastruktur (Persero)

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Jl. Jenderal Sudirman No. 86

Jakarta 10220, Indonesia

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Situs Web : [www.ptsmi.co.id](http://www.ptsmi.co.id)

Surel : [corporatesecretary@ptsmi.co.id](mailto:corporatesecretary@ptsmi.co.id)



PT Sarana Multi Infrastruktur (Persero)



Indonesia Infrastructure Library

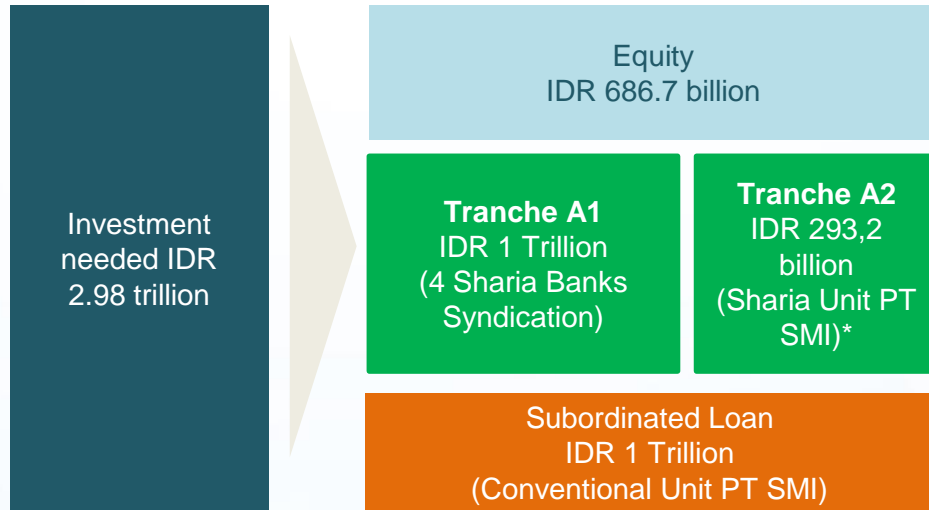
[infralib.ptsmi.co.id](http://infralib.ptsmi.co.id)

#BaktiuntukNegeri

# Sharia Loan/Financing of Sharia Unit PT SMI

## Case Study: Pasuruan – Probolinggo Toll Road Project

### Project Structure



<b>Tenor</b>	<p>a) <i>Tranche A1 : 15 years (Grace Period : 5 years)</i></p> <p>b) <i>Tranche A2 : 15 years (Grace Period: 5 years)</i></p> <p>c) <i>Subordinated: 20 years (Grace Period: 15 years)</i></p>
<b>Highlight</b>	<p>Tranche A.2 is financed by Sharia Unit PT SMI using step up diminishing proportion scheme (Musyarakah Mutanaqisah). The step up MMQ scheme is the first sharia step up scheme applied in infrastructure project finance in Indonesia. It was known as “sharia creative financing” in supporting the sustainability of the project.</p>

### Project Profile



<b>Project Description</b>	<b>Construction of Trans Jawa Toll Road section Pasuruan – Probolinggo for 31.3 km</b>
<b>Location</b>	Pasuruan and Probolinggo District & Probolinggo City, East Java Province
<b>Project Cost</b>	IDR 2.98 trillion
<b>PT SMI Role</b>	Sharia Diminishing Proportion Financing using Step Up Scheme to support the sustainability of project cashflow.
<b>Portion</b>	Financing Investment Facility of IDR 1.293 trillion including IDR 293 billion of Sharia Scheme
<b>Progress</b>	Operationalized
<b>Benefit</b>	<ul style="list-style-type: none"> <li>• Having strategic value to fulfill the needs of transportation for human and goods &amp; services</li> <li>• Reduce congestion along the line and shorten travelling time</li> <li>• Reducing Carbon Usage of Vehicles for Fresher Air</li> </ul>

### Project Profile

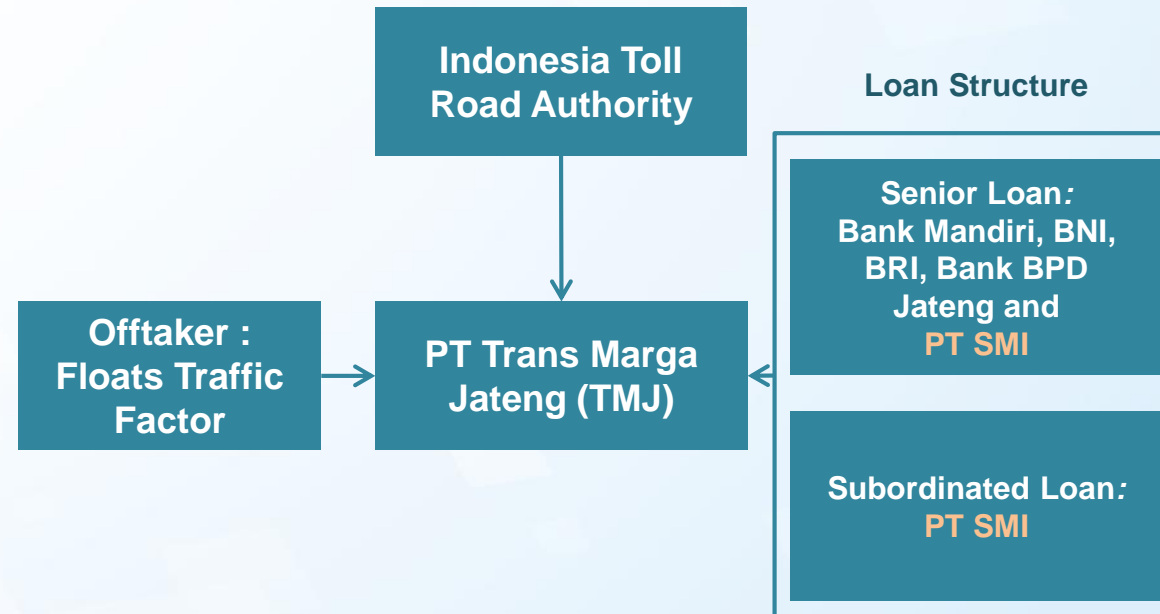


<b>Project</b>	<b>Semarang-Solo Toll Road</b>
<b>Location</b>	Centre Java
<b>Project Value</b>	IDR 9.13 trillion
<b>SMI Portion</b>	IDR 785 billion, consists of: <ul style="list-style-type: none"> <li>• Senior Loan (IDR 150 billion)</li> <li>• Subordinated Loan (IDR 635 billion)</li> </ul>

#### Project Description

Funding for Semarang-Solo Toll road with length of 72.64 km Phase 1 (Stage 1: Semarang – Ungaran dan Stage 2: Ungaran – Bawen).

### Project Structure



<b>Maturity</b>	<b>10 years (Senior Loan) 15 years (Subordinated Loan)</b>
<b>Notes</b>	Subordinated Loan provides financing for part of equity where it can be used for acquisition, development, expansion or infrastructure capital spending.

### Project Profile

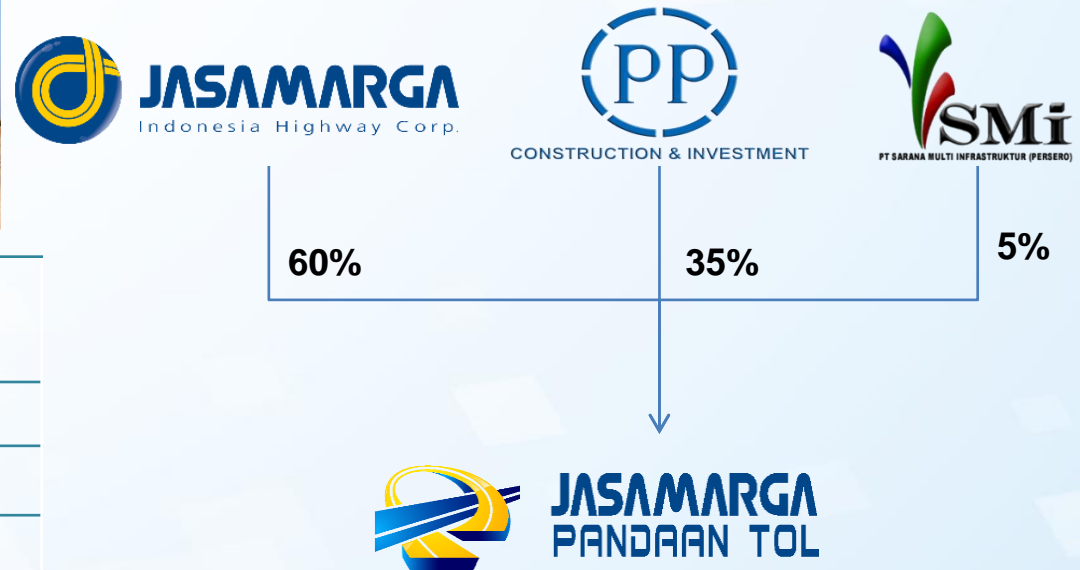


<b>Project</b>	<b>Pandaan-Malang Toll Road</b>
<b>Location</b>	East Java
<b>Project Value</b>	IDR 5.97 trillion
<b>SMI Portion</b>	IDR 89.55 billion (5% of total equity)

#### Project Description

Pandaan-Malang toll road is part of North-South line corridor plan in East Java Province as repercussion of Gempol-Pandaan toll road with length of 37.62 km

### Project Structure



No	Shareholders Name	Shares	%
1	PT Jasa Marga (Persero) Tbk	43.200	60 %
2	PT Pembangunan Perumahan (Persero) Tbk	25.200	35 %
3	PT SMI	3.600	5 %
Total		72.000	100,00%





### LRT Jabodebek



<b>Location</b>	Jakarta-Bogor-Depok-Bekasi (Jabodebek)
<b>Project Cost</b>	Rp 29.9 trillion (~USD 1.99 billion)
<b>Role of PT SMI</b>	<ul style="list-style-type: none"> <li>Project Development Facility</li> <li>Financing</li> </ul>
<b>Project Uniqueness</b>	The biggest railroad transportation project in Indonesia with <b>12 Syndicated Creditor</b> (3 SoE Banks, PT SMI, 3 National Private Banks, 3 Foreign Banks, 2 Regional Banks)
<b>Social-Economic Benefits</b>	<ul style="list-style-type: none"> <li>Transportation access to ±116,000 passengers / day in 2019 and to ±464,000 passengers / day in 2030</li> <li>Economic benefits of Rp54 trillion in 50 years</li> <li>Creating new employment opportunities to ±52,145 workers in 50 years</li> </ul>



### BRT Semarang



<b>Location</b>	Semarang City, Central Java
<b>Project Cost</b>	Rp 18.9 billion (~USD 1.26 million)
<b>Role of PT SMI</b>	Project Development Facility
<b>Project Uniqueness</b>	<ul style="list-style-type: none"> <li>PDF grant provided by Green Climate Fund (GCF) for activities including Feasibility study, ESIA, LARAP.</li> <li>PDF procured by GIZ for activities including Pre-FS, Legal Study, Gender Assessment, Risk Analysis, Stakeholder Management</li> </ul>
<b>Social-Economic Benefits</b>	<ul style="list-style-type: none"> <li>Reduce GHG emission by enhancing public transport role as the backbone for urban mobility</li> <li>BRT project will also increase the quality of life of these 1,000 individuals and might open new job opportunity up to 2,000 people.</li> <li>The time savings obtained in the 15-20 kilometre corridors will be multiplied by more than 115,000 passengers who use the system on daily basis</li> </ul>

\*) Foreign exchange assumption: Rp15,000/USD (APBN 2019)





### Umbulan Water Supply



### Krian Public Hospital (PPP Project)



<b>Location</b>	Pasuruan – Gresik, East Java
<b>Project Cost*</b>	Rp 2 trillion (~USD 133.3 million)
<b>Role of PT SMI</b>	<ul style="list-style-type: none"> <li>• Project Development Facility</li> <li>• Financing</li> </ul>
<b>Project Uniqueness</b>	Collaboration of all <b>fiscal instruments</b> provided by Ministry of Finance (PT SMI, PT PII, PT IIF) and support of <b>PDF &amp; VGF</b>
<b>Social-Economic Benefits</b>	<ul style="list-style-type: none"> <li>• Clean water supply with distribution of ±93,7km</li> <li>• Access to clean water to ±1.3 million population (260,000 households) in 5 areas</li> <li>• Capacity of water production up to 4,000 liters / second</li> </ul>

<b>Location</b>	Krian District, Sidoarjo Regency
<b>Project Cost</b>	Rp 350 billion (~USD 23.3 million)
<b>Role of PT SMI</b>	Project Development Facility (PDF) Assistance during transaction phase
<b>Project Uniqueness</b>	<b>1<sup>st</sup> PPP</b> project in <b>health sector</b> in Indonesia with scope of works including the provision of medical services and human resources
<b>Social-Economic Benefits</b>	<ul style="list-style-type: none"> <li>• Give benefits to people by improving health condition of local people in Sidoarjo in terms of public services</li> <li>• Serve 180 outward patients / day in the first year of service, 9,133 inward patients and 9,902 emergency visits</li> </ul>

# Showcase #1: Cash Deficiency Support (CDS) Facility

Trans Sumatera Toll Road : Terbanggi Besar – Kayu Agung

## Project Structure



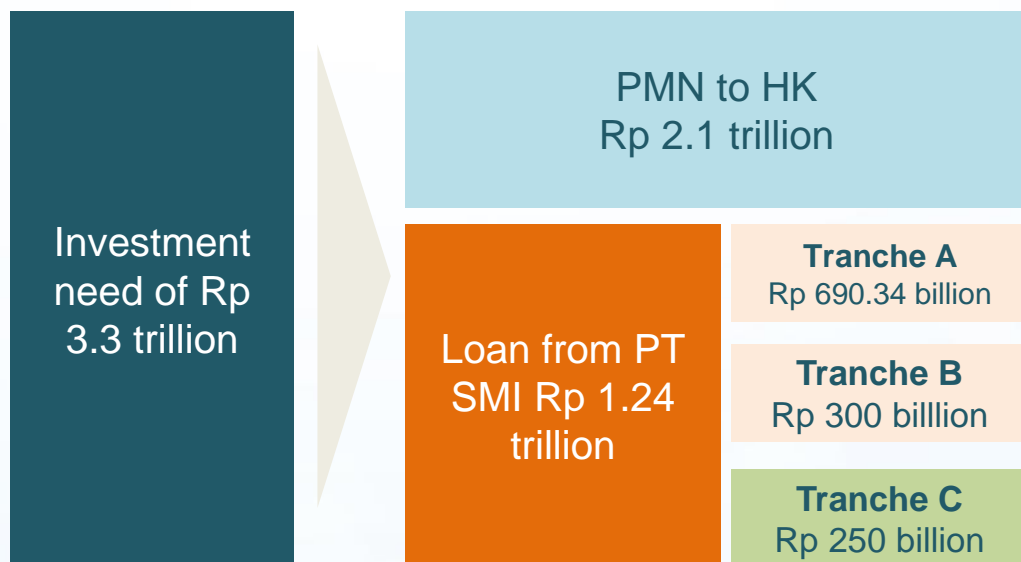
## Project Profile

Project Description	Construction of Trans Sumatera Toll Road section Terbanggi Besar – Kayu Agung for 188,5 km
<b>Location</b>	Southern Sumatera
<b>Project Cost</b>	Rp 21,95 trillion. Total financing needs Rp 13,57 trillion (Viability Gap Funding Rp 8,37 trillion)
<b>PT SMI Role</b>	Financing and provision of Cash Deficiency Support – CDS
<b>Portion</b>	Loan investment facility of Rp 2 trillion (from total syndication of Rp 9.2 trillion) and Rp 5.2 trillion of CDS
<b>Thematic</b>	Provision of financing with CDS feature and government support of Government Guarantee and VGF that create crowding-in effect for other financiers
<b>Progress</b>	Construction
<b>Benefit</b>	<ul style="list-style-type: none"> <li>• Reduce logistics cost so that distributions of products would be more efficient, timely with more affordable cost</li> <li>• Create new economy centers through SME development in the rest area</li> </ul>

# Showcase #2: Provision of Long Tenor Loan with Long Grace Period

Trans Sumatera Toll Road : Medan – Binjai

## Project Structure



<b>Tenor</b>	<p>a) <i>Tranche A : 25 years (Grace Period 15 years)</i></p> <p>b) <i>Tranche B : 15 years (Grace Period 5 years)</i></p> <p>c) <i>Tranche C : 25 years (Grace Period 15 years)</i></p>
<b>Notes</b>	<p>Tranche B portion to be <i>sold down</i>.</p> <p>Tranche C <i>Standby Facility in the form of Cash Deficiency Support</i></p>

## Project Profile

<b>Project Description</b>	Construction of Trans Sumatera Toll Road section Palembang – Indralaya for 21.9 km
<b>Location</b>	Southern Sumatera
<b>Project Cost</b>	Rp 3.3 trillion
<b>PT SMI Role</b>	Long tenor financing combined with provision of Cash Deficiency Support – CDS to cover cash flow constraint during ramp up period
<b>Portion</b>	Loan investment facility of Rp 1.24 trillion include Rp 250 billion of CDS
<b>Thematic</b>	Provision of long tenor financing up to 25 years with long grace period up to 15 years, combined with CDS feature
<b>Progress</b>	Operationalized
<b>Benefit</b>	<ul style="list-style-type: none"> <li>• Having strategic value to fulfill the needs of transportation for human and goods &amp; services</li> <li>• Reduce congestion along the line and shorten travelling time</li> </ul>

### First Loss Mechanism (FLM)

**Purpose** To de-risk part of the Eligible Loan provided by PT-SMI to a SMI's Client for an Eligible Investment.

**Eligibility** PT-SMI would have the right to use a portion of the Grant to cover its first losses, **up to the loss incurred by PT-SMI with a maximum of 15% of SMI's Loan or a maximum amount of USD 2 Million in case any eligible investment failure happens before the Commercial Operation Date.**

#### Use of FLM as a De-Risking Tool

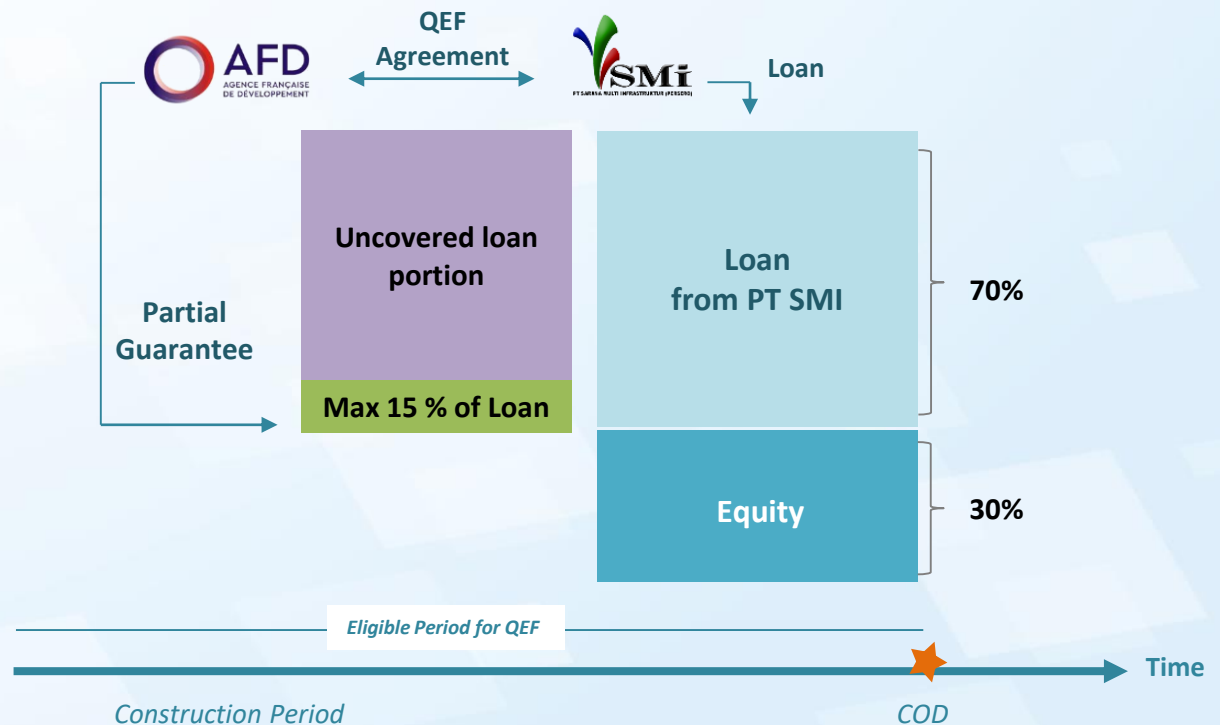


<b>Project</b>	<b>Air Putih Mini-Hydro Power Plant</b>
<b>Location</b>	Ladang Palembang, Bengkulu
<b>Project Cost</b>	US\$ 50.44 Million

#### Project Description

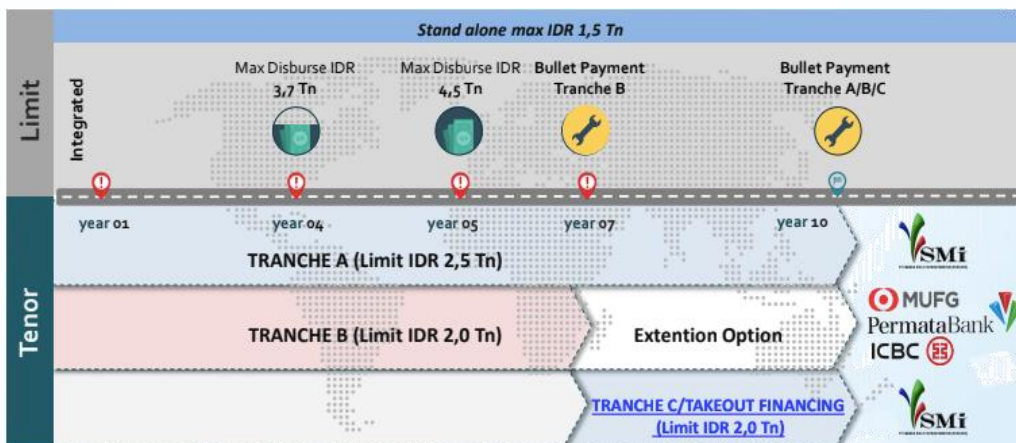
Power generation under a run-off river scheme with annual energy electricity of 116.42 x 10<sup>6</sup> kWh. The project will supply electricity to the regional power network and contribute to improving the stability and reliability of the power system.

#### FLM Structure





### Project Structure



- Tranche A syndication, SMI portion max. Rp 2.5 trillion - tenor 10 years
- Tranche B syndication, SMI portion max. Rp 1 trillion - tenor 7 years, with extension option for 3 years
- Take-Out Financing facility within tranche, limit Rp 2 trillion, 3 years after expiration of tranche B or 10 years after contract signing



### Project Profile

Project Description	Financing for equity portion of Trans Sumatera Toll Road section Pekanbaru – Dumai using revenue stream from existing concession of Tanjung Priok Toll Road Access
Location	<ul style="list-style-type: none"> <li>• Pekanbaru – Dumai in Riau</li> <li>• Tanjung Priok Access within jabodetabek outer and inner ring road</li> </ul>
Investment Need	Rp 16.2 trillion
PT SMI Role	Financing for equity portion on top of debt portion that is obtained from commercial bank
Portion	Investment loan of maximum limit Rp 3.5 trillion (tranche A Rp 2.5 trillion and tranche B Rp 1 trillion, include take out financing facility within tranche B
Thematic	Provision of financing with innovation of asset securitization scheme combined with take out financing facility
Progress	<ul style="list-style-type: none"> <li>• Pekanbaru Dumai - construction</li> <li>• ATP - operationalized</li> </ul>