



Financing Sustainable Infrastructure and the Challenges

October 2022

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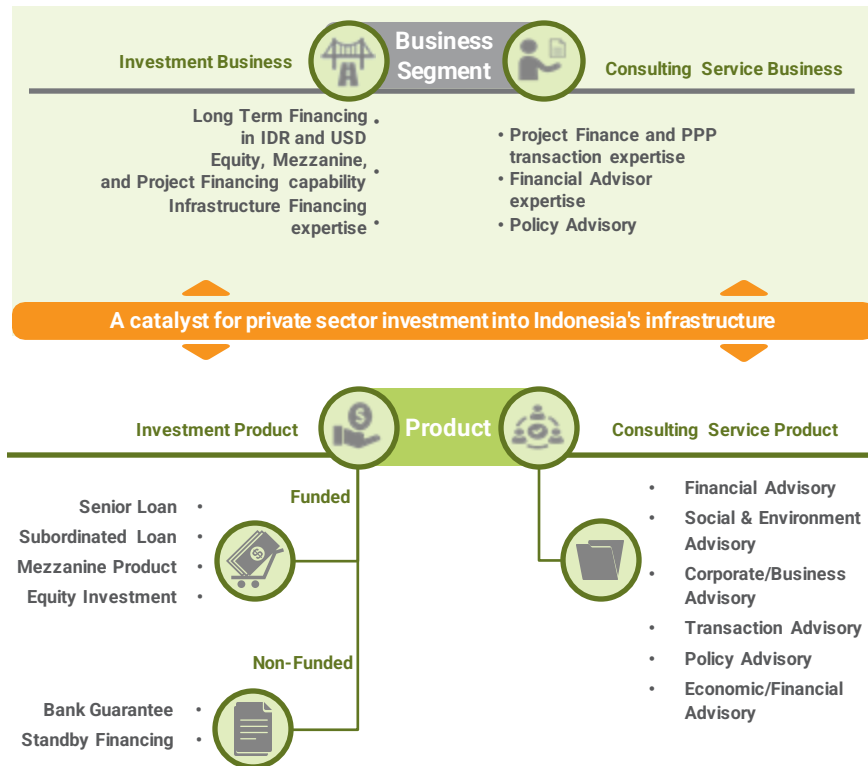
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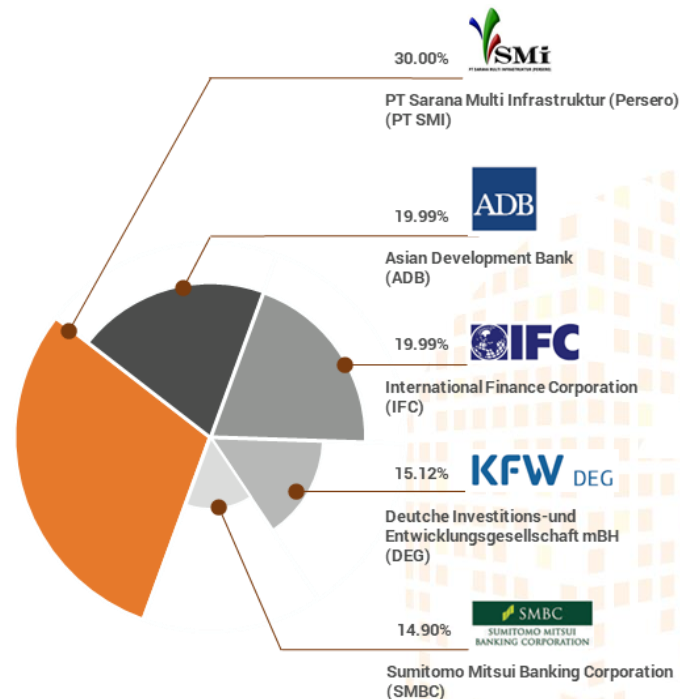
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AGENDA 1

IIF Overview



Shareholders





- **First PPP financing in Telco sector:** Palapa Ring Tengah
- **First PPP financing in clean water supply projects:** SPAM Umbulan
- **Renewable energy project financing:** Solar Power Plant in Gorontalo

Issued the first 5-years **Sustainable Global Bonds** worth USD150 million

Provide financing in hospital sector and become a pioneer in railway and mass transportation sectors

Establishment of PT IIF

2010



2012 - 2014



2015 - 2016

AAAidn

2017



2018



2019 - 2022



- **Secure funding (Subordinated Loan) from World Bank and ADB**
- **First project financing:** Toll road Cikampek - Palimanan

- Receive **AAAidn credit rating** from Fitch Indonesia and Pefindo
- Issued **the first bonds** worth IDR 1.5 trillion

Participation in acquisition of the **largest geothermal power plant in Indonesia:** Wayang Windu

Provide **guarantee facility** for the construction of the first private Wind Power Plant in Indonesia

Cooperation with BPJT in implementing sustainable toll road development

Social & Environment Contribution in The Last 3 Years

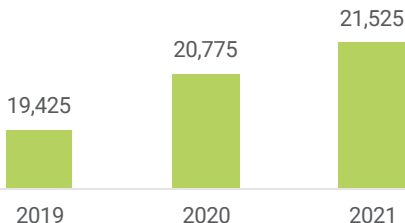
IIF applies ESG principles to every project financed by IIF and monitors compliance with global standards. We are working closely with governments and ministries in developing standards and frameworks. We'd like to emphasize further this role as a promoter of global ESG practice going forward.



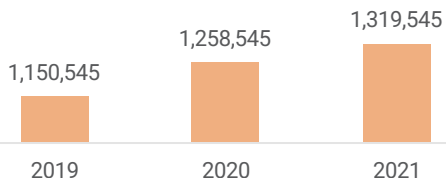
Access to Drinking Water Service



Total Drinking Water Service Capacity (L/sec)



Number of Users (Household)



4.98
million
people

Access to
drinking water
services

8.46%

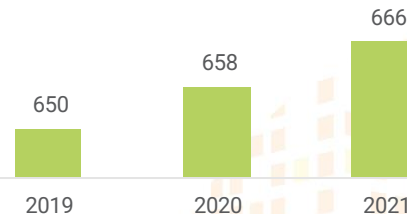
Contribution of the
population with access to
drinking water in Indonesia
until 2021



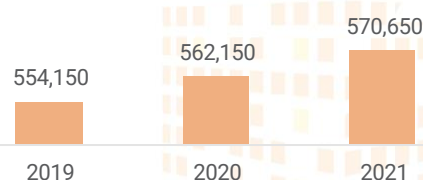
Renewable Energy Project Contribution



Total Renewable Energy Generation Capacity (MW)



Number of Users (Household)

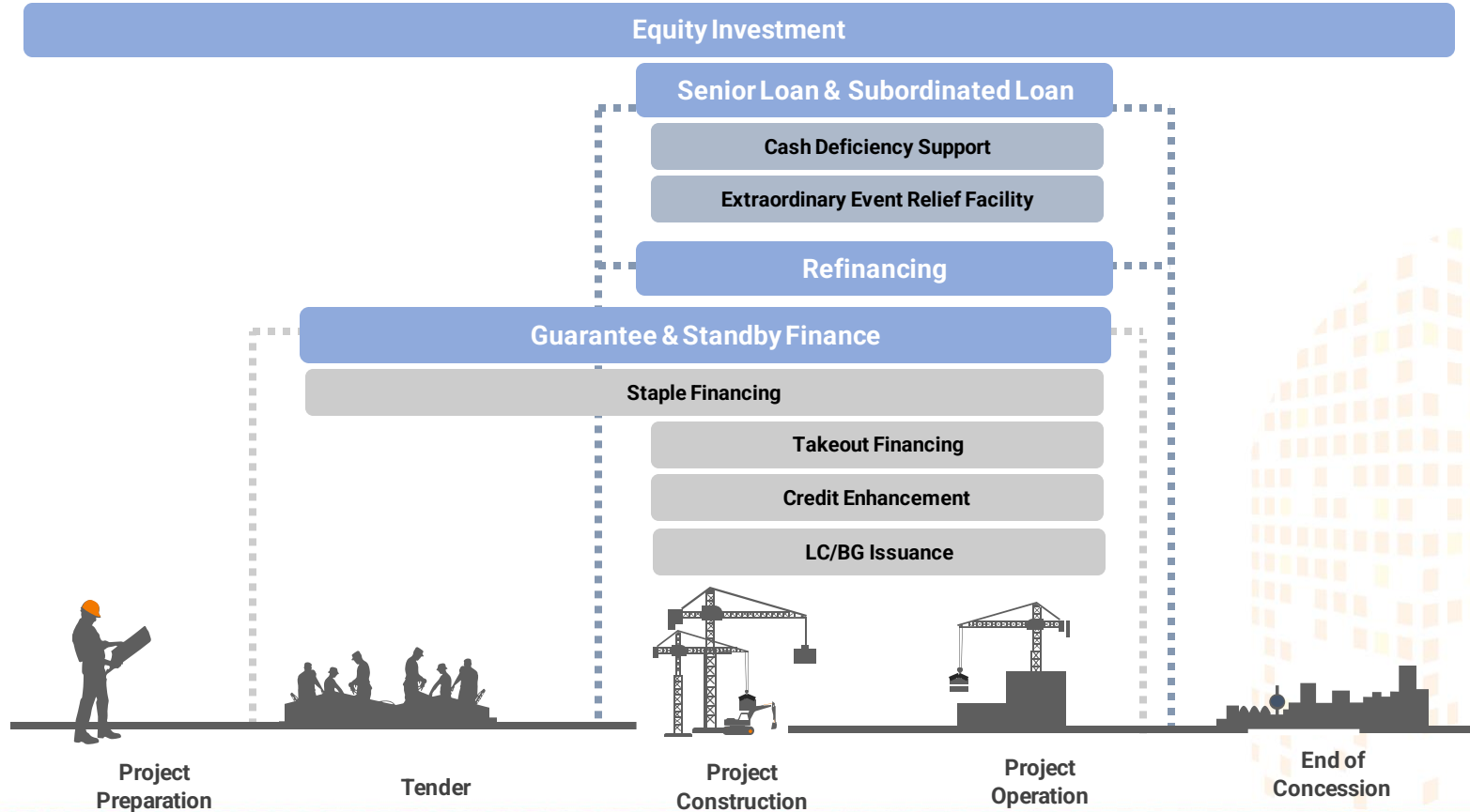


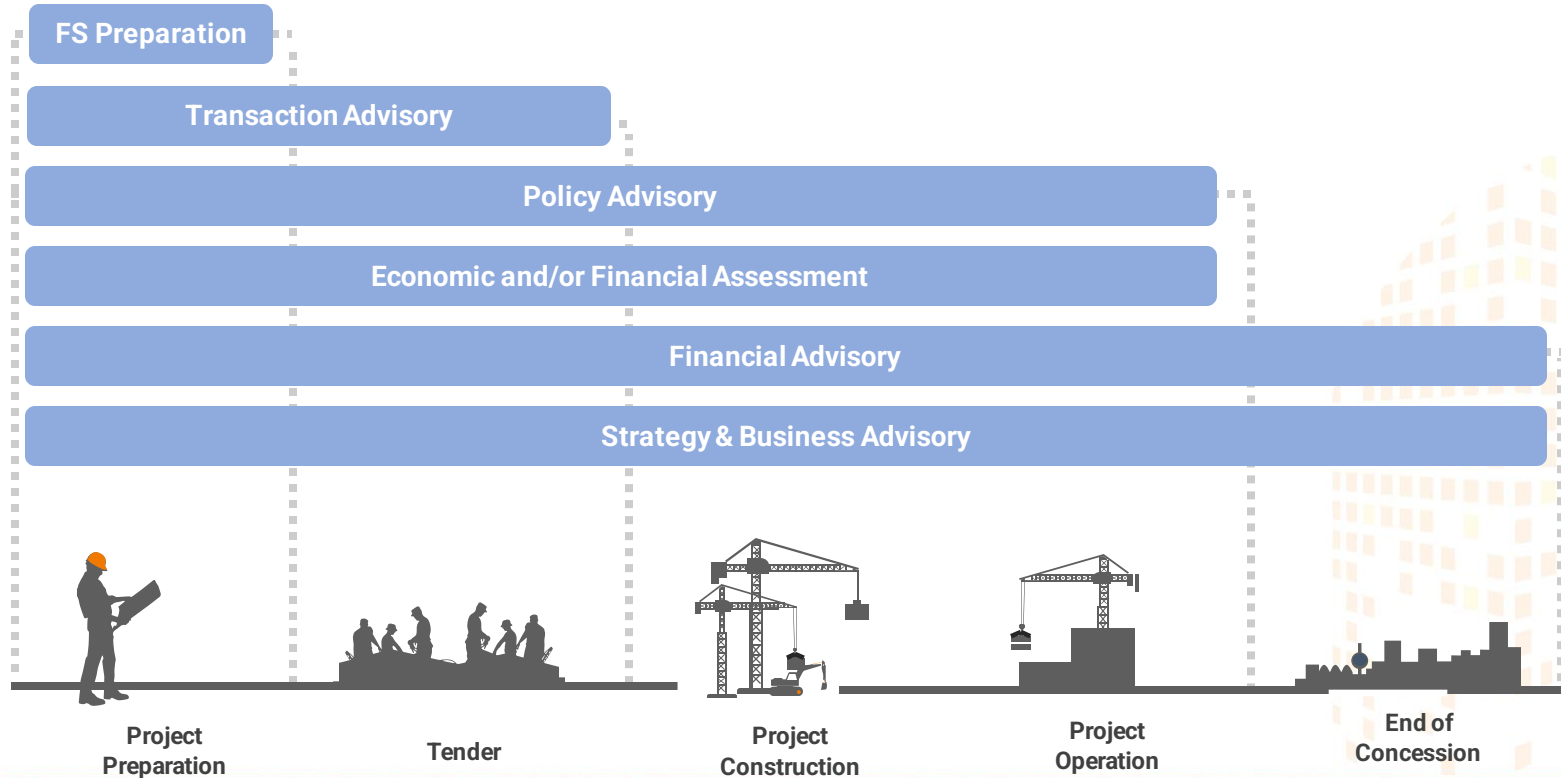
3.49
Million tons
equivalen
CO₂

Reducing carbon
emissions from
renewable energy is
equivalent to the
absorption of CO₂
from 122,948 trees

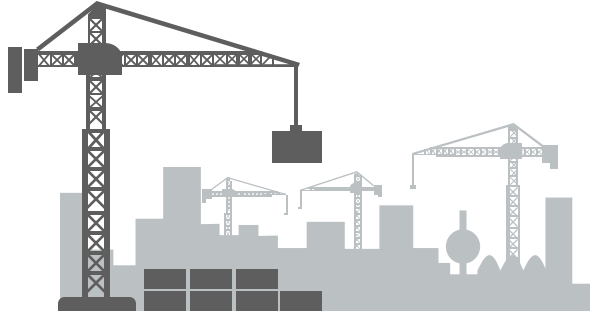
9.75%

The total contribution of
renewable energy in
Indonesia until 2021





Key Differentiators



IIF is complementary to the banking sector by providing tailor-made financing solutions to fill the gap in the financing structure requirement.



Long-term Financing and Investment



Advisory Capability to Provide Solution
to Clients



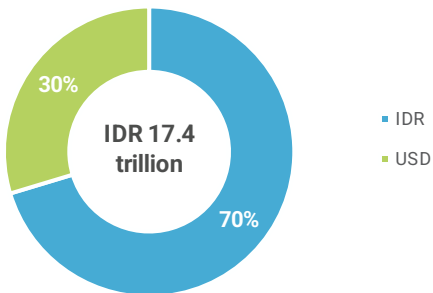
Tailor-Made to the Specific Financing
Requirements of the Projects/Clients



International Standard on Social &
Environmental Safeguard

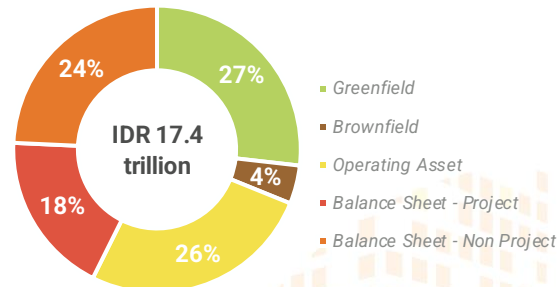
Financing Commitment by Currency

Currently, the Company's financing distribution is dominated by IDR financing.



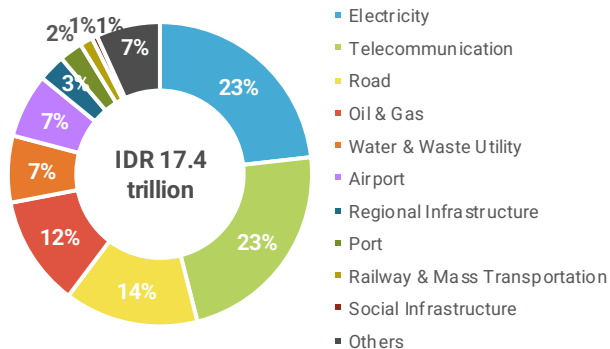
Financing Commitment by Project Type

The type of projects that are mostly financed by IIF is greenfield projects and followed by projects that have entered the operational phase (operating assets).



Financing Commitment by Sector

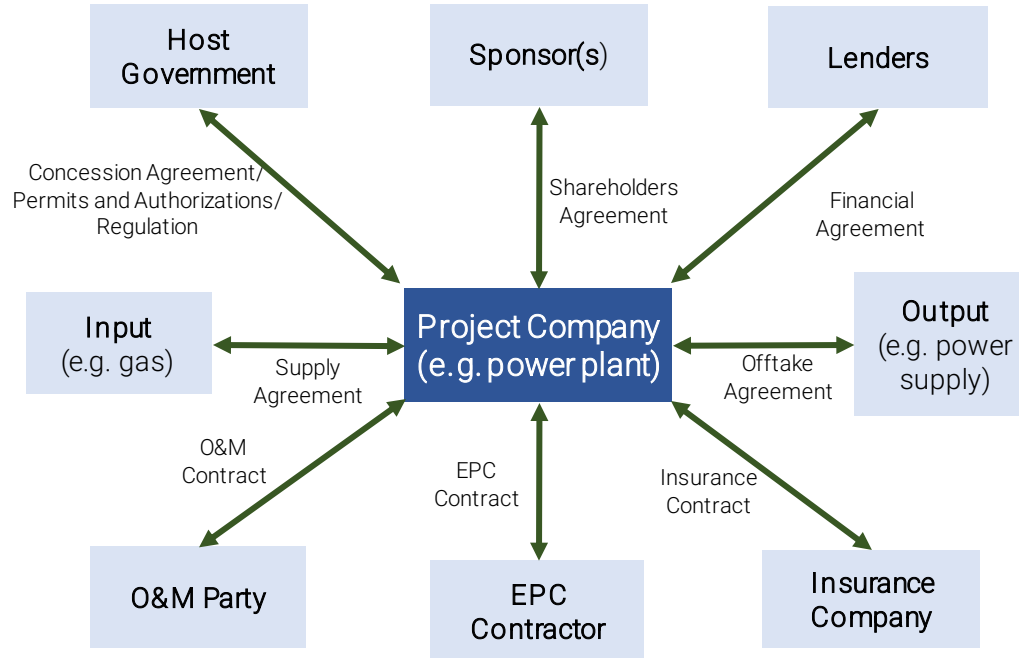
The investment portfolio is well diversified in all sectors, with 3 (three) largest contributing sector are electricity, telecommunications, and road infrastructure.



AGENDA 3

Project Finance Characteristics and Its Challenges

Typical Project Finance Structure



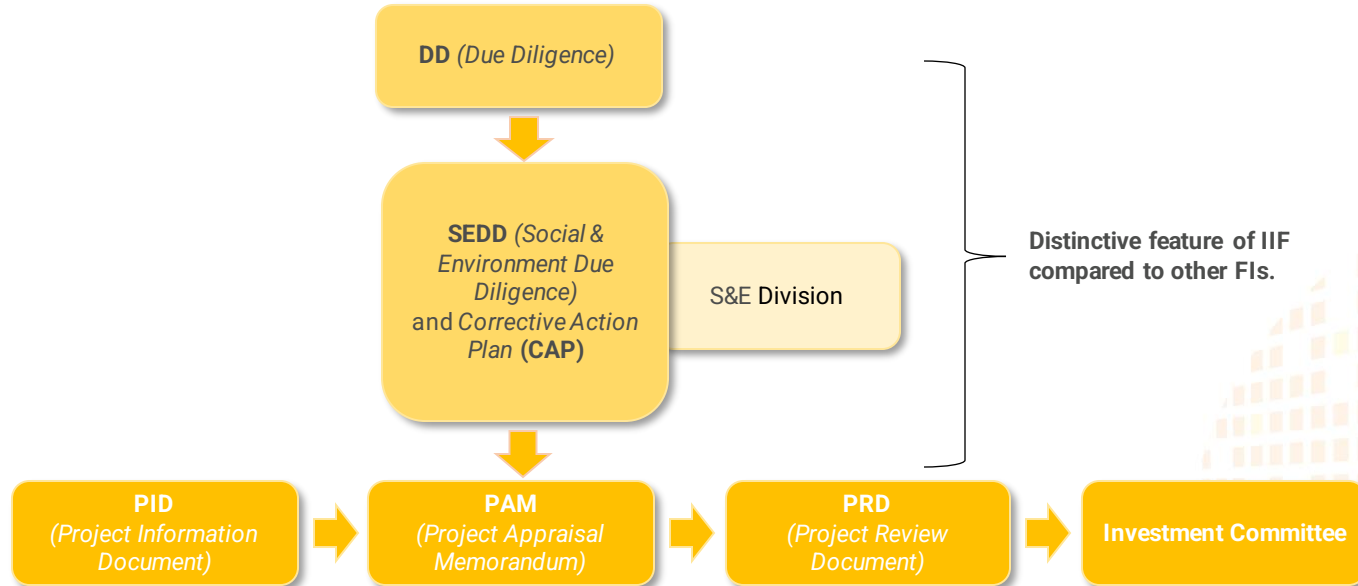
Characteristic

- Cashflow oriented
- Capital-intensive
- Highly leveraged
- Long term
- Independent entity with a finite life
- Non-recourse or limited recourse financing
- Many stakeholders

Main Due Diligence Items

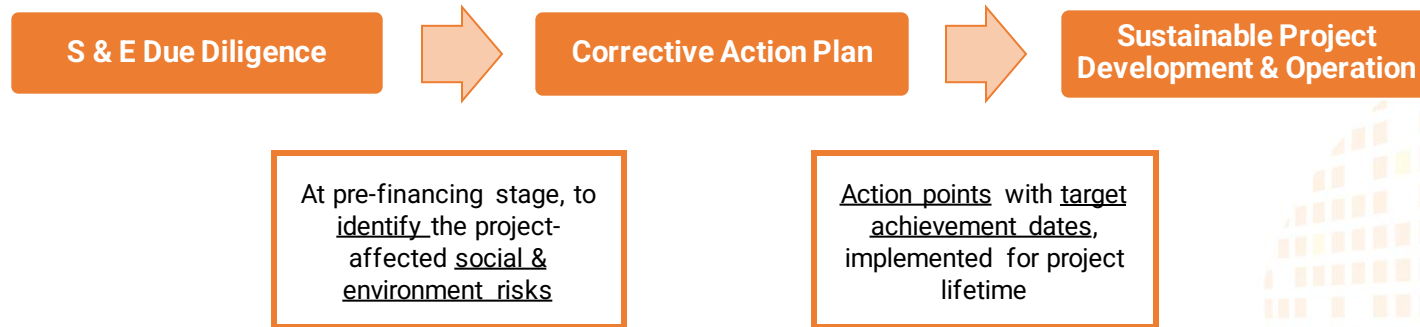
Legal Aspect	<ol style="list-style-type: none"> 1. Corporate documents 2. Inter-party agreement 3. Concession agreement 4. Offtake Agreement 5. Supply and purchase agreement 6. Construction agreement 7. O&M contract 	<ol style="list-style-type: none"> 8. Financing agreement 9. Security document 10. Insurance policy 11. Tax status
Technical Aspect	<ol style="list-style-type: none"> 1. Feedstock supply 2. Product demand 3. Site related characteristic 4. Engineering design 5. Technology design/license 6. Material and equipment specification 7. Estimated total project cost 	<ol style="list-style-type: none"> 8. Safety engineering 9. Construction progress and S-curve analysis 10. Construction contract 11. O&M contract
Social & Environmental Aspect	<ol style="list-style-type: none"> 1. Social and Environmental Management System 2. Labor and Working Conditions 3. Pollution Prevention and Abatement and Climate Change 4. Community Health, Safety and Security/Dam Safety 	<ol style="list-style-type: none"> 5. Land Acquisition and Involuntary Resettlement 6. Biodiversity Conservation and Natural Resource Management 7. Indigenous People 8. Cultural Property and Heritage

UNIQUE INVESTMENT APPROVAL PROCESS



- IIF adopts **Risk Rating Model (Probability of Default)** from **S&P Capital IQ** for **Project Finance** and from **Moody's Analytics** for **Corporate Finance**.

IIF Sustainable Financing Steps



Challenges of Sustainable Financing Implementation

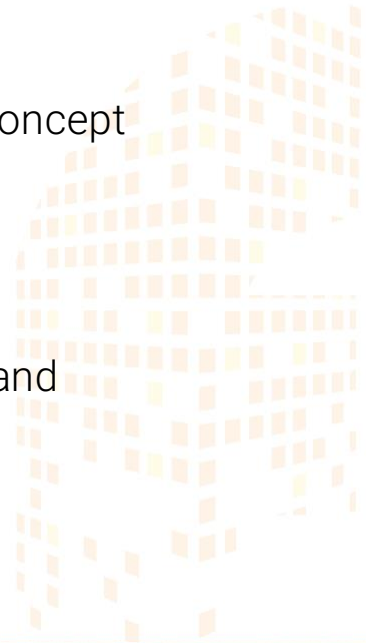
- Establishing ownership of the concept to all relevant parties
- Adapting the international standards to local wisdom
- Limited understanding of the sponsors on project finance concept

Developer

- Limited understanding of a green infrastructure in a comprehensive concept
- Perceived expensive to implement
- Developer tends to expect immediate benefits

Financing Institution

- Adapting Sustainable Financing principles into the business process and culture (more challenging)



THANK YOU

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