

NEWS RELEASE



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PT Tanjung Power Indonesia Achieves Financing Close for Its 2x100 MW Coal-fired Power Plant Project

Jakarta, January 24th, 2017 – PT Tanjung Power Indonesia (TPI) on January 23rd, 2017 reached Financing Close for its 2x100 MW coal-fired power plant project in Tabalong Regency, South Kalimantan. TPI is owned by a consortium of PT Adaro Power (AP) and PT East-West Power Indonesia (EWPI).

President Director of PT Adaro Energy Tbk (AE), Mr Garibaldi Thohir, remarked “This is another significant milestone following previous Financing Close of PT Bhimasena Power Indonesia (BPI) and we are thankful for the support from PT Perusahaan Listrik Negara (Persero) (PLN), all sponsors, lenders, government institutions and other stakeholders. The successful Financing Close of both TPI and BPI underscores our strong commitment to be a major contributor in ensuring the success of the 35,000 MW program. This further cements our commitment to develop a power business fit for the future and creating synergies with our coal business. We are now focused on executing the plans of TPI to increase access to electricity in supporting Indonesia’s growth.”

Total investment for this project is approximately US\$545 million, and TPI has closed financing and received commitments of approximately US\$422 million (including contingency facility of US\$13 million) from six commercial banks: Korea Development Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., DBS Bank Ltd., Mizuho Bank Ltd., Sumitomo Mitsui Banking Corporation, and The Hong Kong and Shanghai Banking Corporation Limited. This financing is done on a project finance basis with KSURE providing comprehensive cover of approximately US\$400 million.

This project will sell electricity to PLN under a power purchase agreement (PPA) for 25 years from and after the Commercial Operation Date (COD). The PPA between TPI and PLN was signed on October 15th, 2014. The coal supply will be provided by PT Adaro Indonesia.

TPI has actually started construction since June 2016, six months before reaching Financing Close by using shareholder funds, demonstrates the ultimate proof of Adaro's commitment in supporting the government of Indonesia and PLN in achieving success in the 35,000 MW program. Construction is progressing well, with both unit expected to reach COD in the first half of 2019.

AP, as the sponsor in the forming consortium of TPI, has signed a sponsor support agreement with the above lenders where AP agrees to support (related to its capital investments in TPI) the project through loan or equity investments in accordance with AP's ownership in TPI. To support its main business activities, AE guarantees such support that will be given by AP. AE also provides guarantee in accordance with its indirect ownership in TPI with total contingent liabilities of approximately US\$88 million.

The Government of Indonesia, through the Ministry of Finance, provides a Government guarantee to this project in the form of a Business Viability Guarantee Letter (BVGL), under which the Government guarantees PLN ability to fulfil its payment obligations as stipulated in the PPA.

This power plant will use the circulating fluidized bed (CFB) technology which removes sulphur dioxide from flue gas by limestone injection and reduces nitrous oxide emissions due to its low combustion temperature. It also uses bag filter to eliminate ash emissions.

All partners have been in full support and committed to the project. All the stakeholders involved including the Government of Indonesia, PLN and the creditors remain committed to the project from the beginning. The Engineering, Procurement and Construction (EPC) contractor selected for this project is Hyundai Engineering Co Ltd (HEC). Operation & Maintenance of the power plant will be conducted by TPI.

From the beginning of construction and throughout its operation, TPI will contribute to the social and economic development particularly in Tabalong Regency and South Kalimantan region, through job creation and numerous social development programs to create shared value between TPI and the community.

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Profile of PT Tanjung Power Indonesia

PT Tanjung Power Indonesia (TPI) is a consortium of PT Adaro Power (AP) (65%) and PT East-West Power Indonesia (EWPI) (35%). PT Adaro Power is a wholly-owned subsidiary of PT Adaro Energy Tbk, while PT East-West Power Indonesia is a wholly-owned subsidiary of Korea East-West Power Co Ltd.

The 2x100 MW coal-fired power plant is located in Tabalong Regency, South Kalimantan. This project will apply the Build, Own, Operate, Transfer (BOOT) scheme. This project is part of the Fast Track Program Project phase 2 (FTP-2) to meet Indonesia's growing electricity demand.