
LOAN NUMBER ____-INO

LOAN AGREEMENT
(Ordinary Operations)

(Indonesian Infrastructure Financing Facility Project)

between

REPUBLIC OF INDONESIA

and

ASIAN DEVELOPMENT BANK

DATED _____

LAL:INO 42109

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated _____ between
REPUBLIC OF INDONESIA (hereinafter called the Borrower) and ASIAN DEVELOPMENT
BANK (hereinafter called ADB).

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the
Project described in Section 3.01 to this Loan Agreement;

(B) the Project will be carried out by a limited liability company, of which
ADB will be a founding shareholder, to be incorporated and established under the laws of the
Republic of Indonesia (hereinafter called the Company), and for this purpose the Borrower
will make available to PTSMI (as defined in Section 1.02 (n) of this Loan Agreement) under
the Subsidiary Loan Agreement (as defined in Section 1.02 (s) of this Loan Agreement) the
proceeds of the Loan provided hereinafter, which will be further onlend to the Company,
upon terms and conditions satisfactory to ADB;

(C) the Borrower has also applied to IBRD (as defined in Section 1.02 (f)
of this Loan Agreement) for a loan in an amount equivalent to one hundred million dollars
(\$100,000,000) for the purposes of financing a portion of the Project; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary
capital resources upon the terms and conditions set forth herein and in the Project
Agreement to be entered into between ADB on one part and PTSMI and the Company on the
other part (hereinafter called the Project Agreement);

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan
Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital
Resources, dated 1 July 2001, are hereby made applicable to this Loan Agreement with the
same force and effect as if they were fully set forth herein, subject, however, to the following
modifications thereof (said Ordinary Operations Loan Regulations as so modified being
hereinafter called the Loan Regulations):

- (a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (aa) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(bb) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the amount of the credit against the interest payable by the Borrower.

- (b) Section 3.06 is deleted and the following is substituted therefor:

(aa) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(bb) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (c) Section 3.07 is deleted and the following is substituted therefor:

(aa) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new

Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(bb) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Articles of Association" means the Articles of Association of the Company, as amended from time to time;

(b) "Business License" means the business license or its equivalent to be issued by MOF to the Company, in accordance with the prevailing laws and regulations of the Borrower to enable the Company to conduct its business as a non-bank financial institution;

(c) "DGSAM" means the Directorate General of State Assets Management under MOF or any successor thereto;

(d) "ESMS" means the agreed Environmental and Social Management System (ESMS), which has been prepared specifically for the Company and for carrying out the proposed activities of the Company in infrastructure;

(e) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; and including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance;

(f) "IBRD" means the International Bank for Reconstruction and Development;

(g) "IBRD Credit Agreement" means the credit agreement between the Borrower and IBRD in the amount of one hundred million dollars (\$100,000,000) for the purpose of financing the Company;

(h) "IFC" means the International Finance Corporation;

(i) "MLHR" means the Borrower's Ministry of Law and Human Rights or any successor thereto;

(j) "MOF" means the Borrower's Ministry of Finance or any successor thereto;

(k) "Procurement Guidelines" means ADB's Procurement Guidelines (2007, as amended from time to time);

(l) "Project Executing Agency" for the purposes, and within the meaning, of the Loan Regulations means DGSAM, or any successor thereto;

(m) "Project facilities" means the facilities and equipment provided under the Project;

(n) "PTSMI" means PT Sarana Multi Infrastruktur, a state owned enterprise, to be incorporated and established under the laws of the Borrower or any successor thereto;

(o) "Rupiah" means the currency of the Borrower;

(p) "Shareholders" means the shareholders of the Company;

(q) "Shareholders' Agreement" means an agreement between the founding Shareholders of the Company, including but not limited to ADB, IFC and PTSMI;

(r) "Subordinated Loan Agreement" means an agreement between PTSMI and the Company on the unsecured loan in a principal amount of the Rupiah equivalent of up to two hundred million dollars (\$200,000,000) under which repayment obligations of the Company are subordinated to those of certain senior lenders and other terms and conditions satisfactory to ADB; and

(s) "Subsidiary Loan Agreement" means the agreement between the Borrower and PTSMI referred to in Section 3.02 of this Loan Agreement.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred million dollars (\$100,000,000) as such

amount may be converted from time to time through a Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of twenty (20) years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.40% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing sixty (60) days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 March and 1 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Description of the Project; Use of Proceeds of the Loan

Section 3.01. The Project for which the Loan is made is to provide financing to the Company, that will, in turn, provide financing to commercially viable infrastructure projects in Indonesia in order to support the Borrower's objective of increasing the flow of private investment into infrastructure projects.

Section 3.02 (a) The Borrower shall relend the entire proceeds of the Loan together with other funds required for the Project to PTSMI under the Subsidiary Loan Agreement. Such Subsidiary Loan Agreement shall be in form and on terms and conditions acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower and PTSMI under this Loan Agreement and the Project Agreement. Except as ADB may otherwise agree, the terms for relending the proceeds of the Loan shall be ADB's lending terms to the Borrower under this Loan Agreement plus other costs to be determined by the Borrower and a repayment period of twenty five (25) years including a grace period of five (5) years. The Borrower shall bear the foreign exchange risk in respect of such funds.

(b) The Borrower shall ensure that PTSMI makes the entire proceeds available under the Subsidiary Loan Agreement to the Company as a subordinated loan pursuant to the terms of the Subordinated Loan Agreement. Such Subordinated Loan Agreement shall be in form and on terms and conditions acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower, PTSMI and the Company under this Loan Agreement and the Project Agreement.

Section 3.03. The proceeds of the Loan shall be disbursed in accordance with the provisions of Schedule 2 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.04. Except as ADB may otherwise agree, all Goods to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 3 to this Loan Agreement. ADB may refuse to finance a contract where Goods have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.05. Except as ADB may otherwise agree, the Borrower shall cause all Goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.06. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2013 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall, to the extent possible, ensure that PTSMI carries out the Project with due diligence and efficiency and in conformity with sound administrative, financial, and business practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement and the Schedule to the Project Agreement.

Section 4.02. The Borrower shall, and shall cause PTSMI to make available to the Company, promptly as needed, the required funds, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower through PTSMI shall, to the extent possible, ensure that the activities of the Company and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower shall take all action which shall be necessary on its part to enable PTSMI and the Company to perform their respective obligations under the Project Agreement, Shareholders Agreement and the Subordinated Loan Agreement and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations:

- (a) any of the parties to the Subsidiary Loan Agreement shall have failed to perform any of its obligations thereunder;
- (b) PTSMI shall have failed to perform any of its respective obligations under the Shareholders Agreement;

- (c) any of the parties to the Subordinated Loan Agreement shall have failed to perform any of its respective obligations thereunder;
- (d) the Company shall have failed to perform its obligations as mandated under the Business License; and
- (e) the Borrower's Government Regulation Number 66/2007 as amended by the Borrower's Government Regulation Number 75/2008 on the capital participation of the Borrower for the establishment of PTSMI, and the immediate proposed amendment to the Borrower's Presidential Decree Number 61/1988 on financial institutions and its implementing regulations shall have been repealed, suspended or amended in any manner which in the reasonable opinion of ADB will or may adversely affect the carrying out of the Project.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations:

- (a) PTSMI shall have been legally incorporated pursuant to the Borrower's laws and regulations;
- (b) the Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and PTSMI and shall have become effective and binding upon such parties in accordance with their respective terms, subject only to the effectiveness of this Loan Agreement;
- (c) the Subordinated Loan Agreement in form and substance satisfactory to ADB, shall have been duly executed and delivered by or on behalf of the PTSMI and the Company and shall have become effective and binding upon such parties in accordance with their respective terms, subject only to the effectiveness of this Loan Agreement;
- (d) the IBRD Credit Agreement shall have been signed between the Borrower and IBRD and all conditions for the effectiveness (except the conditions for the effectiveness of the Loan Agreement) shall have been fulfilled; and
- (e) the Articles of Association of the Company shall have been executed by the founding Shareholders and submitted to the MLHR for approval.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: each of the Subsidiary Loan Agreement and the Subordinated Loan Agreement has been duly authorized by or ratified by, and executed and delivered on behalf of, the respective parties thereto, and is legally binding upon such parties in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.03. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Ministry of Finance
Directorate General of Debt Management
P.O. Box 1139
Jakarta 10710, Indonesia

Facsimile Number:

(62-21) 381-2859

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2331

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

REPUBLIC OF INDONESIA

By _____
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____

SCHEDULE 1

Amortization Schedule (Indonesian Infrastructure Financing Facility Project)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment	Installment Share *
Due	(Expressed as a % based on 10% annuity)
1 Sep 2014	0.827816
1 Mar 2015	0.869207
1 Sep 2015	0.912667
1 Mar 2016	0.958301
1 Sep 2016	1.006216
1 Mar 2017	1.056526
1 Sep 2017	1.109353
1 Mar 2018	1.164820
1 Sep 2018	1.223061
1 Mar 2019	1.284214
1 Sep 2019	1.348425
1 Mar 2020	1.415846
1 Sep 2020	1.486639
1 Mar 2021	1.560971
1 Sep 2021	1.639019
1 Mar 2022	1.720970
1 Sep 2022	1.807019
1 Mar 2023	1.897369
1 Sep 2023	1.992238
1 Mar 2024	2.091850
1 Sep 2024	2.196442
1 Mar 2025	2.306264
1 Sep 2025	2.421578
1 Mar 2026	2.542657
1 Sep 2026	2.669789
1 Mar 2027	2.803279
1 Sep 2027	2.943443

Schedule 1

Date Payment	Installment Share *
Due	(Expressed as a % based on 10% annuity)
1 Mar 2028	3.090615
1 Sep 2028	3.245146
1 Mar 2029	3.407403
1 Sep 2029	3.577773
1 Mar 2030	3.756662
1 Sep 2030	3.944495
1 Mar 2031	4.141720
1 Sep 2031	4.348806
1 Mar 2032	4.566246
1 Sep 2032	4.794558
1 Mar 2033	5.034286
1 Sep 2033	5.286000
1 Mar 2034	5.550311
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately

Schedule 1

prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 2

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the item of the Category listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds for financing Goods and other items shall be disbursed in accordance with ADB's "Loan Disbursement Handbook" dated January 2007 (ADB's Loan Disbursement Handbook), as amended from time to time.

Deposit Account

5. Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, a deposit account to be managed by PTSMI at a commercial bank acceptable to ADB and to be used solely for the purpose of the Project. The deposit account shall be utilized exclusively by PTSMI to transfer the Loan proceeds to the Company within 3 business days of its receipt. The currency of the deposit account shall be in Dollar. The amount to be deposited into the deposit account shall be based on the withdrawal application submitted by the Borrower, which will be made pursuant to the investment needs of the Company to be evidenced by the certification issued by PTSMI, endorsed by the Borrower and acceptable to ADB.

Condition of Withdrawals from Loan Account

6. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until the following conditions have been satisfied:

- (a) the MLHR shall have approved the Articles of Association of the Company;
- (b) the Borrower, through the MOF, shall have issued the Business License to the Company;
- (c) the Shareholders Agreement, and any related share subscription documents to be entered into by and among the founding Shareholders and/or between the Company and the founding Shareholders shall have been executed and delivered on behalf of the parties and shall have become effective and binding upon such parties in accordance with their respective terms;
- (d) the Project Agreement, shall have been duly executed and delivered on behalf of PTSMI and the Company and shall have become effective and binding upon the PTSMI and the Company in accordance with their respective terms;
- (e) each founding Shareholder shall have subscribed and paid up its respective initial capital contribution in such amount as required by the Shareholders Agreement;
- (f) PTSMI shall have made available and disbursed financing in an amount of not less than six hundred billion Rupiah (Rp.600,000,000,000) (less the amount of the initial equity contribution of PTSMI as required under the Shareholders Agreement); and
- (g) the Company shall have appointed and employed a chief executive officer and a chief financial officer.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Indonesian Infrastructure Financing Facility Project)			
CATEGORY			ADB FINANCING BASIS
Number	Item	Total Amount Allocated for ADB Financing [\$] Category	Percentage of ADB Financing from the Loan Account
1	Loan to PTSMI	100,000,000	100 percent of total expenditure*
	Total	100,000,000	

* Exclusive of local taxes

SCHEDULE 3**Procurement of Goods****A. General**

1. All Goods to be financed out of the proceeds of the Loan, and procured for the benefit of the Company, shall be subject to and governed by the Procurement Guidelines as they apply to financial intermediaries.

2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines.

B. Procurement for Goods

3. Without limiting the generality of the first paragraph of this Schedule, the Borrower shall, to the extent possible, cause the Company to ensure that the Goods to be financed under the Loan proceeds shall be procured in accordance with established private sector or commercial practices acceptable to ADB, purchased at a reasonable price, taken into account also relevant factors such as time of delivery, efficiency and reliability of the goods, and their suitability for the relevant infrastructure projects.

C. Industrial or Intellectual Property Rights

4. (a) The Borrower shall ensure that all Goods procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

SCHEDULE 4

Execution of Project and Operation of Project Facilities; Financial Matters

Project Executing Agency

1. DGSAM shall be the Project Executing Agency and shall be responsible for the overall supervision and execution of the Project.

Project Management

2. The Borrower shall manage its investment in the Company through PTSMI. The Company shall have a two-tier board structure, i.e., the Board of Directors and the Board of Commissioners. The Board of Directors shall be responsible for the day to day management of the Company and the Board of Commissioners shall be responsible for providing oversight function

Counterpart Funds

3. The Borrower shall, on timely basis, provide counterpart funds required to be used for the establishment and operation of PTSMI and the Company.

PTSMI

4. The Borrower shall ensure that PTSMI shall provide funding to the Company pursuant to the time-frame and terms and conditions agreed under the Shareholders Agreement, the Subordinated Loan Agreement, and other relevant agreements.
5. The Borrower shall cause PTSMI to (a) ensure that the Shareholders Agreement provides that the entire proceeds of the Loan be applied for purposes consistent with the provisions of this Loan Agreement, and (b) exercise its voting powers in relation to the Company and all powers of control available in relation to their nominee to the Board of Commissioners and the Board of Directors of the Company (if any) so as to ensure that the Company applies the proceeds of the Loan for the purposes described herein.

Safeguards

6. The Borrower shall ensure that the Project shall be carried out in accordance with (a) ADB's *Environment Policy* (2002) and ADB's *Involuntary Resettlement Policy* (1995), (b) the Borrower's environmental laws, and involuntary resettlement laws, and (c) the harmonized ESMS

Audit

7. The Borrower shall ensure that PTSMI shall be audited annually by an independent external auditor. The audited financial statement of PTSMI shall be submitted to the MOF and to ADB annually, at the latest, six (6) months after the end of each fiscal year.

Anticorruption Measures

8. The Borrower shall comply with, and shall cause PTSMI to comply with ADB's Anticorruption Policy (1998, as amended to date) and the Policy relating to *Enhancing ADB's Role in Combating Money Laundering and the Financing of Terrorism* (2003). The Borrower (a) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; (b) agrees to cooperate fully with and to cause PTSMI to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation; and (c) agrees to refrain, and cause PTSMI to refrain, from engaging in money laundering activities or financing of terrorism and shall allow, and cause PTSMI to allow, ADB to investigate any violation or potential violation of these undertakings.