

**INFORMATION DISCLOSURE TO THE SHAREHOLDERS  
ON AN AFFILIATED-PARTY TRANSACTION OF  
PT ADARO ENERGY INDONESIA TBK  
("THE COMPANY")**

This information disclosure to the shareholders (hereinafter referred to as "**Information Disclosure**") is made to provide explanation to the Company's shareholders regarding the signing of the Loan Agreement between PT Adaro Persada Mandiri ("**APM**"), a limited liability company whose shares are 99.99% (ninety nine point ninety nine percent) indirectly owned by the Company, and PT Hutan Amanah Lestari ("**HAL**"), a limited liability company whose shares are 85% (eighty five percent) indirectly owned by the Company.

This transaction fulfills the definition of an affiliated-party transaction as set forth by the Regulation of the Financial Services Authority of the Republic of Indonesia (FSA) number 42/POJK.04/2020 on Affiliated-Party Transactions and Conflict-of-Interest Transactions ("**POJK 42/2020**").

THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS, EITHER SEVERALLY OR JOINTLY, ARE FULLY RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION DISCLOSURE AND THE AMENDMENT AND/OR ADDITION TO THE INFORMATION DISCLOSURE, IF ANY.

THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS HEREBY DECLARE THAT THE INFORMATION AS DISCLOSED IN THIS INFORMATION DISCLOSURE IS COMPLETE, AND AFTER A DUE AND CAREFUL EXAMINATION, EMPHASIZE THAT THE INFORMATION STATED IN THIS INFORMATION DISCLOSURE IS TRUE, AND THAT THERE ARE NO RELEVANT AND MATERIAL FACTS OMITTED OR ELIMINATED IN SUCH A WAY THAT CAUSE THE INFORMATION PROVIDED HEREIN TO BE UNTRUE AND/OR MISLEADING.

THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS DECLARE THAT THIS AFFILIATED-PARTY TRANSACTION DOES NOT CONTAIN ANY CONFLICT OF INTEREST.



**PT Adaro Energy Indonesia Tbk**

**Business activities:**

Operating head office activities and management consultation (for the businesses of subsidiaries operating in mining, excavation, mining support services, large-scale trading, logistics, warehousing, and logistics support activities, cargo handling (stevedoring), sea port service activities, plant agriculture, construction, engine repair and installation, power provision, water treatment, forestry and industry)

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Website: [www.adaro.com](http://www.adaro.com)

This Information Disclosure is issued in Jakarta on July 29, 2022.

## DEFINITION

<b>Affiliation:</b>	defined as set forth by article 1 of the Capital Market Law or POJK 42/2020
<b>Rp:</b>	Rupiah
<b>Director:</b>	member of the Company's Board of Directors holding such position on the date of this Information Disclosure
<b>Commissioner:</b>	member of the Company's Board of Commissioners holding such position on the date of this Information Disclosure
<b>Independent Appraiser:</b>	the Office of Appraisal Services of Desmar, Susanto, Salman dan Rekan, an independent appraiser registered with the FSA, which has been appointed by the Company to appraise the fair value and/or fairness of the Transaction
<b>Company:</b>	PT Adaro Energy Indonesia Tbk, a publicly-listed company duly established and organized under the law of the Republic of Indonesia and domiciled in Jakarta, Indonesia
<b>Controlled Company:</b>	defined as set forth by POJK 42/2020
<b>Affiliated-Party Transaction:</b>	defined as set forth by POJK 42/2020
<b>POJK 42/2020:</b>	FSA's Regulation number 42/POJK.04/2020 on Affiliated-Party Transactions and Conflict of Interest Transactions

## I. INTRODUCTION

On July 27, 2022, APM and HAL signed a Loan Agreement whereby APM would provide a loan to HAL in the amount up to Rp45,500,000,000.00 (forty five billion five hundred million Rupiahs) ("**Loan Agreement**"). This facility would be used by HAL for, among others, funding its carbon project.

Pursuant to article 4 point 1 of POJK 42/2020, this transaction is an Affiliated-Party Transaction, for which an appraiser must be employed to determine the fair value and/or the fairness of the object of the Affiliated-Party Transaction and an announcement must be made to the public. To comply with the stipulation of POJK 42/2020, the Company's Board of Directors is hereby publishing this Information Disclosure to convey such information to the Company's shareholders.

The appraiser's report incorporated herein was compiled by the Office of Appraisal Services of Desmar, Susanto, Salman dan Rekan number 00085/2.0142-00/BS/02/0177/1/VII/2022 of July 26, 2022 on the Fairness Opinion on the Planned Transaction ("**Appraiser's Report**"). The Appraiser's Report provides the fair value of this transaction.

This Affiliated-Party Transaction made by APM and HAL has complied with the procedure as set forth in article 3 of POJK 42/2020 and has been executed in accordance with the generally applicable business practices.

This Affiliated-Party Transaction is not a Conflict-of-Interest Transaction, and therefore does not require a prior approval from the Company's general meeting of shareholders as set forth by POJK 42/2020.

## II. BRIEF DESCRIPTION ON THE TRANSACTION AND THE EFFECT OF THE TRANSACTION TO THE COMPANY'S FINANCIAL CONDITION

### A. DESCRIPTION OF THE TRANSACTION

#### i. Rationale and Background of the Transaction

The Company is a vertically integrated energy company in Indonesia. The Company's business model is further strengthened by operating eight business pillars in the sectors of coal mining, energy, utilities and supporting infrastructure as the Company's main infrastructure of growth which utilizes the Company's resources and potentials.

Adaro Land is one of the Company's group business pillars, which provides strategic support to the Company's operations. The Adaro Land pillar was established to manage land more efficiently and effectively, to prepare the land until it is ready for use. Currently, the Adaro Land manages the entire operations and management of the Company's land, such as for licenses and rehabilitation and the construction of operational and non operational supporting facilities.

The Adaro Land pillar, through APM and its subsidiaries, runs five business segments, i.e. land management services, asset management and development, agribusiness and plantation, land reclamation and rehabilitation, and management of forestry assets.

HAL, which is a subsidiary of APM, holds a Business License for Utilization of Carbon Sequestration and/or Storage (IUP RAP / PAN Karbon) in Production Forests. HAL conducts development studies concerning the potentials of carbon sources and carbon trading.

Among the main areas to be developed by HAL is rehabilitation and forestry where HAL has forestry areas capable of sequestering carbon emission. This is important for encouraging green initiatives, i. e. the implementation of energy policies and the roadmap of the Company's project to reduce carbon emission or greenhouse gas.

Therefore, the Company, through APM, executed the Loan Agreement with HAL in order to realize HAL's business plan, i. e. the carbon trading business. The Company currently has sound financial position and liquidity level, which provide it with ample flexibility to make investments. This Loan Agreement among the investments that will deliver healthy returns to APM and positive impacts to APM's profitability going forward.

APM and HAL ensure to regularly assess risk profiles, diversify investments prudently, and conduct monitoring and balancing on its investment portfolio.

## **ii. Benefits of the Transaction**

With the execution of the Loan Agreement, the time period and process of the Loan Agreement can be used or executed very efficiently especially for the Company as the parent company. The Loan Agreement will also bring positive value for both parties and support the Company's goal with regard to green initiatives, i.e. the implementation of the energy policies and the roadmap of the Company's project for reducing carbon emission or greenhouse gas, and maximize the return for APM.

## **iii. Brief Description on the Transaction**

On July 27, 2022, APM and HAL signed the Loan Agreement. The loan facility would be used by HAL, among others, for funding its carbon project.

The description of the Loan Agreement is as follows:

- Loan amount: up to Rp45,500,000,000.00 (forty five billion five hundred million Rupiahs)
- Interest: 9.3% (nine point three percent) per annum; the interest shall be paid in June and December following the date of each loan disbursement
- Maturity date: 8 (eight) years after the date of the first loan disbursement according to the Loan Agreement
- Use of loan: for developing a carbon project, from the preparatory stage, implementation stage (fulfilling the requirements for supporting equipment and implementing the activities), to the commercialization stage of the carbon project

## **iv. The Parties Involved in the Transaction**

### **1. The Company as the controlling party on APM and HAL**

#### Brief history

The Company was established based on the notarial deed of Sukawaty Sumadi, S.H., a Notary in Jakarta, number 25 of July 28, 2004. The Company's deed of establishment was announced in the State Gazette of the Republic of Indonesia number 59 of July 25, 2006, Supplement to State Gazette number 8036, and approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number C-21493 HT.01.01.TH.2004 of August 26, 2004. The Company's Articles of Association have been amended several times with the latest amendment made by a notarial deed of Mahendra Adinegara, S.H., M.Kn. number 16 of February 15, 2022. Such amendment to the Articles of Association has been approved by the Minister of Law and Human Rights of the Republic of Indonesia by the decree number AHU-0011776.AH.01.02.TAHUN 2022 of February 16, 2022.

### Management and supervision

Based on the notarial deed number 15 of February 15, 2022 made before Mahendra Adinegara, S.H., M.Kn., a notary in South Jakarta, which has been notified to the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the Receipt of the Notification on the Change in the Company's Data number AHU-AH.01.03- 0101648 of February 15, 2022, the compositions of the Company's Board of Directors and Board of Commissioners are as follows:

#### Board of Directors

President Director:	Garibaldi Thohir
Vice President Director:	Christian Ariano Rachmat
Director:	Michael William P. Soeryadjaya
Director:	Chia Ah Hoo
Director:	M. Syah Indra Aman
Director:	Julius Aslan

#### Board of Commissioners

President Commissioner:	Edwin Soeryadjaya
Vice President Commissioner:	Theodore Permadi Rachmat
Commissioner:	Arini Saraswaty Subianto
Independent Commissioner:	Mohammad Effendi
Independent Commissioner:	Budi Bowoleksono

## **2. APM**

### Brief history

APM was established under the name PT Satya Mandiri Persada ("SMP") based on the notarial deed of Darmawan Tjoa, S.H., S.E., a Notary in Jakarta, number 6 of September 2, 2004. APM's deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number C-22605 HT.01.01.TH.2004 of September 8, 2004 and announced in the State Gazette of the Republic of Indonesia number 83 of October 15, 2004, Supplement to State Gazette number 10390. The change of the name SMP to APM was made by Deed number 301 of December 26, 2011 before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, and has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on the Decree number AHU-64525.AH.01.02 TAHUN 2011 of December 29, 2011 and the Receipt of the Notification on the Change in the Company's Articles of Association number AHU-AH.01.10-08573.

APM's Articles of Association have been amended several times with the latest amendment made by a notarial deed number 21 of December 7, 2020 before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta. Such amendment has been approved and received by the Minister of Law and Human Rights of the Republic of Indonesia by the decree number AHU-0082796.AH.01.02.Tahun 2020 of December 11, 2020 and the Receipt of the Notification on the Change in the Company's Articles of Association number AHU-AH.01.03-0418093 of December 11, 2020.

### Management and supervision

Based on the notarial deed number 20 of January 11, 2019 made before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, which has been notified to the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the Receipt of the Notification on the Change

in the Company's Data number AHU-AH.01.03-0029982 of January 17, 2019, the composition of the Board of Commissioners is as follows:

President Commissioner: Garibaldi Thohir  
Commissioner: H. Rudy Ariffin  
Commissioner: M. Syah Indra Aman  
Commissioner: Lie Luckman

Based on the notarial deed number 6 of October 5, 2021 made before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, which has been notified to the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the Receipt of the Notification on the Change in the Company's Data number AHU-AH.01.03-0460882 of October 14, 2021, the composition of the Board of Directors is as follows:

President Director: Yance Rahadian  
Director: Vathin Inayati  
Director: M. Zaim Nurhidayat  
Director: Erwin Hadi Subrata  
Director: Edward Ennedi Rorong

### **3. HAL**

#### Brief history

HAL was established based on the notarial deed of M. Natsir Thaif, S.H., M.Kn., a Notary in Maros, number 2 of March 7, 2011. This deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number AHU-19568.AH.01.01.Tahun 2011 of April 19, 2011. HAL's Articles of Association have been amended several times with the latest amendment made by a notarial deed number 31 of May 18, 2022 before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta. Such amendment has been approved and received by the Minister of Law and Human Rights of the Republic of Indonesia by the decree number AHU-0040159.AH.01.02.Tahun 2022 of June 14, 2022 and the Receipt of the Notification on the Change in the Company's Articles of Association number AHU-AH.01.03-0249732 of June 14, 2022.

#### Management and supervision

Based on the notarial deed number 95 of June 22, 2018 made before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, which has been notified to the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the Receipt of the Notification on the Change in the Company's Data number AHU-AH.01.03-0218028 of July 3, 2018 and the Receipt of the Notification on the Change in the Company's Articles of Association number AHU-AH.01.03-0218027 of July 3, 2018, the composition of the Board of Commissioners is as follows:

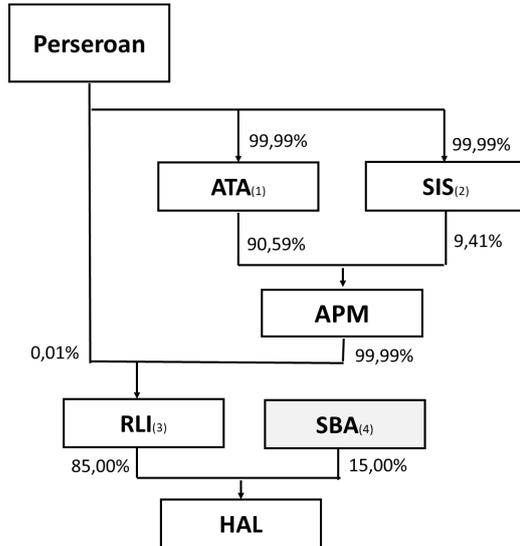
President Commissioner: M. Syah Indra Aman  
Commissioner: Johansyah Anwar

Based on the notarial deed number 10 of October 5, 2021 made before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, which has been notified to the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the Receipt of the Notification on the Change in the Company's Data number AHU-AH.01.03-0460896 of October 14, 2021, the composition of the Board of Directors is as follows:

President Director: Yance Rahadian  
 Director: Vathin Inayati  
 Director: M. Zaim Nurhidayat  
 Director: Erwin Hadi Subrata  
 Director: Edward Enneddy Rorong

**B. NATURE OF THE AFFILIATION OF THE PARTIES INVOLVED IN THE TRANSACTION WITH THE COMPANY**

This Transaction is categorized as an Affiliated-Party Transaction as defined by POJK 42/2020. The following chart presents the structure of the share ownership of APM and HAL:



Remarks:

- (1) PT Alam Tri Abadi
- (2) PT Saptaindra Sejati
- (3) PT Rehabilitasi Lingkungan Indonesia
- (4) PT Satu Bumi Amanah

**C. EFFECTS OF THE TRANSACTION ON THE COMPANY'S FINANCIAL CONDITION (PRO FORMA)**

The Company's pro forma balance sheet (thousand of US\$)

Balance Sheet	Audited December 31, 2021	Transaction	Pro forma December 31, 2021
Current assets	2,838,132	-	2,838,132
Non-current assets	4,748,804	-	4,748,804
<b>Total Assets</b>	<b>7,586,936</b>	-	<b>7,586,936</b>
Short-term liabilities	1,361,558	-	1,361,558
Long-term liabilities	1,767,063	-	1,767,063
<b>Total liabilities</b>	<b>3,128,621</b>	-	<b>3,128,621</b>
<b>Equity</b>	<b>4,458,315</b>	-	<b>4,458,315</b>

The Company's pro forma profit and loss (thousand of US\$)

Profit and Loss	Audited December 31, 2021	Transaction	Pro forma December 31, 2021
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Revenue	3,992,718	-	3,992,718
Cost of revenue	(2,222,972)	-	(2,222,972)
Gross profit	1,769,746	-	1,769,746
Operating income	1,528,279	-	1,528,279
Profit for the year	1,028,593	-	1,028,593

**D. EXPLANATION, CONSIDERATION AND REASON OF THE TRANSACTION COMPARED TO EXECUTING A SIMILAR TRANSACTION WITH A NON AFFILIATED PARTY**

The Company, through APM, did not make this investment in third parties because by making the investment in HAL as a part of the Adaro Land, the Company would not only optimize the return of its liquidity, but also grant support to the Adaro Land to keep developing into a profit center for the Company and support the green initiatives of implementing the energy policies and the roadmap of the Company's project to reduce carbon emission or greenhouse gas. This will certainly deliver more benefits to the Company compared to making such investment in any third party or other financial instruments.

Meanwhile, for HAL, this transaction will grant it more flexibility to access the funding for the carbon project and a relatively faster process compared to the process executed with third parties.

The documents regarding the Loan Agreement have been prepared to incorporate the same terms and conditions as those incorporated in transactions made with an unaffiliated party, thus the terms and conditions of the Transaction have been made on an arm's length basis.

**III. SUMMARY OF APPRAISER'S REPORT**

Pursuant to article 4 of POJK 42/2020, Publicly-Listed Companies intending to execute an Affiliated-Party Transaction must use an Appraiser's service to determine the fair value of the object of the Affiliated-Party Transaction and/or the fairness of the transaction.

To ensure the fairness of the transaction intended, the Company appointed an Independent Appraiser, i.e. the Office of Appraisal Services of Desmar, Susanto, Salman dan Rekan, to provide the Fairness Opinion on the Transaction, based on the Quotation number 0003/2.0142-00/PP-B/DSS-01/0177/VI/2022 of June 27, 2022, which had been approved by the Company.

The following is the summary of the fairness opinion as presented in the Report on the Fairness Opinion on Transaction number 00085/2.0142-00/BS/02/0177/1/VII/2022 of July 26, 2022:

i. Identity of the parties

The Company is the assignor. The parties involved in the Transaction are APM and HAL, both of which are a Controlled Company of the Company.

ii. Object of fairness analysis

The object of the fairness analysis herein is to provide a fairness opinion with regard to the plan for executing the Loan Agreement between APM and HAL, whereby APM as the Lender agrees to grant a loan in the amount up to Rp45,500,000,000.00 (forty five billion five hundred million Rupiahs) to HAL as the Borrower with the interest rate of 9.3% per annum (hereinafter referred to as "**Planned Transaction**").

iii. Purpose of the provision of fairness opinion

A report on fairness opinion is required to fulfill POJK 42/2020.

iv. Assumptions and limiting conditions

A number of assumptions used in compiling this fairness opinion are:

- This Fairness Opinion is a non-disclaimer opinion.
- All data, statements and information we received from the management and the data or information available to the public, particularly the economic and industry data, are deemed valid and sourced from credible sources.
- We have reviewed the documents used in the process of compiling the fairness opinion.
- This fairness opinion was prepared to serve the interest of the capital market and requirement of FSA regulations and not for tax purposes or purposes other than the interest of the capital market.
- In performing the analysis, we made assumptions and relied on the accuracy, reliability, and completeness of all financial information and other information provided to us by the Company or available in the public domain, which are basically true, complete and not misleading, and we are not responsible for conducting independent investigations on the said information. We also rely on the assurance of the Company's management that they are not aware of the existence of any facts that may cause the information provided to us become incomplete or misleading.
- We assume that on the date this fairness opinion is issued until the date of the planned corporate action, there will be no changes that may materially affect the assumptions used in the compilation of this fairness opinion. We are not responsible for reaffirming or completing or updating our opinion should there be any changes in the assumptions and conditions and other events occurring after the date of this letter.
- All disputes in the form of criminal or civil cases (within or outside the court) which are associated with the appraisal object are not under our responsibility.
- All changes made by the government or private parties which are related with the condition of the appraisal object, in this case the market condition etc., are not under our responsibility.

v. Approaches and appraisal method

In compiling this Report of Fairness Opinion on the Planned Transaction, we have conducted an analysis using a number of approaches and procedure for appraising the Planned Transaction, which include the following:

- a. Analysis on the Planned Transaction including the analysis on the background of the transaction and the parties involved in the transaction, agreement and terms agreed in the Transaction, and valuation on the benefits and risk of the Transaction.
- b. Qualitative analysis including the history and business activities of the parties involved in the transaction, analysis on the operational activities and the rationale for the Company to conduct the transaction.
- c. Quantitative analysis including the analysis on the historical financial performance and the analysis on the Company's pro forma financial statements.
- d. Analysis on the fairness of the Planned Transaction including comparing the Planned Transaction with the valuation of similar transactions where the Planned Transaction can generate added value.

vi. Fairness opinion on the Transaction

Based on the evaluation and analysis on all related aspects to determine the qualitative and quantitative positive impacts of the Planned Transaction, we are of the opinion that the Planned Transaction to be executed in the form of granting a loan in the amount up to Rp45,500,000,000.00 (forty five billion five hundred million Rupiahs) with an interest rate of 9.3% per annum is **fair**.

**IV. BOARD OF DIRECTORS' STATEMENT**

The Company's Board of Directors hereby declares that this Transaction has sufficiently fulfilled the applicable procedure and confirms that this Transaction has been executed in accordance with the generally applicable business practices, i.e. the procedure to compare the terms and conditions of a transaction equivalent to the transaction made between parties who do not have an Affiliated relationship and made by fulfilling the arm's-length principle.

**V. BOARD OF COMMISSIONERS' & BOARD OF DIRECTORS' STATEMENT**

The Company's Board of Commissioners and Board of Directors hereby declare that this Transaction is an Affiliated-Party Transaction which does not contain any conflict of interest.

The Company's Board of Commissioners and Board of Directors hereby declare that they have carefully reviewed the information provided with regard to the Transaction as presented in this Information Disclosure, and all material information regarding this Transaction has been disclosed in this Information Disclosure and the material information is true and not misleading. Subsequently, the Company's Board of Commissioners and Board of Directors herewith declare that they hold full responsibility on the accuracy of all information provided in this Information Disclosure.

**VI. ADDITIONAL INFORMATION**

The Company's shareholders wishing to receive further information on the Transaction can contact:

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Indonesia  
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