

Number : 036/DIR-TGRA/IDX/XII/2024
Attachment : -
Subject : Clarification on Business Operations

24 December 2024

To:

Director of Listings 1 (*Direktur Penilaian Perusahaan 1*)
Bursa Efek Indonesia
Indonesia Stock Exchange Building
Tower I 6th Floor
Jl. Jenderal Sudirman Kav 52-53
Jakarta 12190

Attn. Mr I Gede Nyoman Yetna,

Dear Sir,

We refer to the queries raised by PT Bursa Efek Indonesia (“**IDX**”) in its letter No. S-13450/BEI.PP1/12-2024 dated 20 December 2024 received on 23 December 2024. Since the Company was closed on 24 December 2024, this response letter is submitted today, 27 December 2024. We wish to inform you the following:

1. Based on IDX’s monitoring and the Company’s clarification during visit to the operations site, to date, the powerhouses and dams at the two project sites have not yet started. The physical construction has not started and both projects are in its preliminary stage. The IDX requests the Company to describe the actual construction timeline of the powerhouses and dams at the two project sites, including challenges identified by the Company and its mitigation.

Responses:

- 1.1. The delay in construction of the mini hydro power plant projects (*Pembangkit Listrik Tenaga Minihydro*, “**PLTM**”) was mainly caused by undersubscription of the Company’s shares during its IPO on 15 May 2017, where it only raised Rp110 billion. By contrast, the cost to construct five (5) projects where the with Power Purchase Agreement (“**PPA**”) was signed required Rp1.5 trillion. The projects were then funded using equity financing of at least Rp500 billion and debt financing of Rp1 trillion.
- 1.2. Since 17 July 2020, the Company’s new management has made efforts to strengthen the Company’s capital structure and secure financing sources. Despite challenges, the Company was able to maintain the PPA with PT PLN (Persero) and implemented efficiencies, which ensured its business continuity. The Company also conducted a comprehensive review of its project status, design, and land acquisition. The management’s focus is to improve project management and secure financially capable strategic partners sharing the same vision to develop green energy projects in Indonesia.

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- 1.3. In April 2024, the Company has found potential investors with adequate financial resources to finance the Company's projects. In addition, the investors have plans to expand the Company's green energy portfolio to 1,000 MW.
 - 1.4. The actual timeline of the Company's projects, as disclosed in the Public Expose Material, is as follows:
 - a. Construction of PLTM Sisira is projected to commence in 1Q-2025;
 - b. Construction of PLTM Batang Toru-3 and Batang Toru-4 is projected to commence in 3Q-2025;
 - c. Construction of PLTM Raisan Naga Timbul and Raisan Huta Dolok is projected to commence in 4Q-2025.
 - 1.5. At time of writing, the Company's challenge is maintaining liquidity and equity to finance construction of the hydro power plant projects owned by the Company.
 - 1.6. There are no technical or social challenges at the project sites. The Company's management has an extensive practical experience in energy projects. There are no social challenges in the two visited project sites and in the Company's other projects.
2. Clarification on Question Number (2) is as follows:
- 2.1. Design change of the Sisira, Batang Toru-3 and Batang Toru-4 PLTM projects are optimisations to produce more stable and efficient energy generation.
 - 2.2. The initial design and its changes were carried out by the same consultant. The changes were based on discussions between the Company's management and subsidiaries managing the projects.
 - 2.3. Survey findings as stated in the feasibility study conducted by the consultant have accounted for potential seismic risks.
3. Rationale of sharing the dam for Batang Toru-3 with Batang Toru-4 is as follows:
- 3.1. The primary rationale is because both projects are located close to one another and is hydroelectric cascade project, hence one dam is sufficient.
 - 3.2. Cost and benefit analysis of the Batang Toru-4 project did not find it necessary to construct additional dams or weirs. This resulted in better efficiency for technical structures, environment, and project timeline since a second dam or weir is not needed.
4. Clarification on opening of access to the projects is as follows:
- 4.1. Access roads are constructed by the Company's founders to prepare the site before an EPC contractor is appointed undertake construction.
 - 4.2. For the Sisira PLTM project, additional land was acquired to dispose material from cut and fill of about 4 hectares of land. From a total 20.19 ha of land required, 17.52 ha have been acquired and attached with the right to build certificate (*Sertifikat Hak Guna Bangunan*, "SHGB") registered to PT Energi Alam Sentosa. For the Batang Toru-3 PLTM project, from a total 26.08 ha of land required, 22.14 ha of land has been acquired with statements of release of land title (*Surat Pelepasan Hak Tanah*, "SPHT"). The upgrade to SHGB is proceeding. Additionally, for the Batang Toru-4

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PLTM project, from a total 26.92 ha of land required, 20.65 ha of land has been acquired with SPHT. There were no issues with local communities in the area.

We thank you for your kind attention.

Sincerely,

PT TERREGRA ASIA ENERGY TBK

[signed]

Daniel Tagu Dedo

Director

Copies made to:

1. President Director of PT Terregra Asia Energy Tbk
 - Direktur Utama PT Terregra Asia Energy Tbk
2. Board of Commissioners of PT Terregra Asia Energy Tbk
 - Dewan Komisaris PT Terregra Asia Energy Tbk

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