

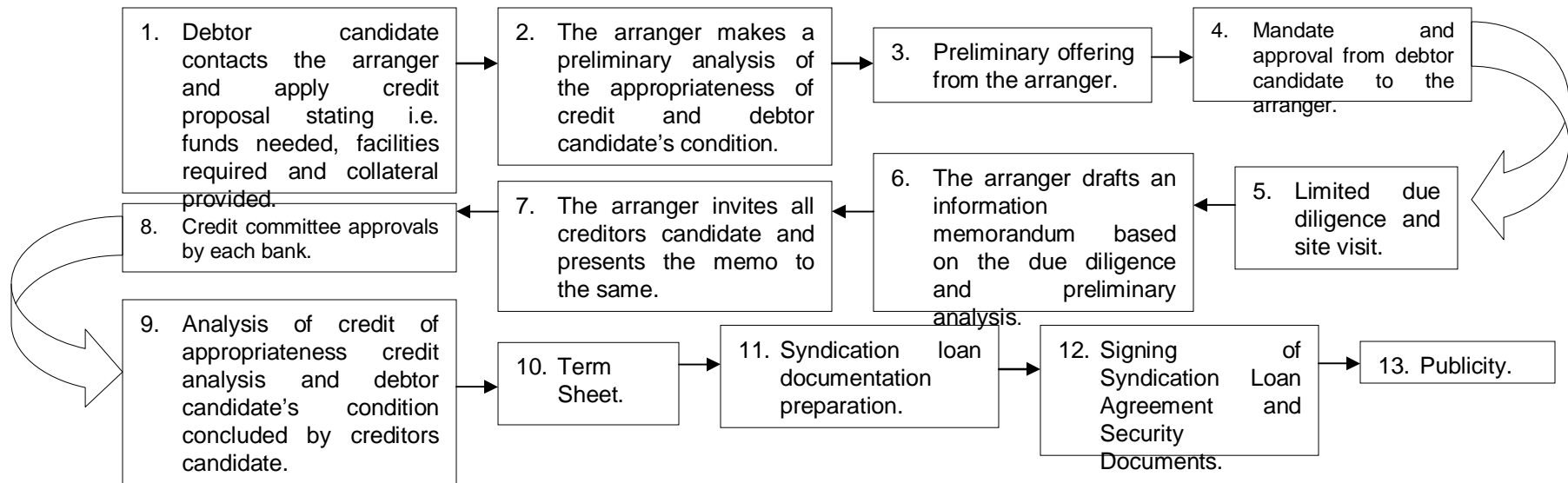


Syndication Loan Presentation Part II (Legal Aspect)

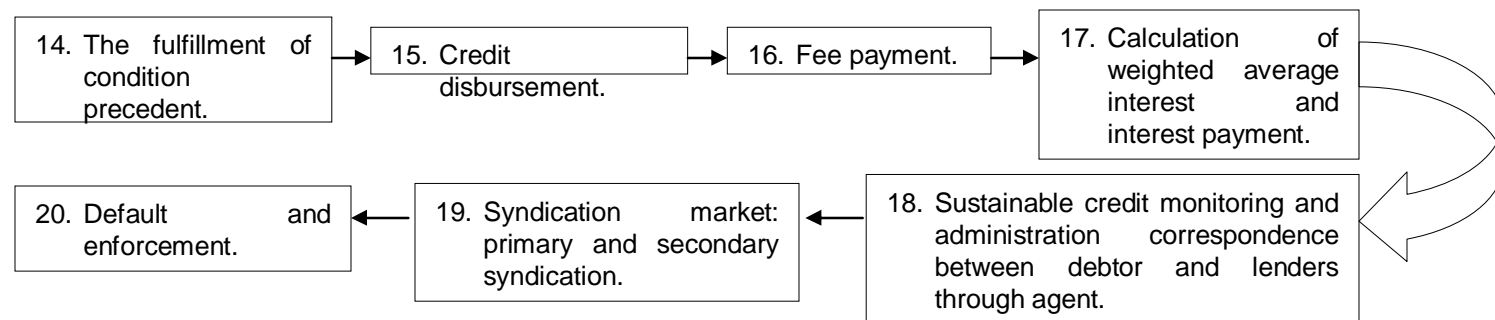
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I. Overall Process

Before the syndication is formed:



After the syndication is formed:



Syndication Loan Presentation Part II (Legal Aspect)

Agreements/Documents are as follows:

- Application;
- Mandate;
- Limited due diligence;
- Memorandum information;
- Offering Letter (term sheet);
- Agency Agreement (Facility and Security);
- Syndication Loan Agreement;
- Security Sharing Agreement;
- Collateral Agreement.

Legal Aspect, *cont'd...*

1. Application

Explanation by Debtor on:

- Corporate Group structure;
- Business activity;
- Type of facility requested, total amount of fund needed for the project and project timeline;
- Debtor's financial condition (financial highlight) and projects that will be funded by the creditors candidate;
- Project feasibility study (cash flow projection and sensitivity analysis);
- Debt service ratio and proforma ability to repay; and
- Collateral.

Legal Aspect, *cont'd...*

2. Mandate

- A written instruction from the debtor to the arranger to find financing through syndication loan;
- A mandate is a contract between the debtor and Arranger which can only be amended by an agreement between the debtor and Arranger; and
- Types of mandate: restricted and unrestricted mandate.

3. Limited Due Diligence

- Negative pledge;
- Negative covenants from other creditors;
- Corporate existence and good standing;
- Corporate approvals;
- Status of collaterals; and
- Others.

Legal Aspect, *cont'd...*

4. Memorandum Information

- Information disclosure describing the business activity, the financial highlight, the project to be financed and feasibility study provided by the Arranger to the syndication members which will be used by syndication members to determine whether they will participate in the syndication loan or not; and
- The nature is confidential and limited, provided only to selected lenders.

5. Term Sheet

- A preliminary offer from the creditors (arranger) to the debtor regarding the terms and conditions of syndication loan including primary covenants and collateral;
- An offering letter is flexible;
- Types of offer: indicative offer, best effort offer, underwritten offer and partially underwritten offer;
- Timeline for signing and loan disbursement subject to fulfillment of conditions and precedents; and
- Granted by Arranger to the debtor candidate before the signing of syndication loan agreement.

Legal Aspect, *cont'd...*

6. Agency Agreement

- An agreement among the creditors, agent and debtor, which regulates the rights and obligations of the agent during the syndication process. In particular this agreement regulates the following: (i) the party who appoint the agent (creditors); (ii) the relationship between the agent and the creditors (power conferral); (iii) task and authorization of the agent; (iv) limitation of agent's task and authority; (v) redemption costs; (vi) default and default impact; (vii) fee payment; and (viii) replacement.
- Can be made separately or the part of the syndication loan agreement and security sharing agreement.
- Prorate concept.

Legal Aspect, *cont'd...*

7. Syndication Loan Agreement

A loan agreement among the creditors, agent and debtor.

Principal matters regulated in the agreement:

- The amount of facility;
- The utilization;
- Term of facility;
- The mechanism of loan withdrawal and repayment;
- Loan interest rate;
- Default;
- Default impact;
- Representations and warranties;
- Debtor's positive covenant;
- Debtor's negative covenant;
- Collateral;
- Parties that are able and not able to assign their rights and obligations, and the mechanism of the assignment itself;
- General provisions.
- Signed upon the agreement of terms and conditions by all related parties.

Legal Aspect, *cont'd...*

8. Security Sharing Agreement

A written agreement among the creditor, debtor, security agent and facility agent regarding the procedures of collateral enforcement and method of sharing:

Principal matters regulated in the agreement:

- Proportional security sharing (paripassu);
- The procedures of collateral enforcement;
- The procedures of proceed distribution (i.e. priority of payment);
- Expenses;
- Additional collateral;
- General provisions.

Signed simultaneously with the signing of syndication loan agreement and security documents.