

Number : IRS/CS-0521/021
Regarding : Transaction with affiliated party

5 May 2021

To: Executive Head Capital Market Supervision
Financial Services Authority
Jakarta

We hereby for and on behalf of the company submit Disclosure of Transaction with affiliated party as given below:

Name of Issuer or Listed Company : PT. Indo-Rama Synthetics Tbk (“**IRS**”)
Line of Business : Manufacturer of raw materials for the textile and packaging industry and as holding company
Telephone : +62-21-5261555
Fax : +62-21-5261501
E-mail : corporate@indorama.com

1.	Date of Event	3 May 2021
2.	Transaction Object	Shareholder Loan Facility Agreement between IRS and PT Cikondang Kencana Prima (“ CKP ”) (“Transaction”)
3.	Transaction Value	Maximum Rp 240,000,000,000# (Two hundred forty billion Rupiah)
4.	Name of the Parties	Lender : IRS Borrower : CKP
5.	Nature of Affiliation	CKP is a subsidiary of the IRS which is 80% owned by the IRS.

Summary of the Appraiser's Report number 00031/2.0142-00/BS/04/0453/I/V/2021 dated 3 May 2021 regarding the fairness of the Transaction is given below:

Appraiser's Identity	KJPP Desmar, Ferdinand, Hentriawan dan Rekan (“Appraiser”)
Appraisal Object	Shareholder Loan Facility Agreement dated 3 May 2021 between IRS and CKP
Purpose of Appraisal	Provide fairness opinion on the Transaction pursuant to POJK number 42 / POJK.04/2020 (“POJK 42”)
Assumptions and limiting conditions	1. This fairness opinion report is a non-disclaimer opinion. 2. The Appraiser has reviewed the documents used in the process of preparing the fairness opinion. 3. The data and information obtained are from sources that can be trusted for their accuracy 4. Appraiser has used financial projections made by management of the

	<p>Parties.</p> <ol style="list-style-type: none"> 5. Analysis, opinions and conclusions made by the Appraiser, as well as the Appraisal Report have been prepared in accordance with the provisions of the Indonesian Appraisal Standard (SPI), the Indonesian Appraisal Code of Ethics (KEPI), and POJK 35 concerning Guidelines for the Assessment and Presentation of Business Valuation Reports in the Capital Market. 6. Appraiser is responsible for the fairness opinion report and the final opinion conclusion. 7. All disputes in the form of criminal and civil cases (both inside and outside the court) relating to the object of fairness opinion analysis are not our responsibility. 8. We want to emphasize that the results of our studies, analyzes and responsibilities are specifically limited to the aspect of fairness opinion on the object of the Transaction, apart from other transactions besides the Transaction, feasibility studies, taxation and legal aspects because these are outside the scope of the assignment. 9. Changes made by the Government and the private sector relating to the condition of the object of fairness opinion analysis, in this case market conditions and so on, are not our responsibility. 10. This fairness opinion report is presented only for the objects and purposes as stated in the report and cannot be used for other objects and purposes and we are not responsible if this report is used for other purposes. 11. This fairness opinion report is one of the information to be used as a rationale for making decisions, but it is not binding and cannot be used as the basis for determining a decision which has legal consequences, because this fairness opinion report is solely made based on the study of scientific disciplines and abilities that we have.
<p>Approach and method of Appraisal</p>	<p>Proposed Transaction Risk Analysis</p> <ul style="list-style-type: none"> ▪ The risk of default, where this risk is related to the problem of CKP's ability to meet its obligations for repayment of loans. ▪ The risk of not achieving financial projections, where this risk is related to the achievement of CKP's financial performance. <p>Investment Feasibility Analysis</p> <p>The investment feasibility analysis is carried out to see the feasibility level of the CKP investment plan using the funds associated with the Transaction. The NPV value in this analysis shows a positive number and the IRR value is greater than the discount rate, so we are of the opinion that the planned use of funds for the Transaction is feasible.</p> <p>Fairness Analysis of Transaction Value</p> <p>The interest rate on the Transaction is JIBOR + 3%. In this analysis, the Transaction loan interest rate is compared with the investment loan interest data from the Indonesian Financial Economic Statistics (SEKI) published by Bank Indonesia as of December 31, 2020, where the Transaction loan interest is still within the limits of +/-7.5% of the published benchmark rates and hence determined as fair.</p> <p>Incremental Analysis</p> <p>Incremental Analysis is carried out to see the benefits of the Transaction for IRS. In this case, the analysis is carried out by comparing the financial projections of IRS with and without the Transaction. In this analysis, the</p>

	implementation of the Transaction will increase the amount of profit before tax and net income of IRS. This is due to the difference in interest expense, which is recorded in IRS consolidated profit and loss projection.
Fairness opinion on the Transaction	By considering the fairness analysis of the Transaction carried out including qualitative analysis and quantitative analysis, from an economic and financial perspective, in our opinion, the Transaction for providing loans by IRS to CKP is fair.

Other Information

Proforma impact of the transaction on the financial condition of the Public Company, in the case of a potential transaction resulting in disruption of the business continuity of the Public Company	The Transaction is not expected to cause any disruption of the business continuity of IRS.
Explanation, consideration, and reasons for conducting the Affiliated Transaction, compared to if other transactions of the same type are made that are not carried out with an Affiliated party	<ol style="list-style-type: none"> 1. This Shareholder Loan Facility is part of IRS's post-acquisition plan for CKP to initiate ore mining and make CKP a productive and operating company so as to provide economic benefits for IRS. 2. Through the Shareholder Loan Facility to finance pre-operation expenses, overheads, mine development and processing facilities, it is hoped that CKP can carry out its operational activities well in the coming years, so that this will also provide a good image in the eyes of investors and the public that IRS and its business groups can diversify their business well and maintain their productivity, which has implications for IRS's share price. 3. The Transaction will provide benefits to IRS on a consolidated basis, where the loans obtained by CKP can be used for pre-operation expenses, overheads, mine development and processing facilities, so that with the development of the CKP business it will make a positive contribution to IRS on a consolidated basis. <p>Incremental Analysis has been carried out by the Appraiser, to see the benefits of the Transaction for IRS. In this case, the analysis is carried out by comparing the financial projections of the IRS with and without the Transaction. In this analysis, the implementation of the Transaction will increase the amount of profit before tax and net income of IRS. This is due to the difference in interest expense, which is recorded in IRS consolidated profit and loss projection.</p>

BOARD OF COMMISSIONERS & BOARD OF DIRECTORS DECLARATION

The Board of Directors of the Company hereby declares that the affiliated transactions have gone through adequate procedures to ensure that the Affiliated Transactions are carried out in accordance with generally

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accepted business practices.

The Board of Commissioners and Board of Directors of the Company hereby state that:

- (a) This Affiliated Transaction does not contain a conflict of interest; and
- (b) All material information has been disclosed and the information is not misleading.

Yours faithfully,

PT. Indo-Rama Synthetics Tbk

Vishnu Swaroop Baldwa



Vishnu Swaroop Baldwa
President Director

cc: PT Bursa Efek Indonesia