



PT. Agrinas Investor Prospectus

Cassava Estate and Rice Estate Investment



January 2021

Strictly Confidential – This proposal is intended for the Leadership of South Korea

Seven reasons for South Korean investment in Agrinas cassava and rice projects

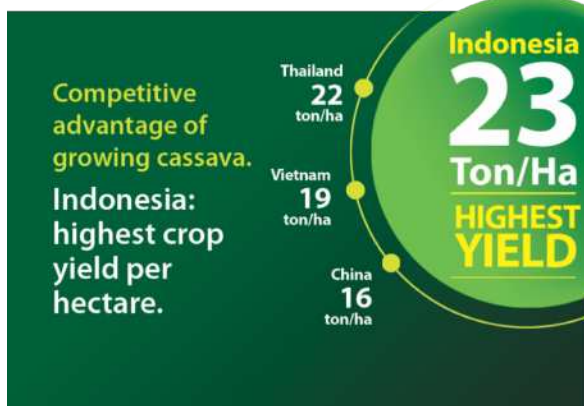


- 1 Both cassava and rice projects offer high return on investment with relatively low risk
- 2 Cassava project is a National Strategic Project (PSN) to establish national food reserve
- 3 Cassava project is directly monitored by the Indonesian President Jokowi
- 4 Improve South Korea's food security by producing the 'next wheat', reducing dependency on wheat import and existing wheat producers, and improving health of consumers by providing healthier alternative to wheat flour
- 5 Agrinas is owned by the Indonesia Ministry of Defense, with direct report to Minister Prabowo
- 6 Agrinas is run by top talents with extensive experience in agro industry business
- 7 Agrinas utilize the latest technologies to harness Indonesia's advantage in agriculture



Indonesia Defense Minister Prabowo Subianto with South Korea Defense Minister H. E. Jeong Kyeong-doo in Jakarta, December 2019

Product background: Agrinas aims to be the largest end-to-end cassava flour producer in the world, capitalizing on Indonesia's natural advantage



Cassava based products includes tapioca flour & MOCAF (Modified Cassava Flour)



Market background: Our Modified Cassava Flour (MOCAF) is aimed to capitalize on Indonesia's existing consumption of wheat flour for noodles



Product Name	MOCAF Substitution (%)	Product Name	MOCAF Substitution (%)
Cookies	50-100	Meat Bun	30
Noodle	30-40	Doughnut	50
Layered Cake	100	Breadstick	40-100
Cake	50	Dumpling	40
Bread	30-40	Martabak	50

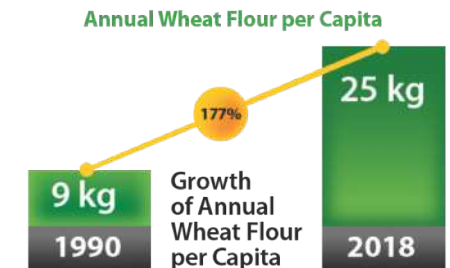
Average : 49%

MOCAF (Modified Cassava Flour) has the potential to substitute wheat flour up to 49% without difference in taste or texture.

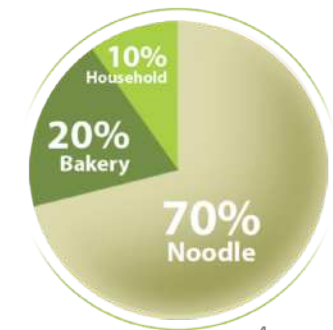
With its benefits, MOCAF has the prospective to capitalize on the extensive demand in Indonesia.



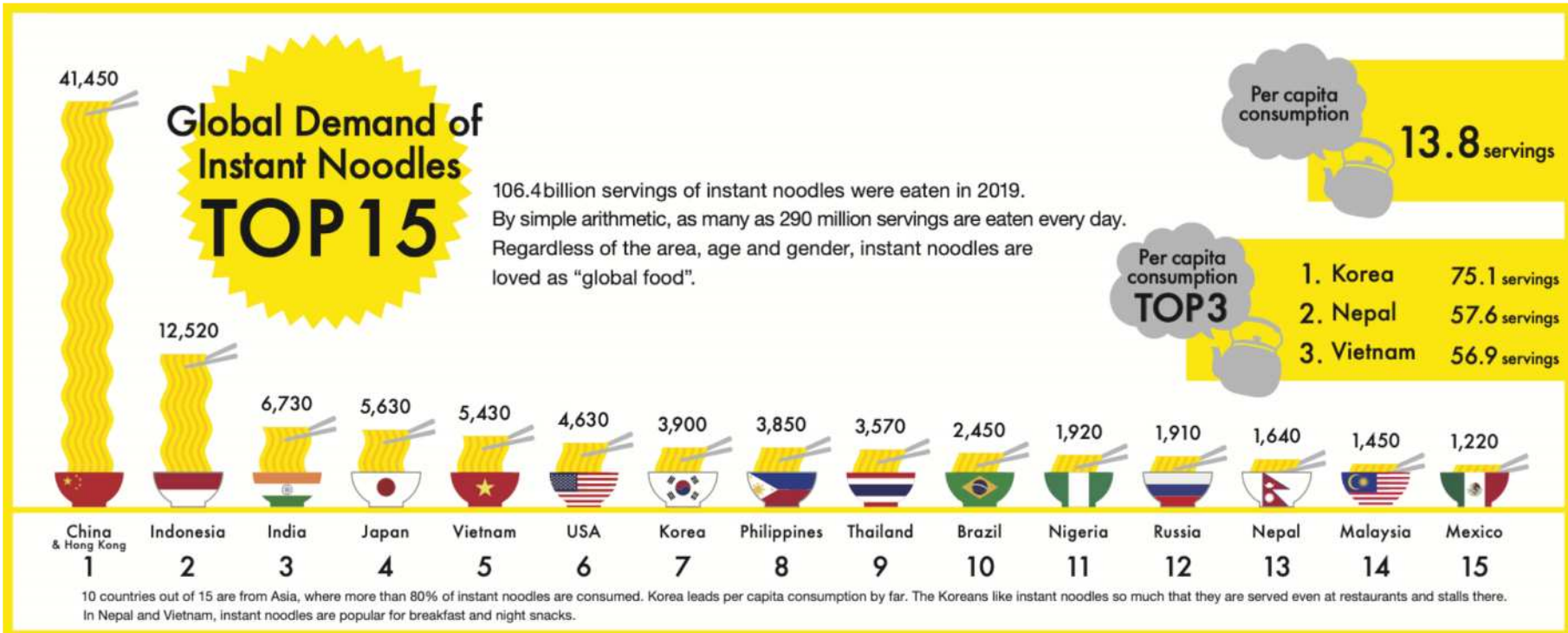
Per-capita consumption of wheat flour roughly tripled over the past three decades in Indonesia.



Wheat Flour Consumption per Category



Market background: Indonesians are now the 2nd highest noodle eater in the world – demand for noodles drives USD 2 bn of wheat flour import annually

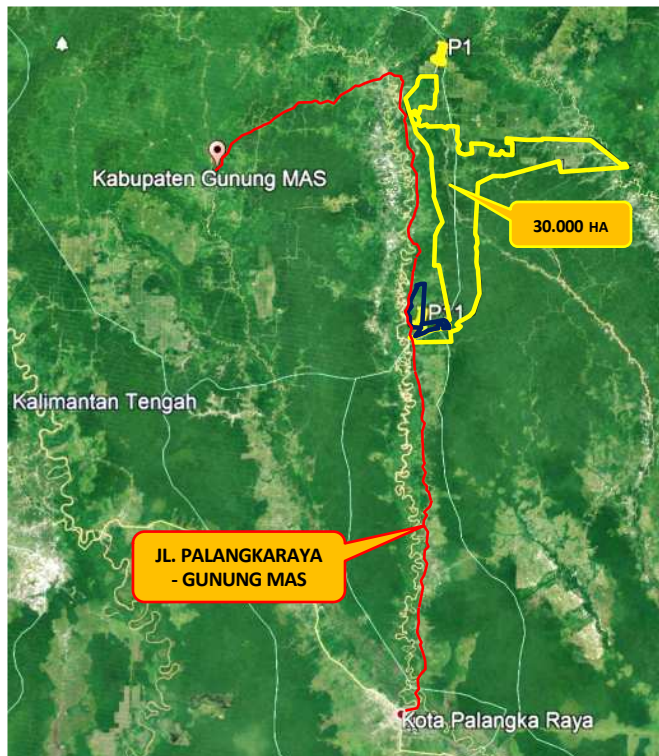


Note: South Korea's consumption of noodles is also driving importation of wheat flour to South Korea – now around 4 to 5 million tonnes of wheat flour annually (2012-2019 figures) – at least 40% of this amount can be substituted by cassava flour

Project update: We are on our way to deliver our first factory and plantation in Central Kalimantan with full endorsement from the President



Project location






Project timeline

- Q4 2020
 - Land clearing starts
- Q1 2021
 - Start of planting
- Q2 2021
 - Factory ground breaking
- Q4 2021
 - First harvest
 - Factory commissioning


Project endorsement

home / News / Nasional
Proyek "Food Estate", Jokowi Tugaskan Prabowo Pangan Singkong
kompas.com - 23/09/2020, 13:50 WIB

IAGIKAN:  



Defense minister targets developing 1.4-million ha cassava plantations
Pewarta : **Rangga Pandu AJ, Sri Haryati** © Rabu, 23 September 2020 21:06 WIB



Presiden Joko Widodo (kiri) berbincang dan meninjau lahan yang akan dijadikan Food Estate di Kalimantan Tengah, Kamis (9/7/2020). Pemerintah mengantisipasi krisis pangan dunia.

President Joko Widodo, Agriculture Minister Syahrul Yasin Limpo, and Defense Minister Prabowo Subianto visited the land for the development of food estate in Central Kalimantan in July 2020. (ANTARA/HO-Research and Development Agency of the Agriculture Ministry/sh)

“ In Central Kalimantan, we plan to start it in 2021 on 30 thousand hectares of land. ”

Investment teaser: We have prepared 13 integrated farm to flour factory investment across 8 locations in Indonesia – with more to come



Tentative locations for next 13 plantations



Location	# of plantation
1. South Kalimantan	1 plantation
2. West Nusa Tenggara	1 plantation
3. Merauke of Papua	3 plantations
4. Aceh	1 plantation
5. South Sulawesi	3 plantations
6. North Sulawesi	1 plantation
7. West Sulawesi	2 plantations
8. Jambi	1 plantation

Project brief

Production of tapioca flour and modified cassava flour (MOCAF) from company operated cassava plantation.

Final target is to produce 10.2 million ton of flour by 2024 from 34 factories and 1 million ha plantation, to substitute wheat flour in Indonesia domestic market.

We are currently developing 1 location in Central Kalimantan.

At present, we have 13 x 30,000 hectares location across Indonesia almost ready for project development.

Financials presented here are applicable for each locations.

For each location

Financing Required
IDR 4.17 trillion

Yearly IRR
20%

NPV
IDR 12 trillion

Payback Period
5 years

Loan Interest
15%

Flour Production
1,000 ton / day

There are two rice estate investment opportunities in two provinces

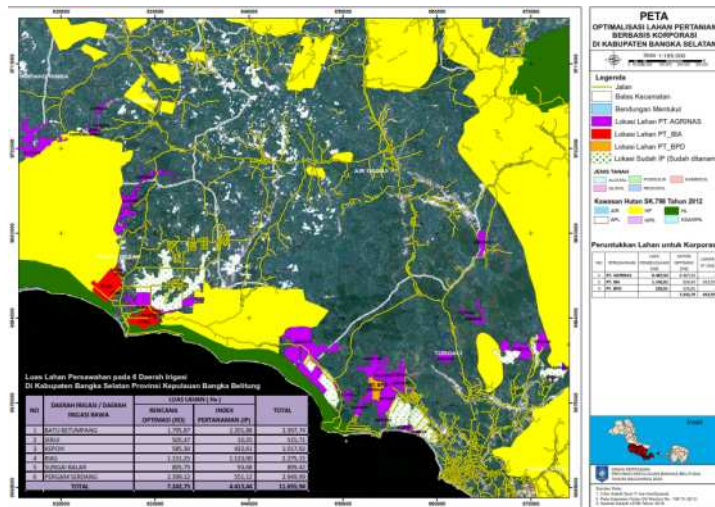


Project Location	Selling Price (IDR)	Investment	IRR (%)	Rice Mill Capacity (Ton / Hr)	Business Concept			
					Farming	Dryer	Silo	Milling
Jembrana, Bali	Rice: 10,000 (Ex-Factory)	IDR 259 bn	43.7	5	✗	✓	✗	✓
Bangka Selatan	Rice: 10,000 Corn: 3,700 (Ex-Factory)	IDR 547.5 bn	16.6	10	✓	✓	✓	✓

Investment teaser: Integrated farm to mill investment in South Bangka regency



Location



Catching Area Locations:

1. Rias
2. Pergam Serdang
3. Batu Betumpang
4. Sungai Balar Jelutung
5. Kepoh
6. Jerji

Project brief

Our first integrated rice mills (IRPP) in South Bangka is designed to produce 10 ton per hour of rice, and offtake production of 5,000 ha paddy field.

We aim to develop and operate 5,000 ha of own paddy field using professional farmers and the latest farming technologies.

For this project, we have established strategic partnership with the Regency of South Bangka.

Primary offtake will be for the Bangka Belitung market, which currently imports 70% of rice consumed from other provinces.

For this project

Financing Required

IDR 547.5 bn

Yearly IRR

16.67 %

NPV

IDR 125.5 B

Payback Period

6 years

Loan Interest

15%

Rice Production

25,200 ton / Year

Investment teaser: Modern rice mill investment in Bali



Location



Recommended locations:

- | | |
|-----------------------|-------------------------|
| 1. Jembrana: 6,401 Ha | 4. Gianyar: 10,643 Ha |
| 2. Tabanan: 17,711 Ha | 5. Karangasem: 5,611 Ha |
| 3. Badung: 8,352 Ha | 6. Buleleng: 7,719 Ha |

Total: 56,437 Ha

Project brief

The island of Bali currently export grain to Java and import rice back since there is a lack of rice mill capacity on the island.

This project aims to fulfil market demand for an integrated and modern rice mill in Bali.

Out of six locations recommended by the government of Bali to build a rice mill we have selected the regency of Jembrana as our first project.

In Jembrana, we will partner with PT. Bali Agro Investama to process rice from 6,401 ha of paddy fields worked on by local farmers with a 5 ton per hour rice mill.

For this project

Financing Required

IDR 259 bn

Yearly IRR

43.7%

NPV

IDR 97.4 bn

Payback Period

6 years

Loan Interest



15%

Rice Production

16,704 ton / year

Summary of investment opportunities on offer



	Project Brief	Summary of investment opportunity for each set of project
<p>Cassava Estate</p> 	<p>Production of tapioca flour and modified cassava flour (MOCAF) from company operated cassava plantation.</p> <p>Target is to produce 10.2 million ton of flour by 2024 from 34 factories and 1 million ha plantation, to substitute wheat flour in Indonesia domestic market.</p>	<p>Each factory is designed to produce 1,000 ton of flour per day and manage 30,000 ha plantation:</p> <ul style="list-style-type: none"> • Financing required: ~IDR 4.1 trillion • Project IRR: 20% • Break even point: 5 years
<p>Rice Estate</p> 	<p>Production of premium rice from company operated paddy field and/or cooperation with existing rice farmers.</p> <p>Target is to produce 1,2 million ton of rice by 2024 from 40 integrated rice mills covering 200,000 ha paddy field, to fulfill Indonesia domestic market demand.</p>	<p>Each integrated rice mills (IRPP) is designed to produce between 5 to 15 ton per hour of rice, and offtake production of 5,000 ha paddy field:</p> <ul style="list-style-type: none"> • Financing required: ~IDR 259 to 547 billion • Project IRR: 16 to 43% • Break even point: 6 years
<p>Indonesia MOD terms for the above projects</p>	<p>Indonesia MOD reserve the right to be 1st priority offtaker at market price in the event of food emergency in Indonesia</p>	

Investment scheme on offer



Option 1: Equity Participation

Agrinas may establish a legal entity for each:

- Cassava flour factory and plantation
- Rice processing plant and paddy field

We invite interested investor to participate required equity for each venture and earn return on dividend shared by equity holder based on percentage of share.

Option 2: Corporate Loan

All of our projects require corporate loan with:

- 13 months grace period for cassava flour factory and plantation, and rice processing plant and paddy field

We invite interested investor to lend and earn up to 15% p.a. (negotiable) fixed return on the loan, with duration of 1 to 15 years.

