



SARANA MENARA NUSANTARA

2016 Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders

Agenda Items and Description

In relation to the 2016 Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders (“GMS”) of PT Sarana Menara Nusantara, Tbk. (the “Company”, “our”, or “we”) that will be held on Friday, May 20, 2016, we set out below the Agenda Items for the GMS along with a brief description.

A. Annual General Meeting of Shareholders

Agenda Item No. 1

Approval and ratification of:

- (i) the Annual Report of the Company for the financial year ended December 31, 2015, including the Company’s yearly activity report and the supervisory report of the Board of Commissioners for the financial year ended December 31, 2015; and
- (ii) the Consolidated Financial Statements of the Company for the financial year ended December 31, 2015, including the Balance Sheets and Profit/Loss Statements for the financial year ended December 31, 2015, along with the full release and discharge of responsibilities of the Board of Commissioners and the Board of Directors for their supervision and actions for the financial year ended December 31, 2015 (*acquit et de charge*).

1.1 Background

In compliance with Article 19 paragraph 2 letter a and b and Article 19 paragraph 3 of the Company’s Articles of Association and in conjunction with Article 69 and Article 78 of Law No. 40 year 2007 regarding Limited Liability Company (the “Company Law”), these approvals are required each year by the shareholders.

1.2. Explanation

1.2.1 Report of the Board of Directors

DESPITE CHALLENGES, 2015 STILL SHOWED POSITIVE RESULTS

Dear Shareholders,

We are pleased to report that 2015 was another successful year for the Company. At the time of writing this report, the developed countries in the rest of the world are slowly recovering from a major slowdown in their economies. Monetary easing is still ongoing even though the United States has ended its zero percent interest rate policy by introducing a one-time increase of 25 bps in the Fed Fund rate. The Indonesian Rupiah has also strengthened to around 13,000 and stabilized after touching its lowest point at 14,728.

In Asia, Indonesia has ended 2015 in better shape than many major Asian economies in terms of reform and perception. The beginning of the year was very challenging for the Jokowi Government administration given the Government's minority position in Parliament. Now with the backing of the majority of political parties, we expect the Jokowi Administration to boost investors' confidence and a better-aligned execution strategy for fostering economic growth.

During 2015, we managed to grow the business by adding 642 tower sites (mostly through the acquisition of iForte) and 900 site leases. Revenue grew by 8.9%, from IDR4,106.2 billion to IDR4,469.8 billion, and EBITDA grew by 10.5%, from IDR3,418.4 billion to IDR3,775.7 billion. Despite the impact of the Bakrie Telecom bankruptcy and the cancellation of 874 site leases in December 2014, we registered 2015 net profit of IDR 2,964.7 billion, approximately 2.7 times greater than the IDR 1,098.7 billion net profit recorded in 2014.

Despite the external challenges we faced in 2015, we maintained our position as the leading independent tower company in Indonesia with the largest tower portfolio, healthiest balance sheet and strongest credit rating among all tower companies. During 2015, we were the only tower company in Indonesia that received a credit rating upgrade. Standard & Poor's upgraded our Outlook from BB+/Stable to BB+/Positive. In 2016, Standard & Poor's has subsequently upgraded us to investment grade BBB-, one of only 3 companies in Indonesia with an investment grade rating from Standard & Poor's. Fitch International and Fitch Indonesia upgraded our ratings to BB+ and AA+, respectively. Moody's also upgraded our corporate credit rating to Ba1. In addition, our leverage ratio, as measured by net debt to LQA EBITDA, dropped to 1.8x in 2015 from 2.2x at the end of 2014 despite the cash acquisition of iForte.

As a closing remark, despite a challenging 2015, we met the guidance for revenue and EBITDA that we communicated at the beginning of the year. Going forward, we will continue to strengthen our position as the market leader in the tower industry by maintaining our disciplined approach to investing and expansion.

Finally, we would like to thank the shareholders, the Board of Commissioners, the Audit Committee, the management team and the employees of the Company and its subsidiaries for all their support in making 2015 a successful year. We believe that with persistent efforts and the continued support of our shareholders, management, and employees, we will always meet the objective of our mission statement: "Here For Indonesia".

1.2.2 Report of the Board of Commissioners:

Dear Shareholders,

We are pleased to report that during 2015, the Company recorded moderate growth despite difficult macroeconomic conditions and sector specific challenges that slowed operators' expansion after three years of strong growth. These challenges included spectrum refarming, the integration of acquisitions, the prospect of regulatory changes and the availability of new spectrum. In addition, 2015 saw the full impact of

the Bakrie Telecom bankruptcy and the shutting down by Telkom of its Flexi CDMA operation. Nonetheless, in 2015 we added 642 towers and maintained our position as the premier tower company in Indonesia with nearly 12,250 towers and over 21,000 tenants.

Despite slower growth, we continued to focus on effectively managing our balance sheet and succeeded in lowering our net debt to EBITDA from 2.2x to 1.8x, maintained the longest average life of debt of any company in the sector, and improved our interest coverage ratios from 7.3 in 2014 to 7.8 in 2015.

We believe our capital structure and modest leverage will contribute to significant operational and financial momentum in the coming years.

The international rating agencies recognized our solid capital management activities this year by upgrading our debt ratings. S&P upgraded our Outlook to BB+/Positive, Moody's upgraded our rating from Ba2 to Ba1, and Fitch upgraded our international rating from BB to BB+ and our domestic rating from AA- to AA+. In 2016, Standard & Poor's has subsequently upgraded us to investment grade BBB-, one of only 3 companies in Indonesia with an investment grade rating from Standard & Poor's. We are now the best rated independent tower company and one of the best among all private sector corporations in Indonesia.

We extend our warmest appreciation to the Board of Directors, the employees, other stakeholders of the Company, and to all who have contributed and worked so hard during the year to make the Company as successful as we are today. We believe that solid team work among the employees and members of the Board of Directors is key to this remarkable achievement.

As members of the Board of Commissioners, it is our duty to work with members of the Company's and Protelindo's management teams to ensure that we act in accordance with the industry's best practices and our core values of integrity and transparency. We believe that our shareholders will continue to be well rewarded as a result.

1.3. Supporting Data

Shareholders can review and download the Company's 2015 Annual Report and 2015 Consolidated Financial Statements on our website using the following links: http://www.ptsmn.co.id/assets/files/SMN/AR/SMN_15_-_Annual_Report.pdf and <http://www.ptsmn.co.id/assets/files/SMN/FS/SMN%2015%20-%20Financial%20Statement.pdf>

Agenda Item No. 2

Approval of the allocation plan of the Company's net profit for the financial year ended December 31, 2015.

2.1 Background

In connection with Article 19 paragraph 2 letter b and Article 24 of the Company's Articles of Association and in conjunction with Article 70 and Article 71 of the Company Law, this approval is required each year by the shareholders.

2.2. Explanation

The Company has decided to allocate 2015 net profit as retained earnings and, consequently, will not distribute dividends. This decision is primarily due to the continued growth of the Company's business. To comply with the Company Law, the Company will allocate a small amount of 2015 net profit in the amount of IDR100,000,000 (approximately US\$ 7,249.00 using an exchange rate of US\$1=IDR13,795 as of December 31, 2015) as a reserve fund.

Agenda Item No. 3

Determination of the remuneration and allowance for the members of the Board of Directors and remuneration or honorarium and allowance for the members of the Board of Commissioners of the Company for the financial year of 2016.

3.1 Background

In connection with Article 11 paragraph 6 and Article 14 paragraph 6 of the Company's Articles of Association, and in conjunction with Article 96 and Article 113 of the Company Law, this approval is required each year by the shareholders.

3.2. Explanation

The remuneration paid to the Board of Directors and the Board of Commissioners for the prior year amounted to IDR6,874,670,036 and IDR3,045,389,258, respectively. In order to determine the salaries of the members of our Board of Directors and Board of Commissioners this year, effective from the closing of today's AGMS up to the closing of next year's AGMS, the Company is proposing that shareholders delegate the final determination of compensation to the Company's controlling shareholder (i.e., PT Sapta Adhikari Investama). The controlling shareholder of the Company will determine such remuneration by taking into consideration the proposal from the Board of Commissioners. The Board of Commissioners will base its proposal on the Remuneration and Nomination Committee's recommendation. The total remuneration for the coming year will be based on, among other things, the Indonesian inflation rate in 2015, issued by the Indonesia Bureau Statistic (BPS), the applicable remuneration for similar positions within the Company's industry, and the duties and responsibilities of the members of the Board in connection with the Company's performance.

Agenda Item No. 4

Appointment of the Independent Public Accountant Office to audit the Company's Consolidated Financial Statements for the financial year ended December 31, 2016 and delegation of authority to the Board of Directors of the Company to determine the amount of compensation for our Independent Public Accountant and other requirements relating to such appointment.

4.1 Background

In connection with Article 17 and Article 19 paragraph 2 letter c of the Company's Articles of Association, and in conjunction with Article 68 of the Company Law, and relevant Indonesian Financial Authority Regulations (OJK) – previously known as Bapepam-LK, this approval is required each year by the shareholders.

4.2. Explanation

The public accounting firm we used to audit the Company's financial statements for the year 2015 was Purwantono, Sungkoro & Surja, a member of Ernst & Young Global Limited. Due to their fine performance last year, the Company asks the shareholders to re-appoint Ernst & Young as the Independent Public Accountant for the 2016 financial year.

B. Extraordinary General Meeting of Shareholders

Agenda

Approval of the Company's plan to carry out Increase of Capital Without Giving Pre-Emptive Rights ("PMTHMETD") as contemplated in OJK Regulation No. 38/POJK.04/2014 concerning Increase of Capital of Public Companies without Giving Pre-Emptive Rights ("POJK No. 38"), including:

- a. Approval of the amendment to the Articles of Association of the Company in connection with the increase of issued and paid-up capital of the Company in the framework of PMTHMETD; and
- b. To give power and authority with the right of substitution to the Board of Directors of the Company to implement the above-mentioned resolutions, including but not limited to make or request to be made all necessary deeds, letters or documents, to appear in the presence of authorized parties/officials, including notaries, to apply to authorized parties/officials to obtain approval or to report the matter to authorized parties/officials as contemplated in the prevailing laws and regulations.

Explanation

The purpose of this approval is to anticipate future business opportunities that the Company may pursue that require additional funding or using the Company's shares as consideration for an acquisition or to refinance existing debts. The maximum number of additional shares that can be issued without pre-emptive rights is 10% of the outstanding share capital of the Company (10% of the Company's shares is 1,020,292,500 shares). The approval to issue up to the 10% of the Company's shares without pre-emptive rights is valid for two years and the minimum price of the shares is determined according to the Indonesia Stock Exchange Rule (minimum price = IDR4,105). As you may recall, the shareholders approved this same action at the 2012 and 2014 GMS. Therefore, this approval will be an extension for such approval in 2014 for another two years. The Company has not issued any new shares since its Initial Public Offering in 2010.