



2017 Annual General Meeting of Shareholders

Agenda Items and Description

Following is a brief description of the agenda for the 2017 Annual General Meeting of Shareholders (“AGMS”) of PT Sarana Menara Nusantara, Tbk. (the “Company”, “our”, or “we”) that will be held on Wednesday, June 7, 2017.

Agenda Item No. 1

Approval and ratification of:

- (i) the Annual Report of the Company for the financial year ended December 31, 2016, including the Company’s yearly activity report and the supervisory report of the Board of Commissioners for the financial year ended December 31, 2016; and
- (ii) the Consolidated Financial Statements consisting of the Balance Sheet Positive/Loss Statements of the Company for the financial year ended December 31, 2016, along with the request for approval of a full release and discharge of responsibilities of the Board of Commissioners and the Board of Directors for their supervision and actions during the financial year ended December 31, 2016 (*acquitt et de charge*).

1.1 Background

Approval and ratification from the shareholders are requested each year in compliance with Article 19 paragraph 2 letter a and Article 19 paragraph 3 of the Company’s Articles of Association, and in conjunction with Article 69 paragraph 4 and Article 78 of Law No. 40 year 2007 regarding Limited Liability Companies (the “Company Law”).

1.2. Explanation

1.2.1 Report of the Board of Directors

BUY, BUILD, RETURN

Dear Shareholders,

We are pleased to report that 2016 was another successful year for the Company. At the time of this writing, economists forecast that the economies in the developed world will post higher economic growth and generally higher price inflation, interest rates and commodity prices than over the past several years. At home, the Indonesian government is continuing its investments in nationwide infrastructure projects, while at the same time, implementing successful financial austerity measures and completing the tax

amnesty program. The rupiah to US dollar exchange rate was less volatile than in previous years, leading to a more conducive investment climate.

During 2016, we grew the business by adding a net of 2,325 towers. A major contributor to this increase was the acquisition of towers from XL Axiata. We also sold, with substantial capital gains, 260 towers through the divestment of our stake in Protelindo Towers B.V.

Revenue grew by 13.0%, from IDR4,469.8 billion to IDR5,053.1 billion, and EBITDA grew by 16.7%, from IDR3,775.7 billion to IDR4,408.0 billion. With solid growth, cost efficiency measures and better balance sheet management we booked net income of IDR3,043.0 billion. Balance sheet management included better matching of our liabilities with our revenues by increasing local currency debt as a portion of our total debt and capitalising on our international investment grade ratings to obtain cost-efficient financings.

Faced with market weakness in 2016, 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 our peers. During 2016, we were the only tower company in Indonesia to receive a credit rating upgrade. Standard & Poor's upgraded our ratings from BB+/Stable to BBB-/Stable. Fitch International and Fitch Indonesia upgraded our ratings from BB+ and AA+ to BBB- and AAA, respectively. Moody's also upgraded our corporate credit rating from Ba1 to Baa3. In addition, our leverage ratio, as measured by net debt to LQA EBITDA, dropped from 1.8x in 2015 to 1.6x at the end of 2016 despite the acquisition of 2,500 towers from XL Axiata.

The Company continues to focus on Good Corporate Governance ("GCG") practices in accordance with Indonesia's rules and regulations. The Company is in the forefront of implementing the recent changes in OJK's directives to improve implementation of GCG in Indonesia. As a result, we were recognized with an award for best implementation of GCG in Indonesia by the Indonesian Institute of Corporate Directorship in November, 2016.

The Company supports telecommunication companies in providing wireless and data network services to their customers. As a result, we work closely with telecommunication companies' to plan and execute the expansion and improvement of their wireless networks. Analysys Mason, an industry consultant, has been identified two drivers of organic growth in Indonesia. Firstly, operators need to expand their network coverage outside the island of Java which is relatively underserved. Secondly, operators need to improve their capacity to handle the rapidly increasing demand for data demand coming through our mobile phones. In addition, we note that we have made two significant acquisitions in the last 2 years and believe there are further opportunities for consolidation in the tower industry in Indonesia. We intend to be an active participant in these business opportunities.

Despite a challenging 2016, we achieved the revenue and EBITDA targets that we set out 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.

Our strategies for 2017 include:

- a. To maintain our position as the leading tower company in Indonesia.
- b. To maintain the investment grade ratings of PT Profesional Telekomunikasi Indonesia ("Protelindo") from all three global rating agencies.
- c. To capitalize on our strong balance sheet for organic and inorganic growth opportunities.

d. To begin returning capital to shareholders thru dividends and share buy-backs under the prevailing rules and regulations in Indonesia.

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 2016 a successful year. We believe that with the persistent efforts and the continued support of our shareholders, management, and employees, we will continue to be in the forefront of: "Connecting Indonesia".

1.2.2 Report of the Board of Commissioners:

ACHIEVING SOLID GROWTH IN AN INCREASINGLY COMPETITIVE ENVIRONMENT

Dear Shareholders,

We are pleased to report that during 2016, PT Sarana Menara Nusantara, Tbk. (the "Company") recorded solid growth despite uncertain macroeconomic conditions and specific industry challenges that impacted operators' expansion. These challenges included uncertainty over regulatory changes regarding proposal on the sharing of active infrastructure, the auction of additional spectrum, and a plan to reduce in interconnect fees. These proposed regulatory changes have been indefinitely suspended. Nevertheless, operators have begun accelerating the rollout of 4G networks using their current existing 2G/3G spectrum. In this first phase of rollout, we have seen a substantial increase in additional equipment leases as the operators first expanded 4G services over their current network footprint.

Growth in 2016 was driven by the acquisition of 2,500 towers from XL Axiata as well as revenues from additional equipment and strong growth in microcell poles, VSAT and corporate internet connections.

The Board of Commissioners sees a positive trend going into 2017 as telecom operators strive to provide better quality service to their customers. We also expect some operators to expand their coverage outside of Java. Capital expenditures by operators is supported by increasing operator profitability and rational pricing policies. The regulatory framework in Indonesia also continues to be supportive of growth for Indonesia's tower industry.

We closed the year with 14,562 towers, a growth of 19.0% or 2,325 towers after disposing of 260 towers as part of our sale of Protelindo Towers in the Netherlands.

The XL towers were valued at IDR3,568 billion and were funded with IDR2,500 billion and US\$38 million of new debt and cash. Nonetheless, we were able to reduce our leverage to net debt to annualised EBITDA of 1.6x at year end 2016, slightly lower the 1.8x level at the end of 2015.

The international rating agencies continued to recognize the solid strength of our balance sheet and capital management activities this year by upgrading our debt ratings to investment grade. S&P upgraded our ratings to BBB-/Stable in April, followed by an upgrade from Fitch International and Fitch Indonesia to BBB-/Stable and AAA(idn)/Stable in May. Moody's upgraded our rating to Baa3/Stable in October. We are now among the best rated independent tower companies in the world and one of the the top rated companies among all private sector corporations in Indonesia.

We continue to focus on growing our business without sacrificing good corporate governance. As a significant player in Indonesia's capital markets, we observe the requirements of the OJK and other regulatory bodies on corporate governance and maintain compliance to the highest standards in Indonesia. One of our proudest achievements in 2016 was to be named as one of the top 50 Indonesian publicly listed companies with the best GCG practices. We will work to maintain this distinction.

The Board of Commissioners is responsible for supervising the business management performance of the Board of Directors. We conduct regular joint meetings with the Board of Directors to coordinate and align the roles of the Board of Commissioners and Board of Directors in carrying our duties to achieve the objectives of the Company.

We believe we can continue to maximise value for our shareholders by exploring the various opportunities in the Indonesian tower space. Our solid capital structure will allow us to maintain significant operational and financial momentum in the coming years.

We extend our warmest appreciation to the Board of Directors, the employees, all stakeholders, and 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 teamwork 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 own 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 2016 Annual Report and 2016 Consolidated Financial Statements on our website using the following links:
http://www.ptsmn.co.id/assets/files/SMN/AR/SMN_16_-_Annual_Report.pdf
and http://www.ptsmn.co.id/assets/files/SMN/FS/SMN_16_-_Financial_Statement_rev1.pdf

Agenda Item No. 2

Approval of the allocation plan of the Company's net profit for the financial year ended December 31, 2016.

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. Approval by the shareholders on the allocation of net profits is requested.

2.2. Explanation

The Company will propose to AGMS to approve the appropriation of the Company's net profit for the year ended on December 31, 2016, with a portion of the net profits allocated for cash dividends, and reserve

funds with the balance going to retained earnings. The total amount of the proposed dividend will be IDR700 billion or approximately IDR68.6 per shares. Payment will be distributed no later than 30 days after the announcement of the summary of minutes of the AGMS.

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 2017.

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. Approval by the shareholders of this agenda item is requested.

3.2. Explanation

The remuneration paid to the Board of Directors and the Board of Commissioners for the prior year amounted to IDR11,647,784,599 and IDR3,033,464,564, 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 2016, as measured by the Indonesia Bureau of Statistics (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, 2017 and delegation of authority 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. Approval by the shareholders of this agenda item is requested.

4.2. Explanation

The Company will propose to the AGMS to grant the power and authority to the Company's Board of Commissioners to appoint including to fix the amount of fees and other requirements, a Registered Public Accounting Firm of international repute (including the Registered Public Accountants belonging to that Registered Public Accounting Firm) which will audit the Company's Consolidated Financial Statements for the financial year ended on December 31, 2017 with due observance of recommendation from the Audit Committee and the prevailing laws and regulations in Indonesia, including, among others, Capital Markets regulations.