Mr. Rahmat Waluyanto  
Director General of Debt Management  
Ministry of Finance  
Jalan Lapangan Banteng Timur 2-4  
Jakarta 10710

Dear Mr. Waluyanto:

Re: Indonesia – Community-Based Settlement Rehabilitation and Reconstruction Project for Central and West Java and Yogyakarta Special Region under Java Reconstruction Fund (JRF) Grant Agreement (TF090014-IND) – (1) Notice of Subsequent Allocation of the Second Additional Financing Grant; (2) Revised Table of Withdrawal of Grant Proceeds; and (3) Extension of Closing Date

I refer to the grant agreement (“Grant Agreement”), dated February 6, 2007, as amended through March 1, 2011, between the Republic of Indonesia (“Recipient) and the International Bank for Reconstruction and Development/International Development Association (the “World Bank”) acting as administrator of grant funds provided by multiple donors under the Java Reconstruction Trust Fund (“JRF”, TF070639) for the Community-Based Settlement Rehabilitation and Reconstruction Project for Central and West Java and Yogyakarta Special Region (the “Project”). Capitalized terms used but not defined in this letter have the meanings given to them in the Grant Agreement.

The Grant Agreement provided for a grant in the amount of US$30,000,000 with the possibility of a subsequent grant of US$30,000,000 which was duly provided by amendment on December 7, 2007. A first Additional Financing grant of US$6,420,000 was provided on November 16, 2009, with the possibility of a subsequent grant of US$5,200,000, which was duly provided by amendment on April 12, 2010. The total Grant amount provided as of April 12, 2010 was US$71,620,000. On March 1, 2011, a Second Additional Financing Grant of US$1,700,000 was provided, with the possibility of a subsequent grant not to exceed US$1,800,000 and an extension of the Closing Date of the Grant Agreement to June 30, 2012, subject to extension of the JRF. The total Grant amount provided as of March 1, 2011 was US$73,320,000. The extension of the JRF has been duly accomplished.

Accordingly:

1. This is to inform you that, in accordance with paragraph 1(c) of the Additional Financing Amendment, the Bank has allocated an additional amount of one million eight hundred thousand United States Dollars (US$1,800,000) in the form of a Subsequent Additional Financing grant to assist in financing the Project.
2. The table of withdrawal of grant proceeds in paragraph 2 of Section IV.A of Schedule 2 to the Grant Agreement is revised as set out below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of Grant Allocated (Expressed in US$)</th>
<th>Percentage of Expenditure to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Housing Reconstruction Sub-grants</td>
<td>33,500,000</td>
<td>100% of Sub-Grant amount disbursed</td>
</tr>
<tr>
<td>(2) Block Sub-grants</td>
<td>25,000,000</td>
<td>100% of Sub-Grant amount disbursed</td>
</tr>
<tr>
<td>(3) Consultants’ services under Part C of the Project</td>
<td>5,820,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Consultants’ services under Part D of the Project</td>
<td>10,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>75,120,000</td>
<td></td>
</tr>
</tbody>
</table>

3. The Bank has established June 30, 2012 as the later date for the purposes of paragraph 3 of Section IV.B of Schedule 2 to the Grant Agreement.

Please confirm your agreement to the foregoing by signing and dating both enclosed copies of this letter in the space provided and returning one signed copy to us. The above amendment will become effective as of the date of the date of countersignature of this letter by the Recipient.

Sincerely yours,

/s/ Stefan G. Koeberle
Country Director, Indonesia

CONFIRMED:
REPUBLIC OF INDONESIA

BY: /s/ Rahmat Waluyanto
Authorized Representative

Name: Rahmat Waluyanto
Title: Director General of Debt Management
DATE: July 6, 2011