



DIVESTMENT OF WHOLLY-OWNED SUBSIDIARY

The Board of Directors of Kencana Agri Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to announce that the Company’s wholly owned subsidiaries, PT Sawindo Cemerlang, PT Palm Makmur Sentosa and PT Sawit Permai Lestari have divested their entire 100% interests in PT Sawit Alam Permai (“SAP”) to Agustinus J.T. Senak & Wendy Esmara, an unrelated third party, for a cash consideration of IDR3,164,000,000 (the “Transaction”).

SAP is located in Belitung with a planted area of 534ha(nucleus) and 220ha(plasma). As the size of the plantation does not meet the requirement for optimal operational efficiency, the Board, having considered the resources of the Group and the limited possibility to expand further in Belitung, determined that it would be in the best interests of the Company to dispose of SAP.

The NAV of SAP as at 31 March 2018 was IDR1,348,982,436. The cash consideration was negotiated on a willing-buyer and willing-seller basis, taking into account, among others, the NAV of SAP and an independent valuation dated 27 March 2018 commissioned by the Company. The valuation of SAP as determined by an independent professional valuer based on an income based approach (discounted cash flow) was IDR1,022,000,000.

Following completion of the Transaction, SAP shall cease to be a subsidiary of the Group.

The aforesaid Transaction is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2018.

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction (other than through their respective shareholding interests in the Company, if any).

By Order of the Board

Ratna Maknawi
Executive Vice-Chairman

11 July 2018