INDOFOOD AGRI RESOURCES LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200106551G)

LETTER FROM THE BOARD OF DIRECTORS

Board of Directors:	**Registered Office:**
Mr. Lee Kwong Foo, Edward	8 Eu Tong Sen Street
Mr. Lim Hock San	#16-96/97 The Central
Mr. Mark Julian Wakeford	Singapore 059818
Mr. Moleonoto Tjang	
Mr. Suaimi Suriady	
Mr. Tjhie Tje Fie	
Mr. Axton Salim	
Mr. Goh Kian Chee	
Mr. Hendra Susanto	

14 June 2019

To: The Shareholders of Indofood Agri Resources Ltd.

Dear Sir/Madam

REVISION OF VOLUNTARY CONDITIONAL CASH OFFER BY CIMB, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. BACKGROUND

1.1 **Offer.** On 26 April 2019, CIMB Bank Berhad, Singapore Branch ("**CIMB**") issued, for and on behalf of PT Indofood Sukses Makmur Tbk ("**Offeror**"), the offer document ("**Offer Document**") setting out, *inter alia*, the terms and conditions of the voluntary conditional cash offer ("**Offer**") to acquire all the issued and paid-up ordinary shares in the share capital of Indofood Agri Resources Ltd. ("**Company**") (excluding treasury shares) ("**Shares**"), other than those Shares already held by the Offeror and its related corporations, and their respective nominees as at the date of the Offer ("**Offer Shares**") in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers ("**Code**").

1.2 **Offeree Circular.** On 10 May 2019, the Company issued a circular to shareholders of the Company ("**Shareholders**") in relation to the Offer ("**Circular**") containing, *inter alia*, the recommendation of the Directors who are considered independent for the purposes of the Offer, namely, (i) Mr. Lee Kwong Foo, Edward; (ii) Mr. Lim Hock San; (iii) Mr. Goh Kian Chee; and (iv) Mr. Hendra Susanto ("**Recommending Directors**"), and the advice of Novus Corporate Finance Pte. Ltd. ("**IFA**"), being the independent financial adviser to the Recommending Directors in connection with the Offer.

1.3 **Extension of Closing Date.** On 24 May 2019, CIMB, for and on behalf of the Offeror, made an announcement ("**Extension of Closing Date Announcement**") that, *inter alia*, the closing date of the Offer would be extended from 5.30 p.m. (Singapore time) on 24 May 2019 to 5.30 p.m. (Singapore time) on 25 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. Further details relating to the extension of the closing date of the Offer are set out in paragraph 2.2 below.

1.4 **Revision of the Offer.** On 31 May 2019, CIMB, for and on behalf of the Offeror, made an announcement ("**Offer Revision Announcement**") that the Offer would be revised in the manner described in paragraph 2.1 below.

1.5 **Revision Notification.** On 11 June 2019, CIMB, for and on behalf of the Offeror, issued the written notification ("**Revision Notification**") in respect of the Offer Price Revision (as defined below).

Copies of the Offer Revision Announcement and the Revision Notification are available on the website of SGX-ST at www.sgx.com.

Shareholders are advised to read the revised terms and conditions of the Offer set out in the Offer Revision Announcement and the Revision Notification carefully.

1.6 **Definitions.** Unless otherwise defined, all terms and expressions used in this supplemental letter ("**Supplemental Letter**") shall have the same meanings as those defined in the Circular. References to the "**Latest Practicable Date**" in this Supplemental Letter refer to 7 June 2019.

1.7 **Purpose of this Supplemental Letter.** The purpose of this Supplemental Letter, which supplements the Circular, is to provide Shareholders with relevant information pertaining to the revised Offer and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the revised Offer.

This Supplemental Letter is important as it contains the recommendation of the Recommending Directors and the advice of the IFA. This Supplemental Letter requires the immediate attention of Shareholders who are advised to read it carefully.

If you are in any doubt in relation to this Supplemental Letter or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. REVISION OF OFFER PRICE

2.1 **Final Offer Price.** As stated in paragraph 2.1 of the Offer Revision Announcement, the Offeror is revising the Offer Price as follows ("**Offer Price Revision**"):

> **For each Offer Share on an ex-FY2018 Dividend basis (i.e. after adjusting for the payment of the FY2018 Dividend by the Company to Shareholders): S$0.3275 in cash ("Final Offer Price").**

As stated in the Offer Revision Announcement, the Offeror does not intend to further revise the Final Offer Price.

As stated in the Offer Revision Announcement, Shareholders should note that the Final Offer Price is after adjustment for the FY2018 Dividend as follows:

(a) As stated in the Extension of Closing Date Announcement, the FY2018 Dividend has been paid by the Company to Shareholders on 22 May 2019 and the Offer Price has been adjusted for the FY2018 Dividend from S$0.28 (being the Offer Price on a cum-FY2018 Dividend basis) to S$0.2775 (being the Offer Price on an ex-FY2018 Dividend basis).

(b) Pursuant to the revision of the Offer Price and after adjusting for the payment of the FY2018 Dividend by the Company to Shareholders, the Offeror will pay all accepting Shareholders the Final Offer Price of S$0.3275 for each Offer Share upon settlement of acceptances of the Offer, subject to the Offer becoming unconditional in all respects in accordance with its terms[1].

As stated in the Offer Revision Announcement, Shareholders who have earlier accepted the Offer are entitled to receive the Final Offer Price, subject to the Offer becoming unconditional in all respects in accordance with its terms. Accordingly, no further action in respect of the Offer is required to be taken by Shareholders who have already accepted the Offer.

2.2 Extension of Closing Date. As stated in paragraph 5 of the Offer Revision Announcement, pursuant to Rule 20.1 of the Code, the Offer must be kept open for at least 14 days from the date of posting of the Revision Notification to Shareholders. As stated in the Extension of Closing Date Announcement and the Offer Revision Announcement, the closing date of the Offer has been extended to **5.30 p.m. (Singapore time) on 25 June 2019** or such later date(s) as may be announced from time to time by or on behalf of the Offeror ("**Closing Date**").

As stated in the Offer Revision Announcement, Shareholders should note that pursuant to Rule 22.9 of the Code, except with the prior consent of the Securities Industry Council of Singapore ("**SIC**"), the Offer will not be capable:

(a) of becoming or being declared unconditional as to acceptances after **5.30 p.m. (Singapore time) on 25 June 2019** (being the 60th day after the date of despatch of the Offer Document); or

(b) of being kept open after **5.30 p.m. (Singapore time) on 25 June 2019** (being the expiry of such 60-day period) unless the Offer has previously become or been declared to be unconditional as to acceptances.

2.3 Other terms. As stated in paragraph 2.2 of the Offer Revision Announcement, save for the Offer Price Revision and the extension of the Closing Date as set out in the Extension of Closing Date Announcement, all the other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

3. ADVICE OF THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE REVISED OFFER

3.1 IFA. Novus Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the revised Offer. Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the revised Offer before deciding whether to accept or reject the revised Offer. The IFA's advice to the Recommending Directors in respect of the revised Offer is set out in its supplemental letter dated 14 June 2019, which is set out in Appendix 1 to this Supplemental Letter ("**Supplemental IFA Letter**").

3.2 Factors taken into consideration by the IFA. In arriving at its advice in respect of the revised Offer, the IFA has taken into account several key considerations, set forth in paragraph 8 of the Supplemental IFA Letter. Shareholders should read paragraph 8 of the Supplemental IFA Letter in conjunction with, and in the context of, the full text of the Supplemental IFA Letter.

[1] As stated in the Offer Revision Announcement, for illustration purpose, had there been no adjustment for the FY2018 Dividend, the revision is equivalent to an increase in the Offer Price on a cum-FY2018 Dividend basis by 5 cents from S$0.28 to S$0.33 for each Offer Share.

3.3 **Advice of the IFA.** After having regard to the considerations as set out in the Supplemental IFA Letter and based on the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the Supplemental IFA Letter, the IFA has rendered its advice to the Recommending Directors in respect of the revised Offer. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the Supplemental IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the Supplemental IFA Letter.

*"8. **OPINION AND ADVICE***

8.1 Our Opinion

In arriving at our opinion on the financial terms of the Offer, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Supplemental IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this Supplemental IFA Letter:

(a) the Group's gross profits, gross profit margins, net profits attributable to owners of the Company and net profit margins had been declining from FY2016 to FY2018 and from 1Q2018 to 1Q2019. In this regard, the Group had recorded a net loss attributable to owners of the Company of approximately Rp221.8 billion in FY2018 vis-à-vis a net profit attributable to owners of the Company of approximately Rp447.3 billion in FY2017, and recorded a net loss attributable to owners of the Company of approximately Rp57.8 billion in 1Q2019 vis-à-vis a net profit attributable to owners of the Company of approximately Rp49.8 billion in 1Q2018;

(b) the Final Offer Price represents (i) a significant premium of approximately 43.9%, 50.9%, 47.7% and 42.1% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (ii) a premium of approximately 17.4% over the VWAP of the Shares of S$0.2790 for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (iii) a marginal premium of approximately 0.7% over the VWAP of the Shares of S$0.3252 for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date. During the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date, save for 11 April 2018, the closing prices of the Shares had not reached or exceeded the Final Offer Price of S$0.3275;

(c) the Shares had generally underperformed the rebased FSTAS Index during the period commencing one year prior to the Last Trading Day and ending on the Offer Price Revision Announcement Date, but had outperformed the rebased FSTAS Index during the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;

(d) the Final Offer Price represents a significant discount of approximately 59.0% to the unaudited NAV per Share of the Group of approximately S$0.798 as at 31 March 2019;

(e) the P/NAV multiple of 0.410 times as implied by the Final Offer Price is (i) significantly above the average historical trailing P/NAV multiples of the Shares of 0.276 times, 0.262 times, 0.269 times and 0.268 times for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (ii) above the average historical trailing P/NAV multiple of the Shares of 0.349 times for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (iii) close to the average historical trailing P/NAV multiple of the Shares of 0.407 times for the period after the Offer Price Revision Announcement Date

and up to the Latest Practicable Date;

(f) *in respect of the Group's operating performance vis-à-vis the Comparable Companies:*

(i) *the Group's gross profit margin of 15.6% is generally at the lower end of the range of gross profit margins of the Comparable Companies of between 9.1% and 44.0%;*

(ii) *at the PBT level, 2 of the Comparable Companies had recorded pre-tax losses. Adjusted for the one-off item in relation to the loss on deemed disposal on investment in CMAA in FY2018, the Group's PBT margin of 0.3% is below the range of PBT margins of the other 3 Comparable Companies of between 1.2% and 28.6%;*

(iii) *the Group's net debt level of approximately S$902.8 million is higher than those of most of the Comparable Companies, which net debt levels ranged between approximately S$347.4 million and S$3,803.8 million (excluding Global Palm which is in a net cash position);*

(iv) *the Group's net gearing ratio of 0.46 times is generally at the lower end of the range of net gearing ratios of the Comparable Companies of between 0.26 times and 11.16 times (excluding Global Palm which is in a net cash position);*

(v) *2 of the Comparable Companies recorded a return on equity of 12.5% and 14.0% and a return on assets of 6.6% and 7.5%, while the Group and the other 3 Comparable Companies recorded after-tax losses;*

(vi) *the Group's FFB yield of 15.2 tonnes/hectare is below the range of FFB yields of the Comparable Companies of between 16.6 tonnes/hectare and 22.5 tonnes/hectare; and*

(vii) *the Group's CPO yield of 3.2 tonnes/hectare is below the range of CPO yields of the Comparable Companies of between 3.3 tonnes/hectare and 6.4 tonnes/hectare;*

(g) *in respect of the Comparable Companies:*

(i) *the EV/EBITDA ratio of the Company of 11.46 times (as implied by the Final Offer Price) is (aa) within the range of EV/EBITDA ratios of the Comparable Companies of between 8.16 times and 74.40 times, (bb) below the mean EV/EBITDA ratio of the Comparable Companies of 13.29 times, and (cc) above the median EV/EBITDA ratio of the Comparable Companies of 9.72 times;*

(ii) *the EV/Hectare of the Company of S$8,824 (as implied by the Final Offer Price) is (aa) within the range of EV/Hectare of the Comparable Companies of between S$1,588 and S$18,966, and (bb) significantly below the mean and median EV/Hectare of the Comparable Companies of S$11,505 and S$13,451 respectively; and*

(iii) *the P/NAV ratio of the Company of 0.41 times (as implied by the Final Offer Price) is (aa) below the range of P/NAV ratios of the Comparable Companies of between 0.60 times and 1.85 times, and (bb) significantly below the mean and median P/NAV ratios of the Comparable Companies of 1.19 times and 1.28 times respectively;*

(h) *in respect of the Precedent Privatisations:*

(i) the premium of approximately 26.0% (as implied by the Final Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 1.6% and 164.9%, and (bb) slightly below the corresponding mean and median premia of the Precedent Privatisations of 28.4% and 27.5% respectively;

(ii) the premium of approximately 42.1% (as implied by the Final Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 6.4% and 160.2%, and (bb) above the corresponding mean and median premia of the Precedent Privatisations of 33.8% and 30.0% respectively;

(iii) the premium of approximately 47.7% (as implied by the Final Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 11.9% and 167.9%, and (bb) above the corresponding mean and median premia of the Precedent Privatisations of 37.5% and 34.0% respectively;

(iv) the premium of approximately 50.9% (as implied by the Final Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 15.7% and 177.6%, and (bb) above the corresponding mean and median premia of the Precedent Privatisations of 38.5% and 35.1% respectively; and

(v) the P/NAV ratio of the Company of 0.41 times (as implied by the Final Offer Price) is (aa) within the range of P/NAV ratios of the Precedent Privatisations of between 0.30 times and 4.50 times, and (bb) significantly below the corresponding mean and median P/NAV ratios of the Precedent Privatisations of 0.94 times and 0.86 times respectively;

(i) the Final Offer Price exceeds the analysts' target prices for the Shares ranging between S$0.19 and S$0.26;

(j) the Offeror does not intend to revise the Final Offer Price;

(k) the likelihood of a competing offer is remote in view of the Offeror Concert Group's shareholding interest of approximately 82.35% in the Company as at the Offer Price Revision Announcement Date;

(l) the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror Concert Group do not have an interest; and

(m) the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Concert Group before or during the Offer, will result in the Offeror Concert Group holding more than 90% of the total number of Shares as at the close of the Offer (excluding treasury shares).

Having considered the aforesaid points including the various factors set out in this Supplemental IFA Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are ***not fair but reasonable****.*

In determining that the Offer is ***not fair****, we have considered the following pertinent factors:*

(i) *the Final Offer Price represents a significant discount to the unaudited NAV per Share of the Group as at 31 March 2019; and*

(ii) *in respect of the Comparable Companies, (aa) the EV/EBITDA ratio of the Company (as implied by the Final Offer Price) is below the mean EV/EBITDA ratio but above the median EV/EBITDA ratio of the Comparable Companies, (bb) the EV/Hectare of the Company (as implied by the Final Offer Price) is significantly below the mean and median EV/Hectare of the Comparable Companies, and (cc) the P/NAV ratio of the Company (as implied by the Final Offer Price) is significantly below the mean and median P/NAV ratios of the Comparable Companies.*

In determining that the Offer is ***reasonable****, we have considered the following pertinent factors:*

(i) *the Group's gross profits and gross profit margins had been declining from FY2016 to FY2018 and from 1Q2018 to 1Q2019, while the net profits attributable to owners of the Company and net profit margins had also decreased from FY2016 to FY2017 and turned into a net loss attributable to owners of the Company and a net loss margin in each of FY2018 and 1Q2019;*

(ii) *the Final Offer Price represents (aa) a significant premium over the VWAPs of the Shares for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (bb) a premium over the VWAP of the Shares for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (cc) a marginal premium over the VWAP of the Shares for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date. During the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date, save for 11 April 2018, the closing prices of the Shares had not reached or exceeded the Final Offer Price;*

(iii) *the Shares had generally underperformed the rebased FSTAS Index during the period commencing one year prior to the Last Trading Day and ending on the Offer Price Revision Announcement Date, but had outperformed the rebased FSTAS Index during the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;*

(iv) *notwithstanding that the Final Offer Price is at a significant discount to the unaudited NAV per Share as at 31 March 2019, the P/NAV multiple as implied by the Final Offer Price is (aa) significantly above the average historical trailing P/NAV multiples of the Shares for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (bb) above the average historical trailing P/NAV multiple of the Shares for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (cc) close to the average historical trailing P/NAV multiple of the Shares for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;*

(v) *the Group's operating performance vis-à-vis the Comparable Companies viz. its generally lower gross profit margin, lower FFB yield and lower CPO yield;*

(vi) *notwithstanding that the P/NAV ratio of the Company (as implied by the Final*

Offer Price) is significantly below the corresponding mean and median P/NAV ratios of the Precedent Privatisations, the premia of the Final Offer Price over the one-month VWAP, 3-month VWAP and 6-month VWAP of the Shares up to and including the Last Trading Day are above the corresponding mean and median premia of the Precedent Privatisations respectively;

(vii) the Final Offer Price exceeds the analysts' target prices for the Shares;

(viii) there is no alternative take-over offer for the Shares as at the Latest Practicable Date; and

(ix) the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company.

8.2 Our Advice

Accordingly, we advise the Recommending Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Final Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

We would advise the Recommending Directors to consider highlighting to the Shareholders that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

The Recommending Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review."

4. RECOMMENDATION OF THE RECOMMENDING DIRECTORS

4.1 Non-Recommending Directors. For the reasons set out in Section 13.2 of the Circular, Mr. Mark Julian Wakeford, Mr. Moleonoto Tjang, Mr. Suaimi Suriady, Mr. Tjhie Tje Fie and Mr. Axton Salim have been exempted by the SIC from the requirement to make a recommendation to Shareholders in respect of the Offer. They must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

Accordingly, the Recommending Directors are Mr. Lee Kwong Foo, Edward, Mr. Lim Hock San, Mr. Goh Kian Chee and Mr. Hendra Susanto.

4.2 Recommendation. As set out in Section 13.4 of the Circular, the Recommending Directors had previously recommended, based on the initial terms and conditions of the Offer, that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account the brokerage and related costs in connection with open market transactions.

Subsequent to the Offer Revision Announcement, the Recommending Directors, having considered carefully the terms of the revised Offer and the advice given by the IFA in the Supplemental IFA Letter, concur with the advice of the IFA in respect of the revised Offer, and accordingly, continue to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Final Offer Price on the open market, taking into account the brokerage and related costs in connection with open market transactions.

4.3 **No regard to specific objectives.** Shareholders should note that the IFA's advice and the recommendation of the Recommending Directors in respect of the revised Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the revised Offer. In rendering the advice and the recommendation above, both the IFA and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE SUPPLEMENTAL IFA LETTER WHICH IS SET OUT IN APPENDIX 1 TO THIS SUPPLEMENTAL LETTER CAREFULLY.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

5.1 **Acceptance procedures for shareholders.** Shareholders who **wish to accept the Offer** must do so no later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for acceptance of the Offer as set out in paragraph 8 of the Offer Revision Announcement and Appendix 2 to the Offer Document, and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received on behalf of the Offeror:

(i) by The Central Depository (Pte) Limited (in respect of the FAA); or

(ii) by the Registrar (as defined in the Offer Document) (in respect of the FAT),

as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

As stated in paragraph 8.1 of the Offer Revision Announcement, for the avoidance of doubt, Shareholders may use the existing Acceptance Forms that were despatched with the Offer Document to accept the Offer at the Final Offer Price.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

5.2 **Acceptance procedures for CPFIS Investors and SRS Investors.** CPFIS Investors and SRS Investors who wish to accept the Offer but who have not done so should contact their respective CPF Agent Banks and SRS Agent Banks (as the case may be) as to the deadline by which such banks would need to receive instructions in order to accept the Offer prior to the Closing Date.

6. MATERIAL CHANGES IN INFORMATION

Save as disclosed below, in other parts of this Supplemental Letter and in publicly available information on the Company (including but not limited to the annual reports of, and the circulars issued by, the Company and the announcements released by the Company on the SGXNET), there have been no material changes in any information previously announced by or on behalf of the Company during the period commencing from 3 May 2019, being the latest practicable date prior to the printing of the Circular, and ending on 7 June 2019, being the Latest Practicable Date prior to the printing of this Supplemental Letter.

As at the Latest Practicable Date, Mr. Mark Julian Wakeford, being the only Director who had any direct or deemed interests in the Shares on the date of despatch of the Offer Document, has already tendered his acceptance of the Offer in respect of all 300,000 Shares for which he owns. His spouse has also tendered her acceptance of the Offer in respect of all 200,000 Shares for which she owns.

7. CONSENT

Consent of the IFA. The IFA has given and has not withdrawn its written consent to the issue of this Supplemental Letter with the inclusion of its name, the Supplemental IFA Letter as set out in Appendix 1 to this Supplemental Letter, and all references to the IFA's name, in the form and context in which they appear in this Supplemental Letter.

8. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents referred to in Section 19 of the Circular, copies of the following documents will be available for inspection at the registered office of the Company at 8 Eu Tong Sen Street, #16-96/97 The Central, Singapore 059818 during normal business hours from the date of this Supplemental Letter up to and including the Closing Date:

(a) the Supplemental IFA Letter, as set out in Appendix 1 to this Supplemental Letter; and

(b) the letter of consent referred to in paragraph 7 of this Supplemental Letter above.

9. RESPONSIBILITY STATEMENT

Save for (a) the Supplemental IFA Letter (for which the IFA takes responsibility); and (b) the information extracted from published or otherwise publicly available sources, including but not limited to the Offer Document, the Revision Notification and announcements made by CIMB for and on behalf of the Offeror, the Directors (including any who may have delegated detailed supervision of this Supplemental Letter) hereby jointly and severally accept full responsibility for the accuracy of information contained in this Supplemental Letter and confirm, having made all reasonable enquiries that, to the best of their knowledge, opinions expressed in this Supplemental Letter have been arrived at after due and careful consideration and there are no other facts not contained in this Supplemental Letter, the omission of which would make any statement in this Supplemental Letter misleading.

Where any information in this Supplemental Letter (other than the Supplemental IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including but not limited to the Offer Document, the Revision Notification and announcements made by CIMB for and on behalf of the Offeror), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources and/or reproduced in this Supplemental Letter in its proper form and context.

Yours faithfully
For and on behalf of the Board of Directors of
INDOFOOD AGRI RESOURCES LTD.

Lee Kwong Foo, Edward
Chairman

APPENDIX 1
SUPPLEMENTAL LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

NOVUS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201723484W)

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

14 June 2019

To: The Recommending Directors of Indofood Agri Resources Ltd. (the "**Company**")
(in respect of the Offer (as defined below))

Mr. Lee Kwong Foo, Edward
Mr. Lim Hock San
Mr. Goh Kian Chee
Mr. Hendra Susanto

Dear Sirs,

REVISION OF VOLUNTARY CONDITIONAL CASH OFFER BY CIMB BANK BERHAD, SINGAPORE BRANCH, FOR AND ON BEHALF OF PT INDOFOOD SUKSES MAKMUR TBK, FOR THE OFFER SHARES

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 10 May 2019 (the "**Circular**") and in the supplemental letter (the "**Supplemental Letter**") dated 14 June 2019 issued by the Company to the shareholders of the Company (the "**Shareholders**") shall have the same meanings herein.*

1. INTRODUCTION

On 10 April 2019 (the "**Offer Announcement Date**"), CIMB Bank Berhad, Singapore Branch ("**CIMB**") announced (the "**Offer Announcement**"), for and on behalf of PT Indofood Sukses Makmur Tbk (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") to acquire all the issued and paid-up ordinary shares in the capital of the Company (excluding any shares held in treasury) (the "**Shares**") other than those already held by the Offeror and its related corporations, and their respective nominees as at the date of the Offer (the "**Offer Shares**") in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the "**Code**") at an offer price of S$0.280 in cash for each Offer Share (the "**Offer Price**").

On 26 April 2019, CIMB issued, for and on behalf of the Offeror, the offer document dated 26 April 2019 (the "**Offer Document**") containing, *inter alia*, the terms and conditions of the Offer.

On 10 May 2019, the Company issued the Circular to the Shareholders in relation to the Offer containing, *inter alia*, the recommendation of the directors of the Company (the "**Directors**") who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Offer as required under the Code (the "**Recommending Directors**") and the advice of Novus Corporate Finance Pte. Ltd. ("**NCF**"), being the independent financial adviser (the "**IFA**") to the Recommending Directors in respect of the Offer.

On 24 May 2019, CIMB announced (the "**Extension of Closing Date Announcement**"), for and on behalf of the Offeror, that the closing date of the Offer will be extended from 5.30 p.m. on 24 May 2019 to 5.30 p.m. on 25 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

On 31 May 2019 (the "**Offer Price Revision Announcement Date**"), CIMB announced (the "**Offer Price Revision Announcement**"), for and on behalf of the Offeror, that the Offeror is revising the Offer Price to S$0.3275 in cash for each Offer Share (the "**Final Offer Price**"), after adjusting for the payment of the first and final tax-exempt (one-tier) dividend of S$0.0025 per Share for the financial year ended 31 December 2018 (the "**FY2018 Dividend**"). The Offeror does not intend to further revise the Final Offer Price.

In connection with the Offer, NCF has been appointed by the Company as the IFA to the Recommending Directors for the purposes of making a recommendation to the Shareholders in respect of the Offer (based on the Final Offer Price) as required under the Code. This supplemental letter ("**Supplemental IFA Letter**") is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation of the financial terms of the Offer (based on the Final Offer Price) and our opinion and advice thereon, and forms part of the Supplemental Letter providing, *inter alia*, details of the Offer and the recommendation of the Recommending Directors.

2. TERMS OF REFERENCE

We have been appointed to advise the Recommending Directors on the financial terms of the Offer (based on the Final Offer Price) in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long-term merits of the Offer or on the future prospects of the Company and its subsidiaries (collectively, the "**Group**") or the method and terms by which the Offer has been made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice as set out in this Supplemental IFA Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular and the Supplemental Letter, provided by the management of the Company (the "**Management**"), the Directors and the Company's solicitors and/or auditors. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Offer, the Company and/or the Group has been disclosed to us, (b) such information is true, complete and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular and the Supplemental Letter to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the Offer. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Supplemental IFA Letter. We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any such independent valuation or appraisal reports.

Our analysis, opinion and advice as set out in this Supplemental IFA Letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 7 June 2019 (the "**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax status, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular and the Supplemental Letter (other than this Supplemental IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular and the Supplemental Letter (other than this Supplemental IFA Letter).

Our opinion and advice in respect of the Offer, as set out in paragraph 8 of this Supplemental IFA Letter, should be considered in the context of the entirety of this Supplemental IFA Letter, the Circular and the Supplemental Letter.

3. REVISION OF OFFER PRICE

3.1. Final Offer Price

As stated in paragraph 2.1 of the Offer Price Revision Announcement, the Offeror is revising the Offer Price as follows:

For each Offer Share on an ex-FY2018 Dividend basis (i.e. after adjusting for the payment of the FY2018 Dividend by the Company to Shareholders): S$0.3275 in cash.

As stated in the Offer Price Revision Announcement, the Offeror does not intend to further revise the Final Offer Price.

Shareholders should note that the Final Offer Price is after adjustment for the FY2018 Dividend as follows:

(a) as stated in the Extension of Closing Date Announcement, the FY2018 Dividend had been paid by the Company to Shareholders on 22 May 2019 and the Offer Price had been adjusted for the FY2018 Dividend from S$0.28 (being the Offer Price on a cum-FY2018 Dividend basis) to S$0.2775 (being the Offer Price on an ex-FY2018 Dividend basis); and

(b) pursuant to the revision of the Offer Price and after adjusting for the payment of the FY2018 Dividend by the Company to Shareholders, the Offeror will pay all accepting Shareholders the Final Offer Price of S$0.3275 for each Offer Share upon settlement of acceptances of the Offer, subject to the Offer becoming unconditional in all respects in accordance with its terms[1].

As stated in the Offer Price Revision Announcement, Shareholders who have earlier accepted the Offer are entitled to the Final Offer Price, subject to the Offer becoming unconditional in all respects in accordance with its terms. Accordingly, no further action in respect of the Offer is required to be taken by Shareholders who have already accepted the Offer.

---

[1] As stated in the Offer Price Revision Announcement, for illustration purposes, had there been no adjustment for the FY2018 Dividend, the revision is equivalent to an increase in the Offer Price on a cum-FY2018 Dividend basis by 5 cents from S$0.28 to S$0.33 for each Offer Share.

3.2. Extension of Closing Date

As stated in paragraph 5 of the Offer Price Revision Announcement, pursuant to Rule 20.1 of the Code, the Offer must be kept open for at least 14 days from the date of posting of the written notification in respect of the revision of the Offer Price to the Shareholders. As stated in the Extension of Closing Date Announcement and the Offer Price Revision Announcement, the closing date of the Offer has been extended to **5.30 p.m. (Singapore time) on 25 June 2019** or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the "**Closing Date**").

As stated in the Offer Price Revision Announcement, Shareholders should note that pursuant to Rule 22.9 of the Code, except with the prior consent of the Securities Industry Council of Singapore (the "**SIC**"), the Offer will not be capable:

(a) of becoming or being declared unconditional as to acceptances after **5.30 p.m. (Singapore time) on 25 June 2019** (being the 60th day after the date of despatch of the Offer Document); or

(b) of being kept open after **5.30 p.m. (Singapore time) on 25 June 2019** (being the expiry of such 60-day period) unless the Offer has previously become or been declared to be unconditional as to acceptances.

3.3. Other Terms

As stated in paragraph 2.2 of the Offer Price Revision Announcement, save for the revision of the Offer Price as stated above and the extension of the Closing Date as set out in the Extension of Closing Date Announcement, all the other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

4. INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from section 6 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document. Please also refer to Appendix 3 to the Offer Document for additional information on the Offeror.

"***6. INFORMATION ON THE OFFEROR***

6.1 ***Offeror.*** *The Offeror is a company incorporated in Indonesia on 14 August 1990 and is listed on the Indonesia Stock Exchange.*

The Offeror is a total food solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to consumer products in the market. The Offeror is a well-established company and a leading player in each category of business in which it operates, which are categorised into four (4) complementary Strategic Business Groups, namely:

(a) Consumer Branded Products Group which produces a diverse range of consumer branded products including noodles, dairy products, snack foods, food seasonings, nutrition and special foods as well as beverages;

(b) Bogasari Group which is primarily a producer of wheat flour and pasta. Its business operations are supported by shipping and packaging units;

(c) Agribusiness Group with principal activities ranging from research and development, seed breeding, oil palm cultivation and milling; as well as the production and marketing of branded cooking oils, margarine and shortening. In addition, the Agribusiness Group is also involved in the cultivation and processing of rubber and sugar cane as well as other crops; and

(d) *Distribution Group which boasts the most extensive distribution network in Indonesia. It distributes the majority of the Offeror's consumer products as well as third party products.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of IDR 878,042,650,000 comprising 8,780,426,500 issued Offeror Shares, of which 4,396,103,450 Offeror Shares, representing approximately 50.07% of the total number of Offeror Shares, are held indirectly by FPC. FPC is listed on the Stock Exchange of Hong Kong Limited. Mr Anthoni Salim has an aggregate deemed interest of approximately 44.35% in the issued share capital of FPC, including his deemed interest held through FPIL's and FPILBVI's direct interests in FPC.

As at the Latest Practicable Date, the directors of the Offeror are as follows:

(a) *Mr Anthoni Salim;*

(b) *Mr Franciscus Welirang;*

(c) *Mr Tjhie Tje Fie;*

(d) *Mr Taufik Wiraatmadja;*

(e) *Mr Paulus Moleonoto (also known as Mr Moleonoto Tjang);*

(f) *Mr Axton Salim;*

(g) *Mr Joedianto Soejonopoetro;*

(h) *Mr Hendra Widjaja; and*

(i) *Mr Sulianto Pratama.*

Offeror's Shareholding in the Company. *As at the Latest Practicable Date, the Offeror has a direct interest in 39,560,830 Shares and a deemed interest in 998,200,000 Shares held by its subsidiary, ISHPL (representing approximately 2.83% and 71.51% of the total number of the Shares respectively). As at the Latest Practicable Date, the Offeror owns approximately 83.84% of ISHPL, with the remaining shareholding interests of 16.16% owned by two (2) minority third party shareholders.*"

5. IRREVOCABLE UNDERTAKINGS

The following information has been extracted from section 7 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"7. IRREVOCABLE UNDERTAKINGS

7.1 ***FPIL Irrevocable Undertaking.*** *FPIL holds approximately 18.20% of the shares of FPC. As at the Latest Practicable Date, the Offeror has received an undertaking from FPIL (the "**FPIL Irrevocable Undertaking**") pursuant to which FPIL has, amongst other things, irrevocably undertaken to and confirmed with the Offeror (a) the concert party relationship between the Offeror and FPIL for the purposes of the Offer, (b) not to tender any of the 1,125,344 Shares (representing approximately 0.08% of the total number of Shares) held by it in acceptance of the Offer, and (c) not to sell, transfer or otherwise dispose of the Shares held by it.*

7.2 ***FPILBVI Irrevocable Undertaking.*** *FPILBVI holds approximately 14.58% of the shares of FPC. As at the Latest Practicable Date, the Offeror has received an undertaking from FPILBVI (the "**FPILBVI Irrevocable Undertaking**") pursuant to which FPILBVI has, amongst other things, irrevocably undertaken to and confirmed with the Offeror (a) the concert party relationship between the Offeror and FPILBVI for the purposes of the Offer, (b) not to tender any of the 882,444 Shares (representing approximately 0.06% of the total number of Shares)* *held by it in acceptance of the Offer, and (c) not to sell, transfer or otherwise dispose of the Shares held by it.*"

6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from section 9 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

*"**9. RATIONALE FOR THE OFFER***

*9.1 **Intention to Delist and Privatise the Company.** The Offeror is making the Offer with a view to delisting and privatising the Company. The Offeror is of the view that the delisting and privatisation of the Company will enable the Offeror to reduce and streamline the number of listed entities within its group structure and provide the Offeror and the management of the Company with flexibility in the implementation of any strategic initiatives and/or operational changes of the Company and its subsidiaries.*

*9.2. **Opportunity for Shareholders to realise their investment in the Shares at a premium to market price without incurring brokerage costs.** The Offer Price represents a premium of approximately 21.5%, 26.3%, 29.0% and 23.1% over the VWAP[1] per Share for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods up to and including 5 April 2019, being the Last Trading Day.*

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

*9.3 **Low Trading Liquidity.** The trading volume of the Shares has been low, with an average daily trading volume[2] of approximately 905,613 Shares, 709,084 Shares, 482,507 Shares and 586,141 Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including the Last Trading Day. These represent only 0.06%, 0.05%, 0.03% and 0.04% of the total number of issued Shares for the aforementioned relevant periods, respectively.*

The Offer therefore provides Shareholders with an opportunity to realise their entire investment in the Shares at a premium over the prevailing market prices which may not otherwise be readily available to Shareholders given the low trading liquidity of the Shares.

[1] The VWAPs are based on data extracted from Bloomberg L.P. and the calculation of VWAP does not include married trade transactions within the relevant periods.

[2] The average daily trading volumes are based on data extracted from Bloomberg L.P. and are calculated by using the total volume of Shares traded divided by the number of market days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including the Last Trading Day. Calculation of average daily trading volume does not include married trade transactions within the relevant periods."

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the financial terms of the Offer, we have considered the following which we view as pertinent and having a significant bearing on our evaluation:

(a) Historical financial performance of the Group;

(b) Historical market price performance and trading activity of the Shares;

(c) Historical Share price performance relative to market index;

(d) NAV and net debt position of the Group;

(e) Historical trailing P/NAV multiples of the Shares;

(f) Valuation ratios of selected companies listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") which principal business activities are broadly comparable to those of the Group;

(g) Selected precedent privatisation and delisting transactions involving companies listed on the SGX-ST;

(h) Analysts' target prices for the Shares; and

(i) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

7.1. Historical Financial Performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited consolidated financial statements of the Group for the financial years ended 31 December 2016 ("**FY2016**"), 31 December 2017 ("**FY2017**") and 31 December 2018 ("**FY2018**"), as well as the unaudited interim condensed consolidated financial statements of the Group for the 3-month financial period ended 31 March 2019 ("**1Q2019**") and its comparative figures for the 3-month financial period ended 31 March 2018 ("**1Q2018**"). The following summary of the financial information should be read in conjunction with the full text of the Group's published financial statements for FY2016, FY2017, FY2018, 1Q2018 and 1Q2019 in respect of the relevant financial years/periods including the notes thereto.

Consolidated statement of comprehensive income

	------------------------Audited---------------------			---------Unaudited--------	
Rp million	**FY2016**	**FY2017[(1)] (restated)**	**FY2018**	**1Q2018[(2)]**	**1Q2019**
Revenue	14,530,938	15,725,304	14,059,450	3,189,662	3,358,231
Gross profit	3,488,736	3,061,446	2,197,924	646,363	460,966
Gross profit margin (%)	*24.0*	*19.5*	*15.6*	*20.3*	*13.7*
Profit from operations	2,263,035	1,677,691	656,397	260,920	104,687

Rp million	------------------------Audited--------------------- FY2016	FY2017[1] (restated)	FY2018	---------Unaudited-------- 1Q2018[2]	1Q2019
Profit/(loss) before tax[3]	1,689,541	1,138,153	(46,413)	131,163	(80,273)
Net profit/(loss) for the year/period attributable to owners of the Company	506,540	447,314	(221,764)	49,798	(57,790)
Net profit/(loss) margin (%)	*3.5*	*2.8*	*(1.6)*	*1.6*	*(1.7)*

Consolidated cash flow statement

Rp million	------------------------Audited--------------------- FY2016	FY2017[1] (restated)	FY2018	----------Unaudited--------- 1Q2018[2]	1Q2019
Net cash flows generated from operating activities	2,036,910	1,930,645	996,308	234,182	441,036
Net cash flows used in investing activities	(1,592,354)	(1,707,479)	(2,065,104)	(505,601)	(854,249)
Net cash flows generated from financing activities	2,435	294,868	337,882	214,978	467,244
Net increase/(decrease) in cash and cash equivalents	446,991	518,034	(730,914)	(56,441)	54,031
Cash and cash equivalents at end of year/period	2,404,838	2,929,674	2,228,869	2,883,194	2,274,516

Source: *Annual reports of the Company for FY2017 and FY2018 and the unaudited consolidated financial statements of the Group for 1Q2019 and its comparative figures in 1Q2018*

Notes:

(1) Based on the figures reflected in the annual report of the Company for FY2018.

(2) Based on the figures reflected in the announcement of the unaudited financial statements of the Group for 1Q2019.

(3) Excluding the one-off gain in relation to a Rp107.3 billion claim from a contractor for a significant delay in the completion of a turnkey project in FY2016 and the loss on deemed disposal on investment in Companhia Mineira de Açúcar e Álcool Participações ("**CMAA**") where the shareholding interest in CMAA was diluted from 50% to 35% of Rp87.0 billion in FY2018, the adjusted profit before tax would have been Rp1,582.2 billion in FY2016 and Rp40.6 billion in FY2018.

Consolidated statement of comprehensive income

FY2016 vs FY2017

The revenue of the Group increased by approximately Rp1,295.7 billion or 8.9% from approximately Rp14,531.0 billion in FY2016 to approximately Rp15,725.3 billion in FY2017, mainly due to higher sales volume and average selling prices of palm products which was partially offset by lower sugar sales, and an increase in the revenue of the edible oils and fats ("**EOF**") division mainly due to higher sales of cooking oil and margarine products. The sales improvement in the EOF division was attributed to competitive pricing and heightened marketing activities such as brand campaigns and tactical promotions.

The gross profit of the Group decreased by approximately Rp427.3 billion or 12.2% from approximately Rp3,488.7 billion in FY2016 to approximately Rp3,061.4 billion in FY2017, mainly due to higher fertiliser application and lower profit contribution from sugar operation in Indonesia. Accordingly, the gross profit margin decreased from 24.0% in FY2016 to 19.5% in FY2017.

The profit before tax of the Group decreased by approximately Rp551.4 billion or 32.6% from approximately Rp1,689.5 billion in FY2016 to approximately Rp1,138.2 billion in FY2017, mainly due to (a) the decrease in gross profit, (b) the recognition of foreign exchange losses in FY2017 *vis-à-vis* a foreign exchange gain in FY2016 mainly due to the weakening of the Indonesian Rupiah against the US Dollar, (c) a decrease in operating income mainly attributable to the absence of a claim from a contractor for a significant delay in the completion of a turnkey project recognised in FY2016, and (d) the decrease in the gain arising from the changes in the fair values of biological assets mainly attributable to lower selling prices and lower production volume of growing produce for palm trees, offset by (a) a decrease in the loss from the share of results of associate companies mainly due to the discontinuation of equity accounting for Heliae Technology Holdings, Inc. ("**Heliae**") as a result of a loss of significant influence since October 2016, and (b) the recognition of profit from the share of results of a joint venture in FY2017 as a result of higher contribution from CMAA principally due to higher selling prices, higher production and lower foreign currency impacts *vis-à-vis* the recognition of loss from the share of results of a joint venture in FY2016.

The net profit for the year attributable to owners of the Company decreased by approximately Rp59.2 billion or 11.7% from approximately Rp506.5 billion in FY2016 to approximately Rp447.3 billion in FY2017, mainly due to the decrease in profit from operations. Accordingly, the Group's net profit margin declined from 3.5% in FY2016 to 2.8% in FY2017.

FY2017 vs FY2018

The revenue of the Group decreased by approximately Rp1,665.9 billion or 10.6% from approximately Rp15,725.3 billion in FY2017 to approximately Rp14,059.5 billion in FY2018, mainly due to lower average selling prices of agricultural crops despite an increase in the palm production from the Plantation division, which was offset by the sales growth in the EOF division.

The gross profit of the Group decreased by approximately Rp863.5 billion or 28.2% from approximately Rp3,061.4 billion in FY2017 to approximately Rp2,197.9 billion in FY2018, mainly due to the effect of lower selling prices of palm products (crude palm oils and palm kernel), which was partially offset by higher profit contribution from the EOF division. Accordingly, the gross profit margin decreased from 19.5% in FY2017 to 15.6% in FY2018.

The Group recorded a profit before tax of approximately Rp1,138.2 billion in FY2017 *vis-à-vis* a loss before tax of approximately Rp46.4 billion in FY2018, mainly due to (a) the decrease in revenue and gross profit, (b) an increase in foreign exchange loss mainly due to the weakening of the Indonesian Rupiah against the US Dollar, (c) a decrease in the share of results of joint ventures due to the lower prices of raw sugar, (d) the recognition of fair value loss arising from the changes in the fair values of biological assets in FY2018 mainly due to lower selling prices of fresh fruit bunches *vis-à-vis* a fair value gain in FY2017, (e) the recognition of a loss on deemed disposal for investment in a joint venture arising from business combination under common control using book value instead of fair value for the acquisition of Vale do Pontal Açúcar e Álcool Ltda ("**UVP**"), and (f) an increase in financial expenses mainly due to higher working capital facilities and higher blended interest rate which was in line with the interest rate hikes by the US Fed and the Bank of Indonesia, offset by (a) a decrease in operating expenses mainly due to the impairment of an available-for-sale investment (Heliae) and the write-off of an unrecoverable advance in FY2017, and (b) a decrease in the loss from the share of results of associate companies mainly due to lower loss from FP Natural Resources Limited ("**FPNRL**") (which operates mainly sugar business in the Philippines). Excluding the loss on deemed disposal for investment in the joint venture, the profit before tax would have been approximately Rp40.6 billion in FY2018.

The Group recorded a net profit for the year attributable to owners of the Company of approximately Rp447.3 billion in FY2017 *vis-à-vis* a net loss for the year attributable to owners of the Company of approximately Rp221.8 billion in FY2018, mainly due to (a) the decrease in profit from operations, (b) the recognition of a loss on deemed disposal for investment in the joint venture arising from business combination under common control using book value instead of fair value for the acquisition of UVP, (c) the increase in financial expenses, and (d) high effective income tax rates mainly due to non-deductible expense, write-off of expired tax losses and allowance of tax losses carried forward in FY2018. Accordingly, the Group recorded a net profit margin of 2.8% in FY2017 *vis-à-vis* a net loss margin of 1.6% in FY2018.

1Q2018 vs 1Q2019

The revenue of the Group increased by approximately Rp168.6 billion or 5.3% from approximately Rp3,189.7 billion in 1Q2018 to approximately Rp3,358.2 billion in 1Q2019, mainly due to higher sales volume of edible oils and fats products.

The gross profit of the Group decreased by approximately Rp185.4 billion or 28.7% from approximately Rp646.4 billion in 1Q2018 to approximately Rp461.0 billion in 1Q2019, mainly due to lower palm product prices. Accordingly, the gross profit margin decreased from 20.3% in 1Q2018 to 13.7% in 1Q2019.

The Group recorded a profit before tax of approximately Rp131.2 billion in 1Q2018 *vis-à-vis* a loss before tax of approximately Rp80.3 billion in 1Q2019, mainly due to (a) a decrease in gross profit as a result of lower palm product prices despite an increase in revenue, (b) an increase in the loss from the share of results of associate companies mainly due to higher loss from FPNRL (which operates mainly sugar business in the Philippines), (c) an increase in the loss from the share of results of joint ventures mainly due to falling sugar and ethanol prices and forex loss arising from the weakening of the Brazilian real, and (d) an increase in financial expenses mainly due to higher working capital facilities and higher blended interest rate, offset by (a) the recognition of a foreign exchange gain in 1Q2019 *vis-à-vis* a foreign exchange loss in 1Q2018 as a result of the strengthening of the Indonesian Rupiah against the US Dollar, (b) a decrease in operating expenses mainly due to lower loss on changes in fair value of plasma receivables, and (c) the recognition of a fair value gain arising from the changes in fair values of biological assets mainly due to the oil palm seeds and timber plantations valuations in 1Q2019 *vis-à-vis* a fair value loss in 1Q2018.

The Group recorded a net profit attributable to owners of the Company of approximately Rp49.8 billion in 1Q2018 *vis-à-vis* a net loss attributable to owners of the Company of approximately Rp57.8 billion in 1Q2019, mainly due to the decrease in profit from operations and the increase in financial expenses. Accordingly, the Group recorded a net profit margin of 1.6% in 1Q2018 *vis-à-vis* a net loss margin of 1.7% in 1Q2019.

Consolidated cash flow statement

The Group recorded net cash flows generated from operating activities of approximately Rp2,036.9 billion, Rp1,930.6 billion, Rp996.3 billion, Rp234.2 billion and Rp441.0 billion in FY2016, FY2017, FY2018, 1Q2018 and 1Q2019 respectively.

The Group recorded net cash flows generated from operating activities in FY2018 mainly due to operating cash flows before changes in working capital of approximately Rp2,807.4 billion and interest received of approximately Rp105.3 billion, offset by an increase in inventories of approximately Rp226.9 billion, an increase in trade and other receivables of approximately Rp188.7 billion, interest paid of approximately Rp708.3 billion and income tax paid of approximately Rp742.8 billion.

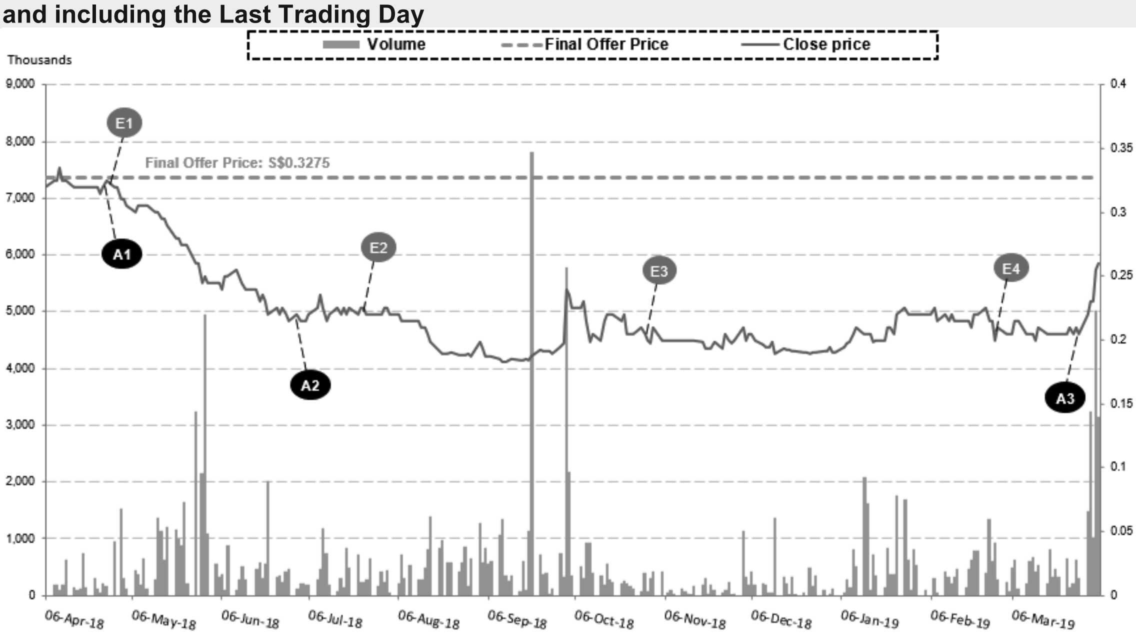
The Group recorded net cash flows generated from operating activities in 1Q2019 mainly due to operating cash flows before changes in working capital of approximately Rp542.9 billion, a decrease in inventories of approximately Rp214.0 billion and an increase in trade and other payables and accruals of approximately Rp319.1 billion, offset by an increase in trade and other receivables of approximately Rp122.9 billion, an increase in advances to suppliers of approximately Rp179.4 billion, interest paid of approximately Rp208.0 billion and income tax paid of Rp98.2 billion.

Taking into account (a) the cash and cash equivalents at the beginning of 1Q2019 of approximately Rp2,228.9 billion, (b) the net increase in cash and cash equivalents of approximately Rp54.0 billion, and (c) the effect of changes in exchange rates on cash and cash equivalents of approximately Rp8.4 billion, the Group's cash and cash equivalents as at 31 March 2019 amounted to approximately Rp2,274.5 billion.

7.2. Historical Market Price Performance and Trading Activity of the Shares

We have compared the Final Offer Price to the daily closing prices for the one-year period between 6 April 2018 and 5 April 2019 (the "**Last Trading Day**"), being the last market day immediately prior to the Offer Announcement. We have also marked certain dates in the one-year period where significant events occurred.

Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day



Source: *Thomson Reuters Eikon and Company announcements on the SGXNET*

Earnings announcements:

E1. **30 April 2018**. The Company announced its 1Q2018 unaudited financial statements in which the Group's net profit attributable to owners of the Company decreased significantly by approximately Rp120.8 billion or 70.8% from approximately Rp170.6 billion in 1Q2017 to approximately Rp49.8 billion in 1Q2018, mainly due to (a) a decrease in revenue arising from lower average selling prices and sales volume of crude palm oil, palm kernel and rubber from the Plantation division and lower selling prices of edible oils and fats products arising from lower crude palm oil costs from the EOF division, (b) a decrease in gross profit as a result of the decrease in sales and higher palm production costs arising from higher fertiliser and upkeeping costs, (c) the recognition of foreign exchange loss in 1Q2018 *vis-à-vis* a foreign exchange gain in 1Q2017 as a result of the weakening of the Indonesian Rupiah against the US Dollar, and (d) an increase in the loss from the share of results of associate companies arising from Asian Assets Management Pte Ltd (which engages in property operation) and FPNRL (which operates mainly sugar business in the Philippines), offset by (a) a decrease in the losses from the results of a joint venture as a result of an improvement in the ethanol and sugar sales under CMAA in Brazil, (b) a decrease in the loss arising from the changes in fair values of biological assets, and (c) lower income tax expenses recorded by the Group.

E2. **26 July 2018:** The Company announced its unaudited financial statements for the 6-month financial period ended 30 June 2018 ("**1H2018**") in which the Group recorded a net profit attributable to owners of the Company of approximately Rp269.8 billion for the 6-month financial period ended 30 June 2017 ("**1H2017**") *vis-à-vis* a net loss attributable to owners of the Company of approximately Rp18.8 billion in 1H2018, mainly due to (a) a decrease in revenue arising from lower average selling prices and sales volume of crude palm oil, palm kernel and rubber from the Plantation division, and lower selling prices of edible oils and fats products arising from lower crude palm oil costs from the EOF division, (b) the recognition of foreign exchange loss in 1H2018 *vis-à-vis* a foreign currency gain in 1H2017 as a result of the weakening of the Indonesian Rupiah against the US Dollar, and (c) a decrease in the share of results of a joint venture mainly due to lower selling prices and volume of raw sugar from the sugar operations under CMAA in Brazil, offset by (a) a decrease in the loss arising from the changes in fair values of biological assets, (b) an increase of the share of results of associate companies, and (c) lower income tax expenses recorded by the Group.

E3. **31 October 2018.** The Company announced its unaudited financial statements for the 9-month financial period ended 30 September 2018 ("**9M2018**") in which the Group recorded a net profit attributable to owners of the Company of approximately Rp370.4 billion for the 9-month financial period ended 30 September 2017 ("**9M2017**") *vis-à-vis* a net loss attributable to owners of the Company of approximately Rp10.1 billion in 9M2018, mainly due to (a) a decrease in revenue arising from lower average selling prices of agriculture crops (crude palm oil, palm kernel and rubber) and lower sales volume of crude palm oil and palm kernel related products arising from timing in shipment from the Plantation division which was offset by an increase in the revenue from the EOF division as a result of strong sales, (b) a decrease in gross profit due to the effects of lower selling prices and sales volume of palm products as well as higher palm production costs arising from wage inflation and higher fertiliser application, partly offset by higher profit contribution from the EOF division, (c) an increase in foreign exchange loss mainly due to the weakening of the Indonesian Rupiah against the US Dollar, (d) a decrease in the share of results of joint ventures due to lower selling prices and sales volume of raw sugar, and (e) an increase in financial expenses mainly due to higher working capital facilities and higher blended interest rate which was in line with the interest rate hikes by the US Fed and the Bank of Indonesia, offset by (a) the recognition of fair value gain arising from the changes in the fair values of biological assets in 9M2018 *vis-à-vis* a fair value loss in 9M2017, and (b) lower income tax expenses recorded by the Group.

E4. **28 February 2019.** The Company announced its FY2018 unaudited financial statements in which the Group recorded a net profit attributable to owners of the Company of approximately Rp447.3 billion in FY2017 *vis-à-vis* a net loss attributable to owners of the Company of approximately Rp221.8 billion in FY2018, mainly due to (a) a decrease in revenue mainly due to lower average selling prices of agricultural crops despite an increase in the palm production from the Plantation division, which was also offset by the sales growth in the EOF division, (b) a decrease in gross profit due to the effect of lower selling prices of palm products (crude palm oils and palm kernel) which was partially offset by higher profit contribution from the EOF division, (c) an increase in foreign exchange loss mainly due to the weakening of the Indonesian Rupiah against the US Dollar, (d) a decrease in the share of results of joint ventures due to the lower prices of raw sugar, (e) the recognition of fair value loss arising from the changes in the fair values of biological assets in FY2018 mainly due to lower selling prices of fresh fruit bunches *vis-à-vis* a fair value gain in FY2017, (f) the recognition of a loss on deemed disposal for investment in a joint venture arising from business combination under common control using book value instead of fair value for the acquisition of UVP, (f) an increase in financial expenses mainly due to higher working capital facilities and higher blended interest rate which was in line with the interest rate hikes by the US Fed and the Bank of Indonesia, and (g) high effective income tax rates mainly due to non-deductible expense, write-off of expired tax losses and allowance of tax losses carried forward in FY2018, offset by (a) a decrease in operating expenses mainly due to the impairment of an available-for-sale investment (Heliae) and the write-off of an unrecoverable advance in FY2017, and (b) a decrease in the loss from the share of results of associate companies mainly due to lower loss from FPNRL (which operates mainly sugar business in the Philippines).

Other significant announcements:

A1. **27 April 2018**: The Company announced the release of its sustainability report for 2017.

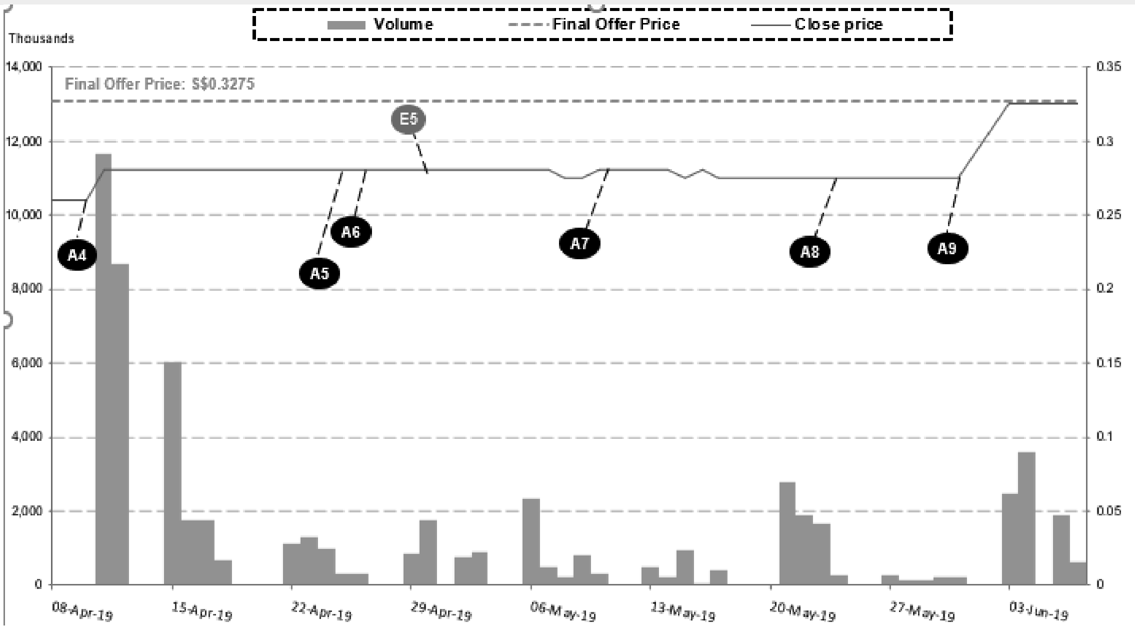
A2. **3 July 2018**: The Company announced that CMAA (50% owned) had entered into an arrangement with JFLIM Participações S/A ("**JFLIM**"), whereby JFLIM will transfer its 100%-owned subsidiary, UVP, to CMAA. In consideration for the transfer of UVP, CMAA will issue new shares to JFLIM based on an agreed valuation of approximately R$ 75.9 million (equivalent to US$19.7 million). Following the issuance of new shares, CMAA will be 35% owned by the Company. The acquisition will enable CMAA to expand its footprint in the sugar and ethanol industry in Brazil with a total annual cane crushing capacity increasing from 5.8 million tonnes (CMAA plus Canápolis Holding S.A. ("**Canápolis**")) to 8.3 million tonnes after the acquisition. All 3 mills are located in the state of Minas Gerais, and in close proximity to each other, forming a strong cluster enabling operating and management synergies.

A3. **29 March 2019**: The Company announced that the Directors will be proposing a first and final tax-exempt (one-tier) dividend of S$0.0025 per share for FY2018 to be approved by the Shareholders at the annual general meeting of the Company to be convened in end April 2019.

Based on the above, we note that the closing prices of the Shares had trended downwards for the period between early April 2018 and end-September 2018 (with trading between a high of S$0.335 (on 11 April 2018) and a low of S$0.183 (on 11 and 12 September 2018)) before increasing significantly to a high of S$0.240 on 3 October 2018. Between 4 October 2018 and 3 April 2019, the closing prices of the Shares were between a high of S$0.235 and a low of S$0.189. There was a spike in the closing prices of the Shares to S$0.255 on 4 April 2019 and S$0.260 on 5 April 2019. We note that save for 11 April 2018, the closing prices of the Shares had not reached or exceeded the Final Offer Price of S$0.3275 for the one-year period prior to and including the Last Trading Day.

The daily closing prices and daily trading volumes of the Shares from the Last Trading Day and up to the Latest Practicable Date are set out below:

Daily closing prices and daily trading volumes of the Shares from the Last Trading Day and up to the Latest Practicable Date



Source: *Thomson Reuters Eikon and Company announcements on the SGXNET*

Earnings announcements:

E5. **30 April 2019**: The Company announced its unaudited financial statements for 1Q2019 in which the Group recorded a net profit attributable to owners of the Company of approximately Rp49.8 billion in 1Q2018 *vis-à-vis* a net loss attributable to owners of the Company of approximately Rp57.8 billion in 1Q2019, mainly due to (a) a decrease in gross profit as a result of lower palm product prices despite an increase in revenue, (b) an increase in the loss from the share of results of associate companies mainly due to higher loss from FPNRL (which operates mainly sugar business in the Philippines), (c) an increase in the loss from the share of results of joint ventures mainly due to falling sugar and ethanol prices and forex loss arising from the weakening of the Brazilian real, and (d) an increase in financial expenses mainly due to higher working capital facilities and higher blended interest rate, offset by (a) the recognition of a foreign exchange gain in 1Q2019 *vis-à-vis* a foreign exchange loss in 1Q2018 as a result of the strengthening of the Indonesian Rupiah against the US Dollar, (b) a decrease in operating expenses mainly due to lower loss on changes in fair value of plasma receivables, and (c) the recognition of a fair value gain arising from the changes in fair values of biological assets mainly due to the oil palm seeds and timber plantations valuations in 1Q2019 *vis-à-vis* a fair value loss in 1Q2018. The Company also provided notice that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 9 May 2019 for the purposes of determining the Shareholders' entitlement to the FY2018 Dividend of S$0.0025 per Share, which had been approved at the annual general meeting held on 25 April 2019.

Significant announcements:

A4. **10 April 2019**: The Offer Announcement was made.

A5. **25 April 2019**: The Company announced the release of its sustainability report for the year 2018.

A6. **26 April 2019**: The Company announced the despatch of the Offer Document and the accompanying form of acceptance and authorisation for Offer Shares (the "**FAA**") and the form of acceptance and transfer for Offer Shares (the "**FAT**").

A7. **10 May 2019**: The Company announced the appointment of the IFA and the despatch of the Circular which contains, *inter alia*, the advice of the IFA to the Recommending Directors and the recommendation of the Recommending Directors to the Shareholders in relation to the Offer.

A8. **24 May 2019**: The Extension of Closing Date Announcement was made.

A9. **31 May 2019**: The Offer Price Revision Announcement was made.

Based on the above, we note that during the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, the market prices of the Shares had closed at S$0.275 and S$0.280 (which is equivalent to the Offer Price of S$0.280). The closing prices of the Shares had not reached or exceeded the Final Offer Price of S$0.3275 during this period.

We also note that during the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date, the market price of the Shares had consistently closed at S$0.325, which is marginally below the Final Offer Price of S$0.3275.

We have set out below the premia implied by the Final Offer Price over the historical volume-weighted average price ("**VWAP**") for (a) the one-year period prior to and including the Last Trading Day, (b) the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (c) the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date:

Premium implied by the Final Offer Price over VWAP(1)

	VWAP(1) (S$)	Premium of Final Offer Price over VWAP (%)	Highest closing price (S$)	Lowest closing price (S$)	Average daily trading volume(2) ("ADTV") ('000)	ADTV as a percentage of free float(2)(3) (%)
Periods prior to and including the Last Trading Day						
One-year	0.2275	43.9	0.335	0.183	586	0.16
6-month	0.2170	50.9	0.260	0.189	483	0.14
3-month	0.2218	47.7	0.260	0.194	709	0.20
One-month	0.2304	42.1	0.260	0.200	945	0.27
Last Trading Day	0.260(4)	26.0	0.260(4)	0.260(4)	3,141	0.88
Period after the Offer Announcement and up to the Offer Price Revision Announcement Date						
After the Offer Announcement and up to the Offer Price Revision Announcement Date	0.2790	17.4	0.280	0.275	1,549	0.63
Offer Price Revision Announcement Date	0.275(5)	19.1	0.275(5)	0.275(5)	241	0.10
Period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date						
After the Offer Price Revision Announcement Date and up to the Latest Practicable Date	0.3252	0.7	0.325	0.325	2,142	0.87
Latest Practicable Date	0.325(6)	0.8	0.325	0.325	614	0.25

Source: *Thomson Reuters Eikon*

Notes:

(1) The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant market days for each of the above periods.

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period divided by the number of market days during that period.

(3) Free float refers to (a) approximately 355.6 million Shares or 25.5% of the issued share capital of the Company held by the public (as defined in the Listing Manual) for the one-year period prior to and including the Last Trading Day, and (b) approximately 246.4 million Shares or 17.6% of the issued share capital of the Company held by the public (as defined in the Listing Manual) for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date and the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date, whereby the free float was updated based on the shareholdings of the Offeror as disclosed in the Offer Price Revision Announcement.

(4) Refers to the closing price of the Shares on the Last Trading Day.

(5) Refers to the closing price of the Shares on the Offer Price Revision Announcement Date.

(6) Refers to the closing price of the Shares on the Latest Practicable Date.

Based on the above, we note the following:

Periods prior to and including the Last Trading Day

(a) The daily closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S$0.183 per Share (on 11 and 12 September 2018) and a high of S$0.335 per Share (on 11 April 2018), and the Final Offer Price represents a significant premium of approximately 43.9%, 50.9%, 47.7% and 42.1% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;

(b) During the one-year period prior to and including the Last Trading Day, the average daily trading volumes of the Shares ranged from approximately 483,000 Shares to 945,000 Shares, representing approximately 0.16%, 0.14%, 0.20% and 0.27% of the Company's free float over each of the one-year, 6-month, 3-month and one-month periods respectively. The Shares were regularly traded during this period;

Period after the Offer Announcement and up to the Offer Price Revision Announcement Date

(c) The Final Offer Price represents (i) a premium of approximately 17.4% over the VWAP of the Shares of S$0.2790 for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (ii) a premium of approximately 19.1% over the closing price of the Shares of S$0.275 on the Offer Price Revision Announcement Date;

(d) During the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, the Shares were traded at an average daily trading volume of approximately 1.5 million Shares, representing approximately 0.63% of the Company's free float. The Shares were regularly traded during this period;

Period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date

(e) The Final Offer Price represents (i) a marginal premium of approximately 0.7% over the VWAP of the Shares of S$0.3252 for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date, and (ii) a marginal premium of approximately 0.8% over the closing price of the Shares of S$0.325 on the Latest Practicable Date; and

(f) During the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date, the Shares were traded at an average daily trading volume of approximately 2.1 million Shares, representing approximately 0.87% of the Company's free float.

Based on the above observations, it would appear that the market prices of the Shares may be supported by the Offer subsequent to the Offer Announcement and the Offer Price Revision Announcement respectively. Shareholders should note that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at the prevailing level as at the Latest Practicable Date, and the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance.

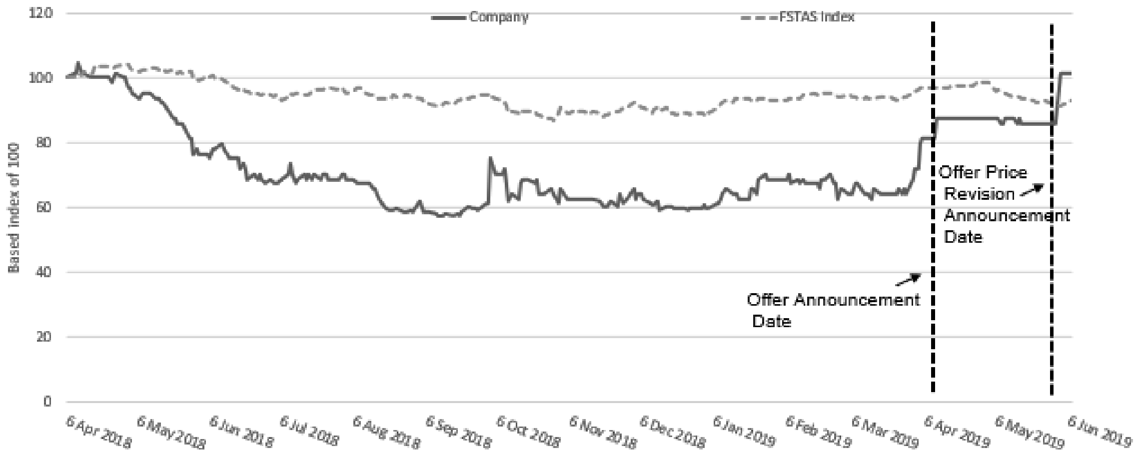
We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the prevailing economic conditions, economic outlook, stock market conditions and sentiment, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

7.3. Historical Share Price Performance Relative to Market Index

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against the FTSE Straits Times All Share Index (the "**FSTAS Index**"), which is a market capitalisation-weighted index comprising all companies within the top 98% by full market capitalisation of the Mainboard of the SGX-ST (i.e. large cap, midcap and small cap indices combined).

The market price performance of the Shares relative to the FSTAS Index for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date is illustrated below:

Share price performance against market index (rebased) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: *Thomson Reuters Eikon*

We have also set out in the table below the movements in the closing prices of the Shares and the FSTAS Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day	As at Latest Practicable Date	Percentage change (%)
Shares (S$)	0.260	0.325	25.0
FSTAS Index	805.83	773.07	(4.1)

Source: *Thomson Reuters Eikon*

Based on the above, we note the following:

(a) during the period commencing one year prior to the Last Trading Day and ending on the Offer Price Revision Announcement Date, the Shares had generally underperformed the rebased FSTAS Index;

(b) during the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date, the Shares had outperformed the rebased FSTAS Index; and

(c) between the Last Trading Day and the Latest Practicable Date, the closing prices of the Shares had increased by approximately 25.0% while the FSTAS Index had declined by approximately 4.1%.

Based on the above, it would further appear that the market prices of the Shares may be supported by the Offer subsequent to the Offer Announcement and the Offer Price Revision Announcement respectively. Shareholders should note that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at the prevailing level as at the Latest Practicable Date.

7.4. NAV and Net Debt Position of the Group

7.4.1. NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

A summary of the unaudited financial position of the Group as at 31 March 2019 is set out as follows:

	Unaudited As at 31 March 2019 (Rp million)
Non-current assets	
Biological assets	327,484
Property, plant and equipment	19,409,982
Right of use of assets	1,950,232
Goodwill	3,245,317
Claims for tax refund	275,266
Deferred tax assets	1,170,035
Investment in associate companies	1,816,073
Investment in joint ventures	750,896
Advances and prepayments	540,304
Other non-current receivables	1,468,963
Total non-current assets	**30,954,552**
Current assets	
Inventories	2,234,249
Trade and other receivables	1,518,406
Advances and prepayments	407,952
Prepaid taxes	342,726
Biological assets	582,616
Assets held for sale	41,795
Cash and cash equivalents	2,274,516
Total current assets	**7,402,260**
Total assets	**38,356,812**
Current liabilities	
Trade and other payables and accruals	2,163,766
Advances and other payables	228,211
Interest-bearing loans and borrowings	7,521,373

	Unaudited As at 31 March 2019 (Rp million)
Income tax payable	58,736
Total current liabilities	**9,972,086**
Net current liabilities	**(2,569,826)**
Non-current liabilities	
Interest-bearing loans and borrowings	4,121,751
Amounts due to related parties and other payables	427,859
Provision and other liabilities	32,309
Lease liabilities	117,595
Employee benefits liabilities	2,381,239
Deferred tax liabilities	607,907
Total non-current liabilities	**7,688,660**
Total liabilities	**17,660,746**
Net assets	**20,696,066**
Equity attributable to owners of the Company	
Share capital	3,584,279
Treasury shares	(390,166)
Revenue reserves	8,013,459
Other reserves	497,674
	11,705,246
Non-controlling interests	8,990,820
Total equity	**20,696,066**
Number of issued Shares as at 31 March 2019	1,395,904,530
NAV per Share (S$)[2]	**0.798**
Discount of the Final Offer Price to the NAV per Share (%)	**59.0%**
Price-to-NAV ("P/NAV") ratio as implied by the Final Offer Price (times)	**0.410**

As at 31 March 2019, the unaudited NAV attributable to equity holders of the Group amounted to approximately Rp11,705.2 billion or Rp8,385 per Share (equivalent to S$0.798 per Share at an exchange rate of S$1 : Rp10,507) based on 1,395,904,530 issued Shares. Accordingly, the Final Offer Price represents a significant discount of approximately 59.0% to the unaudited NAV per Share of the Group as at 31 March 2019, and would value the Group at a P/NAV ratio of 0.410 times.

2 Based on the exchange rate of S$1 : Rp10,507 as extracted from the unaudited financial statements of the Group for 1Q2019.

We have also set out further details on certain assets of the Group below:

Biological assets

Biological assets which are classified under non-current assets accounted for 0.9% of the Group's total assets as at 31 March 2019, and biological assets which are classified under current assets accounted for 1.5% of the Group's total assets as at 31 March 2019. The biological assets comprised primarily timber plantations and unharvested agriculture produce of bearer plants which consist of mainly fresh fruit bunches, oil palm seeds, latex and sugar cane. Based on the FY2018 annual report, the Group has timber plantation concession rights of 72,875 hectares which are valid until 2035 and 2049, and the total area of planted timber plantations as at 31 December 2018 was 16,135 hectares.

The Group conducts independent valuations on the timber plantations to measure their fair value and adopts the income approach internally to measure the fair value of the unharvested agricultural produce of bearer plants on an annual basis for the purposes of its annual statutory audit. The Management is of the view that as at the Latest Practicable Date, the appropriate fair value measurement approach and assumptions have been consistently applied in 1Q2019 and prior years and the biological assets are fairly stated as at 31 March 2019. Accordingly, no adjustments have been made to the NAV of the Group in this regard.

Property, plant and equipment

Property, plant and equipment accounted for 50.6% of the Group's total assets as at 31 March 2019. The property, plant and equipment comprised (a) bearer plants which mainly consist of oil palm, rubber and sugar cane plantations, (b) buildings and improvements, (c) plant and machinery, (d) heavy equipment, transportation equipment and vessels, and (e) furniture, fixtures and office equipment. We understand from the Management that the bearer plants, buildings and improvements, and plant and machinery constituted the main bulk of the property, plant and equipment as at 31 March 2019. Mature plantations are stated at cost and the carrying amount of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable. The asset useful lives and amortisation method of the bearer plants are reviewed at each year-end and adjusted prospectively when necessary. Immature bearer plants which are not commercially productive and available for harvest are not amortised. In addition, we understand from the Management that the buildings and improvements are mainly the factory buildings for the purposes of milling of oil palms and refinery of crude palm oil, offices, housing for workers, warehouses, roads and bridges.

The Company has confirmed that the property, plant and equipment (including the bearer plants and the buildings and improvements) are primarily used in the operations of the Group in its ordinary course of business and that as at the Latest Practicable Date, the Group does not have any current plans for an imminent material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business. Accordingly, no adjustments have been made to the NAV of the Group in this regard.

Goodwill

Goodwill, which arises from business combination from acquisitions, accounted for 8.5% of the Group's total assets as at 31 March 2019. Goodwill is tested annually or more frequently if events or changes in circumstances indicate that it might be impaired. The goodwill as recorded by the Group is predominately related to the acquisition of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("**Lonsum**") and we understand that the Management had engaged an independent valuer to determine the recoverable value of the goodwill for Lonsum's integrated plantation estates as at 31 October 2018 for the purpose of its statutory audit. The Management is of the view that as at the Latest Practicable Date, there are no indicators of impairment on the goodwill that would require the Group to perform further impairment tests.

Principal subsidiary

The Company owns a shareholding interest of approximately 73.46% in PT Salim Ivomas Pratama Tbk ("**SIMP**"), which is listed on the Indonesia Stock Exchange. SIMP and its subsidiaries are principally engaged in (a) the research and development, seed breeding, oil palm cultivation and milling, (b) the production and marketing of branded cooking oils, margarine and shortening, and (c) the cultivation and processing of rubber, sugar cane and other crops. SIMP also owns a shareholding interest of approximately 59.51% in Lonsum, which is listed on the Indonesia Stock Exchange and is principally engaged in the oil palm seed breeding, planting, milling and selling of oil palm products, rubber and other crops.

As at the Latest Practicable Date, the market capitalisation of SIMP was approximately Rp5.19 trillion. Accordingly, the market value of the Company's shareholding interest of 73.46% in SIMP would amount to approximately Rp3.81 trillion. In view that (a) the net assets value of SIMP as recorded in the consolidated accounts of the Company is significantly in excess of Rp3.81 trillion, (b) the Offeror has stated in the Offer Document that it has no current intentions to introduce any major changes to the existing business of the Company, and (c) the Company has confirmed that it is not aware of any current plans to dispose of its shareholding interest in SIMP, we have deemed it more prudent not to make any "mark-to-market" downward adjustment to the NAV of the Group. Shareholders should note that the Group has not recorded any net revaluation surplus or deficit (as the case may be) arising from the market value of SIMP as at the Latest Practicable Date, and there is no assurance that any surplus or deficit (as the case may be) will eventually be recorded by the Group. In addition, it may be difficult for the Group to fully realise its sizable shareholding interest in SIMP at its current market price or at any given market price. The NAV of the Group may also not necessarily reflect the value of the Group as an on-going concern. As such, the analysis set out above merely serves as an illustration.[3]

As set out in section 10 of the Offer Document, the Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company and its subsidiaries, in each case, other than in the ordinary course of business. In addition, the Offeror intends to continue to develop and grow the existing businesses of the Group, and the Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. The Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Offeror and/or the Company.

In respect of the above, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

(a) there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 31 March 2019;

(b) there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at 31 March 2019;

[3] As at the Latest Practicable Date, the principal assets of the Group comprise its shareholding interests in SIMP, CMAA, Canápolis and Roxas Holdings Inc.. As SIMP is the main operating subsidiary of the Company accounting for substantially all of the Group's revenue and net assets and is listed on the Indonesia Stock Exchange, we have also considered a hypothetical scenario where the Company were to dispose of its shareholding interest of approximately 73.46% in SIMP at its current market price. The theoretical cash proceeds from such disposal would amount to approximately Rp3.81 trillion or S$364.0 million at an exchange rate of S$1 : Rp10,471 as at the Latest Practicable Date, or approximately S$0.2607 per Share. The excess of the Final Offer Price over such theoretical cash proceeds from the hypothetical sale of SIMP, amounting to approximately S$0.0668 per Share, could be attributable to the Group's other remaining businesses after the hypothetical disposal of SIMP (based on its market value as at the Latest Practicable Date). We are, however, of the view that such a hypothetical scenario is highly unlikely as (a) the Offeror has stated in the Offer Document that it has no current intentions to introduce any major changes to the existing business of the Company, (b) the Company has confirmed that it is not aware of any current plans to dispose of its shareholding interest in SIMP (being its main operating subsidiary), and (c) it may be difficult for the Group to fully realise its sizable shareholding interest in SIMP at its current market price or at any given market price. Accordingly, this scenario has been presented solely for illustrative purposes and we have not placed reliance on it in our analysis.

(c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and/or the Group as at 31 March 2019;

(d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the SFRS(I) and which have not been so disclosed, where such intangible assets would have had a material impact on the overall financial position of the Group as at 31 March 2019;

(e) there are no material acquisitions or disposals of assets by the Group between 31 March 2019 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and

(f) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 31 March 2019.

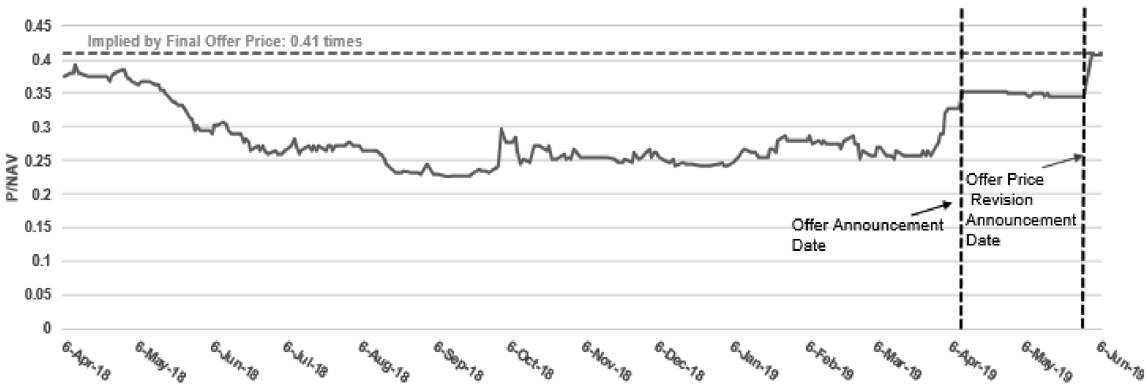
7.4.2. Net debt position of the Group

As at 31 March 2019, the Group's cash and cash equivalents amounted to Rp2,274.5 billion. Taking into account the borrowings and lease liabilities which amounted to Rp11,760.7 billion, the Group would record a net debt position of Rp9,486.2 billion (or equivalent to S$902.8 million at an exchange rate of S$1 : Rp10,507). Accordingly, we have not compared the Final Offer Price *vis-à-vis* the NAV of the Group on an ex-cash basis.

7.5. Historical Trailing P/NAV Multiples of the Shares

We have compared the P/NAV multiple of the Shares as implied by the Final Offer Price *vis-à-vis* the historical trailing P/NAV multiples of the Shares (based on the daily closing prices of the Shares and the Group's trailing announced NAV per Share) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date, as set out below:

Historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



	Average	Maximum	Minimum
Periods prior to and including the Last Trading Day			
One-year	0.276	0.392	0.226
6-month	0.262	0.326	0.241
3-month	0.269	0.326	0.248

	Average	Maximum	Minimum
One-month	0.268	0.326	0.251
Period after the Offer Announcement and up to the Offer Price Revision Announcement Date			
Period after the Offer Announcement and up to the Offer Price Revision Announcement Date	0.349	0.352	0.345
Period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date			
Period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date	0.407	0.407	0.407

Source: *Thomson Reuters Eikon*

Based on the above, we note that:

(a) for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, the P/NAV multiple of 0.410 times as implied by the Final Offer Price is significantly above the average historical trailing P/NAV multiples of the Shares of 0.276 times, 0.262 times, 0.269 times and 0.268 times respectively;

(b) for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, the P/NAV multiple of 0.410 times as implied by the Final Offer Price is above the average historical trailing P/NAV multiple of the Shares of 0.349 times; and

(c) for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date, the P/NAV multiple of 0.410 times as implied by the Final Offer Price is close to the average historical trailing P/NAV multiple of the Shares of 0.407 times.

7.6. Valuation Ratios of Selected Companies Listed on the SGX-ST Which Principal Business Activities are Broadly Comparable to Those of the Group

For the purpose of our evaluation of the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST with market capitalisations of up to S$4.0 billion and which are primarily engaged in oil palm cultivation and the production of oil palm-related products (the "**Comparable Companies**"), which we consider to be broadly comparable to the principal business of the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Company	Business description	Financial year-end
Bumitama Agri Ltd. ("**Bumitama**")	Bumitama and its subsidiaries are principally engaged in the cultivation of oil palm trees, as well as the harvesting and processing of fresh palm fruit bunches into crude palm oil and palm kernel, which are then sold to refineries in Indonesia. As stated in its annual report for the financial year ended 31 December 2018, Bumitama manages a total land bank of approximately 234,000 hectares located in the Indonesian provinces of Central Kalimantan, West Kalimantan and Riau, and has 185,165 hectares of total planted area as at 1 January 2019 with a relatively young matured oil palm trees profile.	31 December
First Resources Limited ("**First Resources**")	First Resources and its subsidiaries are involved in cultivating oil palms, harvesting the fresh fruit bunches, and milling them into crude palm oil and palm kernel. In addition to plantations and palm oil mills, First Resources and its subsidiaries also process the crude palm oil and palm kernel into higher value palm based products such as biodiesel, refined, bleached and deodorised ("**RBD**") olein, RBD stearin, palm kernel oil and palm kernel expeller through the refinery, fractionation, biodiesel and kernel crushing plants. As stated in its annual report for the financial year ended 31 December 2018, First Resources has 210,885 hectares of oil palm plantations and 6,321 hectares of rubber plantations.	31 December
Global Palm Resources Holdings Limited ("**Global Palm**")	Global Palm is involved in the cultivation, harvesting and processing of oil palm fruit into crude palm oil and palm kernel for sale. Global Palm's plantation and mill is located in West Kalimantan. Based on its annual report for the financial year ended 31 December 2018, it has a total land bank of 16,079 hectares, of which about 82.7% is under cultivation. As at 31 December 2018, approximately 83.1% of the group's oil palms are in mature production stage.	31 December
Golden Agri-Resources Ltd ("**GAR**")	GAR is a palm oil plantation company, and GAR and its subsidiaries' primary activities include cultivating and harvesting oil palm trees, processing fresh fruit bunches into crude palm oil and palm kernel, refining crude palm oil into industrial and consumer products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals, as well as merchandising palm products throughout the world. Based on its annual report for the financial year ended 31 December 2018, GAR is focused on sustainable palm oil production and cultivates 498,395 hectares of oil palm plantations in Indonesia, including plasma smallholders.	31 December

Company	Business description	Financial year-end
Kencana Agri Limited ("**Kencana**")	Kencana Agri Limited is a plantation company engaged mainly in the cultivation of oil palms, processing of fresh fruit bunches into crude palm oil, crude palm kernel oil and palm kernel cake and palm kernel, and provision of bulking services. Based on its annual report for the financial year ended 31 December 2018, Kencana's oil palm plantations are located mainly in the Sumatra, Kalimantan and Sulawesi regions of Indonesia. Since its inception in 1996, the group's planted area has grown to about 67,612 hectares in 2018 including plasma.	31 December

Source: *Thomson Reuters Eikon and annual reports of the Comparable Companies*

Salient information on the operating performance of the Comparable Companies *vis-à-vis* the Group is set out below:

Company	Gross profit margin(1) (%)	Profit before tax margin(1) (%)	Net debt(2) (S$ million)	Net gearing(2) (times)	Return on equity(1)(2) (%)	Return on assets(1)(2) (%)	FFB yield(1)(3) (tonnes/ hectare)	CPO yield(1)(4) (tonnes/ hectare)
Bumitama	28.5	20.3	(517.5)	0.60	14.0	6.6	20.5	6.4
First Resources	44.0	28.6	(358.9)	0.26	12.5	7.5	18.0	4.3
Global Palm	9.1	n.a.(5)	27.7	net cash	n.a.(5)	n.a.(5)	18.7	4.3
GAR	14.0	1.2	(3,803.8)	0.65	n.a.(5)	n.a.(5)	22.5	5.2
Kencana	19.5	n.a.(5)	(347.4)	11.16	n.a.(5)	n.a.(5)	16.6	3.3
Group	**15.6**	**n.a.(5)/ 0.3(6)**	**(902.8)**	**0.46**	**n.a.(5)**	**n.a.(5)**	**15.2**	**3.2**

Source: *Annual reports and announcements of the Comparable Companies and NCF calculations*

Notes:

(1) Based on the respective companies' full-year operating performance in FY2018.

(2) Based on the relevant companies' financial position as at 31 March 2019 and an exchange rate of S$1 : Rp10,507 or US$1 : S$1.3555 (as the case may be) as at 31 March 2019. Global Palm is in a net cash position.

(3) FFB refers to fresh fruit bunches. The computations of FFB yield are based on the mature hectares of the nucleus and plasma plantations.

(4) CPO refers to crude palm oil. The computations of CPO yield are based on the mature hectares of the nucleus and plasma plantations.

(5) Denotes "not applicable" as the relevant companies had recorded pre-tax losses and/or after-tax losses (as the case may be).

(6) Adjusted for the one-off item in relation to the loss on deemed disposal on investment in CMAA in FY2018.

Based on the above, we note that:

(a) the Group's gross profit margin of 15.6% is generally at the lower end of the range of gross profit margins of the Comparable Companies of between 9.1% and 44.0%;

(b) at the profit before tax ("**PBT**") level, 2 of the Comparable Companies had recorded pre-tax losses. Adjusted for the one-off item in relation to the loss on deemed disposal on investment in CMAA in FY2018, the Group's PBT margin of 0.3% is below the range of PBT margins of the other 3 Comparable Companies of between 1.2% and 28.6%;

(c) the Group's net debt level of approximately S$902.8 million is higher than those of most of the Comparable Companies, which net debt levels ranged between approximately S$347.4 million and S$3,803.8 million (excluding Global Palm which is in a net cash position);

(d) the Group's net gearing ratio of 0.46 times is generally at the lower end of the range of net gearing ratios of the Comparable Companies of between 0.26 times and 11.16 times (excluding Global Palm which is in a net cash position);

(e) 2 of the Comparable Companies recorded a return on equity of 12.5% and 14.0% and a return on assets of 6.6% and 7.5%, while the Group and the other 3 Comparable Companies recorded after-tax losses;

(f) the Group's FFB yield of 15.2 tonnes/hectare is below the range of FFB yields of the Comparable Companies of between 16.6 tonnes/hectare and 22.5 tonnes/hectare; and

(g) the Group's CPO yield of 3.2 tonnes/hectare is below the range of CPO yields of the Comparable Companies of between 3.3 tonnes/hectare and 6.4 tonnes/hectare.

In our evaluation, we have adopted the following valuation measures:

Valuation ratio	Description
Price-earnings ("**P/E**") ratio	The P/E ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated full-year net profit attributable to shareholders. The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. The P/E ratio illustrates the ratio of the market capitalisation of a company in relation to the historical net profit attributable to its shareholders. As such, it is affected by a company's capital structure, tax position and accounting policies relating to depreciation and intangible assets. We have considered the P/E ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their latest full-year net earnings per share.
Enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**")	EV refers to enterprise value, which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of lease liabilities), less its cash and cash equivalents. EBITDA refers to the historical consolidated full-year earnings before interest, taxes, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of a company's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the EV/EBITDA ratio and the P/E ratio (described above) is that the former does not take into account the capital structure of a

Valuation ratio	Description
	company as well as its interest, taxation, depreciation and amortisation charges. We have considered the EV/EBITDA ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date, latest-available balance sheet values and latest full-year EBITDA.
Enterprise value-to-planted hectares (“**EV/Hectare**”)	EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of lease liabilities), less its cash and cash equivalents. The EV/Hectare illustrates the market value of a company’s business in relation to the planted hectares of its nucleus oil palm plantations. The information on planted hectares are obtained from the latest annual reports of the Comparable Companies. We have considered the EV/Hectare of the Comparable Companies based on their respective closing prices on the Latest Practicable Date, latest-available balance sheet values and area of planted hectares.
Price-to-net asset value (“**P/NAV**”) ratio	P/NAV refers to the ratio of a company’s share price divided by NAV per share. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company. We have considered the P/NAV ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their latest-available NAV per share.

The valuation ratios of the Comparable Companies based on their respective last transacted share prices as at the Latest Practicable Date are set out below:

Company	Market capitalisation (S$ million)	P/E (times)	EV/EBITDA (times)	EV/Hectare (S$)	P/NAV (times)
Bumitama	1,146.7	11.10	8.20	13,451	1.54
First Resources	2,423.6	14.97	8.16	16,208	1.85
Global Palm	40.2	n.a.[1]	25.57	1,588	0.68
GAR	3,438.4	n.a.[1]	11.25	18,966	0.60
Kencana	40.2	n.a.[1]	74.40	7,314	1.28
Maximum		**14.97**	**74.40**	**18,966**	**1.85**
Minimum		**11.10**	**8.16**	**1,588**	**0.60**
Mean		**13.04**	**13.29**[2]	**11,505**	**1.19**
Median		**13.04**	**9.72**[2]	**13,451**	**1.28**

Company	Market capitalisation (S$ million)	P/E (times)	EV/EBITDA (times)	EV/Hectare (S$)	P/NAV (times)
Company (as implied by the Final Offer Price)	**457.2**	**n.a.**[(1)]	**11.46**	**8,824**	**0.41**

Source: *Thomson Reuters Eikon, annual reports and announcements of the Comparable Companies on the SGXNET and NCF calculations*

Notes:

(1) Denotes "not applicable" as the respective companies had recorded net losses attributable to owners of the company.

(2) Excludes Kencana as a statistical outlier in the mean and median computations of the EV/EBITDA ratio.

Based on the above, we note that:

(a) the Company had recorded a net loss attributable to owners of the Company in FY2018, hence the P/E ratio of the Company (as implied by the Final Offer Price) is not applicable. Solely for illustrative purposes, the P/E ratios of the Comparable Companies ranged between 11.10 times and 14.97 times, with the mean and median P/E ratios at 13.04 times and 13.04 times respectively;

(b) the EV/EBITDA ratio of the Company of 11.46 times (as implied by the Final Offer Price) is (i) within the range of EV/EBITDA ratios of the Comparable Companies of between 8.16 times and 74.40 times, (ii) below the mean EV/EBITDA ratio of the Comparable Companies of 13.29 times, and (iii) above the median EV/EBITDA ratio of the Comparable Companies of 9.72 times;

(c) the EV/Hectare of the Company of S$8,824 (as implied by the Final Offer Price) is (i) within the range of EV/Hectare of the Comparable Companies of between S$1,588 and S$18,966, and (ii) significantly below the mean and median EV/Hectare of the Comparable Companies of S$11,505 and S$13,451 respectively; and

(d) the P/NAV ratio of the Company of 0.41 times (as implied by the Final Offer Price) is (i) below the range of P/NAV ratios of the Comparable Companies of between 0.60 times and 1.85 times, and (ii) significantly below the mean and median P/NAV ratios of the Comparable Companies of 1.19 times and 1.28 times respectively.

7.7. Selected Precedent Privatisation and Delisting Transactions Involving Companies Listed on the SGX-ST

We note that it is the intention of the Offeror, and the purpose of the Offer, to privatise and delist the Company from the Official List of the SGX-ST. Accordingly, the Offeror, when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands. For the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics of the Company as implied by the Final Offer Price *vis-à-vis* those in respect of recent successful privatisations (either by way of a general offer under the Code or a scheme of arrangement under Section 210 of the Companies Act where the offeror stated its intention to delist the target company from the SGX-ST) and successful delisting offers under Rule 1307 of the Listing Manual (collectively, the "**Precedent Privatisations**") as announced during the 24-month period prior to and including the Last Trading Day, and completed as at the Latest Practicable Date:

Company	Announcement date	Offer price (S$)	Premium of offer price over[1]: Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price to NTA/NAV (times)
Kingboard Copper Foil Holdings Limited	4 April 2019	0.600	9.1	16.1	25.3	27.4	0.88[2]
Courts Asia Limited	18 January 2019	0.205	34.9	35.8	34.0	23.5	0.56[3]
Declout Limited[4]	7 January 2019	0.130	62.5	66.7	66.7	58.5	1.28[3]
PCI Limited[5]	4 January 2019	1.330	27.9	44.0	47.2	50.9	1.97[6]
Cityneon Holdings Limited	29 October 2018	1.300	3.2	6.9	11.9	15.7	4.50[6]
M1 Limited	27 September 2018	2.060	26.4	29.9	29.1	21.8	3.85[6]
Keppel Telecommunications & Transportation Ltd	27 September 2018	1.910	40.4	39.5	34.9	28.1	1.53[7]
Wheelock Properties (Singapore) Limited	19 July 2018	2.100	20.7	29.0	22.7	17.8	0.84[2]
Weiye Holdings Limited[8]	13 March 2018	0.650	31.3	40.7	44.1	44.4	0.30[2]
Lee Metal Group Ltd[9]	21 February 2018	0.420	9.1	14.1	21.4	26.5	0.98[2]
LTC Corporation Limited[10]	9 February 2018	0.925	44.5	46.1	45.4	44.1	0.53[2]
Tat Hong Holdings Ltd[11]	11 January 2018	0.550	42.9	47.5	49.1	40.3	0.72[6]
CWG International Ltd	28 December 2017	0.195	27.5	29.5	29.2	30.8	0.44[12]
Vard Holdings Limited[13]	13 November 2017	0.250	8.7	16.2	29.3	35.1	0.81[2]
Cogent Holdings Limited[14]	3 November 2017	1.020	164.9	160.2	167.9	177.6	1.19[2]
Rotary Engineering Limited	2 October 2017	0.460	21.1	21.9	25.1	19.3	1.25[2]
Poh Tiong Choon Logistics Limited[15]	20 September 2017	1.300	1.6	30.0	41.3	47.7	1.17[2]
GP Batteries International Limited[16]	11 August 2017	1.300	62.5	62.9	62.7	61.1	0.78[2]

Company	Announcement date	Offer price (S$)	Premium of offer price over[1] Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price to NTA/NAV (times)
Fischer Tech Ltd[17]	27 July 2017	3.020	31.1	46.9	63.6	76.5	1.54[2]
Global Logistics Properties Limited[18]	14 July 2017	3.380	64.1	67.4	72.4	76.5	1.1[2]
China Flexible Packaging Holdings Limited	19 June 2017	1.250	23.2	24.3	28.2	43.5	0.59[2]
Changtian Plastic & Chemical Limited	29 May 2017	1.300	45.3	46.6	48.2	49.6	0.42[2]
Nobel Design Holdings Ltd	2 May 2017	0.510	8.5	9.4	15.9	19.4	0.67[2]
CWT Limited[19]	9 April 2017	2.330	5.9	6.4	14.8	27.3	1.03[2]
		Maximum	164.9	160.2	167.9	177.6	4.50
		Minimum	1.6	6.4	11.9	15.7	0.30
		Mean[20][21]	28.4	33.8	37.5	38.5	0.94
		Median[20][21]	27.5	30.0	34.0	35.1	0.86
Company (as implied by the Final Offer Price)	**10 April 2019**	**0.3275**	**26.0**	**42.1**	**47.7**	**50.9**	**0.41**

Source: *Thomson Reuters Eikon, announcements on the SGXNET and the respective target companies' shareholders' circulars in relation to the Precedent Privatisations*

Notes:

(1) Market premia calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and VWAPs of the one-month, 3-month and 6-month periods prior to the respective announcements.

(2) Based on the revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.

(3) Based on the pro forma NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.

(4) Declout Limited ("**Declout**") had a significant stake in Procurri Corporation Limited ("**Procurr**i") and had treated and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. On 6 January 2019, Declout announced that it had been notified by its chairman and group chief executive officer of a potential general offer for the shares in Declout by an independent third party. On 7 January 2019, the voluntary conditional cash offer for all the issued shares in Declout was made. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date.

(5) On 18 September 2018, PCI Limited ("**PCI**") announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the securities of PCI and that discussions were on-going. The market premia in the table above were computed based on the share

prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date.

(6) Based on the NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies.

(7) The independent financial adviser to Keppel Telecommunications & Transportation Ltd had arrived at an aggregate valuation of the company on a sum-of-the-parts basis, which ranged from S$1.25 per share to S$1.33 per share. We have used S$1.25 as the implied value for the computation of the price-to NTA/NAV ratio in the table above.

(8) The intention of Weiye Holdings Limited was to remain listed on the Stock Exchange of Hong Kong Limited (the "**SEHK**") at the close of the offer. Shareholders who did not accept the delisting offer in Singapore will be able to continue to trade their shares on the SEHK, subsequent to the close of the offer and the delisting of Weiye Holdings Limited from the SGX-ST.

(9) On 11 November 2017, Lee Metal Group Ltd ("**Lee Metal**") announced that it had been notified by certain shareholders that they had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued share capital of Lee Metal, and had, pursuant to such approach, entered into a binding memorandum of understanding with an unrelated third party. On 21 February 2018, the voluntary conditional cash offer for all the issued shares in the capital of Lee Metal was announced. On 26 April 2018, it was announced that the pre-conditions were satisfied and the formal voluntary conditional cash offer for the issued shares in Lee Metal was made. The market premia in the table above were computed based on the share prices for the period(s) up to and including 10 November 2017, being the last undisturbed trading date.

(10) On 9 February 2018, Mountbatten Enterprises Pte. Ltd. announced its intention to undertake a voluntary conditional cash offer for the shares in LTC Corporation Limited ("**LTC**"). The voluntary conditional cash offer closed on 25 June 2018. On 7 September 2018, LTC and Mountbatten Resources Pte. Ltd., being the offeror, jointly announced the voluntary delisting of LTC from the SGX-ST. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 8 February 2018, being the last trading day before the announcement of the voluntary conditional cash offer.

(11) On 21 September 2017, Tat Hong Holdings Ltd ("**Tat Hong**") announced that it had been approached by certain parties in connection with a potential transaction in relation to the shares of the Company and the discussions were then ongoing. On 10 November 2017, Tat Hong announced that it had received a non-binding letter from Standard Chartered Private Equity (Singapore) Pte. Ltd. confirming the proposal to acquire the shares of Tat Hong at an offer price of S$0.500 per share, subject to certain conditions. On 10 January 2018 and 9 March 2018, the pre-conditional voluntary conditional cash offer and the formal voluntary conditional cash offer for the issued shares in Tat Hong were announced respectively. On 26 April 2018, Tat Hong announced the revision of the offer price from S$0.500 to S$0.550. The market premia in the table above were computed based on the revised offer price of S$0.550 per share and the share prices for the period(s) up to and including 20 September 2017, being the last undisturbed trading date.

(12) The revalued NAV per share ranging from S$0.445 to S$0.470 was based on the unaudited consolidated NAV per share (estimated to range from S$0.238 to S$0.263) and the net revaluation surplus arising from the revalued properties. Accordingly, the discount to RNAV per share as implied by the offer price is 0.42 times to 0.44 times. The computation in the table above was based on the estimated RNAV per share of S$0.445.

(13) On 13 November 2016, the voluntary conditional cash offer for the issued shares in Vard Holdings Limited ("**Vard**") at the offer price of S$0.240 per share was announced. The voluntary conditional cash offer closed on 24 March 2017. On 13 November 2017, Vard and Fincantieri Oil & Gas S.p.A jointly announced the voluntary delisting of Vard from the SGX-ST at S$0.250 for each share in cash. The market premia in the table above were computed based on the offer price of S$0.250 per share and the share prices for the periods(s) up to and including 11 November 2016, being the last trading date prior to the announcement of the voluntary conditional cash offer.

(14) On 29 January 2016, Cogent Holdings Limited ("**Cogent**") released a holding announcement which referred to an article published in the Wall Street Journal on 28 January 2016 in relation to "Cogent Holdings's Owners Seek Buyer for Logistics Firm" (the "**WSJ Article**"). It was stated in the announcement that Cogent had, from time to time, received indications of interest relating to the group and its businesses, and that the directors of Cogent were then reviewing the business and operations of the group with a view to evaluating the viability of such indications of interest. On 3 November 2017, the voluntary conditional cash offer for the issued shares in Cogent was announced. The market premia in the table above were computed based on the share prices for the period(s) prior to the WSJ Article.

(15) On 23 September 2016, Poh Tiong Choon Logistics Limited ("**PTC**") announced that certain substantial shareholders had informed the directors of PTC that they were seeking a strategic review relating to their shares in PTC. On 20 September 2017, the voluntary conditional cash offer for the issued shares in PTC was announced. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 19 September 2016, being the last undisturbed trading date.

(16) On 11 August 2017, the pre-conditional voluntary conditional cash offer for the issued shares in GP Batteries International Limited was announced. On 22 September 2017, the formal voluntary cash offer announcement was made. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 8 August 2017, being the last trading date prior to the pre-conditional voluntary announcement.

(17) On 5 April 2017, Fischer Tech Ltd ("**Fischer**") announced that it had received a non-binding expression of interest from a third party relating to a possible transaction involving its shares and that certain shareholders had agreed to enter into exclusive discussions with the third party. On 27 July 2017, Fischer and FT Holding II Limited jointly announced the acquisition of the issued shares in Fischer to be effected by way of a scheme of arrangement under

Section 210 of the Companies Act. The market premia in the table above were computed based on the share prices for the period(s) prior to 5 April 2017.

(18) On 1 December 2016, Global Logistic Properties Limited ("**GLP**") announced that it was undertaking an independent strategic review of options available for its business in line with its commitment to enhance its shareholder value, following a request received from its largest shareholder, GIC Real Estate Private Limited. On 14 July 2017, the acquisition of all the issued shares in GLP by way of a scheme of arrangement was announced. The market premia in the table above was computed based on the share prices prior to and including 30 November 2016, being the last undisturbed trading date. The independent financial adviser had also arrived at an aggregate valuation of the company on a sum-of-the-parts basis, which ranged between S$2.85 and S$3.03 per share.

(19) On 3 August 2015, CWT Limited announced that its controlling shareholder, C&P Holdings Pte Ltd ("**C&P**"), was considering a strategic review of the business and assets of C&P. On 9 April 2017, the pre-conditional offer for the issued shares in CWT was announced. On 7 September 2017, the formal offer announcement was made. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 3 August 2015.

(20) Excludes Cogent Holdings Limited as a statistical outlier in the mean and median computations of (a) the premium of the offer price over the last transacted price prior to the offer announcements, and (b) the one-month, 3-month and 6-month VWAPs prior to the offer announcements.

(21) Excludes Cityneon Holdings Limited and M1 Limited as statistical outliers in the mean and median computations of the offer price to NTA/NAV ratios.

Based on the above, we note that:

(a) the premium of approximately 26.0% (as implied by the Final Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 1.6% and 164.9%, and (ii) slightly below the corresponding mean and median premia of the Precedent Privatisations of 28.4% and 27.5% respectively;

(b) the premium of approximately 42.1% (as implied by the Final Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 6.4% and 160.2%, and (ii) above the corresponding mean and median premia of the Precedent Privatisations of 33.8% and 30.0% respectively;

(c) the premium of approximately 47.7% (as implied by the Final Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 11.9% and 167.9%, and (ii) above the corresponding mean and median premia of the Precedent Privatisations of 37.5% and 34.0% respectively;

(d) the premium of approximately 50.9% (as implied by the Final Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 15.7% and 177.6%, and (ii) above the corresponding mean and median premia of the Precedent Privatisations of 38.5% and 35.1% respectively; and

(e) the P/NAV ratio of the Company of 0.41 times (as implied by the Final Offer Price) is (i) within the range of P/NAV ratios of the Precedent Privatisations of between 0.30 times and 4.50 times, and (ii) significantly below the corresponding mean and median P/NAV ratios of the Precedent Privatisations of 0.94 times and 0.86 times respectively.

Shareholders should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each of the Precedent Privatisations has to be judged on its own merits (or otherwise).

The list of Precedent Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisations over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition. In addition, as some of the companies had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Precedent Privatisations with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the relevant companies, where available.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would therefore not be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations. Therefore, any comparison of the Offer with the Precedent Privatisations is for illustration purposes only and conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

7.8. Analysts' Target Prices for the Shares

We have reviewed recent analyst research reports in relation to the Company and set out their respective recommendations and target prices for the Shares below:

Analyst	Date of report	Recommendation	Target price (S$)
DBS Group Research	1 March 2019	Hold	S$0.19
Macquarie Research	27 February 2019	Outperform	S$0.26

Source: *Thomson Reuters Eikon*

We note that the Final Offer Price exceeds the analysts' target prices for the Shares ranging between S$0.19 and S$0.26.

Between the Offer Announcement Date and the Latest Practicable Date, DBS Group Research issued a flash note dated 11 April 2019 (the "**Update Note**") recommending Shareholders to accept the Offer. A relevant extract from the Update Note is set out below:

*"**Recommend to accept the offer.** We recommend to accept the offer, though the offer is at the lower end of acquisition multiples for plantations, for abovementioned reasons. Our last recommendation on IFAR was HOLD (TP $0.19/share) as we remain cautious on IFAR's earnings momentum and its ability to return to pre-2017 earnings levels, although share price performance and valuations were undemanding."*

We wish to highlight that as research coverage of the Company is limited, the above analysts' target prices may not be representative of market consensus. In addition, the estimated target prices for the Shares and other statements or opinions in the above research reports represent the individual views of the analysts (and not NCF) based on the circumstances prevailing at the date of the publication of the research reports, including but not limited to market, economic and industry conditions as well as market sentiment and investor perceptions regarding the future prospects of the Group. The opinions of the analysts may change over time as a result of, *inter alia*, changes in market conditions, the Group's corporate

developments and the emergence of new information relevant to the Group. As such, the estimated target prices in the research reports may not be an accurate prediction of the future market prices of the Shares.

7.9. Other Relevant Considerations

7.9.1. No further revision of the Final Offer Price

We note that as set out in the Offer Price Revision Announcement, the Offeror does not intend to revise the Final Offer Price. Pursuant to Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Final Offer Price, in any way, except in wholly exceptional circumstances or where the right to do so has been specifically reserved.

7.9.2. Outlook of the Group

The following statements were made on 30 April 2019 in the Company's announcement in relation to the Group's unaudited financial statements for 1Q2019:

"*The ongoing economic uncertainties arising from US-China trade tensions is putting a lot of price pressure on agricultural commodities. CPO prices will remain volatile with demand projected from key import markets like China and India, together with the relative price of crude oil which affects biodiesel demand.*

The domestic palm demand is expected to be affected by the roll-out of B20 (20%) biodiesel blending in September 2018 to both Public Service Obligation (PSO) and non-PSO sector and the Indonesian government's intention to accelerate the implementation of B30 biodiesel program in 2019."

7.9.3. Likelihood of competing offers is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Offer Shares from any third party.

As disclosed in the Offer Price Revision Announcement, the Offeror and parties acting or presumed to be acting in concert with the Offeror in connection with the Offer (collectively, the "**Offeror Concert Group**") held an aggregate of 1,149,589,465 Shares, representing approximately 82.35% of the total number of issued Shares as at the Offer Price Revision Announcement Date. It is therefore highly unlikely that there will be a competing offer from any third party.

7.9.4. Statutory control over the Company

As disclosed in the Offer Price Revision Announcement, the Offeror Concert Group held an aggregate of 1,149,589,465 Shares, representing approximately 82.35% of the total number of issued Shares as at the Offer Price Revision Announcement Date. Accordingly, the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror Concert Group do not have an interest.

7.9.5. Offeror's intentions for the Group

As stated in section 10 of the Offer Document, the Offeror intends for the Company to continue to develop and grow the existing businesses of the Group. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. The Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Offeror and/or the Company.

Save as disclosed above, the Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of existing employees of the Group, in each case, other than in the ordinary course of business.

7.9.6. Conditional offer

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Concert Group before or during the Offer, will result in the Offeror Concert Group holding more than 90% of the total number of Shares as at the close of the Offer (excluding treasury shares).

In the event that the Offer does not become or is not declared unconditional in all respects by the close of the Offer and has been withdrawn or has lapsed:

(a) all acceptances of the Offer will be returned to the relevant Shareholders; and

(b) pursuant to Rule 33.1(a) of the Code, except with the consent of the SIC, neither the Offeror nor any persons acting in concert with it may, within 12 months from the date on which the Offer is withdrawn or lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 14 to make an offer.

In the event that the Offer becomes or is declared unconditional in all respects by the close of the Offer:

(a) Shareholders who accept the Offer will receive the Final Offer Price for each Offer Share validly tendered in acceptance of the Offer;

(b) Shareholders who have earlier accepted the Offer are entitled to receive the Final Offer Price. Shareholders should note that no further action in respect of the Offer is required to be taken by the Shareholders who have already accepted the Offer at the Offer Price of S$0.280; and

(c) pursuant to Rule 33.2 of the Code, except with the SIC's consent, neither the Offeror nor any persons acting in concert with it may, within 6 months of the close of the Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer.

Shareholders should further note that pursuant to Rule 22.9 of the Code, except with the SIC's prior consent, the Offer will not be capable:

(a) of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on 25 June 2019 (being the 60th day after the date of despatch of the Offer Document); or

(b) of being kept open after 5.30 p.m. (Singapore time) on 25 June 2019 (being the expiry of such 60-day period) unless the Offer has previously become or been declared to be unconditional as to acceptances.

7.9.7. Compulsory acquisition

As stated in section 11.1 of the Offer Document, pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury) (the "**Compulsory Acquisition Threshold**"), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer (the "**Compulsory Acquisition Right**").

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer and the Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Final Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.** Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury shares or Shares held by the Offeror, its related corporations or their respective nominees.

7.9.8. Listing status of the Company

As stated in section 11.2 of the Offer Document, pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror Concert Group to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public (the "**Free Float Requirement**"). Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

In the event that the Free Float Requirement is not satisfied, the Offeror does not intend to preserve the listing status of the Company and has no intention to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. In such event, the Offeror intends to seek the delisting of the Company from the SGX-ST. Shareholders should note that even if the Free Float Requirement is not met, the Offeror may not be able to exercise the Compulsory Acquisition Right if it does not achieve the Compulsory Acquisition Threshold.

7.9.9. Implications of delisting or suspension for Shareholders

The Offeror is making the Offer with a view to delisting and privatising the Company, and does not intend to preserve the listing status of the Company. In the event that the Free Float Requirement is not satisfied as a result of the Offer or other reasons, the Offeror (a) does not intend to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted, and (b) intends to seek the delisting of the Company from the SGX-ST. It will also exercise any right of compulsory acquisition that may arise under Section 215(1) of the Companies Act.

Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of any suspension in and/or delisting of the Shares:

(a) shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;

(b) it is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, even if such Shareholders were able to sell their Shares subsequently, they may receive a price lower than the Final Offer Price; and

(c) as an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular, the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability accorded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for in the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting at which the accounts will be presented.

7.9.10. Dividend track record of the Company

The Company had declared and paid the following dividends in respect of the last 3 financial years:

(S$)	FY2016	FY2017	FY2018
Final tax exempt (one-tier) dividend per Share	0.0065	0.0070	0.0025

Source: *Company's announcements on the SGXNET*

We note that the Company has been consistently paying dividends since 2012. The Directors have confirmed that the Company does not have a formal dividend policy and that dividend payments are made with due consideration of the Company's financial performance, liquidity, capital commitment, business prospect, economic outlook and regulatory factors.

We wish to highlight that the above dividend payments are not an indication of the Company's future dividend policy, and there is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in past periods.

8. OPINION AND ADVICE

8.1. Our Opinion

In arriving at our opinion on the financial terms of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Supplemental IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this Supplemental IFA Letter:

(a) the Group's gross profits, gross profit margins, net profits attributable to owners of the Company and net profit margins had been declining from FY2016 to FY2018 and from 1Q2018 to 1Q2019. In this regard, the Group had recorded a net loss attributable to owners of the Company of approximately Rp221.8 billion in FY2018 *vis-à-vis* a net profit attributable to owners of the Company of approximately Rp447.3 billion in FY2017, and recorded a net loss attributable to owners of the Company of approximately Rp57.8 billion in 1Q2019 *vis-à-vis* a net profit attributable to owners of the Company of approximately Rp49.8 billion in 1Q2018;

(b) the Final Offer Price represents (i) a significant premium of approximately 43.9%, 50.9%, 47.7% and 42.1% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (ii) a premium of approximately 17.4% over the VWAP of the Shares of S$0.2790 for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (iii) a marginal premium of approximately 0.7% over the VWAP of the Shares of S$0.3252 for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date. During the period commencing one year prior to the Last Trading Day and ending on the Latest

Practicable Date, save for 11 April 2018, the closing prices of the Shares had not reached or exceeded the Final Offer Price of S$0.3275;

(c) the Shares had generally underperformed the rebased FSTAS Index during the period commencing one year prior to the Last Trading Day and ending on the Offer Price Revision Announcement Date, but had outperformed the rebased FSTAS Index during the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;

(d) the Final Offer Price represents a significant discount of approximately 59.0% to the unaudited NAV per Share of the Group of approximately S$0.798 as at 31 March 2019;

(e) the P/NAV multiple of 0.410 times as implied by the Final Offer Price is (i) significantly above the average historical trailing P/NAV multiples of the Shares of 0.276 times, 0.262 times, 0.269 times and 0.268 times for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (ii) above the average historical trailing P/NAV multiple of the Shares of 0.349 times for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (iii) close to the average historical trailing P/NAV multiple of the Shares of 0.407 times for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;

(f) in respect of the Group's operating performance *vis-à-vis* the Comparable Companies:

(i) the Group's gross profit margin of 15.6% is generally at the lower end of the range of gross profit margins of the Comparable Companies of between 9.1% and 44.0%;

(ii) at the PBT level, 2 of the Comparable Companies had recorded pre-tax losses. Adjusted for the one-off item in relation to the loss on deemed disposal on investment in CMAA in FY2018, the Group's PBT margin of 0.3% is below the range of PBT margins of the other 3 Comparable Companies of between 1.2% and 28.6%;

(iii) the Group's net debt level of approximately S$902.8 million is higher than those of most of the Comparable Companies, which net debt levels ranged between approximately S$347.4 million and S$3,803.8 million (excluding Global Palm which is in a net cash position);

(iv) the Group's net gearing ratio of 0.46 times is generally at the lower end of the range of net gearing ratios of the Comparable Companies of between 0.26 times and 11.16 times (excluding Global Palm which is in a net cash position);

(v) 2 of the Comparable Companies recorded a return on equity of 12.5% and 14.0% and a return on assets of 6.6% and 7.5%, while the Group and the other 3 Comparable Companies recorded after-tax losses;

(vi) the Group's FFB yield of 15.2 tonnes/hectare is below the range of FFB yields of the Comparable Companies of between 16.6 tonnes/hectare and 22.5 tonnes/hectare; and

(vii) the Group's CPO yield of 3.2 tonnes/hectare is below the range of CPO yields of the Comparable Companies of between 3.3 tonnes/hectare and 6.4 tonnes/hectare;

(g) in respect of the Comparable Companies:

(i) the EV/EBITDA ratio of the Company of 11.46 times (as implied by the Final Offer Price) is (aa) within the range of EV/EBITDA ratios of the Comparable Companies of between 8.16 times and 74.40 times, (bb) below the mean EV/EBITDA ratio of the Comparable Companies of 13.29 times, and (cc) above the median EV/EBITDA ratio of the Comparable Companies of 9.72 times;

(ii) the EV/Hectare of the Company of S$8,824 (as implied by the Final Offer Price) is (aa) within the range of EV/Hectare of the Comparable Companies of between S$1,588 and S$18,966, and (bb) significantly below the mean and median EV/Hectare of the Comparable Companies of S$11,505 and S$13,451 respectively; and

(iii) the P/NAV ratio of the Company of 0.41 times (as implied by the Final Offer Price) is (aa) below the range of P/NAV ratios of the Comparable Companies of between 0.60 times and 1.85 times, and (bb) significantly below the mean and median P/NAV ratios of the Comparable Companies of 1.19 times and 1.28 times respectively;

(h) in respect of the Precedent Privatisations:

(i) the premium of approximately 26.0% (as implied by the Final Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 1.6% and 164.9%, and (bb) slightly below the corresponding mean and median premia of the Precedent Privatisations of 28.4% and 27.5% respectively;

(ii) the premium of approximately 42.1% (as implied by the Final Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 6.4% and 160.2%, and (bb) above the corresponding mean and median premia of the Precedent Privatisations of 33.8% and 30.0% respectively;

(iii) the premium of approximately 47.7% (as implied by the Final Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 11.9% and 167.9%, and (bb) above the corresponding mean and median premia of the Precedent Privatisations of 37.5% and 34.0% respectively;

(iv) the premium of approximately 50.9% (as implied by the Final Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 15.7% and 177.6%, and (bb) above the corresponding mean and median premia of the Precedent Privatisations of 38.5% and 35.1% respectively; and

(v) the P/NAV ratio of the Company of 0.41 times (as implied by the Final Offer Price) is (aa) within the range of P/NAV ratios of the Precedent Privatisations of between 0.30 times and 4.50 times, and (bb) significantly below the corresponding mean and median P/NAV ratios of the Precedent Privatisations of 0.94 times and 0.86 times respectively;

(i) the Final Offer Price exceeds the analysts' target prices for the Shares ranging between S$0.19 and S$0.26;

(j) the Offeror does not intend to revise the Final Offer Price;

(k) the likelihood of a competing offer is remote in view of the Offeror Concert Group's shareholding interest of approximately 82.35% in the Company as at the Offer Price Revision Announcement Date;

(l) the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror Concert Group do not have an interest; and

(m) the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror

Concert Group before or during the Offer, will result in the Offeror Concert Group holding more than 90% of the total number of Shares as at the close of the Offer (excluding treasury shares).

Having considered the aforesaid points including the various factors set out in this Supplemental IFA Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are **not fair but reasonable**.

In determining that the Offer is **not fair**, we have considered the following pertinent factors:

(i) the Final Offer Price represents a significant discount to the unaudited NAV per Share of the Group as at 31 March 2019; and

(ii) in respect of the Comparable Companies, (aa) the EV/EBITDA ratio of the Company (as implied by the Final Offer Price) is below the mean EV/EBITDA ratio but above the median EV/EBITDA ratio of the Comparable Companies, (bb) the EV/Hectare of the Company (as implied by the Final Offer Price) is significantly below the mean and median EV/Hectare of the Comparable Companies, and (cc) the P/NAV ratio of the Company (as implied by the Final Offer Price) is significantly below the mean and median P/NAV ratios of the Comparable Companies.

In determining that the Offer is **reasonable**, we have considered the following pertinent factors:

(i) the Group's gross profits and gross profit margins had been declining from FY2016 to FY2018 and from 1Q2018 to 1Q2019, while the net profits attributable to owners of the Company and net profit margins had also decreased from FY2016 to FY2017 and turned into a net loss attributable to owners of the Company and a net loss margin in each of FY2018 and 1Q2019;

(ii) the Final Offer Price represents (aa) a significant premium over the VWAPs of the Shares for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (bb) a premium over the VWAP of the Shares for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (cc) a marginal premium over the VWAP of the Shares for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date. During the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date, save for 11 April 2018, the closing prices of the Shares had not reached or exceeded the Final Offer Price;

(iii) the Shares had generally underperformed the rebased FSTAS Index during the period commencing one year prior to the Last Trading Day and ending on the Offer Price Revision Announcement Date, but had outperformed the rebased FSTAS Index during the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;

(iv) notwithstanding that the Final Offer Price is at a significant discount to the unaudited NAV per Share as at 31 March 2019, the P/NAV multiple as implied by the Final Offer Price is (aa) significantly above the average historical trailing P/NAV multiples of the Shares for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (bb) above the average historical trailing P/NAV multiple of the Shares for the period after the Offer Announcement and up to the Offer Price Revision Announcement Date, and (cc) close to the average historical trailing P/NAV multiple of the Shares for the period after the Offer Price Revision Announcement Date and up to the Latest Practicable Date;

(v) the Group's operating performance *vis-à-vis* the Comparable Companies viz. its generally lower gross profit margin, lower FFB yield and lower CPO yield;

(vi) notwithstanding that the P/NAV ratio of the Company (as implied by the Final Offer Price) is significantly below the corresponding mean and median P/NAV ratios of the Precedent Privatisations, the premia of the Final Offer Price over the one-month VWAP, 3-month VWAP and 6-month VWAP of the Shares up to and including the Last Trading Day are above the corresponding mean and median premia of the Precedent Privatisations respectively;

(vii) the Final Offer Price exceeds the analysts' target prices for the Shares;

(viii) there is no alternative take-over offer for the Shares as at the Latest Practicable Date; and

(ix) the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company.

8.2. Our Advice

Accordingly, we advise the Recommending Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Final Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

We would advise the Recommending Directors to consider highlighting to the Shareholders that there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

The Recommending Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Supplemental IFA Letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Recommending Directors.

Whilst a copy of this Supplemental IFA Letter may be reproduced in the Supplemental Letter, neither the Company nor the Directors may reproduce, disseminate or quote this Supplemental IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purpose of the Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo	Huong Wei Beng
Chief Executive Officer	Director