

BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

MATTER RELATING TO *IJIN LOKASI* IN RESPECT OF THE PLANTATION LAND OF PT. HATIPRIMA AGRO

1. INTRODUCTION

The Board of Directors of Bumitama Agri Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements on 11 July 2012, 13 July 2012, 13 December 2012, 15 January 2013 and 7 August 2014 in relation to, *inter alia*, the *Ijin Lokasi* in respect of the plantation land (the “**Land**”) belonging to PT Hatiprima Agro (“**HPA**”) and the Supreme Court’s decision in July 2014 on the cassation appeal filed by the Indonesian Ministry of Forestry (the “**Earlier Announcements**”). Unless otherwise defined, the capitalised terms herein shall have the same meaning as ascribed to them in the Earlier Announcements.

Pursuant to negotiations (the “**Negotiations**”) conducted with PT Langgeng Makmur Sejahtera (“**LMS**”), the new owner of the Land who has recently obtained *Ijin Lokasi* (Location Permit) and *Ijin Usaha Perkebunan* (Plantation Business Licence) from the relevant authorities, HPA and LMS had entered into a conditional sales and purchase agreement on 7 January 2015 (the “**CSPA**”) in relation to the transfer of plantation (biological assets) and other fixed assets over the Land, inventories and plasma receivables (collectively, the “**Assets**”) from HPA to LMS.

LMS is unrelated to any of the Directors or controlling shareholders (“**Controlling Shareholders**”) of the Company.

2. INFORMATION ON THE CSPA**2.1 The Land and Assets**

As mentioned in the Earlier Announcements, the Land covers an area of 4,810 hectares, of which 4,209 hectares are planted as at the date of this announcement. The Land represents 2.4% and 2.8% of the Group’s total land bank and planted area, respectively.

As at 30 September 2014, the book value of the Assets is IDR 379 billion, while the unaudited net profits attributable to the Assets for 9-month period ended 30 September 2014 is IDR 5.2 billion.

2.2 Principal Terms of the CSPA

Pursuant to the CSPA, HPA and LMS agreed that:

- (a) HPA will transfer the Assets to LMS in consideration for a compensation payment by LMS to HPA (the “**Compensation**”).
- (b) The amount of Compensation and the terms of payment will be further negotiated and agreed upon by HPA and LMS after LMS completes its assessment and valuation of the Assets. In principal, both parties have agreed to determine the amount of Compensation based on the Assets’ fair value, the valuation of which is currently being conducted by an independent appraiser.
- (c) LMS has the authorities and licenses to conduct all activities in respect to the Land and Assets including and not limited to planting and plantation operations. Accordingly LMS will be fully responsible for all activities in respect of the Land and Assets in accordance with the applicable laws and regulation.
- (d) LMS will continue to maintain the plasma programme with the existing Cooperatives which had been initiated by HPA previously.

2.3 Compensation

The Company estimates that the amount of Compensation will be approximately IDR 400 billion (the “**Indicative Compensation Amount**”). The Indicative Compensation Amount thus represents a gain of IDR 21 billion over the book value of the Assets.

The Company intends to use the Compensation for repayment of outstanding loans of HPA.

3. RATIONALE FOR THE CSPA

As mentioned in the Earlier Announcements, the Supreme Court had in July 2014 (i) accepted the cassation appeal filed by the Indonesian Ministry of Forestry, and (ii) revoked the High Court Decision number 35/B/2013/PT.TUN.JKT dated 20 May 2013 which reaffirmed the Administrative Court Decision number 12/G/2012/PTUN-PLK dated 4 December 2012.

The management of the Company, after having considered the estimated time and costs associated with the various possible remedial actions, had taken the view that the Negotiations would be the most efficient option and should be prioritised. The CSPA was entered into pursuant to such Negotiations with LMS.

4. FINANCIAL IMPACT OF THE TRANSFER OF ASSETS

Based on the Indicative Compensation Amount, the transfer of the Assets pursuant to the CSPA does not have a material impact on the net tangible assets and earnings per share of the Company based on the consolidated audited financial statements of the Group for the financial year ended 31 December 2013.

5. DISCLOSEABLE TRANSACTION UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures in relation to the transfer of the Assets, computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited, are as follows:

Rule	Basis	Relative Bases (%)
1006(a)	Net asset value of the Assets compared with the Group's net asset value as at 30 September 2014	5.6%
1006(b)	Net profits attributable to the Assets compared with the Group's net profits for the 9-month period ended 30 September 2014	0.6%
1006(c)	The aggregate value of the Compensation ⁽¹⁾ to be received compared with the Company's market capitalisation ⁽²⁾	2.3%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

(1) Based on the Indicative Compensation Amount of IDR 400 billion.

(2) The Company's market capitalisation is based on 1,757,531,844 shares in issue as at 6 January 2015 at a closing price of SGD 1.035 per share.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than interests held through the Company as shareholders, none of the Directors or Controlling Shareholders of the Company has any direct or indirect interest in the CSPA.

7. FURTHER ANNOUNCEMENT

The Company will make such further announcement(s) as and when appropriate to keep shareholders informed of any further material development on the above matters.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and CEO
Date: 9 January 2015