

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

The Board of Directors of Bumitama Agri Ltd. (the “**Company**”) refers to the Company’s announcements on 11 July 2012, 13 July 2012, 13 December 2012 and 15 January 2013 in relation to, *inter alia*, the *Ijin Lokasi* in respect of the plantation land (the “**Land**”) belonging to PT. Hatiprima Agro (“**HPA**”), the decision of the Palangkaraya State Administrative Court on 4 December 2012 (the “**Administrative Court Decision**”) and the lodgement of an appeal on the Administrative Court Decision to the State Administrative High Court (the “**High Court**”) (the “**Earlier Announcements**”). Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Earlier Announcements.

The Company wishes to announce that the High Court had on 20 May 2013 upheld the Administrative Court Decision in favour of HPA (the “**High Court Decision**”). In the High Court Decision, the High Court affirmed the legal considerations and judgement exercised by the Palangkaraya State Administrative Court in the Administrative Court Decision. Subsequent to the High Court Decision, a cassation appeal was filed to the Supreme Court by the Indonesian Ministry of Forestry. Further to the cassation appeal, HPA received the Supreme Court’s decision in July 2014, (i) accepting the cassation appeal filled by the Indonesian Ministry of Forestry, and (ii) revoking 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.

Notwithstanding the foregoing, the management of the Company, having made internal financial assessments of the Land (and HPA’s assets located thereon) which are affected by the 2008 Deed of Revocation, is presently of the view that the potential financial loss to the Group resulting from the Supreme Court Decision should not be material and should not have a material adverse impact on the future prospects of the Group or its ability to fulfil its existing legal and contractual obligations. In addition, the abovementioned developments did not have a material effect on the consolidated earnings or the net asset value of the Group for the financial quarter ended 30 June 2014.

In addition, the Company has sought and obtained legal advice from its Indonesian legal counsel, Ali Budiardjo, Nugroho, Reksodiputro, who pursuant to a legal analysis of the abovementioned matters, concluded as follows:

- (1) Prior to the issuance of the Revocation of Location Permit and the 2008 Decree of Revocation, HPA has had a valid legal basis for conducting its palm oil plantation business activities.
- (2) The Land had already been re-designated into non-forestry area under the Ministry of Forestry Decree No. SK.292/Menhut-II/2011 (further regulated by the Ministry of Forestry Decree No. 529/2012).
- (3) There are juridical defects in the 2008 Decree of Revocation, namely: (i) the warning letter should have been addressed to HPA, whereas the actual subject of the warning letter was PT Sinar Agrotani Kalimantan, and (ii) the 2008 Decree of Revocation should have been submitted to government agencies in the province of Kalimantan Tengah where HPA’s operation area is located, whereas the 2008 Decree of Revocation was actually addressed to government agencies in the province of Kalimantan Timur.

- (4) In any event, the Supreme Court's decision (which disqualifies the High Court Decision and upholds the 2008 Decree of Revocation) will not automatically preclude HPA's ownership of its movable and immovable assets located on the Land. HPA retains the right to seek compensation based on the horizontal separation principle of Indonesian agrarian law adopted by the Indonesian Agrarian Law No. 5 / 1960 (the "**Horizontal Separation Principle**"). The Horizontal Separation Principle makes a distinction between ownership rights to land and ownership rights to the objects or buildings on such land. As HPA had validly acquired and developed the palm oil plantations on the Land under the authority of the *Ijin Lokasi* obtained by it, HPA should retain the rights to all the buildings, plants, and other objects located on the Land. As such, HPA would be entitled to seek compensation if it can no longer take advantage of such buildings, plants and other objects located on the Land.

In light of the above considerations, the relevant legal counsels have set out the possible remedial actions open to HPA as follows:

- (1) HPA may seek to restore its investments in the Land via negotiations with the new owner(s) of the Land (the "**Negotiations**").
- (2) HPA may file an application for a judicial review with the Supreme Court (the "**Judicial Review**"). However, an application for Judicial Review would not automatically suspend the execution of the Supreme Court Decision, and as such the 2008 Decree of Revocation and the Revocation of Location Permit would remain valid.
- (3) HPA may file an unlawful acts claim against the Head of Kotawaringin Regent (the "**Unlawful Acts Claim**"). Possible compensation as a result of unlawful acts includes, *inter alia*, (i) damages to restore the claimant to the position they would have held had the unlawful act not been committed, (ii) an injunction against further or repeated unlawful acts, and (iii) a ruling that the defendant's actions were of an unlawful nature.

The management of the Company, after having considered the estimated time and costs associated with each possible remedial action, is of the view that the Negotiations would be the most efficient option and should be prioritised. HPA should at the same time reserve its right to undertake the Judicial Review and the Unlawful Act Claim, in the interests of taking parallel precautions to protect its ownership over the Land.

In respect of the Negotiations, the Company envisages that HPA will pursue as a priority the possibility of entering into a long term land lease agreement with the new owner(s) of the Land, under which HPA will be entitled to manage the respective plantation areas located on the Land for one planting cycle. If an agreement on the aforementioned cannot be reached, HPA will seek compensation from the new owner(s) for its assets located on the Land. The Company envisages that HPA may also approach the Head of Kotawaringin Regent to initiate the Negotiations.

The Company will make such further announcements as and when appropriate to keep shareholders informed of any further development on the above matters.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and CEO

Date: 7 August 2014