

FELDA GLOBAL VENTURES HOLDINGS BERHAD (“FGV”)

EXECUTION OF HEADS OF AGREEMENT BETWEEN FELDA GLOBAL VENTURES KALIMANTAN SDN BHD (“FGV KALIMANTAN”), A WHOLLY-OWNED SUBSIDIARY OF FGV, PT RAJAWALI CAPITAL INTERNATIONAL (“RAJAWALI CAPITAL”) AND PT RAJAWALI CORPORA (“RAJAWALI CORPORA”)

1. INTRODUCTION

On behalf of the Board of Directors of FGV (“**Board**”), Kenanga Investment Bank Berhad (“**Kenanga IB**”) wishes to announce that a wholly-owned subsidiary of FGV namely FGV Kalimantan had on 12 June 2015 entered into a Heads of Agreement (“**HOA**”) with Rajawali Capital and Rajawali Corpora (collectively, “**Vendors**”) in relation to the proposed acquisitions of the following:

- (a) 11,664,357,670 shares, representing 37% equity interests in PT Eagle High Plantations Tbk. (*previously known as PT BW Plantations Tbk.*), a public listed company incorporated under the laws of the Republic of Indonesia (“**Eagle High**”) (“**Eagle High Sale Shares**”), from Rajawali Capital, a company incorporated under the laws of the Republic of Indonesia;
- (b) 2,375 shares, representing 95% equity interest in PT Cendrawasih Jaya Mandiri, a company incorporated under the laws of the Republic of Indonesia (“**CJM**”) (“**CJM Sale Shares**”), from Rajawali Corpora, a company incorporated under the laws of the Republic of Indonesia and/or its affiliates;
- (c) 2,375 shares, representing 95% equity interest in PT Karya Bumi Papua, a company incorporated under the laws of the Republic of Indonesia (“**KBP**”) (“**KBP Sale Shares**”), from Rajawali Corpora and/or its affiliates; and
- (d) 14 shares, representing 93.3% equity interest in PT Rizki Kemilau Berjaya, a company incorporated under the laws of the Republic of Indonesia (“**RKB**”) (“**RKB Sale Shares**”), from Rajawali Corpora and/or its affiliates,

(which proposed acquisitions are collectively referred to as “**Proposed Acquisitions**”; Rajawali Capital, Rajawali Corpora and FGV Kalimantan shall collectively be referred to as the “**Parties**”, or each a “**Party**”; and Eagle High Sale Shares, CJM Sale Shares, KBP Sale Shares and RKB Sale Shares shall collectively be referred to as the “**Sale Shares**”).

Further information on Eagle High, CJM, KBP and RKB (collectively, the “**Companies**”) is set out in Section 4 of this announcement.

2. KEY TERMS OF THE HOA

Pursuant to the HOA and subject to the completion of due diligence investigations on the Companies customary for the Proposed Acquisitions (including legal, financial, commercial, intellectual property, accounting and tax) which are satisfactory to FGV Kalimantan, and which shall be carried out by FGV Kalimantan and completed no later than 31 July 2015, Rajawali Capital and FGV Kalimantan intend to enter into a conditional sale and purchase agreement in respect of the disposal of Eagle High Sale Shares (“**CSPA 1**”) and Rajawali Corpora and/or its affiliates and FGV Kalimantan intend to enter into a conditional sale and purchase agreement in respect of the disposal of CJM Sale Shares, KBP Sale Shares and RKB Sale Shares (“**CSPA 2**”) (collectively, CSPA 1 and CSPA 2 shall be referred to as the “**CSPAs**” or “**Definitive Agreements**”).

The key terms which have been agreed in principle by the Parties relating to the respective CSPAs are set out below, and shall be used as the basis for the respective CSPAs to be entered into by the relevant Parties, subject to discussions being concluded on the Definitive Agreements, taking into account, among other things, the results of the due diligence investigations to be conducted by FGV Kalimantan on the Companies. These key terms are not intended to be, and are not, an exhaustive description of the agreement, arrangement or understanding between the Parties relating to the respective CSPAs, and save as expressly set out herein, the provisions of the HOA shall be incorporated into the respective CSPAs.

(Unless otherwise stated, the exchange rate of United States Dollars ("US\$") 1.00 : Ringgit Malaysia ("RM") 3.7455 being the middle rate prevailing at 5.00 p.m. on 11 June 2015 as published by Bank Negara Malaysia, has been applied in this announcement for illustration purposes.)

2.1 Purchase consideration

Subject to the completion of the due diligence investigations on the Companies where the results are satisfactory to FGV Kalimantan:

- (a) Rajawali Capital and FGV Kalimantan agree that the total consideration for all the Eagle High Sale Shares consists of:
 - (i) US\$631.5 million (equivalent to RM2,365.3 million) in cash in exchange for 9,457,587,300 of Eagle High Sale Shares; and
 - (ii) 95,441,601 new shares in (or such other amount of shares representing 2.55% of the enlarged issued capital of) FGV in exchange for 2,206,770,370 of Eagle High Sale Shares, where such number of new shares in FGV is calculated based on the exchange ratio of 0.0432494481; and
- (b) Rajawali Corpora and FGV Kalimantan agree that the total consideration for all the CJM Sale Shares, KBP Sale Shares and RKB Sale Shares is US\$66.5 million (equivalent to RM249.1 million) ("**Total Consideration**").

The CSPAs shall include customary price adjustment mechanisms to be agreed by the Parties.

2.2 Deposit

The Parties agree that the deposit made pursuant the Deposit Payment Agreement* ("**Deposit**") shall form part of the Total Consideration, if the CSPAs are executed and become unconditional.

** The Deposit Payment Agreement was entered into by FGV Kalimantan on 12 June 2015 with Rajawali Capital and Rajawali Corpora, wherein FGV Kalimantan shall make a payment in the amount equivalent to US\$174.5 million (equivalent to RM653.6 million) as a deposit that shall be considered as the down payment for the Proposed Acquisitions. The said Deposit shall be paid by FGV Kalimantan by instructing its bank to make the payment of the Deposit, upon all required Bank Negara Malaysia approvals being obtained.*

2.3 Conditions precedent

Each of the CSPAs is conditional upon, among other things, the fulfilment of the following:

- (a) completion of the due diligence investigations on the Companies the results of which are satisfactory to FGV Kalimantan;
- (b) approvals of the shareholders of the respective Parties;
- (c) approval of the shareholders of FGV;

- (d) any other relevant approvals from the Malaysian and Indonesian regulatory authorities or third parties for the purposes of entry into and execution of the terms of each of the CSPAs and any remittance required by FGV Kalimantan; and
- (e) such other conditions precedent (if any) as FGV Kalimantan may consider necessary pursuant to the results of the Due Diligence Exercise on the Companies.

In addition, CSPA 1 is conditional upon FGV Kalimantan obtaining sufficient comfort that the transaction contemplated in CSPA 1 does not give rise to the requirement to conduct a mandatory tender offer in respect of the minority shareholders of Eagle High in accordance with applicable Indonesian laws and regulations, including confirmation from FGV Kalimantan and Rajawali Capital that Rajawali Capital remains the controller of Eagle High following completion of the transaction contemplated by CSPA 1.

2.4 Execution of CSPAs

The CSPAs shall be executed by the relevant Parties within 10 Business Days* from completion of the due diligence investigations on the Companies, or such further extension of time as may be mutually agreed in writing.

* *Any day except Saturday, Sunday and any day in Jakarta and Kuala Lumpur on which banking institutions and stock exchanges are authorised or required by law or other governmental action to close.*

2.5 Exclusivity

In consideration for the Deposit, the Parties hereby agree that Rajawali Capital and Rajawali Corpora and/or its affiliates shall not enter into, or solicit any other person to enter into, any transaction, arrangement or agreement relating to the disposal of the relevant Sale Shares to any other party from the date of the HOA until the later of: (a) 31 July 2015; and (b) the date on which Bursa Malaysia Securities Berhad approves the shareholder circular in relation to the transaction contemplated in the HOA.

2.6 Mutual right of pre-emption

In addition, the Parties have also agreed in principle to a mutual right of pre-emption in relation to their respective shareholding in Eagle High following completion of the acquisition contemplated under CSPA 1, where such right will enable the relevant Party to acquire part or all of the shares in Eagle High offered to such Party so as to ensure that the acquisition does not:

- (a) give rise to the requirement to conduct a mandatory tender offer in respect of the minority shareholders of Eagle High (in accordance with applicable Indonesian laws and regulations); and/or
- (b) result in either Party being in breach of any foreign ownership limitation applicable at the relevant time,

where the detailed terms of such mutual right of pre-emption will be documented in the Definitive Agreements.

2.7 Termination of HOA

The HOA shall automatically terminate upon entry into the CSPAs or in the event that the Board of Directors of FGV Kalimantan does not approve the transactions contemplated in the HOA and the Deposit is fully refunded to FGV Kalimantan with all accrued interest in accordance with the terms of the Deposit Payment Agreement entered into by the Parties. Thereafter, no Party shall have any claim against other Party in respect of the HOA.

2.8 Governing law and dispute resolution

The CSPAs shall be governed by and construed in accordance with the laws of the Republic of Indonesia.

Any dispute arising out of or in connection with the HOA, including any question regarding its existence, interpretation, validity or termination, shall be referred to and finally resolved by arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in the HOA.

3. INFORMATION ON THE VENDORS

Rajawali Corpora was founded in 1984 and is based in Jakarta, Indonesia. Rajawali Corpora is an industrial conglomerate, which operates in telecommunication, hotel, cement, consumer goods, retail, department store, and transportation businesses in Indonesia.

Rajawali Capital is based in Indonesia. The company operates as a subsidiary of Rajawali Corpora.

(Source: Bloomberg)

4. INFORMATION ON THE COMPANIES

Eagle High is a public listed company duly incorporated under the laws of the Republic of Indonesia, domiciled in Jakarta, Indonesia. As at 31 December 2014, Eagle High has an authorised share capital of IDR5,000,000,000,000 comprising 50,000,000,000 ordinary shares of IDR100 each of which IDR3,152,529,100,000 comprising 31,525,291,000 of IDR100 each are issued and fully paid-up.

Eagle High Group is principally engaged in plantation development, agriculture, trading and refinement of plantation products. Its products consist of refined palm products such as crude palm oil and palm kernel.

(Source: Eagle High's annual report 2014)

CJM, KBP and RKB are companies incorporated under the laws of the Republic of Indonesia, domiciled in Jakarta, Indonesia. These companies are involved in Rajawali Corpora's sugar project and are actively involved in greenfield development and cultivation of sugar cane. CJM and KBP have been awarded a concession to operate sugar cane plantation and crushing mills.

5. RATIONALE FOR THE PROPOSED ACQUISITIONS

FGV group of companies ("**FGV Group**") has been continuously exploring business opportunities and actively seeking quality assets, both domestically and internationally, as part of its transformation plan and business strategy to be a global top palm oil company.

The Proposed Acquisitions are in line with its plan to transform FGV Group into one of the largest integrated plantation companies globally through increasing land bank, improved age profile of crops, potential cost reductions and strategic long-term partnership with Rajawali Corpora, one of the most notable conglomerates in Indonesia. The partnership with a strong Indonesian partner in Rajawali Corpora will provide access to a formidable platform in Southeast Asia's largest market, with significant revenue and cross-selling opportunities through Rajawali Corpora's extensive network and credentials.

Eagle High is an oil palm plantation company which develops, cultivates, and harvests fresh fruit bunches, as well as extracts crude palm oil and palm kernel. In this respect, Eagle High's businesses are substantially complementary in nature with FGV Group's existing core businesses. Meanwhile, CJM, KBP and RKB are involved in Rajawali Corpora's sugar project and are actively involved in greenfield development and cultivation of sugar cane. Hence, the Proposed Acquisitions will enable the FGV Group to expand its foothold in Indonesia's oil palm plantation, whilst entering the foray of milling, refining and distribution of sugar in Indonesia.

The Proposed Acquisitions are also expected to result in FGV Group having a larger distribution network, collaborative marketing strategies to a wider client base, complementary set of products and services, as well as an innovative and competitive range of offerings.

6. FINANCIAL EFFECTS

The entry into the HOA does not have any effect on the issued and paid-up share capital of FGV and is not expected to have any material effect on the earnings, gearing and net assets of FGV Group for the financial year ending 31 December 2015. However, in the event that the Definitive Agreements are executed, FGV Group expects to fund the Proposed Acquisitions via a combination of internal resources and external financing which may increase the gearing level of FGV Group due to the utilisation of external financing.

Should the Proposed Acquisitions materialise in the future, it is expected to contribute positively to the FGV Group's earnings. Nevertheless, the effect of the Proposed Acquisitions can only be determined upon the finalisation of the detailed terms and conditions of the Proposed Acquisitions.

7. APPROVALS REQUIRED

The Proposed Acquisitions are conditional upon the following approvals being obtained:

- (a) approvals of the shareholders of the respective Parties;
- (b) approval of the shareholders of FGV; and
- (c) any other relevant approvals from the Malaysian and Indonesian regulatory authorities or third parties for the purposes of entry into and execution of the terms of each of the CSPAs and any remittance required by FGV Kalimantan.

The Proposed Acquisitions are inter-conditional upon each other but not conditional upon any other corporate exercise currently undertaken by FGV.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders and/or persons connected with them have any interest, direct or indirect in the HOA.

9. ADVISERS

Kenanga IB has been appointed by FGV as the Principal Adviser of the Proposed Acquisitions.

This announcement is related to a HOA which is subject to the execution of the Definitive Agreements. There is therefore no certainty that this announcement will lead to the implementation of the transaction contemplated herein. Shareholders of, and potential investors in, FGV are therefore advised to exercise caution when dealing in the securities of FGV until a detailed announcement on

the Proposed Acquisitions is made upon the finalisation of the detailed terms and conditions of the Proposed Acquisitions and the execution of the Definitive Agreements.

This announcement is dated 12 June 2015.