

FGV Issues Independent Advice Circular to Shareholders in Relation to the Unconditional Mandatory Take-Over Offer by FELDA

FGV Holdings Berhad (**FGV**) wishes to announce that on 22 January 2021, it has issued an Independent Advice Circular (**IAC**) to all shareholders in relation to the unconditional mandatory take-over offer by the Federal Land Development Authority (**FELDA**) through Maybank Investment Bank Berhad to acquire all the remaining ordinary shares in FGV (**FGV Shares**) (excluding treasury shares) which are not already held by FELDA and the persons acting in concert with it, including all FGV Shares under FGV's long term incentive plan (**Offer Shares**) for a cash consideration of RM1.30 per Offer Share (**Offer Price**) (**Offer**).

The purpose of the IAC is to provide the holders of the Offer Shares (**Holders**) relevant information of the Offer and the views and recommendation of the Board of Directors of FGV (**Board**) (save for the interested directors), on the Offer together with the views and recommendation of RHB Investment Bank Berhad (**RHB Investment Bank**), being the independent adviser for the Offer. Holders are advised to read the IAC, comprising the letter from the Board and the independent advice letter from RHB Investment Bank, together with the offer document dated 12 January 2021 which contains the details of the Offer (**Offer Document**).

The non-interested directors of FGV, namely Dato' Yusli Mohamed Yusoff, Datuk Mohd Anwar Yahya, Datin Hoi Lai Ping, Dr. Mohamed Nazeeb P. Alithambi and Dr. Nesadurai Kalanithi, recommend the Holders to **REJECT** the Offer. Their recommendation is made after careful examination of the terms and conditions of the Offer and the rationale for the Offer and future plans for FGV Group and its employees as disclosed in the Offer Document, and taking into consideration the opinions, views and recommendations by RHB Investment Bank as set out in the IAC. The non-interested directors of FGV have **NOT CONCURRED** with the recommendation by RHB Investment Bank to accept the Offer due to the following reasons:

1. the Offer Price is '**NOT FAIR**', as it is below the fair value by RHB Investment Bank ranging from RM1.42 to RM1.60 per FGV Share, or 8.5% to 18.8% below the fair value per FGV Share;
2. the management of FGV had since 2019 implemented a transformation programme (i.e. Business Plan 2019-2021) focusing on operational improvements and strengthening the governance and accountability in line with FGV's status as a public listed company;

3. keeping FGV as a public listed company will ensure the transparency and timely disclosures of FGV, being one of the largest plantation companies in the world in terms of crude palm oil production with over 3 million metric tonne produced in 2019 (approximately 15.5% of Malaysia's production and 4.1% of world's production), and a company of significant public interest and impact on corporate world of Malaysia; and
4. at initial public offering (**IPO**) price of RM4.55 per FGV Share and now being offered to be acquired at RM1.30 per FGV Share, and taking into consideration of the significant improvement on the quality of plantation assets of FGV since IPO, the non-interested directors are unable to, with clear conscience recommend the Offer as 'REASONABLE' to the minority shareholders of FGV, which also include settlers and employees of FELDA and FGV respectively. The improvements made on the quality of plantation assets include amongst others, improvements to the average age profile from 16.25 years in 2012 to 13.77 years in 2019 through aggressive replanting efforts, incurring approximately RM5.3 billion since 2012 to cover replanting costs, improvements on housing for workers, and fertiliser costs, as well as increased landbank size since IPO from 382,603 hectares to 439,230 hectares in 2019 (excluding landbank held under joint venture and associates).

RHB Investment Bank is of the view that the Offer is '**not fair but reasonable**' based on its evaluation of the Offer and recommends the Holders to **ACCEPT** the Offer. RHB Investment Bank's evaluation on the fairness and reasonableness of the Offer is as set out below:

1. the Offer is '**NOT FAIR**' as the Offer Price is lower and represents a discount of between RM0.12 (8.5%) and RM0.30 (18.8%) over the range of estimated value per FGV Share derived using the sum-of-parts valuation method of between RM1.42 and RM1.60; and
2. the Offer is '**REASONABLE**' as:
 - a. FGV has not received any alternative proposals for the Offer Shares (including any offer to acquire the assets and liabilities of FGV Group);
 - b. FELDA and persons acting in concert with it have a collective shareholding of 54.09% (as at 15 January 2021) which provides them control over matters and are able to determine the outcome of resolutions sought at general meetings of FGV; and
 - c. FELDA does not intend to maintain the listing status of FGV and should FELDA be successful, the Holders will not be able to trade the securities of FGV on the Main Market of Bursa Malaysia Securities Berhad. Further, when FELDA accumulates a higher shareholding level as a result of valid acceptances and/or further acquisitions, the liquidity of FGV Shares may be constrained.

Holdes have until **5:00 p.m. (Malaysian time) on Tuesday, 2 February 2021** to accept the Offer, unless revised or extended in accordance with the Rules on

Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia. Any such revision or extension will be announced by Maybank Investment Bank Berhad, on behalf of FELDA, at least two days before the closing date, and notice of such revision or extension will be posted to the Holders accordingly.

FGV, will at all times safeguard the interests of FGV's shareholders and we will make the relevant announcements at the appropriate time in the event of material development on this matter.

FGV Holdings Berhad