

# **FGV's Clarification on the Land Lease Agreement with FELDA**

With reference to the Media Statement made on 20 October 2020, FGV Holdings Berhad (FGV) wishes to provide further clarification on the Land Lease Agreement (LLA) between FGV and the Federal Land Development Authority (FELDA).

## **Land Leased to FGV Does Not Involve Land Cultivated by Felda Settlers**

The LLA, which was signed on 1 November 2011 specifies that the assets involved are estates that do not include land cultivated by existing Felda settlers, and do not include FGV's palm oil mills.

Currently, the size of FELDA land amounts to more than 850,000 hectares, and the land owned by Felda settlers amounts to 450,632 hectares. FELDA-owned land that was leased to FGV amounts to 350,733 hectares.

## **The Relationship of FGV and FELDA after Initial Public Offering (IPO)**

As at 28 August 2020, FELDA's shareholdings is 21.24% and Felda Asset Holdings Company Sdn Bhd's (FAHC) shareholdings is 12.42%. Subsequently, a FELDA representative was placed on the Board of Directors of FGV.

Koperasi Permodalan Felda Malaysia Bhd's (KPF) shareholdings is 4.751%.

On 29 June 2018, the company's name was changed to FGV Holdings Berhad with the approval of all shareholders.

FGV provides services, technical support and planting materials for its estates, settlers, and smallholders. Felda settlers on the other hand supply Fresh Fruit Bunches (FFB) to FGV's palm oil mills.

## **FGV's Payment to FELDA**

The LLA states that the amount payable to FELDA is RM248 million (based on the hectarage) plus 15% of the operating profit from LLA land yearly. Beginning from 2016, there was a decrease in the LLA fixed payment to FELDA due to adjustments in hectarage leased.

This decrease was due to several reasons including land acquisition by FELDA, surrender of land to FELDA for the purpose of mining, encroachment to third party land, overlapping of mill land as well as the reconciliation process between land title and the Department of

Survey and Mapping Malaysia (JUPEM).

We wish to update that at the present moment, FELDA has yet to contact FGV regarding the LLA.

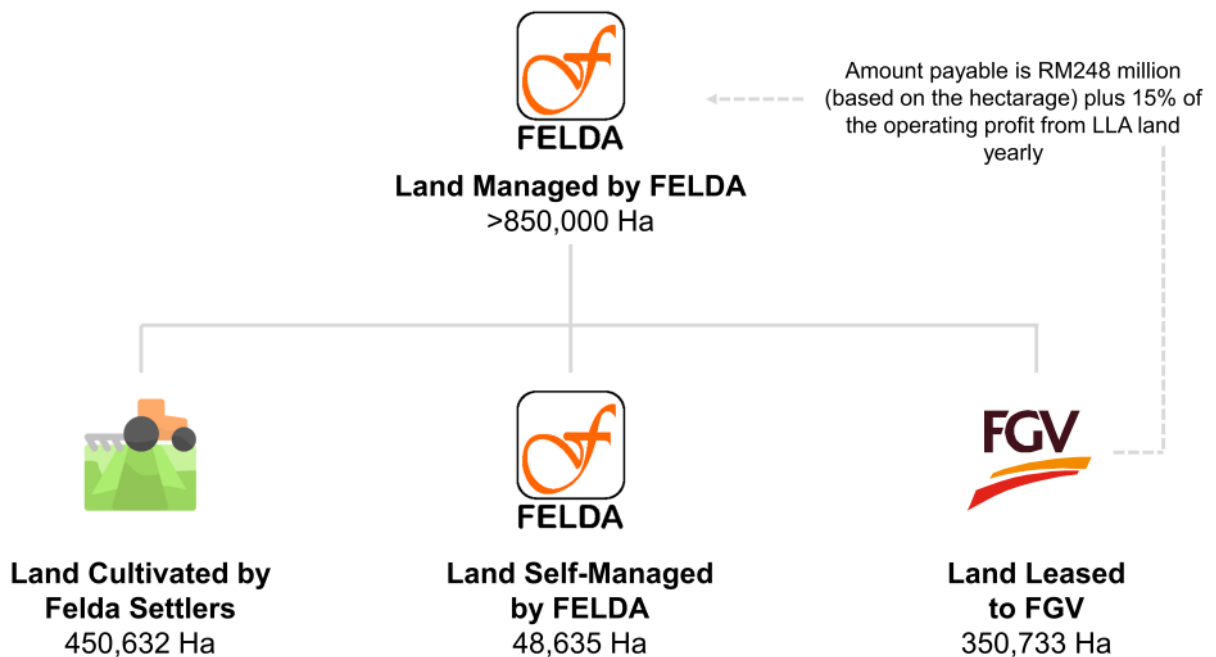
FGV is prepared to follow the procedures outlined in the LLA, once we receive a notice from FELDA regarding this matter.

We will make the relevant announcements at the appropriate time in the event of any material development on this matter.

## FGV signed the Land Lease Agreement (LLA) with FELDA on 1 November 2011



*Assets involved are estates that do not include land cultivated by existing Felda settlers*





## FGV's Payments to FELDA

Year	Fixed Lease Payments (RM millions)	Profit Sharing (RM millions)
2012	248.5	154.4
2013	248.5	79.6
2014	248.5	78.9
2015	248.4	33.8
2016	240.1	50.1
2017	244.1	71.3
2018	243.9	8.3
2019	243.8	0.1
2020 (Forecast)	243.7	43.4
<b>Total</b>	<b>2,209.4</b>	<b>519.6</b>

Nota:

1. From 2016, there was a decrease in the LLA fixed payment to FELDA due to adjustments in hectarage leased
2. Profit sharing is according to Crude Palm Oil (CPO) market price