

Official Statement of FGV Holdings Berhad on FELDA's Recovery Plan - Termination of Land Lease Agreement (LLA)

With reference to the Media Statement made on 28 October 2020 regarding Federal Land Development Authority (FELDA)'s recovery plan, FGV Holdings Berhad (FGV) wishes to reiterate that FGV has yet to receive a written notice from FELDA regarding the termination of the said LLA.

Once FGV receives an official notice from FELDA as required under the LLA, FGV will follow the procedures outlined in the LLA to start the process of termination and determining the compensation due to FGV which will take 18 months to complete.

The Land Lease Agreement refers to FELDA-owned estates totaling 350,733 hectares that were leased to FGV for 99 years beginning from 1 November 2011. The expected compensation amount due to FGV as a result of the LLA termination may range between RM3.5 billion to RM4.3 billion based on internal assessment which will vary depending on FGV's financial performance for 2020 and 2021 and other various factors.

FGV's plantation supply chain remains intact as the LLA estates only represent 30% of the Fresh Fruit Bunches (FFB) that are processed at FGV's 68 palm oil mills. Due to the proximity of the palm oil mill locations to the LLA estates, we do not foresee any changes to the current FFB supply arrangement. The rest of FGV's plantation integrated value chain in the midstream and downstream businesses will remain uninterrupted by the LLA termination exercise.

As LLA termination had always been a much talked about scenario, FGV has already prepared its businesses and operations for this eventuality. As such, FGV's overall long term strategy to further grow and strengthen its high value-add business activities focusing on food and branded consumer products remain intact and potentially expedited to provide higher expected returns to shareholders as the result of the LLA termination.

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.

For more information, please refer to FGV's Media Statements made on 20 October 2020 and 27 October 2020.

