

INDOFOOD AGRI RESOURCES LTD.

*(Incorporated in the Republic of Singapore)
(Company Registration No.: 200106551G)*

PROPOSED REORGANISATION OF SUGAR OPERATIONS IN BRAZIL

1. BACKGROUND

The Board of Directors (the “**Board**”) of Indofood Agri Resources Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s joint ventures in Brazil, Companhia Mineira de Açúcar e Álcool Participações (“**CMAA**”) and Canápolis Holding S.A. (“**Canápolis**”) have proposed to effect a reorganisation and consolidation of their sugar assets and operations in Brazil to bring together the assets into one legal structure (the “**Proposed Reorganisation**”).

2. PROPOSED REORGANISATION

2.1 Present shareholding structure

Currently CMAA is owned by IndoAgri Brazil Participações Ltda. (“**IndoAgri Brazil**”) (a wholly-owned subsidiary of the Company), Ápia SP Participações S.A (“**JF Family Entity 1**”) and JFLIM Participações S/A (“**JFLIM**”) as to 35%, 35% and 30%, respectively. JFLIM is a 50:50 joint venture between Marseille FIP (“**JF Family Entity 2**”) and Rio Grande Investment Pte. Ltd. (“**Rio Grande**”), a member of the Salim Group¹. Accordingly, JF Family Entity 1 and JF Family Entity 2 have an aggregate effective interest (direct and indirect) of 50% in CMAA, while Rio Grande has an effective indirect interest of 15% in CMAA.

Canápolis is a 50:50 joint venture between IndoAgri Brazil and JF Investimentos S.A. (“**JF Family Entity 3**”) and together with JF Family Entity 1 and JF Family Entity 2, the “**JF Family**”).

2.2 Certain Information on the Relevant Entities

CMAA has two wholly-owned subsidiaries, Vale do Tijuco Açúcar e Álcool S.A. (“**UVT**”) and Vale do Pontal Açúcar e Etanol Ltda. (“**UVP**”). UVT and UVP are principally engaged in the cultivation and processing of sugar cane for the production and marketing of ethanol and sugar. At present, UVT and UVP each operate one mill in Minas Gerais in Brazil, with an annual cane crushing capacity of 4.5 million tonnes and 2.5 million tonnes, respectively. UVT and UVP also own 2,481 hectares and 1,012 hectares of freehold land, respectively.

Canápolis has two wholly-owned subsidiaries, namely Canápolis Açúcar e Etanol S.A. (“**UCP**”) and Terra Forte Empreendimentos e Participações S.A. (“**Terra Forte**”). UCP operates a sugar mill in Minas Gerais in Brazil with an annual cane crushing capacity of 1.8 million tonnes, while Terra Forte owns 5,881 hectares of freehold land.

CMAA and Canápolis have a total combined annual cane crushing capacity of 8.8 million tonnes and own, in aggregate, 9,374 hectares of freehold land. Each of the mills owned by UVT, UVP and UCP is located in Minas Gerais in Brazil, and all three of the mills are in close proximity to each other, forming a strong cluster enabling operating and management synergies.

¹ Mr Anthoni Salim and the group of companies controlled by him or, as the context requires, Mr Anthoni Salim.

Livakovic Participações S.A. ("**Sugarcane Newco**"), a 50:50 joint venture between JF Family Entity 2 and Rio Grande, owns 5,984 hectares of planted sugarcane on third-party land with an average distance of 20 kilometers from the mill owned by UVT. Sugarcane Newco has entered into a contractual arrangement with CMAA to supply sugarcane to UVT on normal commercial terms.

Please refer to the Appendix to this Announcement for a diagrammatic representation of the shareholding structure of the relevant entities described above, as at the date of this Announcement.

2.3 The Proposed Reorganisation

(a) Transfer of Sugarcane Newco to CMAA

JF Family Entity 2 and Rio Grande will transfer Sugarcane Newco to CMAA, in consideration for which CMAA will issue new shares to JF Family Entity 2 and Rio Grande, based on an independent valuation of Sugarcane Newco prepared by DATAGRO and BF Capital Assessoria em Operacoes Financeiras Ltda. ("**DATAGRO and BF Capital**") (being independent valuers appointed by CMAA) dated August 2020 of approximately R\$69.0 million (which is equivalent to approximately US\$12.3 million²).

As part of the restructuring process, JFLIM (which is primarily a holding company owning the investment in CMAA) will be merged with CMAA by way of a distribution *in specie* of JFLIM's shares in CMAA to the shareholders of JFLIM, as a result of which the current shareholders of JFLIM, JF Family Entity 2 and Rio Grande, will become direct shareholders of CMAA. In addition, Sugarcane Newco will subsequently be merged with UVT.

(b) Merging of Canápolis with CMAA

Canápolis will be merged with CMAA, including its two 100%-owned subsidiaries, namely UCP and Terra Forte, in consideration for which CMAA will issue new shares to the shareholders of Canápolis, namely IndoAgri Brazil and JF Family Entity 3, based on an independent valuation prepared by DATAGRO and BF Capital (being independent valuers appointed by CMAA) dated July 2020 of approximately R\$413.0 million (which is equivalent to approximately US\$73.4 million²).

Following the transfer of Sugarcane Newco and of UCP and Terra Forte above, CMAA will be held by JF Family, IndoAgri Brazil and Rio Grande as to 50.00%, 36.21% and 13.79%, respectively.

(c) Segregation of sugarcane mill operations and land ownership

In order to segregate the sugarcane mill operations from the ownership of land by CMAA:

- (i) the freehold land owned by UVT and UVP, amounting to an aggregate of 3,493 hectares, will be transferred to CMAA at their book value in consideration for the capital reduction of UVT and UVP;
- (ii) such freehold land will in turn be transferred by CMAA to Terra Forte at the same book value as referred to in sub-paragraph (i) above, in consideration for which Terra Forte will issue new shares to CMAA, which will be the owner of 100% of the issued shares in Terra Forte;

² Unless otherwise stated, the US Dollar (US\$) and Indonesian Rupiah (Rp) equivalent of Brazilian Real ("**R\$**") amounts in this Announcement are based on exchange rates of R\$5.63/US\$1 and Rp14,895/US\$1.

- (iii) as part of the Proposed Reorganisation, Strebinger Participações S.A. ("**Real Estate Newco**") has been incorporated and JF Family, IndoAgri Brazil and Rio Grande will subscribe for new shares in Real Estate Newco such that Real Estate Newco will be held by JF Family, IndoAgri Brazil and Rio Grande as to 50.00%, 36.21% and 13.79% respectively; and
- (iv) CMAA will transfer all of the issued ordinary shares in Terra Forte to Real Estate Newco, in consideration for which an inter-company credit will be created.

Upon completion of the Proposed Reorganisation, CMAA will own all of the mills held through UVT, UVP and UCP, and Real Estate Newco will own all the freehold land through Terra Forte, and both CMAA and Real Estate Newco will be 50.00%, 36.21% and 13.79% owned by JF Family, IndoAgri Brazil and Rio Grande, respectively.

Please refer to the Appendix to this Announcement for a diagrammatic representation of the shareholding structure of the relevant entities upon completion of the Proposed Reorganisation.

2.4 Timing for the completion of the Proposed Reorganisation

Completion of the Proposed Reorganisation is conditional upon, amongst other things:

- a) the parties obtaining such corporate approvals (including board approval) as may be required in respect of the Proposed Reorganisation;
- b) the parties having obtained such consents from creditors as may be required in respect of the Proposed Reorganisation; and
- c) fulfillment of statutory creditor's rights that arise as a result of the capital reductions of UVT and UVP necessary to implement the transfer of the ownership of the freehold land by UVT and UVP to CMAA and subsequently to Real Estate Newco, as mentioned in paragraph 2.3(c) above.

Subject to the satisfaction of the aforesaid conditions, the Proposed Reorganisation is expected to be completed by 31 December 2020.

3. RATIONALE FOR THE PROPOSED REORGANISATION

The rationale of the Proposed Reorganisation is to consolidate the sugar assets and mill operations in Brazil under one legal structure, namely CMAA, in preparation for future expansion, whilst consolidating the freehold land owned by CMAA and Terra Forte under a new entity, namely Real Estate Newco, so as to enable the Group to have greater access to funding backed up by the freehold land as collateral.

In addition, the transfer of Sugarcane Newco under the Proposed Reorganisation will enhance the position of CMAA as an owner of planted sugarcane, hence reducing potential supplier's risks and allowing CMAA to take ownership of the Sugarcane Newco without a cash consideration.

4. CHAPTER 9 OF THE LISTING MANUAL (“LISTING MANUAL”) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

4.1 Details of Interested Persons

Rio Grande is a member of the Salim Group, which is a controlling shareholder of the Company with a deemed interest of approximately 83.15% of the total number of issued shares of the Company as at the date of this Announcement. Accordingly, Rio Grande is regarded as an “associate” of the Salim Group and therefore an “interested person” of the Company under Chapter 9 of the SGX-ST Listing Manual.

CMAA is 30% owned by JFLIM, which is in turn 50% owned by Rio Grande, a member of the Salim Group. Accordingly, CMAA is regarded as an “associate” of the Salim Group and therefore an “interested person” of the Company under Chapter 9 of the SGX-ST Listing Manual.

The transfer by Rio Grande (together with JF Family Entity 2) of the Sugarcane Newco to CMAA for R\$34.5 million (equivalent to US\$6.1 million or Rp91,259 million²) and the merging of Canápolis with CMAA for a consideration of approximately R\$206.5 million (equivalent to US\$36.7 million or Rp546,317 million²) represent, in aggregate, approximately 3.8% of the audited net tangible assets³ of the Group of Rp16,951,977 million as at 31 December 2019 (the “**Audited NTA**”).

Each of JF Family, IndoAgri Brazil and Rio Grande will subscribe for new shares in Real Estate Newco in the same proportion as their respective shareholdings in CMAA. Rio Grande does not have an existing equity interest in Real Estate Newco prior to the participation of JF Family, IndoAgri Brazil and Rio Grande in Real Estate Newco.

For the purposes of Rule 905(2) of the Listing Manual, associates of the Salim Group (“**Interested Persons**”) are treated as the same Interested Person and transactions between the Group and such Interested Persons during the same financial year are aggregated in determining whether the designated thresholds under Rule 905(2) of the Listing Manual are triggered.

As the aggregate value of the interested person transactions under the Proposed Reorganisation is below 5% of the Group’s latest audited net tangible assets, the Company is not required to seek shareholders’ approval pursuant to Rule 906 of the Listing Manual.

4.2 Audit Committee Statement

The Audit Committee of the Company has reviewed the terms of the Proposed Reorganisation and is of the view that the terms of the Proposed Reorganisation are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Audit Committee of the Company has also reviewed the proposed terms of the proposed subscription for new shares by JF Family, IndoAgri Brazil and Rio Grande in Real Estate Newco and is of the view that:

- (a) the risks and rewards of each of the joint venture parties in Real Estate Newco are in proportion to the equity interest of each joint venture party; and
- (b) the terms of each of the joint venture parties in Real Estate Newco are not prejudicial to the interests of the Company and its minority shareholders.

³ “Net tangible assets” is defined as the net assets of the Group net of goodwill and intangible assets.

4.3 Current total value of all interested person transactions

The current total values of all interested person transactions, excluding transactions which are less than S\$100,000 and transactions conducted under the Company's IPT Mandate pursuant to Rule 920 of the SGX-ST Listing Manual ("**Non-mandated**"), with (a) the Salim Group and (b) all interested persons of the Company, for the period from 1 January 2020 to the date of this Announcement (prior to and including the Proposed Reorganisation), and the percentage of the Group's Audited NTA represented by such values, are as follows:

	Prior to the Proposed Reorganisation		Including the Proposed Reorganisation	
	Amount Rp' billion	Percentage of Audited NTA	Amount Rp' billion	Percentage of Audited NTA
Total value of all Non-mandated transactions with the Salim Group	-	-	638	3.8%
Total value of all Non-mandated transactions with all interested persons of the Company	-	-	638	3.8%

5. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Axton Salim, a non-executive Director of the Company, is the son of Mr Anthoni Salim, who is a controlling shareholder of the Company. Mr Tjhie Tje Fie, a non-executive Director of the Company, is the nominee of Indofood Singapore Holdings Pte. Ltd. ("**ISHPL**"). ISHPL is a company in which the Salim Group has deemed shareholding interests.

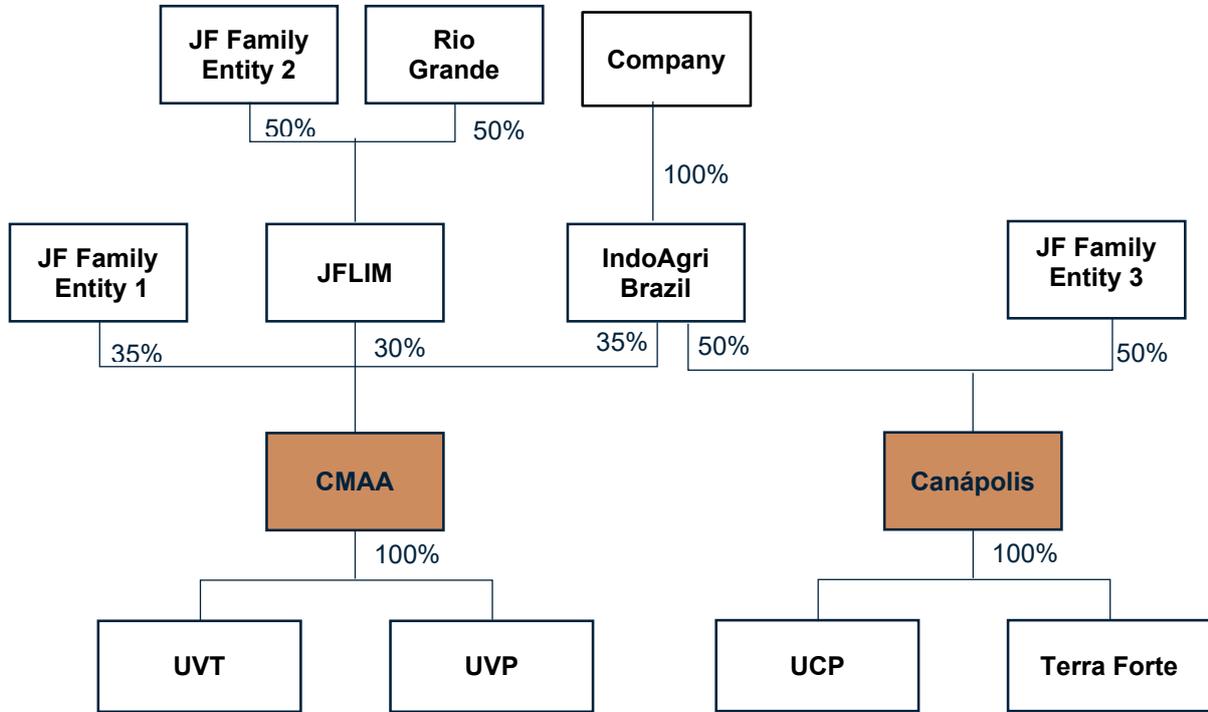
Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Reorganisation.

By Order of the Board of the Company

Mark Julian Wakeford
Chief Executive Officer and Executive Director
1 October 2020

APPENDIX

EXISTING SHAREHOLDING STRUCTURE OF THE RELEVANT ENTITIES



SHAREHOLDING STRUCTURE OF THE RELEVANT ENTITIES UPON COMPLETION OF THE PROPOSED REORGANISATION

