



Bumitama Agri Ltd

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## NEWS RELEASE

### Jakarta, 19 September 2014 – CLARIFICATION ON PT HATIPRIMA AGRO

PT HATIPRIMA AGRO (“the Company/HPA”) would like to respond and clarify on the concern of the public in various media with regard to the Indonesian Supreme Court’s decision on HPA permit.

The Company would like to share and reiterate on the chronological sequence of events on the HPA case which will provide clarity on the above matter.

PT HPA was granted a Location Permit to develop the palm oil plantation from the Kotawaringin Timur (“Kotim”) authority in 1996. HPA renewed this permit in 1997. Recognising the palm oil plantation business is a long term, high capital and challenging (work in remote area) investment, HPA strived to obtain the appropriate permit before starting the development of the plantation as well as to engage with all stakeholders to get “social license to operate”. In 2000 HPA received the forest relinquishment for its area from Minister of Forestry Decree No 186/Kpts-II/2000 (“Forest Relinquishment Decree”), the location of HPA is under Other Designated Area (“*Area Peruntukan Lainnya*” or “APL”). The Company continued to upgrade the land permit up to 2003.

In 2009, the Regional Government of Central Kalimantan (“Bupati”) revised the permit and reduced the concession from 5,369 ha to 4,810 ha and added the condition that HPA has to allocate 20% of the concession to the small holders (plasma) as well as to provide the initial funding and develop the palm oil plantation. As a responsible company, HPA is committed to follow the regulation with the spirit of sharing and helping the community to improve their welfare.

In 2010, HPA received the revised Plantation Business permit (“*Ijin Usaha Perkebunan*” or “IUP”).

In June 2012, the Bupati issued the letter revoking all related permit that had already been issued to HPA based on the decision from the Ministry of Forestry’s decree no 51/2008 to revoke Forest Relinquishment Decree. In 2011 the Ministry of Forestry issued Decree No SK292/Menhut-II/2011 and Decree No 529/2012 with regards to the Designation of Forestry Area in Central Kalimantan, which also state that the HPA’s area is APL. The decision from the Ministry of Forestry No 51/2008 was never received by the Company as the letter was sent to the wrong address and addressed to the wrong company’s name.

The Company instituted legal proceedings against the Regional Government as well as the Ministry of Forestry in the State Administration Court in Palangkaraya (“*Pengadilan Tata Usaha Negara*” or “PTUN”) in July 2012. In December 2012, the PTUN declared that the revocation of the Location Permit and the decision from the Ministry of Forestry’s decree no 51/2008 is void.

In May 2013, the State Administrative High Court (“*Pengadilan Tata Usaha Negara Jakarta*” or “PT TUN”) confirmed the previous decision of PTUN when the Regional Government as well as the Ministry of Forestry lodged an appeal to PT TUN.



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HPA received the Supreme Court's decision in July 2014; the Supreme Court decided to revoke the previous decision of PTUN and PT TUN when the Ministry of Forestry appealed on the earlier decisions.

Based on a third party legal advice, the decision of the Supreme Court does not preclude HPA's ownership of its movable and immovable assets located on the land and HPA retains the right to seek compensation under the Indonesian Agrarian Law No 5/1960 ("the Horizontal Separation Principle").

There is a few possible legal remedial actions open to HPA, however HPA will be pursuing as a priority the possibility of entering into a long term lease agreement with the new owner of the land and to seek the Bupati guidance in order to avoid social instability due to the continuity of employment and management of plasma operation.

For further information, please email:

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