



Potential acquisition of PT DENDY MARKER - Completion of PT AGRO MUKO acquisition - Capital increase

SIPEF has signed a Heads of Agreement with PT Agro Investama Gemilang (AIG) relating to the acquisition of 95% of the shares of PT Dendy Marker Indah Lestari (DMIL) for a consideration of KUSD 53 105.

DMIL, incorporated under the laws of Indonesia and located in Musi Rawas Utara, South Sumatra in Indonesia, has a permanent licence (HGU) since 1998 and is the owner of 6 562 cleared/planted hectares of oil palm, with a potential to expand to a total of 9 000 planted hectares, next to the current 2 780 hectares of smallholders cultivation (plasma). The fruit is processed in a palm oil extraction mill with a capacity up to 25 tonnes/hour and the operations are RSPO certified.

AIG, which is part of the Lippo group, a real estate development company listed on the Indonesian Stock Exchange, has expressed its willingness to retain a 5% shareholding in DMIL. Subject to the completion of a customary due diligence on DMIL, the signing of the Heads of Agreement is expected to be followed within 70 days by the signing of a definitive share purchase agreement and the handover of the management of the plantations to *SIPEF*.

The acquisition of DMIL is expected to contribute to the successful expansion of *SIPEF* in the Musi Rawas area in South Sumatra, where, as per end of 2016, already more than 11 000 hectares were compensated/secured and more than 6 000 hectares were cleared/planted. The central location of the DMIL site should enable *SIPEF* to optimise the management and the development of the three earlier acquired concessions.

Regarding the acquisition of an additional interest of 47.71% in Agro Muko, announced in December 2016, *SIPEF* has in the meantime received clearance from the "Capital Investment Coordinating Board" (Badan Koordinasi Penanaman Modal or BKPM) for the acquisition of the stakes from PT Austindo Nusantara Jaya TBK and M.P. Evans Group Plc. The closing of this transaction will be completed with the final payment up to a total of KUSD 144 080.

The board of directors of *SIPEF* will propose to the shareholders to refinance the investment in PT Agro Muko and in DMIL, as soon as successfully closed, by a combination of a capital increase with preferential subscription rights for the current shareholders for an amount up to KUSD 97 200 and a long-term bank loan for the remaining amount. An Extraordinary General Meeting will be convened on April 4, 2017 to approve such a capital increase.

With the acquisition of an additional interest up to 95% in our main operations in the Bengkulu area and the potential acquisition of 95% of an established business in Musi Rawas, *SIPEF* continues to expand in sustainable RSPO certified palm oil operations in Indonesia, both in existing operations and new developments.

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For more information, please contact:

F. Van Hoydonck,
managing director
(GSM +32 478 92 92 82)

J. Nelis,
chief financial officer

Tel.: +32 3 641 97 00
Fax : +32 3 646 57 05

finance@sipef.com
www.sipef.com
(section "investors")



SIP EF is a Belgian agro-industrial company listed on Euronext Brussels. The company mainly holds majority stakes in tropical businesses, which it manages and operates. The group is geographically diversified, and produces a number of different commodities, principally palm oil. Its investments are largely long-term ventures in developing countries.