

INTERNATIONAL PRESS SOFTCOM LIMITED

(Company Registration No.: 197201169E)
(Incorporated in the Republic of Singapore)

RESPONSE TO THE SGX QUERIES DATED 18 FEBRUARY 2020

The Board of Directors (“**Board**”) of International Press Softcom Ltd (“**Company**”), and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 17 February 2020 on the proposed sale of the Company’s property located at 26 Kallang Avenue Singapore 339417 (the “**Property**”) (“the “**Announcement**”). The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has made queries in respect of the Announcement on 18 February 2020, and the Board would like to respond to the queries raised as follows:

SGX Queries	Company’s Responses
<p>(1) Under the rationale for the proposed disposal, the Company stated that “(b) the Consideration is guided by the current market conditions and prices of buildings around the Property”. We also note that the Valuer had also adopted “the Comparable Sales approach and Income approach in performing the valuation on the Property”. Given that the Valuer had arrived at an open market value of S\$35m, why is the Board’s basis for agreeing to the Consideration of S\$26m, which is a 25% discount from the valuation? Please explain if such disposal is done in the best interests of the Company?</p>	<p>The valuation of the Property was conducted in October 2019. The open market value of the Property of \$35.0 million had not taken into account a leaseback arrangement agreed between the parties.</p> <p>The Board is of the view that the Proposed Disposal at the Consideration of S\$26.0 million is in the best interests of the Company for the following reasons:</p> <ul style="list-style-type: none">(i) This was best price that could be obtained under prevailing market conditions;(ii) the leaseback agreement agreed with the Purchaser; and(iii) the Property is currently under-utilized and had not been generating significant rental income. The diminishing leasehold tenure would further put a downward pressure on the future valuation of the Property.
<p>(2) Who is this independent third party purchaser? Why is the identity of the purchaser not disclosed?</p>	<p>For commercial reasons, the Purchaser had requested for its identity not to be disclosed, as the MOU is non-binding save for certain clauses and the Proposed Disposal is subject to the Purchaser’s due diligence.</p> <p>However, the Purchaser has agreed to its name being published upon the parties entering into the definitive sale and purchase agreement for the Property.</p>

<p>(3) How did the Company get acquainted with the Purchaser? How long was the sale process and what steps were taken for the sale process?</p>	<p>The sales process was formally initiated when the Company appointed Knight Frank as its sales agent from March to September 2019. Thereafter, the Company appointed Savills as its sole marketing agent in October 2019 for a 3-month period.</p> <p>As part of the sales process, the Company advertised the sale of the Property in newspapers, circulars, signages, databases of sales agents, direct and electronic-mailers sent to targeted groups and through commercial websites.</p> <p>The Purchaser was introduced to the Company by Knight Frank in August 2019. The Purchaser increased its initial offer price to S\$26.0 million after the Company received competing offers. The Purchaser and the Company thereafter engaged in negotiations on the MOU, up to the date of signing of the MOU.</p>
<p>(4) The Company is entering into the leaseback at S\$1.34/sqft for 12 months from the Completion Date. What is the present value of the leaseback cost per month? How does this compare to market?</p>	<p>The rent payable to the Purchaser pursuant to the Leaseback Agreement is exclusive of utilities cost and sublet fees which is payable to JTC.</p> <p>The present value of the leaseback cost of the entire level 2 of the Property per month is S\$34,559. The leaseback cost, after taking into account the costs of utilities and sublet fee is comparable to market rate.</p>

BY ORDER OF THE BOARD

Teh Eng Chai

Company Secretary

Date: 20 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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