

SAMKO TIMBER LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200517815M)

ADDITIONAL LEASE OF OFFICE SPACE BY PT. SUMBER GRAHA SEJAHTERA, A WHOLLY OWNED SUBSIDIARY OF SAMKO TIMBER LIMITED, WITH PT SAMPOERNA LAND AS AN INTERESTED PERSON TRANSACTION PURSUANT TO CHAPTER 9 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or “**Directors**”) of Samko Timber Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, PT Sumber Graha Sejahtera (“**PT SGS**”), had on 14 July 2020 entered into an amendment lease agreement (“**Amendment Lease Agreement**”) to rent additional office space from PT Sampoerna Land (“**Sampoerna Land**”), effective from 1 August 2020 until 31 December 2020.
- 1.2. On the basis of:-
 - (a) PT SGS being an “**entity at risk**” within the meaning of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) by virtue of PT SGS being a wholly-owned subsidiary of the Company; and
 - (b) Sampoerna Land being an “**interested person**” within the meaning of Chapter 9 of the Listing Manual of the SGX-ST (on the basis set out in Section 2 below),

the lease of the additional office space pursuant to the Amendment Lease Agreement is accordingly regarded to be an “**interested person transaction**” within the meaning of Chapter 9 of the Listing Manual of the SGX-ST (the “**IPT**”).

2. DETAILS OF THE INTERESTED PERSON

Mr Michael Joseph Sampoerna, Non-Independent and Non-Executive Director of the Company, together with his immediate family collectively holds, directly or indirectly, more than 30% of the shareholding interests in Sampoerna Land, a company incorporated in Indonesia. Accordingly, Sampoerna Land is considered to be an associate of Mr Michael Joseph Sampoerna, and is therefore an “**interested person**” within the meaning of Chapter 9 of the Listing Manual of the SGX-ST.

3. DETAILS OF THE IPT

- 3.1. PT SGS had on 11 November 2019 entered into the Amended Lease Agreement with Sampoerna Land to renew the lease of certain parts of the office space in Jakarta, Indonesia, as referred to in the Section 3.2 (a) (ii), (b) and (c) below, with effect from 1 January 2020, by way of an amendment dated 11 November 2019 to the original lease agreement dated 20 March 2017 pursuant to which the North Tower Level 20, North Tower Level 21 and South Tower LG AS-26 (as hereinafter defined below in Section 3.2 (a) (ii), (b) and (c)) leased from Sampoerna Land comprised an aggregate area of 1,606.74 semi-gross square meter for a term of one (1) year commencing on 1 January 2020 and expiring on 31 December 2020.
- 3.2. Following the Sixth Amendment Lease Agreement, the Premises (as hereinafter defined below) being leased from Sampoerna Land comprised an aggregate area of 1.898,84 semi-gross square meter as follows:-

- (a) On the 20th floor of the North Tower (the “**North Tower Level 20**”) of Sampoerna Strategic Square, Jl Jenderal Sudirman Kav 45-46 Jakarta 12930, Indonesia (the “**Sampoerna Building**”) as follows:
- (i) An area of 292.10 semi-gross square metres on the North Tower Level 20. The monthly base rent is IDR 207,000 (approximately SGD 20.2 based on the Illustrative Exchange Rate¹) semi-gross square meter, exclusive of monthly service charge of IDR 99,000 semi-gross square meter (approximately SGD 9.6 based on the Illustrative Exchange Rate¹); and the total rent is IDR 302,323,500 (approximately SGD 29,451.2 based on the Illustrative Exchange Rate¹), exclusive of total service charge of IDR 144,589,500 (approximately SGD 14,085.4 based on the Illustrative Exchange Rate¹), for a term of five (5) months commencing from 1 August 2020 to 31 December 2020. The rental and service charge is payable quarterly in advance, and excludes 10% value added tax; and
 - (ii) An area of 339.20 semi-gross square metres on the North Tower Level 20. The monthly base rent is IDR 207,000 (approximately SGD 20.2 based on the Illustrative Exchange Rate¹) semi-gross square meter, exclusive of monthly service charge of IDR 99,000 semi-gross square meter (approximately SGD 9.6 based on the Illustrative Exchange Rate¹); and the total rent is IDR 842,572,800 (approximately SGD 82,080.3 based on the Illustrative Exchange Rate¹), exclusive of total service charge of IDR 402,969,600 (approximately SGD 39,255.8 based on the Illustrative Exchange Rate¹), for a term of one (1) year commencing from 1 January 2020 to 31 December 2020. The rental and service charge is payable quarterly in advance, and excludes 10% value added tax;
- (b) An area of 1,258.54 semi-gross square meter on the 21st floor of the North Tower of the Sampoerna Building (the “**North Tower Level 21**”). The monthly base rent is IDR 207,000 (approximately SGD 20.2 based on the Illustrative Exchange Rate¹) semi-gross square meter, exclusive of monthly service charge of IDR 99,000 semi-gross square meter (approximately SGD 9.6 based on the Illustrative Exchange Rate¹); and the total rent is IDR 3,126,213,360 (approximately SGD 304,544.2 based on the Illustrative Exchange Rate¹), exclusive of total service charge of IDR 1,495,145,520 (approximately SGD 145,651.6 based on the Illustrative Exchange Rate¹), for a term of one (1) year commencing from 1 January 2020 to 31 December 2020. The rental and service charge is payable quarterly in advance, and excludes 10% value added tax; and
- (c) An area of 9 semi-gross square meter on the lower ground floor of the South Tower of the Sampoerna Building (the “**South Tower LG AS-26**”). The monthly base rent is IDR 150,000 (approximately SGD 14.6 based on the Illustrative Exchange Rate¹) semi-gross square meter; and the total rent is IDR 16,200,000 (approximately SGD 1,578.1 based on the Illustrative Exchange Rate¹), for a term of one (1) year commencing from 1 January 2020 to 31 December 2020. The rental is payable quarterly in advance, and excludes 10% value added tax. No service charge is payable in relation to the lease of the South Tower LG AS-26.

(the North Tower Level 20, North Tower Level 21 and South Tower LG AS-26 are collectively referred to as the “**Premises**” and the respective lease period of the Premises are collectively referred to as the “**Term**”).

3.3. Based on:-

- (a) a comparison of quotes from several vendors conducted by PT SGS; and

¹ For the purposes of this announcement, the “**Illustrative Exchange Rate**” refers to the approximate exchange rate of SGD 1.00 : IDR 10,265.22 as at 30 June 2020. The Illustrative Exchange Rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

- (b) a valuation carried out by an independent valuer, KJPP Abdullah Fitriantoro & Rekan (the “**Independent Valuer**”) which valuation was contained in an asset valuation report dated 13 July 2020 (the “**Asset Valuation Report**”),

the Board had determined the terms of the Amendment Lease Agreement to be appropriate and in the interests of the Company, and accordingly accepted the same.

4. RATIONALE FOR AND BENEFIT OF THE IPT TO PT SGS

4.1. The Group’s rationale for the IPT is as follows:

- (a) The rental and terms offered by Sampoerna Land are more favourable than the rental and terms provided by other comparable vendors. Further, the Asset Valuation Report reflects that the aggregate rental charged by Sampoerna Land pursuant to the Amendment Lease Agreement is lower than the prevailing open market total rental and service value as at 30 June 2020.;
- (b) The Premises are strategically located in the Sudirman area, the central business district in Jakarta, Indonesia, accessible via various modes of public transportation, and equipped with many amenities. The accessibility and convenience afforded to business partners and employees thereto contributes positively to the public profile of the Group;
- (c) The Group has had a good working relationship with Sampoerna Land based on its past dealings with Sampoerna Land, who has proven to be professional and effective; and
- (d) The Group’s Jakarta headquarters are currently located in the Premises, and the Amendment Lease Agreement avoids wastage of time, resources, and costs that would have been incurred in connection with a relocation. The Group intends to continue operating its Jakarta headquarters from the Premises following the Amendment Lease Agreement.

4.2. In view of the above, the Amendment Lease Agreement is of benefit to and in the commercial interests of the Group.

5. RULE 916 OF THE LISTING MANUAL OF THE SGX-ST

5.1. Rule 905 of the Listing Manual of the SGX-ST provides, *inter alia*, that an issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, (a) 3% of the group’s latest audited net tangible assets (“**NTA**”), or (b) 3% or more of the group’s latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year and all future transactions entered into with that same interested person during the same financial year.

5.2. Rule 906 of the Listing Manual of the SGX-ST provides, *inter alia*, that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than (a) 5% of the group’s latest audited NTA, or (b) 5% of the group’s latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year. Notwithstanding, Rule 916(1) of the Listing Manual of the SGX-ST provides that the entering into, or renewal of a lease or tenancy of real property of not more than three (3) years if the terms are supported by independent valuation will not be required to comply with Rule 906 of the Listing Manual of the SGX-ST.

5.3. The aggregate rental and service charge (excluding miscellaneous charges² for the Premises payable for the duration of the Term is approximately IDR 6,330, million

² These miscellaneous charges include, inter alia, utility charges, identification card payments, and other general and miscellaneous charges, which are separately payable by SGS as and when incurred.

(approximately SGD 616,645.3 based on the Illustrative Exchange Rate¹), representing approximately 3.2% of the Group's latest audited NTA. The aggregate value of all transactions entered into with Sampoerna Land during the same fiscal year was approximately IDR 6,677 million (approximately S\$650,448.8 based on the Illustrative Exchange Rate¹) representing approximately 3.4% of the Group's latest audited NTA. Accordingly, this announcement is made pursuant to Rule 905 of the Listing Manual.

5.4 Notwithstanding that the value of the IPT does not exceed 5% of the Group's latest audited NTA, the Company, in furtherance of Rule 916(1) of the Listing Manual which provides that the entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation will not be required to comply with Rule 906 of the Listing Manual, has entered into the Amendment Lease Agreement on the basis that :

- (a) the Term of the Lease Agreement is not more than 3 years; and
- (b) the terms of the Lease Agreement is supported by the Independent Valuation Report, which reflects the Independent Valuer's opinion that the aggregate rental in relation to the Premises is fair,

such that the Lease Agreement would not be subject of aggregation pursuant to Rule 906(1)(b) of the Listing Manual.

6. CURRENT TOTAL FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 ("FY2020") OF ALL TRANSACTIONS WITH SAMPOERNA LAND AND CURRENT TOTAL OF ALL INTERESTED PERSON TRANSACTIONS FOR FY2020

6.1. The total value of all the interested person transactions the Group has entered into with Sampoerna Land for FY2020 as at 30 June 2020, including the additional lease of office space pursuant to the Amendment Lease Agreement which is the subject of this announcement, is estimated to be as follows:-

S/N	Description of interested person transaction with interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
			IDR ('000,000)	IDR ('000,000)
1.	Office lease transactions between PT SGS and Sampoerna Land (interested person)	Please refer to Paragraph 2 of this announcement.	3,027	-
	Office lease transactions between PT Mangole Timber Producers ("PT MTP") and Sampoerna Land (interested person)		147	-
Total			3,174	

6.2. The total value of all interested persons transactions for FY2020 as at 30 June 2020 is estimated to be as follows:-

S/N	Description of interested person transaction with interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
			IDR ('000,000)	IDR ('000,000)
1	Office lease transactions between PT SGS and Sampoerna Land (interested person)	Please refer to Paragraph 2 of this announcement.	3,027	-
2	Office lease transactions between PT Mangole Timber Producers ("PT MTP") and Sampoerna Land (interested person)		147	-
3	Financing expenses from Overdraft Facility Renewal between PT SGS and PT Bank Sampoerna (interested person)	Mr Michael Joseph Sampoerna, a Director of the Company, together with his immediate family, holds more than 30% of the shareholding interests (direct and indirect) in PT Bank Sampoerna, a company incorporated in Indonesia. Accordingly, PT Bank Sampoerna is considered to be an associate of Mr Michael Joseph Sampoerna, and is therefore an "interested person" within the meaning of Chapter 9 of the Listing Manual.	3,750	-
Total			6,924	-

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Amendment Lease Agreement and the Asset Valuation Report is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

11 August 2020