

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 PT Sumber Graha Sejahtera (**"PT SGS"**), a wholly-owned subsidiary of the Company, which shares are 99.69% directly owned by the Company and 0.31% owned by PT Alam Raya Makmur (**"PT ARM"**), an indirect wholly-owned subsidiary of the Company, had leased an additional office space in Jakarta, the Republic of Indonesia (**"Indonesia"**), as referred to in the Section 3.2 (a) below, with effect from 13 September 2018, by way of an amendment dated 13 September 2018 (the **"Third Amendment Lease Agreement"**) to the amended lease agreement dated 12 February 2018 (the **"Amended Lease Agreement"**) entered into with PT. Sampoerna Land (**"PT SL"**), as referred to in the Section 3.1 below.

1.2. On the basis of:-

- (a) PT SGS being an **"entity at risk"** within the meaning of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) by virtue of PT SGS being a wholly-owned subsidiary of the Company, which shares are 99.69% directly owned by the Company and 0.31% owned by PT ARM, an indirect wholly-owned subsidiary of the Company; and
- (b) PT SL 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 Third 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 PT SL, a company incorporated in Indonesia. Accordingly, PT SL 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 12 February 2018 entered into the Amended Lease Agreement with PT SL to renew the lease of certain parts of the office space in Jakarta, Indonesia, as referred to in the Section 3.2 (b) and (c) below, with effect from 1 January 2018, by way of an amendment dated 12 February 2018 to the original lease agreement dated 20 March 2017 pursuant to which the North Tower Level 21 and South Tower LG AS-26 (as hereinafter defined below in Section 3.2 (b) and (c)) leased from PT SL comprised an aggregate area of 1,267.54 semi-gross square meter for a term of one (1) year commencing on 1 January 2018 and expiring on 31 December 2018.
- 3.2. Following the Third Amendment Lease Agreement, the Premises (as hereinafter defined below) being leased from PT SL comprise an aggregate area of 1,606.74 semi-gross square meter as follows:-
- (a) An area of 339.20 semi-gross square metres 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**”). The monthly base rent is IDR 207,000 (approximately SGD 19.19 based on the Illustrative Exchange Rate¹) semi-gross square meter, exclusive of monthly service charge of IDR 95,000 semi-gross square meter (approximately SGD 8.81 based on the Illustrative Exchange Rate¹); and the total rent is IDR 253,677,839 (approximately SGD 23,518.42 based on the Illustrative Exchange Rate¹), exclusive of total service charge of IDR 116,422,197 (approximately SGD 10,793.48 based on the Illustrative Exchange Rate¹), for a term of three (3) months nineteen (19) days commencing from 13 September 2018 to 31 December 2018. 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 19.19 based on the Illustrative Exchange Rate¹) semi-gross square meter, exclusive of monthly service charge of IDR 95,000 semi-gross square meter (approximately SGD 8.81 based on the Illustrative Exchange Rate¹); and the total rent is IDR 3,126,213,360 (approximately SGD 289,830.65 based on the Illustrative Exchange Rate¹), exclusive of total service charge of IDR 1,434,735,600 (approximately SGD 133,014.07 based on the Illustrative Exchange Rate¹), for a term of one (1) year commencing from 1 January 2018 to 31 December 2018. 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 13.91 based on the Illustrative Exchange Rate¹) semi-gross square meter; and the total rent is IDR 16,200,000 (approximately SGD 1,501.90 based on the Illustrative Exchange Rate¹), for a term of one (1) year commencing from 1 January 2018 to 31 December 2018. 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**”).

¹ For the purposes of this announcement, the “**Illustrative Exchange Rate**” refers to the approximate exchange rate of SGD 1.00 : IDR 10,786.345 as at 13 September 2018. 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.

3.3. Based on:-

- (a) a comparison of quotes conducted by PT SGS, pursuant to which 5 vendors had been invited to provide quotes for office space in the Sudirman area in Jakarta, Indonesia; and
- (b) a valuation carried out by an independent valuer, KJPP Muttaqin Bambang Purwanto Rozak Uswatun dan Rekan (the “**Independent Valuer**”) which valuation was contained in an asset valuation report dated 5 October 2018 (the “**Asset Valuation Report**”),

the Board had determined the terms of the Third 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 PT SL 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 PT SL pursuant to the Third Amendment Lease Agreement is lower than the prevailing open market total rental and service value as at 2 August 2018;
- (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 PT SL based on its past dealings with PT SL, who has proven to be professional and effective; and
- (d) The Group's Jakarta headquarters are currently located in the Premises, and the Third 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 Third Amendment Lease Agreement.

4.2. In view of the above, the Third 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 for the Premises payable for the duration of the Term is approximately IDR 4,947,000,000 (approximately SGD 458,635.43 based on the Illustrative Exchange Rate¹), representing approximately 6.05% of the Group's latest audited NTA².
- 5.4. Although the value of the IPT exceeds 5% of the Group's latest audited NTA² and *prima facie* requires shareholders' approval:-
 - (a) the Term of the Third Amendment Lease Agreement is not more than three (3) years; and
 - (b) the terms of the Third Amendment Lease Agreement is supported by the Asset Valuation Report, which reflects Independent Valuer's opinion that the aggregate rental in relation to the Premises is lower than the prevailing open market total rental and service value as at 2 August 2018,

pursuant to Rule 916(1) of the Listing Manual of the SGX-ST, the IPT will not be required to comply with Rule 906 of the Listing Manual of the SGX-ST, and shareholders' approval is not required for the IPT. This announcement is therefore made pursuant to Rule 905 of the Listing Manual of the SGX-ST.

6. CURRENT TOTAL FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018 ("FY2018") OF ALL TRANSACTIONS WITH SL AND CURRENT TOTAL OF ALL INTERESTED PERSON TRANSACTIONS FOR FY2018

- 6.1. The total value of all the interested person transactions the Group has entered into with PT SL for FY2018 as at the date of this announcement, including the additional lease of office space pursuant to the Third Amendment Lease Agreement which is the subject of this announcement, is estimated to be as follows:-

Description of interested person transaction with SL	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 (excluding transactions less than \$100,000)
	IDR ('000,000)	IDR ('000,000)
Third Amendment Lease Agreement for the lease of the Premises	4,947	-
Total	4,947	-

² The latest audited NTA as at 31 December 2017 was approximately IDR 81,754,000,000 (approximately SGD 7,579,397.84 based on the Illustrative Exchange Rate).

- 6.2. The total value of all interested persons transactions for FY2018 as at 30 September 2018 is estimated to be as follows:-

S/N	Description of interested person transaction with interested person	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.	PT SL – Third Amendment Lease Agreement for the lease of the Premises	3,510	-
2.	PT Bank Sahabat Sampoerna – Finance expense	3,666	-
3.	PT Pelayaran Nelly Dwi Putri – Freight expense	260 -	462 -
4.	PT Basirih Industrial – Purchase of veneers	-	-
5.	PT Wijaya Triutama Plywood Industri – Purchase of veneers	-	-
Total		7,436	462

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Third 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

2 November 2018