



LIPPO MALLS INDONESIA RETAIL TRUST

(Constituted in the Republic of Singapore pursuant to
a trust deed dated 8 August 2007 (as amended))

ANNOUNCEMENT

PROPOSED ACQUISITIONS

Unless otherwise indicated in this announcement, all conversions from Rupiah amounts into Singapore Dollar amounts in this announcement are based on an exchange rate of S\$1.00 to Rp.9871.43.

1. INTRODUCTION

LMIRT Management Ltd., in its capacity as manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” and as manager of LMIR Trust, the “**Manager**”), is pleased to announce that LMIR Trust, through its wholly-owned subsidiaries, has on 27 June 2015 entered into the following conditional sale and purchase agreements:

(i) Acquisition of Lippo Plaza Batu

PT Palladium Megah Lestari (“**PT PML**”), a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of LMIR Trust, has entered into a conditional asset sale and purchase agreement (the “**LPB SPA**”) with PT Sukses Indah Kencana (the “**LPB Vendor**”) in relation to the acquisition of one Right to Build (*Hak Guna Bangunan*) title (No. 00977/Kelurahan Sisir) in Lippo Plaza Batu, a retail mall located in Batu City, Indonesia, bearing the postal address Jl. Diponegoro No.1 RT 07/05, Batu City (“**LPB**”, and the acquisition of LPB, the “**LPB Acquisition**”). LPB is a three-level (including one basement level) retail mall with a net lettable area (“**NLA**”) of 12,324 sq m. There will be an additional 6,500 sq m of NLA to be built on the roof level as part of the on-going asset enhancement works. Further details in respect of the structure of the LPB Acquisition are set out at paragraph 3 below.

(ii) Acquisition of Palembang Icon

PICON1 Holdings Pte. Ltd. (“**PICON1**”), a company incorporated in Singapore and a wholly-owned subsidiary of LMIR Trust, and PICON2 Investments Pte. Ltd. (“**PICON2**” and together with PICON1, the “**PICON Purchasers**”), a company incorporated in Singapore and a wholly-owned subsidiary of PICON1, have entered into conditional share sale and purchase agreements (the “**PICON SPAs**”) with PT Alamanda Graha Utama (“**PT AGU**”) and PT Karya Dinamika Sukses (“**PT KDS**”, and together with PT AGU, the “**PICON Vendors**”) for the acquisition of all of the shares of PT Griya Inti Sejahtera Insani (“**PT GISI**”), which in turn owns Palembang Icon, a

five-level (including one basement level) retail mall and a sports centre with a net lettable area (“**NLA**”) of 35,797 sq m, located in the city of Palembang, South Sumatera, Indonesia, bearing the postal address Jalan POM IX, Palembang, Indonesia (“**PICON**”, and the acquisition of PICON, the “**PICON Acquisition**”).

Further details in respect of the structure of the PICON Acquisition are set out at paragraph 4 below.

The LPB Vendor and the PICON Vendors are indirect subsidiaries of PT Metropolis Propertindo Utama (“**PT MPU**”), a company incorporated in Indonesia which is primarily involved in the development and ownership of investment properties.

The LPB Vendor, the PICON Vendors and PT MPU are not related to any of the Manager, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of LMIR Trust) (the “**Trustee**”) or PT Lippo Karawaci Tbk, the sponsor of LMIR Trust. For the avoidance of doubt, the LPB Acquisition and the PICON Acquisition (collectively, the “**Acquisitions**”) are not Interested Person¹ transactions or Interested Party² transactions under the listing manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the listing manual of the SGX-ST, the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore in (the “**Property Funds Appendix**”), respectively.

The total cost of the Acquisitions, comprising (i) the purchase consideration of LPB of Rp.265.0 billion (S\$26.8 million)³ (the “**LPB Purchase Consideration**”), (ii) the purchase consideration of PICON of Rp.790.0 billion (S\$80.0 million) (“**PICON Purchase Consideration**”, and together with the LPB Purchase Consideration, the “**Total Purchase Consideration**”) as well as (iii) the professional and other fees and expenses of approximately S\$4.0 million in connection with the Acquisitions, is estimated to be approximately S\$110.8 million (the “**Total Acquisition Cost**”).

The Manager will issue new Units to (i) the LPB Vendor or a party appointed by the LPB Vendor as part satisfaction of the LPB Purchase Consideration (the “**LPB Consideration Units**”) and (ii) PT KDS or a party appointed by PT KDS as part satisfaction of the PICON Purchase Consideration (the “**PICON Consideration Units**” and together with the LPB Consideration Units, the “**Consideration Units**”). Under the LPB CSPA, the LPB Vendor will receive Rp.203.0 billion (S\$20.5 million) of the LPB Purchase Consideration in cash, with the remaining Rp.62.0 billion (S\$6.3 million) to be satisfied by way of the LPB Consideration Units. Under the PICON CSPA, the PICON Vendors will receive Rp.605.2 billion (S\$61.3 million) of the PICON Purchase Consideration in cash, with the remaining Rp.184.8 billion (S\$18.7 million) to be satisfied by way of the PICON Consideration Units. The Consideration

1 “**Interested Person**” has the same meaning as “**Interested Party**” in the Property Funds Appendix.

2 “**Interested Party**” means:

- (i) A director, chief executive officer or controlling shareholder of the Manager, the Trustee or controlling unitholder of LMIR Trust; or
- (ii) An associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee or any controlling unitholder of LMIR Trust.

3 The LPB Purchase Consideration is inclusive of the applicable land and building acquisition tax (*Biaya Perolehan Hak Atas Tanah dan Bangunan*) to be paid to the relevant tax office.

Units will be issued within 20 business days from the date of completion of the respective Acquisitions.

The Manager proposes to finance the cash portion of the Total Acquisition Cost from the proceeds raised from internal cash reserves and proceeds from the issuance of bonds.

2. RATIONALE FOR THE ACQUISITIONS

The Manager believes that the Acquisitions will bring the following key benefits to unitholders of LMIR Trust (“**Unitholders**”):

- (i) acquisition of retail mall assets at discounts to independent valuations while offering stable occupancies and leasing up opportunities;
- (ii) opportunity to increase the size and enhance the earnings of LMIR Trust;
- (iii) the properties which are the subject of the Acquisitions (the “**Properties**”) are located at strategic locations with high retail traffic;
- (iv) increased economies of scale in operations, marketing and financing;
- (v) diversification of assets within LMIR Trust’s portfolio to minimise concentration risk; and
- (vi) the issuance of the Consideration Units would maintain LMIR Trust’s Aggregate Leverage⁴ at a prudent level.

The above rationales are further elaborated below.

2.1 Acquisition of Retail Mall Assets at Discounts to Independent Valuations while offering Stable Occupancies and Leasing Up Opportunities

The Acquisitions represent an opportunity for LMIR Trust to acquire income producing quality properties below their independent valuations, and are in line with the Manager’s acquisition growth strategy of owning retail and/or retail related properties to optimise Unitholders’ returns, as well as providing potential capital appreciation and long-term growth. The independent valuation of the Properties as at 30 March 2015 conducted by KJPP Willson dan Rekan (an affiliate of Knight Frank) (the “**Independent Valuer**”) are set out in the table below.

4 “**Aggregate Leverage**” refers to the total borrowings and deferred payments (if any) for assets of LMIR Trust.

Property	Purchase Consideration	Independent Valuation as at 30 March 2015 conducted by the Independent Valuer	Discount to Valuation (%)
LPB	Rp.265.0 billion (S\$26.8 million)	Rp.289.9 billion (S\$29.4 million)	8.6
PICON	Rp.790.0 billion (S\$80.0 million)	Rp.830.9 billion (S\$84.2 million)	4.9

The Acquisitions comprise mature and stable assets, namely LPB and PICON. As at 30 March 2015, the occupancy rates of LPB and PICON were 100.0% and 99.0% respectively. The high occupancy rates are a reflection of the strong demand for retail space in Batu and Palembang, where the Properties are located.

2.2 Opportunity to Increase the Size and Enhance the Earnings of LMIR Trust

Based on the pro forma financial statements for the financial year ended 31 December 2014, the Net Property Income⁵ contribution from LPB and PICON was S\$7.2 million, which represents, on a historical pro forma basis, a 5.7% increase in LMIR Trust's Net Property Income for the financial year ended 31 December 2014. Upon completion of the acquisition, the size of LMIR Trust's portfolio is estimated to increase by approximately 6.2%, from S\$1,816.9 million to S\$1,929.7 million.

2.3 Strategic Locations with High Retail Traffic

The Properties are strategically located in Batu City and in Palembang (the second largest city in Sumatra), giving LMIR Trust access to the dense population located in these cities, thereby ensuring high retail traffic at these Properties.

LMIR Trust's retail malls are positioned as "Everyday Malls" that provide necessities (such as supermarkets and family shopping) to the community living in the regions neighbouring its retail malls and targets the middle income population in densely populated cities in Indonesia. The positioning of the Properties is in line with LMIR Trust's targeted market segment comprising of Indonesia's expanding and prospering urban middle class segment.

2.4 Increased Economies of Scale in Operations, Marketing and Financing

The Acquisitions will enable LMIR Trust to enlarge its presence in the retail mall sector in Indonesia and benefit from increased economies of scale as the Manager and the property manager(s) of the Enlarged Portfolio⁶ of LMIR Trust (including the Properties) can spread certain operating costs (e.g. staff and administrative costs) over a larger portfolio, and can also obtain cost savings due to its greater bargaining power with suppliers and service providers.

5 "Net Property Income" consists of property revenue less property operating expenses.

6 "Enlarged Portfolio" consists of LPB, PICON and LMIR Trust's existing portfolio.

The Acquisitions are similarly expected to deliver economies of scale and benefit the marketing and leasing activities of LMIR Trust by expanding and deepening LMIR Trust's portfolio of key tenant relationships with tenants of the Properties who are currently not tenants of LMIR Trust's malls. In addition, given that the Acquisitions will enlarge LMIR Trust's asset value and capital base, LMIR Trust can also expect to benefit from increased economies of scale in obtaining debt and equity financing.

2.5 Diversification of Assets Portfolio within LMIR Trust's Portfolio to Minimise Concentration Risks

The Acquisitions will allow LMIR Trust to diversify its portfolio geographically across Indonesia as well as improve the diversification of its tenant base, thereby reducing tenant and asset concentration risks within LMIR Trust's Enlarged Portfolio. The Manager believes that further income diversification potentially results in greater resilience and stability of income for LMIR Trust, thus benefiting its Unitholders.

2.6 The issuance of the Consideration Units would maintain LMIR Trust's Aggregate Leverage⁷ at a prudent level

On 12 June 2015, LMIR Trust was assigned a first time issuer rating of 'Baa3' with a 'Stable' rating outlook by Moody's Investors Service ("**Moody's**"). With the assignment of the credit rating from Moody's, LMIR Trust is permitted under the Property Funds Appendix to increase its Aggregate Leverage to 60%. However, the Manager is committed to remain prudent in LMIR Trust's capital management, and the issuance of the Consideration Units would avoid a significant increase in LMIR Trust's Aggregate Leverage. Assuming the cash component of the LPB Purchase Consideration of Rp.203.0 billion (S\$20.5 million) and PICON Purchase Consideration of Rp.605.2 billion (S\$61.3 million) are funded via a mix of cash and debt, and the remaining Rp.246.8 billion (S\$25.0 million) is funded by debt instead of the issuance of Consideration Units, the Aggregate Leverage ratio of LMIR Trust is expected to increase from 31.6% as at 31 March 2015 to 34.6%.

Assuming S\$25.0 million of the LPB Purchase Consideration and PICON Purchase Consideration is satisfied by way of issuance of Consideration Units at an issue price of S\$0.37 per Unit, with the balance of the LPB Purchase Consideration and PICON Purchase Consideration funded via a mix of cash and debt, the Aggregate Leverage ratio of LMIR Trust is expected to increase to a lower rate of 33.4% compared to 34.6% if the issuance of Consideration Units is funded by debt.

⁷ "Aggregate Leverage" refers to the total borrowings and deferred payments (if any) for assets of LMIR Trust.

3. THE LIPPO PLAZA BATU ACQUISITION

3.1 Description of the LPB Acquisition

LPB is a three-level (including one basement level) retail mall with an NLA of 12,324 sq m located in Batu, bearing the postal address Jl. Diponegoro No.1 RT 07/05, Batu City. There will be an additional 6,500 sq m of NLA to be built on the roof level as part of the on-going asset enhancement works.

3.2 Structure of the LPB Acquisition

The Manager is seeking to acquire LPB for the LPB Purchase Consideration of Rp.265.0 billion (S\$26.8 million) from the LPB Vendor.

As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate, LMIR Trust, through its existing indirect wholly-owned subsidiary PT Palladium Megah Lestari, a limited liability company incorporated in Indonesia (“**PT PML**”), will acquire LPB from the LPB Vendor. **Appendix A** to this Announcement sets out a chart illustrating the structure under which LPB is proposed to be held by LMIR Trust upon completion of the LPB Acquisition.

3.3 Valuation and LPB Purchase Consideration

The Independent Valuer has been appointed by the Trustee to value LPB. The appraised value of the LPB (as at 30 March 2015 is Rp.289.9 billion (S\$29.4 million) and the LPB Purchase Consideration is Rp.265.0 billion (S\$26.8 million). The LPB Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the independent valuation of LPB by the Independent Valuer.

3.4 Conditions Precedent for the Completion of the LPB Acquisition

Completion of the sale and purchase of LPB is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following conditions precedent:

- 3.4.1** the execution of novation agreements over contracts entered into by the LPB Vendor in relation to LPB;
- 3.4.2** subject to the provisions of the LPB SPA, LPB or any part thereof is not materially damaged;
- 3.4.3** the LPB Vendor and PT MPU obtaining corporate approvals from their respective shareholders and board of commissioners approving, among others, the sale of LPB and the transactions contemplated in the LPB SPA and the LPB Deed of Indemnity (as defined below); and
- 3.4.4** the entry into of the LPB Deed of Indemnity.

3.5 Deed of Indemnity relating to LPB Batu Plaza Deed

The Trustee has also entered into a deed of indemnity with PT MPU pursuant to which PT MPU will indemnify the Trustee against certain liabilities or damages suffered by the Trustee arising out of or in connection with the Palembang Square Acquisition, subject to certain terms and conditions (the “**LPB Deed of Indemnity**”).

4. THE PICON ACQUISITION

4.1 Description of the PICON Acquisition

Picon is a five-level (including one basement level) retail mall and a sports centre with an NLA of 35,797 sq m, located in the city of Palembang, Indonesia, bearing the postal address Jalan POM IX, Palembang, Indonesia.

4.2 Structure of the PICON Acquisition

The Manager is seeking to acquire PT GISI, which in turn wholly-owns PICON, for the PICON Purchase Consideration of Rp.790.0 billion (S\$80.0 million) (the “**PICON Purchase Consideration**”).

PICON is 100.0% owned by PT Griya Inti Sejahtera Insani (“**PT GISI**”), a limited liability company incorporated in Indonesia. PT GISI is in turn 99.999998% and 0.000002% owned by PT KDS and PT AGU respectively. PT KDS and PT AGU are limited liability companies incorporated in Indonesia. LMIR Trust will be acquiring PICON by purchasing the entire issued share capital of PT GISI via PICON1 and PICON2. As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate and therefore, PICON would have to be held by PT GISI, an Indonesian company. LMIR Trust will, upon acquiring PICON, holding PICON under a “build, operate and transfer (“**BOT**”) scheme (“**BOT Scheme**”)”.⁸

Appendix B to this Announcement sets out a chart illustrating the structure under which PICON is proposed to be held by LMIR Trust upon completion of the PICON Acquisition.

8 PICON is under a BOT Scheme. A BOT Scheme is common in Indonesia for the following reasons:

- (a) freehold land in Indonesia may not be owned by companies (whether Indonesian or foreign-owned) or by foreign individuals. Under Indonesian land law, the closest form of land title to an internationally recognised concept of “freehold” title is Hak Milik or “Right of Ownership”. A Hak Milik title is available only to Indonesian individuals and certain Indonesian legal entities such as government banks and religious and social institutions appointed by the relevant Indonesian government authorities;
- (b) where ownership of the land is transferable, instead of transferring the ownership of the land, the land owner may prefer to use the BOT Scheme for commercial reasons. The land owner may not intend to transfer the ownership of the land because the land is located at commercially strategic locations or has historical value. Alternatively, the land owner may have limited financial capability to develop the land. Under such circumstances, the land owner (the “**BOT Grantor**”) may prefer to enter into a BOT agreement with a BOT grantee (the “**BOT Grantee**” and the BOT agreement entered into between the BOT Grantor and the BOT Grantee, the “**BOT Agreement**”) who are property developers with strong financial support and proven track records; and
- (c) a BOT Grantee may prefer to use the BOT Scheme because the costs for obtaining the build, operate and transfer rights could be considered as more price-feasible and cashflow-effective as compared to an outright purchase of the land.

4.3 Valuation and PICON Purchase Consideration

The Independent Valuer has been appointed by the Trustee to value the PICON. The appraised value of the PICON (as at 30 March 2015 is Rp.830.9 billion (S\$84.2 million) and the PICON Purchase Consideration is Rp.790.0 billion (S\$80.0 million). The PICON Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the independent valuation of PICON by the Independent Valuer.

4.4 Conditions Precedent for the Completion of the PICON Acquisition

Completion of the sale and purchase of PICON is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following conditions precedent:

- 4.4.1 subject to the provisions of the PICON SPAs, PICON is not materially damaged;
- 4.4.2 the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary for or in respect of the proposed acquisition of PT GISI having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the PICON Purchasers and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect for a period of not less than six (6) months;
- 4.4.3 approval having been obtained from Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or “**BKPM**”) with respect to the conversion of status of PT GISI to a foreign capital investment company;
- 4.4.4 the articles of association of PT GISI having been amended (on terms which are to the reasonable satisfaction of the PICON Purchasers) to accommodate the conversion of PT GISI’s status to a foreign capital investment company and in relation to the acquisition of the shares in PT GISI pursuant to the PICON SPAs;
- 4.4.5 approval being obtained from the Ministry of Law and Human Rights of the Republic of Indonesia (“**MOLHR**”) with respect to the conversion of status of PT GISI to a foreign capital investment company and the amendment to the articles of association of PT GISI as referred to in sub-paragraph 4.4.4 above;
- 4.4.6 an application being made by PT GISI to the Directorate General of Intellectual Property Rights, to register the trade mark of “Palembang Icon” and “PSCC Palembang Sport and Convention Centre” under the name of PT GISI;
- 4.4.7 the execution by PT GISI of a statement letter (a) on the date of the PICON SPAs and (b) on the date of completion of the PICON Acquisition confirming that as at the date of the statement letter, PT GISI has (i) no employees, (ii) no liabilities and indebtedness (save for those recorded in the audited financial statements of PT GISI as of 31 December 2014), (iii) no outstanding payments in relation to PT GISI’s

former employees that should be paid by PT GISI prior to the date of completion of the PICON Acquisition, (iv) no assets and/or property other than in connection with the operation of PICON and (v) no claim, rejection, warning and/or suit submitted to PT GISI from any party including creditors of PT GISI with respect to the proposed acquisition of the entire share capital of PT GISI by the PICON Purchasers;

- 4.4.8** the execution of an amendment agreement to the lease agreement in relation to a sports building located on the land which PT GISI holds under the BOT Scheme (the **"Sports Building Lease Agreement"**) between PT GISI and PT Sapphire Prima Mandiri, in a form acceptable to the PICON Purchasers, to set out the agreement between PT GISI and PT Sapphire Prima Mandiri that (i) PT Sapphire Prima Mandiri shall be fully and solely responsible and liable for all matters relating to the sports building and the use, lease, management and/or operation thereof, (ii) PT Sapphire Prima Mandiri shall at all times comply with all applicable laws and regulations and the terms and conditions of the BOT Agreement in relation to the BOT Scheme which PICON is under (the **"PICON BOT Agreement"**) in connection with the sports building and (iii) PT Sapphire Prima Mandiri shall assume all obligations and liabilities relating to the sports building (including the use, lease, management and/or operation thereof) under the PICON BOT Agreement;
- 4.4.9** PT GISI having announced the acquisition of its shares by the PICON Purchasers from the PICON Vendors (i) in a newspaper nationally circulated newspaper (in the approved terms) and (ii) to the employees of PT GISI, which should be made at least thirty (30) calendar days prior to the calling of the general meeting of shareholders as required under the Indonesian Company Law;
- 4.4.10** PT GISI having confirmed in writing that no creditor objections were received by it following the publishing of the newspaper announcement referred to in the condition set out in sub-paragraph 4.4.9 above;
- 4.4.11** in relation to any employees of PT GISI who choose to exercise their rights which results from the change of ownership of PT GISI in accordance with Article 163.1 of Law No. 13 of 2003 on Labour (**"Indonesian Labour Law"**), (i) the settlement of all compensation due and payable to such employees by PT GISI and (ii) the execution of a joint agreement and joint agreement receipt letter by each of the employees who choose to terminate their employment relationship with PT GISI (or any other documents which are deemed necessary by the PICON Purchasers to ensure the full waiver of any claims against PT GISI by each of the employees that chooses to terminate their employment relationship with PT GISI);
- 4.4.12** in relation to any employees of PT GISI who choose not to exercise their rights which result from the change of ownership of PT GISI in accordance with Article 163.1 of the Indonesian Labour Law, an election form (or a similar document having a similar effect as the PICON Purchasers may specify) having been signed by each such employee which stipulates that the relevant employee wishes to not exercise his/her rights which arises from the change of ownership of PT GISI and that the relevant employee waives any rights in the future to demand termination of their employment

relationship with PT GISI due to the transfer of the shares of PT GISI from the PICON Vendors to the PICON Purchasers; and

4.4.13 the entry into of the PICON Deed of Indemnity (as defined below).

4.5 Deed of Indemnity relating to PICON

The Trustee has also entered into a deed of indemnity with PT MPU pursuant to which PT MPU will indemnify the Trustee against certain liabilities or damages suffered by the Trustee arising out of or in connection with the PICON Acquisition, subject to certain terms and conditions (the “**PICON Deed of Indemnity**”).

5. ADDITIONAL COSTS OF THE ACQUISITIONS

5.1 LPB Acquisition Fee

LMIR Trust is expected to incur an acquisition fee of Rp.2.7 billion (S\$0.3 million) in relation to the LPB Acquisition (the “**LPB Acquisition Fee**”) (equal to 1.0% of the LPB Purchase Consideration), which is payable in cash to the Manager pursuant to Clause 15.2.1 of the trust deed dated 8 August 2007 constituting LMIR Trust (as amended) (the “**Trust Deed**”).

5.2 PICON Acquisition Fee

LMIR Trust is expected to incur an acquisition fee of Rp.7.9 billion (S\$0.8 million) in relation to the PICON Acquisition (the “**PICON Acquisition Fee**”) (equal to 1.0% of the PICON Purchase Consideration), which is payable in cash to the Manager pursuant to Clause 15.2.1 of the Trust Deed.

5.3 Other Fees in connection with the Acquisitions

LMIR Trust is expected to incur estimated professional and other fees and expenses of approximately S\$2.9 million in connection with the Acquisitions.

The Total Acquisition Cost, which is inclusive of the LPB Purchase Consideration, the PICON Purchase Consideration, the LPB Acquisition Fee and the PICON Acquisition Fee payable to the Manager as well as other estimated professional and other fees and expenses incurred in connection with the Acquisitions, is expected to be Rp.1,093.9 billion (S\$110.8 million).

5.4 Method of Financing the Acquisitions

Rp.847.1 billion (S\$85.8 million) of the Total Acquisition Cost will be paid in cash on the date of completion of the respective Acquisitions, and the remaining Rp.246.8 billion (S\$25.0 million) will be satisfied by way of the issuance of Consideration Units within 20 business days from the date of completion of the respective Acquisitions.

The cash portion of the Total Acquisition Cost is expected to be financed via a mixture of internal cash and proceeds from the issuance of bonds.

6. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

As described above, the Manager will make partial payment for the Acquisitions by issuing Consideration Units in the value of S\$25.0 million. Based on an issue price of S\$0.37 per Consideration Unit, the total number of the Consideration Units will be approximately 67.6 million Units, representing 2.5% of the total number of Units in issue as at the date of this announcement.

7. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITIONS

7.1 Pro Forma Financial Effects

The pro forma financial effects of the Acquisitions presented below are strictly for illustrative purposes only and were prepared based on:

- (i) LMIR Trust's audited consolidated financial statements for the financial year ended 31 December 2014 ("**FY2014**", and the audited consolidated financial statements for FY2014, the "**FY2014 Audited Consolidated Financial Statements**"); and
- (ii) the unaudited consolidated financial statements of LMIR Trust for the three months ended 31 March 2015 (the "**3M2015 Unaudited Financial Statements**"),

and assuming:

- (a) the Total Acquisition Cost of S\$110.8 million, of which S\$85.8 million will be paid in cash and S\$25.0 million will be paid via the issuance of Consideration Units;
- (b) S\$85.8 million of the cash component of the Total Acquisition Cost is funded by internal cash and proceeds from the issuance of bonds;
- (c) S\$6.3 million of the LPB Purchase Consideration will be paid to the LPB Vendor or a party appointed by the LPB Vendor via the issuance of Consideration Units; and
- (d) S\$18.7 million of the PICON Purchase Consideration will be paid to PT KDS or a party appointed by PT KDS via the issuance of Consideration Units.

7.2 Three Months ended 31 March 2015

Pro Forma DPU and Distribution Yield

The pro forma financial effects of the Acquisitions on the DPU and distribution yield for the three months ended 31 March 2015, as if LMIR Trust had purchased the Properties on 1 January 2015, and held and operated the Properties through to 31 March 2015, are as follows:

As at 31 March 2015

	Before the Acquisitions⁽¹⁾	After the Acquisitions
Distributable Income (S\$'000)	21,501	22,338
Units in issue and to be issued	2,716,426,568	2,790,195,331
DPU (cents)	0.79	0.80
Distribution yield (annualised)	9.2% ⁽³⁾	9.3% ⁽³⁾

Notes:

- (1) Based on the 3M2015 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account (i) the issuance of new Units in payment of the performance fees as a result of additional Net Property Income after the Acquisitions and (ii) the issuance of the Consideration Units.
- (3) Based on the DPU divided by the closing price on 31 March 2015 of S\$0.345.

Pro Forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 March 2015, as if LMIR Trust had purchased the Properties on 31 March 2015, are as follows:

As at 31 March 2015

	Before the Acquisitions⁽¹⁾	After the Acquisitions
NAV (S\$'000)	1,132,942	1,157,932
Units in issue and to be issued	2,716,426,568	2,788,890,336 ⁽²⁾
NAV per Unit (cents)	41.71	41.52

Notes:

- (1) Based on the 3M2015 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of the Consideration Units.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 31 March 2015, as if LMIR Trust had purchased the Properties on 31 March 2015.

As at 31 March 2015

	Actual⁽¹⁾	As adjusted for the Acquisitions
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	200,000	200,000
Secured	-	-
Total short-term debt	200,000	200,000
Long-term debt:		
Unsecured	275,000	340,000
Secured	155,000	155,000
Total long-term debt	430,000	495,000
Total Debt	630,000	695,000
Unitholders funds	1,132,942	1,157,932
Total Capitalisation	1,762,942	1,852,932

Note:

(1) Based on the 3M2015 Unaudited Financial Statements.

7.3 Financial Year ended 31 December 2014

Pro forma DPU

The pro forma financial effects of the Acquisitions on the DPU for LMIR Trust for FY2014, as if LMIR Trust had purchased the Properties on 1 January 2014, and held and operated the Properties through to 31 December 2014, are as follows:

	FY2014	
	Before the Acquisitions⁽¹⁾	After the Acquisitions
Distributable Income (S\$'000)	68,014	70,538
Units in issue and to be issued	2,701,805,668	2,762,804,672 ⁽²⁾
DPU (cents)	2.76	2.79
Distribution yield	8.1% ⁽³⁾	8.2% ⁽³⁾

Notes:

(1) Based on the FY2014 Audited Consolidated Financial Statements.

(2) The number of Units is arrived at after taking into account (i) the issuance of new Units in payment of the performance fees as a result of additional Net Property Income after the Acquisitions and (ii) the issuance of the Consideration Units.

(3) Based on the DPU divided by the closing price on 31 December 2014 of S\$0.34.

Pro forma Net Asset Value (“NAV”) per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 December 2014, as if LMIR Trust had purchased the Properties on 31 December 2014, are as follows:

	As at 31 December 2014	
	Before the Acquisitions ⁽¹⁾	After the Acquisitions
NAV (S\$'000)	1,149,730	1,174,720
Units in issue and to be issued	2,701,805,668	2,775,335,080 ⁽²⁾
NAV per Unit (cents)	42.55	42.33

Note:

(1) Based on the FY2014 Audited Consolidated Financial Statements.

(2) The number of Units is arrived at after taking into account the issuance of the Consideration Units.

Pro forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 31 December 2014, as if LMIR Trust had purchased the Properties on 31 December 2014.

	As at 31 December 2014	
	Actual ⁽¹⁾	As adjusted for the Acquisitions
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	200,000	200,000
Secured	-	-
Total short-term debt	200,000	200,000
Long-term debt:		
Unsecured	275,000	340,000
Secured	155,000	155,000
Total long-term debt	430,000	495,000
Total Debt	630,000	695,000
Unitholders funds	1,149,730	1,174,720
Total Capitalisation	1,779,730	1,869,720

Note:

(1) Based on the FY2014 Audited Consolidated Financial Statements.

8. OTHER INFORMATION

8.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

A proposed acquisition by LMIR Trust may fall into any of the categories set out in Rule 1004 of the Listing Manual depending on the size of the relative figures computed on the following bases of comparison as stated

- (i) the net asset value of the assets to be disposed of, compared with net asset value (not applicable to the Acquisitions);
- (ii) the net profits attributable to the assets acquired, compared with LMIR Trust's net profits;
- (iii) the aggregate value of the consideration given, compared with LMIR Trust's market capitalisation; and
- (iv) the number of equity securities issued as consideration for an acquisition, compared with the number of equity securities previously in issue (not applicable to the Acquisitions).

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of LMIR Trust's business.

None of the relative figures in relation to the Acquisitions computed on the bases set out above exceed 20.0%. Furthermore, none of the Acquisitions are major transactions under Chapter 10 of the Listing Manual as they are within LMIR Trust's ordinary course of business. However for the purposes of illustration to Unitholders, the relative figures for the Acquisitions using the applicable bases of comparison described in sub-paragraphs 7.1(ii) and 7.1(iii) are set out in the table below.

Comparison of:	The Properties	LMIR Trust	Relative Figure
Net Property Income ⁽¹⁾⁽²⁾⁽³⁾	LPB: Rp.26.7 billion (S\$2.7 million)	Rp.1,243.9 billion (S\$126.0 million)	2.1%
	PICON: Rp.44.7 billion (S\$4.5 million)		
	Total Net Property Income of LPB and PICON: Rp.71.4 billion (S\$7.2 million)		3.6%

Comparison of:	The Properties	LMIR Trust	Relative Figure
Purchase Consideration against LMIR Trust's market capitalisation	Lippo Batu Plaza: Rp.265.0 billion (S\$26.8 million) ⁽⁴⁾	LMIR Trust's market capitalisation: S\$993.1 million ⁽⁵⁾⁽⁶⁾	2.7%
	PICON: Rp.790.0 billion (S\$80.0 million) ⁽⁴⁾		8.1%
	Total Purchase Consideration of LPB and PICON:		
	Rp.1,055.0 billion (S\$106.8 million) ⁽⁴⁾		

Notes:

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) Based on the FY2014 Audited Consolidated Financial Statements.
- (3) Based on FY2014 average rupiah exchange rate of S\$1.00 to Rp.9,338.12.
- (4) Based on the 12 June 2015 average rupiah exchange rate of S\$1.00 to Rp.9,871.43.
- (5) Based on the closing price of S\$0.365 per Unit on the SGX-ST on 25 June 2015.
- (6) Based on Units in issue as at 25 June 2015.

8.2 Interests of Directors and Substantial Unitholders⁹

8.2.1 Interests of Directors of the Manager

As at the date of this announcement, the details of the unitholdings of the Directors are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Mr Albert Saychuan Check	400,000	0.015	-	-	400,000	0.015
Mr Lee Soo Hoon, Phillip	-	-	-	-	-	-
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Douglas Chew	-	-	-	-	-	-
Ms Viven Gouw Sitiabudi	-	-	-	-	-	-
Mr Alvin Cheng Yu Dong	-	-	-	-	-	-
Mr Ketut Budi Wijaya	-	-	-	-	-	-

Note:

- (1) The percentage interest is based on 2,720,934,528 issued Units as at the date of this announcement.

⁹ "Substantial Unitholders" refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Save as disclosed above and based on information available to the Manager, none of the Directors has an interest, direct or indirect, in the Acquisitions.

8.2.2 Interests of Substantial Unitholders

As at the date of this announcement, the details of the unitholdings of the Substantial Unitholders are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(⁽¹⁾)
	No. of Units	%(⁽¹⁾)	No. of Units	%(⁽¹⁾)		
Bridgewater International Ltd ("BIL")	700,444,940	25.74	-	-	700,444,940	25.74
PT Sentra Dwimandiri ("PTSD")	-	-	700,444,940	25.74	700,444,940	25.74
The Sponsor	-	-	807,570,416	29.68	807,570,416	29.68
Wealthy Fountain Holdings Inc	194,938,500	7.16	-	-	194,938,500	7.16
Shanghai Summit Pte Ltd	-	-	216,938,500	7.97	216,938,500	7.97
Tong Jinquan	-	-	216,938,500	7.97	216,938,500	7.97

Note:

(1) Percentage interest is based on 2,720,934,528 Units in issue as at the date of this announcement.

As at the date of this announcement, the Sponsor, through its indirect wholly-owned subsidiaries BIL and through its 100% interest in the Manager, holds an aggregate indirect interest of 29.68% in LMIR Trust and is deemed to be a Controlling Unitholder of LMIR Trust.

8.3 Directors' Service Contracts

No person is proposed to be appointed as a Director in relation to the Acquisitions or any other transactions contemplated in relation to the Acquisitions.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #06-07 OUE Bayfront, Singapore 049321¹⁰ from the date of this announcement up to and including the date falling three months thereafter:

- (i) the LPB SPA;
- (ii) the LPB Deed of Indemnity;
- (iii) the PICON SPA;
- (iv) the PICON Deed of Indemnity;
- (v) the full valuation report on LPB by the Independent Valuer; and
- (vi) the full valuation report on PICON by the Independent Valuer.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as LMIR Trust continues to be in existence.

By Order of the Board

LMIRT MANAGEMENT LTD.

(as manager of Lippo Malls Indonesia Retail Trust)

(Company registration number: 200707703M)

Mr Alvin Cheng Yu Dong

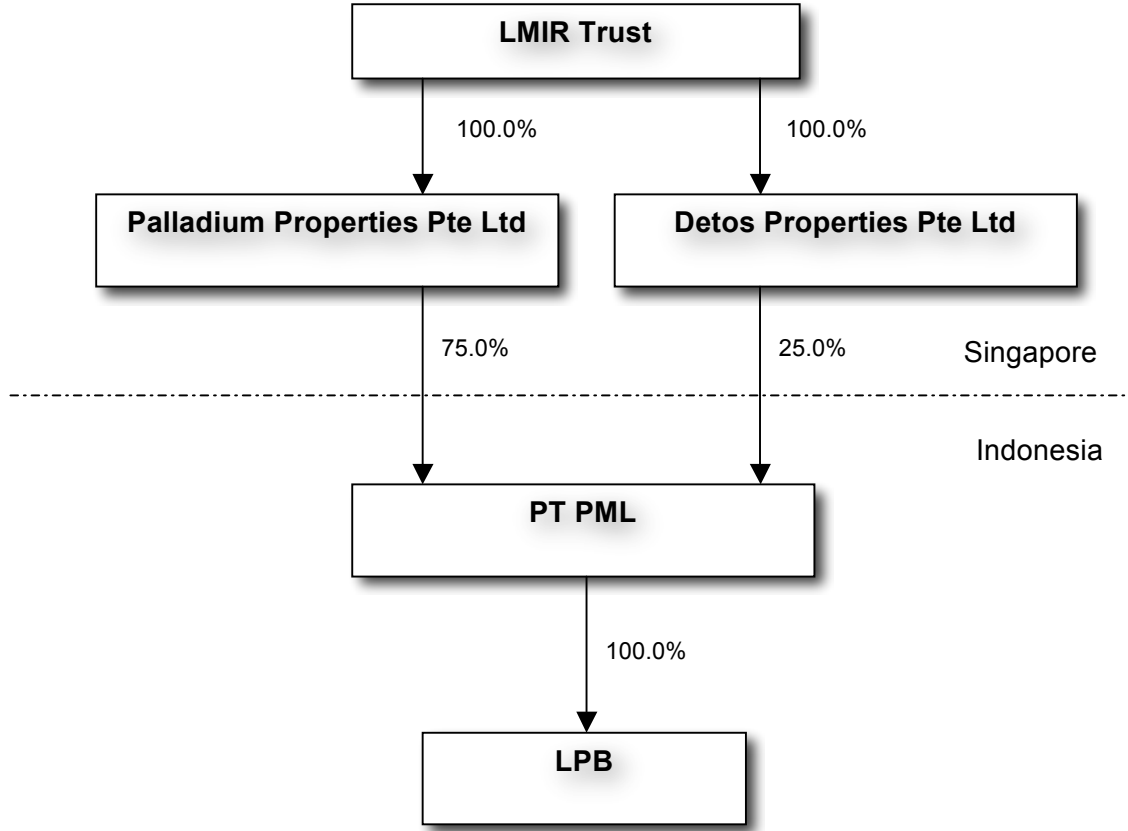
Executive Director and Chief Executive Officer

29 June 2015

¹⁰ Prior appointment with the Manager will be appreciated.

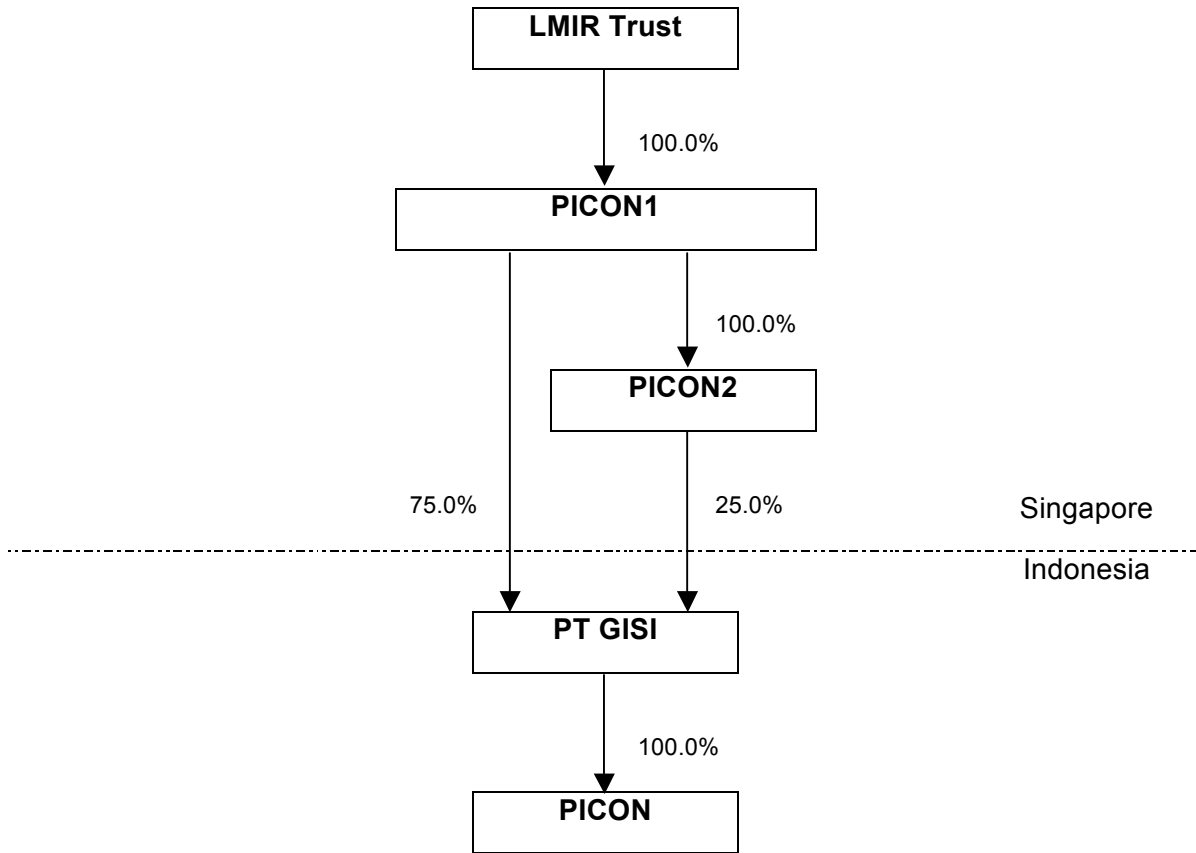
APPENDIX A

Chart illustrating the structure under which LPB is proposed to be held by LMIR Trust upon completion of the LPB Acquisition



APPENDIX B

Chart illustrating the structure under which PICON is proposed to be held by LMIR Trust upon completion of the PICON Acquisition



Important Notice

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.