



LIPPO MALLS INDONESIA RETAIL TRUST

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

## ANNOUNCEMENT

### PROPOSED ACQUISITION

*Unless otherwise indicated in this announcement, all conversions from Rupiah amounts into Singapore Dollar amounts in this announcement are based on an illustrative exchange rate of S\$1.00 to Rp.9.800.*

#### 1. INTRODUCTION

##### 1.1 Lippo Mall Kuta

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 Kuta1 Holdings Pte. Ltd. ("**Kuta1**"), a company incorporated in Singapore and an indirect wholly-owned subsidiary of LMIR Trust, has on 8 January 2016 entered into a conditional sale and purchase agreement (the "**Property CSPA**") with PT Pamor Paramita Utama ("**PT PPU**"), a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the "**Sponsor**"), for the acquisition of the property known as "Lippo Mall Kuta", a three-storey retail mall which is located in Kuta, Bali with postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia ("**LM Kuta**", and the proposed acquisition of LM Kuta, the "**LM Kuta Acquisition**").

As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate under a "Right to Build" (*Hak Guna Bangunan* or "**HGB**") title, the Property CSPA provides that Kuta1 has the right to nominate an Indonesian company to enter into a conditional sale and purchase agreement with PT PPU on the same terms as that of the Property CSPA (the "**New Property CSPA**"), and upon such entry, Kuta1 and PT PPU will enter into a termination agreement (the "**Termination Agreement**") to terminate the Property CSPA.

For the avoidance of doubt, the Indonesian company which Kuta1 intends to nominate to enter into the New Property CSPA will be a new Indonesian foreign investment limited liability company that will be incorporated ("**IndoCo**") and which will be wholly-owned by Kuta1 and Kuta1's wholly-owned subsidiary, Kuta2 Investments Pte. Ltd. ("**Kuta2**"), a company incorporated in Singapore. Kuta1 and Kuta2 will respectively own 75.0% and 25.0% of the issued share capital of IndoCo.

The total cost of the LM Kuta Acquisition, comprising (i) the purchase consideration of LM

Kuta of Rp.800.0 billion (S\$81.6 million)<sup>1</sup> (the “**LM Kuta Purchase Consideration**”), (ii) the value-added tax (*Pajak Pertambahan Nilai*) for the LM Kuta Acquisition (“**VAT**”) of Rp.76.2 billion (S\$7.8 million)<sup>2</sup>, (iii) the acquisition fee of S\$0.8 million in relation to the LM Kuta Acquisition which is payable in units of LMIR Trust (“**Units**”) to the Manager pursuant to Clause 15.2.1 of the trust deed of LMIR Trust dated 8 August 2007 (as amended) (the “**Trust Deed**”) (the “**LM Kuta Acquisition Fee**”)<sup>3</sup> as well as (iv) the professional and other fees and expenses of approximately S\$2.5 million in connection with the LM Kuta Acquisition, is estimated to be approximately S\$92.7 million (the “**Total LM Kuta Acquisition Cost**”).

The LM Kuta Purchase Consideration will be paid in cash. The Manager proposes to finance the cash portion of the Total LM Kuta Acquisition Cost from the proceeds raised from issuance of bonds and/or debt financing facilities from banks. Further details in respect of the structure of the LM Kuta Acquisition are set out at paragraph 3 below.

In relation to the LM Kuta Acquisition, it is currently intended that upon completion of the LM Kuta Acquisition, IndoCo will enter into the following leases:

- (i) a car park lease agreement with PT Trimulia Kencana Abadi (a limited liability company incorporated in Indonesia and a subsidiary of PT PPU) (“**Car Park Lease Agreement**”);
- (ii) a casual leasing space lease agreement with PT Kencana Agung Pratama (a limited liability company incorporated in Indonesia and a subsidiary of PT PPU) (“**Casual Leasing Space Lease Agreement**”); and
- (iii) specialty tenants lease agreements over certain specialty areas and food court area with PT Kridakarya Anugerah Utama (a limited liability company incorporated in Indonesia and a subsidiary of PT PPU) (“**Specialty Tenants Lease Agreements**”),

(collectively, the “**LM Kuta Master Lease Agreements**”).

The leases pursuant to the LM Kuta Master Lease Agreements (the “**LM Kuta Master Leases**”, together with the LM Kuta Acquisition, the “**Transactions**”) are intended to be granted for a lease term of five years each, commencing from the date of completion of the LM Kuta Acquisition.

## 1.2 Hotel Construction

In addition, there is currently a hotel (“**Hotel**”) which is being constructed on top of LM Kuta by PT PPU and which is currently expected to be completed by 2018 (the “**Hotel Construction**”). Pursuant to the Property CSPA, PT PPU shall continue the Hotel Construction and upon the completion of the Hotel Construction, IndoCo and PT PPU shall negotiate in good faith in relation to the potential acquisition of the Hotel by IndoCo. Should the Manager decide to purchase the Hotel, the terms and conditions of such acquisition will be announced at the appropriate time and the approval of unitholders of LMIR Trust

1 For the avoidance of doubt, the LM Kuta Purchase Consideration is inclusive of the applicable land and building acquisition tax (*Bea Perolehan Hak Atas Tanah dan Bangunan*) (“**BPHTB**”) to be paid to the relevant tax office.

2 Reimbursement of the VAT will be sought from the relevant tax office post-completion of the LM Kuta Acquisition.

3 As the LM Kuta Acquisition will constitute an Interested Party Transaction (as defined herein) under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (the “**MAS**”), the LM Kuta Acquisition Fee payable to the Manager will be in the form of Units (the “**LM Kuta Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

("Unitholders") will be sought. In the event that IndoCo decides not to acquire the Hotel, PT PPU and IndoCo shall agree on the terms and conditions upon which the management and operation of the Hotel by PT PPU will be carried and such management and operation shall not affect the rights of IndoCo in relation to LM Kuta.

## **2. RATIONALE FOR THE LM KUTA ACQUISITION**

The Manager believes that the LM Kuta Acquisition will bring the following key benefits to Unitholders as set out below:

### **2.1 Strategically Located Mall with Organic Growth Potential**

LM Kuta is a lifestyle mall strategically located in Bali that is proposed to be integrated with a premium 180-room hotel. Bali is a leading tourist destination in Indonesia, famous for its local traditions, culture and nightlife. The island welcomed 3.8 million foreign tourists in 2014, an increase of 14.9% on 2013. Tourist arrivals are projected to increase due to improvements in air and road connectivity to the island, such as the establishment of new air routes to Mainland China and the Middle East.

LM Kuta provides a wide range of products and services covering daily needs, fashion, entertainment and F&B for families and tourists as it positions itself as a new lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store, Cinemaxx and many more.

LM Kuta is currently undergoing an asset enhancement initiative ("AEI") whereby the existing Hypermart is reconfigured and will be leased out to specialty stores such as Foodmart, Cinemaxx and F&B Specialty. The AEI is expected to rejuvenate and add variety to the existing trade mix of the shopping destination.

### **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 Income<sup>4</sup> contribution from LM Kuta was S\$7.3 million, which represents, on a historical pro forma basis, a 5.8% increase in LMIR Trust's Net Property Income for the financial year ended 31 December 2014, thereby enhancing the earnings of LMIR Trust, and returns to Unitholders. Further, upon the completion of the LM Kuta Acquisition, the size of LMIR Trust's portfolio is expected to increase by approximately 4.5%, from S\$1,796.9 million<sup>5</sup> (as at 30 September 2015) to S\$1,878.5 million.

### **2.3 Increased Economies of Scale in Operations, Marketing and Financing**

The LM Kuta Acquisition will enable LMIR Trust to enlarge its presence in the retail mall sector in Indonesia and to benefit from increased economies of scale as the Manager and the property manager(s) of the Enlarged Portfolio<sup>6</sup> can potentially spread certain operating costs

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

5 Includes intangible asset of S\$23.5 million.

6 "Enlarged Portfolio" consists of LM Kuta and LMIR Trust's existing portfolio.

(for example, staff and personnel costs) over a larger portfolio, and increase their bargaining power with suppliers and service providers.

The LM Kuta Acquisition is also 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, especially with tenants of LM Kuta which are currently not tenants of LMIR Trust's existing malls. Given the LM Kuta Acquisition will enlarge LMIR Trust's asset value and capital base, LMIR Trust can expect to benefit from increased economies of scale in obtaining debt and equity financing.

## **2.4 Diversification of Asset Portfolio to Minimise Concentration Risk**

The LM Kuta Acquisition will allow LMIR Trust to diversify its portfolio geographically across Indonesia, thereby reducing 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 streams for LMIR Trust, thus benefiting its Unitholders.

## **3. THE LM KUTA ACQUISITION**

### **3.1 Description of LM Kuta**

LM Kuta is part of a six-storey mixed-use development comprising a retail mall component and a hotel that is being constructed. LM Kuta is a three-level retail mall (including a basement level) with a net lettable area of 21,132 sq m located in Kuta, Bali bearing the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia. LM Kuta was completed in 2013 and commenced operations in the same year. It is a lifestyle mall strategically located in Bali, which provides a range of products and services covering daily needs, fashion, entertainment and F&B for families and tourists as it positions itself as a lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store and Cinemaxx.

### **3.2 Structure of the LM Kuta Acquisition**

The Manager is seeking to acquire LM Kuta from PT PPU for the LM Kuta Purchase Consideration of Rp.800.0 billion (S\$81.6 million).

As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate under a HGB title, the Property CSPA provides that Kuta1 has the right to nominate an Indonesian company to enter into the New Property CSPA, and upon such entry, Kuta1 and PT PPU will enter into the Termination Agreement to terminate the Property CSPA.

For the avoidance of doubt, the Indonesian company which Kuta1 intends to nominate to enter into the New Property CSPA will be IndoCo, a new Indonesian foreign investment limited liability company that will be incorporated and which will be wholly-owned by Kuta1 and Kuta2. Kuta1 and Kuta2 will respectively own 75.0% and 25.0% of the issued share capital of IndoCo.

Pursuant to the Property CSPA, for three years commencing from the completion of the LM Kuta Acquisition, PT PPU shall collect all service charges and utilities recoveries and other

operations-related income from the tenants of LM Kuta and shall bear all costs and expenses of operation and maintenance of LM Kuta.

Upon completion of the LM Kuta Acquisition, LM Kuta will be held by IndoCo under one HGB title certificate<sup>7</sup> which will expire on 22 March 2037. The Hotel, which is being constructed on top of LM Kuta, is held under the same HGB title as LM Kuta. For the avoidance of doubt, LMIR Trust will not be responsible for any costs and expenses in respect of the Hotel.

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

### 3.3 Valuation and LM Kuta Purchase Consideration

Two independent property valuers, KJPP Willson dan Rekan (an affiliate of Knight Frank (“W&R”) and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (“Rengganis”), have been appointed by the Trustee and the Manager respectively to value LM Kuta. The LM Kuta Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of LM Kuta by W&R and Rengganis, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by W&R and Rengganis using the income approach utilising the discounted cash flow method. This approach considers each subject property as an income producing property.

The following table sets out the appraised values, the respective dates of such appraisal and the LM Kuta Purchase Consideration:

Property	Appraised Value				Purchase Consideration (S\$ million)
	By W&R as at 30 Sep 2015		By Rengganis as at 30 Sep 2015		
	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	
LM Kuta	77.7	761.8	86.6	849.0	81.6

The LM Kuta Purchase Consideration is below the average of the two independent valuations obtained and represents a discount of 0.67% to S\$82.15 million, which is the average of the two independent valuations of LM Kuta.

### 3.4 Conditions Precedent for the Completion of the LM Kuta Acquisition

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

<sup>7</sup> In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia is a “Right to Build” or HGB title. HGB title certificates can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years.

- 3.4.1 IndoCo has received the duly executed copy of the release and discharge letters in a form satisfactory to IndoCo, confirming that, among others, the existing encumbrances over LM Kuta have been discharged and released;
- 3.4.2 the approval by Unitholders to be given at an extraordinary general meeting ("**EGM**") for the transactions contemplated under the transaction documents for the LM Kuta Acquisition;
- 3.4.3 the approval by Unitholders to be given at an EGM for the equity fund raising for the purposes of financing the purchase of LM Kuta pursuant to the Property CSPA;
- 3.4.4 the entry into and delivery of the duly executed intellectual property license agreement to be entered into by IndoCo and PT Sentra Dwimandiri ("**PT SD**") whereby PT SD transfers a non-exclusive right to IndoCo, to use the "Lippo Mall Kuta" trademark and copyright of "Lippo Mall Kuta", which shall commence to take effect as of the completion of the LM Kuta Acquisition;
- 3.4.5 the obtainment of approvals (if required) by the MAS and Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and other regulatory approvals;
- 3.4.6 Kuta1 or the IndoCo (as applicable) and LMIR Trust being satisfied with the results of due diligence (including but not limited to legal, financial, tax and building due diligence) to be conducted by LMIR Trust and/or its counsels or advisers, which Kuta1 and/or LMIR Trust may consider to be relevant, including on or in connection with PT PPU and LM Kuta;
- 3.4.7 securing sufficient financing to undertake the purchase of LM Kuta, and the agreement for such financing not having been terminated and being unconditional in all respects;
- 3.4.8 the execution of novation agreements over contracts and tenancy agreements entered into by the PT PPU in relation to LM Kuta;
- 3.4.9 there being no adverse change to the financial condition of any of the vendor group members or its ability to perform any of its obligations under the transaction documents;
- 3.4.10 the licenses, authorisations, orders, grants, confirmations, consents, permissions, notices, reports, registrations and other approvals necessary for or in respect of the proposed sale and purchase of LM Kuta having been obtained or submitted by the relevant vendor group member from or to third parties (including notice to, and approval from, the Regent of Badung, other governmental or official authorities, courts or other regulatory bodies) on terms satisfactory to the purchaser and such licenses, authorisations, orders, grants, confirmations, consents, permissions, notices, registrations and other approvals remain in full force and effect;
- 3.4.11 no law, regulation or decision which would prohibit, restrict or delay or adversely affect the sale and purchase of LM Kuta or the operation of LM Kuta having been proposed, enacted or taken by any governmental or official authority;
- 3.4.12 each of the vendor group members obtaining corporate approvals from their respective shareholders and board of commissioners approving, among others, the sale of LM Kuta and the transactions contemplated in the transaction documents;

- 3.4.13 the obtainment by PT PPU of all licenses required for the construction and operation of LM Kuta in accordance with applicable laws and regulations including but not limited to the valid issuance of a new Building Construction Permit (*Izin Mendirikan Bangunan*) and Building Usage Approval (*Persetujuan Penggunaan Bangunan*) to expressly state LM Kuta as the type of building, in the form satisfactory to the purchaser;
- 3.4.14 the execution of the New Property CSPA by PT PPU and IndoCo, with the same terms and conditions as the Property CSPA;
- 3.4.15 the execution of the Termination Agreement, with terms to be mutually agreed by the parties to terminate the Property CSPA on the same date as the execution of the New Property CSPA;
- 3.4.16 the execution of a confirmation agreement to confirm that upon execution of the New Property CSPA, the terms and conditions of the Deed of Indemnity (as defined below) will remain effective, in full force and effect and bind parties thereto;
- 3.4.17 the submission of the 2014 duly audited financial statements of PT Wisma Jatim Propertindo ("**PT WJP**"), a wholly owned subsidiary of the Sponsor, which will indemnify the Trustee against certain liabilities or damages suffered by the Trustee arising out of or in connection with the LM Kuta Acquisition (the "**Deed of Indemnity**"), and if required by Kuta1, IndoCo and/or the Trustee in their discretion, the change of the identity of the indemnifying party to a party acceptable by IndoCo and the Trustee and any amendments, supplements, novation, assignments and/or extension to the Deed of Indemnity as may be required to give effect to the foregoing in form and substance satisfactory to the Trustee and IndoCo or Kuta1 (as the case may be); and
- 3.4.18 the execution of a supplemental conditional sale and purchase agreement which shall include the final forms of the LM Kuta Master Lease Agreements and the execution of the LM Kuta Master Lease Agreements in the form as attached to the supplemental conditional sale and purchase agreement.

In the event that not all (but at least 50% of the leases by total number of tenants at LM Kuta and by total lease income of LM Kuta) of the leases in relation to LM Kuta are novated to IndoCo with effect from the date of completion of the LMK Acquisition, PT PPU will have a six months grace period commencing from the date of completion of the LM Kuta Acquisition to novate the remainder of the leases, and during this period, PT PPU shall pay rental fees and service charges in relation to these leases without any deductions to IndoCo, and such rental fees and services charges shall be paid on a monthly basis. If PT PPU fails to fully novate the remainder of the leases at the end of this six months grace period, PT PPU shall pay to IndoCo the total rental fees and service charges (if any) for the remaining term of these leases.

### 3.5 Deed of Indemnity relating to LM Kuta

The Trustee has also entered into the Deed of Indemnity with PT WJP pursuant to which PT WJP will indemnify the Trustee against certain liabilities or damages suffered by the Trustee arising out of or in connection with the LM Kuta Acquisition, subject to certain terms and conditions.

### **3.6 LM Kuta Lease Agreements**

It is currently intended that upon completion of the LM Kuta Acquisition, IndoCo will enter into the following leases:

- (i) the Car Park Lease Agreement pursuant to which the lease over the car park space will be granted for an annual rental of Rp.3,940 million, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis;
- (ii) the Casual Leasing Agreement pursuant to which the lease over the casual leasing space will be granted for an annual rental of Rp.9,382 million, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis; and
- (iii) the Specialty Tenants Lease Agreements pursuant to which the lease over the space to specialty tenants and a food court will be granted for an annual rental of Rp.32,969 million, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis.

The leases pursuant to the LM Kuta Master Lease Agreements are intended to be granted for a lease term of five years each, commencing from the date of completion of the LM Kuta Acquisition. The Manager will make a separate announcement once the full terms of the LM Kuta Master Lease Agreements have been agreed.

### **3.7 Total Acquisition Cost**

The Total LM Kuta Acquisition Cost is currently estimated to be approximately S\$92.7 million, comprising the following:

- (i) the LM Kuta Purchase Consideration of S\$81.6 million;
- (ii) the VAT of S\$7.8 million;
- (iii) the LM Kuta Acquisition Fee of S\$0.8 million payable to the Manager pursuant to Clause 15.2.1 of the Trust Deed which shall be payable in the form of LM Kuta Acquisition Fee Units; and
- (iv) the estimated professional and other fees and expenses of approximately S\$2.5 million to be incurred by LMIR Trust in connection with the LM Kuta Acquisition.

### **3.8 Method of Financing the LM Kuta Acquisition**

Rp.900.6 billion (S\$91.9 million) of the Total LM Kuta Acquisition Cost will be paid in cash on the date of completion of the LM Kuta Acquisition. The cash portion of the Total LM Kuta Acquisition Cost is expected to be financed via proceeds from the issuance of bonds and/or debt financing facilities from banks. The final decision regarding the method of financing to be employed will be made at the appropriate time taking into account the relevant market conditions.

### **3.9 Interested Person Transaction and Interested Party Transaction**

As at 6 January 2016, the Manager has a direct interest in 116,438,144 Units (comprising 4.16% of the total number of issued Units). The Manager is wholly-owned by Peninsula Investment Limited ("**Peninsula**"), a wholly-owned subsidiary of Jesselton Investment Ltd which is in turn a wholly-owned subsidiary of the Sponsor. The Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i)

29.2% in LMIR Trust and (ii) 100% in the Manager, and is therefore regarded as a “Controlling Unitholder”<sup>8</sup> of LMIR Trust and a “Controlling Shareholder”<sup>9</sup> of the Manager respectively under both the Listing Manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, PT PPU, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) is an Interested Person<sup>10</sup> and Interested Party<sup>11</sup> of LMIR Trust.

As such, each of the Transactions will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and also an Interested Party Transaction under paragraph 5 of the Property Funds Appendix for which Unitholders’ approval is required. Accordingly, the approval of Unitholders is sought for the Transactions.

#### **4. PRO FORMA FINANCIAL EFFECTS OF THE LM KUTA ACQUISITION**

##### **4.1 Pro Forma Financial Effects**

The pro forma financial effects of the LM Kuta Acquisition 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 nine months ended 30 September 2015 (the “**9M2015 Unaudited Financial Statements**”),

and assuming:

- (a) the Total LM Kuta Acquisition Cost of S\$92.7 million, of which S\$91.9 million will be paid in cash; and

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8 “controlling unitholder” means a person who:

- (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

9 “controlling shareholder” means a person who:

- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

10 As defined in the Listing Manual, means:

- (a) a director, chief executive officer or controlling shareholder of the manager, or the manager, the trustee, or controlling unitholder of LMIR Trust; or
- (b) 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.

11 As defined in the Property Funds Appendix, means:

- (a) a director, chief executive officer or controlling shareholder of the manager, or the manager, the trustee, or controlling unitholder of LMIR Trust; or
- (b) 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.

- (b) S\$91.9 million of the cash component of the Total LM Kuta Acquisition Cost is funded by proceeds from the issuance of 5-year bonds<sup>12</sup>.

## 4.2 Nine Months ended 30 September 2015

### Pro Forma DPU and Distribution Yield

The pro forma financial effects of the LM Kuta Acquisition on the DPU and distribution yield for the nine months ended 30 September 2015, as if LMIR Trust had purchased LM Kuta on 1 January 2015, and held and operated LM Kuta through to 30 September 2015, are as follows:

	As at 30 September 2015	
	Before the Acquisition <sup>(1)</sup>	After the Acquisition
Distributable Income (S\$'000)	62,863	63,735
Units in issue and to be issued	2,792,798,480	2,795,958,549 <sup>(2)</sup>
DPU (cents)	2.29	2.32
Distribution yield (annualised)	9.5% <sup>(3)</sup>	9.7% <sup>(3)</sup>

**Notes:**

- (1) Based on the 9M2015 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of (i) the LM Kuta Acquisition Fee in Units, and (ii) the performance fees as a result of additional Net Property Income after the LM Kuta Acquisition.
- (3) Based on the DPU divided by the closing price on 30 September 2015 of S\$0.32.

### Pro Forma NAV per Unit

The pro forma financial effects of the LM Kuta Acquisition on the NAV per Unit as at 30 September 2015, as if LMIR Trust had purchased LM Kuta on 30 September 2015, are as follows:

	As at 30 September 2015	
	Before the Acquisition <sup>(1)</sup>	After the Acquisition
NAV (S\$'000)	1,042,113	1,042,898
Units in issue and to be issued	2,792,798,480	2,795,250,422 <sup>(2)</sup>
NAV per Unit (cents)	37.31	37.31

**Notes:**

- (1) Based on the 9M2015 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of the LM Kuta Acquisition Fee in Units.

<sup>12</sup> For the avoidance of doubt, the actual method of funding could be via issuance of bonds and/or debt financing facilities from banks and the final decision regarding the method of financing to be employed will be made at the appropriate time taking into account the relevant market conditions.

### Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 30 September 2015, as if LMIR Trust had purchased LM Kuta on 30 September 2015.

	<b>As at 30 September 2015</b>	
	<b>Actual<sup>(1)</sup></b>	<b>As adjusted for the Acquisition</b>
	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>		
Unsecured	200,000	200,000
Secured	-	-
Total short-term debt	200,000	200,000
<b>Long-term debt:</b>		
Unsecured	350,000	442,000
Secured	145,000	145,000
Total long-term debt	495,000	587,000
Total Debt	695,000	787,000
Unitholders funds	1,042,113	1,042,898
<b>Total Capitalisation</b>	<b>1,737,113</b>	<b>1,829,898</b>

**Note:**

(1) Based on the 9M2015 Unaudited Financial Statements.

### 4.3 Financial Year ended 31 December 2014

#### Pro forma DPU

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

	<b>FY2014</b>	
	<b>Before the Acquisition<sup>(1)</sup></b>	<b>After the Acquisition</b>
Distributable Income (S\$'000)	68,014	69,172
Units in issue and to be issued	2,701,802,668	2,704,575,338 <sup>(2)</sup>
DPU (cents)	2.76	2.80
Distribution yield	8.1% <sup>(3)</sup>	8.2% <sup>(3)</sup>

**Notes:**

- (1) Based on the FY2014 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of (i) the LM Kuta Acquisition Fee in Units, and (ii) the performance fees as a result of additional Net Property Income after the LM Kuta Acquisition.
- (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 LM Kuta Acquisition on the NAV per Unit as at 31 December 2014, as if LMIR Trust had purchased LM Kuta on 31 December 2014, are as follows:

	As at 31 December 2014	
	Before the Acquisition <sup>(1)</sup>	After the Acquisition
NAV (S\$'000)	1,149,730	1,150,583
Units in issue and to be issued	2,701,802,668	2,704,312,742 <sup>(2)</sup>
NAV per Unit (cents)	42.55	42.55

#### Notes:

- (1) Based on the FY2014 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of the LM Kuta Acquisition Fee in 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 LM Kuta on 31 December 2014.

	As at 31 December 2014	
	Actual <sup>(1)</sup>	As adjusted for the Acquisition
	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>		
Unsecured	200,000	200,000
Secured	-	-
Total short-term debt	200,000	200,000
<b>Long-term debt:</b>		
Unsecured	275,000	367,000
Secured	155,000	155,000
Total long-term debt	430,000	522,000

Total Debt	630,000	722,000
Unitholders funds	1,149,730	1,150,583
<b>Total Capitalisation</b>	<b>1,779,730</b>	<b>1,872,583</b>

**Note:**

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

## 5. OTHER INFORMATION

### 5.1 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 LM Kuta Acquisition);
- (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.

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 (i) such transaction is in the ordinary course of LMIR Trust's business or (ii) in the case of an acquisition of profitable assets, the only limit breached is the profit test set out in sub-paragraph 5.1(i) above.

None of the relative figures in relation to the LM Kuta Acquisition computed on the bases set out above exceed 20.0%. Furthermore, the LM Kuta Acquisition is not a major transaction under Chapter 10 of the Listing Manual as it is within LMIR Trust's ordinary course of business. However for the purposes of illustration to Unitholders, the relative figures for the LM Kuta Acquisition using the applicable bases of comparison described in sub-paragraphs 5.1(ii) and 5.1(iii) are set out in the table below.

Comparison of:	The Property	LMIR Trust	Relative Figure
Net Property Income <sup>(1)(2)</sup>	LM Kuta: Rp.72.0 billion (S\$7.3 million)	Rp.1,234.9 billion (S\$126.0 million)	5.8%
Purchase Consideration against LMIR Trust's market capitalisation	LM Kuta: Rp.800.0 billion (S\$81.6 million)	LMIR Trust's market capitalisation: S\$895.3 million <sup>(3)(4)</sup>	9.1%

**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 the closing price of S\$0.32 per Unit on the SGX-ST on 6 January 2016.  
(4) Based on Units in issue as at 6 January 2016.

## 5.2 Interests of Directors and Substantial Unitholders<sup>13</sup>

### 5.2.1 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	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Mr Albert Saychuan Cheok	400,000	0.014	-	-	400,000	0.014
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 2,797,814,196 issued Units as at the date of this announcement.

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

### 5.2.2 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	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Bridgewater International Ltd ("BIL")	700,444,940	25.04	-	-	700,444,940	25.04
PT Sentra Dwimandiri ("PTSD") <sup>(2)</sup>	-	-	700,444,940	25.04	700,444,940	25.04
The Sponsor <sup>(3)</sup>	-	-	816,883,084	29.20	816,883,084	29.20

<sup>13</sup> "Substantial Unitholders" refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Wealthy Fountain Holdings Inc	202,938,500	7.25	-	-	202,938,500	7.25
Shanghai Summit Pte Ltd <sup>(4)</sup>	-	-	224,938,500	8.04	224,938,500	8.04
Tong Jinquan <sup>(5)</sup>	-	-	224,938,500	8.04	224,938,500	8.04

**Notes:**

- (1) Percentage interest is based on 2,797,814,196 Units in issue as at the date of this announcement.
- (2) BIL is controlled by PTSD. PTSD is therefore deemed to be interested in 700,444,940 Units in which BIL has an interest.
- (3) BIL is controlled by PTSD, which is in turn controlled by the Sponsor. The Sponsor is therefore deemed to have an interest in 700,444,940 Units in which BIL has an interest. The Manager is controlled by Peninsula, which in turn is controlled by the Sponsor. The Sponsor is therefore also deemed to be interested in 116,438,144 Units held by the Manager.
- (4) Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and is therefore deemed to be interested in 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held Skyline Horizon Consortium Ltd.
- (5) Tong Jinquan is the sole shareholder of Shanghai Summit Pte Ltd which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly is deemed to be interested in 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held by Skyline Consortium Ltd.

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 29.20% in LMIR Trust and is deemed to be a Controlling Unitholder of LMIR Trust.

### 5.3 Directors' Service Contracts

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

### 5.4 Existing Interested Person Transactions

Prior to the date of this announcement, LMIR Trust has not entered into any Interested Person Transactions, including leases, with the Sponsor and/or any associate of the Sponsor in the current financial year.

### 5.5 Opinion of the Audit and Risk Committee and Independent Financial Adviser

Pursuant to Rule 917(4)(a)(ii) of the Listing Manual, the audit and risk committee of the Manager, comprising Mr Lee Soo Hoon Phillip, Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Douglas Chew (the "**Audit and Risk Committee**"), will obtain an opinion from an independent financial adviser (the "**IFA**") to be appointed, on whether or not the Transactions are (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and its minority Unitholders.

The Audit and Risk Committee will form its views on the Transactions after taking into account the opinion of the IFA.

## 6. 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 049321<sup>14</sup> from the date of this announcement up to and including the date falling three months after the date of the Unitholders' circular to be issued in relation to the Transactions (the "**Unitholders' Circular**") seeking approval for the Transactions:

- (i) the Property CSPA;
- (ii) the Deed of Indemnity;
- (iii) the full valuation report issued by W&R;
- (iv) the full valuation report issued by Rengganis;
- (v) the FY2014 Audited Consolidated Financial Statements; and
- (vi) the 9M2015 Unaudited Financial Statements.

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.

## 7. FURTHER DETAILS

The Unitholders' Circular in relation to the Transactions, together with a notice of the EGM to be convened, will be despatched to Unitholders in due course after approval has been received from the SGX-ST in relation to the Unitholders' Circular.

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

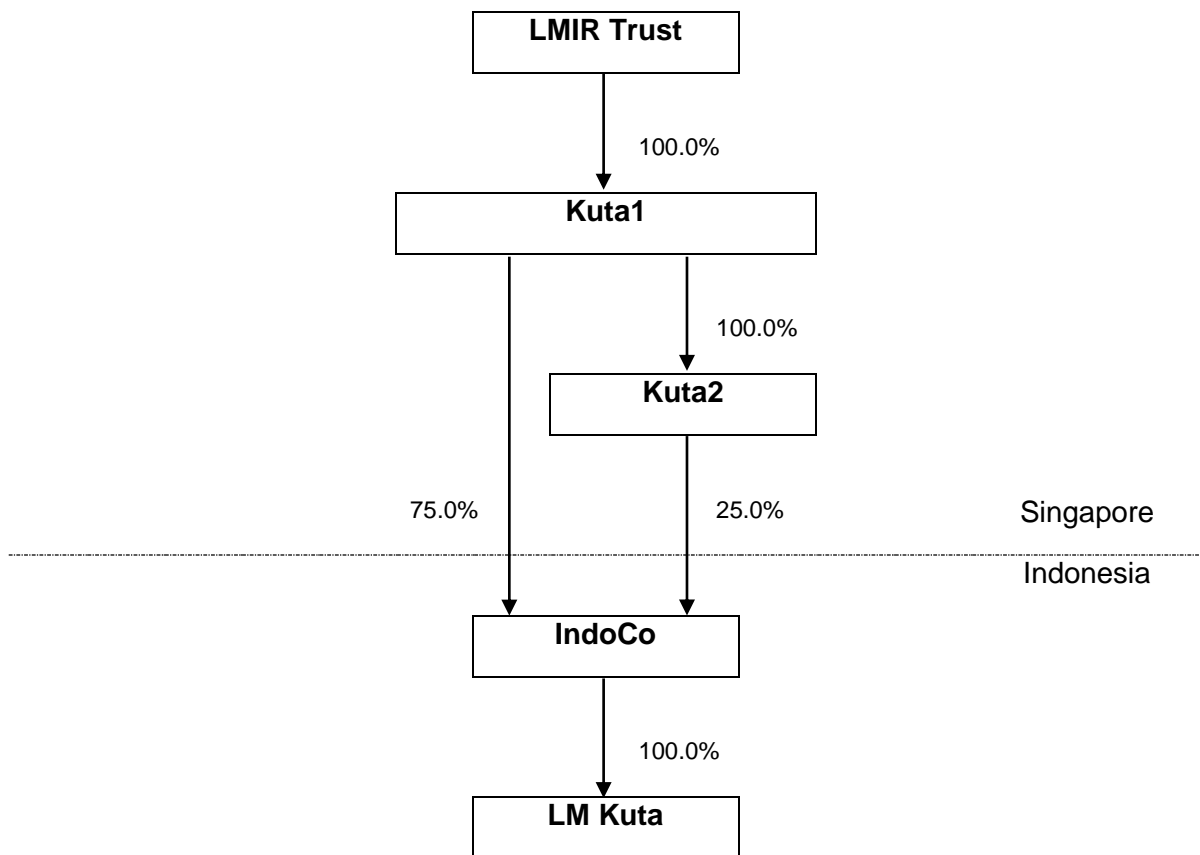
8 January 2016

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<sup>14</sup> Prior appointment with the Manager will be appreciated.

## APPENDIX A

Chart illustrating the structure under which LM Kuta is proposed to be held by LMIR Trust upon completion of the LM Kuta 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.