



LIPPO MALLS INDONESIA RETAIL TRUST

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

## ANNOUNCEMENT

### IN RELATION TO NEW TAX REGULATIONS ON INCOME RECEIVED OR EARNED FROM LAND AND/OR BUILDING LEASES IN INDONESIA

LMIRT Management Ltd., as manager of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**") wishes to announce that the Indonesian Government has passed certain amendments to the regulations regarding payment of income tax on income received or earned from land and/or building leases in Indonesia effective from 2 January 2018.

Pursuant to Government Regulation Number 34 of 2017, all income received or earned from land and/or building leases in Indonesia are subject to income tax at 10% of the gross amount of the value of the land and/or building lease which comprises the total amount that is paid or acknowledged as debt by a tenant in any form whatsoever, including service charges and utilities recovery charges ("**New Regulations**"). Previously, property owners were not liable to pay income tax on such charges which are paid by tenants to a third-party operator appointed by the property owner to manage and maintain the property. However, following the implementation of Government Regulation Number 34 of 2017, tenants are now required to withhold income tax on service charges and utilities recovery charges as well, notwithstanding that these are not paid to the property owner.

As certain maintenance services for LMIR Trust's properties, such as cleaning and maintenance of utilities, are outsourced to a third-party service provider, which collects service charges and utilities recovery charges from the tenants, the new requirement for tenants to withhold income tax on service charges and utilities recovery charges may have a material impact on LMIR Trust.

The Manager, together with LMIR Trust's property manager, has been actively assessing the impact of the New Regulations on LMIR Trust and the following sets out the pro forma financial effects of the New Regulations on the distributions per Unit ("**DPU**") and the net asset value ("**NAV**") per Unit.

#### Pro Forma Financial Effects

##### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the New Regulations presented below are **strictly for illustrative purposes only** and were prepared based on the audited consolidated financial statements of LMIR Trust and its subsidiaries for FY2017 (the "**FY2017 Audited Consolidated Financial Statements**").

#### Pro Forma DPU

The pro forma financial effects of the New Regulations on the DPU and distribution yield for the year ended 31 December 2017, as if the New Regulations were in effect on 1 January 2017, are as follows:

	FY2017	
	Before the New Regulations <sup>(1)</sup>	After the New Regulations
Distributable Income (S\$'000)	96,960	90,179
Units in issue and to be issued	2,823,987,723	2,823,987,723
DPU (cents)	3.44	3.19
Distribution yield <sup>(2)</sup>	8.6%	8.0%

**Notes:**

(1) Based on the FY2017 Audited Consolidated Financial Statements.

(2) Based on the DPU divided by the closing price on 29 December 2017 of S\$0.40.

**Pro Forma NAV per Unit**

The New Regulations do not have any effect on the pro forma NAV per Unit as at 31 December 2017, assuming that the New Regulations were in effect as at 31 December 2017.

After the New Regulations, the pro forma NAV per Unit remains unchanged at 32.16 cents as at 31 December 2017.

By Order of the Board

LMIRT MANAGEMENT LTD.

(As manager of Lippo Malls Indonesia Retail Trust)

(UEN/Company registration number: 200707703M)

Chan Lie Leng

Executive Director and Chief Executive Officer

11 April 2018

**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.