



Lippo Malls Indonesia Retail Trust

**Update on the Acquisition of
Lippo Mall Puri**



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Acquisition Highlights

Acquisition Highlights



Notes:

1 Cushman & Wakefield VHS Pte Ltd

2 Colliers International Consultancy & Valuation (Singapore) Pte Ltd

3 Acquisition cost includes purchase consideration of \$330.2m, BPHTB & VAT of S\$49.5m, professional and other fees of S\$11.3m and acquisition fees of S\$1.65m. The acquisition cost excluding the acquisition fees is at S\$ 391.0m

Property Type	Retail Mall (part of St. Moritz Jakarta Integrated Development)				
Purchase Consideration	Rp. 3,500 billion				
Valuation					
	Valuer	With vendor support (Rp. bn)	Discount to valuation	Without vendor support (Rp. bn)	Discount to valuation
	Cushman ¹	3,762	7.0%	3,572	2.0%
	Colliers ²	3,970	11.8%	3,680	4.9%
	Average	3,866	9.5%	3,626	3.5%
NPI Yield	9.71% (with vendor support)				
Financing	Debt financing (comprising bank facilities and Vendor Financing), and proceeds from Rights Issue				
Vendor Support	Vendor to provide NPI Guarantee till 31 December 2024				
Cost	S\$ 392.65 million ³				

Vendor Support Agreement

Key Terms:

- Vendor will provide NPI Guarantee from completion till 31 December 2024
 - NPI Guarantee of Rp.340.0 billion per annum
-

Rationale:

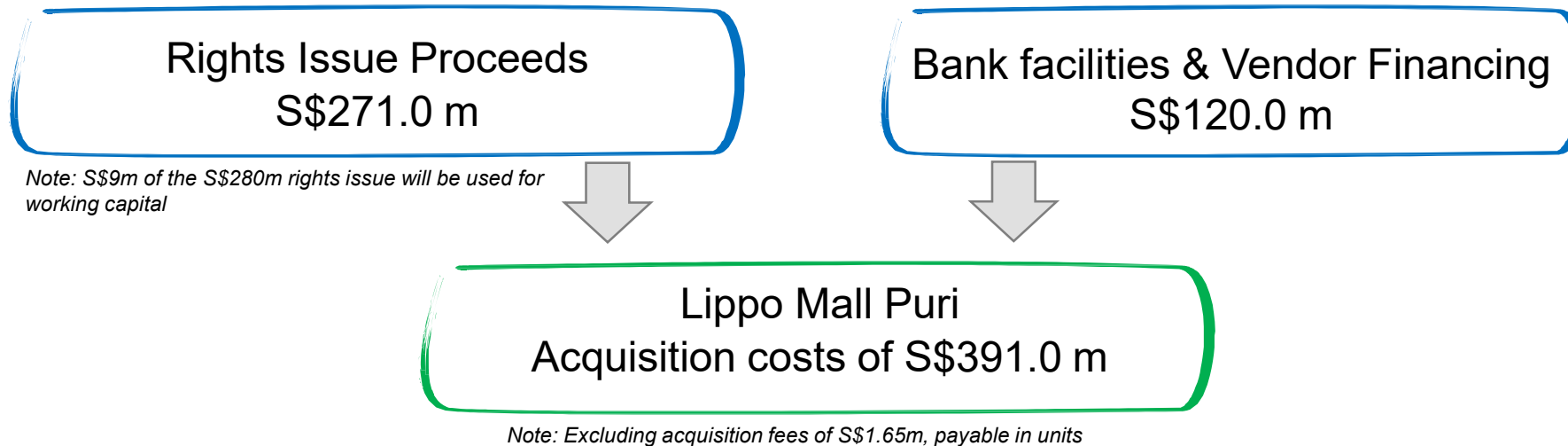
- To benefit from the additional stability of rental income and downside protection during the initial ramping up period as Lippo Mall Puri continues to mature
 - Allows the Property to provide a stable level of income to mitigate the short-term uncertainties caused by the Covid-19 pandemic
 - For the property income to be in line with the income of comparable retail malls in West Jakarta during the Vendor Support Period.
-

Sustainability:

- Both Independent Valuers view that the estimated NPI will be achievable by the underlying revenue after the expiry of the Vendor Support Period

Proposed Funding Structure

- The Manager proposes to raise gross proceeds of approximately S\$280.0 million through a renounceable non-underwritten Rights Issue.
- the Acquisition Cost of S\$391.0 million in cash is expected to be funded by S\$271.0 million of equity from the Rights Issue proceeds and S\$120.0 million of debt financing facilities comprising bank facilities and Vendor Financing



In support of LMIR Trust and the rights issue, the Sponsor has provided an irrevocable undertaking to take up its full pro rata stake in the rights issue, and apply for all the excess rights units not taken up by the other unitholders up to 100% of the total number of rights units

Lippo Mall Puri

Lippo Mall Puri

Description	<ul style="list-style-type: none"> Two eight-storey buildings and two lower ground floors connected by an underground and overhead retail walkway Part of the St. Moritz Jakarta Integrated Development, which is the largest mixed-use development in West Jakarta with a total construction floor area of approximately 850,000 sqm
Location	West Jakarta, Java
Year of Commencement	Commenced operations in 2014
GFA / NLA	175,146 sqm / 116,014 sqm (122,862 sqm upon restoration of the P2 Space) ¹
Key Tenants	Matahari Department Store, SOGO, Food Hall, Zara, Cinema XXI, Timezone, Uniqlo & H&M
Carpark Lots	4,285
Occupancy Rate (June 2020)	91.9% (89.9% upon restoration of the P2 Space)
WALE (June 2020)	3.4 years (by NLA)

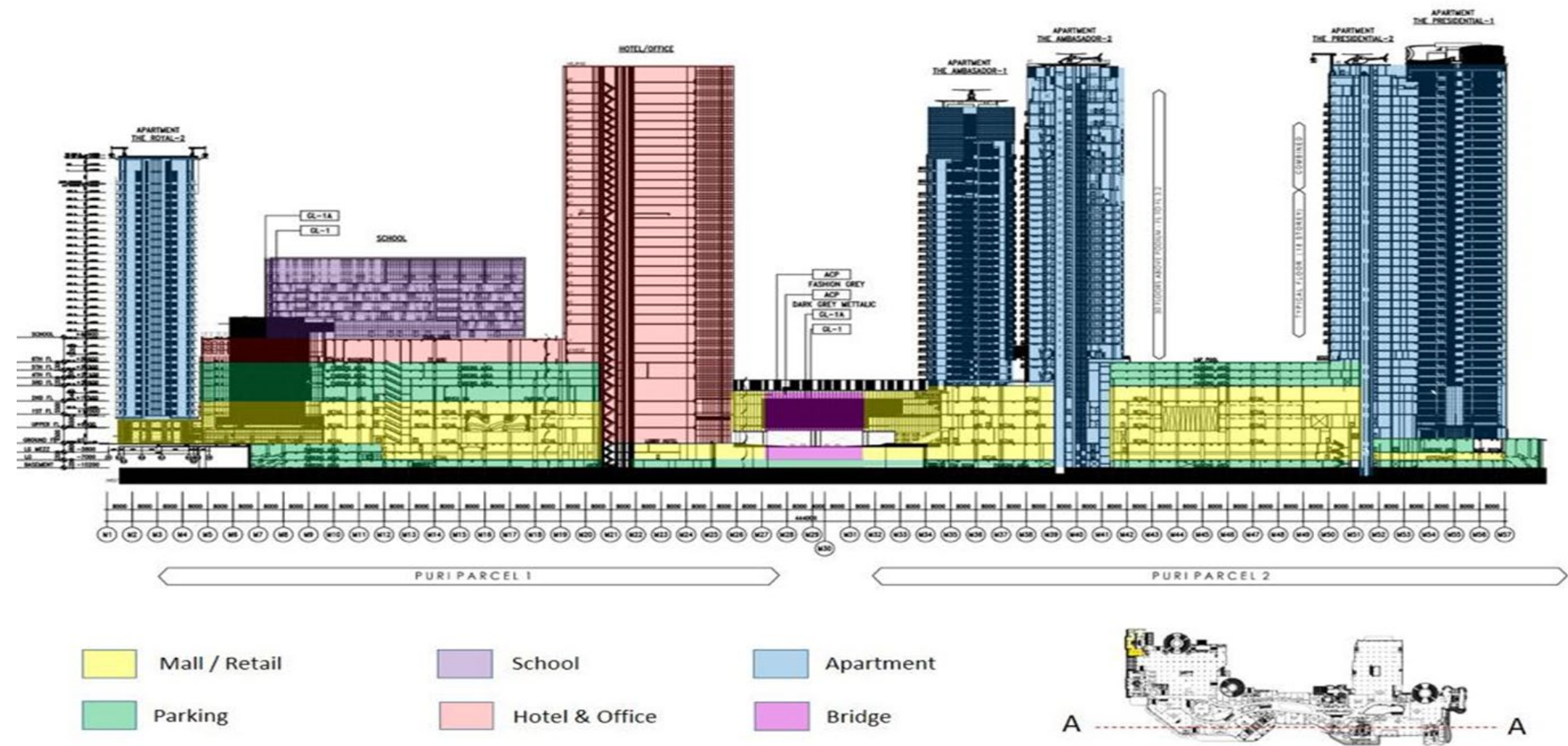
¹ The Sponsor is in the process of restoring a portion of the second floor on the left wing of the Property previously utilised as car park lots to its original function as leasable retail space (the "P2 Space"). The restoration of the P2 Space will add approximately 6,848 sq m of leasable retail space, thereby increasing total NLA of Lippo Mall Puri to approximately 122,862 sq m



Layout of St. Moritz



Cross section of St. Moritz





Rationale for Acquisition

Rationale for Acquisition

1 Strategic and iconic retail mall within a premium integrated development located within West Jakarta, an area with favourable demand and supply dynamics

∞
- Primary Catchment Area of around 1.5 million residents
- Limited future supply in West Jakarta representing only 7.9% of pipeline

2 Acquisition of a high-quality retail mall at an attractive price and attractive NPI Yield with potential for capital appreciation

∞
9.47% discount to the average of two valuations (with impact of COVID considered) and NPI Yield at 9.71%

3 Acquisition will result in a significant growth in Assets Under Management and NLA

∞
AUM and NLA to increase by 18.57% and 13.57% respectively

4 Enhanced product offering

∞
Increase Fashion, Entertainment and F&B sectors to 39.4% from 38.2%

5 Improve LMIR Trust's portfolio mix and strengthen its long-term growth in a post Covid-19 environment

∞
Recycle capital by divesting assets at the right time in their cycle and reinvesting into strategic and accretive assets

6 Larger market capitalisation may lead to improved trading liquidity

∞
Rights Issue will increase market capitalisation and may facilitate improvement in trading liquidity

7 Strong support from the Sponsor which has provided an irrevocable undertaking to apply for all the Excess Rights Units in the Rights Issue

∞
Commitment by the Sponsor reflects confidence in the growth prospects

Rationale for Acquisition

1 Strategic and iconic retail mall within a premium integrated development located within West Jakarta, an area with favourable demand and supply dynamics

Primary Catchment Area of around 1.5 million residents and working population of more than 670,000 workers

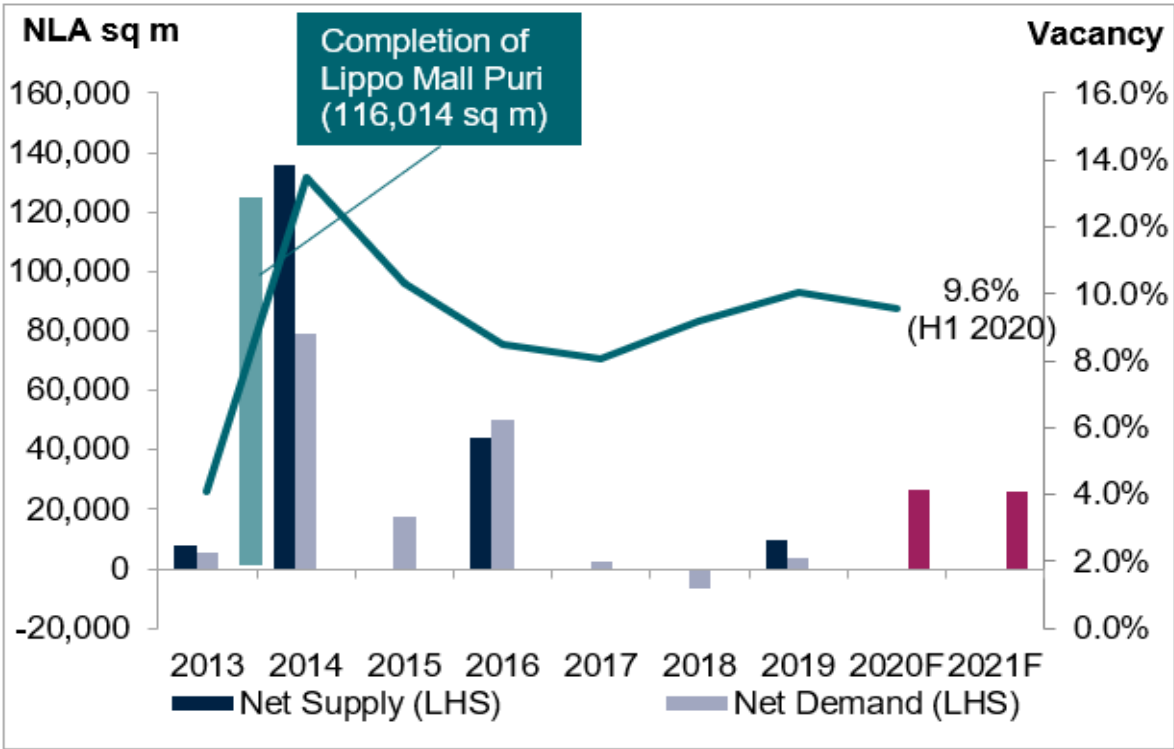
Map of the Property's Primary Catchment Area



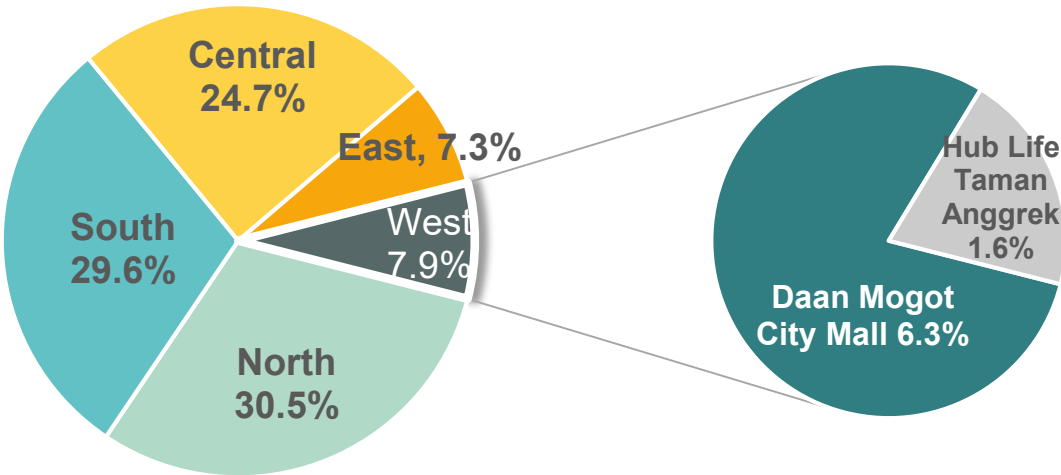
Rationale for Acquisition

1 Strategic and iconic retail mall within a premium integrated development located within West Jakarta, an area with favourable demand and supply dynamics

Limited future supply in West Jakarta of 32,500 sq m, representing only 7.9%, of the retail pipeline supply in Jakarta



Retail Supply in Jakarta between 2020 and 2022



Source: Independent Market Research Report by Savills Valuation and Professional Services (S) Pte Ltd

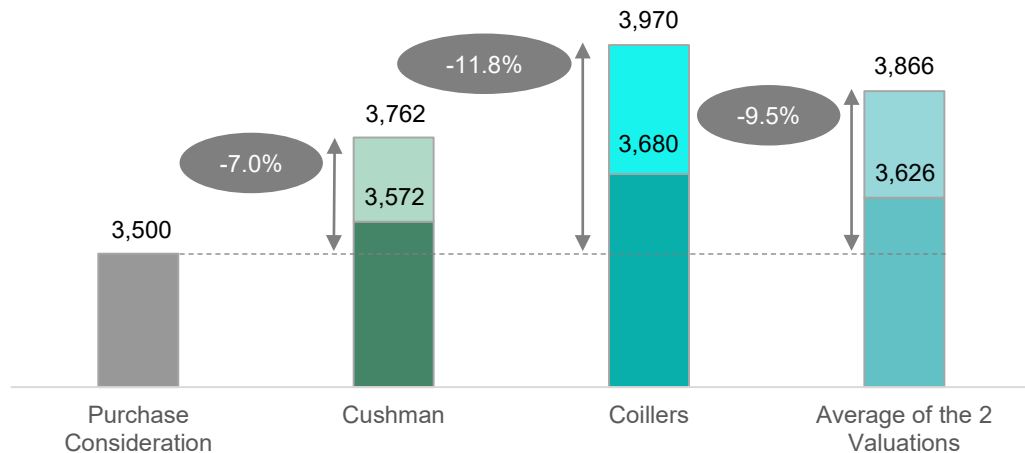
Rationale for Acquisition

2 Acquisition of a high-quality retail mall at an attractive price and attractive NPI Yield with potential for capital appreciation

9.47% discount to average of two valuations (after COVID 19 impact) and NPI Yield at 9.71%

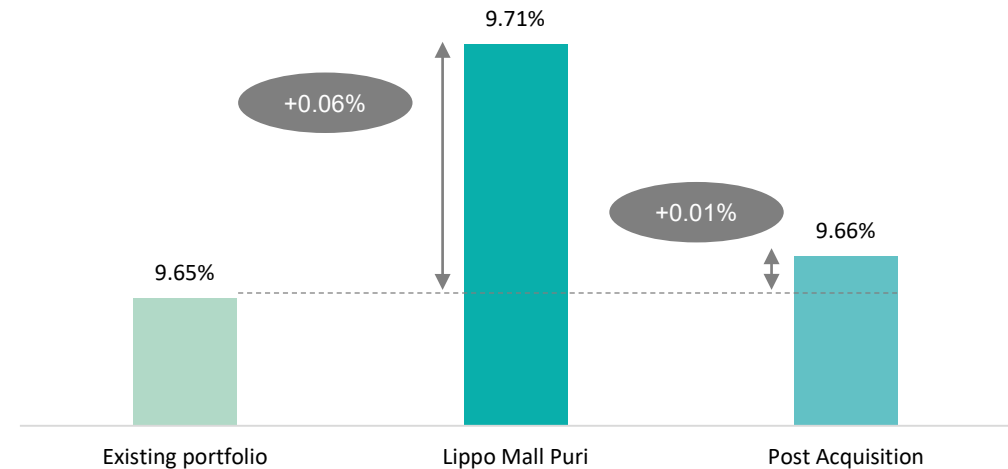
Purchase price at 7.0% discount to valuation by Cushman

Valuation (IDR bn)



NPI yield improve to 9.66%¹

NPI Yield



¹ Based on the Property's NPI for FY2019

- The valuations as of 30 June 2020, as well as the purchase consideration has been reduced compared to the announcement made on 12 March 2019, taking into consideration the impact of COVID-19
- Short-term impacts of Covid-19 presents a window of opportunity for the acquisition of the quality asset at an attractive price with long-term capital appreciation potential

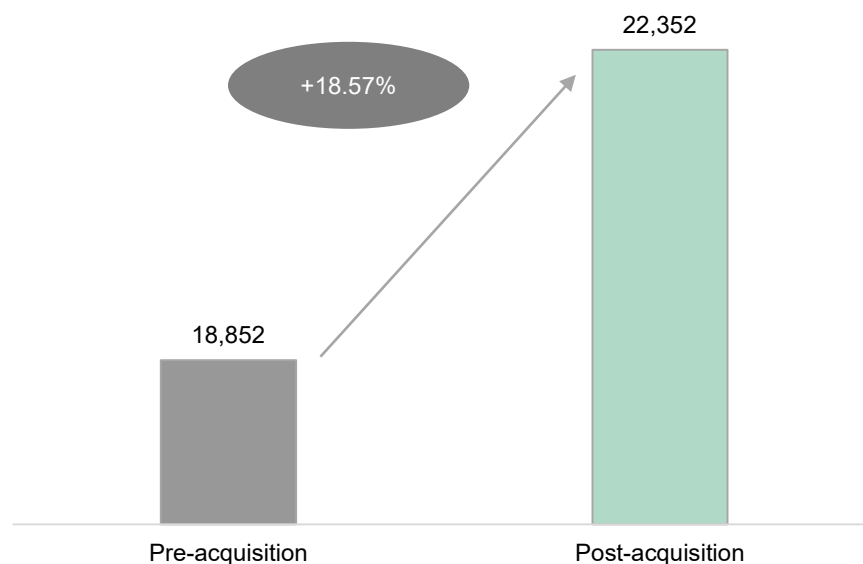
Rationale for Acquisition

3 Acquisition will result in a significant growth in Assets Under Management and NLA

AUM and NLA to increase by 18.57% and 13.57% respectively

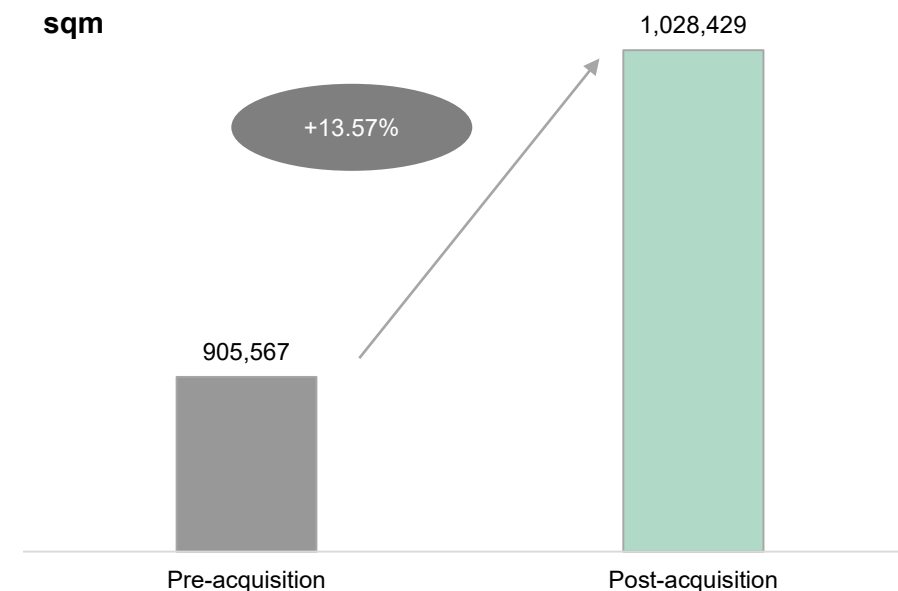
AUM¹ increase by 18.57%

IDR bn



NLA² increase by 13.57%

sqm



¹ Based on the existing portfolio valuation as at 31 December 2019 and the Purchase Consideration

² Based on the existing portfolio NLA as at 31 December 2019 and the NLA of Lippo Puri Mall (including post restoration of P2 Space)

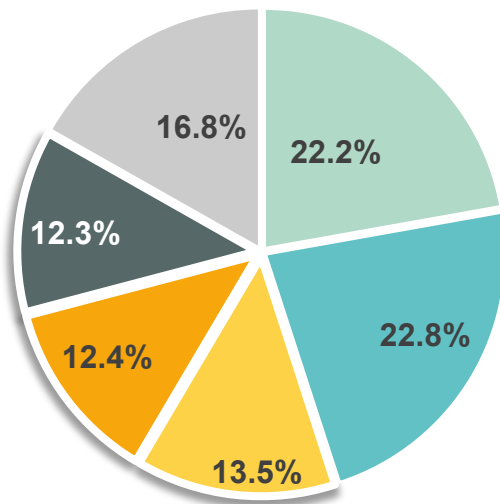
Rationale for Acquisition

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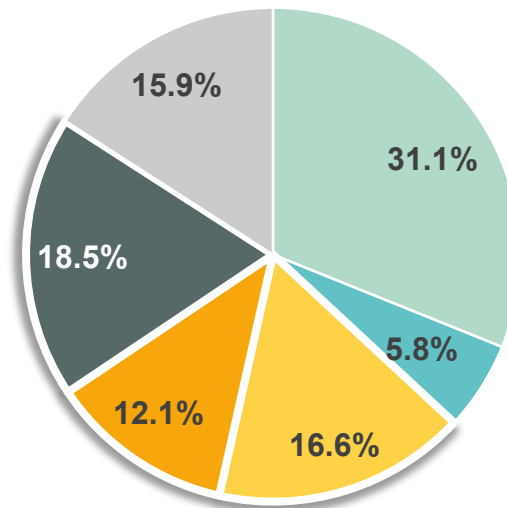
Enhanced product offering

Increase in exposure across Fashion, F&B and Entertainment sectors trade sectors from 38.2% to 39.4%

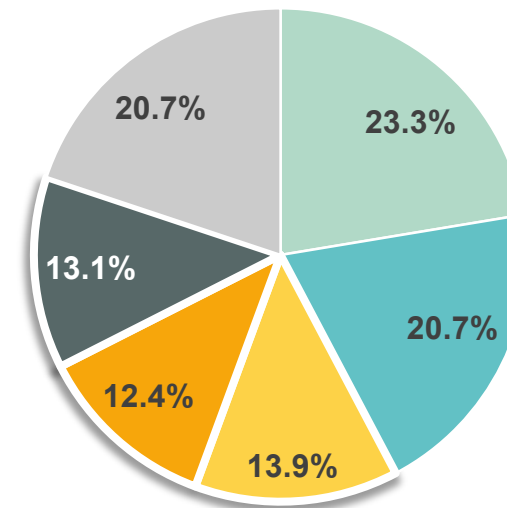
Existing Portfolio*



Lippo Mall Puri



Post-Acquisition*



- Enhances the quality of LMIR Trust trade sector mix and
- Allows LMIR Trust to capitalise on growing affluence and consumerism among upper-middle income class consumers in Indonesia

Rationale for Acquisition

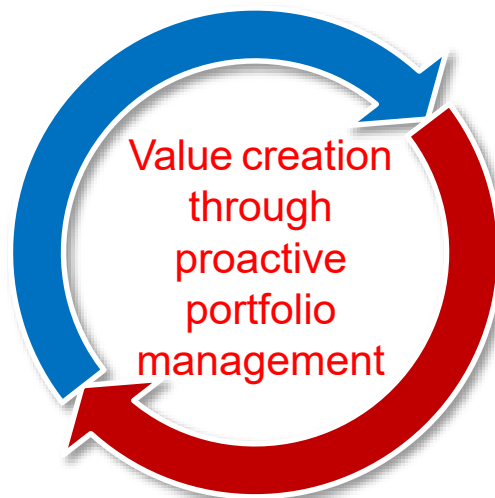
5 Improve LMIR Trust's portfolio mix and strengthen its long-term growth in a post Covid-19 environment

Recycle capital by divesting assets at the right time in their cycle and reinvesting into strategic and accretive assets

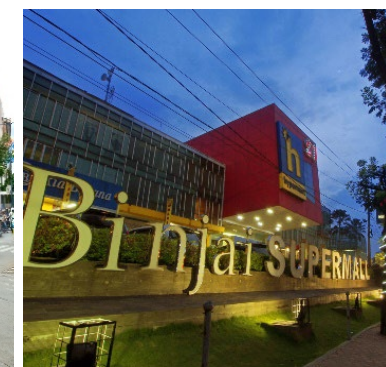
Lippo Mall Puri Acquisition



NLA (sqm)	122,862
Completion	2014
Tenants	333



Pejaten Village and Binjai Supermall Divestments



NLA (sqm)	42,210	23,432
Completion	2008	2007
Tenants	152	111

- As the flagship asset in LMIR Trust's portfolio, the Property would enhance the positioning and further strengthen the stability of LMIR Trust
- Acquisition of Lippo Mall Puri and recent divestment of Pejaten Village and Binjai Supermall is in line with LMIR Trust's long-term strategy to recycle capital and continuously improve the portfolio mix

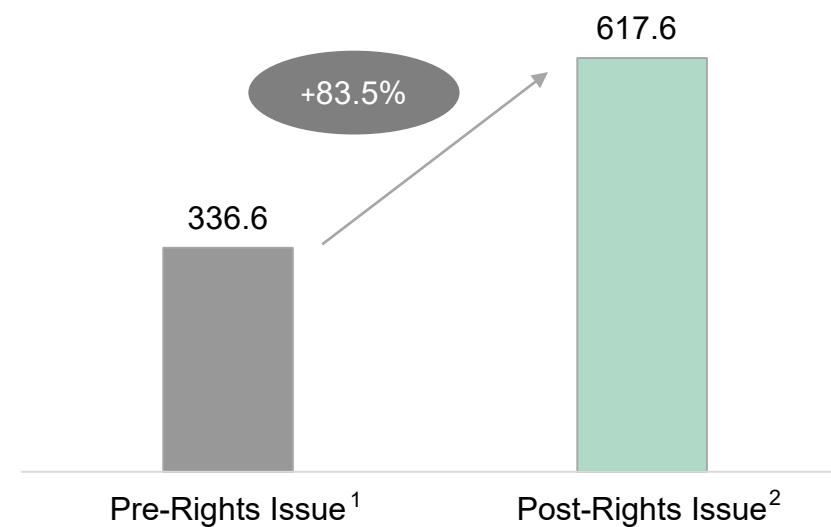
Rationale for Acquisition

6 Larger market capitalisation may lead to improved trading liquidity

Rights Issue will increase market capitalisation and may facilitate improvement in trading liquidity

- To part-finance the acquisition, the Manager will issue 4,682,872,029 Rights Units which will constitute 160% of the existing units.
- The Rights Issue will increase the market capitalisation of LMIR Trust and may facilitate improvement in the trading liquidity of Units on the SGX-ST.
- Increased market capitalisation and liquidity may potentially give LMIR Trust higher coverage and visibility within the research and investment community.

Market Capitalisation (S\$m)



¹ Pre-Rights Issue market capitalisation calculated based on the Closing Price of S\$0.115 as of 17 September 2020, multiplied by existing Units

² Post-Rights Issue market capitalisation calculated based on TERP of S\$0.081, multiplied by the aggregation of existing Units and the Rights Units

Rationale for Acquisition

7 Strong support from the Sponsor which has provided an irrevocable undertaking to apply for all the Excess Rights Units in the Rights Issue

Commitment by the Sponsor reflects Sponsor's confidence in the growth prospects

Alignment of sponsor's interest with that of LMIR Trust and Unitholders

Grant LMIR Trust a right of first refusal over its incoming-producing real estate

Undertaking to take up its full *pro rata* stake in the Rights Issue

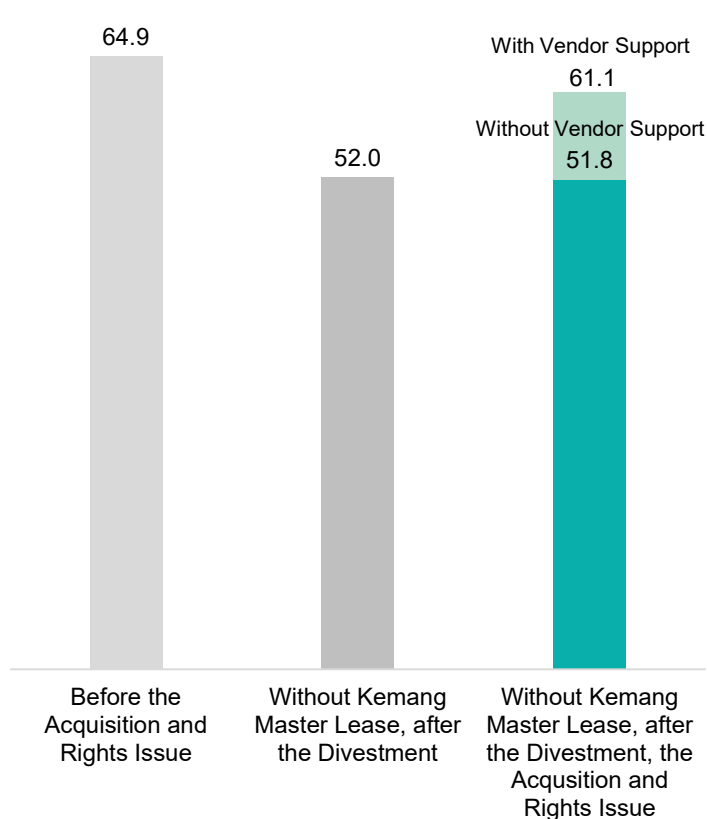
Undertaking to apply for all the Excess Rights Units



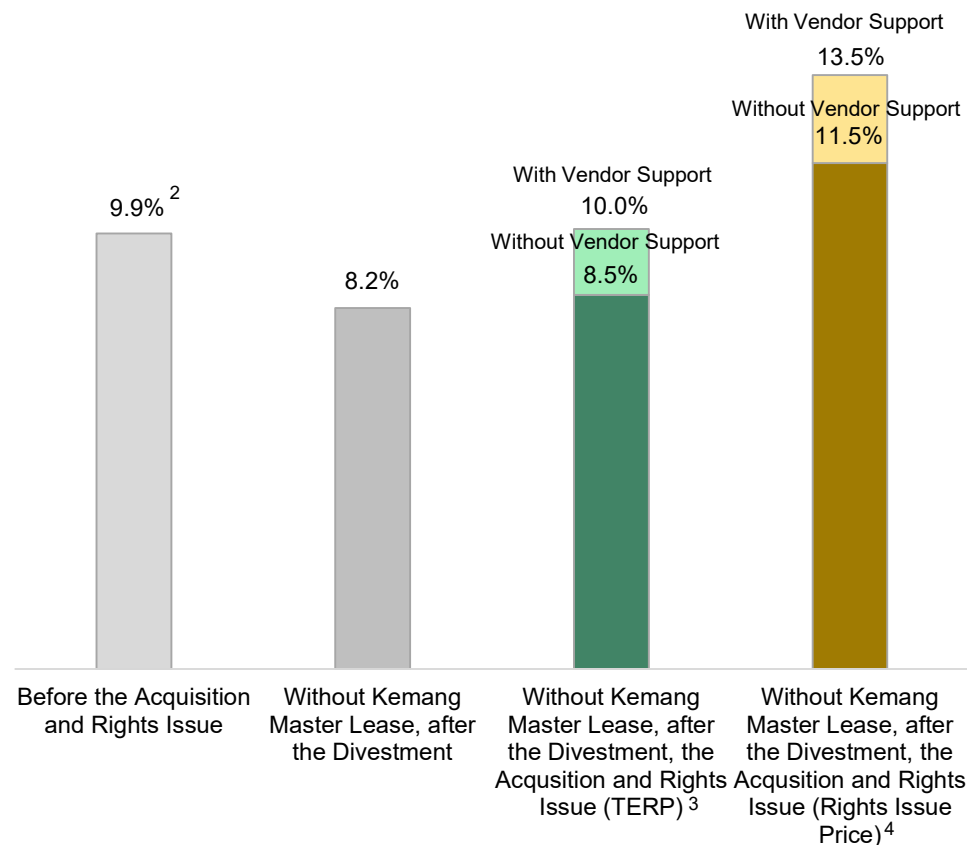
Pro Forma Effects

Pro Forma Effects (FY2019)

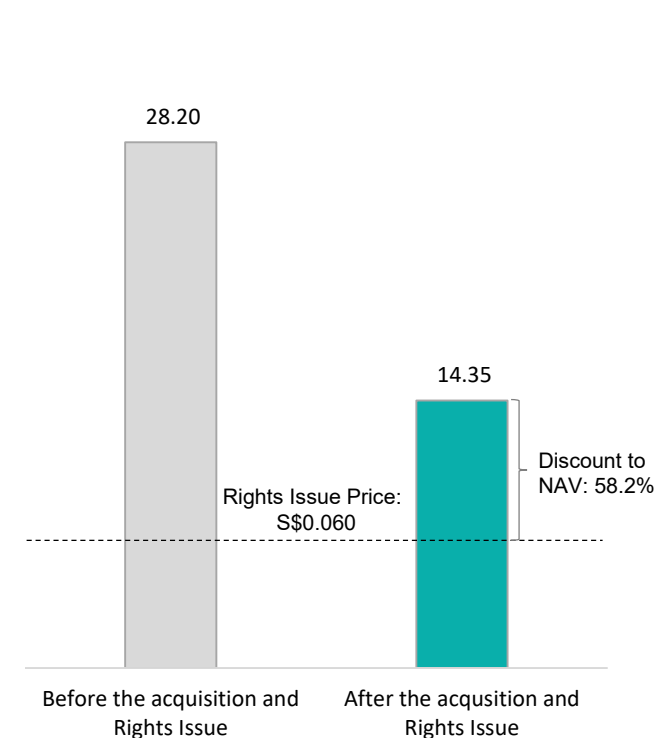
Distributable Income (S\$m)¹



DPU Yield (%)¹



NAV per Unit (cents)⁵



¹ Pro forma effects as if the Acquisition and Rights Issue were completed on 1 January 2019 and LMIRT held and operated the Property through to 31 December 2019

² Based on closing price of S\$0.225 as at 31 December 2019

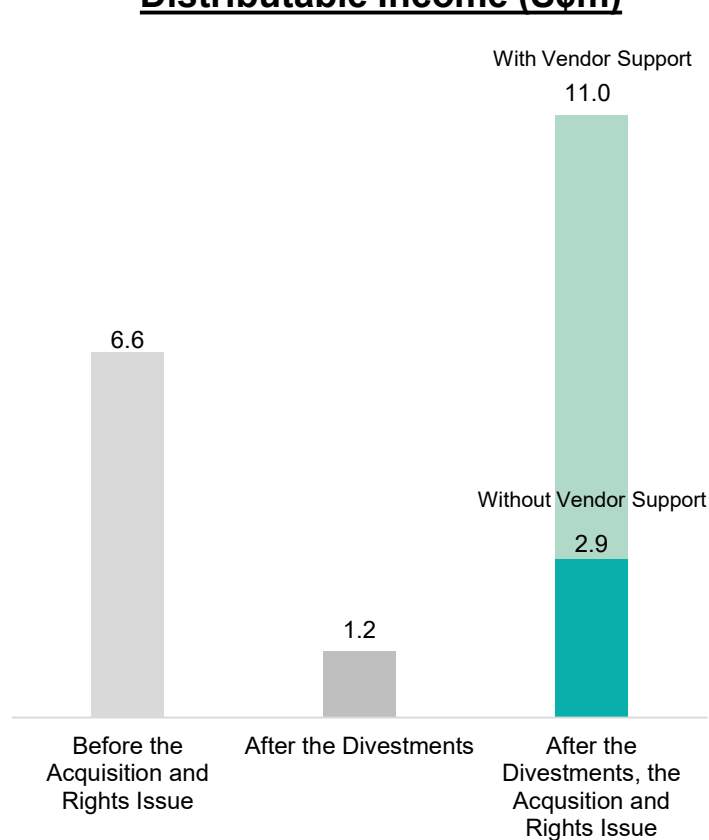
³ Based on TERP of S\$0.081 per Unit.

⁴ Based on Rights Issue price of S\$0.060

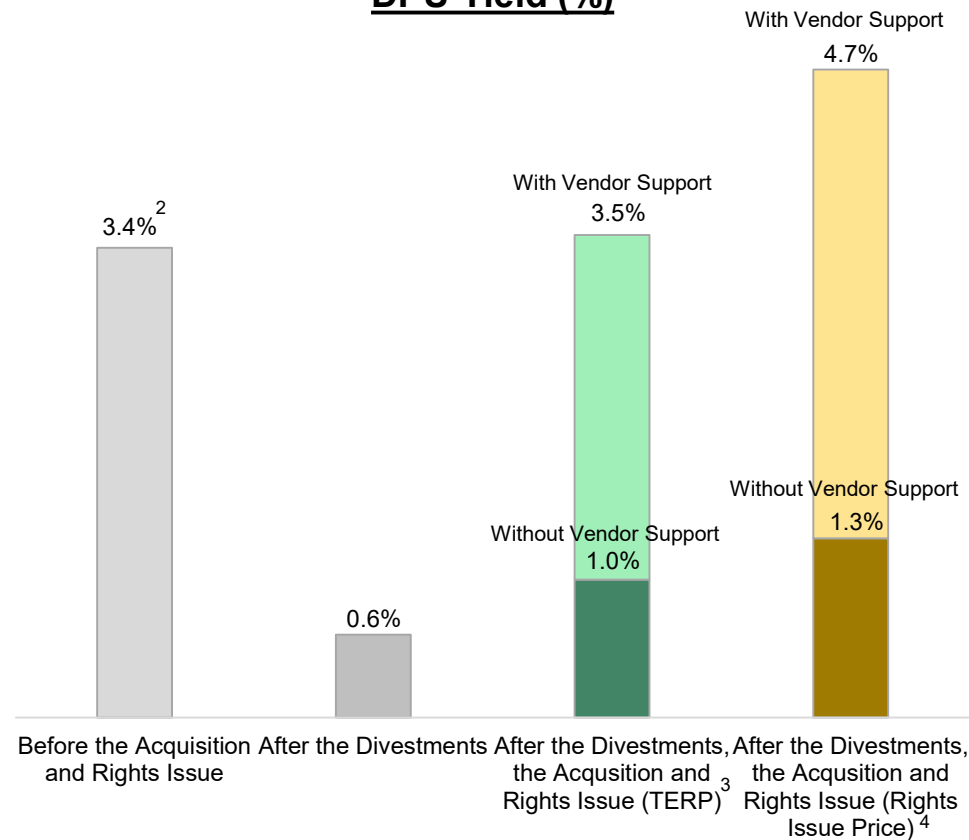
⁵ Pro forma effects on LMIRT as at 31 December 2019, as if the Acquisition and Rights Issue were completed on 31 December 2019, and based on net assets attributable to Unitholders and excluding the net assets attributable to holders of perpetual securities

Pro Forma Effects (6M2020)

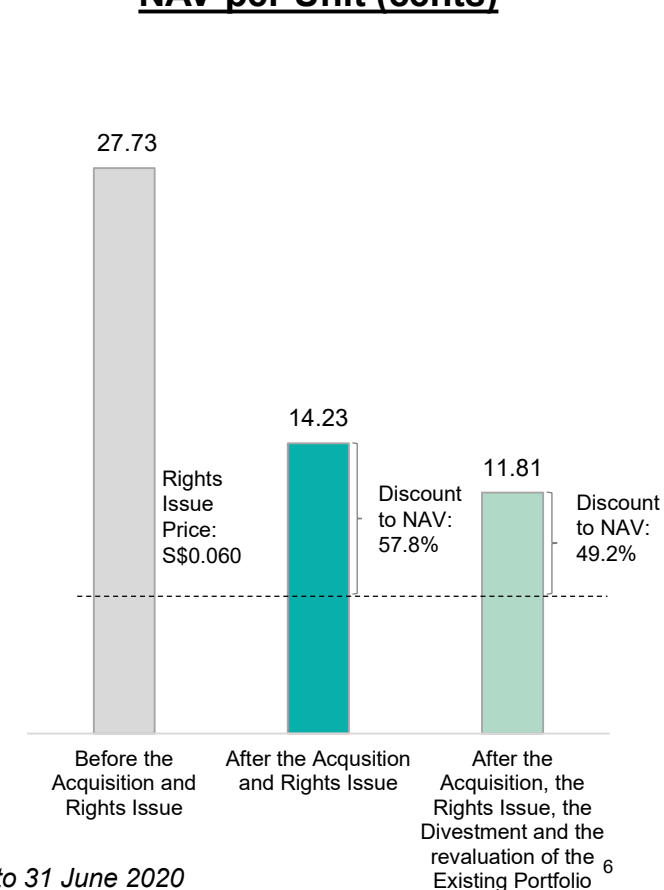
Distributable Income (S\$m)¹



DPU Yield (%)¹



NAV per Unit (cents)⁵



¹ Pro forma effects as if the Acquisition and Rights Issue were completed on 1 January 2020 and LMIRT held and operated the Property through to 31 June 2020

² Based on closing price of S\$0.135 as at 30 June 2020

³ Based on TERP of S\$0.081 per Unit.

⁴ Based on Rights Issue price of S\$0.060

⁵ Pro forma effects on LMIRT as at 30 June 2020, as if the Acquisition and Rights Issue were completed on 30 June 2020, and based on net assets attributable to Unitholders and excluding the net assets attributable to holders of perpetual securities

⁶ Based on a desktop valuation of the Existing Portfolio at 31 July 2020 with the total revised value of S\$1,538.7 million excluding the divestment assets and assuming the revaluation is recognised as of 30 June 2020



Conclusion

Conclusion

- 1** Proposed Acquisition, first announced in March 2019, will add to LMIRT's portfolio an iconic, irreplaceable landmark asset within an integrated development
- 2** Proposed Acquisition (with Vendor Support) will be done at discount to independent valuations (without Vendor Support) and will result in NPI Yield accretion to LMIRT's overall portfolio
- 3** Revised purchase consideration of Rp.3,500.0 billion represents a meaningful discount for a prime asset (5.4% lower than Rp. 3,700.0 billion announced in March 2019), reflecting the impact of the Covid-19 pandemic
- 4** Proposed Acquisition increases LMIRT's Indonesian retail footprint, and allows LMIRT to further benefit from the attractive Indonesian retail outlook
- 5** Strong commitment from Sponsor; (i) Vendor Support to mitigate short term uncertainties caused by the Covid-19 pandemic and (ii) irrevocable undertaking to take up its full pro rata stake in the rights issue, and apply for all the excess rights units not taken up by the other unitholders up to 100% of the total number of rights units
- 6** The increase in market capitalisation could potentially further enhance LMIRT's trading liquidity, research coverage and investor interest in the Trust
- 7** Proposed acquisition is DPU yield accretive after taking into account pro forma effects



Thank You