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

ANNOUNCEMENT

RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED

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**") refers to:

(a) the Circular dated 23 November 2020 in relation to the proposed acquisition of the majority portion of strata title units within Lippo Mall Puri (the "**Acquisition**");

(b) the notice of extraordinary general meeting ("**EGM**") dated 23 November 2020 notifying Unitholders of the EGM to be convened and held by way of electronic means on 14 December 2020 at 10:00 a.m.;

(c) the accompanying general announcement released on 23 November 2020 titled "***Extraordinary General Meeting of The Unitholders To Be Held On 14 December 2020***" setting out, *inter alia*, the alternative arrangements relating to attendance at the EGM via electronic means and the submission of questions in advance of the EGM; and

(d) the questions received at the virtual dialogue session with the Securities Investors Association (Singapore) in relation to the Acquisition held on 2 December 2020 at 6:00 p.m. (the "**Virtual Dialogue Session**").

2. RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED

The Manager would like to thank Unitholders and participants of the Virtual Dialogue Session for submitting substantial and relevant questions in advance of the EGM. As there was substantial overlap between several questions received from Unitholders and participants of the Virtual Dialogue Session, the Manager has summarised and grouped these questions accordingly.

Please refer to "Annex A" of this announcement for the Manager's responses to the questions received.

By Order of the Board
LMIRT MANAGEMENT LTD.
(As manager of Lippo Malls Indonesia Retail Trust)
(UEN/Company registration number: 200707703M)

Mr Liew Chee Seng James
Executive Director and Chief Executive Officer

Singapore
10 December 2020

ANNEX A
MANAGER'S RESPONSES TO THE QUESTIONS RECEIVED

LIPPO MALLS INDONESIA RETAIL TRUST ("LMIR TRUST" OR THE "TRUST")
SIAS VIRTUAL DIALOGUE ON 2 DECEMBER 2020
RESPONSE TO QUESTIONS RECEIVED FROM SIAS

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1. What is the Trust's take on the base and worst case scenarios from COVID? Presumably, COVID hits all retail players in the market as hard; what are the competitive advantage LMIR Trust yields over other competitors?

The Covid-19 pandemic has hit our operations across Indonesia and retail players across the globe. With large-scale social distancing, our malls had to temporarily close between April and May. However, they have gradually reopened from June onwards, and now all our malls are operating albeit at shorter operating hours.

We have implemented strict safety measures/health checks across all our malls including temperature taking, enforcing the wearing of masks etc. which have helped in the recovery of the malls. The malls gradually saw an increase in shopper traffic since reopening, with overall portfolio of around 50%.

The big advantage of our portfolio is our assets being located across Indonesia in Sumatra, central Java and Jakarta. In Jakarta, the social distancing restrictions are stricter and malls are only allowed to operate at 50% capacity. Outside Jakarta, with lesser restrictions, shopper traffic has recovered to around 70-90% for some. Activities are also resuming – cinemas are now reopened after a long hiatus. All these factors have contributed to the gradual recovery of the Trust. We are also seeing recovery in sales for our tenants. Going forward, we believe people are more willing to spend more and coming out of their homes to resume social activities, which bodes well going into the new year.

2. The valuation is based on the income support of Rp340 billion per annum. How confident is the Trust of obtaining this level of income after the income support?

The income support was built on the concept of the level that it is sustainable post the given support. The valuers took into consideration the current rental rates versus other competitor malls' rental rates. Lippo Mall Puri ("**Puri Mall**") is still relatively young; 68.4% of its leases still in their first cycle, so they would have to go through two renewal cycles before their rental rates reach maturity.

Even during this Covid period, about 80% of the 2020 expiring leases in Puri Mall have renewed their leases at rental rates at or above their previous levels with some of these tenants renewing their leases at over 20% positive rental reversion.

Puri Mall has shown very strong recovery; we have seen strong shopper traffic recovery, and it has been able to secure new tenants including a very premium supermarket that is opening in the mall early next year. It is one of the top 10 malls in Indonesia in terms of visitor traffic as well as social media attraction.

We have great faith in the growth potential of this property and strong belief that over time, over the next four-year period, the value of the leases will continue to increase and we will be able to achieve the Rp340 billion net property income ("**NPI**") level per year post rental support.
3. Why should unitholders consider to subscribe to the rights issues, apart from preventing the dilution of existing holdings? What benefits can unitholders expect over the short, medium and long run?
Most fundamentally, this is a strategic move by the Trust to acquire an asset that is new, has good growth potential, has good rental reversion potential, capital appreciation, and most importantly, it fits within the strategic plan to help to reposition and transform LMIR Trust into one that is much more solidly built. We are divesting assets that are mature and investing into assets that have good potential that will be able to dominate the retail space. Over the long-term, this could only be beneficial for the Unitholders because you will be investing in a stronger, much more resilient and attractive REIT. In the short-term, the acquisition comes with income support which helps to provide a steady stream of dividends to Unitholders. The rights issue that all Unitholders can subscribe to, is priced at 6 cents, a significant discount to the real fundamental value of the asset as demonstrated by our divestments. Unitholders are able to subscribe to a right that is significantly lower than the fair value of the asset, which is one advantage for the Unitholders to get into an attractive asset.

RESPONSE TO QUESTIONS RECEIVED FROM AUDIENCE

4. I had no confidence in Lippo TRUST and since the beginning of the investment, prices had dropped from $0.43 to $0.083. What has been done by Lippo TRUST manager to bring value back to investors? **5. LMIR share price plunged steeply over the years and as investors we are concerned that even with the rights offered to shareholders, we may not recover our losses. What are the recovery plans?** **6. LMIRT's performance record since listing has been poor. The units are languishing at below ten cents. Why make another mall acquisition when we have has not delivered anything to unit holders?**
The unit price is a function of the market which we have no control over. Some of the factors that impacted LMIR Trust's unit price in the past year were regulatory tax changes that happened in Indonesia as well as the volatility of the Indonesian Rupiah ("**IDR**"), among others. In 2019, the Trust Manager has actively tried to correct this as valuation/distributions were a bit volatile. The intention of the Trust was to focus on ensuring stable returns to Unitholders and putting things in the right place. We started several asset enhancement initiatives ("**AEI**") on our malls to optimise their value and at the same time, control cost to improve operating efficiency. This saw us achieving a total return of almost 40% in 2019 (including dividends) to Unitholders. The Trust was moving in the right direction in 2019, and in the 4th quarter, we divested two mature malls and looked into investing in more attractive ones to reposition for growth. Unfortunately, all our efforts were curtailed by Covid-19. However, our main strategy remains constant—we have to position our malls to be dominant players in this market. The Trust continues to focus on acquiring assets that are yield-accretive and Puri Mall is such an asset. It is about investing at the right time, in the right asset and maximising the value of existing assets. We have a clear vision of aligning those three pillars.
7. The purchase of Puri Mall benefits the Sponsor more than the minorities. Instead of granting a loan, why Sponsor not (i) reduce the price and/or (2) to waive the manager's fee (not even in units)?
The valuation of the asset before the Covid-19 pandemic was almost S$400 million and now, we are only acquiring it at S$336.5 million, which is about 16% below that price, so the Sponsor is actually selling us their flagship asset to be our flagship asset at a very competitive price. This asset has been looked at by many parties including offshore investors. Given that we have the right-of-first-refusal, this asset was offered to the Trust first. With this sale, the Sponsor has also provided rental support till 2024 which the Trust is not paying for since the Trust is acquiring the asset at a price lower than the underlying value of the asset without considering the income support. The Manager has also waived half of their fees for this transaction. Therefore, at no point is this transaction more beneficial to the Sponsor.

Most importantly, we also have a Board that is mostly independent, including the Chairman, who has done a thorough review of this transaction, guided by MAS rules and regulations. They have assessed that this transaction is beneficial to the Trust and to the Unitholders.

8. Why is the rights issue 160 to 100 shares entitlement? This shows Lippo does not have the capital required to buy the mall and need a lot more funding from retail investors. This does not make sense.

9. Trust to explain how was the issue price of S$0.06 determined? Would the rights issue and the ensuring dilution be deemed fair to unitholders as the rights issue size is app. 160% of the existing units?

When we priced the rights issue, the Trust looked at other similar rights of similar sizes issued recently. We were guided by the recent SIA rights issue, which was done at a 32% discount to TERP and our rights issue is at 25% discount, which is at a similar level, and aligning our rights issue size to this.

Adhering to a prudent capital structure, the Board intends to maintain the Trust's gearing well within the MAS regulatory limit of 50%. Due to the volatility of the IDR, the Trust also needs to be more prudent with our gearing. Therefore, it is not in the interest of the Trust to take on too much debt. With a rights issue of the right size - a bit more on the equity side, our gearing is expected to dip to 40.5% from the current 42.5%, which is a very comfortable ratio both from the regulatory perspective and also from the banks (given the buffer for the IDR exchange rate). So, this does not mean we do not have capital, we actually look at it from the Board's perspective on what is the optimum capital mix - without too much debt with sufficient equity.

10. If the rights issue not approved, what would the next steps taken by Lippo TRUST Manager? What has been done to boost the mall traffic since COVID started?

If Resolution 1 on the proposed acquisition is not passed, then we would have lost the ability to acquire an asset that is fundamental to rebuilding or restoring the Trust. It would not be easy to find another asset that is similar in nature at such a deep discount. The Manager will have to continue to focus on AEIs for its existing portfolio to optimise its value and look for other assets that have similar characteristics.

Puri Mall will be the flagship asset for the Trust, it is accretive and fundamentals of the mall are very strong. However, if Unitholders choose not to proceed with this acquisition, it wouldn't change the Trust's strategy, it would just mean that our growth plans would be slower because such strategic malls don't come up very often. Our strategic focus will be to continue to look for other yield-accretive acquisitions.

Puri Mall is managed by Lippo Malls Indonesia—which is the largest mall operator in Indonesia, operating about 52 malls. The mall is actively pushing out promotions to drive traffic and the tenants are also doing a lot of promotions to drive sales. Shopper traffic is gradually recovering with malls outside Jakarta actually seeing higher shopper traffic. The lack of entertainment options in Indonesia is also driving people to the mall.

11. To acquire Lippo Mall Puri for a cost of $330m currently is clearly a case of Wrong Price, Wrong Timing and Wrong Property. Why did the trust manager still decide to proceed?
This is a strategic move by the Trust to acquire an asset that is new, with good growth potential, good rental reversion potential, capital appreciation, and most importantly, it fits within the strategic plan to reposition and transform LMIR Trust into one that is much more solidly built. Puri Mall will be the flagship asset for the Trust, it is accretive and fundamentals of the mall are very strong. During the current Covid-19 situation, we managed to divest two mature assets – Pejaten Village and Binjai Supermall, to an independent entity in July/August (a Warburg Pincus funded retail entity). Even with the current situation, they still have faith in the retail scene to invest in those two malls. In fact, they acquired those two properties at a lower discount to valuations compared to what we will be acquiring Puri Mall for, and those are smaller assets compared to Puri Mall, which is much bigger and a lot more attractive.
12. Why did the management want to take up an acquisition that's larger than the market cap? It would result large dilution on rights issue for minority issue unitholders? Is the management work for sponsor or minority? **13. Market cap of Lippo is ~ $243m & have 28 malls. The price for Puri is $330m ($280m rights). Looking at this, how can you justify that Puri is more expensive/valuable than all the 28 malls combined?**
The Manager is working for the benefit of all Unitholders, not just the Sponsor or a minority. Minority Unitholders are actually getting a very good deal for this transaction. The rights issue is open to all; it is a renounceable rights issue that all unitholders can subscribe to. So, it's a fair deal for all parties including the minority Unitholders. The rights units are also being issued at a significant discount. It is a right value and right asset, and right position for the Trust. The Manager is unable to comment on unit price movements but remains focused on efforts to increase the fundamental value of the Trust. The Trust is acquiring a high value asset with very strong fundamentals and growth potential. It fits within the strategic plan to reposition and transform LMIR Trust into one that is much more solidly built. And the rental guarantee will ensure that the Trust will have a steady stream of income which will help boost distributions to Unitholders.
14. Having divested Pejaten Village and Binjai Supermall, how does acquisition of Lippo Mall Puri improve the value for investors? Is there a conflict of interest between sponsor Lippo Karawaci and investors?
To maximise long term portfolio asset value and unitholder returns, recycling assets as per their asset life cycle is important. This requires both divesting assets that have maximised their asset value, such as the recent divestment of Pejaten and Binjai Malls and the recycling of capital into accretive and strategic assets. The strategic acquisition of Puri Mall as LMIR Trust's flagship asset will further enhance the value for Unitholders. Puri Mall is a well located, well designed and well anchored strategic mall that dominates its affluent trade area within Jakarta. As a standalone asset it is NPI yield accretive over the portfolio

yield, will provide stable returns to Unitholders and has capital growth potential.

With a majority of the Board comprising independent directors, the key focus of the Board is to look at conflict of interests between the Sponsor and investors. Unitholders are actually getting a good deal with this new asset. The Board is well-guided by independent advisors and is impartial with their assessment on the value of this transaction to the Trust and Unitholders.

15. Lippo Puri Mall build permit was in violation during Ahok's era, is it still a violation or has it been approved?

This acquisition of Puri Mall was announced back in 2019 and the delay was due to the approval of the strata titles. Under MAS regulations, the Trust can only proceed with the acquisition of Puri Mall after it has obtained all the appropriate strata titles, which were only approved in October this year. Following the approval of the strata titles by the current Jakarta Governor, we are now able to proceed with the acquisition of Puri Mall.

16. The sale of these mall proceeds were used to pay off the loans and manager. Will the REIT focus more on the interest of the shareholders?

There are 3 Independent directors on the Board, which is the majority. Their primary focus is to review decisions that are beneficial to the Trust and to the interest of minority Unitholders. Following thorough review and advice from independent advisors, they believe this is the right time to invest in the right asset that will further enhance and reposition the Trust.

The divestment of Pejaten and Binjai malls were part of the strategic plan to recycle assets at the appropriate time. With the onset of Covid-19, such divestments have proved timely and strengthened the financial position of the Trust to better face the near term challenges.

17. With a high gearing of Lippo, why must Lippo still proceed with this deal? Why can't Lippo wait or ask for joint investment with other stronger funds such as Temasek etc.? Why borrow from investors?

The gearing ratio is around 42.5%, which is well below the MAS regulatory limit of 50%. However, it is subject to fluctuation due to Rupiah volatility. Hence, we try to keep a buffer between the actual and the 50% regulatory limit. With the acquisition of Puri Mall, our gearing will actually improve given the higher equity component.

Currently, we are the only REIT in Singapore that gives investors access to the Indonesia retail market. We have the largest NLA compared to other retail REITs in Singapore and with our strengths and in-depth knowledge of the Indonesia retail space, we will be able to maximise the value of the assets we acquire. We are definitely interested in working with various parties if opportunities arise.

18. How did the acquisition come about? Did the REIT approach the sponsor or the sponsor approached the REIT?

We have a right-of-first-refusal with the Sponsor, Lippo Karawaci, for their pipeline assets including this asset. We assess every asset that is available, whether it is accretive, a value acquisition and the quality of the asset. This asset was made available to us and it is the flagship mall of the Sponsor. Upon acquisition, it will be the flagship mall of the Trust and with its strong fundamentals and growth potential, it will be beneficial to everyone.

19. With this asset, how will LMIR Trust be seen among the other players?

This mall is among the top 10 malls in Indonesia in terms of shopper traffic as well as social media searches. With the addition of this big asset of more than 120,000 NLA into our portfolio, which will represent about 13%-15% of our total portfolio size and its ability to attract many shoppers, especially the high-middle income groups, and it played host to a Disney show which only performs in Indonesia once per year and Puri Mall was chosen for this show. LMIR Trust's profile will surely improve.

We have received positive feedback from both bond and equity investors who view this as a positive investment that can strengthen the Trust's profile and positioning going forward.

20. Lippo group is now renegotiating lease of its First REIT, how do we know that Lippo will also not renegotiate its guaranteed lease on the Puri Mall?

Fundamentally we have to look at the strategy of Lippo Karawaci. There are 3 strategic pillars to Lippo Karawaci's business, namely affordable housing, healthcare business and strategic investment in malls, so we are part of that. During the pandemic, Lippo Karawaci continued to pay its master leases to LMIR Trust without any discounts being offered Most importantly, the income support that we receive from them is a sustainable one over a short period of years. We cannot comment on First REIT's leases but our leases were built from day one on a sustainable basis and they were denominated in IDR so currency fluctuations do not change the value of our leases. On that basis, we are in a much stronger position.

Finally, while we cannot comment on First REIT, from LMIRT's perspective, if First Reit's leases are actually restructured, it would strengthen the financial condition of Lippo Karawaci which would reduce any need to renegotiate such leases to LMIR Trust.

21. Does the sponsor have the financial resources to support the rental?

22. The yield on the Puri is only ~6% in IDR without vendor support. Given the renegotiation request of master lease at First REIT, how can we get confidence that this vendor support will be received?

The Sponsor has not defaulted on any of their lease rental payments. Even during the period where the malls were temporary closed, the Sponsor continued to pay their rentals without any discount being offered.

The underlying yield on Puri Mall is backed by rental income from third party tenants and not derived from the Vendor. The Trust will be receiving such rental income and cash directly from such third-party tenants and not through the Vendor. Under the Vendor Support arrangement, the Vendor is actually only topping up the difference between the NPI Guarantee amount and the underlying NPI. For example, for FY2019, the underlying NPI was Rp.222 billion. With a guaranteed NPI level of Rp.340 billion, the Vendor is only required to top up this shortfall or Rp.118 billion. This top up is expected to gradually decrease as the underlying NPI increases due to increases in rental rates and reduction in vacancies and hence is not expected to be a financial drain on the Vendor over time.

23. LM Puri is on 20-year lease. After 20 years, property value comes to zero, correct? Valuation appears excessive with assumption of "perfect" condition and not taking into account lease of only 20 yrs.

24. Can you explain what happens after 15 January 2040 (expiry of strata title cert 419 and 420)?

As mentioned on page 25 of the Circular, St. Moritz is constructed on the Land Titles which are two plots of land held under HGB certificates No. 05706 issued on 14 November 2019 and No. 05707 issued on 27 November 2019 respectively, both expiring on 15 January 2040 with a total land area of 73,246 sq m. In turn, as part of St. Moritz, the Property is held under two Strata Title Certificates No. 419 and No. 420, which were issued on 2 October 2020 and expire on 15 January 2040.

In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of 'leasehold' title and may be extended prior to the expiration of its initial term for an additional term not exceeding 20 years via an application for extension to the local land office. Upon the expiration of the extension, a new HGB title may be granted on the same land for a maximum period of 30 years via an application for renewal to the local land office. The validity period of a strata titled property built on HGB land follows that of the HGB land and hence the validity period of such property will be extended or renewed following a successful extension or renewal of the validity period of its underlying HGB land.

The extension and renewal process of HGB titles is largely procedural and administrative in nature and LMIR Trust has successfully extended its 4 strata titled properties when their underlying HGB land are due for extension. Due to the above, none of the professional Independent Valuers engaged by LMIR Trust either for this acquisition or for the annual valuation exercise would value HGB properties only up to their stated expiry dates. Instead a perpetuity basis is adopted for the valuations which is in accordance with market practice and LMIR Trust's previous acquisitions of HGB properties.

25. Given that the vendor finance of SGD40m. So, banks are uncomfortable about the valuation? Why vendor (same as Sponsor) not reduce the price? Is the vendor finance pari parsu to the bank loan?

The Vendor Financing was put in place as part of the total debt financing package of S$120 million while LMIR Trust's key relationship banks continue to work with other lenders who have indicated their preference to wait until EGM approval has been obtained before committing to such a facility. The final amount of Vendor Financing (up to S$40 million) will only be determined before completion of the acquisition. The Vendor Finance will be ranked *pari passu* to LMIR Trust's senior debt obligations but was structured to have an initial maturity date beyond LMIR Trust's upcoming August 2021 bank loan maturity. There is also a one-year extension option under the terms of the Vendor Financing.

26. The proposed acquisition comes during a pandemic. Our own malls are suffering. It makes little sense to buy a big mall which is also suffering. Valuation is high even with discount. Please justify. **27. How do you foresee the performance of the Reit in the Med term? Amount of support for tenants until when?**
Puri Mall has been a strategic fit for the Trust to acquire since it was first being announced to the market in early 2019. The acquisition of Puri Mall was to proceed once land title matters had been finalised which has occurred in October this year. The Covid-19 pandemic has not changed the strategic fit of Puri Mall as our continued belief in the growth of the Indonesian middle class and their love of shopping remains unchanged. Additional secondary benefits, (which are those benefits that are only valuable if the strategic fit is right) of acquiring Puri Mall during the Covid-19 pandemic include: • An acquisition price at a discount to independent valuations without vendor support. • Guaranteed NPI through vendor support until 2024, which additionally supports short term cashflow during the Covid-19 pandemic. • The Sponsor's belief in Puri Mall as demonstrated in its irrevocable undertaking to subscribe for all excess rights units, which provides certainty of funding for the transaction. • The rights issue provides flexibility for continued potential dividend payments and payments to holders of perpetual securities. The recent tough quarters have resulted in reduced flexibility for the Trust to potentially make these payments into the future due to restrictive debt covenants in place. As disclosed in the Trust's 3Q 2020 Financial Results presentation slides, we expect our retail malls to continue to be subject to shorter operating hours, capacity caps and ad-hoc restrictions at least until the second quarter of 2021, with corresponding rental reliefs granted to tenants during this period.
28. How is the valuation of the mall derived? What is the build vs land cost? Since there are also strata office and apt on top of the mall, who does the land ownership belongs to??
The Independent Valuations were derived by the two Independent Valuers (Cushman & Wakefield and Colliers International) using the income approach and utilising the discounted cash flow method. The valuation has been prepared in accordance with the valuation standards and practice guidelines issued by the Singapore Institute of Surveyors and Valuers. The summary of the valuation reports are attached in the Circular. As the St Moritz project was undertaken by the Vendor, we are not privy to the details of the land and building cost. As disclosed in the Circular, under Indonesian Law No. 20/2011, an owner of a strata title unit in a strata title building will acquire: (a) separate title to the strata title unit itself; (b) an undivided proportionate right on land on which the strata title building is built; and (c) an undivided proportionate right on the common area and common object of the strata title building (as defined under Law No. 20/2011).

Therefore, the ownership of the land belongs to each owner of a strata title unit on a proportionate basis

29. Are there strategies or plan to make the reit profitable? Since the currency is volatile, any plans to hedge? Any plans to reduce debt level?

The Trust has been actively managing our assets with AEIs to maximise value of the assets, balancing tenant mix, divesting mature assets and pursuing yield-accretive assets for acquisition to boost the performance of the Trust.

To manage the foreign exchange exposure associated with the anticipated quarterly cashflow in IDR, the Manager has been actively monitoring the exchange rates and utilises various foreign exchange hedging instruments, including currency options.

Our policy is to keep our gearing within the 50% regulatory limit and with the volatility of IDR, the Board's policy is to ensure a sufficient buffer is maintained to ensure we keep gearing within this limit. Post-acquisition, LMIR Trust's gearing is expected to remain around 40% which is a comfortable level within the MAS regulatory limit.

30. Could you share the tenant-mix of the proposed acquisition? How resilient is the mall amid of covid situation??

Puri Mall's current tenant mix comprises 31.1% department stores, 5.8% supermarkets/hypermarkets, 16.6% F&B, 18.5% fashion, 12.1% leisure & entertainment and 15.9% others.

As disclosed in the Circular, due to the impact of the Covid-19 pandemic, the Property has received notification of early termination of leases from tenants accounting for 12,440.57 sq m of space (approximately 10.1% of the total NLA of the Property, inclusive of the P2 Space) as of September 2020. These tenants include Parkson, a departmental store, which occupied 8,290 sq m of space (approximately 6.7% of the total NLA of the Property, inclusive of the P2 Space). Excluding Parkson, 4,150.79 sq m of tenant space (approximately 3.4% of the total NLA of the Property, inclusive of the P2 Space) has seen its tenants give notification of early termination. Part of the area previously occupied by Parkson has since been leased to Ranch Market (a lifestyle supermarket) (occupying 1,933.8 sq m of space), which will commence operations in the first quarter of 2021, and three food and beverage ("**F&B**") tenants (occupying in aggregate 435 sq m of space). The remaining 6,356 sq m of space will be reconfigured for use by F&B and fashion stores. The reconfiguration exercise, beginning in late October 2020, is expected to complete by March 2021.

Notwithstanding the above, Puri Mall has shown very strong recovery in shopper traffic despite the more stringent safety measures. Even during this Covid period, about 80% of the 2020 expiring leases in Puri Mall have renewed their leases at rental rates at or above their previous levels with some of these tenants renewing their leases at over 20% positive rental reversion.

31. We will appreciate the Board's response and elaboration to the below three (3) interrelated questions. **a) According to the news, the spread of Covid-19 appears to be growing in Indonesia/Jakarta. When is the Vendor Support Agreement (VSA) expiring? Why should shareholders support the acquisition proposal as the VSA may expire before Covid-19 is controlled and/ or the economy/ businesses still cannot revert to pre-Covid-19 pandemic level or better?** **b) According to recent news, Islamic preacher/s etc are using religion/ race that potentially creates social unrest and adversely affect the economy/ businesses in Indonesia/ Jakarta. What is the Board/ Management view of the developments and what are the plans in place to manage and mitigate the adverse impact or fall-out?** **c) The Indonesian government is reported to be moving its capital from Jakarta to Kalimantan. How will this affect the population/ businesses and thus LMIR Trust malls in Jakarta? Shouldn't LMIR Trust be looking to invest in Kalimantan instead of increasing the risk/ exposure in Jakarta region with the proposal?**
The VSA is valid until December 2024, four years from now. With the easing of social distancing restrictions in Indonesia, we are seeing gradual recovery for the retail market. In Jakarta, the social distancing restrictions are stricter and malls are only allowed to operate at 50% capacity. Activities are also resuming – cinemas are now reopened after a long hiatus. All these factors have contributed to the gradual recovery of the Trust. We are also seeing recovery in sales for our tenants. Going forward, we believe people are more willing to spend more and coming out of their homes to resume social activities, which bodes well going into the new year. On the prospect of social unrest, the government has ensured that they will step up security and made disbursements to help those in need. The Central and regional governments have embarked on massive disbursements of cash, food and other assistance to those struggling. The central government has also announced 405 trillion rupiah ($41.2 billion) in social, health and business recovery spending. In Jakarta, 1.5 million households receive groceries each week, while 24 million households across the nation will not be billed for electricity for three months. The moving of a capital will take many years for it to pan out. While Kalimantan is expected to be the political capital of Indonesia, Jakarta is expected to remain as the business capital of Indonesia. Hence, Jakarta will remain a key market that LMIR Trust cannot afford to ignore An added advantage of our portfolio is that our assets are spread across Indonesia in Sumatra, central Java and Jakarta, allowing us to tap on the continued development of the country.

LIPPO MALLS INDONESIA RETAIL TRUST ("LMIR TRUST" OR THE "TRUST")
EXTRAORDINARY GENERAL MEETING 2020
RESPONSE TO QUESTIONS RECEIVED FROM UNITHOLDERS

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1. In the Circular, the rationale for the acquisition and the rights issue includes the strategic location and the transportation connectivity of the Property. The Property is a collection of strata titles. Retailers face competition from e-commerce. COVID-19 accelerated this macro trend shift. Can the management give us an overview of the competition from e-commerce for this Property, and your strategies to stay relevant and competitive?
In Indonesia, retail malls remain popular destinations for people to gather, hang out, shop and interact. Many of LMIR Trust's malls are strategically located within the large urban middle-class population catchment areas in Indonesia, and are "everyday" malls favoured by middle class to upper-middle income domestic consumers in Indonesia, with tenants providing sale of daily necessities, fashion, F&B and entertainment facilities to shopper/consumers. We see the same market dynamics for Lippo Mall Puri ("**Puri Mall**") and additionally, Puri Mall is located within the largest premier integrated development in west Jakarta that includes high-end residential towers, school, office block and a 5-star hotel. We are cognizant of the market changes brought about by e-commerce, with its pace of development accelerated by the pandemic. The mall and its tenants have actively created an exciting and unique experience for shoppers through an integrated approach that involves activities and promotions to draw in shoppers and online engagement through the mall's social and digital media channels.
2. Why is there a need to do an IPT loan of $40million? What is the rationale? This amount of $40 million is small compared to the rights issue size of $280 million. Instead of doing the IPT loan of $40 million, why don't the company increase the size of the right; offering to $320 million ($40 million more)? This would translate to a mere 15% increase in the size of the rights offering. Please explain clearly the rationale and consideration involved. Why did the company not increase the size of the rights offering to $320 million but chose to do a small IPT loan of $40 million?
In determining the optimal financing structure, the Board considered the mix of available debt financing as well as the equity raised, in particular the impact of the equity raised on the distributions per unit ("**DPU**") and the size of equity raised in comparison with LMIR Trust's market capitalization. The Vendor Financing was put in place as part of the total debt financing package of S$120 million while LMIR Trust's key relationship banks continue to work with other lenders who have indicated their preference to wait until EGM approval has been obtained before committing to such a facility. The final amount of Vendor Financing (up to S$40 million) will only be determined before completion of the acquisition.

3. What is the outlook of the Trust with the proposed acquisition and the Indonesia retail scene?
The addition of Puri Mall to the Trust's portfolio will reposition and transform the Trust into one that is much more solidly built. Puri Mall has strong fundamentals such as: • Being one of the most iconic, established and well-known malls in West Jakarta, located in St. Moritz which is the largest premier integrated development in West Jakarta; • Centrally located in large catchment area comprising middle upper-class families and is easily accessible with great transport connectivity; and • Strong rental reversion potential and capital appreciation potential. Acquisition aside, the Trust's divestment of two mature assets is also part of a move to renew its portfolio, making it better positioned to tap into the Indonesia's retail scene. Post-lockdown, all our malls have reopened, albeit at shorter operating hours and shopper traffic have gradually recovered across all our portfolio. In Jakarta, with stricter social distancing restrictions, malls are only allowed to operate at 50% capacity, while outside Jakarta, with lesser restrictions, shopper traffic has recovered to around 70-90% for some of our malls. Activities are also resuming – cinemas are now reopened after a long hiatus. All these factors have contributed to the gradual recovery of the Trust. We are also seeing recovery in sales for our tenants. Going forward, we believe people are more willing to spend more and coming out of their homes to resume social activities, which bodes well going into the new year.
4. Will there is more acquisition in 2021/2022?
The Trust is constantly on the lookout for good acquisition targets that would strengthen the Trust's portfolio, subject to such acquisitions meeting the Board's strategic criteria of the mall being a well located, well designed and well retailer anchored strategic mall that dominates its trade area and provides an accretive unitholder return However, we do not anticipate making acquisitions of a similar scale and size to Lippo Mall Puri in the near future, as such assets are not readily available.
5. The rationale for the proposed acquisition is based on one premise that the price is attractive due to the COVID-19 situation, and that there is a potential for capital appreciation once the COVID-19 situation improves. What in the event that the COVID-19 situation does not improve and continue for one more year till end of 2021 and beyond, what impact will this have on LMIR Trust balance sheet and net property income?
As disclosed in the Trust 3Q 2020 Financial Results presentation slides, we expect our retail malls to continue to be subject to shorter operating hours, capacity caps and ad-hoc restrictions at least until the second quarter of 2021, with corresponding rental reliefs granted to tenants during this period. With the acquisition of Puri Mall, the rental support of Rp340 billion per annum will help mitigate short-term uncertainties arising from the pandemic and provide a stable level of income in line with comparable retail malls in West Jakarta up to 31 December 2024. Puri Mall is a fundamentally strong and young asset with 68.4% of its leases still in their first cycle, so they would have to go through two renewal cycles before their rental rates reach maturity. Even during this Covid period, about 80% of the 2020 expiring leases in Puri Mall have renewed their leases

at rental rates at or above their previous levels with some of these tenants renewing their leases at over 20% positive rental reversion.

Puri Mall has shown very strong recovery; we have seen strong shopper traffic recovery, and it has been able to secure new tenants including a very premium supermarket that is opening in the mall early next year. It is one of the top 10 malls in Indonesia in terms of visitor traffic as well as social media attraction. We have great faith in the growth potential of this property and strong belief that over time, over the next four-year period, the value of the leases will continue to increase and we will be able to achieve the Rp340 billion net property income ("**NPI**") level per year post rental support.

6. Why buy a mall when you don't have the actual capital. Sustainability should be key and should address to the issue why share price fallen so much.

REITs are special investment vehicles in which majority of its income are given to unitholders as periodic distributions. Therefore, REITs depend on their ability to raise capital or obtain financing to support the acquisitions that would underpin their continued growth. Hence, raising capital has always been a sustainable way to support the continued expansion of the Trust's portfolio.

The unit price is a function of the market which we have no control over. Some of the factors that impacted LMIR Trust's unit price in the past year were regulatory tax changes that happened in Indonesia as well as the volatility of the Indonesian Rupiah ("IDR"), among others. In 2019, the Trust Manager has actively tried to correct this as valuation/distributions were a bit volatile. The intention of the Trust was to focus on ensuring stable returns to Unitholders and putting things in the right place.

We started several asset enhancement initiatives ("AEI") on our malls to optimise their value and at the same time, control cost to improve operating efficiency. This saw us achieving a total return of almost 40% in 2019 (including dividends) to Unitholders. The Trust was moving in the right direction in 2019, and in the 4th quarter, we divested two mature malls and looked into investing in more attractive ones to reposition for growth. Unfortunately, all our efforts were curtailed by Covid-19. However, our main strategy remains constant—we have to position our malls to be dominant players in this market.

7. Will this acquisition take away or reduce our dividends payout?

On a historical pro forma basis, the transaction would have increased the total distribution amount to unitholders from S$64.9 million to S$73.9 million for FY2019. On a *pro forma* basis, FY 2019 DPU is at 0.97 Singapore cents compared to 2.23 Singapore cents after the rights issuance given the large unit base. DPU yield would have been accretive increasing from 9.9% to 12.0%.

As stated in our 3Q2020 Financial results, the Trust's distributable income for 3Q2020 is zero and all retained distributable income have already been utilised for 2Q 2020. Consequently, the Trust is restricted, under the terms of the US$250 million 7.25% Guaranteed Senior Notes due 19 June 2024 issued by LMIRT Capital Pte. Ltd., unconditionally and irrevocably guaranteed by the trustee of LMIR Trust (the "**USD Notes**"), from making any distributions exceeding US$5.0 million until (i) the Trust's cumulative aggregate of distributable income, less distributions made to holders of perpetual securities and Unitholders since the issuance of the USD Notes, is greater than zero; (ii) the consent of the holders of the USD Notes having been obtained or (iii) new equity injection has been raised. The Trust has already completely utilised this US$5 million limit in 3Q2020.

Therefore, if the acquisition is approved and the rights issuance completed, such distribution restrictions will no longer be applicable and the Trust will be in a better position to make further distributions to Unitholders.

8. We will appreciate the Board's response and elaboration to the below three (3) interrelated questions.

a) According to the news, the spread of Covid-19 appears to be growing in Indonesia/ Jakarta. When is the Vendor Support Agreement (VSA) expiring? Why should shareholders support the acquisition proposal as the VSA may expire before Covid-19 is controlled and/ or the economy/ businesses still cannot revert to pre-Covid-19 pandemic level or better?

b) According to recent news, Islamic preacher/s etc are using religion/ race that potentially creates social unrest and adversely affect the economy/ businesses in Indonesia/ Jakarta. What is the Board/ Management view of the developments and what are the plans in place to manage and mitigate the adverse impact or fall-out?

c) The Indonesian government is reported to be moving its capital from Jakarta to Kalimantan. How will this affect the population/ businesses and thus LMIR Trust malls in Jakarta? Shouldn't LMIR Trust be looking to invest in Kalimantan instead of increasing the risk/ exposure in Jakarta region with the proposed acquisition?

Under the Vendor Support Agreement, the Vendor Support would be provided until December 2024, four years from now. With the easing of social distancing restrictions in Indonesia, we are seeing a gradual recovery in the retail market. In Jakarta, the social distancing restrictions are stricter and malls are only allowed to operate at 50% capacity. Activities are also resuming – cinemas are now reopened after a long hiatus. All these factors have contributed to the gradual recovery of the Trust. We are also seeing a recovery in sales for our tenants. Going forward, we believe people are more willing to spend more and coming out of their homes to resume social activities, which bodes well going into the new year.

On the prospect of social unrest, the government has ensured that they will step up security and made disbursements to help those in need. The central government and regional governments have embarked on massive disbursements of cash, food and other assistance to those struggling. The central government has also announced 405 trillion rupiah ($41.2 billion) in social, health and business recovery spending. In Jakarta, 1.5 million households receive groceries each week, while 24 million households across the nation will not be billed for electricity for three months.

In September, the Indonesian government announced that they are postponing their plans to construct Indonesia's new capital city in East Kalimantan as the country switched its priorities to mitigating the coronavirus pandemic. Even if they do continue with the plan to construct Indonesia's new capital city in East Kalimantan, the transition is expected to occur over several years.

While the new city in East Kalimantan is expected to become the political capital of Indonesia, if the Indonesian Government proceeds with its relocation plans, Jakarta is expected to remain as the business capital of Indonesia.

Hence, Jakarta will remain a key market that LMIRT cannot afford to ignore. An added advantage of our portfolio is that our assets are spread across Indonesia in Sumatra, central Java and Jakarta, allowing us to tap on the continued development of the country.

9. Why is the Company offering such a low rights, is it bad for shareholders as it decrease the share price? How are you able to generate confidence to investors that there are potential capital gain growth for this trust. If I am overseas, how do I subscribe to the rights?
The rights price is based off a 26.1% discount to Theoretical Ex-Rights Price ("**TERP**") that is calculated based on the closing price of S$0.115 as of 17 September 2020. The discount to TERP took into account precedent transactions before coming to a decision; Rights issues of S-REITs that were very large as percentage of market cap; 2009 AIMS Industrial REIT (35%), 2009 Frasers Commercial Trust (28%) and 2008 K-REIT (32%). The most recent transaction by SIA was done at 32% discount to TERP. Details on how to subscribe to the rights will be contained in the Offer Information Statement ("**OIS**") to be issued. Unitholders are advised to carefully consider the Offer Information Statement, once issued, and to consult their legal, financial, tax or other professional advisers if they have any doubt as to the action they should take to subscribe to the Rights Units.
10. a) Is escrow account setup for guarantee rental? Why didn't the management request for it? **b) Management give a positive view on this acquisition. How does research analyst's consensus view on the transaction?** **c) Why Moody's had placed the trust on review for downgrade after the announcement on this transaction?**
There is no escrow account setup for amounts to be received under the Vendor Support Agreement. The Sponsor has not defaulted on any of their lease rental payments. Even during the period where the malls were temporary closed, the Sponsor continued to pay their rentals without any discount being offered. The underlying yield on Puri Mall is backed by rental income from third party tenants and not derived from the Vendor. The Trust will be receiving such rental income and cash directly from such third party tenants and not through the Vendor. Under the Vendor Support arrangement, the Vendor is actually only topping up the difference between the NPI Guarantee amount and the underlying NPI. For example, for FY2019, the underlying NPI was Rp.222 billion. With a guaranteed NPI level of Rp.340 billion, the Vendor is only required to top up this shortfall or Rp.118 billion. This top up is expected to gradually decrease as the underlying NPI increases due to increases in rental rates and reduction in vacancies and hence is not expected to be a financial drain on the Vendor over time. We have received positive feedback from both bond and equity investors who view this as a positive investment that can strengthen the Trust's profile and positioning going forward. According to Moody's announcement, the review will focus on (1) the funding structure of LMIR Trust's proposed acquisition of Lippo Mall Puri from PT Mandiri Cipta Gemilang -- a wholly-owned subsidiary of the Sponsor; (2) the extent and impact of linkages between LMIR Trust and the Sponsor post-acquisition due to the Sponsor's weaker credit profile (rated B3 Stable by Moody's) as the Sponsor has provided an irrevocable undertaking to apply for all the excess rights units not taken up by the unitholders which could in turn lead to the Sponsor's shareholding in LMIR Trust increasing significantly; and (3) the progress on the Trust's ability to refinance its debt due in August 2021 and

obtain waivers for any potential breaches of financial covenants on its bank loans due to weakening earnings caused by the Covid-19 pandemic.

11. Will this be a reasonable and proper risk-managed acquisition? How will this add to the strategic plan and development for the company?

This acquisition is part of our larger strategy to optimise our asset portfolio by replacing mature assets with limited growth potential with younger, higher-quality ones with higher growth potential.

Puri Mall has good cash generating potential. There is will also be Vendor Support provided until December 2024 to mitigate the short term uncertainties caused by the Covid-19 pandemic. It is a strategic and iconic retail asset located in an area with favorable demand and supply dynamics.

It represents an opportunity to acquire a high-quality retail mall at an attractive price and NPI yield with potential for capital appreciation. Its addition will lead to significant growth in assets under management and net lettable area ("**NLA**") for LMIR Trust. The Property's NLA of 122,862 sqm is almost equivalent to the combined retail space of Singapore's Ngee Ann City and Wisma Atria. It will enhance LMIR Trust's product offering across the fashion, leisure & entertainment and F&B trade sectors. It will improve LMIR Trust's portfolio mix and strengthen the Trust for long-term growth.

12. How does the Management view Jakarta's growth potential in the years ahead?

The Indonesian government has approved a record-high state budget of Rp2.75 quadrillion (approximately S$253 billion) for 2021, which aims to bring the economy back to a GDP growth of 5%.

Bank Indonesia says it will continue to maintain price stability through its policies with a target band of 2.0% to 4.0% for 2020. According to the Indonesia Ministry of Finance, "if a vaccine is made available to emerging markets sooner than the second half of 2021, then upside possibilities will emerge in our growth forecast." However, Bank Indonesia has also noted that, "in contrast, if the vaccine development faces severe delays and nations across the world are required to impose strict lockdowns once again, then severe downside risks will emerge in our 2021 forecast."

With the easing of social restrictions, the Trust is seeing gradual shopper traffic recovery for our malls across Indonesia. Activities are also resuming – cinemas are now reopened after a long hiatus. All these factors have contributed to the gradual recovery of the Trust. We are also seeing recovery in sales for our tenants. Going forward, we believe people are more willing to spend more and coming out of their homes to resume social activities, which bodes well going into the new year.

13. Is the Right Issue yield accretive vs DPU accretive at current market price before and after the exercise?
14. LMIR Trust since its IPO of $0.80 has been trading downtrend over the years till recent $0.08 after each fund raising/RI exercise, is there a plan in place to reverse the trend?
15. Shareholders generally belief the acquisition of Lippo Mall Puri has got no significant benefit to them at all but rather to bail out the Reit's sponsor at such crisis time. Moreover, it will definitely dilute holder's value overtime, can the management address our concerns?

16. What is the return of the acquisition?

The transaction is DPU yield accretive at the rights price while DPU and NAV per unit will generally be diluted given new units are offered at a discount to TERP; of REITs rights issues since 2015, only 1 was both DPU and DPU yield accretive, 2 were DPU dilutive but DPU yield accretive whilst 7 were both DPU and DPU yield dilutive.

Puri Mall is the largest and flagship mall of the Sponsor which they have agreed to divest to LMIR Trust, instead of keeping it themselves or divesting to third parties. This is also an asset that LMIR Trust would look to acquire regardless of the Sponsor's financial condition.

Puri Mall has been a strategic fit for the Trust to acquire since it was first being announced to the market in early 2019. The acquisition of Puri Mall was to proceed once land title matters had been finalised which has occurred in October this year. The Covid-19 pandemic has not changed the strategic fit of Puri Mall as our continued belief in the growth of the Indonesian middle class and their love of shopping remains unchanged. Additional secondary benefits, (which are those benefits that are only valuable if the strategic fit is right) of acquiring Puri Mall during the Covid-19 pandemic include:

- An acquisition price at a discount to independent valuations without vendor support.
- Guaranteed NPI through vendor support until 2024, which additionally supports short term cashflow during the Covid-19 pandemic.
- The Sponsor's belief in Puri Mall as demonstrated in its irrevocable undertaking to subscribe for all excess rights units, which provides certainty of funding for the transaction.
- The rights issue provides flexibility for continued potential dividend payments and payments to holders of perpetual securities. The recent tough quarters have resulted in reduced flexibility for the Trust to potentially make these payments into the future due to restrictive debt covenants in place.

It also improves credit metrics with lower gearing and higher Interest Coverage Ratio, in particular given the Vendor Support during Covid-19; and it is DPU yield accretive. We are taking a long-term strategic view with this asset as an iconic mall with high potential for growth while divesting malls at the right maturity cycle. It will improve LMIR Trust's portfolio mix and strengthen the Trust. Even from short term view, the NPI guarantee provides a stable NPI for Puri Mall, mitigating an impact of the Covid-19 pandemic to the malls and It will enhance LMIR Trust's product offering across the fashion, leisure & entertainment and F&B trade sectors.

17. The Lippo Mall Puri has only a 20-year lease. The property value appears excessive considering it becomes zero after 20 years. Why has the board deliberately chosen not to address this very important factor in the circular nor in the 2 Dec Virtual Dialogue?

18. The valuers' use of 8.0 - 8.5% as the terminal rate for capitalization (at 11th year) for the REMAINING 10 years of the lease cannot be right.
Assuming 11th year NPI = IDR340B, means terminal value = 3408/8.5% = IDR 4,0008. But 10 remaining years of NPI is only = 10x 3408 = IDR 3,4008.
How can the valuation assume a terminal value of IDR 4,0008 relative to a remaining NPI that is so much lower at IDR3,400B, even before applying any discount rate?

As disclosed on page 25 of the Circular, St. Moritz is constructed on the Land Titles which are two plots of land held under HGB certificates No. 05706 issued on 14 November 2019 and No. 05707 issued on 27 November 2019 respectively, both expiring on 15 January 2040 with a total land area of 73,246 sq m. In turn, the Property is held under two Strata Title Certificates No. 419 and No. 420, which were issued on 2 October 2020 and expire on 15 January 2040. In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of 'leasehold' title and may be extended via an application to the local land office.

The extension of HGB titles is largely procedural and administrative in nature and LMIR Trust has extended 4 HGB properties when they were due for renewal. Due to the above, none of the professional Independent Valuers engaged by LMIR Trust either for this acquisition or for the annual valuation exercise would value HGB properties only up to their stated expiry dates. Instead a perpetuity basis and accordingly the use of a terminal rate for capitalisation is adopted for the valuations which is in accordance with market practice and LMIR Trust's previous acquisitions of HGB properties.

IMPORTANT NOTICE

The value of Units and the income derived from them, if any, may fall or rise. 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. The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement 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 current view of future events.