



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

ANNOUNCEMENT

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 16 JUNE 2020

LMIRT Management Ltd., in its capacity as manager of Lippo Malls Indonesia Retail Trust (the “**LMIR Trust**” and as manager of LMIR Trust, the “**Manager**”) wishes to inform unitholders that in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period jointly published by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020, minutes of the eleventh annual general meeting (“**AGM**”) of LMIR Trust which was convened and held by way of electronic means on Tuesday, 16 June 2020 at 10:00 a.m. has been recorded and is attached hereto as **Appendix A**.

The Manager had on 15 June 2020 released on SGXNET its responses to substantial and relevant questions received from unitholders and the Securities Investors Association (Singapore) relating to the agenda of the AGM.

BY ORDER OF THE BOARD

LMIRT Management Ltd.
(Company registration no. 200707703M)
As manager of Lippo Malls Indonesia Retail Trust

Liew Chee Seng James
Executive Director and Chief Executive Officer

Singapore
15 July 2020

LIPPO MALLS INDONESIA RETAIL TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 8 August 2007 (as amended))
 (Manager: LMIRT Management Ltd.)
 (Trustee: Perpetual (Asia) Limited)

MINUTES OF ANNUAL GENERAL MEETING

PLACE : Via “live” audio-visual webcast and “live” audio-only stream in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**Electronic Means**”)

DATE : 16 June 2020 (Tuesday)

TIME : 10.00 a.m.

PRESENT : Mr Murray Dangar Bell - Chairman of the Board and Independent Non-Executive Director
 Ms Gouw Vi Ven - Non-Executive Director

IN ATTENDANCE VIA ELECTRONIC MEANS : Mr Liew Chee Seng James - Executive Director and Chief Executive Officer
 Mr Phillip Lee - Independent Director and Chairman of Audit and Risk Committee
 Mr Goh Tiam Lock - Independent Director and Chairman of Nominating and Remuneration Committee
 Ms Ella Jia - Financial Controller
 Ms Sin Li Choo - Representative from the Trustee, Perpetual (Asia) Limited

UNITHOLDERS PRESENT VIA ELECTRONIC MEANS : Please see Attendance List attached hereto.

CHAIRMAN : Mr Murray Dangar Bell

1 Ms Gouw Vi Ven welcomed the Unitholders to the live webcast of the Eleventh Annual General Meeting (“**AGM**”) of Unitholders of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**”). Ms Gouw introduced Mr Murray Dangar Bell, the Chairman of the Meeting, who was appointed to the Board in November 2019 as Lead Independent Director and subsequently as Chairman of the Board in December 2019 to the Unitholders. Ms Gouw then handed over the proceedings to the Chairman.

2 The Chairman introduced the Directors, Management of LMIRT Management Ltd. (“**Manager**”) and the Representative of Perpetual (Asia) Limited (“**Trustee**”), who were present at the AGM via “live” audio-visual webcast, to the Unitholders.

3 **QUORUM**

3.1 As a quorum was present, the Chairman of the Meeting called the meeting to order.

4 **PRESENTATION BY CHIEF EXECUTIVE OFFICER (“CEO”)**

4.1 Mr Liew Chee Seng James, Executive Director and CEO of the Manager, delivered a presentation on LMIR Trust. In the midst of the presentation, the Chairman of the Meeting and Ms Gouw Vi Ven provided a brief update on the strategic direction of LMIR Trust, the opportunities to LMIR

Trust in relation to the COVID-19 pandemic, including Indonesian retail outlook and Nielsen Report on impact of COVID-19 on mall visit behavior in Jakarta. After the presentation, the CEO handed over the proceedings to the Chairman.

- 4.2 A copy of the presentation slides, which was posted via SGXNet and LMIR Trust's website on 16 June 2020, is annexed to this Minutes as "**Annex A**".

5 NOTICE

- 5.1 The Notice of the AGM ("**Notice**") convening the meeting was taken as read.
- 5.2 The Chairman of the Meeting informed the Unitholders that all resolutions tabled at the AGM would be voted by poll and counted based on the proxy forms that were submitted to the Manager at least 72 hours before the AGM as stipulated in Manager's announcement made on 25 May 2020 via SGXNet and LMIR Trust's website. He informed the Unitholders that he had been appointed as proxy by a number of the Unitholders pursuant to SGX's guidance issued on 13 April 2020 on the conduct of general meetings during the circuit breaker period and all votes on the resolution tabled at the AGM would be by proxy and only the Chairman of the meeting may be appointed as a proxy.

6 POLLING

- 6.1 DrewCorp Services Pte Ltd had been appointed as scrutineers for the poll. Boardroom Corporate & Advisory Services Pte Ltd had been appointed as polling agent.
- 6.2 There were no parties who were required to abstain from voting on any resolutions.

7 Q&A SESSION

- 7.1 The Chairman also informed the Unitholders that the Manager's responses to substantial and relevant questions received from the Unitholders and the Securities Investors Association (Singapore) related to the resolutions tabled at the meeting had been posted on SGXNet and LMIR Trust's website on 15 June 2020.
- 7.2 The responses to substantial and relevant questions received from the Unitholders are annexed to this Minutes as "**Annex B**".

8 ADOPTION OF REPORT OF THE TRUSTEE, THE STATEMENT BY THE MANAGER AND THE AUDITED FINANCIAL STATEMENTS OF LMIR TRUST – ORDINARY RESOLUTION 1

- 8.1 Ordinary Resolution 1 was proposed by the Chairman of the Meeting:
- 8.2 "That the Report of the Trustee issued by Perpetual (Asia) Limited, as trustee of LMIR Trust, the Statement by the Manager issued by LMIR Management Ltd, as manager of LMIR Trust, and the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2019 together with the Auditors' Report thereon be received and adopted."
- 8.3 The results of Ordinary Resolution 1 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
1,163,797,416	1,162,637,016	99.90	1,160,400	0.10

8.4 Based on the polling results, the Chairman of the Meeting declared Ordinary Resolution 1 as carried.

9 **RE-APPOINTMENT OF RSM CHIO LIM LLP AS THE AUDITORS OF LMIR TRUST – ORDINARY RESOLUTION 2**

9.1 Ordinary Resolution 2 was proposed by the Chairman of the Meeting:

9.2 “That RSM Chio Lim LLP be re-appointed as Auditors of LMIR Trust and to hold office until the conclusion of the next Annual General Meeting and that the Manager be authorised to fix their remuneration.”

9.3 The results of Ordinary Resolution 2 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes ‘For’	% ‘For’	No. of votes ‘Against’	% ‘Against’
1,163,797,416	1,163,271,666	99.95	525,750	0.05

9.4 Based on the polling results, the Chairman of the Meeting declared Ordinary Resolution 2 as carried.

10 **AUTHORITY TO ISSUE NEW UNITS – ORDINARY RESOLUTION 3**

10.1 Ordinary Resolution 3 was proposed by the Chairman of the Meeting:

10.2 “That pursuant to Clause 5 of the trust deed constituting LMIR Trust (as amended) (the “**Trust Deed**”) and the listing rules of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Manager be authorised and empowered to:

- (a) (i) issue units in LMIR Trust (“**Units**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
- (a) new Units arising from the conversion or exercise of the Instruments or any convertible securities; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- provided such adjustment in sub-paragraph (2)(a) is made in respect of new shares arising from exercise of Instruments or convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of LMIR Trust, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of LMIR Trust or (ii) the date by which the next AGM of LMIR Trust is required by law to be held, whichever is earlier or (iii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of LMIR Trust to give effect to the authority contemplated and/or authorised by this Resolution.”

10.3 The results of Ordinary Resolution 3 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
1,163,797,416	1,160,123,416	99.68	3,674,000	0.32

10.4 Based on the polling results, the Chairman of the Meeting declared Ordinary Resolution 3 as carried.

11 APPROVAL FOR THE PROPOSED UNIT BUY-BACK TRUST DEED – EXTRAORDINARY RESOLUTION 4

11.1 Extraordinary Resolution 4 was proposed by the Chairman of the Meeting:

11.2 “That:

- (a) approval be and is hereby given to the proposed supplement to the Trust Deed to amend the provisions regarding the repurchase and redemption of Units in the manner set out in Annex A of the Letter to Unitholders dated 25 May 2020 which is available on LMIR Trust's website at http://www.lmir-trust.com/ir_agm2020.html (the "**Unit Buy-Back Trust Deed Supplement**").
- (b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of LMIR Trust to give effect to Unit Buy-Back Trust Deed Supplement."

11.3 The results of Extraordinary Resolution 4 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
1,163,797,416	1,163,648,666	99.99	148,750	0.01

11.4 Based on the polling results, the Chairman of the Meeting declared Extraordinary Resolution 4 as carried.

12 APPROVAL FOR THE UNIT BUY-BACK MANDATE – ORDINARY RESOLUTION 5

12.1 Ordinary Resolution 5 was proposed by the Chairman of the Meeting:

12.2 "That subject to and conditional upon the passing of Extraordinary Resolution 4:

- (a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of LMIR Trust not exceeding the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager in accordance with the Trust Deed from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market repurchase(s) ("Market Repurchase") effected on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or;
 - (ii) off-market repurchase(s) (which are not market repurchases) ("Off-Market Repurchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed, as proposed to be supplemented by the Unit Buy-Back Trust Deed Supplement,
- and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "Unit Buy-Back Mandate").
- (b) Unless revoked or varied by Unitholders in a general meeting, the Unit Buy-Back Mandate, if approved by Unitholders, will be in force from the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates:
- (i) the date on which the next AGM of LMIR Trust is held;
 - (ii) the date by which the next AGM of LMIR Trust is required by applicable laws and regulations or the provisions of the Trust Deed to be held; or
 - (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated.

(c) in this Resolution:

“**Average Closing Price**” means the average of the closing market prices of the Units over the last five Market Days (as defined herein), on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date on which the Market Repurchase(s) or, as the case may be, the date on which the offer pursuant to the Off-Market Repurchase(s), is made.

“**date of the making of the offer**” means the date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase.

“**Market Day**” means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted is open for trading in securities.

“**Maximum Limit**” means the total number of Units which may be repurchased pursuant to the Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the AGM.

“**Maximum Price**” in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed 105.0% of the Average Closing Price of the Units for both a Market Repurchase and an Off-Market Repurchase.

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of LMIR Trust to give effect to the transactions contemplated and/or authorised by this Resolution.”

12.3 The results of Ordinary Resolution 5 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
1,163,682,666	1,163,648,666	100.00	34,000	0.00

12.4 Based on the polling results, the Chairman of the Meeting declared Ordinary Resolution 5 as carried.

13 CONCLUSION

13.1 There being no other business to transact, the Chairman declared the AGM closed at 11.00 a.m.

Confirmed as a True Record of Proceedings Held

Murray Dangar Bell
Chairman



Annual General Meeting

16 June 2020



Disclaimer



Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These forward-looking statements reflect our current views with respect to future events and financial performance and are subject to certain risks and uncertainties, which could cause actual results to differ materially from historical results or those anticipated.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in the Indonesian retail industry including those factors which may affect our ability to attract and retain suitable tenants, our ability to manage our operations, reduced demand for retail spaces, our ability to successfully complete and integrate potential acquisitions, liability for damages on our property portfolios, the success of the retail malls and retail spaces we currently own, withdrawal of tax incentives, political instability, and legal restrictions on raising capital or acquiring real property in Indonesia. In addition to the foregoing factors, a description of certain other risks and uncertainties which could cause actual results to differ materially can be found in the section captioned "Risk Factors" in our preliminary prospectus lodged with the Monetary Authority of Singapore on 19 October 2007. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. We undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The value of units in LMIRT ("Units") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, LMIRT Management Ltd, as manager of LMIR Trust (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.

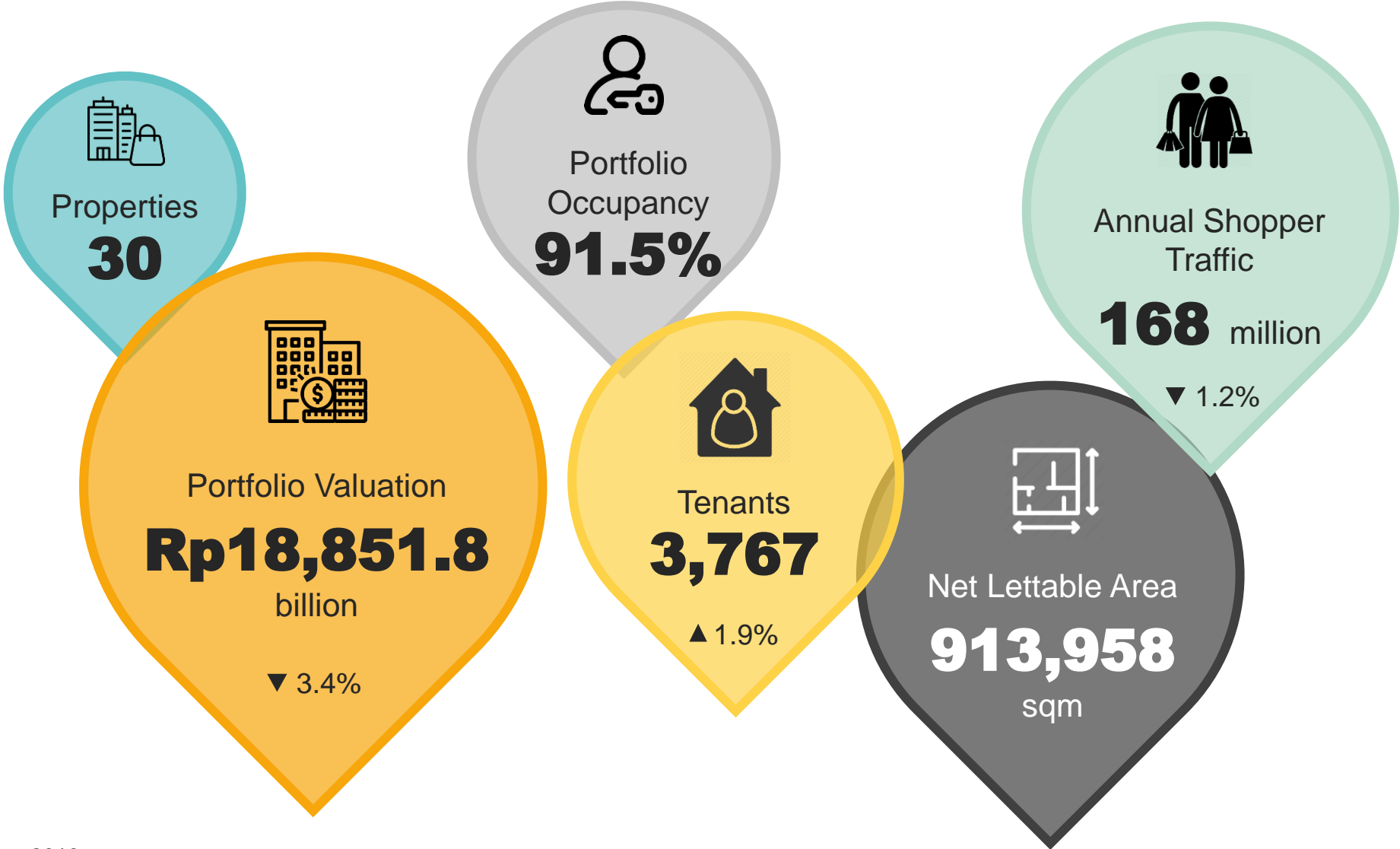
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited. Listing of the Units on the SGX-ST does not guarantee a liquid market for the 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 LMIRT is not necessarily indicative of the future performance of LMIRT.



Portfolio Overview

A Snapshot



Portfolio Overview

Strategically located across Indonesia:

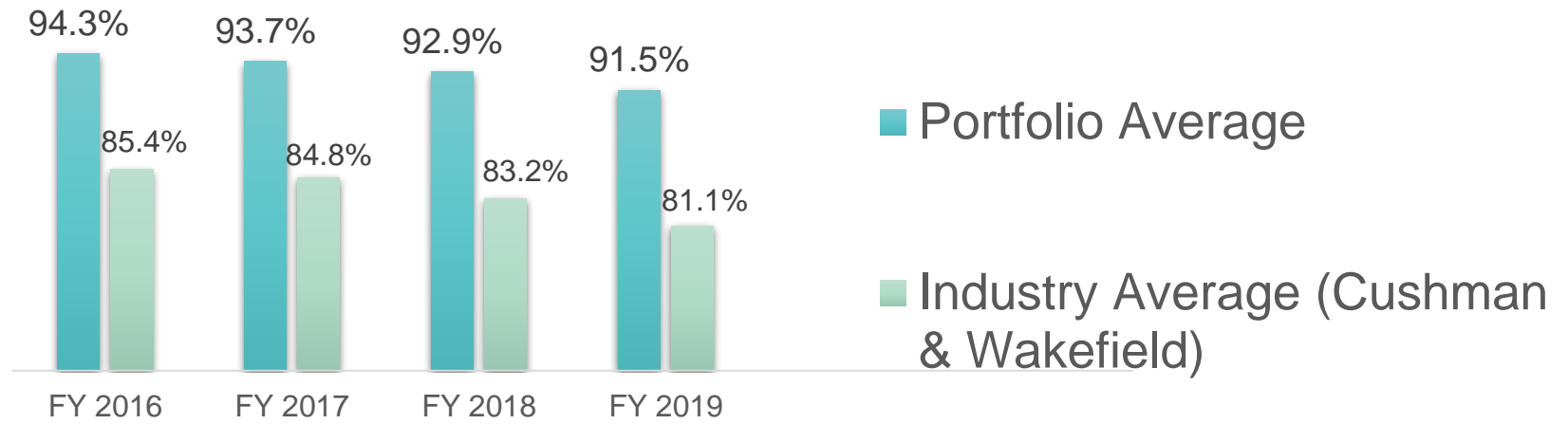
23 Retail Malls

7 Retail Spaces

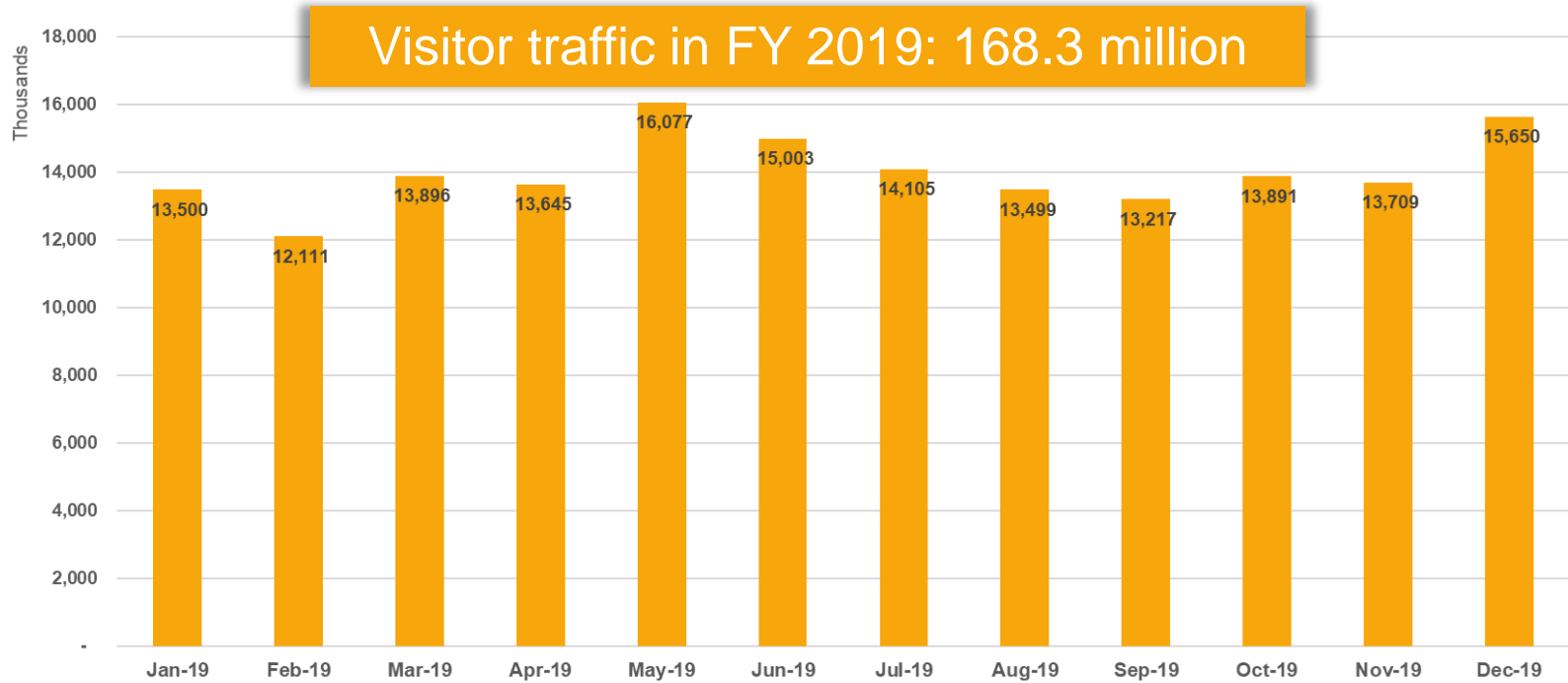


○ Retail Malls ○ Retail Spaces

High Occupancy Rate compared to Industry

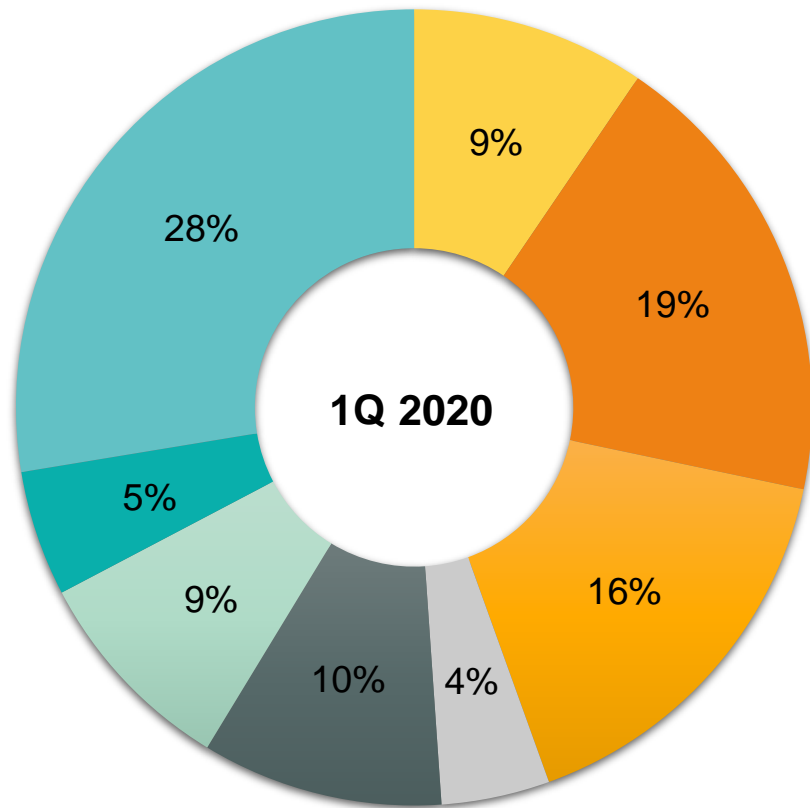


Stable Daily Visitor Traffic

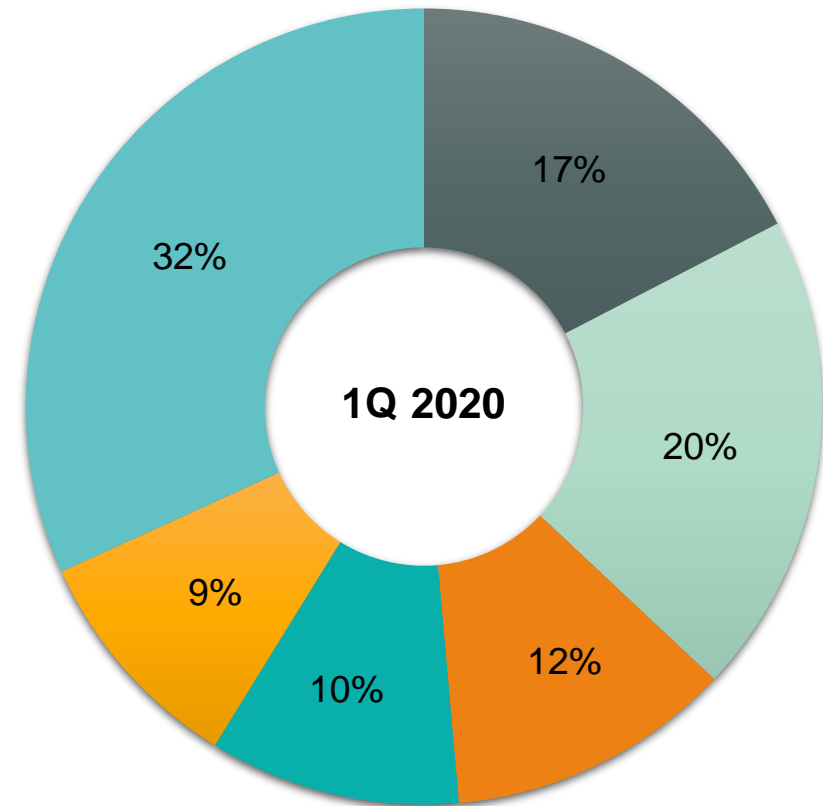


Diversified Tenant Sectors Reduces Concentration Risk

Trade Sector Breakdown by Gross Revenue*



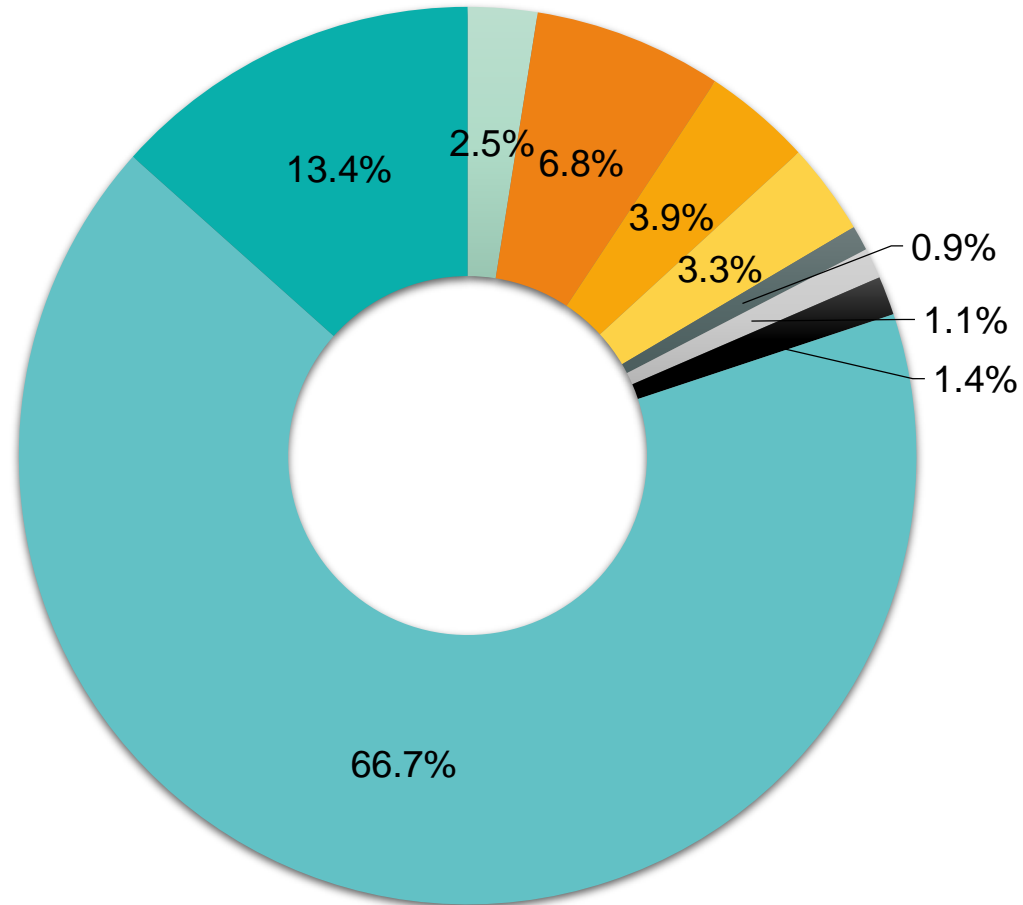
Trade Sector Breakdown by Net Lettable Area



- Casual Leasing
- F&B/Food Court
- Fashion
- Parking
- Department Store
- Supermarket/Hypermarket
- Leisure & Entertainment
- All Other Sectors

* Exclude other rental income and utilities recovery

Diversified Quality Tenants Reduces Concentration Risk



Contribution of Tenants to Gross Revenue
– No single party contributes more than 10% to gross revenue

- LK Master Leases
- Matahari
- Hypermart
- Sky Parking
- Cinemaxx
- Timezone
- Other Related-Party Tenants
- Non-Related Party Tenants
- Utilities Income



Financial Highlights

Improved Financial Highlights

	S\$'000			Rp'million		
	FY 2019	FY 2018	% Change	FY 2019	FY 2018	% Change
Gross Rental Income	155,259	155,215	-	1,602,944	1,641,639	(2.4)
Total Gross Revenue	273,001	230,299	18.5	2,818,551	2,435,769	15.7
Net Property Income	↑ 176,205	164,967	6.8	1,819,197	1,744,782	4.3
Income Available for Distribution to Unitholders	68,250	58,415	16.8			
Distribution to Unitholders	64,850	58,415	11.0			
DPU (Singapore cents)	↑ 2.23	2.05	8.8			

The Trust achieved better financial performance in FY19 and increased DPU to Unitholders

Balance Sheet – Solid Underlying Fundamentals

S\$'million	31 March 2020	31 December 2019
Non Current Assets	1,571.4	1,712.8
Cash and Cash Equivalents	145.7	109.7
Other Current Assets	160.5	190.5
Total Debt	789.8	721.7
Other Liabilities	189.3	215.4
Total Equity	898.5	1,075.9
Gearing Ratio	42.1%	35.9%
Total Units In Issue (million)	2,926.8	2,894.9
Net Asset Value per unit (in cents)	22.00	28.20

The Trust's Balance Sheet weakened in 1Q 2020 due to Rupiah's sharp depreciation which has since recovered

Key Highlights for 2019

❑ **Strategic Acquisition**

On 12 March 2019, LMIRT entered into a conditional sales and purchase agreement (the “CSPA”) with a wholly-owned subsidiary of PT Lippo Karawaci Tbk, the Sponsor of LMIR Trust, for the proposed acquisition of Lippo Mall Puri

❑ **Capital Management**

On 13 June 2019, LMIRT Capital Pte. Ltd., the Trust’s wholly-owned subsidiary, successfully issued its first US\$250 million 5-year Guaranteed Senior Notes. The Notes are also Asia-Pacific’s first U.S. dollar high-yield bond issued by a REIT

Key Highlights for 2019

❑ **Inaugural Divestment – Recycling of Capital**

On 30 Dec 2019, LMIRT entered into a CSPA with PT NWP Retail, a joint venture between Warburg Pincus and PT City Retail Developments to divest Pejaten Village and Binjai Supermall, marking the Trust's inaugural divestment since the Trust's listing in 2007

❑ **Creating Value for Unitholders**

Achieved a total return of 35% for unitholders, outperforming the average total returns of 23% generated within the S-REIT market in 2019



Looking Ahead

Leading Through the Pandemic

Current Reality

- ❑ Unprecedented global Economic Crisis leading to impact on retail discretionary spending
- ❑ Every Crisis has a beginning, middle and an end. We will get through it
- ❑ The Pandemic affects everyone – Landlords, Tenants, Consumers. This creates opportunities for partners to work together

Solid fundamentals of our quality retail malls **have not changed..** it's about **proactively managing with flexibility** through the changing stages of the Pandemic

Leading Through the Pandemic

Management Approach

- ❑ Strategic focus balancing liquidity, stability and flexibility
- ❑ Health and Safety is paramount
- ❑ Proactive Retailer engagements focusing on future occupancy rate and collections
- ❑ Proactive and transparent communication with all stakeholders
- ❑ Strategic growth opportunities often appear during a crisis

Solid fundamentals of our quality retail malls **have not changed**.. it's about **proactively managing with flexibility** through the changing stages of the Pandemic

Strategic Direction of LMIRT

Solid Business Foundation

- ❑ Growing Middle Class in Indonesia whose population enjoy shopping!
- ❑ Retail Malls underpinned by well populated trade areas and retail mix
- ❑ Reputation of Lippo Malls Branding - Largest Mall player in the market with a dedicated Indonesian management team
- ❑ Solid relationships with our Capital management partners – Banks, Equity and Debt Investors

Strategic direction remains **unchanged** to **maximise** the **long term asset value** of our high quality well located retail assets that our shoppers regularly enjoy resulting in **regular and stable distributions** to our Unitholders

Strategic Direction of LMIRT

Future Strategy Building on this Foundation

- ❑ Deliver our Vision by returning to regular and stable distributions as soon as prudent
- ❑ Divestment of Malls that are accretive to the Trust
- ❑ Growth of Funds under Management in strategic locations
- ❑ Capital Management strategies for stability and growth
- ❑ Value add retail trends and concepts to support our mall business

Strategic direction remains **unchanged** to **maximise** the **long term asset value** of our high quality well located retail assets that our shoppers regularly enjoy resulting in **regular and stable distributions** to our Unitholders

Favourable Indonesian Retail Outlook

Strong Middle-Income Growth

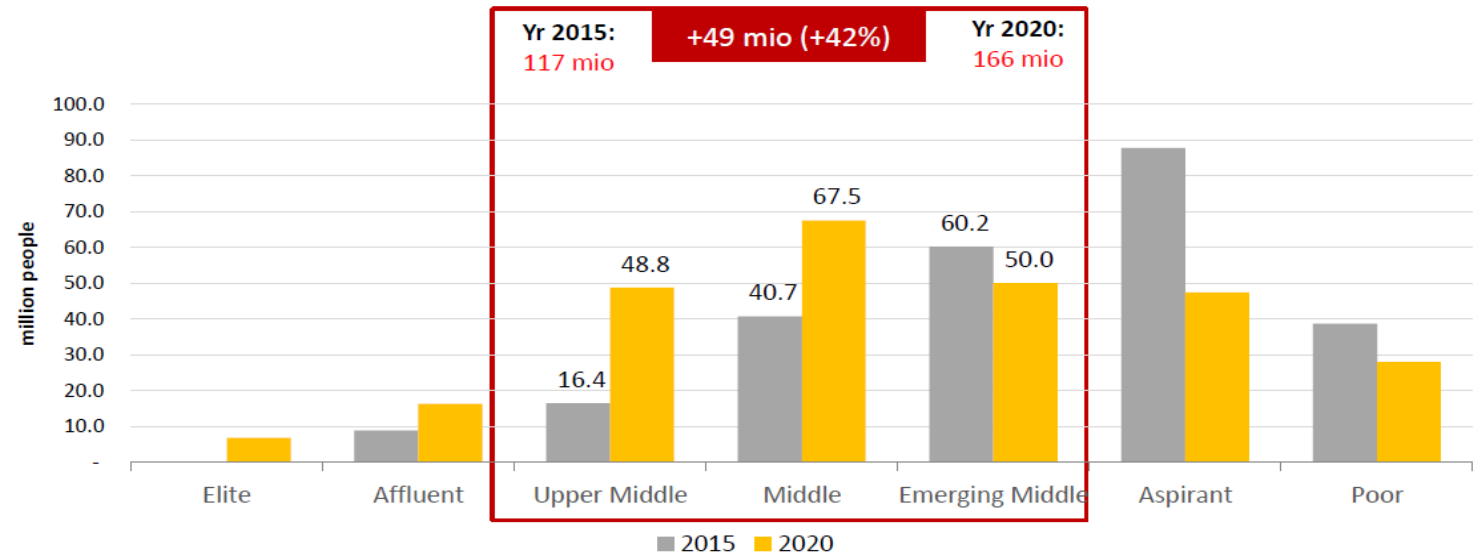
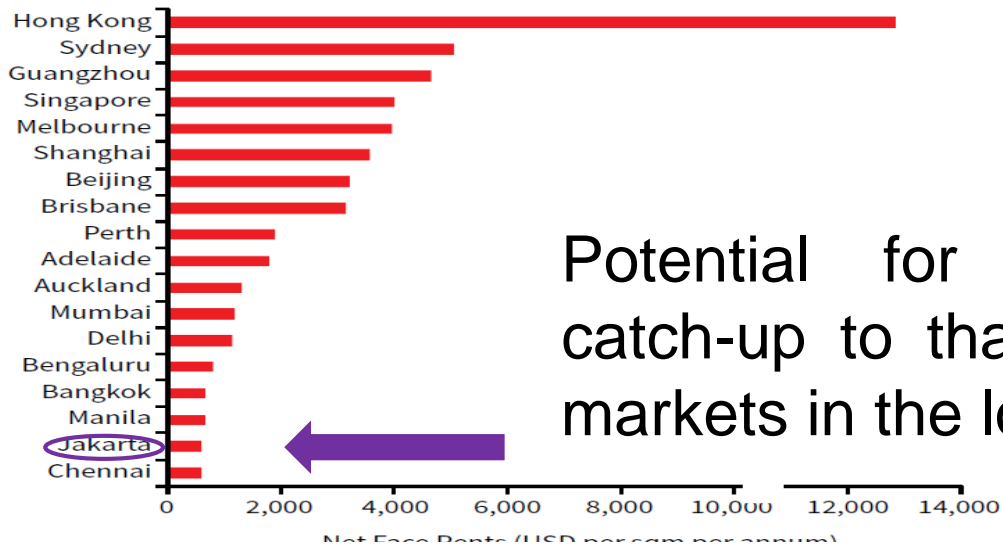


Figure 1: Asia Pacific Shopping Centre Rents, 1Q20



Potential for rents to catch-up to that of other markets in the long term

Source: Markplus Insight, Jones Lang LaSalle, The Retail Index 1Q2020

Nielsen Report on Impact of Covid-19 on Mall Visit Behaviour in Jakarta

SUMMARY

49%



Despite the COVID-19 Pandemic, half of the respondents still visited the mall mainly to buy their **household needs** – groceries and medicines/vitamins.

84%



Even though the intention to visit the mall is much higher when the pandemic is over, it still needs time to be back to normal.

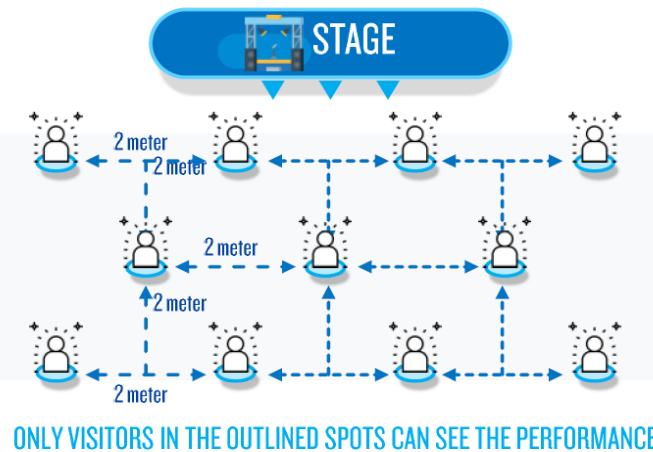
The trust that mall managements will do extra effort for **sanitations and safety** is one of their main reasons for people to visit the malls in the future once the pandemic is over.

ONCE THE PANDEMIC IS OVER, VISITORS ARE EXPECTING MALLS MORE FOR A PLACE FOR REFRESHING.

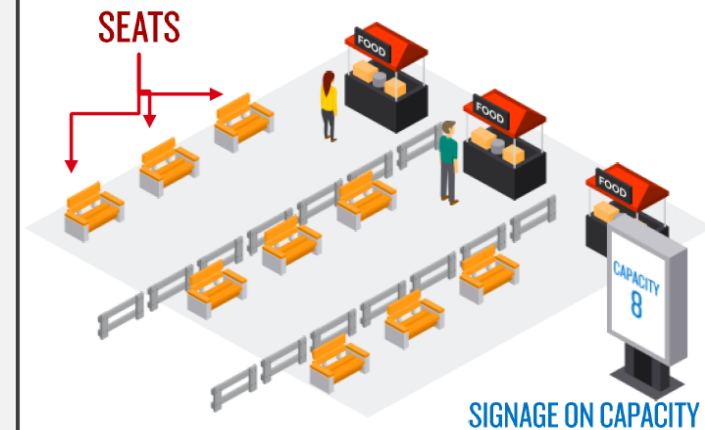
FREE SPACES (USUALLY USED FOR BAZAAR)
FOR WALKING SPACE



SPACES FOR LIVE MUSIC/ENTERTAINMENT
WITH SPOT GUIDANCE:



PROVIDE SEATS FOR QUEUING
IN ENTRANCE INSIDE MALL



Covid-19 Impact on LMIR Trust

The Onset of the Pandemic in Indonesia

- ❑ 31 March - Government declared a Covid-19 public health emergency
 - Large-scale social restrictions (PSBB) imposed alongside regional quarantines
- ❑ As at 15 June 2020, it has over 39,294 cases and 2,198 deaths, and over 15,123 have recovered
- ❑ End March – LMIRT announced the temporary closure of all 23 retail malls and 7 retail spaces, except for essential services which remain open but at shorter operating hours - 11am to 6pm. These closures have been extended in accordance with provincial regulations

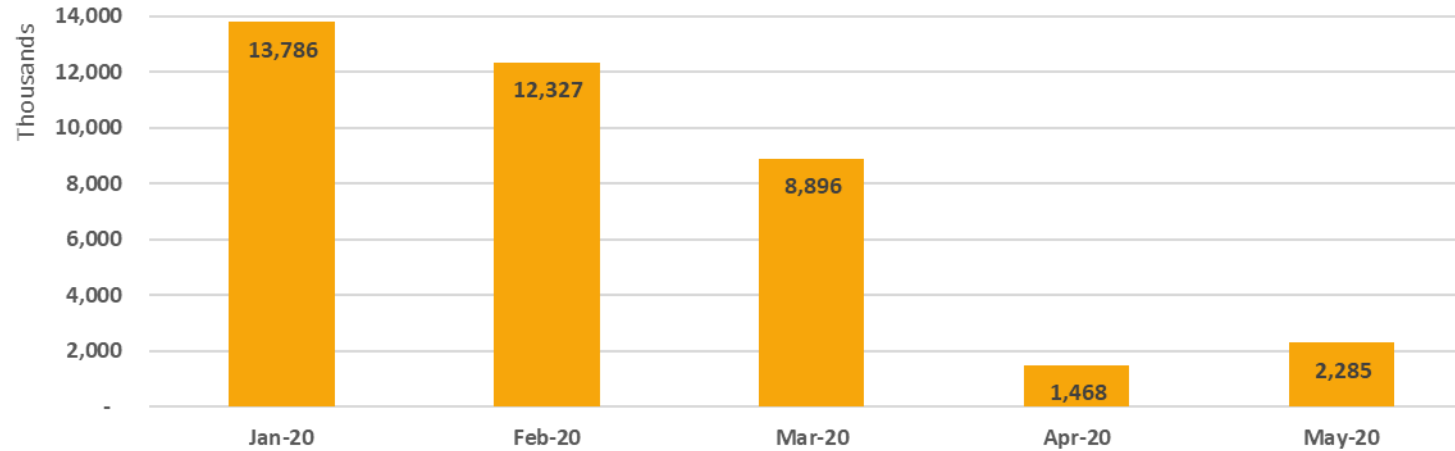
Covid-19 Impact on LMIR Trust

Reopening of Mall Operations

- ❑ As at 16 June 2020, 21 retail malls and 7 retail spaces have resumed operations as PSBBs are gradually relaxed across Indonesia. The remaining 2 retail malls - Mall Lippo Cikarang and Lippo Plaza Ekalokasari Bogor, are scheduled to reopen on 3 July when the PSBB in their areas have been lifted.
- ❑ Most retail stores, including dine-in at F&B outlets, have reopened except for entertainment outlets, including cinemas and kids entertainment, which remain closed due to existing Government regulations
- ❑ Adopt precautionary measures such as temperature checks, mandatory use of face masks and provision of hand sanitisers within the mall premises to reassure shoppers that the mall remains a safe place to visit

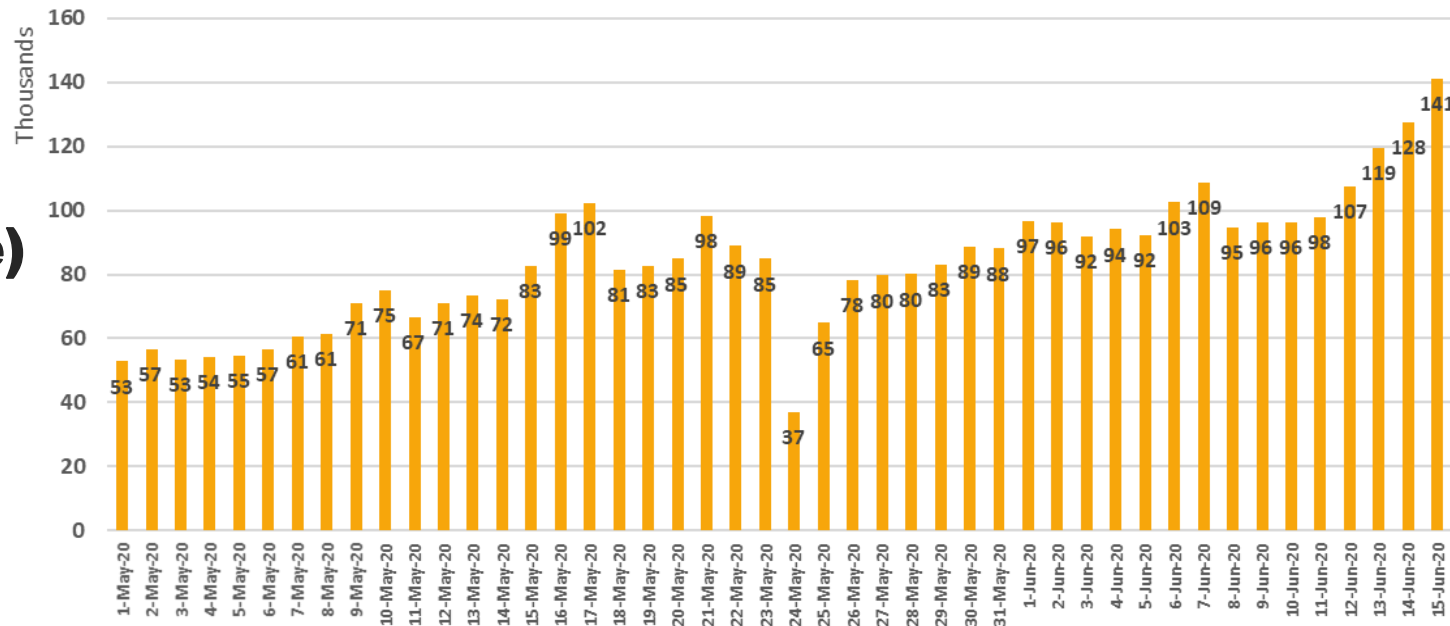
Visitor Traffic 2020

Monthly Visitor Traffic Declined due to Covid-19



YTD May 2020
38.8 mil visitors

Daily Visitor Traffic (1 May to 15 June) Since Mall Openings Shows Improvement



1 June to 15 June 2020
1.6 mil visitors

Covid-19 Impact on LMIR Trust

Financial Impact

- ❑ During mall closure, rental from tenants have been waived and discounts given on service charges. Rental from essential services, such as supermarkets, continue to be collected but pro-rated to reflect the shorter operating hours. Entertainment outlets which remain closed will continue to enjoy rental waivers
- ❑ Despite reducing operating cost by 30-40%, net property income is expected to be significantly lower in 2Q 2020 due to the mall closures
- ❑ The Trust remains in compliance with our debt financial covenants and has adequate financial reserves to fulfil our obligations into the foreseeable future.

Measures to Manage Covid-19

- ❑ Continuous focus on Health and Safety Measures with Close Monitoring and Co-operation with Authorities on the evolving situation around Covid-19 in Indonesia
- ❑ Proactive Retailer engagement focusing on future occupancy rate and collections
- ❑ Support Retailers with extensive marketing campaigns to drive footfall
- ❑ Strengthen cost management initiatives and oversight of capital expenditure
- ❑ Strengthen Capital Management and banking relationships and maintain access to the SGD and USD Capital Markets to build up liquidity and balance sheet resilience
 - Scheduled Payment of the Perpetual Note Coupon due on 19 June 2020 and Repayment of SGD75 million Senior Bond due on 22 June 2020

Lippo Mall Puri: Strategic Acquisition of a Flagship Asset

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	165,172 sqm / 115,600 sqm
Key Tenants	Matahari Department Store, SOGO, Food Hall, Zara, Cinema XXI, Timezone, Parkson, Uniqlo, & H&M
Carpark Lots	5,006
Occupancy Rate	93.7%
Property Title	Strata title certificates to be issued at completion



Organic Growth: Asset Enhancement Initiatives



SUN PLAZA, Medan – Nearing Completion



Artist's Impression of the exterior of the mall

Organic Growth: Asset Enhancement Initiatives



Gajah Mada Plaza

On Hold but Opportunity to Rework Plans to Cater to Post-Covid-19 Retail Environment



Unlocking Value with Divestments

Divestment of Pejaten Village and Binjai Supermall for a combined sale consideration of Rp1,280.7 billion



Property

Purchase Consideration in 2012

Sale Consideration

Pejaten Village

Rp748.0 billion

Rp997.4 billion



Property

Purchase Consideration in 2012

Sale Consideration

Binjai Supermall

Rp237.5 billion

Rp283.3 billion

Embracing The New Normal

- ❑ Proper Hygiene and Social Distancing measures within the malls will give shoppers peace of mind
- ❑ Mutual Understanding among Landlord, Tenants and shoppers that everyone is on the same boat and we must work together to overcome the challenges
- ❑ Video on Lippo Mall Kemang's efforts to embrace the new normal



Thank You



LIPPO MALLS INDONESIA RETAIL TRUST

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

**RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS
RECEIVED FROM UNITHOLDERS AND THE SECURITIES INVESTORS
ASSOCIATION (SINGAPORE) (“SIAS”)**

1. The Board of Directors (the “**Board**”) of 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 annual report of the LMIR Trust for the financial year ended 31 December 2019 (the “**Annual Report**”);
 - (b) the notice of annual general meeting (“**AGM**”) dated 25 May 2020 informing Unitholders that the Eleventh AGM of LMIR Trust will be convened and held by way of electronic means on Tuesday, 16 June 2020 at 10:00 a.m.; and
 - (c) the accompanying general announcement released on 25 May 2020 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.
2. **Response to questions from Unitholders.** The Manager would like to thank Unitholders for submitting substantial and relevant questions in advance of the AGM. As there was substantial overlap between several questions received from Unitholders, the Manager has summarised and grouped these questions accordingly. The Manager’s responses are also outlined in “**Annex A**” of this announcement.
3. **Response to questions from SIAS.** The Manager has received questions from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Annual Report. Please refer to the SIAS website at <https://sias.org.sg/ga-on-annual-reports/> for the list of questions and the corresponding responses of the Manager is outlined in “**Annex B**” of this announcement.

By Order of the Board

LMIRT MANAGEMENT LTD.

(As manager of Lippo Malls Indonesia Retail Trust)

(UEN/Company registration number: 200707703M)

Liew Chee Seng James

Executive Director and Chief Executive Officer

15 June 2020

RESPONSE TO QUESTIONS RECEIVED FROM UNITHOLDERS (ANNEX A)

Mall Closures / Covid-19-related

- 1) I note that many of the shopping malls owned by LMIRT are closed, but essentials such as supermarkets are still open. LMIRT will not be collecting rent during this closure. What cost cutting measures have LMIRT undertaken in view of COVID-19?**

During the temporary closure period, the Trust has reduced its operating cost by 30-40% with approximately 70% reduction in utilities and 50% reduction in outsourced security and cleaning services. Despite these cost cutting measures, net property income is expected to be significantly impacted in the second quarter due to the mall closures.

- 2) How long has the malls been shut down and whether the company would pay the tenants for the loss of business? Have all the malls resume operations?**
- 3) Any foreseeable loss of income in 2020?**
- 4) Can update the impact of COVID-19 in regards to the 2Q20 financial results and its long term implication going forward if any?**

In line with the Indonesian government's call for large-scale social restrictions ("PSBB"), LMIR Trust announced the temporary closure of all its 23 malls and seven retail spaces around the end of March and such closures have been extended in line with Indonesian regulations. Only essential services such as supermarkets, pharmacies and clinics remain operational during this closure period, at shorter operating hours.

Since May, some malls have reopened as restrictions ease in different geographies. As of 15 June 2020, 21 of our Retail Malls and six of our retail spaces have resumed operations. During the reopening of the malls, the health and safety of the Trust's employees, tenants, shoppers and contractors remain the key priority and the property manager will ensure the appropriate precautionary measures such as temperature checks, mandatory use of face masks and provision of hand sanitisers within the premises are implemented.

During this temporary closure period, LMIR Trust will not be receiving rental income from affected tenants and has also offered discounts on service charges due to no retail sales being achieved by the retailers. With the ongoing Covid-19 pandemic, it is difficult to ascertain the full impact of the crisis on the financial performance of the Trust. Nevertheless, the Trust remains in compliance of its debt financial covenants and has adequate financial reserves to fulfil its obligations in the foreseeable future.

- 5) I note that Matahari supermarket is owned by Lippo the sponsor (correct me if I am wrong), and they are still operating and presumably thriving (reference to Sheng Siong). Why are we not collecting rent from them? Given the relationship between LMIRT and Matahari (sponsor and REIT), what safeguards are in place to ensure that the non-collection of rent from Matahari is aligned to the interest of LMIRT?**
- 6) Is there a law in place in Indonesia whereby landlords such as LMIRT cannot take action against tenants if tenants were to not pay rent?**

The Trust continues to collect rental, pro-rated to account for the shorter mall operating hours, from PT

Matahari Putra Prima – the operator of the Hypermarket and supermarket business located within 17 of our retail malls and five retail spaces as it is considered as an essential service permitted to operate during the PSBB period.

In our lease agreements, there are clauses which allows us to take action against our tenants if they do not pay rent, which includes charging of interest on the late payment amount, temporary disconnection of electrical power, telephone line and water supply connection, unilateral termination of the lease and as a last resort, take legal action against the tenant. In addition, to minimise the risk of tenant default on rental payment, the Manager has put in place standard operating procedures for debt collection and recovery of debts, including the collection of security deposits in the form of cash or bankers guarantee and having a monitoring system and a set of procedures on debt collection.

7) It is likely that business will not rebound 100% immediately after the lifting of COVID-19 restrictions. Have any tenants feedback or request for a reduction or delay of rent payment after the resumption of business? Any request to give up lease? Any sign of distress? If there are, can you give us an idea of the fraction, and which sector they are in?

The Manager, along with the Property Manager, are working closely together on proactive retailer engagements with occupancy rate and future collections being the prime focus and rolling out extensive marketing campaigns together with the retailers to drive footfall. Certain business segments such as entertainment remain closed due to Government regulations and rental from such tenants will continue to be waived for such tenants.

Distributions / Gearing

8) The gearing levels of the REIT is high. It is even higher if perpetuals are taken into account. There are concerns that interest will not be paid to perpetuals, and hence the REIT unitholders cannot receive their distribution as a consequence. Is it true? Will the REIT be stopping distribution to unitholders?

9) What is the outlook of dividend payment going forward considering the drastic cut in 1Q20 to save up for Covid-19 impact?

On 15 June 2020, the Trust deposited S\$3.97 million with Citibank, N.A., London Branch as paying agent for its S\$120.0 million 6.6% subordinated perpetual securities to satisfy the distribution payment due on 19 June 2020. With respect to distributions to unitholders, the ongoing Covid-19 pandemic has created much uncertainty and has affected LMIR Trust's financial performance and making it necessary for the Trust to deviate from its stated policy of distributing at least 90% of its tax-exempted income. A more modest and prudent distribution strategy will have to be adopted in light of the challenging circumstances in the months ahead

10) Is the REIT aware or concerned about the high gearing levels? What is the REIT manager doing to address the gearing issue?

11) Under the new regulation, the gearing limit had increased from 45% to 50%. What is max gearing level the board comfortable with?

The higher gearing of 42.1% as at 31 March 2020 compared to 35.9% as at 31 December 2019 was due to the sharp 10.2% depreciation of the Indonesian Rupiah ("IDR") to the Singapore Dollar ("SGD") which closed at Rp11,369.64 as at 31 March 2020 vs. Rp10,320.74 as at 31 December 2019, as well as the drawdown of S\$40.0 million from the Trust's Revolving Credit Facility in 1Q 2020. The IDR to SGD now trades at around Rp10,200 and we expect the gearing level consequently to fall below 40%

The Board aims to maintain an appropriate gearing level that takes into consideration the Trust's investment property valuations, Indonesia's economic environment, investment opportunities available, as well as expected foreign exchange fluctuations in Rupiah under normal business conditions.

12) Is the REIT considering DRIP (Dividend Reinvestment Plan) to conserve cash?

Yes, it is an option that we can consider.

Asset Valuations

13) With the improve currency rate of Rp against Sgd recently, can we see some positive valuation going forward in terms of asset valuation and the share price performance?

LMIRT's investment properties are valued by independent valuers using the discounted cashflow methodology, taking into account assumed rental growth rates, vacancy allowances, growth potential as well as an estimate of the Indonesian cost of capital. The derived asset valuation figures are recorded in the financial statements in Indonesian Rupiah and translated into Singapore Dollar using the respective exchange rate as at the end of each period. Given that the potential impact of Covid-19 is constantly evolving, significant market uncertainty exists and consequently the valuations of LMIRT's investment properties could be subject to significant estimation uncertainty

Lippo Mall Puri

14) Why is the REIT still considering and proceeding with the acquisition of Lippo Puri Mall? Should it not be shelved in view of the high gearing levels (currently in excess of 40%)

The Trust's objective is to achieve sustainable long term growth while continuing to identify opportunities that are a strategic fit with our long term strategy. Lippo Mall Puri represents a great strategic fit as one of the largest and leading Indonesian shopping malls in an affluent trade area. It is an opportunity that will expand the value of our portfolio through the acquisition of a high quality retail mall at an attractive price.

The mall is a landmark asset located in an established residential and commercial precinct, and it is part of the largest premium integrated development in West Jakarta, the St. Moritz. It is centrally and conveniently located in a large catchment area comprising middle upper-class families that account for approximately 75% of the 650,000 population and is easily accessible together with great transport connectivity. These attributes makes Lippo Mall Puri an attractive destination of choice especially in a post Covid-19 environment

The proposed acquisition also comes with income support from the Vendor which provides the Trust with a guaranteed level of income and cashflows which mitigates any short-term negative impact on the performance of the asset arising from Covid-19.

Financing

15) Will investors be seeing a rights issue soon?

The Manager is working with its financial advisors on the appropriate acquisition capital structure taking into account the current market environment and available sources of funding. The requisite announcement on the finalised capital structure and fund raising will be made at the appropriate time.

Forex Hedging

16) I note that there were massive forex hedging losses incurred by LMIRT over the past years. These are rather sizeable. Have this been addressed? Have the people who caused LMIRT to make these losses been made accountable?

17) Pg 153, "In management's opinion, the above sensitive analysis is unrepresentative of the foreign currency risk as the historical exposure does not reflect the exposure in future". Could the management justify why they keep dispute this sensitive analysis in this and past AR? In past track record, did the management loss this money base on FX sensitivity analysis. The answer is yes and I did not think 10% movement in analysis is unreasonable.

The Trusts is exposed to foreign exchange exposure and interest rate risks in its business, in particular with rental earnings in IDR as well as floating interest rate loans. The Manager utilises various foreign exchange and interest rate hedging instruments, including currency options, interest rate swaps and cross currency swaps to reduce the exposure to risks of uncertainty and limit losses without significantly reducing the potential rate of return.

Generally, fluctuations in forex rates and interest rates, many of which are unexpected, will affect the performance of these hedging contracts. We will continue to review our model for future interest rate and forex movements in our future hedging contracts.

The purpose of the hypothetical sensitivity analysis on page 153 of the annual report is to show how profit (total return before tax) would change if the respective currencies change in value and 10% is commonly used reference for hypothetical change value to illustrate how profit would shift. It is unrelated to how the currencies actually fluctuated and affected the Trust's performance in FY 2019 and FY 2018. Actual exchange rates used for the financial results for FY 2019 and FY 2018 were Rp10,324 and Rp10,576 respectively, representing a 2.4% appreciation in the Rupiah currency. Extreme foreign exchange fluctuations of 10% per year are rare and caused by unforeseen events like the Covid-19 outbreak.

18) Management did not have a track record of managing FX risk. Why management choose USD bond, which add dimension of FX risk to trust?

The USD bond is a platform for the Trust to gain access to new markets and sources of capital. It allows us to diversify our financing tools and to tap on both a wider institutional base and new currency markets for our funding resources. We received robust response from fixed income investors in Asia and Europe for the notes with a final order book at over US\$475 million from 58 investor accounts, demonstrating investors' confidence in the Trust.

The Manager has entered into a few cross-currency swap contracts to swap the USD notes into Singapore Dollars with a weighted average fixed interest rate of 6.71% per annum, thereby reducing the interest rate and the foreign exchange exposure.

Board

19) Are there any plans to have a shares compensation scheme for the managers and directors, especially in such times? And do they intend to hold shares in LMIRT?

There are currently no plans for a share compensation scheme to be implemented for the Manager.

The Board of Directors and Management continue to do their best to enhance the value of LMIRT to all stakeholders. Nevertheless, as there is no legal requirement that a director or management should own LMIRT shares/units, such investment decisions are made on a personal basis, subject to their own financial resources capacity.

RESPONSE TO QUESTIONS RECEIVED FROM SIAS (ANNEX B)

Question 1

Since the outbreak of the COVID-19 pandemic in Indonesia, the REIT has updated the market on its mall closures and re-openings as a result of the large-scale social restrictions (“PSBB” - Pembatasan Sosial Berskala Besar) imposed by the Indonesia Health Ministry across various provinces.

The trust will not be collecting rental from its tenants that are not operating during this closure period. The manager has stated that the trust remains in compliance of its debt financial covenants and has adequate financial reserves to fulfil its obligations in the foreseeable future.

- i) Can the manager help unitholders understand the level of support given to landlords by the Indonesia/local governments during the closure period?

Answer

The Indonesia government’s relief measures have limited positive impact for LMIR Trust as the measures are focused on healthcare, SMEs and low wage earners.

Question 2

In the Letter to unitholders, it was disclosed that the REIT carried out a portfolio optimisation and would be divesting Pejaten Village for Rp997.4 billion and Binjai Supermall for Rp283.3 billion at a premium of 33.3% and 19.3% respectively over their purchase prices back in 2012.

This would be the first divestment for the REIT since its listing in 2007. The chairman and CEO have stated that the divestment would allow the REIT to unlock capital and increase its financial flexibility to fund growth through reinvestments, make distributions to unitholders or pare down debt.

- i) Would the manager elaborate further on the ongoing portfolio optimisation strategy? The manager has stated that these two malls fall short of the criteria that the mall must be (a) part of an integrated development that would prove resilient over the medium to long term; and/or (b) dominant or have market leading positions within the regions/areas the manager plans to operate in.

Answer

Our ultimate goal is to maximise value and deliver sustainable returns for our unitholders over the long term. We look at a range of criteria and implement various strategies which include rental pattern, market conditions, property specific qualities (e.g. building specs, brands, tenant mix, occupancy, rent reversion, asset management potential, and long-term growth potential. Shopping centres naturally go through asset cycles. Our core strategies are focused on malls in integrated developments or have market leading positions within the markets they operate. Strategically, the Manager believes both assets are at the right stage of their life cycle for divestment. Whilst these

assets have generated income over the years, the Manager believes it is an appropriate time to divest these assets as AElS have been completed, the age of the malls would require future operational capital expenditure to maintain the properties and their positioning is not aligned to either of the Trust core two strategies. Divestment proceeds could instead be allocated to potential future yield-accretive acquisition opportunities to generate steady and sustainable returns, reward loyal unitholders and/ or partially repay existing debt.

Question 2 (Con't)

ii) Which are the other malls that would be divested given the right opportunity?

Answer

At the moment, the Manager is focusing on completing the divestment of these two assets. Ultimately, the Trust goal is to maximise value and deliver sustainable returns for the unitholders over the long term and that the current portfolio of properties meet the needs in value creation and distribution. Asset recycling is a core strategy for the fund and the Manager will continue to evaluate its portfolio and remain open to further divestment opportunities to streamline its portfolio should they arise.

Question 2 (Con't)

From 2012 to 2020, the Indonesia economy experienced inflation as high as 8.38%. The following table shows the inflation rate recorded by Bank Indonesia.

Year	Inflation Target	Inflation Actual (% yoy)
2012	4.5±1%	4,30
2013	4.5±1%	8,38
2014	4.5±1%	8,36
2015	4±1%	3,35
2016	4±1%	3,02
2017*	4±1%	3,61
2018*	3,5±1%	3,13
2019*	3,5±1%	2,72
2020*	3±1%	

(Source: adapted from Bank Indonesia; retrieved on 2 June 2020;
<https://www.bi.go.id/en/moneter/inflasi/bi-dan-inflasi/Contents/Penetapan.aspx>)

From the table above, the cumulative effect of inflation from 2012 to 2019 would be 43.1%. As noted in the Letter to unitholders, the REIT will realise premiums of 33.3% and 19.3% over their purchase prices back in 2012.

- iii) How did the board evaluate the REIT's investment-to-divestment cycle of the two assets given the inflation has outpaced the valuation?**
- iv) Has the board evaluated the manager to assess how successful the manager has been at capturing long term value for unitholders?**

Answer

Since the acquisition of the two malls in 2012 up till 2019, Pejaten Village had generated net property income totalling Rp673 billion while Binjai Supermall had generated net property income totalling Rp163 billion. Coupled with the divestment values achieved of Rp997 billion and Rp283 billion for Pejaten and Binjai respectively, the Trust would have generated a total return of 123% for Pejaten and 88% for Binjai. Such returns significantly exceed the cumulative inflation rate of 43.1% experienced over the comparable period of investment.

Question 2 (Con't)

While the chairman and CEO mentioned that the divestments would be carried out at premium of 33.3% and 19.3% over their respective purchase prices, it was not mentioned that the Pejaten Property would be sold at a 4.1% discount to the Rp. 1,040 billion valuation determined by the Pejaten Valuer as at 30 June 2019. In fact, the last formal valuation of Pejaten Village published by the REIT was Rp. 1,157 billion as announced on 22 February 2019. If so, the sale price is in fact 13.8% below the last published valuation.

Similarly, it was not mentioned in the chairman and CEO letter that the sale of Binjai Supermall was carried out at a 8.3% discount to the “interim” valuation (valuation as announced by the REIT on 30 December 2019) and a 6.2% discount to the last available published valuation of Rp. 302 billion.

- v) What are the considerations by the REIT/board in deciding to sell the properties at discounts of between 6%-14% of the valuation?**

Answer

The Sale Considerations for both Pejaten and Binjai were negotiated on a willing-buyer and willing-seller basis, taking into consideration the growth potential, re-development prospects of both properties as well as the relatively illiquid secondary commercial real estate market in Indonesia with limited foreign investment participation within the retail mall segment. Although the Trust would be divesting both assets at a discount to latest valuations, the Trust similarly was able to purchase Pejaten and Binjai at a 12.6% and 5% discount to valuations respectively back in 2012.

There are several considerations that led to the decision to divest at the appropriate time at the current market rates. Strategically, the Manager believes both assets are at the right stage of their life cycle for divestment. Whilst these assets have generated income over the years, the Manager believes it is an appropriate time to divest these assets as AElS have been completed, the age of the malls would require future operational capital expenditure to maintain the properties and their positioning is not aligned to either of the Trust core two strategies. Divestment proceeds could instead be allocated to potential future yield-accretive acquisition opportunities to generate steady and sustainable returns, reward loyal unitholders and/ or partially repay existing debt.

Question 2 (Con't)

- vi) Would the manager be forgoing its divestment fees, if any?**

Answer

No, given the complexities of investments in Indonesia and the sale to an unrelated party, the Manager would be receiving the divestment fees as permitted under the Trust Deed.

Question 2 (Con't)

vii) Given that the REIT is divesting two assets at a 6-14% discount to its annual appraised value/carrying value, how can unitholders be assured that the overall valuation/carrying value of the REIT's portfolio is not overstated?

Answer

The valuations of our properties are performed by established professional valuers and appraised by the Audit and Risk Committee (“ARC”). The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 31 December 2019.

According to the independent auditor's report, the auditor assessed several factors in relation to the valuation work done and the credibility of the professional valuers. These include selection processes of the independent professional valuers, determination of the scope of work; review of the valuations reported; the independence, competence and experience of the valuers; alignment with international valuation professional standards. The auditors also tested various assumptions and verified various information to arrive the conclusion that testing performed in relation to the final fair values of the investment properties proved to be satisfactory.

Question 2 (Con't)

In addition, the trust recognised fair value losses in investment properties of S\$65.3 million in FY 2019. Prior to the FY, the last appraised portfolio value was S\$1840.4 million. The manager has attributed it to a fair value loss in Lippo Mall Kemang as a result of the expiry of its master leases coupled with the challenging car park business environment from increasing usage of ride-hailing services. Lippo Mall Kemang was revalued down from \$296.4 million to \$258.6 million, a drop of \$37.8 million.

viii) Would the REIT, under the new leadership team, be evaluating its strategy of acquiring assets with master leases that may lead to short-term support of income but unviable in the long run?

Answer

The Manager evaluates any potential acquisition with a range of criteria when considering acquisition assets. These include specifics such as location dynamics (good asset fitting the “Everyday Malls” positioning) and property specific qualities (e.g. building specs, brands, tenant mix, occupancy, rent reversion and asset management potential). Any master lease is designed to provide short term income support during the ramp up period as the mall stabilises its operations and occupancy. The level of income support has to be assessed to be sustainable by the independent valuers based on certain assumptions prevailing at that point in time. These assumptions are subject to change with the passage of time, resulting in the risk of underperformance of the mall or business segment, such as the onset of ride-hailing which was not in existence at the point of Kemang acquisition. Over the longer term, the Manager remains guided by the need to sustain long-term growth in order to generate long-term value for our Unitholders and the Manager will continue to refine its assessment models and work with the Board to ensure rigorous evaluations in order to make wise decisions.

Question 3

As disclosed in the Corporate Governance report, the board is aware that two of its independent directors, namely Mr Lee Soo Hoon Phillip and Mr Goh Tiam Lock, would reach

the nine years tenure during the financial year ending 31 December 2020.

The board has since commenced an identification and selection process of the appropriate individual to join the board.

In addition, in FY2019, the REIT also appointed a new independent director and chairman of the board, Mr Murray Dangar Bell, on 1 November 2019.

- i) Can the board elaborate further on its search and nominating process for new directors, especially independent directors?**
- ii) Can the nominating and remuneration committee help unitholders understand how the current search and nomination process supports the board diversity policy?**

Answer

The selection of candidates for appointment takes into account of various factors including the current and mid-term needs and goals of LMIR Trust and the Manager as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through our large network of contacts and through recommendations.

We look for individuals from a wide spectrum of background with in-depth experience in their respective fields of expertise that can add value to the Board, such as banking and finance, real estate, legal, etc. to provide the right counsel when appropriate, regardless of race, nationality or gender.

Further, we wish to inform you that we have successfully identified two new directors (to replace Mr Lee Soo Hoon, Phillip and Mr Goh Tiam Lock) in accordance with the selection process as earlier mentioned. Their application was submitted to the Monetary of Singapore and will provide further update relating thereto.