

CIRCULAR DATED 3 OCTOBER 2011

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for new units in Lippo Malls Indonesia Retail Trust ("LMIR Trust") to be issued for the purpose of the Rights Issue (as defined herein) (the "Rights Units") on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of the Rights Issue, the Rights Units, LMIR Trust and/or its subsidiaries.

If you have sold or transferred all your units in LMIR Trust ("Units"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States ("U.S."). It is not an offer of securities for sale into the U.S. The 'nil-paid' rights entitlements and the Rights Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state of the U.S. or other jurisdiction, and the 'nil-paid' rights entitlements and the Rights Units may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. There will be no public offer of securities in the U.S.



LIPPO MALLS INDONESIA RETAIL TRUST

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

MANAGED BY

**LMIRT MANAGEMENT LTD.**

**CIRCULAR TO UNITHOLDERS**

**IN RELATION TO:**

- (1) **ACQUISITION OF PLUIT VILLAGE FROM AN INTERESTED PERSON;**
- (2) **THE RIGHTS ISSUE; AND**
- (3) **THE WHITEWASH RESOLUTION.**

**Sole Financial Adviser to the Rights Issue**



**Joint Managers to the Rights Issue**



**BofA Merrill Lynch**



**Independent Financial Adviser to the Independent Directors of LMIRT Management Ltd.**



**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

Last date and time for lodgement of Proxy Forms	:	18 October 2011 at 2:00 p.m.
Date and time of Extraordinary General Meeting	:	20 October 2011 at 2:00 p.m.
Place of Extraordinary General Meeting	:	Raffles City Convention Centre Olivia Room, 80 Bras Basah Road Singapore 189560

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## CORPORATE INFORMATION

<b>Directors of LMIRT Management Ltd. (the manager of LMIR Trust (the “Manager”))</b>	:	Mr Albert Saychuan Cheok (Chairman & Independent Non-Executive Director) Ms Viven Gouw Sitiabudi (Executive Director of the Board and Chief Executive Officer) Mr Douglas Chew (Non-Executive Director) Mr Bunjamin J. Mailool (Non-Executive Director) Mr Lee Soo Hoon, Phillip (Independent Non-Executive Director) Mr Goh Tiam Lock (Independent Non-Executive Director)
<b>Registered Office of the Manager</b>	:	50 Collyer Quay #06-07 OUE Bayfront Singapore 049321
<b>Trustee of LMIR Trust (the “Trustee”)</b>	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #14-01 HSBC Building Singapore 049320
<b>Legal Adviser for the Acquisitions, the Rights Issue and to the Manager as to Singapore Law</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser for the Acquisitions and to the Manager as to Indonesian Law</b>	:	Makes & Partners Menara Batavia, 7th Floor Jl. KH. Mas Mansyur Kav. 126 Jakarta 10220, Indonesia
<b>Sole Financial Adviser to the Rights Issue</b>	:	Standard Chartered Securities (Singapore) Pte. Limited 8 Marina Boulevard #19-01 Marina Bay Financial Centre Tower 1 Singapore 018981
<b>Joint Managers to the Rights Issue</b>	:	Standard Chartered Securities (Singapore) Pte. Limited 8 Marina Boulevard #19-01 Marina Bay Financial Centre Tower 1 Singapore 018981  CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623  Credit Suisse (Singapore) Limited 1 Raffles Link #03/04-01 South Lobby Singapore 039393  Merrill Lynch (Singapore) Pte. Ltd. 9 Raffles Place #18-00 Republic Plaza Tower 1 Singapore 048619

		UBS AG, Singapore Branch One Raffles Quay #50-01 North Tower Singapore 048583
<b>Legal Adviser to the Sole Financial Adviser to the Rights Issue and Joint Managers to the Rights Issue as to Singapore Law</b>	:	WongPartnership LLP One George Street #20-01 Singapore 049145
<b>Legal Adviser to the Trustee</b>	:	Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
<b>Unit Registrar and Unit Transfer Office</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>Independent Financial Adviser to the Independent Directors of the Manager</b>	:	KPMG Corporate Finance Pte Ltd 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
<b>Independent Reporting Accountant</b>	:	RSM Chio Lim LLP 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095
<b>Independent Singapore Tax Adviser</b>	:	Ernst & Young Solutions LLP One Raffles Quay North Tower Level 18 Singapore 048583
<b>Independent Indonesia Tax Adviser</b>	:	PB & Co. Menara Imperium 27th Floor Jl. H.R. Rasuna Said Kav. 1 Jakarta 12980 Indonesia
<b>Independent Valuer of Pluit Village (appointed by the Trustee) and of Plaza Medan Fair (appointed by the Manager)</b>	:	KJPP Willson & Rekan Wisma Nugra Santana #17-03 Jl. Jenderal Sudirman Kav. 7-8 Jakarta 10220 Indonesia
<b>Independent Valuer of Pluit Village (appointed by the Manager)</b>	:	KJPP Damianus Ambur Menara Supra, Lt.9i Jl.S. Parman, Kav 76, Slipi Jakarta 11140 Indonesia

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## SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 57 to 68 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.*

### INTRODUCTION

Listed on the SGX-ST on 19 November 2007, LMIR Trust is a Singapore-based real estate investment trust with a diversified portfolio of income-producing retail and retail-related properties in Indonesia. LMIR Trust is established with the principal investment objective of owning and investing, on a long-term basis, in a diversified portfolio of income-producing real estate in Indonesia that are primarily used for retail and/or retail-related purposes, and real estate-related assets in connection with the purposes mentioned in the foregoing. As at 30 June 2011, LMIR Trust's existing portfolio comprises eight high-quality retail malls and seven retail spaces located within other malls with a combined net lettable area ("NLA") of 398,069 sq m and valuation of S\$1,082.0 million.

### SUMMARY OF THE TRANSACTIONS

#### Overview

In order to continue to grow LMIR Trust in accordance with its principal investment objective, the Manager proposes to carry out the following transactions (the "**Transactions**"):

- the acquisition of Pluit Village, a five-level retail mall located in the city of Jakarta, Indonesia ("**Pluit Village**", and the acquisition of Pluit Village, the "**Pluit Village Acquisition**"), from Excel Investment Limited ("**Excel Investment**") and Grand Investment Limited ("**Grand Investment**")<sup>1</sup> (collectively, the "**Pluit Village Vendors**") which own Pluit Village indirectly, for a purchase consideration of Rp.1,600.0 billion (S\$229.7 million<sup>2,3</sup>) (the "**Pluit Village Purchase Consideration**")<sup>4</sup>;
- the acquisition of Plaza Medan Fair, a four-level retail mall with one basement level located in Medan, North Sumatra, Indonesia ("**Medan Fair**", and together with Pluit Village, the "**Properties**") for a purchase consideration of Rp.1,050.0 billion (S\$150.8 million) (the "**Medan Fair Purchase Consideration**")<sup>5</sup> from Asiana Investment Limited<sup>6</sup> (the "**Medan Fair Vendor**")

1 Pluit Village will be acquired through the acquisitions of two Singapore-incorporated companies, Grandley Investments Pte. Ltd. ("**Grandley**") and Kindall Investments Pte. Ltd. ("**Kindall**"), which together own 100% of the issued share capital of PT Duta Wisata Loka ("**PT DWL**") which in turn, directly holds Pluit Village.

2 Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.6,964.3 (the "**Illustrative Rupiah Exchange Rate**"). Unless otherwise stated, all conversions of Rp. amounts into S\$ in this Circular shall be based on the Illustrative Rupiah Exchange Rate. It should be noted that the purchase consideration of Pluit Village and Medan Fair shall be paid in the Singapore Dollar equivalent based on the exchange rate at 11:00 a.m. (Singapore time) on 30 September 2011 (being the date of the Pluit Village SPA and the Medan Fair SPA (each as defined herein)).

3 Unless otherwise stated, all amounts in Rp. and S\$ in this Circular shall, where such amount exceeds one million, be rounded to one decimal number.

4 The Pluit Village Purchase Consideration is subject to adjustment for the consolidated net assets or net liabilities of Grandley and Kindall as at the completion date of the Pluit Village Acquisition.

5 The Medan Fair Purchase Consideration is subject to adjustment for the consolidated net assets or net liabilities of Vibrance Investments Pte. Ltd. ("**Vibrance**") as at the completion date of the Medan Fair Acquisition.

6 Medan Fair will be acquired through the acquisition of a Singapore-incorporated company, Vibrance which directly and through its wholly-owned subsidiary, Zesty Investments Pte. Ltd. ("**Zesty**"), owns 100.0% of the issued share capital of PT AP which in turn, directly holds Medan Fair.

which owns Medan Fair indirectly (the “**Medan Fair Acquisition**” and together with the Pluit Village Acquisition, the “**Acquisitions**”).

- the issue of 1,086,516,497 new Units (“**Rights Units**”, and the issue of the Rights Units, the “**Rights Issue**”) on a renounceable basis to Eligible Unitholders (as defined herein) on a *pro rata* basis of one (1) Rights Unit for every one (1) existing Unit (the “**Rights Ratio**”) held as at 5.00 p.m. on 4 November 2011 (the “**Rights Issue Books Closure Date**”), at an issue price of S\$0.31 per Rights Unit (the “**Issue Price**”), fractional entitlements to be disregarded. The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units including the right to any distributions which may accrue for the period from 1 October 2011 to 31 December 2011 (“**4Q2011**”) as well as all distributions thereafter. PT. Lippo Karawaci Tbk, the sponsor of LMIR Trust (the “**Sponsor**”), has agreed to take up all of the Rights Units which are not taken up by other Unitholders. (See “Resolution 2: The Rights Issue — Commitment of the Sponsor” below and paragraph 5.7 of the Letter to Unitholders for further details.)

For the avoidance of doubt, the Pluit Village Acquisition and the Medan Fair Acquisition are not inter-conditional upon each other. However, for the purposes of transparency and good corporate governance, details of the Medan Fair Acquisition have been disclosed in this Circular as the proceeds from the Rights Issue will be used to part finance the Medan Fair Acquisition.

### Key Benefits of the Transactions

The Manager believes that the Transactions will bring the following key benefits to Unitholders:

- acquisition of quality assets at attractive net property income (“**Net Property Income**” or “**NPI**”) yield with high occupancy rates and situated in strategic locations;
- enhanced income stability and visibility from long-term leases and rental guarantees;
- increased economies of scale; and
- increased capital base and scalability potential through the Rights Issue.

(See paragraph 2.1 of the Letter to Unitholders for further details.)

### COST OF THE ACQUISITIONS

The following table sets out the appraised values (as at 30 June 2011 for Pluit Village and 3 August 2011 for Medan Fair) and purchase consideration of each of the Properties:

Property	Appraised Value						Property Purchase Consideration	
	by KJPP Willson & Rekan		by KJPP Damianus Ambur		Average			
	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)
Pluit Village .	1,588.1	228.0	1,804.0	259.0	1,696.1	243.5	1,600.0 <sup>(1)</sup>	229.7 <sup>(1)</sup>
Medan Fair..	1,095.0 <sup>(2)</sup>	157.2 <sup>(2)</sup>	—	—	1,095.0	157.2	1,050.0 <sup>(3)</sup>	150.8 <sup>(3)</sup>
<b>Total.....</b>							<b>2,650.0</b>	<b>380.5</b>

**Notes:**

- (1) This reflects the amount which LMIR Trust will pay for Pluit Village. As LMIR Trust will be acquiring Pluit Village indirectly through the acquisitions of Grandley and Kindall, the actual price which LMIR Trust will pay will be subject to adjustment for the consolidated net assets or net liabilities of Grandley and Kindall as at the completion date of the Pluit Village Acquisition.
- (2) The valuation for Medan Fair was made on the assumption that the BOT Agreement<sup>1</sup> between PT Anugrah Prima (“**PT AP**”) and the regional government of Medan city (the “**Medan Fair BOT Grantor**”, and the BOT Agreement between PT AP and the Medan Fair BOT Grantor, the “**BOT AP**”) will be extended to 2032. The BOT AP is currently valid up till July 2027. For the avoidance of doubt, the valuation for Medan Fair does not include a valuation for the Medan Fair Extension (as defined herein).
- (3) This reflects the amount which LMIR Trust will pay for Medan Fair. As LMIR Trust will be acquiring Medan Fair indirectly through the acquisition of Vibrance, the actual price which LMIR Trust will pay will be subject to adjustment for the consolidated net assets or net liabilities of Vibrance as at the completion date of the Medan Fair Acquisition.

The total cost of the Acquisitions, inclusive of the aggregate purchase consideration of the Properties, the acquisition fee in relation to the Pluit Village Acquisition (the “**Pluit Village Acquisition Fee**”) and the acquisition fee in relation to the Medan Fair Acquisition (the “**Medan Fair Acquisition Fee**”) payable to the Manager, as well as other estimated professional and other fees and expenses incurred in connection with the Acquisitions, is expected to be Rp.2,684.2 billion (S\$385.4 million) (“**Total Acquisition Cost**”).

(See paragraph 3.2 of the Letter to Unitholders for further details.)

**METHOD OF FINANCING**

The Manager intends to finance the cash component<sup>2</sup> of the Total Acquisition Cost of S\$383.1 million as follows:

- (i) S\$332.0 million (which is equivalent to 98.6% of the gross proceeds of the Rights Issue). The Manager proposes to issue 1,086,516,497 Rights Units through a fully renounceable rights issue to Eligible Unitholders, on a basis of one Rights Unit for every one existing Unit, at an issue price of S\$0.31 per Rights Unit; and
- (ii) S\$51.1 million from internal cash and working capital of LMIR Trust.

(See “Resolution 2: The Rights Issue” and paragraph 5 of the Letter to Unitholders for further details.)

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1 “**BOT Agreement**” means an agreement entered into by the BOT Grantor and the BOT Grantee (each as defined herein) in relation to the construction and operation of the Properties pursuant to a BOT Scheme (as defined herein).

2 For the avoidance of doubt, the cash component of the Total Acquisition Cost does not include the Pluit Village Acquisition Fee of Rp.16.0 billion (or S\$2.3 million) in connection with the Pluit Village Acquisition, which is payable in Units to the Manager pursuant to Clause 15.2.1 of the trust deed dated 8 August 2007 constituting LMIR Trust (as amended) (the “**Trust Deed**”). Clause 15.2.1 of the Trust Deed states that the Manager is entitled to receive an acquisition fee calculated at the rate of 1.0% of the purchase price paid for any Authorised Investment (as defined in the Trust Deed) acquired from time to time by the Trustee on behalf of LMIR Trust, and the purchase price shall be the amount after deducting the interest of any co-owner or co-participant.



## SUMMARY OF APPROVALS SOUGHT

The Manager seeks the approval of unitholders of LMIR Trust (“**Unitholders**”) for the resolutions stated below:

- (1) Resolution 1: Acquisition of Pluit Village from an Interested Person (Ordinary Resolution) (which is conditional upon the passing of Resolutions 2 and 3);
- (2) Resolution 2: The Rights Issue (Ordinary Resolution) (which is conditional upon the passing of Resolutions 1 and 3); and
- (3) Resolution 3: The Whitewash Resolution (Ordinary Resolution).

### RESOLUTION 1: ACQUISITION OF PLUIT VILLAGE FROM AN INTERESTED PERSON

#### Interested Person Transaction<sup>1</sup> and Interested Party Transaction<sup>2</sup> in connection with the Pluit Village Acquisition

As at 29 September 2011, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), the Manager has a direct interest in 26,102,497 Units (representing 2.4% of the existing Units). The Manager is wholly-owned by Peninsula Investment Limited (“**Peninsula**”), a wholly-owned subsidiary of Jesselton Investment Ltd (“**Jesselton**”) which is in turn a wholly-owned subsidiary of the Sponsor. The Sponsor, directly and/or through its subsidiaries and associates and through its interest in the Manager, has (i) deemed interests of 29.6% in LMIR Trust and (ii) wholly-owns the Manager, and is therefore regarded as a “controlling unitholder” of LMIR Trust and “controlling shareholder” of the Manager, under both the Listing Manual and (where applicable) the Property Funds Appendix. Lippo Capital Limited, an associate of the Sponsor<sup>3</sup>, has an effective interest of 46.0% in Grand Investment and 13.3% in Excel Investment, and therefore has an effective interest of 18.1% in PT DWL.

As Grand Investment is deemed to be 46.0% held by an associate of a “controlling unitholder/shareholder” of (i) LMIR Trust and (ii) the Manager, it is considered an associate of both LMIR Trust and the Manager. For the purposes of Chapter 9 of the Listing Manual, Grand Investment (being an associate of both LMIR Trust and the Manager) is an Interested Person<sup>4</sup> of LMIR Trust. For the purposes of paragraph 5 of the Property Funds Appendix relating to Interested Party Transactions, Grand Investment (being an associate of both LMIR Trust and the Manager) is an Interested Party (as defined herein) of LMIR Trust.

As such, the Pluit Village Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The Pluit Village Acquisition will also constitute an Interested Party Transaction under paragraph 5 of the Property Funds Appendix. Further, the value of the Pluit Village Acquisition is equal to 25.0% of LMIR Trust’s net asset value (“**NAV**”) of S\$917.8 million as at 30 June 2011, and 25.0% of LMIR Trust’s latest unaudited net tangible assets (“**NTA**”) of S\$917.8 million as at 30 June 2011. Therefore, the approval of Unitholders is required under Rule 906 of the Listing Manual and paragraph 5 of the Property Funds Appendix. Accordingly, the approval of Unitholders is sought for the Pluit Village Acquisition (see paragraph 4.1 of the Letter to Unitholders for further details).

1 “**Interested Person Transaction**” has the meaning ascribed to it in the Listing Manual of the SGX-ST (the “**Listing Manual**”).

2 “**Interested Party Transaction**” has the meaning ascribed to it in Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**MAS**”) in relation to real estate investment trusts (the “**Property Funds Appendix**”).

3 Pacific Asia Holdings Limited is the controlling shareholder of the Sponsor. Lippo Capital Limited and Pacific Asia Holdings Limited are ultimately owned by a trustee of a discretionary trust established by Dr. Mochtar Riady.

4 “**Interested Person**” has the same meaning as “Interested Party” in the Property Funds Appendix.

**UNITHOLDERS SHOULD NOTE THAT RESOLUTION 1 (ACQUISITION OF PLUIT VILLAGE FROM AN INTERESTED PERSON) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 2 (THE RIGHTS ISSUE) AND RESOLUTION 3 (THE WHITEWASH RESOLUTION).**

## **RESOLUTION 2: THE RIGHTS ISSUE**

### **Use of proceeds**

The Rights Issue will raise gross proceeds of S\$336.8 million and net proceeds of S\$332.0 million. The proceeds raised (based on the Sponsor Undertaking (as defined below)) will be sufficient to meet the present funding requirements of LMIR Trust. The Manager expects to use the gross proceeds from the Rights Issue as follows<sup>1</sup>:

- (i) S\$332.0 million (which is equivalent to 98.6% of the gross proceeds of the Rights Issue) to finance the cash component<sup>2</sup> of the Total Acquisition Cost<sup>3</sup>; and
- (ii) S\$4.8 million (which is equivalent to 1.4% of the gross proceeds of the Rights Issue) for the total costs and expenses relating to the Rights Issue.

### **Issue Price**

The Issue Price represents a discount of:

- 42.6% to the closing price of S\$0.540 per Unit (the “**Closing Price**”) on the Latest Practicable Date, being the last trading day of the Units prior to the announcement of the Rights Issue; and
- 27.1% to the theoretical ex-rights price (“**TERP**”) of S\$0.425 per Unit. The TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of LMIR Trust}^4 + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

### **Status of Rights Units**

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for 4Q2011 as well as all distributions thereafter.

For the avoidance of doubt, the Rights Units will not be entitled to participate in the distribution of any distributable income accrued by LMIR Trust prior to 1 October 2011 (including the distribution period commencing from 1 July 2011 to 30 September 2011).

<sup>1</sup> The actual split in the use of proceeds may be adjusted to take into account the adjustment for the consolidated net assets or net liabilities of Grandley and Kindall (in the case of the Pluit Village Acquisition) and of Vibrance (in the case of the Medan Fair Acquisition).

<sup>2</sup> For the avoidance of doubt, the cash component of the Total Acquisition Cost does not include the Pluit Village Acquisition Fee of Rp.16.0 billion (or S\$2.3 million) in connection with the Pluit Village Acquisition, which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed. Clause 15.2.1 of the Trust Deed states that the Manager is entitled to receive an acquisition fee calculated at the rate of 1.0% of the purchase price paid for any Authorised Investment (as defined in the Trust Deed) acquired from time to time by the Trustee on behalf of LMIR Trust, and the purchase price shall be the amount after deducting the interest of any co-owner or co-participant.

<sup>3</sup> The remainder of the cash component of the Total Acquisition Cost of S\$51.1 million is to be funded by LMIR Trust’s internal cash and working capital.

<sup>4</sup> Based on the Closing Price as at the Latest Practicable Date.

## Commitment of the Sponsor

Given the long exposure period of the Rights Issue, the current and further potential market uncertainties and the execution risks, the Joint Managers have indicated that they will not underwrite the Rights Issue. The Sponsor, which directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests in 321,614,441 Units representing 29.6% of the voting rights of LMIR Trust as at the Latest Practicable Date, has agreed to take up all of the Rights Units which are not taken up by other Unitholders, and has provided an irrevocable undertaking to the Manager (the “**Sponsor Undertaking**”) that it will:

- (i) take up its *pro rata* entitlement of 321,614,441 Rights Units, representing approximately 29.6% of the total number of Rights Units in proportion to its unitholdings as at the date of the Sponsor Undertaking (the “**Sponsor Rights Units**”); and
- (ii) either directly or indirectly through one or more of its associates, existing subsidiaries (including the Manager) and/or new subsidiaries set up by the Sponsor to hold Units, (collectively, the “**Sponsor Subscribing Subsidiaries**” and together with the Sponsor, the “**Subscribing Entities**”), subscribe for up to 764,902,056 Rights Units representing 70.4% of the total number of Rights Units (to the extent that they are not validly subscribed for under the Rights Issue) (collectively, the “**Sponsor Commitment Rights Units**”),

subject to the passing of all of Resolutions 1 (Acquisition of Pluit Village from an Interested Person), 2 (The Rights Issue) and 3 (The Whitewash Resolution). The Sponsor has agreed to provide the Sponsor Undertaking in order to demonstrate its support for LMIR Trust and the Rights Issue, and to ensure that LMIR Trust obtains the required level of funding to acquire the Properties. It should also be noted that the Sponsor will not be receiving any fees for the provision of the Sponsor Undertaking.

**UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 (THE RIGHTS ISSUE) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (ACQUISITION OF PLUIT VILLAGE FROM AN INTERESTED PERSON) AND RESOLUTION 3 (THE WHITEWASH RESOLUTION).**

## RESOLUTION 3: THE WHITEWASH RESOLUTION

### Waiver of The Singapore Code of Take-overs and Mergers

The Securities Industry Council (the “**SIC**”) has on 26 September 2011 granted a waiver (the “**SIC Waiver**”) of the requirement by the Sponsor and parties acting in concert with the Sponsor to make a mandatory offer (“**Mandatory Offer**”) for the remaining Units not owned or controlled by the Sponsor and parties acting in concert with the Sponsor, in the event that they incur an obligation to make a mandatory offer pursuant to Rule 14 of The Singapore Code of Take-overs and Mergers (the “**Code**”) as a result of:

- the Subscribing Entities taking up provisional allotments of Rights Units allotted and issued to them and, if applicable, through (i) subscribing for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) applying for any Excess Rights Units<sup>1</sup> under the Rights Issue (the “**Sponsor Excess Application**” and the Excess Rights Units applied for under the Sponsor Excess Application, the “**Sponsor Excess Rights Units**”); and

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1 “**Excess Rights Units**” means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of the “nil-paid” Rights Units.

- the receipt of the Pluit Village Acquisition Fee in Units (the “**Pluit Village Acquisition Fee Units**”) by the Manager in its own capacity,

subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 7.2 of the Letter to Unitholders) including the approval of the Whitewash Resolution by Independent Unitholders (as defined herein) at a general meeting of Unitholders (Resolution 3).

Rule 14.1(a) of the Code states that the Sponsor and parties acting in concert with the Sponsor would be required to make a Mandatory Offer if the Subscribing Entities acquire additional Units which increase their aggregate unitholdings in LMIR Trust to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Sponsor and parties acting in concert with the Sponsor would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 7.2 of the Letter to Unitholders) including the Whitewash Resolution being approved by Independent Unitholders at the extraordinary general meeting of Unitholders to be held on 20 October 2011 at 2:00 p.m. (the “**EGM**”).

Assuming that all Unitholders (including the Subscribing Entities) accept their provisional allotments under the Rights Issue in full, the unitholdings of the Subscribing Entities immediately after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue (being 321,614,441 Units) will remain unchanged at 29.6%.

The Manager proposes to seek approval from Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor (the “**Independent Unitholders**”) for a waiver of their right to receive a mandatory offer from the Sponsor and parties acting in concert with the Sponsor for the remaining issued Units not owned or controlled by the Sponsor and parties acting in concert with the Sponsor, in the event that they incur an obligation to make a Mandatory Offer as a result of:

- the Subscribing Entities taking up provisional allotments of Rights Units allotted and issued to them and, if applicable, through (i) subscribing for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) applying for the Sponsor Excess Rights Units under the Rights Issue; and/or
- the receipt of the Pluit Village Acquisition Fee Units by the Manager in its own capacity.

The unitholdings of the Subscribing Entities under the Rights Issue are set out in paragraph 7.1 of the Letter to Unitholders.

#### **Rationale for the Whitewash Resolution**

The Whitewash Resolution is to enable the Sponsor to, either by itself and/or through one or more of the Sponsor Subscribing Subsidiaries, (i) subscribe for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) apply for the Sponsor Excess Rights Units, and the rationale for enabling the Sponsor to do so is set out in paragraph 7.3 of the Letter to Unitholders.

(See paragraph 7.3 of the Letter to Unitholders for further details.)

## INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
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Last date and time for lodgement of Proxy Forms	: 18 October 2011
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Date and time of the EGM	: 20 October 2011
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### The Rights Issue

Date on which the Transfer Books and Register of Unitholders of LMIR Trust will be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue	: 4 November 2011
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Commencement of "nil-paid" rights trading period	: 10 November 2011
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Close of "nil-paid" rights trading period	: 18 November 2011
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Close of the Rights Issue	: 24 November 2011
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The expected date of issue of Rights Units	: 2 December 2011
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Expected date of commencement of trading of the Rights Units on the SGX-ST	: 5 December 2011
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### The Acquisitions

Target date for the Completion of the Pluit Village Acquisition	: 9 December 2011 (or such other date as the Trustee and the Pluit Village Vendors may agree in writing)
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Target date for the Completion of the Medan Fair Acquisition	: 9 December 2011 (or such other date as the Trustee and the Medan Fair Vendor may agree in writing)
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# LIPPO MALLS INDONESIA RETAIL TRUST

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

## Directors of the Manager

Mr Albert Saychuan Cheok (*Chairman & Independent Non-Executive Director*)  
Ms Viven Gouw Sitiabudi (*Executive Director of the Board and Chief Executive Officer*)  
Mr Douglas Chew (*Non-Executive Director*)  
Mr Bunjamin J. Mailool (*Non-Executive Director*)  
Mr Lee Soo Hoon, Phillip (*Independent Non-Executive Director*)  
Mr Goh Tiam Lock (*Independent Non-Executive Director*)

## Registered Office

50 Collyer Quay  
#06-07 OUE Bayfront  
Singapore 049321

3 October 2011

To: Unitholders of Lippo Malls Indonesia Retail Trust

Dear Sir/Madam

## 1. APPROVALS SOUGHT

The following sets out the resolutions for which approval is sought by the Manager from Unitholders. Approval by way of an Ordinary Resolution (as defined herein) is required in respect of Resolutions 1, 2 and 3 set out below:

- (1) Resolution 1: Acquisition of Pluit Village from an Interested Person (Ordinary Resolution) (which is conditional upon the passing of Resolutions 2 and 3);
- (2) Resolution 2: The Rights Issue (Ordinary Resolution) (which is conditional upon the passing of Resolutions 1 and 3); and
- (3) Resolution 3: The Whitewash Resolution (Ordinary Resolution).

The Manager will only proceed with the Transactions if approval for all of Resolutions 1, 2 and 3 are obtained from Unitholders.

## 2. THE PROPOSED TRANSACTIONS

### 2.1 Rationale for the Transactions

The Manager believes that the Transactions will bring the following key benefits to Unitholders:

#### 2.1.1 Acquisition of Quality Assets at Attractive NPI Yield with High Occupancy Rates and Situated in Strategic Locations

The Acquisitions are in line with the Manager's acquisition growth strategy of owning retail and/or retail related properties with attractive yields, and potential capital appreciation and long-term growth. The Acquisitions represent an opportunity for LMIR Trust to acquire income producing quality properties below their independent valuations. The NPI yields of Pluit Village and Medan Fair for the financial year ended 31 December 2010 ("FY2010") and the six-month period ended 30 June 2011 ("6M2011") (annualised), based on their respective purchase considerations, are

10.8% and 7.4% respectively for Pluit Village and 7.4% and 8.5% respectively for Medan Fair. These NPI yields<sup>1</sup> are comparable to the NPI yield for LMIR Trust's existing portfolio<sup>2</sup> of 7.5% and 8.1% over the same period taking into consideration that the occupancy rate of Pluit Village as at 30 June 2011 is lower due to the ongoing process of tenancy enhancement, which began in December 2010. The tenancy enhancement is made in order to reorganise the tenancy mix in Pluit Village. Due to the Carrefour Cases (see paragraph 3.11 for further details), a few tenants had not opened their retail stores yet. The current property manager of Pluit Village has made the decision to terminate some tenants, and the overall occupancy rate has therefore been affected. The terminated tenants were local and low-profile specialty tenants, and the property manager intends to replace such tenants with other tenants of a higher quality and profile, which in turn is expected to improve the overall image of the mall. The property manager is currently in the process of approaching various prospective tenants which fall under categories ranging from food and beverage to fashion and jewellery.

The Pluit Village Purchase Consideration of Rp.1,600.0 billion (S\$229.7 million) represents a 5.7% discount to the average of the two independent valuations conducted by KJPP Willson & Rekan and KJPP Damianus Ambur while the Medan Fair Purchase Consideration of Rp.1,050.0 billion (S\$150.8 million) represents a discount of 4.1% to KJPP Willson & Rekan's valuation of Rp.1,095.0 billion (S\$157.2 million)<sup>3</sup>.

As at 30 June 2011, the occupancy rates of Pluit Village and Medan Fair are 78.1% and 91.2% respectively. The high occupancy rates are a reflection of the strong demand for retail space in Jakarta and Medan where the Properties are located. Moreover, Pluit Village is a modern retail mall relative to other malls in the city of Jakarta, having undergone a comprehensive Rp.192.3 billion asset enhancement and repositioning exercise between May 2007 and September 2009. This potentially allows the Manager to take advantage of a likely increase in demand for retail space in these areas and a possible improvement in rental rates, tenancy mix and long-term property value of Pluit Village.

LMIR Trust's retail malls are positioned as "Everyday Malls" that provide necessities (e.g. supermarkets and family shopping) to the community living in the regions neighbouring its retail malls and targets the middle income population in populous cities in Indonesia. The positioning of the Properties which are the subject of the Acquisitions is in line with LMIR Trust's targeted market segment comprising of Indonesia's expanding and prospering urban middle class segment. The Manager expects that the acquisition of Pluit Village will allow LMIR Trust to capture the dense population of North Jakarta as its target market, whereas the acquisition of Medan Fair is expected to further establish LMIR Trust's position as a leading retail mall owner in Medan, Indonesia's third largest city.

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1 Based on the NPI derived from the respective properties for FY2010 and 6M2011.

2 Based on valuations as at 31 December 2010.

3 The valuation for Medan Fair was made on the assumption that the BOT AP will be extended to 2032. The BOT AP is currently valid up till July 2027. For the avoidance of doubt, the valuation for Medan Fair does not include a valuation for the Medan Fair Extension.

## 2.1.2 Enhanced Income Stability and Visibility from Long-term Leases and Rental Guarantees

Tenants occupying NLA in excess of 400 sq m (“**Major Tenants**”) account for 49.6% and 47.5% of Pluit Village’s and Medan Fair’s Total Rental Revenue<sup>1</sup> respectively as at 30 June 2011. The existing tenancy agreements have a remaining weighted average tenure of 5.0 years and 10.4 years for Major Tenants in Pluit Village and Medan Fair, respectively. Such leases provide long-term rental income stability and visibility and the Manager is of the view that rental guarantees for these long-term leases are unlikely to provide additional risk mitigation, and are therefore unnecessary.

The Manager has secured from the Pluit Village Vendors and the Medan Fair Vendor rental guarantees for the two years 2012 and 2013 in relation to certain areas for both Pluit Village and Medan Fair, under the Pluit Village Deed of Rental Guarantee (as defined herein) and the Medan Fair Deed of Rental Guarantee (as defined herein)<sup>2</sup>. The rental guarantees for Pluit Village and Medan Fair amount to Rp.105.0 billion (S\$15.1 million) and Rp.55.0 billion (S\$7.9 million) per annum respectively. The rental guarantee for Pluit Village is partially backed by a banker’s guarantee for the amount of Rp.30.0 billion (S\$4.3 million), and the rental guarantee for Medan Fair is partially backed by a banker’s guarantee for the amount of Rp.15.0 billion (S\$2.2 million). The rental guarantees are only applicable to the rentals to be derived from the Specialty Space<sup>3</sup> and Casual Leasing Space<sup>4</sup> in Pluit Village and Medan Fair (the “**Pluit Village Spaces**” and the “**Medan Fair Spaces**” respectively) and represent 57.9% and 78.2% of the Total Rental Revenue for the Pluit Village Spaces and the Medan Fair Spaces respectively for FY2010<sup>5</sup>.

(See paragraph 3.6 for further details on the rental guarantees.)

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- 1 “**Total Rental Revenue**” means the rentals derived from Major Tenants of the Properties and tenants of the Pluit Village Spaces and Medan Fair Spaces, but does not include service charges, recoveries, or other income derived from the Properties.
  - 2 In relation to each quarterly period of FY2012 and FY2013, where the rental revenue from tenants under the Specialty Spaces and Casual Leasing Spaces in the relevant quarter of FY2012 and FY2013 is less than the Guarantee Amount in each respective quarter, the difference between the relevant rental revenue and Guarantee Amount will be paid by the Pluit Village Vendors and/or the Medan Fair Vendor (as the case may be). “**Guarantee Amount**” means Rp.13.75 billion per quarter for Medan Fair and Rp.26.25 billion per quarter for Pluit Village.
  - 3 “**Specialty Space**” means the aggregate leasable area attributable to retail units of less than 400 sq m each and where the term of the lease is generally for more than 12 months. For the avoidance of doubt, the rental guarantees do not depend on the length of the lease term. The description of the Specialty Space as being leases where the term of the lease is generally for more than 12 months is just a general description for such leases, and the rental guarantees will cover Specialty Space leases regardless of their lease period. The rental guarantees will be effective in respect of all tenants that are classified as tenants under the Specialty Spaces and Casual Leasing Spaces.
  - 4 “**Casual Leasing Space**” refers to areas of the property, including to its atrium and corridors, which are leased for trading or promotional activities and where the term of the lease is generally less than a full year. For the avoidance of doubt, the rental guarantees do not depend on the length of the lease term. The description of the Casual Leasing Space as being leases where the term of the lease is generally less than a full year is just a general description for such leases, and the rental guarantees will cover Casual Leasing Space leases regardless of their lease period.
  - 5 As of 30 June 2011, the total Specialty Space for Pluit Village and Medan Fair is 30,516.2 sq m and 19,828.3 sq m respectively, while the total Casual Leasing Space for Pluit Village and Medan Fair is 3,170.6 sq m and 2,142.8 sq m respectively. In relation to the Pluit Village Deed of Rental Guarantee and the Medan Fair Deed of Rental Guarantee, the Manager has the sole discretion to reconfigure the spaces and will notify the relevant vendor if it makes material changes and therefore, the Manager is of the view that Unitholders will not be prejudiced. Such flexibility to reconfigure the spaces would be important for the Manager and the property manager of LMIR Trust to manage the tenancy and retail mix in the Properties in response to trends in the Indonesia retail market including, but not limited to, demand and supply of the spaces and evolving customer preferences.



The Manager believes that the combination of long-term leases and rental guarantees will enhance the stability of the rental income for Pluit Village and Medan Fair.

### **2.1.3 Increased Economies of Scale**

The Acquisitions will enable LMIR Trust to enlarge its presence in the retail mall sector in Indonesia and to benefit from increased economies of scale as the Manager and the property manager(s) of the Enlarged Portfolio<sup>1</sup> can spread certain operating costs (e.g. staff and personnel costs) over a larger portfolio, and can also obtain cost savings due to its greater bargaining power with suppliers and service providers.

The Acquisitions are similarly expected to deliver economies of scale and benefit the marketing and leasing activities of LMIR Trust by expanding and deepening LMIR Trust's portfolio of key tenant relationships with tenants of both Pluit Village and Medan Fair who are currently not tenants of LMIR Trust's malls or who are not currently Major Tenants.

### **2.1.4 Increased Capital Base and Scalability Potential through the Rights Issue**

Based on the pro forma balance sheet as at 30 June 2011, the value of LMIR Trust's Deposited Property (as defined herein) increased from S\$1,229.4 million to S\$1,600.6 million, which represents a 30.2% increase. The contributions of Pluit Village and Medan Fair to the increase in LMIR Trust's Deposited Property are S\$227.0 million and S\$144.2 million, respectively. The increased scalability potential resulting from the completion of the Transactions would provide LMIR Trust with enhanced visibility in the investment community.

The Manager intends to partially fund the Acquisitions through the proceeds of the Rights Issue. Following the Rights Issue, the number of Units in issue will increase, thereby potentially improving liquidity of LMIR Trust. The Manager believes that this will give LMIR Trust greater financial flexibility to capitalise on future opportunities (including future asset enhancement initiatives and acquisitions) or to facilitate any on-going capital requirements.

## **3. THE ACQUISITIONS**

### **3.1 The Purchase Consideration and Valuation for the Acquisitions**

#### **3.1.1 Pluit Village**

On 30 September 2011, the Trustee entered into a conditional share purchase agreement with the Pluit Village Vendors ("**Pluit Village SPA**") for the acquisition of Pluit Village. The Pluit Village Purchase Consideration of Rp.1,600.0 billion (S\$229.7 million) was arrived at on a willing-buyer and willing-seller basis after taking into account the valuations of Pluit Village by the Independent Valuers (as defined herein), and is subject to adjustment for the consolidated net assets or net liabilities of Grandley and Kindall as at the completion date of the Pluit Village Acquisition. The Pluit Village Purchase Consideration will be paid on completion of the Pluit Village Acquisition (the "**Proposed Completion**") under the Pluit Village SPA, which shall be on a date to be determined in accordance with the provisions of the Pluit Village SPA.

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<sup>1</sup> "**Enlarged Portfolio**" means the Existing Properties (as defined herein) and the Properties.

Two independent property valuers, KJPP Willson & Rekan in affiliation with Knight Frank (“**KJPP Willson & Rekan**”) and KJPP Damianus Ambur in affiliation with Coldwell Banker Indonesia (“**KJPP Damianus Ambur**” and together with KJPP Willson & Rekan, the “**Independent Valuers**”), were appointed by the Trustee and the Manager, respectively, to value Pluit Village. In their respective reports, KJPP Willson & Rekan and KJPP Damianus Ambur have stated the open market value of Pluit Village as at 30 June 2011 to be Rp.1,588.1 billion (S\$228.0 million) and Rp.1,804.0 billion (S\$259.0 million), respectively. In arriving at the valuations, both KJPP Willson & Rekan and KJPP Damianus Ambur used the income valuation method, utilising a discounted cash flow analysis.

KJPP Wilson & Rekan is the Indonesian affiliate of Knight Frank, an international valuer. Similarly, KJPP Damianus Ambur is the Indonesian affiliate of Coldwell Banker, an international valuer.

Under the Indonesian Minister of Finance Regulation No. 125/PMK.01/2008 regarding Public Appraisal Services, which is intended to regulate the professional and independent conduct of public appraisals in Indonesia, any public appraiser, in providing his/her services, shall have a “KJPP”. KJPP is defined as “a legal entity which holds a license issued by the Minister of Finance for public appraisers to provide their appraisal services”. Due to these regulations, a branch of an international valuer is unable to provide appraisal services in its own name, and it can usually only sign off in the name of its local affiliate which has a KJPP.

In addition, KJPP Wilson & Rekan has been approved by the Trustee to act as its valuer. The basis and assumptions adopted by KJPP Willson & Rekan and KJPP Damianus Ambur in arriving at their respective valuations of Pluit Village are set out in the table below.

**Basis and assumptions in arriving at valuations for Pluit Village**

	<b>KJPP Wilson</b>	<b>KJPP Damianus</b>
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	13.0%	12.5%
Growth rates	5.0%	3.0%-7.0%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Discounted cash flow analysis over the remaining lease period for Build, Operate and Transfer (“ <b>BOT</b> ”) malls (6 year projections)	Discounted cash flow analysis over the remaining lease period for BOT malls (6 year projections)
Terminal discount rates	17.14%	16.79%

(Please see **Appendix D** of this Circular for the summary valuation reports of the Independent Valuers on Pluit Village.)

### 3.1.2 Medan Fair

On 30 September 2011, the Trustee entered into a conditional share purchase agreement with the Medan Fair Vendor (“**Medan Fair SPA**”) for the acquisition of Medan Fair. The Medan Fair Purchase Consideration of Rp.1,050.0 billion (S\$150.8 million) was arrived at on a willing-buyer and willing-seller basis after taking into account the valuation of Medan Fair by KJPP Willson & Rekan, and is subject to adjustment for the consolidated net assets or net liabilities of Vibrance as at the completion date of the Medan Fair Acquisition. The Medan Fair Purchase Consideration will be paid on completion of the Medan Fair Acquisition under the Medan Fair SPA, which shall be on a date to be determined in accordance with the provisions of the Medan Fair SPA. It is also proposed that the two new retail wings which will be constructed to adjoin Medan Fair (the “**Medan Fair Extension**”) be acquired upon the receipt of the “Izin Layak Huni” (or “Fit for Occupancy Certificate”) issued by the local government of Medan or such other similar document(s) or certificate(s) issued by the relevant government authorities, where such “Fit for Occupancy Certificate” or other similar document(s) or certificate(s) are to the satisfaction of the Trustee. The extension will come in the form of two new wings in the east and west sides of the existing mall. The Medan Fair Extension will be integrated with the existing building, and the Medan Fair Extension should be completed within 2 years after the amendment of the BOT AP has been obtained (see paragraph 2.2 of **Appendix B** for further details). After the extension, the total NLA of Medan Fair is expected to increase by 24% to 69,649.95 sq m. It is expected to attract tenants from among the increasing number of international and regional retailers that are planning expansions in Indonesia. The purchase price of the Medan Fair Extension will be determined upon completion of the two new wings and will be based on (i) actual committed leases at the time of completion and (ii) the minimum projected yield of the Medan Fair Extension, and subject to a maximum value equal to 110% of the valuation provided by an independent valuer to be appointed by the Trustee. The Manager considers that such formula is a fair method of determining the purchase price, and such formula is also consistent with the Manager’s internal assessment policies. At this point of time, it is uncertain when the construction of the Medan Fair Extension will be completed, and the Manager will evaluate the optimal funding structure closer to the completion of the Medan Fair Extension. The acquisition of the Medan Fair Extension may be funded with a mix of debt, equity and/or LMIR Trust’s internal resources. The acquisition of the Medan Fair Extension will also be subject to various conditions precedent, including the availability of financing.

Separate from the valuation of Pluit Village, the Manager had appointed KJPP Willson & Rekan, as independent property valuer, to value Medan Fair. In its property valuation report, KJPP Willson & Rekan has stated the open market value of Medan Fair as at 3 August 2011 to be Rp.1,095.0 billion (S\$157.2 million)<sup>1</sup>. In arriving at the valuations, KJPP Willson & Rekan used the income valuation method, utilising a discounted cash flow analysis. As the Medan Fair Acquisition is not an Interested Party Transaction under the Property Funds Appendix, only one valuation is required for the Medan Fair Acquisition under paragraph 8 of the Property Funds Appendix. The basis and assumptions adopted by KJPP Willson & Rekan in arriving at the valuation of Medan Fair are set out in the table below:

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1 The valuation for Medan Fair was made on the assumption that the BOT AP will be extended to 2032. The BOT AP is currently valid up till July 2027. For the avoidance of doubt, the valuation for Medan Fair does not include a valuation for the Medan Fair Extension.

### Basis and assumptions in arriving at valuation for Medan Fair

	KJPP Wilson
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	13.0%
Growth rates	5.0%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Discounted cash flow analysis over the remaining lease period for BOT malls (6 year projections)
Terminal discount rates	14.3%

(Please see **Appendix D** of this Circular for the summary valuation report of KJPP Willson & Rekan on Medan Fair.)

The adjustment for the consolidated net assets or net liabilities would have to be made as LMIR Trust will be acquiring Pluit Village and Medan Fair indirectly by acquiring the special purpose companies which, in turn, indirectly hold the Properties. In an acquisition of a company, it is common and fair for an adjustment mechanism to be provided so that the consideration which the purchaser is paying to the vendor takes into account the exact assets and liabilities of the company at the point in time when the company is transferred to the purchaser. Typically, this would require the financial accounts of the company to be closed at around the date of transfer and the actual adjustment sum would only be known shortly before the completion date of the acquisition.

## 3.2 Other Additional Costs of the Acquisitions

### 3.2.1 Pluit Village Acquisition Fee

LMIR Trust is expected to incur the Pluit Village Acquisition Fee of Rp.16.0 billion (or S\$2.3 million) (which is equal to 1.0% of the Pluit Village Purchase Consideration), which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed. As the Pluit Village Acquisition is an Interested Party Transaction under the Property Funds Appendix, the Manager is required under paragraph 5.6 of the Property Funds Appendix to receive the Pluit Village Acquisition Fee in Units. In accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions, the Units to be issued as payment of the Pluit Village Acquisition Fee are not to be sold within one year from their date of issuance.

### 3.2.2 Medan Fair Acquisition Fee

LMIR Trust is expected to incur an acquisition fee of Rp.10.5 billion (or S\$1.5 million) (which is equal to 1.0% of the Medan Fair Purchase Consideration), payable to the Manager pursuant to Clause 15.2.1 of the Trust Deed and which is payable in cash.

### 3.2.3 Other Fees in connection with the Acquisitions

LMIR Trust is expected to incur other estimated professional and other fees and expenses of S\$1.1 million in connection with the Acquisitions.

The Total Acquisition Cost is expected to be Rp.2,684.2 billion (S\$385.4 million).

### 3.3 Structure of the Acquisitions

#### 3.3.1 Pluit Village

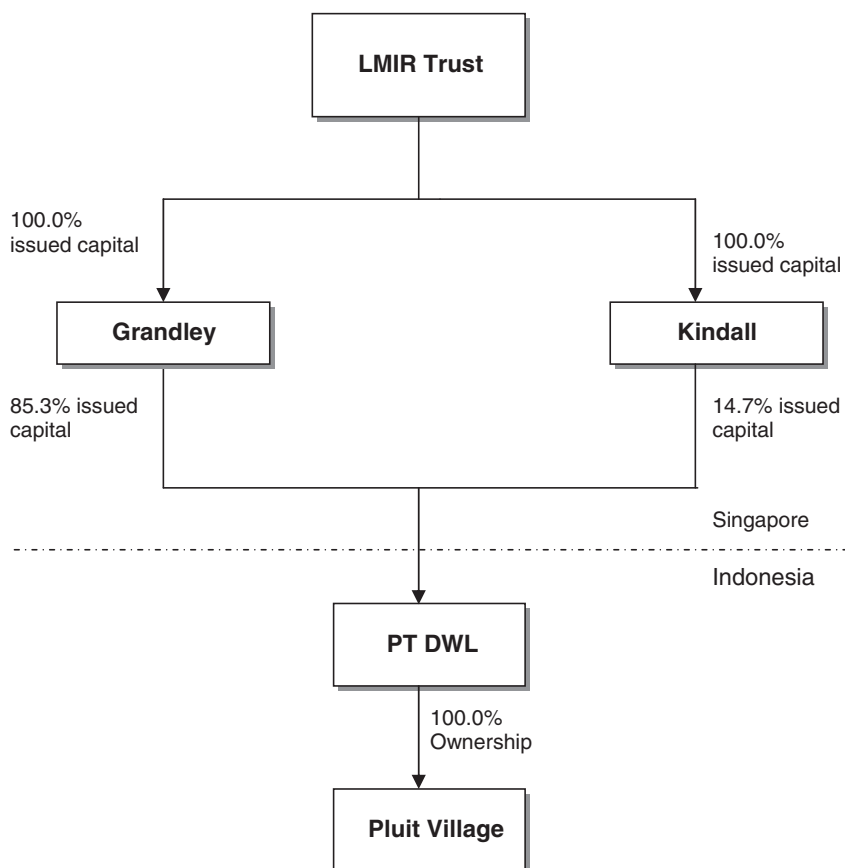
Pluit Village is 100.0% owned by PT DWL, which is a special purpose vehicle incorporated in Indonesia on 12 March 1984 for the purpose of holding Pluit Village. PT DWL is in turn 85.3% and 14.7% owned by Grandley and Kindall respectively. Grandley (incorporated on 19 December 2008) and Kindall (incorporated on 9 February 2009) are special purpose vehicles incorporated in Singapore for the purpose of holding PT DWL and are wholly-owned by Excel Investment and Grand Investment respectively. LMIR Trust proposes to acquire Pluit Village through the acquisition of the entire issued share capital of Grandley and Kindall from Excel Investment and Grand Investment, respectively.

Grandley is a wholly-owned subsidiary of Excel Investment, whereas Kindall is a wholly-owned subsidiary of Grand Investment. The reason for acquiring Pluit Village through Grandley and Kindall (both of which are Singapore incorporated companies) is to manage Indonesian withholding taxes on dividends and interest flowing from PT DWL back to Singapore. Under Indonesian Company Law, PT DWL, being an Indonesian limited liability company, must have at least two shareholders.

Pluit Village cannot be acquired directly by LMIR Trust as the Indonesian Agrarian Law does not allow a foreign entity or individual to own Indonesian real estate. Therefore, Pluit Village would have to be held by PT DWL, an Indonesian company.

In addition, the Manager wishes to note that the assets of LMIR Trust which were obtained at the time of its initial public offering were also acquired via a similar structure.

The following chart sets out the structure under which Pluit Village will be held by LMIR Trust upon the completion of the Pluit Village Acquisition, as well as the resulting shareholding and ownership interest in the entities set out below.



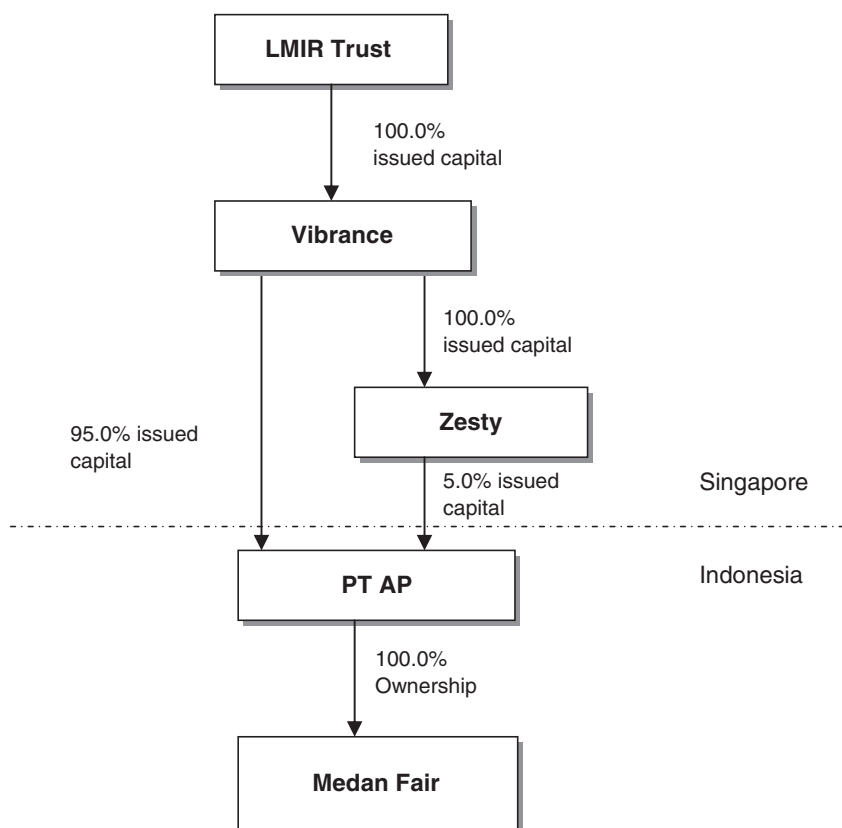
### 3.3.2 Medan Fair

Medan Fair is 100.0% owned by PT AP, which is a special purpose vehicle incorporated in Indonesia on 18 April 2002 for the purpose of holding Medan Fair. PT AP is in turn 95.0% and 5.0% owned by Vibrance and Zesty, respectively. Vibrance (incorporated on 6 November 2009) and Zesty (incorporated on 10 November 2009) are special purpose vehicles incorporated in Singapore for the purpose of holding PT AP. Zesty is a wholly owned subsidiary of Vibrance, and Vibrance is wholly owned by the Medan Fair Vendor. LMIR Trust proposes to acquire Medan Fair through the acquisition of the entire issued share capital of Vibrance from the Medan Fair Vendor. The reason for acquiring Medan Fair through Vibrance (a Singapore incorporated company) is to manage Indonesian withholding taxes on dividends and interest flowing from PT AP back to Singapore. PT AP must have at least two shareholders (being Vibrance and Zesty).

Pursuant to the Indonesian Agrarian Law, Medan Fair cannot be directly acquired by LMIR Trust and therefore, Medan Fair would have to be held by PT AP, an Indonesian company.

In addition, the Manager wishes to note that the assets of LMIR Trust which were obtained at the time of its initial public offering were also acquired via a similar structure.

The following chart sets out the structure under which Medan Fair will be held by LMIR Trust upon completion of the Medan Fair Acquisition, as well as the resulting shareholding and ownership interests in the entities set out below.



### 3.4 Conditions for the Pluit Village Acquisition and the Medan Fair Acquisition

#### 3.4.1 Conditions precedent for the Pluit Village Acquisition

The completion of the Pluit Village Acquisition is subject to and conditional upon, among others, the following conditions precedent:

- (i) there being no compulsory acquisition of Pluit Village or any part of it, and no notice of such intended compulsory acquisition or resumption has been given, by the government or other competent authority;
- (ii) the property is not materially damaged;
- (iii) there being no breach of the warranties set out in the Pluit Village SPA which, in the reasonable opinion of the Trustee, acting on the recommendation of the Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of Pluit Village, Grandley, Kindall or PT DWL, in each case taken as a whole;
- (iv) the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary for or in respect of the proposed acquisition of Grandley and Kindall having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Trustee and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect for a period of not less than six (6) months;
- (v) no statute, regulation or decision which would prohibit, restrict or materially delay or adversely affect the sale and purchase of the shares of Grandley and Kindall or the operation of Grandley, Kindall or PT DWL having been proposed, enacted or taken by any governmental or official authority;
- (vi) an undertaking from PT Duta Tama Manunggal (“**PT DTM**”) and PT Sinergi Utama Mitra Propertindo<sup>1</sup> not to build any building over a plot of land leased to PT DWL by PT DTM and PT Sinergi Utama Mitra Propertindo (with a total area of 1,348 sq m) to be used as access roads. If PT Sinergi Utama Mitra Propertindo wishes to utilise this plot of land, PT Sinergi Utama Mitra Propertindo shall obtain prior written consent from PT DWL for such utilisation of the land, and shall provide PT DWL with a replacement plot of land (as agreed to in writing by PT DWL in its sole discretion) to be used as access roads;
- (vii) an undertaking from Raiffeisen ZentralBank Oesterreich AG, Singapore Branch in agreed form stating that all encumbrances over the issued shares of PT DWL and the assets of PT DWL (including PT DWL’s title to Pluit Village) currently registered in favour of Raiffeisen ZentralBank Oesterreich AG, Singapore Branch will be discharged upon repayment of a loan made under a US\$90.0 million facility agreement dated 25 November 2009 entered into between Raiffeisen ZentralBank Oesterreich AG, Singapore Branch and PT DWL, and accordingly PT DWL will receive the BOT scheme (“**BOT Scheme**”) documents free of all claims, liens, interests and encumbrances upon the

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<sup>1</sup> PT DTM and PT Sinergi Utama Mitra Propertindo are subsidiaries of PT MPU.

release of all encumbrances over the land and building of Pluit Village currently registered in favour of Raiffeisen ZentralBank Oesterreich AG, Singapore Branch, including the fiduciary assignment, pledges, undertaking and mortgages, covered by the following agreements<sup>1</sup>:

- (1) Fiduciary Assignment of Insurance Proceeds (Deed No. 36 dated 21 December 2009 made before Henny Singgih, S.H., Notary in Jakarta);
- (2) Fiduciary Assignment of Receivables (Deed No. 35 dated 21 December 2009 made before Henny Singgih, S.H., Notary in Jakarta);
- (3) Pledge of Bank Account (Deed No. 33 dated 21 December 2009 made before Henny Singgih, S.H., Notary in Jakarta);
- (4) Share Pledges:
  - (a) by Capital Bloom Investments Ltd over shares in PT Lippo Karawaci Tbk (Conditional Pledge of Shares Agreement dated 24 December 2009);
  - (b) by Meridian Investment Ltd over shares in PT Lippo Karawaci Tbk (Deed of Pledge of Shares Agreement No. 40 dated 12 December 2009 made before Henny Singgih, S.H., Notary in Jakarta);
  - (c) by Glory Power Ltd over shares in PT Matahari Putra Prima Tbk (Deed of Pledge of Shares Agreement No. 46 dated 21 December 2009 made before Henny Singgih, S.H., Notary in Jakarta);
  - (d) by Al Hilah Investment Ltd over shares in PT Matahari Putra Prima Tbk (Deed of Pledge of Shares Agreement No. 52 dated 21 December 2009 made before Henny Singgih, S.H., Notary in Jakarta); and
  - (e) (A 2nd Pledge of Security) By Al Hilah Investment Ltd over shares in PT Matahari Putra Prima Tbk (Deed of Pledge of Shares Agreement No. 37 dated 21 January 2010 made before Henny Singgih, S.H., Notary in Jakarta);
- (5) Mortgages over the SHGB (as defined herein) over which Pluit Village is situated:
  - (a) First Rank Land Mortgage Certificate No. 3826/2007;
  - (b) Second Rank Land Mortgage Certificate No. 5507/2008;
  - (c) Third Rank Land Mortgage Certificate No. 52/2010; and
- (6) Deed of Undertaking to Obtain Land Title and Provide Security No. 30 dated 21 December 2009, made before Henny Singgih, S.H., Notary in Jakarta, in relation to an undertaking by PT DTM to establish a first ranking mortgage over the subject area of the BOT DTM 2009 (as defined herein);

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<sup>1</sup> Of the encumbrances set out in this paragraph 3.4.1(vii), only item (5) is in relation to the land and building of Pluit Village.



- (viii) no written notice having been issued by the Manager to the Trustee before the completion date that, in the Manager's reasonable opinion, the market conditions then prevailing are not conducive for (i) the raising of adequate funds (including the Rights Issue) and/or (ii) the raising of funds (including the Rights Issue) on reasonable terms or in a manner that will be beneficial to the overall interests of LMIR Trust and the Unitholders, for the purpose of completing the purchase of Pluit Village;
- (ix) the termination of the Deed of Lease Agreement (Akta Perjanjian Sewa Menyewa) No.9 dated 4 August 2009 made before Ira Sudjono, S.H., M.H, MKn, Notary in Jakarta, entered into by and between PT Artha Baru Nusantara and PT DWL, prior to the completion date, and the release by PT Artha Baru Nusantara of PT DWL from all responsibilities for losses, claims, suits and indemnities in connection with the Deed of Lease Agreement, prior to the completion date<sup>1</sup>;
- (x) the entry into of a deed of indemnity by PT Metropolis Propertindo Utama ("**PT MPU**")<sup>2</sup> and the Trustee for the indemnification of certain matters by PT MPU relating to Pluit Village ("**Pluit Village Deed of Indemnity**")<sup>3</sup>;
- (xi) the passing of the necessary resolutions by the Pluit Village Vendors to approve the sale of the shares of Grandley and Kindall;
- (xii) the approval by Unitholders given at an extraordinary general meeting for the purchase of the entire issued share capital of Grandley and Kindall;
- (xiii) the approval by Unitholders given at an extraordinary general meeting for the Rights Issue for purposes of financing, *inter alia*, the Pluit Village Acquisition;
- (xiv) the approval in principle by the SGX-ST for the listing on the SGX-ST of new units in LMIR Trust to be issued pursuant to the Rights Issue having been obtained and not withdrawn;
- (xv) the receipt of the subscription monies and issue of units under the Rights Issue;
- (xvi) the Trustee being reasonably satisfied with the results of its due diligence on Pluit Village, Grandley, Kindall and PT DWL;
- (xvii) the obligation of the Sponsor under the Sponsor Undertaking becoming unconditional in all respects;

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1 The Deed of Lease Agreement is a lease agreement entered into by and between PT DWL and PT Artha Baru Nusantara in relation to the Carrefour area. Based on a Lease Termination Agreement dated 22 August 2011 made by and between PT DWL and PT Artha Baru Nusantara, this condition precedent has been met as the Deed of Lease Agreement has been released by PT Artha Baru Nusantara in anticipation of the settlement of the Carrefour Cases (as defined herein).

2 PT MPU was a shareholder of PT DWL. PT MPU ceased to be a shareholder of PT DWL on 10 December 2009. One of the shareholders of the Pluit Village Vendors is an associate of PT MPU. At the Manager's request, and as the change in ownership of PT DWL is fairly recent, PT MPU (being an entity with substantial assets) has agreed to enter into the Pluit Village Deed of Indemnity with the Trustee as an act of good faith.

3 Please see paragraph 3.5.1 below, as well as paragraphs 1.2 and 1.4 of Appendix B of the Circular for details on the Pluit Village Deed of Indemnity.

- (xviii) the entry into of a deed of undertaking and indemnity by PT DTM in relation to the indemnifications and undertakings over certain matters (the “**PT DTM Deed of Undertaking and Indemnity**”);
- (xix) the provision of a rental guarantee by the Pluit Village Vendors to LMIR Trust in respect of the annual rental income to be derived from the Pluit Village Spaces for the two financial years ending 31 December 2012 and 31 December 2013 (the “**Pluit Village Deed of Rental Guarantee**”). For the avoidance of doubt, the rental guarantee amount covered under the Pluit Village Deed of Rental Guarantee will not be deducted from the Pluit Village Purchase Consideration;
- (xx) the provision of a bank guarantee by a major banking institution with an international network to the Trustee that it will guarantee up to Rp.30.0 billion (S\$4.3 million) of Excel Investment and Grand Investment’s payment obligations to the Trustee under the Pluit Village Deed of Rental Guarantee;
- (xxi) there being no breach of the warranties by the Pluit Village Vendors in the Pluit Village SPA unless waived by the Trustee; and
- (xxii) the appointment by the Pluit Village Vendors of a process agent (i) in accordance with the terms of the Pluit Village SPA and (ii) as required under the Pluit Village Deed of Rental Guarantee and the Pluit Village Deed of Indemnity.

Save for the conditions precedent set out in 3.4.1(vii) and 3.4.1(ix), the other conditions have not yet been fulfilled.

#### **3.4.2 Conditions precedent and condition subsequent for the Medan Fair Acquisition**

The completion of the Medan Fair Acquisition is subject to and conditional upon, among others, the following conditions precedent:

- (i) there being no compulsory acquisition of Medan Fair or any part of it, and no notice of such intended compulsory acquisition or resumption has been given, by the government or other competent authority;
- (ii) the property is not materially damaged;
- (iii) there being no breach of the warranties set out in the Medan Fair SPA which, in the reasonable opinion of the Trustee, acting on the recommendation of the Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of Medan Fair, Vibrance, Zesty or PT AP, in each case taken as a whole;
- (iv) the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary for or in respect of the proposed acquisition of Vibrance having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Trustee and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect for a period of not less than six (6) months;

- (v) no statute, regulation or decision which would prohibit, restrict or materially delay or adversely affect the sale and purchase of the shares of Vibrance or the operation of Vibrance and Zesty or PT AP having been proposed, enacted or taken by any governmental or official authority;
- (vi) no written notice having been issued by the Manager to the Trustee before the completion date that, in the Manager's reasonable opinion, the market conditions then prevailing are not conducive for (i) the raising of adequate funds (including the Rights Issue) and/or (ii) the raising of funds (including the Rights Issue) on reasonable terms or in a manner that will be beneficial to the overall interests of LMIRT and the Unitholders, for the purpose of completing the purchase of Medan Fair;
- (vii) the entry into of a deed of indemnity by Mr Hendro Setiawan, Mr Nio Yantony and the Trustee for the indemnification of certain matters by Mr Hendro Setiawan and Mr Nio Yantony relating to Medan Fair ("**Medan Fair Deed of Indemnity**")<sup>1</sup>;
- (viii) a statement from PT Bank Rakyat Indonesia (Persero) Tbk stating that it acknowledges receipt of the amount for the full repayment of the loan of PT AP, and that within two (2) business days after the receipt of such repayment, all encumbrances over the assets of PT AP currently registered in favour of PT Bank Rakyat Indonesia (Persero) Tbk will be released and discharged, including the guarantees, mortgages and pledges covered by the following agreements:
  - (1) First Rank Land Mortgage on (i) the right to build certificate ("**SHGB**") No. 1121 for an area of 41,170 sq m which has been reduced to 39,586 sq m, and (ii) SHGB No. 1126 for an area of 8,365 sq m, including the building, supporting facilities and registered machines owned by PT AP, which mortgage was recorded in the Land Register Office based on Mortgage Certificate No. 5435, dated 19 September 2006, issued by the Head of Land Register Office of Medan;
  - (2) Business Receivables subject to a fiducia security amounting to Rp.19.7 billion which has been registered in the Fiducia Registry Office pursuant to Fiducia Certificate No. W2-1447 HT.04.06.TH.2006/STD dated 8 September 2006;
  - (3) Pledge on the savings deposit of PT Tri Artha Manunggal Pratama amounting to Rp.10.5 billion as stated in Deed No. 23 dated 15 September 2008, made before Emi Susilowati, S.H., Notary in Jakarta;
  - (4) Personal Guarantee in favour of PT AP from Nio Yantony as stated in Deed No. 22 dated 15 September 2008, made before Emi Susilowati, S.H., Notary in Jakarta;
  - (5) Corporate Guarantee in favour of PT AP from PT Tri Artha Manunggal Pratama as stated in Deed No. 20 dated 15 September 2008, made before Emi Susilowati, S.H., Notary in Jakarta; and

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<sup>1</sup> Please see paragraph 3.5.2 below and paragraph 2.2 of Appendix B of the Circular for details on the Medan Fair Deed of Indemnity.

- (6) Corporate Guarantee in favour of PT AP from PT Green Festus (“**Green Festus**”) as stated in Deed No. 21 dated 15 September 2008, made before Emi Susilowati, S.H., Notary in Jakarta,

and accordingly, the secured objects set out in sub-paragraphs (1) to (6) above will be free of all claims, liens, interests and encumbrances upon the release of all encumbrances over Medan Fair currently registered in favour of PT Bank Rakyat Indonesia (Persero) Tbk;

- (ix) the passing of the necessary resolutions by the Medan Fair Vendor to approve the sale of the shares of Vibrance;
- (x) the approval by Unitholders given at an extraordinary general meeting for the Rights Issue for purposes of financing, inter alia, the Medan Fair Acquisition;
- (xi) the approval in principle by the SGX-ST for the listing on the SGX-ST of new units in LMIR Trust to be issued pursuant to the Rights Issue having been obtained and not withdrawn;
- (xii) the receipt of the subscription monies and issue of units under the Rights Issue;
- (xiii) the Trustee being reasonably satisfied with the results of its due diligence on Medan Fair, Vibrance, Zesty and PT AP;
- (xiv) the provision of a rental guarantee by the Medan Fair Vendor to LMIR Trust in respect of the annual rental income to be derived from the Medan Fair Spaces for the two financial years ending 31 December 2012 and 31 December 2013 (the “**Medan Fair Deed of Rental Guarantee**”). For the avoidance of doubt, the rental guarantee amount covered under the Medan Fair Deed of Rental Guarantee will not be deducted from the Medan Fair Purchase Consideration;
- (xv) the provision of a bank guarantee by a major banking institution with an international network to the Trustee that it will guarantee up to Rp.15.0 billion (S\$2.2 million) of the Medan Fair Vendor’s payment obligations to the Trustee under the Medan Fair Deed of Rental Guarantee;
- (xvi) the obligation of the Sponsor under the Sponsor Undertaking becoming unconditional in all respects; and
- (xvii) the appointment by the Medan Fair Vendor of a process agent (i) in accordance with the terms of the Medan Fair SPA and (ii) as required under the Medan Fair Deed of Rental Guarantee and the Medan Fair Deed of Indemnity.

None of the conditions have been fulfilled as at the date of this Circular.

In addition to the above conditions precedent, the completion of the Medan Fair Acquisition is also subject to the following condition subsequent:

- (i) an extension of up to 2032 is obtained for the BOT AP within two years of the completion of the Medan Fair Acquisition. In the event that the extension of up to 2032 for the BOT AP is not obtained, the Medan Fair Vendor agrees to pay the Purchaser the Medan Fair Adjustment Sum (as defined herein) and the Medan Fair Adjustment Sum shall be set-off against the purchase consideration for the Medan Fair Extension. “**Medan Fair Adjustment Sum**” means an amount to be determined by an Approved Valuer (as defined herein)

appointed by the Trustee on the basis of the difference between: (1) the value of PT AP's interest under the BOT AP to operate Medan Fair on the assumption that the BOT AP is extended until 2032, and (2) the value of PT AP's interest under the BOT AP to operate Medan Fair on the basis that the extension for the BOT AP is not obtained.

### 3.5 Deeds of Indemnity relating to the Properties

**3.5.1** On 30 September 2011, the Trustee and PT MPU entered into the Pluit Village Deed of Indemnity pursuant to which PT MPU will indemnify the Trustee against certain liabilities or damage suffered by the Trustee arising out of or in connection with the Pluit Village SPA, subject to certain terms and conditions. The indemnification by PT MPU include the following matters relating to the Pluit Village SPA:

- (1) all and any losses which the Trustee may suffer in connection with a breach by the Pluit Village Vendors of its warranties and representations in the Pluit Village SPA;
- (2) all and any losses which the Trustee may suffer which arises out of or in connection with existing litigation (including, but not limited to, the Carrefour Cases and the KPPU Case;
- (3) the KDB Increase (as defined herein) (see **Appendix B** of the Circular for further details);
- (4) all and any losses which the Trustee may suffer which arises out of or in connection with the breach of any of the representations and warranties of PT DWL under the Minutes of Delivery and Acceptance dated 20 January 2011 entered into by PT DWL and the Pluit Village BOT Grantor (including, but not limited to, any losses in relation to the provision of a replacement land to the DKI Jakarta within eight months of the date of the KDB Increase Approval (as defined herein));
- (5) all and any losses which the Trustee may suffer which arises out of or in connection with the breach of any of the terms of the 2010 Cooperation Agreement by PT DTM;
- (6) all and any losses (including loss of revenue from the carpark) which the Trustee may suffer for the duration of the construction of the New Car Park (see paragraph 1.2 of **Appendix B** of the Circular for further details);
- (7) all and any losses which the Trustee may suffer which arises out of or in connection with early termination of the Deed of Lease Agreement by PT Artha Baru Nusantara (see paragraph 3.4.1(ix) of the Circular for the relevant condition precedent);
- (8) all and any losses which the Trustee may suffer which arises out of or in connection with a breach by PT DTM of any of the terms of the DTM Deed of Undertaking and Indemnity;
- (9) all and any losses which the Trustee may suffer in the event that PT DWL has to maintain the lake located at the east side of Pluit Village covering an area of 11,385 sq m (the "**East Lake**");

(10) all and any losses which the Trustee may suffer which arises out of or in connection with a failure to comply with certain existing agreements to which PT DWL is a party; and

(11) all and any losses which the Trustee may suffer which arises out of or in connection with a failure by the Pluit Village Vendors to comply with any of their joint and several obligations in the Pluit Village SPA.

(See paragraphs 1.2 and 1.4 of **Appendix B** of the Circular for further details on the Pluit Village Deed of Indemnity.)

**3.5.2** On 30 September 2011, the Trustee, Mr Hendro Setiawan and Mr Nio Yantony, who are the controlling shareholders of the Medan Fair Vendor, entered into the Medan Fair Deed of Indemnity pursuant to which Mr Hendro Setiawan and Mr Nio Yantony will indemnify the Trustee against certain liabilities or damage suffered by the Trustee arising out of or in connection with the Medan Fair SPA, subject to certain terms and conditions. The indemnification by Mr Hendro Setiawan and Mr Nio Yantony include the following matters relating to the Medan Fair SPA:

(1) all and any losses which the Trustee may suffer in connection with a breach by the Medan Fair Vendor of its warranties and representations in the Medan Fair SPA;

(2) all and any losses which the Trustee may suffer which arises out of or in connection with, inter alia, the BOT AP (including the amended BOT AP) and the 24 shophouses covering an area of 1,584 sq m which were sold by PT AP to third parties;

(3) all and any losses which the Trustee may suffer in the event that the amendment of the BOT AP is not approved by the Medan Fair BOT Grantor; and

(4) all and any losses which the Trustee may suffer which arises out of or in connection with a failure by the Medan Fair Vendor to comply with any of their joint and several obligations in the Medan Fair SPA.

(See paragraph 2.2 of **Appendix B** of the Circular for further details on the Medan Fair Deed of Indemnity.)

### **3.6 Rental Guarantees relating to the Properties**

#### **3.6.1 Rental Guarantee in relation to Pluit Village**

To provide greater certainty of rental returns to LMIR Trust, the Manager has negotiated with the Pluit Village Vendors for the provision of the Pluit Village Deed of Rental Guarantee, which is for the amount of Rp.105.0 billion (S\$15.1 million) per annum for the years 2012 and 2013 (and partially backed by a banker's guarantee for the amount of Rp.30.0 billion (S\$4.3 million)).

The Pluit Village Deed of Rental Guarantee is a rental revenue guarantee, limited to the rental revenue from the Pluit Village Spaces, which in aggregate represented less than 39.9% of the Pluit Village Total Gross Revenue<sup>1</sup> for FY2010. The Pluit

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<sup>1</sup> "Pluit Village Total Gross Revenue" refers to the aggregate of all income earned primarily from Pluit Village including rent, service charges, car park income, recoveries and other income derived from Pluit Village.

Village Deed of Rental Guarantee is also intended to provide an indication of the rent attainable by LMIR Trust from the Pluit Village Spaces in the event of, amongst other things, vacancy periods and market rental shortfalls during the term of the Pluit Village Deed of Rental Guarantee and is intended to insulate LMIR Trust from unforeseen changes or disruptions in the business conditions of Pluit Village or the Indonesia retail market. The banker's guarantee in relation to the Pluit Village Deed of Rental Guarantee is intended to be a safeguard of last resort and the Manager believes that the amount of the banker's guarantee provides adequate comfort.

Under the terms of the Pluit Village Deed of Rental Guarantee, the Pluit Village Vendors, being the Pluit Village guarantors, will make good any shortfall between the actual rent derived from the Pluit Village Spaces achieved by Pluit Village and the agreed rental guarantee for each of the respective years during the period of the Pluit Village Deed of Rental Guarantee.

The SGX-ST has confirmed that Rule 1013 of the Listing Manual shall not apply to the Pluit Village Rental Guarantee subject to the following disclosures being made in an SGXNET announcement or a circular to Unitholders in relation to the Acquisitions:

- (i) the Manager had represented to the SGX-ST that each of the Independent Valuers, of which one was appointed by the Trustee, had carried out their respective valuations without any knowledge of the Pluit Village Rental Guarantee, and that the average of the valuations of Pluit Village is higher than the Pluit Village Purchase Consideration;
- (ii) the Independent Valuers have provided a confirmation to the SGX-ST that their preliminary valuation of Pluit Village was arrived at without any knowledge of the Rental Guarantee, using the analyses of income and cash flow projections of Pluit Village based on current market rates and their own assessment of future rental rates, independent of any rental guarantee;
- (iii) the Independent Valuers have provided a confirmation to the SGX-ST that their final valuation of Pluit Village will not take into account the Pluit Village Rental Guarantee and will be independent of any rental guarantee; and
- (iv) the Manager has provided a confirmation to the SGX-ST that the Pluit Village Purchase Consideration was negotiated based on a valuation that does not include the Pluit Village Rental Guarantee and that the Pluit Village Rental Guarantee is an additional safeguard to insulate LMIR Trust from unforeseen changes or disruptions in the business conditions of Pluit Village or the Indonesian retail market.

The Manager wishes to note that due to the ongoing tenancy enhancement at Pluit Village, the current occupancy of Pluit Village is not representative of normalised operations, and the extent to which the Pluit Village Rental Guarantee would be invoked would depend on the performance of Pluit Village prior to the completion of the tenancy enhancement, which in turn would depend on, among other factors, the leasing-up of the mall and the condition of the overall Jakarta retail market from 2012. As such, based solely on the preceding results, there is a possibility that the Pluit Village Rental Guarantee may be invoked. For the purposes of illustration, based on the rental revenue in respect of the Pluit Village Spaces for 6M2011, the Pluit Village Rental Guarantee would be invoked. However, should the rental revenue in respect of the Pluit Village Spaces revert back to a similar level to that in FY2010, the Pluit Village Rental Guarantee would not be invoked. The bases for the foregoing calculations are set out in the table below:

Rentals from Pluit Village Relevant Spaces	Rp. (Bn)
Rental Guarantee (per annum)	105.0
FY2010	117.4
Annualised 6M2011	75.4

The Manager wishes to further highlight that based on the information it has received, the occupancy rate of Pluit Village as at 30 June 2011 was 78.1%. The corresponding occupancy rate as at 31 December 2010, which was prior to the commencement of the tenancy enhancement exercise, was 97.0%. It should also be noted that the Manager has a successful track record of owning and managing malls in Indonesia, with an average occupancy rate of 98.0% and 98.3% as at 31 December 2010 and 30 June 2011 respectively.

### 3.6.2 Rental Guarantee in relation to Medan Fair

The Manager has negotiated with the Medan Fair Vendor for the Medan Fair Deed of Rental Guarantee, which is for the amount of Rp.55.0 billion (S\$7.9 million) per annum for the years 2012 and 2013 (and partially backed by a banker's guarantee for the amount of Rp.15.0 billion (S\$2.2 million)).

The Medan Fair Deed of Rental Guarantee is likewise a rental revenue guarantee limited to the rental revenue from the Medan Fair Spaces, which in aggregate is expected to represent less than 55.3% of the annual Medan Fair Total Gross Revenue<sup>1</sup> for FY2010. The Medan Fair Deed of Rental Guarantee is also intended to provide an indication of the rent attainable by LMIR Trust from the Medan Fair Spaces in the event of, amongst other things, vacancy periods and market rental shortfalls during the term of the Medan Fair Deed of Rental Guarantee and is intended to insulate LMIR Trust from unforeseen changes or disruptions in the business conditions of Medan Fair or the Indonesia retail market.

Under the terms of the Medan Fair Deed of Rental Guarantee, the Medan Fair Vendor, being the Medan Fair guarantor, will make good any shortfall between the actual rent derived from the Medan Fair Spaces achieved by Medan Fair and the agreed rental guarantee for each of the respective years during the period of the Medan Fair Deed of Rental Guarantee.

Mr. Hendro Setiawan and Mr. Nio Yantony are controlling shareholders of the Medan Fair Vendor. Pikko Land Corporation, an entity ultimately owned by Mr. Hendro Setiawan and Mr. Nio Yantony, recently purchased a majority stake in PT Royal Oak Development Asia Tbk (with a total purchase value amounting to more than US\$200 million), an entity listed on the Indonesia Stock Exchange.

Based on the Manager's initial assessment, the Manager does not expect to call on the Medan Fair Rental Guarantee.

### 3.6.3 Rationale for the Rental Guarantees

The rental guarantees in respect of Pluit Village and Medan Fair are not rental guarantees which had arisen because it is offered by the vendors of the respective properties, but had arisen because the board of directors of the Manager (the "**Board**") is of the view that it would be prudent to have some form of protection in

<sup>1</sup> "**Medan Fair Total Gross Revenue**" refers to the aggregate of all income earned primarily from Medan Fair including rent, service charges, car park income, recoveries and other income derived from Medan Fair.



the event that there is a deterioration in the business conditions of Pluit Village or Medan Fair. The amount and duration of the rental guarantees were offered by the Pluit Village Vendors and the Medan Fair Vendor as the end-result of negotiations between the Manager and the vendors and are accordingly not a derivative of assumptions and bases. The Manager had established the view that the quantum was reasonable and provides a realistic level of assurance having taken into reference, among other factors, the historical financial performance of the Pluit Village Spaces and the Medan Fair Spaces based on the audited financial statements of PT DWL and PT AP for FY2010. The rental revenue from the Pluit Village Spaces for FY2010 was Rp.117.4 billion, which is higher than the Pluit Village Rental Guarantee amount of Rp.105 billion per annum. Similarly, in relation to the Medan Fair Spaces, the Medan Fair Rental Guarantee amount of Rp.55 billion per annum was considered with reference to an annualised rental revenue of Rp.48.3 billion based on 6M2011, among other considerations. The Manager has also taken into consideration that the rental revenue for Medan Fair is more stabilized than that of Pluit Village given that as of 30 June 2011, the occupancy rate of Medan Fair was 91.2%.

The rental guarantees are intended to provide an aggregate level of comfort and downside protection and are not targeted to support any specific occupancy rate or rental rate. The rental guarantees are intended to provide an appropriate level of comfort.

Rental income at Pluit Village and Medan Fair are derived from three categories of tenants, namely, anchor tenants (being tenants occupying space in excess of 400 sq m), specialty tenants and casual leasing tenants. The rental guarantees were arrived at taking into account the lease profile and characteristics of each of the classes of tenants and is intended to insulate LMIR Trust from market risks, including unforeseen changes or disruptions in the business conditions of Pluit Village and Medan Fair or the Indonesia retail market which may affect the rental levels achieved for new leases or renewals.

Given that anchor tenant space at Pluit Village and Medan Fair enjoy long weighted average lease expiries of 5.0 years and 10.4 years respectively, such market risk for renewals and new leases is relatively low and the Manager does not expect lease fallouts by the anchor tenants to occur in the near future. Accordingly, rental guarantees in respect of the anchor tenant space at Pluit Village and Medan Fair were deemed unnecessary.

The length of the lease term is not a condition or criteria to the applicability of the rental guarantees. Therefore, demand for shorter leases will have no bearing on the protection or comfort which Unitholders would receive. Instead, Unitholders would be insulated should the rental market deteriorate over the Rental Guarantee Period.

The Manager is of the view that the level of the banker's guarantees is reasonable in the context of ensuring that the commercial intent of the rental guarantees are met and that they provide sufficient comfort. The balance of the rental guarantees are not backed by security. Based on information available to the Manager, the Manager believes that the Pluit Village Vendors and the Medan Fair Vendor are entities of substance which possess sufficient financial resources to service the rental guarantees.

The Manager wishes to highlight that the Independent Valuers have neither considered nor relied on the rental guarantees in arriving at the valuations and the Independent Valuers have provided written confirmations that the rental guarantees

were not considered in the valuation of the Properties. In addition, the Manager has not relied upon the rental guarantees in its assessment of the Properties. Further, the Pluit Village Purchase Consideration is lower than the average of the two valuations obtained for Pluit Village, and the Medan Fair Purchase Consideration is lower than the valuation obtained for Medan Fair. The Manager is therefore of the view that the rental guarantees are not prejudicial to LMIR Trust or Unitholders.

### 3.7 Related tenancy and property management agreements relating to the Properties

Upon completion of the Acquisitions, LMIR Trust will, through PT DWL and PT AP, take over all of the tenancy and property management agreements with respect to Pluit Village and Medan Fair respectively, including various tenancy and property management agreements entered into by certain associates and subsidiaries of the Sponsor (the “**Related Tenancy Agreements**”). The aggregate fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp. 626.0 billion (S\$89.9 million). The amount of space taken up and the value of each of the Related Tenancy Agreements are set out in **Appendix F** of the Circular. The percentage of NTA/NAV accounted for by the Related Tenancy Agreements is also set out in Appendix F of the Circular.

Based on the Manager’s experience in relation to the existing portfolio of LMIR Trust, the rates of the Related Tenancy Agreements are comparable to prevailing market rates. The Manager believes that the Related Tenancy Agreements are made on normal commercial terms and are not prejudicial to the interests of LMIR Trust and Unitholders.

(See **Appendix F** “Related Tenancy Agreements” for further details.)

### 3.8 BOT Schemes

LMIR Trust holds some of the Existing Properties (as defined herein) which it acquired at the time of its initial public offering via BOT Schemes. These Existing Properties are (i) Cibubur Junction, (ii) The Plaza Semanggi, (iii) Ekalokasari Plaza, (iv) Bandung Indah Plaza and (v) Istana Plaza. Similarly, LMIR Trust will also hold the Properties for a fixed period via BOT Schemes. Under a BOT Agreement to utilise a piece of land, a private entity receives certain rights from the BOT Grantor<sup>1</sup> (as defined herein) to finance, design, construct and operate a facility on the land for a specific period, after which the ownership of the building, together with the underlying land, is transferred back to the BOT Grantor. A BOT Scheme is not registrable with any Indonesian authority. Rights under a BOT Scheme do not amount to a legal title and represent only contractual interests.

The Properties are under BOT Schemes. Pursuant to the BOT Schemes, the Pluit Village BOT Grantor and the Medan Fair BOT Grantor have respectively granted each of PT DWL and PT AP, each as the BOT Grantee<sup>2</sup>, a right to build and operate the Properties for a particular period of time as stipulated in the relevant BOT Agreement, which in the case of Pluit Village, is from 1 October 1995 to 1 October 2025, and in the case of Medan Fair, is from 23 July 2002 to 23 July 2027. An application has been made for the extension of up to 2032 for the BOT AP<sup>3</sup>. Following expiration of this additional term, a renewal application

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1 “**BOT Grantor**” means the owner of the BOT Land, who grants a BOT Grantee a right to construct and operate a building on the BOT Land for a particular period of time, pursuant to a BOT Agreement; and at the end of the BOT period for the BOT Grantee to transfer the BOT Land and building to the BOT Grantor.

2 “**BOT Grantee**” means the party which has been granted a right by the BOT Grantor to construct and operate a building on the BOT Land for a particular period of time, pursuant to a BOT Agreement.

3 The application for the extension of the BOT AP was a matter initiated by the Medan Fair Vendor of its own accord, and was not pursuant to negotiations with the Manager. No such application was initiated by the Pluit Village Vendors.

may be made. The renewal term is usually for 25 to 30 years, subject to approval by the BOT Grantor. A renewal application for the SHGB should be made, at the latest, 24 months prior to the expiry of the relevant SHGB and the renewed term is subject to the discretion of the BOT Grantor.

Notwithstanding the foregoing, the following provisions with regard to the expiration of the term of the BOT Scheme of PT DWL should be noted:

- (a) Under Article 8.3 of the 1995 Cooperation Agreement (as defined herein), the term of the operation of the buildings shall expire (i) 30 years after the date of the building utilisation license (“**IPB**”) (*Izin Pendirian Bangunan*) No.3895/IPB/97 dated 9 June 1997 (which falls on 9 June 2027); or (ii) at the latest 30 years commencing from 30 months after the date of the Business Permit License (*Ijin Mendirikan Bangunan*) No.1192/IMB/1996, dated 14 March 1996 (which falls on or about September 2029).
- (b) Under Article 21 of the 1995 Cooperation Agreement, the term of the agreement shall expire 30 years commencing from the legalisation by the Minister of Domestic Affairs of the Republic of Indonesia of the relevant approval of the regional government of the Special Capital City Region of Jakarta (*Daerah Khusus Ibukota Jakarta*) (which falls on 2 October 2025).
- (c) Under the Decree of Minister of Domestic Affairs of the Republic of Indonesia No.640.31-547 dated 2 October 1995, the BOT Agreement between PT DWL and the Pluit Village BOT Grantor (as defined herein) (the “**BOT DWL**”) will be co-terminus with the expiration of the relevant SHGBs (being 1 October 2025).

However, based on (i) a letter No.009/CD-LGL/I/2011 from PT DWL to PT Jakarta Propertindo, an Indonesian regional government-owned enterprise (“**PT JP**”) dated 7 January 2011, and (ii) a letter No.034/UT20000/110/I/2011 from PT JP to PT DWL dated 31 January 2011, PT JP (being the representative of the Pluit Village BOT Grantor) has principally agreed that the expiration of the term of the BOT Scheme of PT DWL shall be 30 years after the date of the IPB No.3895/IPB/97 dated 9 June 1997 (which falls on 9 June 2027), subject to the condition that, prior to the expiration of the BOT DWL, PT DWL and PT JP shall enter into an addendum to synchronise the term and termination of the said BOT Agreement and the term of SHGB.

The Pluit Village BOT Grantor is the regional government of the Special Capital City Region of Jakarta (*Daerah Khusus Ibukota Jakarta*) (“**DKI Jakarta**”), currently represented by PT JP.

The Medan Fair BOT Grantor is the regional government of Medan City, an Indonesian government authority which is specifically tasked to govern and organise the administration of the City of Medan as a part of its regional autonomy structure.

Neither the Pluit Village BOT Grantor nor the Medan Fair BOT Grantor is related or affiliated with the relevant vendors, the Manager or the Sponsor.

A BOT Scheme is common in Indonesia for the following reasons:

- (a) freehold land in Indonesia may not be owned by companies (whether Indonesian or foreign-owned) or by foreign individuals. Under Indonesian land law, the closest form of land title to an internationally recognised concept of “freehold” title is *Hak Milik* or “Right of Ownership”. A *Hak Milik* title is available only to Indonesian individuals and certain Indonesian legal entities such as government banks and religious and social institutions appointed by the relevant Indonesian government authorities;

- (b) where ownership of the land is transferable, instead of transferring the ownership of the land, the land owner may prefer to use the BOT Scheme for commercial reasons. The land owner may not intend to transfer the ownership of the land because the land is located at commercially strategic locations or has historical value. Alternatively, the land owner may have limited financial capability to develop the land. Under such circumstances, the land owner may prefer to enter into a BOT Agreement with a BOT Grantee (as defined herein) who are property developers with strong financial support and proven track records; and
- (c) a BOT Grantee may prefer to use the BOT Scheme because the costs for obtaining the build, operate and transfer rights could be considered as more price-feasible and cashflow-effective as compared to an outright purchase of the land.

### **3.9 Directors' service contracts in relation to the Acquisitions**

No person is proposed to be appointed as a director of the Manager (“**Director**”) in relation to the Acquisitions or any other transactions contemplated in relation to the Acquisitions.

### **3.10 Major Transactions — Chapter 10 of the Listing Manual**

- (i) Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by LMIR Trust. Such transactions are classified into the following categories:
  - (a) non-discloseable transactions;
  - (b) discloseable transactions;
  - (c) major transactions; and
  - (d) very substantial acquisitions or reverse takeovers.
- (ii) A proposed acquisition by LMIR Trust may fall into any of the categories set out in sub-paragraph 3.10(i) above depending on the size of the relative figures computed on the following bases of comparison:
  - (a) the net profits attributable to the assets acquired, compared with LMIR Trust's net profits; and
  - (b) the aggregate value of the consideration given, compared with LMIR Trust's market capitalisation.

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a “major transaction” under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of LMIR Trust's business.

- (iii) The relative figures for the Pluit Village Acquisition and the Medan Fair Acquisition using the applicable bases of comparison described in sub-paragraphs 3.10(ii)(a) and 3.10(ii)(b) are set out in the table below. While the relative figure in relation to the Medan Fair Acquisition computed on the basis set out in paragraph 3.10(ii)(b) above exceeds 20.0%, the Medan Fair Acquisition is not a major transaction under Chapter 10 of the Listing Manual as it is within LMIR Trust's ordinary course of business. Therefore, Unitholders' approval is not required for the Medan Fair Acquisition. However, for purposes of illustration to Unitholders, the relative figures for the Acquisitions using the applicable bases of comparison described in sub-paragraphs 3.10(ii)(a) and 3.10(ii)(b) are set out in the table below.

Comparison of:	The Properties	LMIR Trust	Relative Figure
Net Property Income <sup>(1)(2)(3)</sup>	Pluit Village: Rp.172.8 billion (S\$25.8 million)	Rp.571.1 billion (S\$85.3 million)	30.2%
	Medan Fair: Rp.77.5 billion (S\$11.6 million)		13.6%
	Total Net Property Income of the Properties: Rp.250.3 billion (S\$37.4 million)		43.8%
Purchase Consideration against LMIR Trust's market capitalisation	Pluit Village: Rp.1,600.0 billion (S\$229.7 million) <sup>(4)</sup>	LMIR Trust's market capitalisation: S\$586.7 million <sup>(5)(6)</sup>	39.2%
	Medan Fair: Rp.1,050.0 billion (S\$150.8 million) <sup>(4)</sup>		25.7%
	Total Purchase Consideration of the Properties: Rp.2,650.0 billion (S\$380.5 million) <sup>(4)</sup>		64.9%

**Notes:**

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) Based on the FY2010 Audited Consolidated Financial Statements.
- (3) Based on the average rupiah exchange rate in FY2010 of S\$1.00 is to Rp.6,697.7.
- (4) Based on the Illustrative Rupiah Exchange Rate of S\$1.00 is to Rp.6,964.3.
- (5) Based on the closing price of S\$0.540 per Unit on the SGX-ST on the Latest Practicable Date.
- (6) Based on Units in issue as at the Latest Practicable Date.

### 3.11 Legal Proceedings in relation to Pluit Village

PT DWL is currently involved in the following pending cases between PT DWL and PT Carrefour Indonesia (collectively, the “**Carrefour Cases**”):

- (a) ***Tort Case No. 327/Pdt.G/2009/PN.Jkt.Ut filed before the District Court of North Jakarta by PT Carrefour Indonesia, which has been appealed by PT DWL before the High Court of Jakarta based on Declaration of Appeal (Akte Pernyataan Permohonan Banding) No. 327/Pdt.G/2009/PN.Jkt.Ut on 1 July 2010***

PT DWL and Carrefour have received several reprimand letters from DKI Jakarta concerning the hypermart area leased by Carrefour. The subject matter of the reprimand letters is that the hypermart area leased by Carrefour exceeds the floor area allowed for the operation of Carrefour's hypermart business as stipulated under the prevailing regional regulations. In connection with these reprimand letters, PT DWL had carried out certain actions to comply with the reprimand letters, which include: (i) the issuance of warning letters to Carrefour, (ii) effecting electrical blackouts which affected the hypermart operation and (iii) the provision of assistance to remove Carrefour from the Pluit Village, and these actions were subsequently considered by Carrefour as a violation of its lease agreement with PT DWL. Carrefour further claimed that the actions conducted by PT DWL resulted in certain losses of

Carrefour. Upon such alleged violation of the lease agreement and losses incurred, Carrefour subsequently filed a claim against PT DWL before the District Court of North Jakarta.

On 27 May 2010, the District Court of North Jakarta declared among others, that:

- (i) the total material/quantifiable claimed by Carrefour of Rp.62.5 billion<sup>1</sup> has been granted;
- (ii) the total immaterial/unquantifiable claimed by Carrefour of Rp.10.0 billion has been granted;
- (iii) PT DWL has to issue an apology by way of a half page announcement in three newspapers, namely Kompas, Bisnis Indonesia and Jakarta Post;
- (iv) PT DWL has to return the business space of Carrefour in Pluit Village (being the hypermart area leased by Carrefour) and hand over the business space in its original and empty condition;
- (v) the security seizure (*sita jaminan*) pursuant to Court Ruling (*Penetapan Majelis Hakim*) of the District Court of North Jakarta No. 03/CB/2010/PN.Jkt.Ut. jo. No. 327/Pdt.G/2009/PN.Jkt.Ut. dated 12 January 2010 (“**Security Seizure Verdict**”) is valid and binding (*sah dan berharga*); and
- (vi) PT DWL has to pay the costs of this case.

In addition, based on Objection Letter of Lex Regis No. Ref: 022/L/LexRegis/02/10 dated 1 February 2010 and as confirmed by PT DWL, the land under SHGB No. 7073 on which Pluit Village is built on has been put under security seizure (*Sita Jaminan*) by the District Court of North Jakarta pursuant to the Security Seizure Verdict. However, legal opinions issued by (a) Dalimartha & Partners and (b) Prof. Dr. Nindyo state, *inter alia*, that the seizure granted by the court over the land was not proper, since the land is owned by the local government of Jakarta and said space was subject to mortgage when the seizure was granted by the court. Dalimartha & Partners and Prof. Dr. Nindyo are acting for PT DWL in connection with the cases involving PT DWL.

The current status of this case is that the counterclaim of PT DWL has been repudiated by the court on 27 May 2010 based on Court Ruling No. 327/Pdt/G/2009/PN.Jkt.Ut. PT DWL has filed an appeal on this ruling pursuant to “Akte Pernyataan Permohonan Banding” No. 327/Pdt/G/2009/PN.Jkt.Ut dated 1 July 2010.

**(b) Consignment Case No. 316/Pdt/G/2009/PN.Jkt.Ut filed by PT Carrefour Indonesia before the District Court of North Jakarta, which has been appealed by PT DWL before the High Court of Jakarta based on Declaration of Appeal (Akte Pernyataan Permohonan Banding) No. 316/Pdt/G/2009/PN.Jkt.Ut on 10 June 2010.**

This is a case against PT DWL by Carrefour in relation to Carrefour’s petition for court assistance to order the clerk of court (Panitera) to deliver the future rental payments of Carrefour to PT DWL. PT DWL does not wish to accept such rental payments and is currently contesting the Court Decision pursuant to the lease agreement referred to

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<sup>1</sup> The amount of Rp.62.5 billion is based on the decision of the District Court of North Jakarta dated 27 May 2010 in relation to Tort Case No. 327/Pdt.G/2009/PN.Jkt.Ut. However, as some of the material/quantifiable claims are payable on a daily or monthly basis, the actual amount paid/payable by PT DWL may differ from Rp.62.5 billion.

in sub-paragraph (a) (Tort Case No. 327/Pdt.G/2009/PN.Jkt.Ut filed before the District Court of North Jakarta by PT Carrefour Indonesia) above.

PT DWL refuses to receive any future rental payments under the lease agreement with Carrefour since its position is that the said lease agreement was already terminated, and after the termination of the lease agreement between PT DWL and Carrefour, Carrefour has since relocated its business. Hence, Carrefour's obligation to pay rental fees and PT DWL's right to receive such rental fees have ceased by virtue of the termination of the lease agreement. However, Carrefour insists on making payments to PT DWL, and has asked for court assistance to do so. The Court Decision (*Penetapan*) of District Court of North Jakarta No.196/Pdt.P/PN/Jkt.Ut dated 2 July 2009 and No.02/Cons/2009/PN.Jkt.Ut. Jo. No.196/Pdt.P/PN.Jkt.Ut dated 24 August 2009 granted the above petition of Carrefour.

The current status of this case is that it is on appeal by way of submission by PT DWL of its appeal case on 10 June 2010 with respect to Court Ruling No. 316/Pdt.Plw/2009/PN.Jkt.Ut dated 24 May 2010 pursuant to "Akte Pernyataan Permohonan Banding" No. 316/Pdt/Plw/2009/PN.Jkt.Ut.

**(c) Tort Case No.1480/PDT.G/2009/PN.Jkt.Sel filed by PT DWL before the District Court of South Jakarta, which has been appealed by PT Carrefour Indonesia before the High Court of Jakarta**

This relates to the claim in respect of losses incurred by PT DWL due to the repeated claims raised by Carrefour, which were later revoked. Prior to any final judgment being obtained, Carrefour had publicly announced one of its claims in the Indonesia national newspaper, which was considered by PT DWL as a derogatory/insulting act that attempted to tarnish the reputation of PT DWL.

On 28 April 2010, the district court of South Jakarta has declared, *inter alia*, that PT Carrefour Indonesia was declared to have committed a tort and was ordered:

- (i) to pay for the loss amounting to approximately Rp.127.1 million plus interest at 6% p.a. calculated from 25 August 2009 until such amount is fully paid;
- (ii) to issue an apology by way of a half page announcement in the newspaper (Kompas) for two (2) consecutive days;
- (iii) to pay enforcement money (dwangsom) amounting to Rp.500,000 per day as of the date the verdict became valid and binding, if PT Carrefour Indonesia fails to comply with the order to publish the above apology announcement in Kompas for two (2) consecutive days; and
- (iv) to pay the court fees amounting to approximately Rp.1.1 million.

The rest of Carrefour's claims have been denied.

Based on 3 (three) letters of the court bailiff of District Court of South Jakarta, all dated 21 September 2010, said court bailiff has (i) informed PT DWL that Carrefour has submitted an appeal, (ii) delivered the memorandum of appeal to PT DWL, and (iii) informed PT DWL to examine the appeal documents within 14 (fourteen) days commencing from the subsequent date after the date of this letter.

In addition to the Carrefour Cases, PT DWL is also involved in a case before the Business Competition Supervisory Commission on PT DWL's alleged violation of Law No. 5 Year 1999 concerning Unfair Business Competition (the "KPPU Case"). The case has not been

resolved within the prescribed period under Law No. 5 Year 1999 concerning Anti Monopoly Practice and Unfair Business Competition, being 120 days from the start of the investigation on 11 November 2009. Per Letter No. Ref. 130/L/LexRegis/08/10 dated 10 August 2010 from Lex Regis, Agustinus Dawarja & Partners regarding Report of Alleged Violation of Law No. 5 Year 1999 Concerning Unfair Business Competition, as the Indonesian Business Competition Supervisory Commission (“**KPPU**”) has not issued its decision within the 120-day period, the legal consequence is that the KPPU no longer has the right to act on the alleged violation report, and has accordingly ceased its inspection process. In connection with the KPPU Case, based on the documents made available by PT DWL, there is no information on the party who made the report to the KPPU with respect to the KPPU Case. KPPU is required by law to keep confidential the identity of the party lodging such a report.

In order to mitigate the risks relating to the Carrefour Cases and the KPPU Case, the Trustee has obtained indemnities from PT MPU under the Pluit Village Deed of Indemnity for all and any losses which the Trustee may suffer, including, but not limited to, loss of rental, service charges, carpark and other income and claims for losses from existing or potential tenants, which arises out of or in connection with the Carrefour Cases and the KPPU Case. PT MPU is an entity of substance, with total assets of approximately Rp.14,038 billion as at 31 December 2010.

Carrefour occupied 13,296.75 sq m in Pluit Village. The space under Carrefour is not covered by the Pluit Village Deed of Rental Guarantee and there is no rental payable by Carrefour. Since Carrefour has moved out from Pluit Village, there is no amount of rent which is at risk or is being currently paid. In anticipation of the resolution of the Carrefour Cases, the Pluit Village Vendors will undertake to LMIR Trust that in the event that the Carrefour Cases are not settled and PT Carrefour Indonesia has not reoccupied the premises which are the subject of the Carrefour Cases by 30 April 2012 (the “**Carrefour Premises**”), the Pluit Village Vendors shall with effect from 1 May 2012 pay a penalty to the Trustee of an amount equivalent to what PT Carrefour Indonesia would have been obliged to pay in respect of the Carrefour Premises in the absence of the Carrefour Cases (the “**Penalty Amount**”). Such payment shall be made on a monthly basis and shall terminate only upon the occupation of the Carrefour Premises by one of the following: (i) PT Carrefour Indonesia; (ii) another tenant paying a rental amount which is comparable with or higher than the Penalty Amount; or (iii) such other tenant as the Manager shall in its sole discretion determine.

#### **4. REQUIREMENT FOR UNITHOLDERS’ APPROVAL FOR THE PLUIT VILLAGE ACQUISITION**

##### **4.1 Interested Person Transaction and Interested Party Transaction in connection with the Pluit Village Acquisition**

Under Chapter 9 of the Listing Manual, where LMIR Trust proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of LMIR Trust’s latest unaudited NTA, Unitholders’ approval is required in respect of the transaction.

Based on LMIR Trust’s consolidated financial statements for 6M2011, (the “**6M 2011 Unaudited Financial Statements**”), the NTA of LMIR Trust was S\$917.8 million as at 30 June 2011. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by LMIR Trust with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year,



equal to or is in excess of S\$45.9 million, such a transaction would be subject to Unitholders' approval. Given the Pluit Village Purchase Consideration of Rp.1,600.0 billion (or S\$229.7 million) which is 25.0% of the NTA of LMIR Trust as at 30 June 2011<sup>1</sup>, the value of the Pluit Village Acquisition will in aggregate exceed the said threshold<sup>2</sup>.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by LMIR Trust which value exceeds 5.0% of LMIR Trust's latest audited NAV. Based on the 6M 2011 Unaudited Financial Statements, the NAV of LMIR Trust was S\$917.8 million as at 30 June 2011. Accordingly, if the value of a transaction which is proposed to be entered into by LMIR Trust with an Interested Party<sup>3</sup> is equal to or greater than S\$45.9 million, such a transaction would be subject to Unitholders' approval. Given the Pluit Village Purchase Consideration of Rp.1,600.0 billion (or S\$229.7 million), the value of the Pluit Village Acquisition exceeds the said threshold<sup>4</sup>.

As at the Latest Practicable Date, the Manager has a direct interest in 26,102,497 Units (comprising 2.4% of the existing Units). The Manager is wholly-owned by Peninsula, a wholly-owned subsidiary of Jesselton which is in turn a wholly-owned subsidiary of the Sponsor. The Sponsor, directly and/or through its subsidiaries and associates and through its interest in the Manager, has (i) deemed interests of 29.6% in LMIR Trust and (ii) wholly-owns the Manager, and is therefore regarded as a "controlling unitholder" of LMIR Trust, and "controlling shareholder" of the Manager, under both the Listing Manual and (where applicable) the Property Funds Appendix. Lippo Capital Limited, an associate of the Sponsor, has an effective interest of 46.0% in Grand Investment and 13.3% in Excel Investment, and therefore has an effective interest of 18.1% in PT DWL.

As Grand Investment is deemed to be 46.0% held by an associate of a "controlling unitholder/shareholder" of (i) LMIR Trust and (ii) the Manager, it is considered an associate of both LMIR Trust and the Manager. For the purposes of Chapter 9 of the Listing Manual, Grand Investment (being an associate of both LMIR Trust and the Manager) is an Interested Person<sup>5</sup> of LMIR Trust. For the purposes of paragraph 5 of the Property Funds Appendix relating to Interested Party Transactions, Grand Investment (being an associate of both LMIR Trust and the Manager) is an Interested Party (as defined herein) of LMIR Trust.

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1 Based on the 6M 2011 Unaudited Financial Statements.

2 Based on LMIR Trust's audited consolidated financial statements for the financial year ended 31 December 2010, ("**FY 2010**") and the audited consolidated financial statements for FY2010, the "**FY2010 Audited Consolidated Financial Statements**", the NTA of LMIR Trust was S\$901.9 million as at 31 December 2010. Given the Pluit Village Purchase Consideration of Rp.1,600.0 billion (or S\$229.7 million) which is 25.5% of the NTA of LMIR Trust as at 31 December 2010, the value of the Pluit Village Acquisition will in aggregate also exceed the said threshold based on the FY2010 Audited Consolidated Financial Statements.

3 "**Interested Party**" means:

- (i) a director, chief executive officer or controlling shareholder of the Manager, the Trustee or controlling unitholder of LMIR Trust; or
- (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee or any controlling unitholder of LMIR Trust.

4 Based on the FY2010 Audited Consolidated Financial Statements, the NAV of LMIR Trust was S\$901.9 million as at 31 December 2010. Given the Pluit Village Purchase Consideration of Rp.1,600.0 billion (or S\$229.7 million) which is 25.5% of the NAV of LMIR Trust as at 31 December 2010, the value of the Pluit Village Acquisition also exceeds the said threshold based on the FY2010 Audited Consolidated Financial Statements.

5 "**Interested Person**" has the meaning ascribed to it in the Listing Manual.

Therefore, the Pluit Village Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The Pluit Village Acquisition will also constitute an Interested Party Transaction under paragraph 5 of the Property Funds Appendix. Accordingly, the approval of Unitholders is sought for the Pluit Village Acquisition.

#### **4.2 Existing Interested Person Transactions**

Prior to the Latest Practicable Date, LMIR Trust had entered into several interested person transactions with associates of the Sponsor during the course of the current financial year (the “**Existing Interested Person Transactions**”).

Details of the Existing Interested Person Transactions may be found in **Appendix E** of this Circular.

#### **4.3 Fees payable to the Manager for the Pluit Village Acquisition**

Upon completion, the Manager will be entitled under the Trust Deed to receive the Pluit Village Acquisition Fee of Rp.16.0 billion (or S\$2.3 million), which is equal to 1.0% of the Pluit Village Purchase Consideration.

The Pluit Village Acquisition Fee shall be payable to the Manager in Units to be issued at the TERP of S\$0.425<sup>1</sup> per Unit. Accordingly, 5,405,697 Units will be issued to the Manager. It should, however, be noted that the exact number of Units to be issued to the Manager will be announced later. In accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions, the Units to be issued as payment of the Pluit Village Acquisition Fee are not to be sold within one year from their date of issuance.

After the completion of the Acquisitions, the Manager will also be entitled under the Trust Deed to receive from LMIR Trust, as in the case of any of the existing and future properties, management fees attributable to Pluit Village comprising a base fee of 0.25% per annum of the value of Pluit Village and a performance fee of 4.0% per annum of the Net Property Income<sup>2</sup> of Pluit Village. The Manager will be entitled to the management fees attributable to Pluit Village in the future for so long as Pluit Village continues to form part of the investment portfolio of LMIR Trust.

#### **4.4 Approval by Unitholders**

In approving the Pluit Village Acquisition, Unitholders are deemed to have approved all documents which are required to be executed by the parties in order to give effect to the Pluit Village Acquisition including the Related Tenancy Agreements in relation to Pluit Village. These agreements are therefore not subject to Rules 905 and 906 of the Listing Manual (which require LMIR Trust to make an announcement or obtain the approval of Unitholders depending on the materiality of the Interested Person Transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect LMIR Trust. Future renewal or extension of these agreements will be subject to Rules 905 and 906 of the Listing Manual.

For the avoidance of doubt, as Unitholders’ approval will not be sought for the Medan Fair Acquisition, the Related Tenancy Agreements in relation to Medan Fair (which amount to approximately 1.2% of the NTA/NAV of LMIR Trust), will be subject to Rules 905 and 906 of the Listing Manual.

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1 While Clause 15.2.1(i) of the Trust Deed allows the Manager to receive the Pluit Village Acquisition Fee Units at the Issue Price of S\$0.31 per Unit, the Manager has elected to receive the Pluit Village Acquisition Fee Units at the TERP of S\$0.425 per Unit instead.

2 “**Net Property Income**” consists of property revenue less property operating expenses.

Details of the Related Tenancy Agreements are set out in **Appendix F** of the Circular. The Manager believes that the terms of the Related Tenancy Agreements are on normal commercial terms.

The Manager is of the view that the Acquisitions are in the ordinary course of LMIR Trust's business and are therefore not subject to Chapter 10 of the Listing Manual.

#### 4.5 Advice of the Independent Financial Adviser

The Manager and the Trustee have appointed KPMG Corporate Finance Pte Ltd (the “**IFA**”) to advise the independent Directors of the Manager comprising Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip and Mr Goh Tiam Lock (the “**Independent Directors**”) in the transaction and the Trustee as to whether the Pluit Village Acquisition is (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and the Unitholders.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the opinion that:

**4.5.1** in accordance with Chapter 9 of the Listing Manual, the Pluit Village Acquisition is on normal commercial terms and not prejudicial to LMIR Trust and the Unitholders; and

**4.5.2** in accordance with Paragraph 5 of the Property Funds Appendix, the Pluit Village Acquisition is on normal commercial terms and is not prejudicial to the Unitholders.

A copy of the letter from the IFA to the Independent Directors and the Trustee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix A** of this Circular.

#### 4.6 Interests of Directors and Substantial Unitholders<sup>1</sup>

##### 4.6.1 Interests of Directors of the Manager

Details of the unitholdings of the Directors as at the Latest Practicable Date are as follows:

Unitholder	Direct Interest	Deemed Interest	Total Interest	% Interest <sup>(1)</sup>
Mr Albert Saychuan Cheok . . . . .	200,000	—	200,000	0.02
Ms Viven Gouw Sitiabudi . . . . .	—	—	—	—
Mr Douglas Chew . . . . .	—	—	—	—
Mr Bunjamin J. Mailool . . . . .	—	—	—	—
Mr Lee Soo Hoon, Phillip . . . . .	—	—	—	—
Mr Goh Tiam Lock . . . . .	—	—	—	—

**Note:**

(1) The percentage interest is based on total issued Units of 1,086,516,497 as at the Latest Practicable Date.

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

<sup>1</sup> “**Substantial Unitholders**” refers to Unitholders with an interest in more than 5.0% of all Units in issue.

## 4.6.2 Interests of Substantial Unitholders

The details of the unitholdings of the Substantial Unitholders who are interested in the Pluit Village Acquisition as at the Latest Practicable Date are as follows:

Unitholder	Direct Interest	Deemed Interest	Total Interest	% Interest <sup>(1)</sup>
Bridgewater International Ltd (“BIL”) . . . . .	295,511,944	—	295,511,944	27.2
PT Sentra Dwimandiri <sup>(2)</sup> . . . . .	—	295,511,944	295,511,944	27.2
PT Lippo Karawaci Tbk <sup>(3)</sup> . . . . .	—	321,614,441	321,614,441	29.6

**Notes:**

- (1) The percentage interest is based on total issued Units of 1,086,516,497 as at the Latest Practicable Date.
- (2) PT Sentra Dwimandiri, directly and/or through its subsidiaries, wholly-owns BIL and is deemed to be interested in the Units held by BIL.
- (3) PT Lippo Karawaci Tbk directly and/or through its subsidiaries wholly-owns BIL and is deemed to be interested in the Units held by BIL. PT Lippo Karawaci Tbk also directly and/or through its subsidiaries wholly-owns the Manager and is deemed to be interested in the 26,102,497 Units (representing 2.4% of the existing Units) held by the Manager.

The Sponsor, directly and/or through its subsidiaries and through its interest in the Manager, has (i) deemed interests of 29.6% in LMIR Trust and (ii) wholly-owns the Manager, and is therefore regarded as a “controlling unitholder” of LMIR Trust, and “controlling shareholder” of the Manager under both the Listing Manual and (where applicable) the Property Funds Appendix. Lippo Capital Limited, an associate of the Sponsor, has an effective interest of 46.0% in Grand Investment and 13.3% in Excel Investment, and therefore has an effective interest of 18.1% in PT DWL.

Based on information available to the Manager in the Register of Unitholders, the other Substantial Unitholders are ABN AMRO Asset Management (Asia) Limited (6.35%), CPI Capital Partners Asia Pacific L.P. (8.84%) and APG Algemene Pensioen Groep N.V./Stichting Pensioenfonds ABP (9.84%).

## 5. THE RIGHTS ISSUE

### 5.1 Principal Terms of the Rights Issue

The following is a summary of the principal terms and conditions of the Rights Issue:

Issue Size : The Rights Issue is expected to raise gross proceeds of S\$336.8 million and net proceeds of S\$332.0 million. The proceeds raised (based on the Sponsor Undertaking) will be sufficient to meet the present funding requirements of LMIR Trust.

The number of Rights Units to be issued under the Rights Issue is 1,086,516,497 Rights Units based on the Rights Ratio, and the Sponsor has undertaken to fully take up 764,902,056 Units (being the total number of Rights Units less the Sponsor Rights Units) in the event that they are not taken up by other Unitholders.

- Basis of Provisional Allotments** : Each Eligible Unitholder is entitled to subscribe for one (1) Rights Unit for every one (1) existing Unit standing to the credit of his securities account with The Central Depository (Pte) Limited (“CDP” and the securities account, the “**Securities Account**”) as at the Rights Issue Books Closure Date.
- Issue Price** : S\$0.31 for each Rights Unit. The Rights Units are payable in full upon acceptance and/or application.  
The Issue Price represents a discount of 42.6% to the Closing Price of S\$0.540 per Unit and a discount of 27.1% to the TERP of S\$0.425 per Unit.
- Status of the Rights Units** : The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units as at the date of issue of the Rights Units, including the right to any distributions which may accrue for 4Q2011 as well as all distributions thereafter.  
For the avoidance of doubt, the Rights Units will not be entitled to participate in the distribution of any distributable income accrued by LMIR Trust prior to 1 October 2011 (including the distribution period commencing from 1 July 2011 to 30 September 2011).
- Eligible Unitholders** : Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days<sup>1</sup> prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of LMIR Trust, may determine, may be offered Rights Units without breaching applicable securities laws.
- Eligibility of Unitholders to participate in the Rights Issue** : Eligible Unitholders are at liberty to accept in part or in full, decline, renounce or trade on the SGX-ST (during the “nil-paid” rights trading period prescribed by the SGX-ST) their *pro rata* Rights Entitlements and are eligible to apply for the Excess Rights Units.  
The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the Offer Information Statement in connection with the Rights Issue to be lodged with the MAS and issued to Eligible Unitholders.  
No provisional allotment of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application thereof by Ineligible Unitholders will be valid.  
Ineligible Unitholders should refer to the paragraphs under the heading “Ineligible Unitholders” below.
- Trading of the Rights Units** : Upon the listing of and quotation for the Rights Units on the Main Board of the SGX-ST, the Rights Units will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. All dealings in and transactions (including transfers) of the Rights

<sup>1</sup> “Market Day” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Units effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Account with CDP”, as the same may be amended from time to time, copies of which are available from CDP.

Eligible Unitholders can trade in odd lots of Units on the SGX-ST’s Unit Share Market.

Governing Law : Laws of the Republic of Singapore.

**The above terms and conditions of the Rights Issue are subject to such changes as the Manager may deem fit. The final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched by the Manager to Eligible Unitholders in due course, subject to the approval of the Unitholders for the Pluit Village Acquisition, the Rights Issue and the Whitewash Resolution at the EGM.**

The Rights Issue is conditional upon, *inter alia*, the following:

- (i) approval of the Unitholders at the EGM (which is subject to and conditional upon the passing of: (i) the Resolution for the Pluit Village Acquisition; and (ii) the Whitewash Resolution; and
- (ii) lodgement of the Offer Information Statement with the MAS.

Approval-in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not an indication of the merits of LMIR Trust, the Rights Issue or the Rights Units. The Manager has provided undertakings to the SGX-ST to:

- (i) make periodic announcements on the specific utilisation of the proceeds from the Rights Issue as and when such proceeds are materially disbursed; and
- (ii) provide a status report on the specific use of the proceeds from the Rights Issue in the annual report of LMIR Trust to Unitholders.

**AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE PROVISIONAL ALLOTMENTS OF RIGHTS UNITS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST.**

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or trade their provisional allotment of Rights Units under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renouncees of the provisional allotments or the purchasers of the “nil-paid” rights, subject to the requirements or otherwise of the SGX-ST, will be issued to satisfy Excess Rights Units applications as the Manager may, in its discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots. Each of the Sponsor, the Sponsor Subscribing Subsidiaries, other Substantial Unitholders (as defined herein) who have control or influence over the Manager in connection with the day-to-day affairs of the Manager or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board and Directors will rank last in priority for the rounding of odd lots and allotment of excess Rights Units.

## 5.2 Eligible Unitholders

Eligible Unitholders whose Securities Accounts are credited with Units as at 5.00 p.m. on the Rights Issue Books Closure Date will be provisionally allotted the rights entitlements on the basis of the number of Units standing to the credit of their Securities Accounts with CDP as at the Rights Issue Books Closure Date.

Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Accounts and (a) whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents or (b) who the Manager determines, may be offered Rights Units without breaching applicable securities laws. Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Units and are eligible to apply for Excess Rights Units in excess of their provisional allotments under the Rights Issue.

## 5.3 Ineligible Unitholders

No provisional allotment of Rights Units will be made to Unitholders other than Eligible Unitholders (“**Ineligible Unitholders**”) and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.

The making of the Rights Issue may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders. Ineligible Unitholders who wish to participate in the Rights Issue will have to provide CDP with addresses in Singapore for the service of notice and documents and any other evidence of eligibility that the Manager, in its discretion, requires, at least three Market Days prior to the Rights Issue Books Closure Date. Save as provided herein and for the avoidance of doubt, the Ineligible Unitholders are not eligible to participate in the Rights Issue.

If it is practicable to do so, the Manager may, at its absolute discretion, arrange for “nil-paid” rights which would otherwise have been allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the “nil-paid” rights commence.

Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings determined as at the Rights Issue Books Closure Date and sent to them by ordinary post, provided that where the amount to be distributed to any Ineligible Unitholder is less than S\$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of LMIR Trust and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Joint Managers or the CDP in connection herewith.

## 5.4 Use of Proceeds

The Rights Issue will raise gross proceeds of S\$336.8 million and net proceeds of S\$332.0 million. The Manager expects to use the gross proceeds from the Rights Issue as follows<sup>1</sup>:

- (i) S\$332.0 million (which is equivalent to 98.6% of the gross proceeds of the Rights Issue) to finance the cash component<sup>2</sup> of the Total Acquisition Cost<sup>3</sup>; and
- (ii) S\$4.8 million (which is equivalent to 1.4% of the gross proceeds of the Rights Issue) for the total costs and expenses relating to the Rights Issue.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

It should be noted that LMIR Trust is currently not under pressure from its bankers to repay any of its existing borrowings and has sufficient resources to meet its current capital commitments. The Manager is of the opinion that, after taking into consideration LMIR Trust's internal resources, its available loan facilities and the net proceeds of the Rights Issue, the working capital available to LMIR Trust is sufficient to meet its present obligations as and when they fall due.

## 5.5 Costs of the Rights Issue

If LMIR Trust proceeds with the Rights Issue, the Manager estimates that LMIR Trust will have to bear:

- (i) co-ordination commission and related expenses of S\$1.5 million (excluding goods and service taxes payable) which the Manager will pay to the Joint Managers upon completion of the Rights Issue; and
- (ii) professional and other fees and expenses, including a financial advisory fee, of S\$3.3 million (excluding goods and service taxes payable) in connection with the Rights Issue.

## 5.6 Excess Rights Units

The Sponsor may directly and/or through the Sponsor Subscribing Subsidiaries, choose to apply for Excess Rights Units. In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Substantial Unitholders (as defined herein) nor Directors (as defined herein). The Sponsor, the Sponsor Subscribing Subsidiaries, other Substantial Unitholders who have control or influence over the Manager in connection with the day-to-day affairs of the Manager or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board and Directors will rank last in priority for the rounding of odd lots and allotment of excess Rights Units. (See paragraphs 5.1 and 7 of the Letter to Unitholders for further details.)

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1 The actual split in the use of proceeds may be adjusted to take into account the adjustment for the consolidated net assets or net liabilities of Grandley and Kindall (in the case of the Pluit Village Acquisition) and Vibrance (in the case of the Medan Fair Acquisition).

2 For the avoidance of doubt, the cash component of the Total Acquisition Cost does not include the Pluit Village Acquisition Fee of Rp.16.0 billion (or S\$2.3 million) in connection with the Pluit Village Acquisition, which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed.

3 The remainder of the cash component of the Total Acquisition Cost of S\$51.1 million is to be funded by LMIR Trust's internal cash and working capital.



For the avoidance of doubt, the Sponsor Excess Rights Units would be offset against the Sponsor Commitment Rights Units which the Sponsor has committed to subscribe for, pursuant to the Sponsor Undertaking.

### **5.7 Commitment by the Sponsor**

Given the long exposure period of the Rights Issue, the current and further potential market uncertainties and the execution risks, the Joint Managers have indicated that they will not underwrite the Rights Issue. The Sponsor, which directly and/or through its subsidiaries and through its interest in the Manager has deemed interests in 321,614,441 Units representing 29.6% of the voting rights of LMIR Trust as at the Latest Practicable Date, has agreed to take up all of the Rights Units which are not taken up by other Unitholders and has provided the Sponsor Undertaking that it will take up the Sponsor Rights Units and the Sponsor Commitment Rights Units, subject to the passing of all of Resolutions 1 (Acquisition of Pluit Village from an Interested Person), 2 (The Rights Issue) and 3 (The Whitewash Resolution). The Sponsor has agreed to provide the Sponsor Undertaking in order to demonstrate its support for LMIR Trust and the Rights Issue, and to ensure that LMIR Trust obtains the required level of funding to acquire the Properties. It should also be noted that the Sponsor will not be receiving any fees for the provision of the Sponsor Undertaking.

In conjunction with the Sponsor Undertaking, a commercial bank has confirmed that the Sponsor has sufficient financial resources to subscribe for the Rights Units under the Sponsor Undertaking.

### **5.8 Waiver from the Code**

The SIC has on 26 September 2011 granted the SIC Waiver of the requirement by the Sponsor and parties acting in concert with the Sponsor to make a Mandatory Offer for the remaining Units not owned or controlled by the Sponsor and parties acting in concert with the Sponsor, in the event that they incur an obligation to make a mandatory offer pursuant to Rule 14 of the Code as a result of the Subscribing Entities taking up provisional allotments of Rights Units allotted and issued to them and, if applicable, through (i) subscribing for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) applying for the Sponsor Excess Rights Units, subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 7.2 of the Letter to Unitholders) including the approval of the Whitewash Resolution by Independent Unitholders at a general meeting of Unitholders.

## **6. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS**

The pro forma financial effects of the Transactions presented below are strictly for illustrative purposes only and were prepared based on:

- (i) the audited financial statements of Grandley, Kindall, Vibrance and Zesty for the year ended 31 December 2010;
- (ii) the audited financial statements of PT DWL and PT AP for the year ended 31 December 2010;
- (iii) the FY2010 Audited Consolidated Financial Statements; and
- (iv) the 6M 2011 Unaudited Financial Statements,

and assuming<sup>1</sup>:

- (a) the cash component<sup>2</sup> of the Total Acquisition Cost is S\$383.1 million;
- (b) 1,086,516,497 Rights Units are issued at an Issue Price of S\$0.31 per Rights Unit;
- (c) net proceeds of S\$332.0 million are raised in the Rights Issue after taking into account the estimated costs of the Rights Issue of S\$4.8 million;
- (d) the remainder of the cash component of the Total Acquisition Cost of S\$51.1 million is funded by internal cash and working capital; and
- (e) 5,405,697 Units will be issued to the Manager in payment of the Pluit Village Acquisition Fee, assuming that such Units will be issued at the TERP of S\$0.425 per Unit.

## 6.1 Financial year ended 31 December 2010

### Pro Forma DPU and distribution yield

The pro forma financial effects of the Acquisitions on the DPU and distribution yield for LMIR Trust for FY2010, as if LMIR Trust had purchased the Properties and completed the Rights Issue on 1 January 2010, and held and operated the Properties through to 31 December 2010, are as follows:

	Actual <sup>(1)</sup>	Pro Forma
Distributable income (S\$'000) . . . . .	47,878	76,934
Units in issue and to be issued . . . . .	1,081,706,758	2,172,654,371 <sup>(3)</sup>
DPU (cents) . . . . .	4.44	3.54
Distribution yield . . . . .	8.38% <sup>(2)</sup>	8.43% <sup>(4)</sup>

#### Notes:

- (1) Based on the FY2010 Audited Consolidated Financial Statements.
- (2) Based on the actual DPU divided by the Closing Price on 31 December 2010 of S\$0.530.
- (3) The number of Units is arrived at after taking into account the issuance of (i) one Rights Unit for every one existing Unit, (ii) new Units in payment of the Pluit Village Acquisition Fee, and (iii) new Units in payment of the performance fee as a result of additional Net Property Income after the Acquisitions.
- (4) Based on the adjusted DPU divided by the TERP of S\$0.42 per Unit.

### Pro forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 December 2010, as if LMIR Trust had purchased the Properties and completed the Rights Issue on 31 December 2010, are as follows:

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1 The actual split in the use of proceeds may be adjusted to take into account the adjustment for the consolidated net assets or net liabilities of Grandley and Kindall (in the case of the Pluit Village Acquisition) and Vibrance (in the case of the Medan Fair Acquisition).

2 For the avoidance of doubt, the cash component of the Total Acquisition Cost does not include the Pluit Village Acquisition Fee of Rp.16.0 billion (or S\$2.3 million) in connection with the Pluit Village Acquisition, which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed.

	<b>Actual<sup>(1)</sup></b>	<b>Pro Forma</b>
NAV (S\$'000) . . . . .	901,909	1,233,687
Units in issue and to be issued . . . . .	1,081,706,758	2,168,811,866 <sup>(2)</sup>
NAV per Unit (cents) . . . . .	83.38	56.88

**Notes:**

- (1) Based on the FY2010 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) one Rights Unit for every one existing Unit, and (ii) new Units in payment of the Pluit Village Acquisition Fee.

**Pro forma capitalisation**

The following table sets forth the pro forma capitalisation of LMIR Trust as at 31 December 2010, as if LMIR Trust had purchased the Properties and completed the Rights Issue on 31 December 2010.

	<b>As at 31 December 2010</b>	
	<b>Actual<sup>(1)</sup></b>	<b>Pro Forma</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Short-term debt:</b>		
Unsecured . . . . .	—	—
Secured . . . . .	—	—
Total short-term debt . . . . .	—	—
<b>Long-term debt:</b>		
Unsecured . . . . .	—	—
Secured . . . . .	125,000	125,000
Total long-term debt . . . . .	125,000	125,000
Total debt . . . . .	125,000	125,000
Unitholders funds . . . . .	901,909	1,233,687
<b>Total Capitalisation . . . . .</b>	<b>1,026,909</b>	<b>1,358,687</b>

**Note:**

- (1) Based on the FY2010 Audited Consolidated Financial Statements.

**6.2 Six months ended 30 June 2011**

**Pro Forma DPU and distribution yield**

The pro forma financial effects of the Acquisitions on the DPU and distribution yield for LMIR Trust for 6M2011, as if LMIR Trust had purchased the Properties and completed the Rights Issue on 1 January 2011, and held and operated the Properties through to 30 June 2011, are as follows:

	<b>Actual<sup>(1)</sup></b>	<b>Pro Forma</b>
Distributable income (S\$'000) . . . . .	24,531	35,384
Units in issue and to be issued . . . . .	1,084,967,455	2,176,206,522 <sup>(3)</sup>
DPU (cents) . . . . .	2.26	1.63
Distribution yield . . . . .	7.47% <sup>(2)</sup>	7.11% <sup>(4)</sup>

**Notes:**

- (1) Based on the 6M 2011 Unaudited Financial Statements.
- (2) Based on the annualised DPU divided by the Closing Price on 30 June 2011 of S\$0.605.
- (3) The number of Units is arrived at after taking into account the issuance of (i) one Rights Unit for every one existing Unit, (ii) new Units in payment of the Pluit Village Acquisition Fee, and (iii) new Units in payment of the performance fee as a result of additional Net Property Income after the Acquisitions.
- (4) Based on the annualised adjusted DPU divided by the TERP of S\$0.46 per Unit.

**Pro forma NAV per Unit**

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 30 June 2011, as if LMIR Trust had purchased the Properties and completed the Rights Issue on 30 June 2011, are as follows:

	<b>Actual<sup>(1)</sup></b>	<b>Pro Forma</b>
NAV (S\$'000) . . . . .	917,810	1,251,155
Units in issue and to be issued . . . . .	1,084,967,455	2,174,956,596 <sup>(2)</sup>
NAV per Unit (cents) . . . . .	84.59	57.53

**Notes:**

- (1) Based on the 6M 2011 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) one Rights Unit for every one existing Unit, and (ii) new Units in payment of the Pluit Village Acquisition Fee.

**Pro forma capitalisation**

The following table sets forth the pro forma capitalisation of LMIR Trust as at 30 June 2011, as if LMIR Trust had purchased the Properties and completed the Rights Issue on 30 June 2011.

	<b>As at 30 June 2011</b>	
	<b>Actual<sup>(1)</sup></b>	<b>Pro Forma</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Short-term debt:</b>		
Unsecured . . . . .	—	—
Secured . . . . .	125,000	125,000
Total short-term debt . . . . .	125,000	125,000
<b>Long-term debt:</b>		
Unsecured . . . . .	—	—
Secured . . . . .	—	—
Total long-term debt . . . . .	—	—
Total debt . . . . .	125,000	125,000
Unitholders funds . . . . .	917,810	1,251,155
<b>Total Capitalisation . . . . .</b>	<b>1,042,810</b>	<b>1,376,155</b>

**Note:**

- (1) Based on the 6M 2011 Unaudited Financial Statements.

## 7. THE WHITEWASH RESOLUTION

### 7.1 Rule 14 of the Code

The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Sponsor and parties acting in concert with it for the remaining issued Units not owned or controlled by the Sponsor and parties acting in concert with it pursuant to Rule 14 of the Code, in the event that the Subscribing Entities acquire a sufficient number of Rights Units through:

- (a) the Subscribing Entities taking up provisional allotments of Rights Units allotted to them and, if applicable, through (i) the subscription for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) the application by the Subscribing Entities for the Sponsor Excess Rights Units pursuant to the Rights Issue; and
- (b) the receipt of the Pluit Village Acquisition Fee in Units by the Manager in its own capacity.

Upon the occurrence of the events set out in sub-paragraphs 7.1(a) and (b) above, the Subscribing Entities may possibly end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(a) of the Code. Rule 14.1(a) of the Code which states that the Sponsor and parties acting in concert with it would be required to make a Mandatory Offer if the Subscribing Entities acquire additional Units which increase their aggregate unitholding in LMIR Trust to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Sponsor and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to, *inter alia*, the Whitewash Resolution being approved by Independent Unitholders at an EGM.

To the best of the knowledge of the Manager and the Sponsor, the Sponsor and parties acting in concert with it hold, in aggregate, 321,614,441 Units representing 29.6% of the voting rights of LMIR Trust as at the Latest Practicable Date.

Assuming that all Unitholders (including the Subscribing Entities) accept their provisional allotments under the Rights Issue in full, the unitholdings of the Subscribing Entities immediately after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue (being 321,614,441 Units) will remain *unchanged* at 29.6% (“**Whitewash Scenario 1**”).

The maximum possible increase in the unitholdings of the Sponsor and the Subscribing Subsidiaries would occur in the scenario where none of the other Unitholders subscribe for their provisional allotments under the Rights Issue and the Subscribing Entities (i) subscribe for their provisional allotments of Rights Units, (ii) subscribe for all of the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and (iii) apply for and receive such maximum number of Excess Rights Units under the Rights Issue, without breaching the “public” float requirement set out in Rule 723 of the Listing Manual, being an aggregate of 1,086,516,497 Rights Units, the aggregated unitholding of the Subscribing Entities immediately after the completion of the Rights Issue will be 64.8% (“**Whitewash Scenario 2**”).

The following table sets out the respective unitholdings of the Subscribing Entities in the scenarios outlined above, based on the Rights Ratio.

<b>Unitholdings of the Subscribing Entities</b>			
	<b>Before the Rights Issue</b>	<b>Immediately after the Rights Issue</b>	
		<b>Whitewash Scenario 1</b>	<b>Whitewash Scenario 2</b>
Issued Units	1,086,516,497	2,173,032,994	2,173,032,994
Number of Units held by the Subscribing Entities	321,614,441	643,228,882	1,408,130,938
Number of Units held by Unitholders, other than the Subscribing Entities	764,902,056	1,529,804,112	764,902,056
% of issued Units held by the Subscribing Entities	29.6	29.6	64.8
% of Issued Units held by Unitholders, other than the Subscribing Entities	70.4	70.4	35.2

## **7.2 Application for waiver from Rule 14 of the Code**

An application was made to the SIC on 29 August 2011 for the waiver of the obligation of the Sponsor and parties acting in concert with it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Rights Issue. The SIC granted the waiver on 26 September 2011, subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of Unitholders present and voting at a general meeting, held before the Rights Issue, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from the Sponsor and parties acting in concert with it;
- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) the Sponsor, parties acting in concert with it and parties not independent of them abstain from voting on the Whitewash Resolution;
- (iv) the Sponsor and parties acting in concert with it did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular):
  - (a) during the period between the announcement of the Rights Issue and the date Unitholders' approval is obtained for the Whitewash Resolution; and
  - (b) in the six months prior to the announcement of the Rights Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Rights Issue;
- (v) LMIR Trust appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) LMIR Trust sets out clearly in this Circular:
  - (a) details of the Rights Issue including the Sponsor Undertaking;
  - (b) the dilution effect to existing Unitholders of voting rights in LMIR Trust of the acquisition of the Sponsor Rights Units, the Sponsor Commitment Rights Units and the Excess Rights Units by the Sponsor and parties acting in concert with it;

- (c) the number and percentage of Units as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by the Sponsor and parties acting in concert with it as at the Latest Practicable Date;
  - (d) the number and percentage of Units to be issued to the Sponsor and parties acting in concert with it;
  - (e) a specific and prominent reference to the fact that the acquisition of the Rights Units by the Subscribing Entities could result in the Subscribing Entities holding Units carrying over 49.0% of the voting rights of LMIR Trust based on its enlarged issued unitholdings and the Subscribing Entities will be free to acquire further Units without incurring any obligation under Rule 14 of the Code to make a general offer for LMIR Trust; and
  - (f) that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Sponsor and parties acting in concert with it at the highest price paid by the Sponsor and parties acting in concert with it for Units in the six months preceding the commencement of the offer;
- (vii) this Circular states that the waiver granted by SIC to the Sponsor and parties acting in concert with it from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs 7.2(i) to 7.2(vi) above;
- (viii) the Sponsor and parties acting in concert with it obtains SIC's approval in advance for the paragraphs of this Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, the acquisitions of Rights Units by the Subscribing Entities must be completed within three months of the date of approval of the Whitewash Resolution.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Sponsor and parties acting in concert with it at the highest price paid or agreed to be paid by the Sponsor and parties acting in concert with it for Units in the six months preceding:

- (a) the acceptance by the Subscribing Entities of all of their provisional allotments under the Rights Issue and (i) the subscription for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) application by the Subscribing Entities of the Sponsor Excess Rights Units pursuant to the Rights Issue<sup>1</sup>; and

<sup>1</sup> Save for the following acquisitions of Units by the Sponsor and parties acting in concert with it (including the Manager) in the past six months preceding the date of this Circular:

- (i) on 3 May 2011, the Manager was issued 1,671,602 new Units as payment of the performance fee component of the management fee that the Manager is entitled to for the three-month period ended 31 March 2011 under the Trust Deed;
- (ii) on 20 May 2011, BIL, (being an indirect subsidiary of the Sponsor) entered into an agreement to acquire 97,853,918 Units from Mapletree LM Pte. Ltd. and the acquisition of Units by BIL from Mapletree LM Pte. Ltd. was completed on 20 June 2011;
- (iii) on 22 May 2011, BIL, (being an indirect subsidiary of the Sponsor) entered into an agreement to acquire 197,658,026 Units from Lippo Strategic Holdings Inc. and the acquisition of Units by BIL from Lippo Strategic Holdings Inc. was completed on 8 June 2011; and
- (iv) on 16 August 2011, the Manager was issued 1,549,042 new Units as payment of the performance fee component of the management fee that the Manager is entitled to for the three-month period ended 30 June 2011 under the Trust Deed,

the Subscribing Entities have not acquired any Units in the last six months prior to the Latest Practicable Date.

In addition to the above, Mr Albert Saychuan Cheok, the Chairman and Independent Non-Executive Director of the Manager, had on 14 June 2011 acquired 200,000 Units as a personal investment in LMIR Trust.

The Manager also intends to receive the performance fee component of the management fee that the Manager is entitled to for the three-month period ended 30 September 2011 under the Trust Deed, in Units.

- (b) the receipt of the Acquisition Fee in Units by the Manager in its own capacity.

Independent Unitholders should further note that in the event that none of the other Unitholders subscribe for their provisional allotments under the Rights Issue and the Subscribing Entities (i) subscribe for their provisional allotments of Rights Units, (ii) subscribe for all of the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and (iii) apply for and receive such maximum number of Excess Rights Units under the Rights Issue, without breaching the “public” float requirement set out in Rule 723 of the Listing Manual, being an aggregate of 1,086,516,497 Rights Units, the aggregated unitholding of the Subscribing Entities immediately after the completion of the Rights Issue will be 64.8%.

As the Subscribing Entities would then hold more than 49.0% of the issued Units under the scenario above, they would be free to thereafter acquire further Units without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer.

By voting in favour of the Whitewash Resolution, Independent Unitholders could also be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilutive effect resulting from:

- (a) the acceptance by the Subscribing Entities of all of their provisional allotments and (i) the subscription for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) the application by the Subscribing Entities of the Sponsor Excess Rights Units pursuant to the Rights Issue; and
- (b) the receipt of the Acquisition Fee in Units by the Manager in its own capacity.

### **7.3 Rationale for the Whitewash Resolution**

The Whitewash Resolution is to enable the Sponsor to, either by itself and/or through one or more of the Sponsor Subscribing Subsidiaries, (i) subscribe for the Sponsor Commitment Rights Units, (ii) apply for the Sponsor Excess Rights Units and/or (iii) acquire “nil-paid” rights, and the rationale for allowing the Sponsor to do so is set out as follows.

The Manager is of the view that the Subscribing Entities should not be treated differently from any other Unitholder and should be given the opportunity to apply for Excess Rights Units. In addition, any application for Excess Rights Units by the Sponsor, if the Sponsor chooses to make such application, will further demonstrate the Sponsor’s support for and confidence in the Rights Issue and its long-term commitment to LMIR Trust and will further enhance the chances of a successful Rights Issue. In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Substantial Unitholders nor Directors. The Sponsor, the Sponsor Subscribing Subsidiaries, other Substantial Unitholders who have control or influence over the Manager in connection with the day-to-day affairs of the Manager or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board and Directors will rank last in priority for the rounding of odd lots and allotment of excess Rights Units.

The Manager is also of the view that the Subscribing Entities should not be treated differently from any other Unitholder and should be given the opportunity to acquire “nil-paid” rights under the Rights Issue, and that allowing the Subscribing Entities to acquire “nil-paid” rights in the open market would enhance liquidity in relation to the “nil-paid” rights.



The liquidity of the market in “nil-paid” rights is important because any illiquidity will impact upon the ability of a Unitholder who wishes to realise part or all of its “nil-paid” rights to do so without losing value.

#### **7.4 Advice of the Independent Financial Adviser**

The Manager has appointed KPMG Corporate Finance Pte Ltd. as the independent financial adviser to advise the Independent Directors in relation to the Whitewash Resolution. A copy of the IFA Letter is set out in **Appendix A** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the view that the Whitewash Resolution is on normal commercial terms and is not prejudicial to the interests of LMIR Trust and the Unitholders.

### **8. RECOMMENDATIONS**

#### **8.1 On the Pluit Village Acquisition**

After taking into consideration the due diligence reports relating to the Acquisitions and the factors likely to affect the economics of the transactions, including the opinion of the IFA (as set out in the IFA Letter in **Appendix A** of this Circular), the Independent Directors and the audit committee of the Manager (“**Audit Committee**”) believe that the Pluit Village Acquisition is based on normal commercial terms and would not be prejudicial to the interests of LMIR Trust or its Unitholders.

(See paragraph 2.1 for details of the rationale for the Transactions and paragraph 4.5 for the advice of the IFA.)

Accordingly, both the Independent Directors and the Audit Committee recommend that Unitholders vote at the EGM in favour of the resolution to approve the Pluit Village Acquisition.

#### **8.2 On the Rights Issue**

The Manager intends to fund the Acquisitions through the Rights Issue. Following the Rights Issue, the number of Units in issue will increase, thereby improving liquidity of the Units. The Manager believes that this will give LMIR Trust greater financial flexibility to capitalise on future opportunities (including future asset enhancement initiatives and acquisitions) and/or to facilitate any on-going capital requirements.

(See paragraph 2.1 for details of the rationale for the Transactions.)

Accordingly, the Board recommends that Unitholders vote in favour of the Rights Issue.

#### **8.3 On the Whitewash Resolution**

The Independent Directors have considered the rationale of the IFA and concurred with the advice of the IFA in relation to the Whitewash Resolution. The Independent Directors believe that the Whitewash Resolution would be beneficial to, and is in the interests of, LMIR Trust.

(See paragraph 7.3 for details of the rationale for the Whitewash Resolution and paragraph 7.4 for the advice of the IFA.)

Accordingly, the Independent Directors recommend that Independent Unitholders vote in favour of the Whitewash Resolution.

## **9. EXTRAORDINARY GENERAL MEETING**

The EGM will be held on 20 October 2011 at 2:00 p.m. at Raffles City Convention Centre, Olivia Room, 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages G-1 to G-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about each of these resolutions. Approval by way of an Ordinary Resolution is required in respect of Resolutions 1 (in respect of the acquisition of Pluit Village from an Interested Person), 2 (in respect of the Rights Issue) and 3 (in respect of the Whitewash Resolution).

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 48 hours before the EGM.

## **10. ABSTENTIONS FROM VOTING**

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in the EGM.

Given that the Sponsor is interested in the Pluit Village Acquisition, the Sponsor has undertaken that (i) it will abstain, and will procure that the Sponsor Subscribing Subsidiaries will abstain, from voting at the EGM on the Pluit Village Acquisition, and (ii) will not, and will procure that the Sponsor Subscribing Subsidiaries will not, accept appointments as proxies in relation to the resolution on the Pluit Village Acquisition unless specific instructions as to voting are given.

Pursuant to the SIC Waiver granted in relation to the Whitewash Resolution, the Sponsor, parties acting in concert with it and parties not independent of the Sponsor are required to abstain from voting on the Whitewash Resolution.

## **11. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar and Unit Transfer Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 2:00 p.m. on 18 October 2011, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions, LMIR Trust and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

## 13. SOLE FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

Standard Chartered Securities (Singapore) Pte. Limited, as the sole financial adviser of the Rights Issue, confirms that, to the best of their knowledge and belief, this Circular (save for matters set forth in the IFA Letter contained in **Appendix A**) constitutes full and true disclosure of all material facts about the Rights Issue, and the financial adviser is not aware of any facts the omission of which would make any statement in this Circular (save for matters set forth in the IFA Letter contained in **Appendix A**) misleading.

## 14. CONSENTS

Each of the IFA (being KPMG Corporate Finance Pte Ltd) and the Independent Valuers (being KJPP Willson & Rekan and KJPP Damianus Ambur) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Summary Valuation Report from KJPP Willson & Rekan and the Summary Valuation Report from KJPP Damianus Ambur, and all references thereto, in the form and context in which they are included in this Circular.

## 15. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #06-07 OUE Bayfront, Singapore 049321<sup>1</sup> from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Pluit Village SPA;
- (ii) the Medan Fair SPA;
- (iii) the full valuation report on Pluit Village by KJPP Willson & Rekan;
- (iv) the full valuation report on Pluit Village by KJPP Damianus Ambur;
- (v) the 6M 2011 Unaudited Financial Statements; and
- (vi) the IFA Letter.

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<sup>1</sup> Prior appointment with the Manager will be appreciated.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as LMIR Trust is in existence.

Yours faithfully

LMIRT MANAGEMENT LTD.  
(as manager of Lippo Malls Indonesia Retail Trust)  
Company Registration No. 200707703M

Mr Albert Saychuan Cheok  
Chairman

## IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as 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.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

This Circular 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of EGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the U.S. It is not an offer of securities for sale into the U.S. The "nil-paid" Rights Entitlements and the Rights Units will not be registered under the Securities Act or under the securities laws of any state of the U.S. and, accordingly, the "nil-paid" Rights Entitlements and the Rights Units may be offered, delivered and sold in the U.S. only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>4Q2011</b>	:	The period from 1 October 2011 to 31 December 2011
<b>6M2011</b>	:	The six month period ended 30 June 2011
<b>6M 2011 Unaudited Financial Statements</b>	:	The consolidated financial statements of LMIR Trust for the six months ended 30 June 2011
<b>Acquisitions</b>	:	The Pluit Village Acquisition and the Medan Fair Acquisition
<b>Approved Valuer</b>	:	Refers to any of the following property valuers: <ul style="list-style-type: none"><li>(i) Knight Frank or its affiliate(s) in Indonesia;</li><li>(ii) CB Richard Ellis or its affiliate(s) in Indonesia;</li><li>(iii) Jones Lang LaSalle Properties Consultants or its affiliate(s) in Indonesia;</li><li>(iv) Cushman &amp; Wakefield or its affiliate(s) in Indonesia; and</li><li>(v) such other firm of professional valuers approved by the Trustee and the Medan Fair Vendor.</li></ul>

For the avoidance of doubt, the valuer appointed by the Trustee shall not be the valuer appointed by the Medan Fair Vendor (if any).

<b>Audit Committee</b>	:	The audit committee of the Manager
<b>Authorised Investments</b>	:	Refers to, in general: <ul style="list-style-type: none"><li>(i) real estate, whether freehold or leasehold, in or outside Singapore or Indonesia, held singly or jointly, and/or by way of direct ownership or by a shareholding in a special purpose vehicle;</li><li>(ii) any improvement or extension of or addition to or reconstruction or renovation or other development of any real estate or any building thereon;</li><li>(iii) real estate-related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;</li><li>(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the MAS) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;</li></ul>

- (v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;
- (vi) cash and cash equivalent items;
- (vii) financial derivatives only for the purposes of (a) hedging existing positions in the portfolio of LMIR Trust where there is a strong correlation to the underlying investments or (b) efficient portfolio management, provide that such derivatives are not used to gear the overall portfolio of LMIR Trust or intended to be borrowings of LMIR Trust; and
- (viii) other investments not covered by sub-paragraph (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by LMIR Trust and approved by the Trustee in writing (see the Trust Deed for details).

<b>BIL</b>	:	Bridgewater International Ltd
<b>Board</b>	:	The board of directors of the Manager
<b>BOT</b>	:	Build, operate and transfer as described in paragraph 3.8 of this Circular
<b>BOT Agreement</b>	:	An agreement entered into by the BOT Grantor and the BOT Grantee in relation to the construction and operation of the Properties pursuant to a BOT Scheme
<b>BOT AP</b>	:	The BOT Agreement between PT AP and the Medan Fair BOT Grantor
<b>BOT DWL</b>	:	The BOT Agreement between PT DWL and the Pluit Village BOT Grantor
<b>BOT Grantee</b>	:	The party which has been granted a right by the BOT Grantor to construct and operate a building on the BOT Land for a particular period of time, pursuant to a BOT Agreement
<b>BOT Grantor</b>	:	The owner of the BOT Land, who grants a BOT Grantee a right to construct and operate a building on the BOT Land for a particular period of time, pursuant to a BOT Agreement; and at the end of the BOT period for the BOT Grantee to transfer the BOT Land and building to the BOT Grantor
<b>BOT Land</b>	:	Land owned by the BOT Grantor under the Right to Manage ( <i>Hak Pengelolaan</i> )
<b>BOT Scheme</b>	:	Build, operate and transfer scheme as defined in paragraph 3.8 of this Circular

<b>Carrefour Cases</b>	:	The pending cases between PT DWL and PT Carrefour Indonesia as described in paragraph 3.11 of this Circular
<b>Carrefour Premises</b>	:	The premises in Pluit Village which are the subject of the Carrefour Cases
<b>Casual Leasing Space</b>	:	Areas of the property, including its atrium and corridors, which are leased for trading or promotional activities and where the term of the lease is generally less than a full year
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	This circular to Unitholders dated 3 October 2011
<b>Closing Price</b>	:	The closing price of S\$0.540 per Unit on the SGX-ST on the Latest Practicable Date
<b>Code</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>Current Leases</b>	:	All current leases in respect of the Properties as at 30 June 2011
<b>Depok Town Square Units</b>	:	Four strata units in Depok Town Square located at Jalan Margonda Raya No. 1, Pondok Cina Beji, Depok, Greater Jakarta
<b>Deposited Property</b>	:	All the assets of LMIR Trust, including the Existing Properties and all the Authorised Investments of LMIR Trust for the time being held or deemed to be held upon the trusts under the Trust Deed
<b>Directors</b>	:	The directors of the Manager
<b>DKI Jakarta</b>	:	The regional government of the Special Capital City Region of Jakarta ( <i>Daerah Khusus Ibukota Jakarta</i> )
<b>DPU</b>	:	Distribution per Unit
<b>East Lake</b>	:	The lake located at the east side of Pluit Village covering an area of 11,385 sq m
<b>EGM</b>	:	The extraordinary general meeting of Unitholders to be held on 20 October 2011 at 2:00 p.m. at Raffles City Convention Centre, Olivia Room, 80 Bras Basah Road, Singapore 189560, to approve the matters set out in the Notice of Extraordinary General Meeting on pages G-1 to G-3 of this Circular
<b>Eligible Unitholders</b>	:	Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, and such Unitholders who the Manager, on behalf of LMIR Trust, may determine, may be offered Rights Units without breaching applicable securities laws



<b>Enlarged Portfolio</b>	:	The Existing Properties and the Properties
<b>Excel Investment</b>	:	Excel Investment Limited
<b>Excess Rights Units</b>	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of the “nil-paid” rights units
<b>Existing Interested Person Transactions</b>	:	Interested person transactions with the Sponsor and associates of the Sponsor during the course of LMIR Trust’s current financial year
<b>Existing Properties</b>	:	Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units
<b>FY</b>	:	Financial year
<b>FY2010</b>	:	LMIR Trust’s financial year ending 31 December 2010
<b>FY2010 Audited Consolidated Financial Statements</b>	:	LMIR Trust’s audited consolidated financial statements for the financial year ended 31 December 2010
<b>Grand Investment</b>	:	Grand Investment Limited
<b>Grand Palladium Medan Units</b>	:	Four strata units in Grand Palladium Medan located at Jalan Kapt. Maulana Lubis, Medan, North Sumatra
<b>Grandley</b>	:	Grandley Investments Pte. Ltd.
<b>Hotel</b>	:	The hotel to be constructed above the fifth floor of the Medan Fair building in the event that the proposed amendment to the BOT AP is not granted (see paragraph 2.2 of Appendix B for further details)
<b>IFA</b>	:	KPMG Corporate Finance Pte Ltd
<b>IFA Letter</b>	:	The letter from the IFA to the Independent Directors and the Trustee containing its advice in relation to the Pluit Village Acquisition and the Whitewash Resolution

<b>Illustrative Rupiah Exchange Rate</b>	:	The illustrative rupiah exchange rate of S\$1.00 is to Rp.6,964.3. Unless otherwise stated, all conversions of Rp. amounts into S\$ in this Circular shall be based on the Illustrative Rupiah Exchange Rate. It should be noted that the purchase consideration of Pluit Village and Medan Fair shall be paid in the Singapore Dollar equivalent based on the exchange rate at 11:00 a.m. (Singapore time) on 30 September 2011 (being the date of the Pluit Village SPA and the Medan Fair SPA)
<b>Independent Directors</b>	:	The independent directors of the Manager, being Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip and Mr Goh Tiam Lock
<b>Independent Unitholders</b>	:	Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor
<b>Independent Valuers</b>	:	KJPP Willson & Rekan and KJPP Damianus Ambur
<b>Ineligible Unitholders</b>	:	Unitholders other than Eligible Unitholders
<b>Interested Party</b>	:	(i) a director, chief executive officer or controlling shareholder of the Manager, the Trustee or controlling unitholder of LMIR Trust; or  (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee or any controlling unitholder of LMIR Trust
<b>Interested Party Transaction</b>	:	Has the meaning ascribed to it in the Property Funds Appendix
<b>Interested Person</b>	:	Has the same meaning as “Interested Party” in the Property Funds Appendix
<b>Interested Person Transaction</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>IPB</b>	:	The building utilisation license
<b>Issue Price</b>	:	S\$0.31, being the issue price per Rights Unit
<b>Java Supermall Units</b>	:	Four strata units in Java Supermall located at Jalan MT Haryono No. 992-994, Jomblang, Semarang, Central Java
<b>Jesselton</b>	:	Jesselton Investment Ltd
<b>Joint Managers</b>	:	Standard Chartered Securities (Singapore) Pte. Limited, CIMB Bank Berhad, Singapore Branch, Credit Suisse (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd. and UBS AG, Singapore Branch, as joint managers to the Rights Issue
<b>Kindall</b>	:	Kindall Investments Pte. Ltd.

<b>KJPP Damianus Ambur</b>	:	KJPP Damianus Ambur in affiliation with Coldwell Banker Indonesia
<b>KJPP Willson &amp; Rekan</b>	:	KJPP Willson & Rekan in affiliation with Knight Frank
<b>KPPU Case</b>	:	The case before the Business Competition Supervisory Commission on PT DWL's alleged violation of Law No. 5 Year 1999 concerning Unfair Business Competition
<b>Latest Practicable Date</b>	:	29 September 2011, being the latest practicable date prior to the printing of this Circular
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>LMIR Trust</b>	:	Lippo Malls Indonesia Retail Trust
<b>Major Tenants</b>	:	Tenants occupying NLA in excess of 400 sq m
<b>Malang Town Square Units</b>	:	Three strata units in Malang Town Square located at Jalan Veteran No. 2, Malang, East Java
<b>Mall WTC Matahari Units</b>	:	Four strata units in Mall WTC Matahari located at Jalan Raya Serpong, Pondok Jagung, Serpong, Tangerang, Banten, Greater Jakarta
<b>Manager</b>	:	LMIRT Management Ltd., in its capacity as manager of LMIR Trust
<b>Mandatory Offer</b>	:	A general offer made pursuant to Rule 14 of the Code
<b>Market Day</b>	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
<b>Market Price</b>	:	The volume weighted average price for a unit (if applicable, of the same class) for all trades on the SGX-ST or any other recognised stock exchange in the ordinary course of trading for the period of 10 Market Days immediately preceding the relevant Market Day and, if applicable, in accordance with the listing rules for such other period of Market Days as may be permitted by any other relevant recognised stock exchange.
<b>MAS</b>	:	Monetary Authority of Singapore
<b>Medan Fair</b>	:	Plaza Medan Fair, a four-level retail mall with one basement level located in Medan, North Sumatra, Indonesia, which was completed in 2004 with tenants which include well known international and domestic retailers and brand names such as Carrefour, Matahari Department Store, Electronic City, Timezone and Karisma Bookstore
<b>Medan Fair Acquisition</b>	:	The proposed acquisition of Medan Fair
<b>Medan Fair Acquisition Cost</b>	:	The aggregate of the Medan Fair Acquisition Fee and the professional and other fees and expenses in connection with the Medan Fair Acquisition

<b>Medan Fair Acquisition Fee</b>	:	The acquisition fee in relation to the Medan Fair Acquisition payable to the Manager pursuant to the Trust Deed
<b>Medan Fair Adjustment Sum</b>	:	An amount to be determined by an Approved Valuer appointed by the Trustee on the basis of the difference between: (1) the value of PT AP's interest under the BOT AP to operate Medan Fair on the assumption that the BOT AP is extended until 2032, and (2) the value of PT AP's interest under the BOT AP to operate Medan Fair on the basis that the extension for the BOT AP is not obtained
<b>Medan Fair BOT Grantor</b>	:	The Regional Government of Medan City, an Indonesian Government authority which is specifically tasked to govern and organise the administration of the City of Medan as a part of its regional autonomy structure
<b>Medan Fair Deed of Indemnity</b>	:	The deed of indemnity entered into by Mr Hendro Setiawan, Mr Nio Yantony and the Trustee for the indemnification of certain matters by Mr Hendro Setiawan and Mr Nio Yantony in relation to the Medan Fair Acquisition
<b>Medan Fair Deed of Rental Guarantee</b>	:	The rental guarantee to be provided by the Medan Fair Vendor to LMIR Trust in respect of the annual rental income to be derived from the Medan Fair Spaces for the two financial years ending 31 December 2012 and 31 December 2013
<b>Medan Fair Extension</b>	:	The two new retail wings which will be constructed to adjoin Medan Fair
<b>Medan Fair Purchase Consideration</b>	:	The purchase consideration of Rp.1,050.0 billion (S\$150.8 million) for the acquisition of Medan Fair (before adjustment for the consolidated net assets or net liabilities of Vibrance as at the completion date of the Medan Fair Acquisition)
<b>Medan Fair SPA</b>	:	The conditional share purchase agreement entered into between the Trustee and the Medan Fair Vendor for the acquisition of the entire issued share capital of Vibrance
<b>Medan Fair Spaces</b>	:	The Specialty Space and Casual Leasing Space in Medan Fair
<b>Medan Fair Total Gross Revenue</b>	:	The aggregate of all income earned primarily from Medan Fair including rent, service charges, car park income, recoveries and other income derived from Medan Fair
<b>Medan Fair Vendor</b>	:	Asiana Investment Limited
<b>Metropolis Town Square Units</b>	:	Three strata units in Metropolis Town Square located at Jalan Hartono Raya, Modernland Cikokol, Tangerang, Banten, Greater Jakarta
<b>NAV</b>	:	Net asset value
<b>Net Property Income or NPI</b>	:	Property revenue less property operating expenses
<b>NLA</b>	:	Net lettable area
<b>NTA</b>	:	Net tangible assets

<b>Offer Information Statement</b>	:	The offer information statement to be issued by the Manager and lodged with the MAS in connection with the Rights Issue
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>Penalty Amount</b>	:	A penalty (that the Pluit Village Vendors shall with effect from 1 May 2012 pay to the Trustee) of an amount equivalent to what PT Carrefour Indonesia would have been obliged to pay in respect of the Carrefour Premises in the absence of the Carrefour Cases
<b>Peninsula</b>	:	Peninsula Investment Limited
<b>Plaza Madiun</b>	:	Two HGB titles in Plaza Madiun located at Jalan Pahlawan
<b>Pluit Village</b>	:	A five-level retail mall located in the city of Jakarta, Indonesia. Completed in 1996, Pluit Village had recently undergone a refurbishment which was completed in September 2009. The tenants of Pluit Village include well known international and domestic retailers and brand names such as Matahari Department Store, Gramedia Bookstore, J.Co Donut, Body Shop, Best Denki and FJ Square
<b>Pluit Village Acquisition</b>	:	The proposed acquisition of Pluit Village for which Unitholders' approval is sought in this Circular
<b>Pluit Village Acquisition Cost</b>	:	The aggregate of the Pluit Village Acquisition Fee and the professional and other fees and expenses in connection with the Pluit Village Acquisition
<b>Pluit Village Acquisition Fee</b>	:	The acquisition fee in relation to the Pluit Village Acquisition payable to the Manager pursuant to the Trust Deed
<b>Pluit Village Acquisition Fee Units</b>	:	The Units which will be issued to the Manager as a form of payment for the Pluit Village Acquisition
<b>Pluit Village BOT Grantor</b>	:	DKI Jakarta, currently represented by PT JP
<b>Pluit Village Deed of Indemnity</b>	:	The deed of indemnity entered into by PT MPU and the Trustee for the indemnification of certain matters by PT MPU in relation to the Pluit Village Acquisition
<b>Pluit Village Deed of Rental Guarantee</b>	:	The rental guarantee to be provided by the Pluit Village Vendors to LMIR Trust in respect of the annual rental income to be derived from the Pluit Village Spaces for the two financial years ending 31 December 2012 and 31 December 2013
<b>Pluit Village Purchase Consideration</b>	:	The purchase consideration of Rp.1,600.0 billion (\$229.7 million) for the acquisition of Grandley and Kindall under the Pluit Village SPA (before adjustment for the consolidated net assets or net liabilities of Grandley and Kindall as at the completion date of the Pluit Village Acquisition)

<b>Pluit Village SPA</b>	:	The conditional share purchase agreement entered into between the Trustee and the Pluit Village Vendors for the acquisition of the entire issued share capital of Grandley and Kindall
<b>Pluit Village Spaces</b>	:	The Specialty Space and Casual Leasing Space in Pluit Village
<b>Pluit Village Total Gross Revenue</b>	:	The aggregate of all income earned primarily from Pluit Village including rent, service charges, car park income, recoveries and other income derived from Pluit Village
<b>Pluit Village Vendors</b>	:	Excel Investment and Grand Investment
<b>Properties</b>	:	Medan Fair and Pluit Village
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts
<b>Proposed Completion</b>	:	Completion of the Pluit Village Acquisition under the Pluit Village SPA
<b>PT AP</b>	:	PT Anugrah Prima, a special purpose vehicle incorporated in Indonesia on 18 April 2002 which wholly owns Medan Fair
<b>PT DTM</b>	:	PT Duta Tama Manunggal, a subsidiary of PT MPU. The lands currently held by PT DWL and PT DTM are adjoining each other
<b>PT DTM Deed of Undertaking and Indemnity</b>	:	The deed of undertaking and indemnity dated 30 September 2011 between PT DTM and the Trustee for the indemnification of certain matters by PT DTM relating to the East Lake
<b>PT DWL</b>	:	PT Duta Wisata Loka, a special purpose vehicle incorporated in Indonesia on 12 March 1984 which wholly owns Pluit Village
<b>PT JP</b>	:	PT Jakarta Propertindo, an enterprise owned by the Indonesian regional government of the Special Capital City Region of Jakarta ( <i>Daerah Khusus Ibukota Jakarta</i> )
<b>PT MPU</b>	:	PT Metropolis Propertindo Utama, a company primarily involved in the development and ownership of investment properties. Based on the audited financial statements of PT Metropolis Propertindo Utama for FY2010, PT Metropolis Propertindo Utama has total assets of approximately Rp.14,038 billion as at 31 December 2010
<b>Related Tenancy Agreements</b>	:	The tenancy and property management agreements with respect to Pluit Village and/or Medan Fair entered into by certain associates and subsidiaries of the Sponsor, as set out in Appendix F
<b>Retail Malls</b>	:	Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza and Sun Plaza

<b>Retail Spaces</b>	:	Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units
<b>Rights Entitlements</b>	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
<b>Rights Issue</b>	:	The proposed issue of new Units on a renounceable basis to Eligible Unitholders on the basis of one (1) Rights Unit for every one (1) existing Unit held as at the Rights Issue Books Closure Date at the Issue Price
<b>Rights Issue Books Closure Date</b>	:	5.00 p.m. on 4 November 2011 being the time and date on which the Transfer Books and Register of Unitholders are closed to determine the Rights Entitlements
<b>Rights Ratio</b>	:	The rights ratio of one (1) Rights Unit for every one (1) existing Unit
<b>Rights Units</b>	:	The new Units proposed to be issued by way of the Rights Issue
<b>Securities Account</b>	:	Unitholders' securities accounts with CDP
<b>Securities Act</b>	:	U.S. Securities Act of 1933, as amended
<b>Security Seizure Verdict</b>	:	The security seizure ( <i>sita jaminan</i> ) pursuant to Court Ruling ( <i>Penetapan Majelis Hakim</i> ) of the District Court of North Jakarta No. 03/CB/2010/PN.Jkt.Ut. jo. No. 327/Pdt.G/2009/PN.Jkt.Ut. dated 12 January 2010
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>SHGB</b>	:	Certificate of Right to Build issued by the relevant National Land Office in accordance with applicable laws of the Republic of Indonesia
<b>SIC</b>	:	Securities Industry Council
<b>SIC Waiver</b>	:	The waiver granted by the SIC dated 26 September 2011
<b>Specialty Space</b>	:	The aggregate leasable area attributable to retail units of less than 400 sq m each and where the term of the lease is generally for more than 12 months
<b>Sponsor</b>	:	PT. Lippo Karawaci Tbk, the sponsor of LMIR Trust
<b>Sponsor Commitment Rights Units</b>	:	764,902,056 Rights Units representing 70.4% of the total number of Rights Units (to the extent that they are not validly subscribed for under the Rights Issue)
<b>Sponsor Excess Application</b>	:	The application(s) by the Sponsor, directly and/or through the Subscribing Entities, for any Excess Rights Units at the close of the Rights Issue
<b>Sponsor Excess Rights Units</b>	:	Excess Rights Units acquired directly by the Sponsor and/or through the Sponsor Subscribing Subsidiaries

<b>Sponsor Rights Units</b>	:	The Sponsor's <i>pro rata</i> entitlement of 321,614,441 Rights Units under the Rights Issue
<b>Sponsor Subscribing Subsidiaries</b>	:	Subsidiaries of the Sponsor, whether existing or to be incorporated by the Sponsor to hold Units
<b>Sponsor Undertaking</b>	:	The irrevocable undertaking by the Sponsor to the Manager that it will take up the Sponsor Commitment Rights Units, subject to the passing of all of Resolutions 1 (Acquisition of Pluit Village from an Interested Person), 2 (The Rights Issue) and 3 (The Whitewash Resolution)
<b>Subscribing Entities</b>	:	The Sponsor and the Sponsor Subscribing Subsidiaries
<b>Substantial Unitholders</b>	:	A Unitholder with an interest in more than 5.0% of all Units in issue
<b>TERP</b>	:	The theoretical ex-rights price which is calculated as follows:  $\text{TERP} = \frac{\text{Market capitalisation of LMIR Trust based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$
<b>Total Acquisition Cost</b>	:	The aggregate of the Pluit Village Purchase Consideration, the Pluit Village Acquisition Fee, the Medan Fair Purchase Consideration, the Medan Fair Acquisition Fee, and the professional and other fees and expenses in connection with the Acquisitions
<b>Total Rental Revenue</b>	:	The total rental derived from Major Tenants of the Properties and tenants of the Pluit Village Spaces and Medan Fair Spaces, but does not include service charges, recoveries, or other income derived from the Properties
<b>Transactions</b>	:	The Pluit Village Acquisition, the Medan Fair Acquisition and the Rights Issue
<b>Trust Deed</b>	:	The trust deed dated 8 August 2007 constituting LMIR Trust, as supplemented by the first supplemental deed dated 18 October 2007 and the second supplemental deed dated 21 July 2010 entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
<b>Trustee</b>	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of LMIR Trust
<b>Unit</b>	:	A unit representing an undivided interest in LMIR Trust
<b>Unitholders</b>	:	Unitholders of LMIR Trust
<b>U.S.</b>	:	United States
<b>Vibrance</b>	:	Vibrance Investments Pte. Ltd.
<b>West Lake</b>	:	The lake located at the west side of Pluit Village covering an area of 39,540 sq m



<b>Whitewash Resolution</b>	:	The proposed whitewash resolution for the waiver of the rights of Independent Unitholders to receive a Mandatory Offer from the Sponsor and parties acting in concert with it for all the remaining Units not owned or controlled by the Sponsor and parties acting in concert with it
<b>Whitewash Scenario 1</b>	:	The scenario which assumes that all Unitholders accept their provisional allotments under the Rights Issue in full
<b>Whitewash Scenario 2</b>	:	The scenario where none of the other Unitholders subscribe for their provisional allotments under the Rights Issue and the Subscribing Entities (i) subscribe for their provisional allotments of Rights Units, (ii) subscribe for all of the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and (iii) apply for and receive such maximum number of Excess Rights Units, without breaching the “public” float requirement set out in Rule 723 of the Listing Manual
<b>Zesty</b>	:	Zesty Investments Pte. Ltd.
<b>S\$ and cents</b>	:	Singapore dollars and cents
<b>%</b>	:	Per centum or percentage

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

**INDEPENDENT FINANCIAL ADVISER'S LETTER**

The Independent Directors  
LMIRT Management Ltd  
(manager of Lippo Malls Indonesia Retail Trust)  
50 Collyer Quay, #06-07 OUE Bayfront  
Singapore 049321

HSBC Institutional Trust Services (Singapore) Limited  
(trustee of Lippo Malls Indonesia Retail Trust)  
21 Collyer Quay, #14-01 HSBC Building  
Singapore 049320

3 October 2011

Dear Sirs

**INDEPENDENT FINANCIAL ADVISER'S ADVICE IN RESPECT OF:**

- (1) THE PLUIT VILLAGE ACQUISITION; AND**
- (2) THE WHITEWASH RESOLUTION.**

*For the purpose of this letter, capitalised terms not otherwise defined herein shall have the same meaning given as in the circular to the unitholders of Lippo Malls Indonesia Retail Trust (the "Unitholders")("LMIR Trust") in relation to the Pluit Village Acquisition and the Whitewash Resolution (as defined below) (the "Circular")*

**1. INTRODUCTION****1.1 Transactions**

On 30 September 2011 (the "**Announcement Date**"), LMIRT Management Ltd in its capacity as manager of LMIR Trust (the "**Manager**") announced that HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of LMIR Trust (the "**Trustee**") had entered into a share purchase agreement (the "**Pluit Village SPA**") to acquire Pluit Village from Excel Investment Limited ("**Excel Investment**") and Grand Investment Limited ("**Grand Investment**") (collectively the "**Pluit Village Vendors**") (the "**Pluit Village Acquisition**").

Pluit Village is a five-level retail mall located in the city of Jakarta, Indonesia. Completed in 1996, Pluit Village has recently undergone refurbishment works which were completed in September 2009. The tenants of Pluit Village include well known international and domestic retailers and brand names such as Matahari Department Store, Gramedia Bookstore, J.Co Donut, Body Shop, Best Denki and FJ Square.

The following additional information in relation to the Pluit Village Acquisition is relevant:

- Pluit Village is 100.0% owned by PT Duta Wisata Loka ("**PT DWL**") which is a special purpose vehicle incorporated in Indonesia for the purpose of holding Pluit Village. PT DWL is in turn 85.3% and 14.7% owned by Grandley Investments Pte Ltd ("**Grandley**") and Kindall Investments Pte Ltd ("**Kindall**") respectively. Grandley and Kindall are special

purpose vehicles incorporated in Singapore for the purpose of holding PT DWL and are wholly-owned by Excel Investment and Grand Investment respectively. LMIR Trust proposes to acquire Pluit Village through the acquisition of the entire issued share capital of Grandley and Kindall from Excel Investment and Grand Investment, respectively.

- The purchase consideration for Pluit Village is Rp.1,600.0 billion (S\$229.7 million) (the **“Pluit Village Purchase Consideration”**), which was arrived at on a willing-buyer and willing-seller basis after taking into account the valuations of Pluit Village by: (a) KJPP Willson & Rekan in affiliation with Knight Frank (**“KJPP Willson & Rekan”**); and (b) KJPP Damianus Ambur in affiliation with Coldwell Banker Indonesia (**“KJPP Damianus Ambur”**) (KJPP Willson & Rekan and KJPP Damianus Ambur are referred to as the **“Independent Valuers”**).

The Pluit Village Purchase Consideration is subject to adjustment for the consolidated net assets or net liabilities of Grandley and Kindall as at the completion date of the Pluit Village Acquisition. The adjustment for the consolidated net assets or net liabilities needs to be made because LMIR Trust will be acquiring Pluit Village indirectly by acquiring the special purpose companies which indirectly hold Pluit Village. In an acquisition of a company, it is common and fair for an adjustment mechanism to be provided so that what the purchaser is paying to the vendor takes into account the exact assets and liabilities of the company at the point when the company is transferred to the purchaser.

The Manager intends to finance, *inter alia*, the Pluit Village Acquisition through the issuance of 1,086,516,497 new units (the **“Rights Units”**, and the issue of the Rights Units, the **“Rights Issue”**) on a renounceable basis on a pro rata basis of 1 Rights Unit for every 1 existing Unit (the **“Rights Ratio”**) at an issue price of S\$0.31 per Rights Unit (the **“Issue Price”**). The Rights Issue will raise gross proceeds of S\$336.8 million and net proceeds of S\$332.0 million.

The following additional information in relation to the Rights Issue is relevant:

- The Rights Units will, upon allotment and issue, rank pari passu in all respects with the Existing Units, including the right to any distributions which may accrue for the period from 1 October 2011 to 31 December 2011 as well as all distributions thereafter. For the avoidance of doubt, the Rights Units will not be entitled to participate in the distribution of any distributable income accrued by LMIR Trust prior to 1 October 2011 (including the distribution period commencing from 1 July 2011 to 30 September 2011).
- PT. Lippo Karawaci Tbk, the sponsor of LMIR Trust (the **“Sponsor”**) has agreed to fully backstop the Rights Issue and has provided an irrevocable undertaking to the Manager (the **“Sponsor Undertaking”**) that it will:
  - take up its pro rata entitlement of 321,614,441 Rights Units, representing approximately 29.6% of the total number of Rights Units in proportion to its unitholdings as at the date of the Sponsor Undertaking (the **“Sponsor Rights Units”**); and
  - either directly or indirectly through one or more of its associates, existing subsidiaries (including LMIRT Management Ltd) and/or new subsidiaries set up by the Sponsor to hold Units, (collectively, the **“Sponsor Subscribing Subsidiaries”** and together with the Sponsor, the **“Subscribing Entities”**), subscribe for up to 764,902,056 Rights Units representing 70.4% of the total number of Rights Units (to the extent that they are not validly subscribed for under the Rights Issue) (collectively, the **“Sponsor Commitment Rights Units”**),

subject to the passing of all of Resolutions 1 (The Pluit Village Acquisition), 2 (The Rights Issue) and 3 (The Whitewash Resolution).

## 1.2 Regulatory Regime

### Requirement for Unitholders' approval for the Pluit Village Acquisition

The following is extracted from section 4 of the Circular and provides an overview of why the Pluit Village Acquisition will constitute an:

- (a) Interested Person Transaction under Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”); and
  - (b) Interested Party Transaction under paragraph 5 of the Property Funds Appendix,
- and, accordingly, will require the approval of Unitholders.

#### 4.1. *Interested Person Transaction and Interested Party Transaction in connection with the Pluit Village Acquisition*

*Under Chapter 9 of the Listing Manual, where LMIR Trust proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of LMIR Trust's latest unaudited NTA, Unitholders' approval is required in respect of the transaction.*

*Based on LMIR Trust's consolidated financial statements for 6M2011, (the “6M 2011 Unaudited Financial Statements”), the NTA of LMIR Trust was S\$917.8 million as at 30 June 2011. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by LMIR Trust with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or is in excess of S\$45.9 million, such a transaction would be subject to Unitholders' approval. Given the Pluit Village Purchase Consideration of Rp.1,600.0 billion (or S\$229.7 million) which is 25.0% of the NTA of LMIR Trust as at 30 June 2011, the value of the Pluit Village Acquisition will in aggregate exceed the said threshold.*

*Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by LMIR Trust which value exceeds 5.0% of LMIR Trust's latest audited NAV. Based on the 6M 2011 Unaudited Financial Statements, the NAV of LMIR Trust was S\$917.8 million as at 30 June 2011. Accordingly, if the value of a transaction which is proposed to be entered into by LMIR Trust with an Interested Party is equal to or greater than S\$45.9 million, such a transaction would be subject to Unitholders' approval. Given the Pluit Village Purchase Consideration of Rp.1,600.0 billion (or S\$229.7 million), the value of the Pluit Village Acquisition exceeds the said threshold.*

*As at the Latest Practicable Date, the Manager has a direct interest in 26,102,497 Units (comprising 2.4% of the existing Units). The Manager is wholly-owned by Peninsula, a wholly-owned subsidiary of Jesselton which is in turn a wholly-owned subsidiary of the Sponsor. The Sponsor directly and/or through its subsidiaries and associates and through its interest in the Manager, has deemed interests of (i) 29.6% in LMIR Trust and (ii) wholly-owns the Manager, and is therefore regarded as a “controlling unitholder” of LMIR Trust, and “controlling shareholder” of the Manager, under both the Listing Manual and (where applicable) the Property Funds Appendix. Lippo Capital Limited, an associate of the Sponsor, has an effective interest of 46.0% in Grand Investment and 13.3% in Excel Investment, and therefore has an effective interest of 18.1% in PT DWL.*

*As Grand Investment is deemed to be 46.0% held by an associate of a “controlling unitholder/shareholder” of (i) LMIR Trust and (ii) the Manager, it is considered an associate of both LMIR Trust and the Manager. For the purposes of Chapter 9 of the Listing Manual, Grand Investment (being an associate of both LMIR Trust and the Manager) is an Interested Person of LMIR Trust. For the purposes of paragraph 5 of the Property Funds Appendix relating to Interested Party Transactions, Grand Investment (being an associate of both LMIR Trust and the Manager) is an Interested Party (as defined herein) of LMIR Trust.*

*Therefore, the Pluit Village Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The Pluit Village Acquisition will also constitute an Interested Party Transaction under paragraph 5 of the Property Funds Appendix. Accordingly, the approval of Unitholders is sought for the Pluit Village Acquisition.*

#### Requirement for Unitholders’ approval of the Whitewash Resolution

The Securities Industry Council (the “**SIC**”) has on 26 September 2011 granted a waiver (the “**SIC Waiver**”) of the requirement by the Sponsor and parties acting in concert with the Sponsor to make a mandatory offer (“**Mandatory Offer**”) for the remaining Units not owned or controlled by the Sponsor and parties acting in concert with the Sponsor, in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of The Singapore Code of Take-overs and Mergers (the “**Code**”) as a result of:

- the Subscribing Entities taking up provisional allotments of Rights Units allotted and issued to them and, if applicable, through (i) subscribing for the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and/or (ii) applying for any Excess Rights Units under the Rights Issue (the “**Sponsor Excess Application**” and the Excess Rights Units applied for under the Sponsor Excess Application, the “**Sponsor Excess Rights Units**”); and
- the receipt of the Pluit Village Acquisition Fee in Units (the “**Pluit Village Acquisition Fee Units**”) by the Manager in its own capacity,

subject to the satisfaction of the conditions specified in the SIC Waiver including the approval of the Whitewash Resolution by Independent Unitholders.

Rule 14.1(a) of the Code states that the Sponsor and parties acting in concert with the Sponsor would be required to make a Mandatory Offer if the Subscribing Entities acquire additional Units which increase their aggregate unitholdings in LMIR Trust to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Sponsor and parties acting in concert with the Sponsor would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to the satisfaction of the conditions specified in the SIC Waiver, including the Whitewash Resolution being approved by Independent Unitholders.

In accordance with the abovementioned requirements, which are more particularly described in the Circular, KPMG Corporate Finance Pte Ltd (“**KPMG Corporate Finance**”) has been appointed as the independent financial adviser (“**IFA**”) to advise:

- the Manager and the Trustee as to whether the Pluit Village Acquisition is (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and the Unitholders; and
- the Manager as to whether the Whitewash Resolution is (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and the Unitholders.

(collectively, the “**Opinions**”)

## 2. TERMS OF REFERENCE

Our responsibility is to provide the Opinions in respect of the Pluit Village Acquisition and the Whitewash Resolution.

Our Opinions are delivered solely for the use and benefit of the addressees of this letter (as appropriate) (the “**Addressees**”) for their deliberations on the Pluit Village Acquisition and the Whitewash Resolution, before arriving at a decision on the merits or demerits thereof, and in making any recommendations. We were not involved in any aspect of the negotiations pertaining to the Pluit Village Acquisition and/or the Whitewash Resolution, nor were we involved in the deliberations leading up to the decisions of and recommendations by the Addressees (as appropriate) to proceed with the Pluit Village Acquisition and/or the Whitewash Resolution. The decisions of and recommendations made by the Addressees (as appropriate) shall remain their sole responsibility.

Our Opinions should not be relied on as recommendations to any Unitholders as to how such Unitholders should vote in relation to the Pluit Village Acquisition and/or the Whitewash Resolution or any matters related thereto.

We have not conducted a comprehensive review of the business, operations or financial condition of LMIR Trust. Our terms of reference also do not require us to evaluate or comment on the merits and/or risk, whether strategic, commercial, financial or otherwise, of the Pluit Village Acquisition and/or the Whitewash Resolution or on the future prospects of LMIR Trust and as such, we do not express an opinion thereon. Such evaluation or comments remain the sole responsibility of the Addressees (as appropriate).

It is also not within our terms of reference to compare the relative merits of the Pluit Village Acquisition and/or the Whitewash Resolution to any alternative transactions previously considered by, or that may have been available to, LMIR Trust or any alternative transactions that may be available in the future. Such evaluations or comments remain the sole responsibility of the Addressees (as appropriate), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In addition, we have not made any independent evaluation or appraisal of the existing or proposed assets or liabilities (including without limitation, real property) of LMIR Trust.

In formulating our Opinions, we have held discussions with the directors of the Manager (the “**Directors**”) and its management team. We have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided by the Manager and its professional advisers, which may include solicitors, auditors, tax advisers and valuers. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of and do not accept any responsibility for the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us. We have nevertheless made reasonable enquiries and used our judgment in assessing such information and have found no reason to doubt the reliability of such information.

We have relied upon the representation of the Directors (including those who may have delegated detailed supervision of the Circular, the Pluit Village Acquisition and the Whitewash Resolution) that they have taken all reasonable care to ensure that all information and facts stated in the Circular are fair and accurate in all material respects and all material information and facts in relation to the Pluit Village Acquisition and the Whitewash Resolution have been disclosed to us, and that no material information and facts have been omitted, the omission of which would render any statement in the Circular, information and facts disclosed to us or our

Opinions in this letter to be inaccurate, incomplete or misleading in any material respect. The Directors (including those who may have delegated detailed supervision of the Circular, the Pluit Village Acquisition and the Whitewash Resolution) have jointly and severally accepted responsibility in the “Directors’ Responsibility Statement” of the Circular. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information and facts.

Our Opinions are based upon market, economic, industry, monetary and other conditions (where applicable) in effect on the latest practicable date prior to the printing of the Circular, being 29 September 2011 (the “**Latest Practicable Date**”). Such conditions and information can change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our Opinions in the light of any subsequent changes or developments after the Latest Practicable Date even if it may affect our Opinions contained herein.

In rendering our Opinions, we did not have regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Unitholder. As different Unitholders would have different investment objectives and profiles, we would advise the the Addressees (as appropriate) to recommend that any Unitholder who may require specific advice in relation to his investment portfolio(s) should consult his or their stockbroker, bank manager, accountant or other professional advisers.

The Addressees (as appropriate) have been separately advised by their own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not and will not provide any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

Our Opinions in relation to the Pluit Village Acquisition and the Whitewash Resolution should be considered in the context of the entirety of this letter and the Circular.

### **3. DETAILS CONCERNING THE PLUIT VILLAGE ACQUISITION**

Detailed information in relation to Pluit Village is contained within Appendix B of the Circular, while information in relation to the Pluit Village Acquisition specifically is contained in section 3 of the Circular.

### **4. DETAILS CONCERNING THE RIGHTS ISSUE AND THE WHITEWASH RESOLUTION**

Detailed information in relation to the Rights Issue is contained within section 5 of the Circular, while information in relation to the Whitewash Resolution specifically is contained in section 7 of the Circular.

### **5. EVALUATION OF THE PLUIT VILLAGE ACQUISITION**

In arriving at our opinion in relation to the Pluit Village Acquisition, we have taken into account the following key factors:

#### **5.1 Rationale for the Pluit Village Acquisition**

The Manager has provided its assessment of the key benefits of the Pluit Village Acquisition, the following rationale extracted from section 2 of the Circular, and also incorporating comments about the Medan Fair Acquisition:

### 2.1.1 Acquisition of Quality Assets at Attractive NPI Yield with High Occupancy Rates and Situated in Strategic Locations

The Acquisitions are in line with the Manager's acquisition growth strategy of owning retail and/or retail related properties with attractive yields, and 12 potential capital appreciation and long-term growth. The Acquisitions represent an opportunity for LMIR Trust to acquire income producing quality properties below their independent valuations. The NPI yields of Pluit Village and Medan Fair for the financial year ended 31 December 2010 ("FY2010") and the six-month period ended 30 June 2011 ("6M2011") (annualised), based on their respective purchase considerations, are 10.8% and 7.4% respectively for Pluit Village and 7.4% and 8.5% respectively for Medan Fair. These NPI yields are comparable to the NPI yield for LMIR Trust's existing portfolio of 7.5% and 8.1% over the same period taking into consideration that the occupancy rate of Pluit Village as at 30 June 2011 is lower due to the ongoing process of tenancy enhancement, which began in December 2010. The tenancy enhancement is made in order to reorganise the tenancy mix in Pluit Village. Due to the Carrefour Cases (see paragraph 3.11 for further details), a few tenants had not opened their retail stores yet. The current property manager of Pluit Village has made the decision to terminate some tenants, and the overall occupancy rate has therefore been affected. The terminated tenants were local and low-profile specialty tenants, and the property manager intends to replace such tenants with other tenants of a higher quality and profile, which in turn is expected to improve the overall image of the mall. The property manager is currently in the process of approaching various prospective tenants which fall under categories ranging from food and beverage to fashion and jewellery.

The Pluit Village Purchase Consideration of Rp.1,600.0 billion (S\$229.7 million) represents a 5.7% discount to the average of the two independent valuations conducted by KJPP Willson & Rekan and KJPP Damianus Ambur while the Medan Fair Purchase Consideration of Rp.1,050.0 billion (S\$150.8 million) represents a discount of 4.1% to KJPP Willson & Rekan's valuation of Rp.1,095.0 billion (S\$157.2 million).

As at 30 June 2011, the occupancy rates of Pluit Village and Medan Fair are 78.1% and 91.2% respectively. The high occupancy rates are a reflection of the strong demand for retail space in Jakarta and Medan where the Properties are located. Moreover, Pluit Village is a modern retail mall relative to other malls in the city of Jakarta, having undergone a comprehensive Rp.192.3 billion asset enhancement and repositioning exercise between May 2007 and September 2009. This potentially allows the Manager to take advantage of a likely increase in demand for retail space in these areas and a possible improvement in rental rates, tenancy mix and long-term property value of Pluit Village.

LMIR Trust's retail malls are positioned as "Everyday Malls" that provide necessities (e.g. supermarkets and family shopping) to the community living in the regions neighbouring its retail malls and targets the middle income population in populous cities in Indonesia. The positioning of the Properties which are the subject of the Acquisitions is in line with LMIR Trust's targeted market segment comprising of Indonesia's expanding and prospering urban middle class segment. The Manager expects that the acquisition of Pluit Village will allow LMIR Trust to capture the dense population of North Jakarta as its target market, whereas the acquisition of Medan Fair is expected to further establish LMIR Trust's position as a leading retail mall owner in Medan, Indonesia's third largest city.

### 2.1.2. Enhanced Income Stability and Visibility from Long-term Leases and Rental Guarantees

Tenants occupying NLA in excess of 400 sq m ("Major Tenants") account for 49.6% and 47.5% of Pluit Village's and Medan Fair's Total Rental Revenue respectively as at 30 June 2011. The existing tenancy agreements have a remaining weighted average tenure of 5.0



years and 10.4 years for Major Tenants in Pluit Village and Medan Fair, respectively. Such leases provide long-term rental income stability and visibility and the Manager is of the view that rental guarantees for these long-term leases are unlikely to provide additional risk mitigation, and are therefore unnecessary.

The Manager has secured from the Pluit Village Vendors and the Medan Fair Vendor rental guarantees for the two years 2012 and 2013 in relation to certain areas for both Pluit Village and Medan Fair, under the Pluit Village Deed of Rental Guarantee (as defined herein) and the Medan Fair Deed of Rental Guarantee (as defined herein). The rental guarantees for Pluit Village and Medan Fair amount to Rp.105.0 billion (S\$15.1 million) and Rp.55.0 billion (S\$7.9 million) per annum respectively. The rental guarantee for Pluit Village is partially backed by a banker's guarantee for the amount of Rp.30.0 billion (S\$4.3 million), and the rental guarantee for Medan Fair is partially backed by a banker's guarantee for the amount of Rp.15.0 billion (S\$2.2 million). The rental guarantees are only applicable to the rentals to be derived from the Specialty Space and Casual Leasing Space in Pluit Village and Medan Fair (the "Pluit Village Spaces" and the "Medan Fair Spaces" respectively) and represent 57.9% and 78.2% of the Total Rental Revenue for the Pluit Village Spaces and the Medan Fair Spaces respectively for FY2010.

(See paragraph 3.6 for further details on the rental guarantees.)

The Manager believes that the combination of long-term leases and rental guarantees will enhance the stability of the rental income for Pluit Village and Medan Fair.

#### 2.1.3 Increased Economies of Scale

The Acquisitions will enable LMIR Trust to enlarge its presence in the retail mall sector in Indonesia and to benefit from increased economies of scale as the Manager and the property manager(s) of the Enlarged Portfolio can spread certain operating costs (e.g. staff and personnel costs) over a larger portfolio, and can also obtain cost savings due to its greater bargaining power with suppliers and service providers.

The Acquisitions are similarly expected to deliver economies of scale and benefit the marketing and leasing activities of LMIR Trust by expanding and deepening LMIR Trust's portfolio of key tenant relationships with tenants of both Pluit Village and Medan Fair who are currently not tenants of LMIR Trust's malls or who are not currently Major Tenants.

#### 2.1.4 Increased Capital Base and Scalability Potential through the Rights Issue

Based on the proforma balance sheet as at 30 June 2011, the value of LMIR Trust's Deposited Property (as defined herein) increased from S\$1,229.4 million to S\$1,600.6 million, which represents a 30.2% increase. The contributions of Pluit Village and Medan Fair to the increase in LMIR Trust's Deposited Property are S\$227.0 million and S\$144.2 million, respectively. The increased scalability potential resulting from the completion of the Transactions would provide LMIR Trust with enhanced visibility in the investment community.

The Manager intends to partially fund the Acquisitions through the proceeds of the Rights Issue. Following the Rights Issue, the number of Units in issue will increase, thereby potentially improving liquidity of LMIR Trust. The Manager believes that this will give LMIR Trust greater financial flexibility to capitalise on future opportunities (including future asset enhancement initiatives and acquisitions) or to facilitate any ongoing capital requirements.

**5.2 Financial assessment of the Pluit Village Acquisition**

In evaluating the reasonableness of the Pluit Village Purchase Consideration for the Pluit Village Acquisition, we have considered the following factors which have a bearing on our assessment:

Basis for arriving at the Pluit Village Purchase Consideration

The Pluit Village Purchase Consideration of Rp.1,600.0 billion (S\$229.7 million) was arrived at on a willing-buyer and willing-seller basis after taking into account the valuations of Pluit Village by the Independent Valuers.

The Independent Valuers were appointed for the purpose of determining the market value of Pluit Village as at 30 June 2011, with the following determinations made:

Valuation of Pluit Village by the Independent Valuers	
Appraised Value by KJPP Willson & Rekan	Appraised Value by KJPP Damianus Ambur
Rp. 1,588.1 billion (S\$228.0 mil)	Rp. 1,804.0 billion (S\$259.0 mil)

Summarised versions of the valuation reports (the “Valuation Reports”) are contained in Appendix D of the Circular.

Our observations in relation to the Valuation Reports are as follows:

- The Valuation Reports were undertaken in accordance with the Indonesian Valuation Standards (Standard Penilaian Indonesia/SPI) 2007.
- The Valuation Reports assess the market value as at 30 June 2011 for Pluit Village, which is close to the date of the Pluit Village SPA, as well as the intended settlement date of the Pluit Village Acquisition. The market value, as defined in the respective Valuation Reports is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the transacting parties have each acted knowledgeably, prudently and without compulsion.
- In arriving at opinions on market value, and on the basis that Pluit Village is an income producing property, both Independent Valuers adopted the income valuation method, utilising a discounted cash flow analysis, with projections made over a five year investment horizon. In determining a capitalised value for the remainder of the BOT tenure, both Independent Valuers capitalised the sixth year of net operating income utilising dual capitalisation rates. The dual capitalisation rate is used because Pluit Village is a leasehold asset, an investor in which requires:
  - income representing the return on the investment comparable with freehold property returns in Indonesia, and
  - an amount necessary to invest into a sinking fund to allow for replacement of the purchase price of a leasehold interest at the end of the lease.

Both Independent Valuers conducted their valuation of a separate shophouse unit transferred under the Pluit Village Acquisition by adopting a market approach/sales comparison approach. Actual transacted pricing levels, as well as asking pricing levels, were obtained in respect of nearby properties which were deemed to be comparable.

- We observe that the assessed market value for Pluit Village as at 30 June 2011 was between Rp.1,588.1 billion (S\$228.0 million) and Rp.1,804.0 billion (S\$259.0 million). The agreed Pluit Village Purchase Consideration, assuming no adjustment, is Rp.1,600.0 billion (S\$229.7 million). We note that the Pluit Village Purchase Consideration of Rp.1,600.0 billion (S\$229.7 million) represents a 5.7% discount to the average of the two independent valuations conducted by the Independent Valuers.

### 5.3 Financial effects

The pro-forma financial effects of the Pluit Village Acquisition and the Rights Issue, as provided by the Manager are set out below.

The pro forma financial effects of the Pluit Village Acquisition on the distribution per unit (“DPU”) and net asset value (“NAV”) per Unit presented below are purely for illustration purposes and have been prepared based on:

- the audited financial statements for the year ended 31 December 2010 and unaudited financial statements for the 6 months period ending 30 June 2011 of LMIR Trust, respectively;
- the audited financial statements of Grandley, Kindall and PT DWL for the year ended 31 December 2010, the unaudited financial statements of Grandley, Kindall for the period ended 30 June 2011 respectively and the audited financial statements of PT DWL for the period ended 30 June 2011; and
- 0.7 Rights Units for every 1 existing unit at the Issue Price of S\$0.31 per Right Unit.

#### Based on the financial year ended 31 December 2010

##### Pro Forma DPU and dividend yield

The pro forma financial effects of the Pluit Village Acquisition on the DPU and dividend yield for LMIR Trust for FY2010, as if LMIR Trust had purchased Pluit Village and completed the Rights Issue on 1 January 2010, and held and operated Pluit Village through to 31 December 2010, are as follows:

	Before the acquisition and rights issue	After the acquisition and rights issue
Distributable Income (S\$'000) <sup>(1)</sup>	47,878	66,910
Units in issue and to be issued	1,081,706,758	1,846,681,840
DPU (Cents)	4.44	3.62
Dividend yield	8.38% <sup>(2)</sup>	8.25% <sup>(3)</sup>

##### Notes:

- (1) Based on the LMIR Trust’s audited financial statements for the year ended 31 December 2010
- (2) Based on the actual DPU divided by the Closing Price as at 31 December 2010 of \$0.53
- (3) Based on the adjusted DPU divided by the TERP of \$0.44 per Unit

Based on the figures above, we note that the dividend yield will decrease from 8.38% to 8.25%.

### Pro forma NAV per Unit

The pro forma financial effects of the Pluit Village Acquisition on the NAV per unit as at 31 December 2010, as if LMIR Trust had purchased Pluit Village and completed the Rights Issue on 31 December 2010, are as follow:

	Before the acquisition and rights issue	After the acquisition and rights issue
NAV (S\$'000) <sup>(1)</sup>	901,909	1,135,814
Units in issue and to be issued	1,081,706,758	1,844,061,357
NAV per Unit (cents)	83.38	61.59

**Note:**

(1) Based on the LMIR Trust's audited financial statements for the year ended 31 December 2010

Based on the figures above, we note that the NAV per Unit will decrease from S\$0.83 to S\$0.62.

### Pro forma capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 31 December 2010, as if LMIR Trust had purchased Pluit Village and completed the Rights Issue on 31 December 2010.

	As at 31 December 2010	
	Actual	As adjusted
	S\$'000	S\$'000
<b>Short term debt</b>		
Unsecured	—	—
Secured	—	—
<b>Total short term debt</b>	<b>—</b>	<b>—</b>
<b>Long term debt</b>		
Unsecured	—	—
Secured	125,000	125,000
<b>Total long term debt</b>	<b>125,000</b>	<b>125,000</b>
<b>Total debt</b>	<b>125,000</b>	<b>125,000</b>
Unitholders funds	901,909	1,135,814
<b>Total Capitalisation</b>	<b>1,026,909</b>	<b>1,260,814</b>

Based on the figures above, we note that the total capitalisation will increase from S\$1,026.9 million to S\$1,260.8 million.

## **Based on the financial period ended 30 June 2011**

### **Pro Forma DPU and dividend yield**

The pro forma financial effects of the Pluit Village Acquisition on the DPU for the period ended 30 June 2011, as if LMIR Trust had purchased Pluit Village and completed the Rights Issue on 1 January 2011, and held and operated Pluit Village through to 30 June 2011, are as follow:

	<b>Before the acquisition and rights issue</b>	<b>After the acquisition and rights issue</b>
Distributable Income (S\$'000) <sup>(1)</sup>	24,531	30,445
Units in issue and to be issued	1,084,967,455	1,849,846,391
DPU (Cents)	2.26	1.65
Dividend yield	7.47% <sup>(2)</sup>	6.81% <sup>(3)</sup>

#### **Notes:**

(1) Based on the LMIR Trust's unaudited financial statements for the period ended 30 June 2011

(2) Based on the annualised DPU divided by the Closing Price as at 30 June 2011 of \$0.605

(3) Based on the annualised adjusted DPU divided by the TERP of \$0.48 per Unit

Based on the figures above, we note that the dividend yield will decrease from 7.47% to 6.81%.

### **Pro forma NAV per Unit**

The pro forma financial effects of the Pluit Village Acquisition on the NAV per unit as at 30 June 2011, as if LMIR Trust had purchased Pluit Village and completed the Rights Issue on 30 June 2011, are as follow:

	<b>Before the acquisition and rights issue</b>	<b>After the acquisition and rights issue</b>
NAV(S\$'000) <sup>(1)</sup>	917,810	1,152,815
Units in issue and to be issued	1,084,967,455	1,849,196,031
NAV per Unit (cents)	84.59	62.34

#### **Note:**

(1) Based on the LMIR Trust's unaudited financial statements for the period ended 30 June 2011

Based on the figures above, we note that the NAV per Unit will decrease from S\$0.84 to S\$0.62.

## Pro forma capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 30 June 2011, as if LMIR Trust had purchased Pluit Village and completed the Rights Issue on 30 June 2011.

Pro forma capitalisation	As at 30 June 2011	
	Actual	As adjusted
	S\$'000	S\$'000
<b>Short term debt</b>		
Unsecured	—	—
Secured	125,000	125,000
<b>Total short term debt</b>	<b>125,000</b>	<b>125,000</b>
<b>Long term debt</b>		
Unsecured	—	—
Secured	—	—
<b>Total long term debt</b>	<b>—</b>	<b>—</b>
<b>Total debt</b>	<b>125,000</b>	<b>125,000</b>
Unitholders funds	917,810	1,152,815
<b>Total Capitalisation</b>	<b>1,042,810</b>	<b>1,277,815</b>

Based on the figures above, we note that the total capitalisation will increase from S\$1,042.8 million to S\$1,277.8 million.

We make the following comments in relation to the various pro-forma financial effects displayed above:

1. The pro-forma NAV per Unit, in each instance analysed, falls assuming completion of the Pluit Village Acquisition and the Rights Issue.

We note that the abovementioned fall is largely due to the Rights Units being offered at a discount to the existing NAV per unit of LMIR Trust as well as the increase in the number of Units pursuant to the Rights Issue.

2. The pro forma dividend yields generated by LMIR Trust, in each instance analysed, falls assuming completion of the Pluit Village Acquisition and the Rights Issue.

We note that the pro-forma dividend yields generated by LMIR Trust, assuming completion of the Pluit Village Acquisition and the Rights Issue, are within the range of dividend yield figures exhibited by a selection of comparable companies in South East Asia:

<b>Selected comparable companies in South East Asia</b>	
<b>Comparable companies</b>	<b>Dividend yield (%)<sup>(1)</sup></b>
Hektar Real Estate Investment Trust	8.37%
Suntec REIT	8.34%
Fortune REIT	7.16%
CapitaRetail China Trust	6.97%
CapitaMalls Malaysia Trust	6.07%
Frasers Centrepoint Trust	5.65%
CapitaMall Trust	5.09%
Link Real Estate Investment Trust	4.51%
	<b>Min 4.51%</b>
	<b>Max 8.37%</b>
<b><u>Dividend yield</u></b>	
— Based on the financial year ended 31 December 2010	<b>8.25%</b>
— Based on the financial year ended 30 June 2011	<b>6.81%</b>

Note (1): Dividend yields as at the Latest Practicable Date.

Source: Capital IQ

Assuming the Pluit Village Acquisition and the Rights Issue proceed, existing Unitholders who do not subscribe for new Rights Units will be in a less favorable position vis-a-vis existing Unitholders who subscribe for new Rights Units due to the dilution impacts associated with the new Rights Units being at a discount to the applicable NAV per Unit and trading prices.

#### **5.4 Other relevant factors**

##### *Pluit Village Purchase Consideration adjustment*

The Pluit Village Purchase Consideration is subject to adjustment for the consolidated net assets or net liabilities of Grandley and Kindall as at the completion date of the Pluit Village Acquisition. The adjustment for the consolidated net assets or net liabilities needs to be made because LMIR Trust will be acquiring Pluit Village indirectly by acquiring the special purpose companies which indirectly hold Pluit Village. In an acquisition of a company, it is common and fair for an adjustment mechanism to be provided so that what the purchaser is paying to the vendor takes into account the exact assets and liabilities of the company at the point when the company is transferred to the purchaser.

##### *Working capital statement*

The Manager opines that LMIR Trust is currently not under pressure from its bankers to repay any of its existing borrowings and has sufficient resources to meet its current capital commitments. The Manager is of the opinion that, after taking into consideration LMIR Trust's internal resources, its available loan facilities and the net proceeds of the Rights Issue, the working capital available to LMIR Trust is sufficient to meet its present obligations as and when they fall due.

### Rental guarantee in relation to Pluit Village

The Manager has negotiated with the Pluit Village Vendors for the provision of the Pluit Village Deed of Rental Guarantee:

- The Pluit Village Deed of Rental Guarantee is a rental revenue guarantee, limited to the rental revenue from the Pluit Village Spaces, being:
  - “*Speciality Space*”, the aggregate leasable area attributable to retail units of less than 400 sq m each; and
  - “*Casual Leasing Space*”, areas of the property, including its atrium and corridors, which are leased for trading or promotional activities,

and covered only approximately 39.9% of the aggregate of all income earned primarily from Pluit Village including rent, service charges, car park income, recoveries and other income derived from Pluit Village (the “**Pluit Village Total Gross Revenue**”) for FY2010.

- The Pluit Village Deed of Rental Guarantee is for an amount of Rp. 105.0 billion (S\$15.1 million) per annum for the years 2012 and 2013, and is partially backed by a banker’s guarantee for the amount of Rp. 30.0 billion (S\$4.3 million).
- Under the terms of the Pluit Village Deed of Rental Guarantee, the Pluit Village Vendors, being the Pluit Village guarantors, will make good any shortfall between the actual rent derived from the Pluit Village Spaces achieved by Pluit Village and the agreed rental guarantee for each of the respective years during the period of the Pluit Village Deed of Rental Guarantee.

Whilst covering only a proportion of the Pluit Village Total Gross Revenue, we consider the attainment of the Pluit Village Deed of Rental Guarantee to be beneficial in that it enhances the stability of the rental income for Pluit Village.

### Legal proceedings in relation to Pluit Village

PT DWL is currently involved in legal proceedings, as detailed in section 3.11 of the Circular (the “**Carrefour Cases**” and the “**KPPU Case**”).

In relation to the abovementioned legal proceedings, we note as follows:

1. Carrefour previously occupied 13,296.75 square metres in Pluit Village (the “**Carrefour Premises**”), however in connection with the Carrefour Cases, there is no amount of rent which is currently being paid for the Carrefour Premises.

In order to mitigate for the lost rent in respect of the Carrefour Premises, LMIR Trust has obtained an undertaking from the Pluit Village Vendors. Pursuant to that undertaking, in the event that the Carrefour Cases are not settled and PT Carrefour Indonesia has not reoccupied the Carrefour Premises by 30 April 2012, the Pluit Village Vendors shall with effect from 1 May 2012 pay a penalty to the Trustee of an amount equivalent to what PT Carrefour Indonesia would have been obliged to pay in respect of the Carrefour Premises in the absence of the Carrefour Cases (the “**Penalty Amount**”). Such payment shall be made on a monthly basis and shall terminate only upon the occupation of the Carrefour Premises by one of the following:

- (a) PT Carrefour Indonesia;
- (b) another tenant paying a rental amount which is comparable or higher than the Penalty Amount; or



- (c) such other tenant as the Manager shall in its sole discretion determine.
2. In addition to the above, and in order to mitigate the risks of the Carrefour Cases and the KPPU Case, the Trustee has obtained indemnities from PT Metropolis Propertindo Utama (“PT MPU”) under the Pluit Village Deed of Indemnity for all and any losses which the Trustee may suffer, including, but not limited to, loss of rental, service charges, carpark and other income and claims for losses from existing or potential tenants, which arises out of or in connection with the Carrefour Cases and the KPPU Case.

In connection with the Pluit Village Deed of Indemnity, we note that PT MPU is an entity of substance, with total assets of approximately Rp.14,038 billion as at 31 December 2010, and net assets of approximately Rp.4,560 billion as at 31 December 2010. We note that the net assets of PT MPU are far in excess of the Pluit Village Purchase Consideration.

We consider attainment of the undertaking from the Pluit Village Vendors and the Pluit Village Deed of Indemnity to be prudent, and note that the risks presented by the Carrefour Cases and the KPPU Case are substantially mitigated.

In addition to the above, we note that PT DWL is party to several contractual arrangements with PT Duta Tama Manunggal (“PT DTM”), as described in Appendix B to the Circular. We note that in respect of those arrangements, PT DTM has provided relevant undertakings and indemnities to PT DWL.

## **6. EVALUATION OF THE WHITEWASH RESOLUTION**

In arriving at our opinion in relation to the Whitewash Resolution, we have taken into account the following key factors:

### **6.1 Rationale in relation to the Whitewash Resolution**

The Manager has provided its assessment of the key benefits of the Whitewash Resolution, the following rationale extracted from section 7 of the Circular:

#### *7.3. Rationale for the Whitewash Resolution*

*The Whitewash Resolution is to enable the Sponsor to, either by itself and/or through one or more of the Sponsor Subscribing Subsidiaries, (i) subscribe for the Sponsor Commitment Rights Units, (ii) apply for the Sponsor Excess Rights Units and/or (iii) acquire “nil-paid” rights, and the rationale for allowing the Sponsor to do so is set out as follows.*

*The Manager is of the view that the Subscribing Entities should not be treated differently from any other Unitholder and should be given the opportunity to apply for Excess Rights Units. In addition, any application for Excess Rights Units by the Sponsor, if the Sponsor chooses to make such application, will further demonstrate the Sponsor’s support for and confidence in the Rights Issue and its long-term commitment to LMIR Trust and will further enhance the chances of a successful Rights Issue. In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Substantial Unitholders nor Directors. The Sponsor, the Sponsor Subscribing Subsidiaries, other Substantial Unitholders who have control or influence over the Manager in connection with the day-to-day affairs of the Manager or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board and Directors will rank last in priority for the rounding of odd lots and allotment of excess Rights Units.*

The Manager is also of the view that the Subscribing Entities should not be treated differently from any other Unitholder and should be given the opportunity to acquire “nil-paid” rights under the Rights Issue, and that allowing the Subscribing Entities to acquire “nil-paid” rights in the open market would enhance liquidity in relation to the “nil-paid” rights. The liquidity of the market in “nil-paid” rights is important because any illiquidity will impact upon the ability of a Unitholder who wishes to realise part or all of its “nil-paid” rights to do so without losing value.

## 6.2 Pricing of the Rights Units

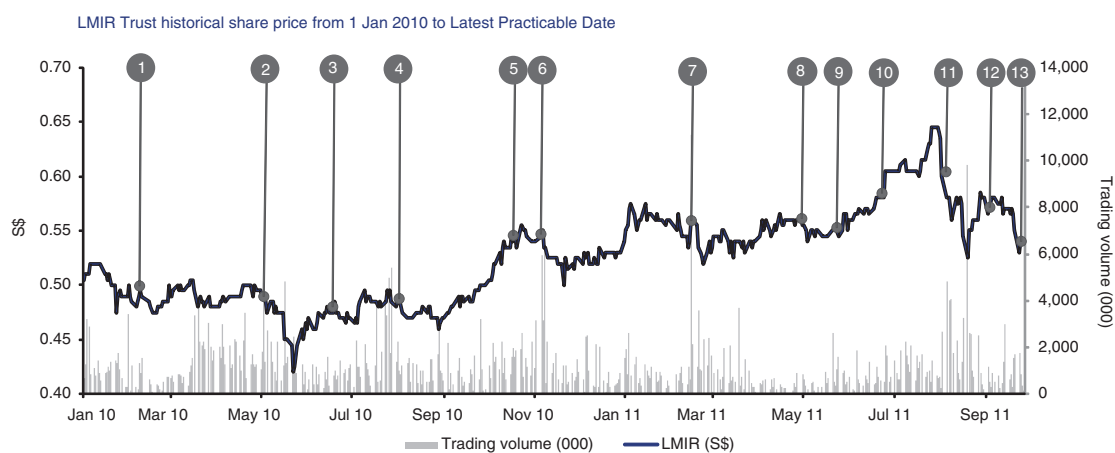
The Issue Price of S\$0.31 per Unit is set out in greater detail in section 5 of the Circular. The Issue Price represents a discount of:

- 42.59% to the closing price of S\$0.54 per Unit on the SGX-ST on 29 September 2011 being the Latest Practicable Date; and
- 27.06% to the theoretical ex-rights price (“TERP”) of S\$0.425 per Unit.

### Historical price performance of the Units

We have considered the historical price performance of the Units and selected precedent rights issues.

The following chart shows the price performance of the Units for the period beginning 1 January 2010 to the Latest Practicable Date:



Source: LMIR Trust announcements on the SGX-ST website

#### Notes:

- (1) 9 February 2010 — Release of full year results for the year ending 31 December 2009.
- (2) 6 May 2010 — Release of first quarter results for the period ending 31 March 2010.
- (3) 14 June 2010 — Resignation of Mr Shane Hagan as CFO.
- (4) 29 July 2010 — Release of second quarter results for the period ending 30 June 2010.
- (5) 10 October 10 — Appointment of Mr Alvin Cheng as CFO.
- (6) 3 November 2010 — Release of third quarter results for the period ending 30 September 2010.
- (7) 16 February 2011 — Release of full year results for the year ending 31 December 2010.
- (8) 28 April 2011 — Release of first quarter results for the period ending 31 March 2011.
- (9) 19 May 2011 — Lippo Karawaci Tbk announced the following proposed transactions: (a) 9.02% interest in LMIRT from Mapletree LM Pte Ltd for S\$54.8 mil; and (b) 40% interest in its asset manager Lippo Mapletree Indonesia Retail Trust Management Ltd from Mapletree Capital Investments Pte Ltd for S\$31.9 mil.

- (10) 20 June 2011 — Completion of acquisition by Lippo Karawaci Tbk.
- (11) 5 August 2011 — Release of second quarter results for the period ending 30 June 2011.
- (12) 5 September 2011 — Extension of 'Right to build' title of retail space Plaza Madiun for an additional 20 years.
- (13) 28 September 2011 — LMIR Trust secures S\$200 million term loan facility.

The volume weighted average prices (“VWAP”) from various periods beginning up to 12 months prior to the Latest Practicable Date are set out below:

<b>VWAP analysis</b>				
<b>Reference period</b>	<b>Highest price (S\$)</b>	<b>Lowest price (S\$)</b>	<b>VWAP (S\$)</b>	<b>Discount of Rights Issue Price over VWAP (%)</b>
<b>Prior to the Latest Practicable Date</b>				
1 month prior	0.585	0.530	0.563	44.94%
3 month prior	0.645	0.525	0.577	46.27%
6 month prior	0.645	0.525	0.572	45.80%
One year prior	0.645	0.500	0.554	44.04%
<b>Latest Practicable Date</b>	<b>0.540</b>	<b>0.530</b>	<b>0.540</b>	<b>42.59%</b>

<b>Rights Issue Price</b>	<b>0.310</b>
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Source: Capital IQ

During the 12-month period prior to the Latest Practicable Date, the Units had traded within a range of S\$0.500 and S\$0.645. The VWAP of the Units over the reference period was approximately S\$0.554.

We note that the Issue Price represents a discount of approximately 44.94%, 46.27%, 45.80% and 44.04% to the VWAP per Unit for the 1, 3, 6, and 12 months period prior to the Latest Practicable Date.

We further note that the Issue Price represents a discount of approximately 42.59% to the VWAP of the Units on the Latest Practicable Date.

#### Comparison of selected precedent rights issues

We have reviewed and selected completed precedent rights issues announced by companies listed on SGX-ST from 1 August 2010 to the Latest Practicable Date.

For each completed precedent rights issue, we have considered the discount implied by the issue price to the last traded price prior to the announcement of the Issue Price and to its respective theoretical ex-rights price (“TERP”).

<b>Precedent selected rights issue</b>					
<b>Company Name</b>	<b>Date of announcement</b>	<b>Terms of rights issue</b>	<b>Rights issue price</b>	<b>Discount of rights issue price to LTP<sup>(1)</sup></b>	<b>Discount of rights issue price to TERPs<sup>(2)</sup></b>
Cityspring Infrastructure Trust	30 Jun 2011	11 for 20	S\$0.390	27.10%	19.35%

Precedent selected rights issue					
Company Name	Date of announcement	Terms of rights issue	Rights issue price	Discount of rights issue price to LTP <sup>(1)</sup>	Discount of rights issue price to TERPs <sup>(2)</sup>
Uni-Asia Finance Corporation	13 May 2011	1 for 2	S\$0.200	20.00%	14.29%
Ace Achieve Infocom Limited	21 Mar 2011	1 for 1	S\$0.040	33.33%	20.00%
Cambridge Industrial Trust	10 Mar 2011	1 for 8	S\$0.429	15.05%	13.60%
Eastgate Technology Ltd <sup>(3)</sup>	28 Jan 2011	11 for 1	S\$0.015	97.00%	72.93%
Willis-Array Electronics (Holdings) Limited	27 Jan 2011	1 for 5	S\$0.120	35.14%	31.10%
S i2i Limited <sup>(4)</sup>	25 Jan 2011	1 for 1	S\$0.055	52.17%	35.29%
Global Investments Limited	30 Dec 2010	2 for 5	S\$0.138	31.00%	24.29%
Aspial Corporation Ltd	11 Nov 2010	1 for 5	S\$0.210	27.58%	24.10%
First Real Estate Investment Trust	09 Nov 2010	5 for 4	S\$0.500	47.37%	28.53%
Contel Corporation Limited	15 Dec 2010	1 for 1	S\$0.015	50.00%	33.33%
Liang Huat Aluminium Limited	30 Sep 2010	1 for 4	S\$0.010	66.67%	61.54%
HanKore Environment Tech Group Limited <sup>(5)</sup>	28 Sep 2010	1 for 1	S\$0.040	60.00%	42.09%
ISDN Holdings Limited	08 Sep 2010	1 for 2	S\$0.105	61.82%	51.91%
Ezra Holdings Limited	31 Aug 2010	1 for 5	S\$1.180	33.33%	29.41%
Sinotel Technologies Ltd.	30 Aug 2010	1 for 4	S\$0.280	23.29%	19.54%
GuocoLand Limited	27 Aug 2010	1 for 3	S\$1.800	15.89%	7.94%
L.C. Development Ltd	25 Aug 2010	1 for 5	S\$0.080	55.56%	51.02%
AIMS AMP Capital Industrial REIT	23 Aug 2010	7 for 20	S\$0.155	86.52%	26.39%
Sinwa Limited	11 Aug 2010	1 for 2	S\$0.138	54.00%	43.90%
			Min	15.05%	7.94%
			<b>Mean</b>	<b>45.56%</b>	<b>33.22%</b>
			<b>Median</b>	<b>47.37%</b>	<b>29.41%</b>
			Max	97.00%	72.93%
<b>LMIR Trust<sup>(6)</sup></b>	<b>30 Sep 2011</b>	<b>1 for 1</b>	<b>S\$0.310</b>	<b>42.59%</b>	<b>27.06%</b>

Sources: Capital IQ, companies' circulars, rights issue announcements of companies on SGX-ST website

Notes:

- (1) Last traded price prior to the announcement date of the rights issue price.
- (2) TERP = (Market capitalisation prior to the announcement date of the rights issue price + gross proceeds from the rights issue)/total shares/units outstanding after the rights issue.
- (3) Eastgate Technology Limited — the last traded price for the company was computed after taking into account of the share consolidation of 100 shares to 1 share.
- (4) S i2i Limited was formerly known as Spice i2i Limited.
- (5) HanKore Environment Tech Group Limited was formerly known as Bio-Treat Technology Limited.
- (6) In calculating the applicable discounts for LMIR Trust, we have utilised pricing as at 29 September 2011, being the Latest Practicable Date.

Based on the Issue Price of S\$0.31 as at the Latest Practicable Date and the table above, we note that:

- The discount of approximately 42.59% of the Issue Price to the closing price of S\$0.54 on the Latest Practicable Date is less than the mean discount of 45.56% and median discount of 47.37% of the selected precedent rights issues.
- The discount of approximately 42.59% of the Issue Price to the closing price of S\$0.54 on the Latest Practicable Date is within the range of corresponding discounts of 15.05% and 97.00% for the selected precedent rights issues.
- The discount of approximately 27.06% of the Issue Price to the TERP of S\$0.425, is less than the mean discount of 33.22% and median discount of 29.41% of the selected precedent rights issues.
- The discount of approximately 27.06% of the Issue Price to the TERP of S\$0.425, is within the range of corresponding discounts of 7.94% and 72.93% of the selected precedent rights issues.

The Independent Directors should note that certain circumstances and terms relating to the selected precedent rights issues are unique and might not be identical to the Rights Issue, and are largely dependent on the market sentiments prevailing at the time of such precedent rights issues.

The selected companies which had carried out the selected precedent rights issues might be different from LMIR Trust in terms of composition of business activities, scale of operations, risk profile, geographical spread of activities, track record, future prospects and other relevant criteria. In addition, the list of selected precedent rights issues is by no means exhaustive and information relating to the selected companies was compiled from publicly available information.

Consequently, the Independent Directors should note that the above comparison merely is for illustrative purposes and serves as a general guide only.

### **6.3 FINANCIAL EFFECTS**

The pro forma financial effects of the Pluit Village Acquisition and the Rights Issue are set out in section 5.3 of this letter.

### **6.4 Potential dilution arising from the Rights Issue and the impact on potential third-party takeover offers for LMIR Trust**

As at the Latest Practicable Date, to the best of the knowledge of the Manager and the Sponsor, the Sponsor and parties acting in concert with it hold, in aggregate, 321,614,441 Units representing 29.6% of the voting rights of LMIR Trust as at the Latest Practicable Date.

We have analysed the following two scenarios for the purposes of assessing the potential dilutive impact of the Rights Issue and the Whitewash Resolution:

- Assuming that all Unitholders (including the Subscribing Entities) accept their provisional allotments under the Rights Issue in full, the unitholdings of the Subscribing Entities immediately after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue (being 321,614,441 Units) will remain unchanged at 29.6% ("**Whitewash Scenario 1**").

- The maximum possible increase in the unitholdings of the Sponsor and the Subscribing Subsidiaries would occur in the scenario where none of the other Unitholders subscribe for their provisional allotments under the Rights Issue and the Subscribing Entities (i) subscribe for their provisional allotments of Rights Units, (ii) subscribe for all of the Sponsor Commitment Rights Units pursuant to the Sponsor Undertaking and (iii) apply for and receive such maximum number of Excess Rights Units under the Rights Issue, without breaching the “public” float requirement set out in Rule 723 of the Listing Manual, being an aggregate of 1,086,516,497 Rights Units, the aggregated unitholding of the Subscribing Entities immediately after the completion of the Rights Issue will be 64.8% (“**Whitewash Scenario 2**”).

The following table sets out the respective unitholdings of the Subscribing Entities in the scenarios outlined above, based on the Rights Ratio.

<b>Unitholdings of the Subscribing Entities</b>			
	<b>Before the Rights Issue</b>	<b>Immediately after the Rights Issue</b>	
		<b>Whitewash Scenario 1</b>	<b>Whitewash Scenario 2</b>
Issued Units	1,086,516,497	2,173,032,994	2,173,032,994
Number of Units held by the Subscribing Entities	321,614,441	643,228,882	1,408,130,938
Number of Units held by Unitholders, other than the Subscribing Entities	764,902,056	1,529,804,112	764,902,056
% of issued Units held by the Subscribing Entities	29.6	29.6	64.8
% of Issued Units held by Unitholders, other than the Subscribing Entities	70.4	70.4	35.2

The Independent Directors should note that in the event that the Whitewash Resolution is passed, the Subscribing Entities may increase their unitholdings in LMIR Trust in accordance with the table shown.

It is possible that the Subscribing Entities may hold up to 64.8% of the unitholdings in LMIR Trust after the completion of the Rights Issue. As a result, LMIR Trust may be a relatively less favourable target for third party offers, assuming that it is the intention of the offerors to acquire a significant interest or control in LMIR Trust, should the Subscribing Entities intend to retain majority control of LMIR Trust.

## **6.5. Nature of the Rights Issue**

Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their pro rata Rights Entitlements and are eligible to apply for Excess Rights Units.

## 7. OUR OPINIONS

### Pluit Village Acquisition

In arriving at our opinion in respect of the Pluit Village Acquisition, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

#### (a) *Rationale of the Pluit Village Acquisition*

We have reviewed the rationale for the Pluit Village Acquisition and are of the view that it is being made on a reasonable basis.

#### (b) *The financial assessment of the Pluit Village Acquisition*

In reviewing the Pluit Village Purchase Consideration paid by LMIR Trust for the Pluit Village Acquisition, we have reviewed, *inter alia*, the two Valuation Reports compiled by the Independent Valuers. We note that the Pluit Village Purchase Consideration of Rp.1,600.0 billion (S\$229.7 million) represents a 5.7% discount to the average of the two independent valuations conducted by the Independent Valuers.

#### (c) *The pro forma financial effects of the Pluit Village Acquisition*

We note that the pro-forma NAV per Unit and the dividend yields fall assuming completion of the Pluit Village Acquisition and Rights Issue/Whitewash Resolution, however, note our comments in relation to these effects at the conclusion of section 5.3 of this letter.

We note that the total capitalisation increases in each of the scenarios analysed, assuming completion of the Acquisitions and Rights Issue/Whitewash Waiver.

After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that:

- In accordance with Chapter 9 of the Listing Manual, the Pluit Village Acquisition is on normal commercial terms and is not prejudicial to LMIR Trust and the Unitholders.
- In accordance with Paragraph 5 of the Property Funds Appendix, the Pluit Village Acquisition is on normal commercial terms and is not prejudicial to the Unitholders.

### Whitewash Resolution

In arriving at our opinion in respect of the Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

#### (a) *Rationale in relation to the Whitewash Resolution*

We have reviewed the rationale in relation to the Whitewash Resolution and are of the view that the Whitewash Resolution is being made on a reasonable basis.

*(b) Pricing of the Rights Issue*

- The discount of approximately 42.59% of the Issue Price to the closing price of S\$0.54 on the Latest Practicable Date, is less than the mean discount of 45.56% and median discount of 47.37% of the selected precedent rights issues;
- The discount of approximately 42.59% of the Issue Price to the closing price of S\$0.54 on the Latest Practicable Date, is within the range of corresponding discounts of 15.05% and 97.00% for the selected precedent rights issues;
- The discount of approximately 27.06% of the Issue Price to TERP of S\$0.425, is less than the mean discount of 33.22% and median discount of 29.41% of the selected precedent rights issues; and
- The discount of approximately 27.06% of the Issue Price to the TERP of S\$0.425, is within the range of corresponding discounts of 7.94% and 72.93% of the selected precedent rights issues.

*(c) Nature of the Rights Issue*

The Rights Issue is being offered on a pro rata and renounceable basis.

After carefully considering the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Whitewash Resolution is on normal commercial terms and is not prejudicial to LMIR Trust and the Unitholders.

This opinion is addressed to:

- The Independent Directors and the Trustee for their use and benefit, in connection with and for the purpose of their consideration of the Pluit Village Acquisition.
- The Independent Directors for their use and benefit, in connection with and for the purpose of their consideration of the Whitewash Resolution.

The recommendations to be made by the Independent Directors to the Unitholders shall remain their responsibility.

A copy of this letter may be reproduced in the Circular.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Your faithfully  
for and on behalf of  
**KPMG Corporate Finance Pte Ltd**

Vishal Sharma  
Executive Director

Jeremy Bogue  
Associate Director



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## INFORMATION ABOUT PLUIT VILLAGE, MEDAN FAIR, THE EXISTING PROPERTIES AND THE ENLARGED PORTFOLIO

### 1. PLUIT VILLAGE

#### 1.1 Description of Pluit Village

Pluit Village is a five-level retail mall located in the city of Jakarta, Indonesia, bearing the postal address Jl. Pluit Indah Raya Penjaringan, Jakarta Utara, Indonesia 14450.

The tenants of Pluit Village include well known international and domestic retailers and brand names such as Matahari Department Store, Gramedia Bookstore, J.Co Donut, Body Shop, Best Denki and FJ Square.

Pluit Village is located in North Jakarta, where it is surrounded by affluent residential estates and apartments with a Chinese ethnic majority. The residential estates and apartments are located in close proximity to Pluit Village.

Completed in 1996, Pluit Village had undergone refurbishment works which was completed in September 2009.

The underlying BOT<sup>1</sup> Land, on which Pluit Village is constructed, is represented by SHGB titles No. 7070, 7071, 7072, 7073 and 7223<sup>2</sup> all of which are valid until 1 October 2025<sup>3</sup> and may be extendable for another term of up to 20 years in accordance with applicable laws and subject to the approval of the Pluit Village BOT Grantor, the relevant land office and the BOT DWL. Following expiration of this additional term, a renewal application may be made.

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- 1 Please see paragraph 3.8 of the Letter to Unitholders for details on BOT Schemes.
  - 2 The BOT Land represented by SHGB No. 7072 has been segregated into 82 SHGB and sold to third parties. However, SHGB No. 7223, being one of these 82 SHGB sold to third parties, had been repurchased by DWL. Accordingly, the remaining 81 SHGBs certificates are excluded from the Pluit Village Acquisition.
  - 3 Notwithstanding the foregoing, the following provisions with regard to the expiration of the term of the BOT Scheme of PT DWL should be noted:
    - (a) Under Article 8.3 of the Cooperation Agreement for the Development of the Trade Center, Restaurant and Golf Driving Range Including Amenities Located at Taman Tirta Loka Pluit Area, Jl. Pluit Indah, Kelurahan Pluit, Kecamatan Penjaringan, Kotamadya Jakarta Utara dated 30 June 1995, between Retail Mall Indonesian SPC and DKI Jakarta as amended and supplemented (the “1995 Cooperation Agreement”), the term of the operation of the buildings shall expire (i) 30 years after the date of the IPB No.3895/IPB/97 dated 9 June 1997 (which falls on 9 June 2027); or (ii) at the latest 30 years commencing from 30 months after the date of the Business Permit License (Ijin Mendirikan Bangunan) No.1192/IMB/1996, dated 14 March 1996 (which falls on or about September 2029).
    - (b) Under Article 21 of the 1995 Cooperation Agreement, the term of the agreement shall expire 30 years commencing from the legalisation by the Minister of Domestic Affairs of the Republic of Indonesia of the relevant approval of the regional government of the Special Capital City Region of Jakarta (*Daerah Khusus Ibukota Jakarta*) (which falls on 2 October 2025).
    - (c) Under the Decree of Minister of Domestic Affairs of the Republic of Indonesia No.640.31-547 dated 2 October 1995, the BOT Agreement between PT DWL and the Pluit Village BOT Grantor will be co-terminus with the expiration of the relevant SHGBs (being 1 October 2025).

However, based on (i) a letter No.009/CD-LGL/I/2011 from PT DWL to PT JP dated 7 January 2011, and (ii) a letter No.034/UT20000/110/I/2011 from PT JP to PT DWL dated 31 January 2011, PT JP has principally agreed that the expiration of the term of the BOT Scheme of PT DWL shall be 30 years after the date of the IPB No.3895/IPB/97 dated 9 June 1997 (which falls on 9 June 2027), subject to the condition that, prior to the expiration of the BOT Agreement between PT DWL and the Pluit Village BOT Grantor, DWL and PT JP shall enter into an addendum to synchronise the term and termination of the said BOT Agreement and the term of the relevant SHGB.

The table below sets out a summary of selected information on Pluit Village as at 30 June 2011.

Address/Location	Jl. Pluit Indah Raya, Penjaringan, North Jakarta, Indonesia 14450
Master title details	<ol style="list-style-type: none"> <li>1. SHGB No.7070/Pluit for a parcel of land with an area of 16,655 sq m;</li> <li>2. SHGB No.7071/Pluit for a parcel of land with an area of 1,485 sq m;</li> <li>3. SHGB No.7073/Pluit for a parcel of land with an area of 44,040 sq m;</li> <li>4. SHGB No.7072/Pluit for a parcel of land with an area of 5,635 sq m<sup>(1)</sup>; and</li> <li>5. SHGB No.7223/Pluit for a parcel of land with an area of 63 sq m.</li> </ol>
Description/Existing Use	A five-level retail mall <sup>(2)</sup>
Parking bays	1,581 carpark lots and 1,860 motorcycle lots
Status of holdings	BOT Scheme pursuant to a BOT Agreement between PT DWL and the Pluit Village BOT Grantor and the relevant SHGBs
Remaining period of land titles	Approximately 14 years, which may be extendable for 20 years for all SHGBs.
Existing use	Commercial
Age of building	Approximately 14 years (relaunched in September 2009)
Occupancy rate (as at 30 June 2011)	78.1%
Average gross rent <sup>(3)</sup>	Rp.133,000 per sq m per month
Number of tenants (as at 30 June 2011)	228
Gross Floor Area ("GFA") (sq m)	150,649
NLA (sq m)	86,278 as at 30 June 2011
Gross revenue for 6M2011	Rp.99.5 billion <sup>(4)</sup>
Net property income for 6M2011	Rp.59.6 billion <sup>(5)</sup>
Encumbrances	<p>The Land and building in relation to Pluit Village has the following encumbrances in favor of Raiffeisen ZentralBank Oesterreich AG, Singapore Branch:</p> <p>Mortgages:</p> <ol style="list-style-type: none"> <li>(i) First Rank Land Mortgage Certificate No. 3826/2007;</li> <li>(ii) Second Rank Land Mortgage Certificate No. 5507/2008; and</li> <li>(iii) Third Rank Land Mortgage Certificate No. 52/2010.</li> </ol>
Valuation by KJPP Willson & Rekan <sup>(6)</sup>	Rp.1,588.1 billion
Valuation by KJPP Damianus Ambur <sup>(7)</sup>	Rp.1,804.0 billion
Restriction in interest <sup>(8)</sup>	Approval from the Pluit Village BOT Grantor

**Notes:**

- (1) The BOT Land represented by SHGB No. 7072 has been segregated into 82 SHGBs and sold to third parties. However, SHGB No. 7223 (a four-storey shophouse with a gross floor area of 256 sq m), being one of the 82 SHGBs sold to third parties, had been repurchased by DWL. Accordingly, the remaining 81 SHGB certificates are excluded from the Pluit Village Acquisition.
- (2) This includes SHGB No. 7223, a four-storey shophouse with a gross floor area of 256 sq m.
- (3) This is computed by taking the average of the gross rent (excluding service charge) for 6M2011.
- (4) Comprises gross rental income, car park income and other income pertaining to Pluit Village including service charge.
- (5) Excludes depreciation of investment property for Pluit Village.
- (6) Based on KJPP Willson & Rekan's valuation report dated 30 June 2011.
- (7) Based on KJPP Damianus Ambur's valuation report dated 30 June 2011.
- (8) Restriction in interest is a limitation imposed by any state authority in Indonesia on the powers and rights of a registered proprietor to deal with the land including restriction on the right to transfer, charge and/or encumber the land and/or the building.

## **1.2 Undertaking to Build by PT Duta Tama Manunggal**

On 4 December 2007, PT DWL had entered into an Implementation of Letter of Appointment Agreement (*Perjanjian Pelaksanaan Surat Penunjukan*)<sup>1</sup> with PT DTM<sup>2</sup> as amended by Addendum of Implementation of Letter of Appointment Agreement dated 6 December 2007 ("**Implementation of Letter of Appointment Agreement**"), which is effective from the date of its execution until the Land Area (defined below) has been handed over to PT JP.

Based on Appointment Letter No.1548/DIR/XII/2007 dated 4 December 2007 pursuant to the Implementation of Letter of Appointment Agreement, PT DWL has assigned its rights and obligations to PT DTM, with respect to the development, operation and optimisation of 58,044 sq m of land area in the surrounding area of Pluit Village ("**Land Area**"), but PT DWL shall continue to use and operate the carpark space and retain the income received from the operation of the carpark space.

Pursuant to the Implementation of Letter of Appointment Agreement, PT DWL has appointed and granted full power of attorney to PT DTM to implement and conduct any action necessary to carry out the increase in ground building coefficient ("**KDB**") from 20% to 30% (the "**KDB Increase**"), at PT DTM's own cost.

PT DTM has assumed responsibility for all losses, claims, and suits which may be incurred or instituted by any third party with respect to the KDB Increase, and has released PT DWL from all responsibilities for such losses, claims, and suits.

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1 The acquisition of PT DWL involves the acquisition of land and lakes under the BOT DWL and the land comprises largely of the Pluit Village mall. However, initial discussions with the Pluit Village BOT Grantor (which is represented by PT JP) involved PT DWL assuming a larger area around the Pluit Village mall. It was agreed in a letter of appointment that PT DTM shall assume the obligations of developing the larger area around the mall. The role of the parties in Implementation of Letter of Appointment Agreement dated 4 December 2007 are as follows:

- (i) PT DWL is the original BOT Grantee which is granted the right by the BOT Grantor to develop and utilise the land and lake area in the Pluit Village area;
- (ii) PT JP is the BOT Grantor; and
- (iii) PT DTM is a party appointed by PT DWL to develop and utilize part of the Land Area under the BOT DWL.

This assumption of obligations by PT DTM has been officially recognised by the Pluit Village BOT Grantor in granting the BOT DTM 2009.

2 For the avoidance of doubt, PT DTM is not an affiliate of PT DWL.

PT DTM is a subsidiary of PT MPU, and PT MPU has a strong financial standing. PT MPU is a company primarily involved in the development and ownership of investment properties, with total assets of approximately Rp.14,038 billion as at 31 December 2010. PT MPU currently has a diverse portfolio comprising selective investments in high-traffic shopping malls, star-rated hotels, large entertainment centers and other strategically located properties for development. PT MPU currently owns several malls in East Jakarta, such as Tamini Square and Kramat Jati Mall. PT MPU plans to develop some properties in other areas in Jakarta and outer Jakarta. Under the Pluit Village Deed of Indemnity, PT MPU will be giving a back-to-back indemnity in respect of the PT DTM Deed of Undertaking and Indemnity.

As the implementation of the rights granted to PT DTM as referred in paragraph (i) above, on 30 January 2009, PT DTM has entered into a build, operate and transfer agreement with PT Jakarta Propertindo as set forth in Deed No. 48 dated 30 January 2009, made before Ira Sudjono, S.H., Notary in Jakarta ("**BOT DTM 2009**") with respect to the development, operation and optimisation of the Land Area.

Pursuant to the Cooperation Agreement for Land Utilization and Usage for Building dated 3 May 2010 entered into by PT DWL and PT DTM, as amended and restated on 6 June 2011 ("**2010 Cooperation Agreement**"):

- (a) PT DTM may construct a building (including a parking building) ("**Building**") over the 9,440 sq m which is part of the land area under the BOT DWL ("**West Area**").
- (b) In the event PT DTM would like to construct the Building in the West Area and such construction will cause the existing parking area located in the West Area and the Land Area ("**Existing Parking Area**") to be reduced prior to the construction of such Building, PT DTM shall build and/or provide a replacement parking area and/or building ("**Replacement Parking Area**") and obtain prior written approval from PT DWL for the construction plan of the Replacement Parking Area.
- (c) All costs, expenses, taxes, construction and other payment with respect to the rights granted to PT DTM under the 2010 Cooperation Agreement and the provision and/or construction of the Replacement Parking Area, and without limitation, costs and expenses to obtain the necessary licenses from the relevant government institutions (including PT JP based on the BOT DWL and the BOT DTM 2009) shall be borne by PT DTM.
- (d) PT DWL shall have the right to operate the Existing Parking Area and the Replacement Parking Area and to retain and receive any revenue generated from the operation thereof.

PT DTM shall hold PT DWL harmless from all claims, suits, damages, responsibilities and liabilities which may be incurred or instituted by any third party (including PT JP) with respect to the execution, performance or non-performance of DTM's obligation under the 2010 Cooperation Agreement.

The 2010 Cooperation Agreement is in relation to the lands covered by the respective BOT Agreements entered into by PT DWL and PT DTM with the Pluit Village BOT Grantor, as the lands they hold are adjoining each other, and PT DWL is currently using a portion of these lands for carpark space. The construction work includes the construction of a car park building or area which may be constructed over both lands or either land of PT DWL or PT DTM. Based on the 2010 Cooperation Agreement, no fee is payable by PT DTM to PT DWL in respect of the use of the land under the BOT DWL. However PT DWL has the right to receive, obtain and own all income generated from the car parking area constructed in the subject area of this agreement.

PT DTM had on 30 September 2011 entered into an undertaking and indemnity letter (the “**DTM Deed of Undertaking and Indemnity**”) whereby PT DTM had, among other things, undertaken to:

- (a) at its own cost, comply with the conditions of the KDB Increase Approval (as defined below) and to bear all losses and liabilities including, without limitation, penalties imposed by the relevant authorities in the event that it fails to fully comply with such conditions;
- (b) at its own cost, comply with the 2010 Cooperation Agreement including the requirements relating to the construction of the replacement parking area;
- (c) indemnify, guarantee to defend and hold harmless PT DWL from and against any and all actions, suits, proceedings, claims, obligations, liabilities, responsibilities, losses, damages, costs and expenses which PT DWL may suffer or incur arising out of, as a result of, or in relation to said failure or breach on the part of PT DTM;
- (d) in the event where PT DTM requires the use of any of the existing parking areas in the Land Area which is currently used and/or operated by PT DWL, PT DTM undertakes at its own cost to:
  - (i) develop and construct within the Land Area (at no cost or liability whatsoever to PT DWL) a building which will support Pluit Village, including an integrated car park or parking building suitable for the property (“**New Car Park**”) to be commenced only after all necessary government licenses and approvals for the construction of the New Car Park has been obtained;
  - (ii) complete the construction of the New Car Park no later than three (3) years from the date of commencement of the construction of the New Car Park;
  - (iii) not to remove the existing car parks (as identified in the DTM Deed of Undertaking and Indemnity) and/or in any way impede the use and operation of such carpark space by PT DWL until the completion of the New Car Park;
  - (iv) compensate PT DWL for loss of revenue from the car parks when the New Car Park is being constructed; and
  - (v) the New Car Park shall be constructed in accordance with the specifications as set out by the Purchaser,

and any such actions will be carried out and completed in accordance with, among other things, the PT DTM Deed of Undertaking and Indemnity and all applicable approvals, consents and licences from all relevant planning and other government or statutory authorities.

In addition to the DTM Deed of Undertaking and Indemnity, the Trustee has also obtained an indemnity from PT MPU under the Pluit Village Deed of Indemnity for all and any losses which the Trustee may suffer which arises out of or in connection with a breach by PT DTM of the DTM Deed of Undertaking and Indemnity. PT DTM is a subsidiary of PT MPU. Based on information available to the Manager, the Manager believes that PT MPU has the financial resources to fulfill the Pluit Village Deed of Indemnity.

### 1.3 Construction of Reservoir System by PT DWL

PT DWL had on 12 April 2007 applied to the Pluit Village BOT Grantor for an increase in the ground building co-efficient for the purposes of the upgrading of MegaMall Pluit (now known as Pluit Village) (the “**KDB Increase Application**”). Further to the KDB Increase Application, the Pluit Village BOT Grantor had, under the principal approval No. 2908/-1.785.55 dated 4 October 2007 (extended by principal approval No.1047/-1.711 dated 15 June 2009) approved the KDB Increase Application (the “**KDB Increase Approval**”), subject to, among others, the following conditions:

- (i) the provision to the Pluit Village BOT Grantor of a replacement land covering an area of 20,800 sq m located at Jl. Raya Tipar Cakung, Kelurahan Semper Barat, Kecamatan Cilincing, Jakarta Utara (the “**Replacement Land**”) within eight months as of 15 June 2009, being the date of the extension of the KDB Increase Approval. A renovation exercise was undertaken to increase the total plot area, and the provision of the Replacement Land formed part of the conditions for the Pluit Village BOT Grantor granting its approval for the increase in the total plot area; and
- (ii) the development of a folder/management system water reservoir (the “**Reservoir System**”).

In addition to the above, based on Minutes of Delivery and Acceptance dated 20 January 2011 entered into by PT DWL and the Pluit Village BOT Grantor (“**Minutes**”), PT DWL has provided the Replacement Land to the Pluit Village BOT Grantor. PT DWL has also commenced construction of the Reservoir System in accordance with the KDB Increase Approval. However, construction of the Reservoir System has been postponed due to a possible relocation of the Reservoir System to ensure that certain safety standards are observed.

Under the DTM Deed of Undertaking and Indemnity, PT DTM has undertaken to implement and conduct, at its own cost, the development of the Reservoir System and fulfil any other conditions set out in the KDB Increase Approval.

If the Reservoir System is not constructed, the condition for the KDB Increase would not be met and PT DTM may not be able to construct building(s) over the subject area of the BOT DTM 2009. These buildings include commercial buildings (such as an office building, hotel, restaurant and retail area), a hospital, a school and the related supporting facilities.

PT DWL has confirmed that of the three house water pumps that would have to be built for the purpose of fulfilling the requirement of the KDB Increase, two house water pumps have been completed, and the completion of the remaining house water pump will be made after the relocation is finalised by DKI Jakarta (which representative is PT JP).

### 1.4 The lakes in the vicinity of Pluit Village

#### 1.4.1 The East Lake

The East Lake is part of the subject area under the BOT DWL. Pursuant to the Lake Utilization and Usage Agreement dated 2 November 2009 between PT DTM and PT DWL under which usage of the East Lake has been granted by PT DWL to PT DTM, PT DTM undertakes to PT DWL that it will maintain the East Lake in accordance with the terms of the BOT DWL. Pursuant to the DTM Deed of Undertaking and Indemnity, PT DTM has also agreed to indemnify LMIR Trust for, among other, losses to LMIR Trust as a result of PT DTM's failure to maintain the East Lake in accordance with the terms of the BOT DWL. Pursuant to the Pluit Village Deed of Indemnity, PT MPU has also agreed to indemnify LMIR Trust for, among other, losses to LMIR Trust in connection with the East Lake. The

obligations under the Lake Utilization and Usage Agreement dated 2 November 2009 between PT DTM and PT DWL will terminate upon the expiry or termination of the BOT DWL.

#### 1.4.2 The West Lake

PT DWL is obliged to maintain the West Lake in accordance with the terms of the BOT DWL. Under the BOT DWL, PT DWL has the obligation, among others, to increase the quality and capacity of the lake, and to maintain and utilise the lake as a water recreational facility.

#### 1.5 PT DWL Obligation to construct water recreational facilities

Pursuant to the terms of the BOT DWL, PT DWL is required, among others, to utilise the West Lake and the East Lake as water recreational facilities. In addition, pursuant to the terms of the BOT DWL, in the event that PT DWL charges a fee to users of the water recreational facilities at the lakes, PT DWL is also required to enter into a new agreement with the Pluit Village BOT Grantor under which PT DWL is required to pay royalties to the Pluit Village BOT Grantor.

### 2. MEDAN FAIR

#### 2.1 Description of Medan Fair

Medan Fair is a four-level retail mall with one basement level located in Medan, North Sumatra (which is the third most populous city in Indonesia after Jakarta and Surabaya), and bears the postal address Jl. Jend. Gatot Subroto No.30, Medan Petisah, Medan, Indonesia 20113.

Completed in 2004, Medan Fair's tenants include well known international and domestic retailers and brand names such as Carrefour, Matahari Department Store, Electronic City, Timezone and Karisma Bookstore.

Medan Fair is strategically located in the shopping and business district of Medan, North Sumatra, and is surrounded by residences and just walking distance to famous hotels in town.

The table below sets out a summary of selected information on Medan Fair as at 30 June 2011.

The underlying BOT<sup>1</sup> Land, on which Medan Fair is constructed, is represented by SHGB titles Nos. 1121 and 1126 which are valid until 23 August 2027 and 20 August 2028 respectively, and may be extendable for another term of up to 20 years in accordance with applicable laws and subject to the approval of the Government of Medan City, the relevant land office and the BOT AP. An application has been made for the extension of up to 2032 for the BOT AP. Following expiration of this additional term, a renewal application may be made.

Address/Location	Jl. Jend. Gatot Subroto No.30, Medan Petisah, Medan, Indonesia 20113
Master title details	1. SHGB No. 1121, with breadth of 41,170 sq m, valid until 23 August 2027, registered under the name of PT AP <sup>(1)</sup> ; and 2. SHGB No. 1126, with breadth of 8,365 sq m, valid until 20 August 2028, registered under the name of PT AP.
Description/Existing Use	A four-level retail mall with one basement level

<sup>1</sup> Please see paragraph 3.8 of the Letter to Unitholders for details on BOT Schemes.



Parking bays	1,055 carpark lots and 1,300 motorcycle lots
Status of holdings	BOT Scheme pursuant to a BOT Agreement between PT AP and the Medan Fair BOT Grantor and the relevant SHGBs
Remaining period of land titles	Approximately 16 years, extendable for 25 years for SHGB No. 1121, and approximately 17 years, extendable for 25 years for SHGB No. 1126.
Existing use	Commercial
Age of building	Approximately 6 years
Occupancy rate (as at 30 June 2011)	91.2%
Average gross rent <sup>(2)</sup>	Rp.78,000 per sq m per month
Number of tenants (as at 30 June 2011)	425
GFA (sq m)	128,993
NLA (sq m)	56,074.1
Gross revenue for the 6M2011	Rp.67.0 billion <sup>(3)</sup>
Net property income for 6M2011	Rp.44.5 billion <sup>(4)</sup>
Encumbrances	<p>The BOT Land and building in relation to Medan Fair has the following encumbrances in favor of PT Bank Rakyat Indonesia (Persero) Tbk:</p> <p><u>Mortgages</u></p> <p>First Rank Land Mortgage on:</p> <p>(i) SHGB No. 1121 for an area of 41,170 sq m which has been reduced to 39,586 m<sup>2</sup>; and</p> <p>(ii) SHGB No. 1126 for an area of 8,365 sq m, including the building, supporting facilities and registered machines owned by PT AP.</p> <p>The above mortgage has been recorded in the Land Register Office based on Mortgage Certificate No. 5435, dated 19 September 2006, issued by the Head of Land Register Office of Medan.</p>
Valuation by KJPP Willson & Rekan <sup>(5)</sup>	Rp.1,095.0 billion
Restriction in interest <sup>(6)</sup>	Approval from the Government of Medan City

**Notes:**

- (1) Excludes 24 shophouses covering an area of 1,584 sq m which were sold by PT AP to third parties.
- (2) This is computed by taking the average of the gross rent (excluding service charge) for 6M2011.
- (3) Comprises gross rental income, car park income and other income pertaining to Medan Fair including service charge.
- (4) Excludes depreciation of investment property for Medan Fair.
- (5) Based on KJPP Willson & Rekan's valuation report dated 3 August 2011. The valuation for Medan Fair was made on the assumption that the BOT AP will be extended to 2032. The BOT AP is currently valid up till July 2027. For the avoidance of doubt, the valuation for Medan Fair does not include a valuation for the Medan Fair Extension.
- (6) Restriction in interest is a limitation imposed by any state authority in Indonesia on the powers and rights of a registered proprietor to deal with the land including restriction on the right to transfer, charge and/or encumber the land and building.

## 2.2 Undertakings in relation to Construction of Hotel on Medan Fair

Pursuant to the BOT AP, PT AP is required to construct a hotel above the fifth floor of the Medan Fair building (the “Hotel”). Based on the Letter of Undertaking issued by Green Festus on 10 June 2011 and acknowledged by PT AP (“Undertaking Letter”), it is stated that PT AP submitted a proposal to the Medan Fair BOT Grantor to amend the BOT AP such that the requirement of the construction of the Hotel will be amended for the construction of a new building/wing of Medan Fair. The extension will come in the form of two new wings in the east and west sides of the existing mall. The Medan Fair Extension will be integrated with the existing building, and the Medan Fair Extension should be completed within 2 years after the amendment of the BOT AP has been obtained. After the extension, the total NLA of Plaza Medan Fair will be increased by 24% to 69,649.95 sq m. It is expected to attract tenants from among the increasing number of international and regional retailers that are planning their own expansions in Indonesia. The purchase price of the Medan Fair Extension will be determined upon completion of the two new wings and will be based on (i) actual committed leases at the time of completion and (ii) the minimum projected yield of the Medan Fair Extension, and subject to a maximum value equal to 110% of the valuation provided by an independent valuer to be appointed by the Trustee.

Upon approval by the Medan Fair BOT Grantor to such amendment of the BOT Agreement, the Medan Fair Vendor and/or its subsidiaries will undertake to build the Medan Fair Extension.

Pursuant to the Medan Fair Deed of Indemnity, Mr Hendro Setiawan and Mr Nio Yantony, being the controlling shareholders of the Medan Fair Vendor, have agreed to indemnify LMIR Trust for, among other, losses to LMIR Trust in the event that such amendment of the BOT Agreement is not approved by the Medan Fair BOT Grantor.

Pursuant to the Undertaking Letter, Green Festus has undertaken that in the event that: (i) the above proposed amendment of the BOT AP is not granted and AP fails to complete the construction of the Hotel, Green Festus shall undertake to construct the Hotel; or (ii) the above proposed amendment of the BOT AP is granted, but PT AP fails to complete the construction of the new building/wing of Medan Fair, Green Festus undertakes to construct the new building/wing of Medan Fair. Pursuant to the Medan Fair Deed of Indemnity, Mr Hendro Setiawan and Mr Nio Yantony have agreed to indemnify LMIR Trust if Green Festus fails to construct the new building/wing of Medan Fair.

Green Festus is owned by Mr. Hendro Setiawan and Mr. Nio Yantony, who are in turn the controlling shareholders of the Medan Fair Vendor. Green Festus is giving an undertaking on behalf of PT AP as Green Festus is owned by Mr. Hendro Setiawan and Mr. Nio Yantony, the controlling shareholders of the Medan Fair Vendor. Mr. Hendro Setiawan and Mr. Nio Yantony will, under the Medan Fair Deed of Indemnity, provide an indemnity for any losses incurred by LMIR Trust due to a breach of any undertaking under the Undertaking Letter.

Pikko Land Corporation, an entity ultimately owned by Mr. Hendro Setiawan and Mr. Nio Yantony, recently purchased a majority stake in PT Royal Oak Development Asia Tbk (with a total purchase value amounting to more than US\$200 million), an entity listed on the Indonesia Stock Exchange.

Mr. Hendro Setiawan, Mr. Nio Yantony, and Pikko Land Corporation have considerable experience in development work, and Green Festus (being owned by Mr. Hendro Setiawan and Mr. Nio Yantony) would have access to such expertise. Pikko Land Corporation’s projects include the development of:

- (i) Hampton’s Park apartment which is located in Pondok Indah, South Jakarta’s premier residential area, with a total building area of approximately 104,700 sq m and a project size of approximately Rp.700 billion;

- (ii) Sahid Sudirman Residence, a superlative residential complex located in Jakarta’s Jenderal Sudirman Road neighborhood, with a total building area of approximately 104,357 sq m and a project size of approximately Rp.700 billion;
- (iii) Maple Park Golf View Kemayoran, located amidst the residential area at the heart of Kemayoran’s Central Business district, with a total building area of approximately 80,776 sq m and a project size of approximately Rp.450 billion; and
- (iv) Signature Park, located in the Gatot Subroto — M.T. Haryono area, the exclusive business district of Jakarta, with a total building area of approximately 32,780 sq m and a project size of approximately Rp.270 billion.

### 3. THE EXISTING PROPERTIES

The Existing Properties of LMIR Trust as at 30 June 2011 comprises Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza (collectively, the “**Retail Malls**”), as well as Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units (collectively, the “**Retail Spaces**”).

#### 3.1 Description of the Existing Properties

The table below sets out the lease expiry profile by NLA in the Existing Properties as at 30 June 2011.

##### Lease Expiry Profile<sup>(1)</sup> by NLA as at 30 June 2011

	2011	2012	2013	2014	2015 and beyond
The Retail Malls	6.1%	9.1%	11.0%	11.5%	34.5%
The Retail Spaces	0%	0%	0%	0%	23.6%

**Note:**

- (1) The lease expiry profile is based on the percentage of actual running leases expiring per year out of the total leasable area which amount to 398,069 sq m as at 30 June 2011.

Descriptions of each of the Existing Properties are set out below:

#### RETAIL MALLS

##### (1) Gajah Mada Plaza

Gajah Mada Plaza, aggregating a total NLA of 34,292 sq m as at 30 June 2011, is a seven storey with one basement level shopping centre and a carpark comprising 885 parking lots. The mall is located prominently in the heart of Jakarta’s Chinatown, an established and well-known commercial area in the city. Situated along Jalan Gajah Mada, one of the main roads in Jakarta, Gajah Mada Plaza is positioned as a one-stop shopping, dining and entertainment destination for middle to upper income families as well as professional executives and students from the offices and schools within its vicinity.

The 239 tenancies in the mall provide a diverse and complementary tenant mix anchored by Hypermart. The mall’s strong leisure and entertainment component, which includes a cinema, restaurants, family karaoke outlets, a discotheque, video game centres, a fitness centre and a swimming pool, all of which adds to the overall attractiveness of Gajah Mada Plaza.

Gajah Mada Plaza has 239 retail tenants, based on all current leases in respect of the Properties as at 30 June 2011 (“**Current Leases**”). The tenant profile of the mall comprises a diverse set of tenants from a wide variety of industries. The mall is anchored by Hypermart, which occupies 14.5% of the mall’s NLA as at 30 June 2011, respectively. The other prominent tenants include Millennium International Executive Club, which operates as a restaurant during the day and as a discotheque late at night, J-Co Donuts, Kentucky Fried Chicken, Pizza Hut and Inul Vista Karaoke.

The mall has a good tenancy mix which caters to the daily needs of its customers. It is also well known for its specialty stores providing products and services such as pets, jewellery, information technology products, dining and entertainment.

Occupancy in this mall remained strong at 98.9% as at 30 June 2011 and the Matahari Department Store has positively benefited shopper traffic in the mall.

## **(2) Mal Lippo Cikarang**

Mal Lippo Cikarang, aggregating a total NLA of 28,400 sq m as at 30 June 2011, is a two-level retail mall with 485 parking lots located within the Lippo Cikarang estate. The estate is approximately 40 km east of Jakarta and is connected to Jakarta via the Jakarta-Cikampek toll road. Comprising industrial, commercial and residential components, the Lippo Cikarang estate is home to 25,000 residents and approximately 65,000 jobs.

Mal Lippo Cikarang is the main shopping centre in the estate and has limited competition within an approximately 10-km radius. The mall is anchored by Matahari Department Store and Hypermart, and complemented by a cinema, a bookshop, a video game centre, restaurants and dining outlets.

As at 30 June 2011, Mal Lippo Cikarang has 143 retail tenants based on Current Leases as at 30 June 2011. The mall is anchored by Matahari Department Store, Hypermart, which collectively occupy 51.2% of the mall’s NLA as at 30 June 2011, and is well complemented by a diverse set of specialty tenants from a wide variety of industries. The prominent specialty tenants include Timezone, Kentucky Fried Chicken, Wendy’s Restaurant, Pizza Hut, The Executive, Dunkin Donuts and Johnny Andrean Salon.

The mall has achieved an occupancy rate of 99.1% as at 30 June 2011.

## **(3) Cibubur Junction**

Cibubur Junction, aggregating a total NLA of 33,594 sq m as at 30 June 2011, is a five storey retail mall with one basement level and partial roof top level with 636 parking lots. The mall is located strategically in the middle of Cibubur which is one of the most affluent and upmarket residential areas in Jakarta. The mall is situated five km south of Jakarta’s Jagorawi toll road and is easily accessible and visible from the main road.

Being the only retail mall with an NLA of above 30,000 sq m within an approximately 10-km radius, Cibubur Junction is the only mall within its locality that offers shoppers a one-stop shopping experience. Its anchor tenants, Hypermart and Matahari Department Store are well complemented by international and local specialty tenants which include restaurants, fashion labels, a cinema, bookstores, a video game centre and a fitness centre.

As at 30 June 2011, Cibubur Junction has 194 retail tenants based on Current Leases. The tenant profile of the mall comprises international brand names which target the middle to

upper middle income residents within the trade area. These retailers include The Body Shop, Giordano, Polo Ralph Lauren, Charles & Keith, Guardian, Planet Surf, Starbucks Coffee and Pizza Hut.

The lower ground floor is anchored by Hypermart, which accounts for 26.2% of the NLA as at 30 June 2011. The ground floor predominantly comprises retailers selling branded fashion and accessories, and quality F&B retailers. The lower ground floor and the ground floor are also used for exhibition and temporary leasing.

The upper ground and first floor are anchored by the Matahari Department Store, which is expanding to the second floor. The expanded Matahari Department Store accounts for 17.0% of the NLA as at 30 June 2011. The upper ground and first floor comprise a mix of specialty retailers in trade sectors such as fashion, children's wear, accessories and beauty. A large Sports Warehouse store is on the first floor while Karisma Bookstore is on the upper ground.

The tenant mix on the second floor focuses on entertainment and lifestyle. This floor includes the expanded Matahari Department Store, Timezone, Fitness First and Studio 21 Cinema. There are also a large number of small tenancies such as electronics and handphone retailers. The top level comprises Fitness First and Studio 21 Cinema (which has four screens).

An asset enhancement initiative ("AEI") was undertaken at the second level of Cibubur Junction in 2009. Reconfiguration was carried out to create 1,376 sq m of lettable space from the existing 1,035 sq m, thus offering a single corridor layout.

#### **(4) Plaza Semanggi**

The Plaza Semanggi, aggregating a total NLA of 63,590 sq m as at 30 June 2011, is a modern shopping centre comprising seven storey and two basement levels shopping centre and 13 levels of office floors, with a carpark comprising approximately 1,100 parking lots. The Plaza Semanggi is strategically located in the heart of Jakarta's central business district ("CBD") within the city's Golden Triangle at the Semanggi interchange, which is a junction channeling north-south and east-west traffic across central Jakarta. The centre is situated among many commercial buildings and adjacent to Atmajaya University, one of Jakarta's most prominent universities.

Anchored by Centro Department Store and Giant Hypermarket, the 453 tenants provide all categories of shoppers with a diverse and comprehensive tenant mix. The Plaza Semanggi offers both destination and convenience shopping, and is supported by its central location, which is easily accessible by cars and public transport.

As at 30 June 2011, The Plaza Semanggi had 453 retail tenants based on Current Leases. The mall is anchored by the only Centro Department Store located in Jakarta. This Centro Department Store occupies three levels, namely the upper ground floor, level one and level two, with Fitness First also occupying space across levels one and two.

The lower ground floor is occupied by Giant Hypermarket. The ground floor includes a significant number of retailers selling F&B, retail services, gifts, and health and beauty products.

The upper ground floor contains a number of international fashion retailers to complement the department store and to cater for middle to upper middle income visitors. High profile tenants on the upper ground level include Planet Surf, Giordano, and Adidas, Da Vinci jewellery, Starbucks, Bread Talk and a number of optical retailers.

The first floor mainly comprises fashion retailers selling accessories and shoes. The second level focuses on mobile phones, electronics and computers. The third level is dominated by household wares and furniture retailers. Level 3A houses a food court and a restaurant precinct. The cinema complex is located on the fifth level.

An AEI was undertaken in 2009 to create 975 sq m of specialty space from space previously occupied by an anchor tenant who had downsized its tenancy area. As at 30 June 2011, 93.6% of the space is occupied by tenants.

#### **(5) Ekalokasari Plaza**

Ekalokasari Plaza, aggregating a total NLA of 25,458 sq m as at 30 June 2011, is a six storey with three basement levels retail mall and has a carpark comprising 390 parking lots. The mall is located approximately two km south east of the Bogor City Centre on a major road, Jalan Siliwangi, and approximately 3.5 km south or five minutes drive from the Bogor exit of the Jagorawi toll road which connects Jakarta to Bogor. Bogor is approximately 50 km south of Jakarta. Ekalokasari Plaza is positioned as the retail mall of convenience and choice for its population catchment and provides a comprehensive retail mix anchored by Matahari Department Store, Foodmart supermarket, two large bookstores and a concentration of fashion labels and outlets.

As at 30 June 2011, Ekalokasari Plaza has 149 retail tenants based on Current Leases. The tenant profile of the mall comprises a diverse set of tenants. There are 128 specialty stores to cater to family shoppers, with products and services ranging from fashion to music. The mall is anchored by Matahari Department Store and Foodmart supermarket which account for 39.3% of NLA. The anchor tenants, together with the Timezone amusement centre, occupy the lower ground to the second floor. The other prominent tenants include Breadtalk, Gramedia bookstore, J-Co Donut, Giordano, Botanical Food Court, Kentucky Fried Chicken and Popeye restaurant.

As at 30 June 2011, the occupancy rate of the mall was 94.1% of the total existing NLA of 25,458 sq m.

#### **(6) Bandung Indah Plaza**

Bandung Indah Plaza, aggregating a total NLA of 29,395 sq m as at 30 June 2011, is a four storey with three basement levels retail mall with 602 parking lots. It is located strategically in the heart of the CBD of Bandung, the fourth most populous city in Indonesia. The retail mall is easily accessible from Jalan Merdeka, a major road which connects North Bandung to South Bandung, and is surrounded by commercial buildings and middle to upper income residential areas. It is also attached to Hyatt Regency Hotel, one of the leading five-star hotels in Bandung. Bandung Indah Plaza is anchored by Matahari Department Store, Hypermart, a bookstore, a cinema and supported by a list of international and local tenants.

As at 30 June 2011, Bandung Indah Plaza has 242 retail tenants based on Current Leases. The mall provides a one-stop shopping destination with a comprehensive tenant mix of everyday convenience retailers. The mall is well positioned to cater to the youth market, which has strong demand in central Bandung due to the student population from nearby universities.

The ground floor of the mall is anchored by Hypermart, which accounts for 15.2% of the total NLA. This level also includes F&B outlets such as McDonald's and Starbucks, and fashion and accessories retailers such as Quicksilver and Giordano.

The first level of the mall is anchored by Matahari Department Store, which accounts for 19.7% of the total NLA. Youth fashion retailers such as City Surf and Levi's are also well represented. The second level of the mall is anchored by Matahari Department Store and Toko Gunung Agung bookstore. Lifestyle retailers include Extreme Store and MG Music. The third level of the mall comprises Studio 21 Cinema (which has six screens), Timezone and a new food court.

Rp.2.2 billion was invested during 2009 to convert the former Yogya Supermarket that occupied 1,600 sq m into specialty units.

As at 30 June 2011, the average monthly rental rate of specialty stores is Rp.294,000 per sq m per month.

#### **(7) Istana Plaza**

Istana Plaza, aggregating a total NLA of 26,682 sq m as at 30 June 2011, is a four storey with two basement levels retail mall with 340 parking lots. It is located strategically in the heart of the CBD of Bandung, the fourth most populous city in Indonesia.

Situated at the junction between two busy roads of Jalan Pasir Kaliki and Jalan Pajajaran, it is easily accessible by car and public transport. Anchored by Hero Supermarket, the 227 tenancies in Istana Plaza provide one-stop shopping experience for the middle to upper income residents within its population catchment. Istana Plaza's many popular international fashion labels have also helped to attract the young and trendy shopper base.

As at 30 June 2011, Istana Plaza has 227 retail tenants based on Current Leases. The tenant profile of the mall comprises a diverse set of tenants from a wide variety of industries. The mall is anchored by Matahari Department Store, which occupies 17.8% of the mall's total NLA. In addition, it is the only mall in its catchment area with a Nokia Professional Centre and a Hewlett-Packard Centre.

As at 30 June 2011, the mall enjoys an occupancy rate of 99.3%.

#### **(8) Sun Plaza**

Sun Plaza, aggregating a total NLA of 62,588 sq m as at 30 June 2011, is the biggest up-market shopping centre in Medan, the capital of North Sumatra Province and the third most populous city in Indonesia. The mall is located amidst Medan commercial district with prominent landmarks such as the governor's office, foreign embassies and major banks are located within the vicinity. Anchored by Sogo Department Store and Hypermart, it is also home to 432 exclusive tenants including international brands such as Breadtalk, Starbucks, Pizza Hut, Sushi Tei, Mango and Body Shop. The property has a committed occupancy of 99.4% as at 30 June 2011. Sun Plaza provides all classes of shoppers in Medan with a one-stop shopping, dining and entertainment destination.

## **RETAIL SPACES**

### **(1) Mall WTC Matahari Units**

Mall WTC Matahari is located along Jalan Serpong Raya, Serpong within administrative area of Tangerang regency, Banten province. It is situated approximately 18 km west of Jakarta's CBD.

Tangerang is renowned as an industrial and manufacturing city in the Greater Jakarta area, being home to seven industrial estates with a total area of over 1,700 hectares. Due to its proximity to Jakarta, Tangerang benefits from the urban expansion of Jakarta and is home to commuters who work in Jakarta. In recent years, residential estates and satellite cities with their facilities have been developed in Tangerang.

Mall WTC Matahari is strategically located along the main road connecting the BSD residential estate, the largest residential estate in Greater Jakarta. It has proposed development area of 6,000 hectares with currently 1,500 hectares developed and occupied by over 15,000 households. In recent years, BSD City has experienced rapid growth in terms of the number of housing units and retail shop houses which have been built. This has also successfully enhanced Mall WTC Matahari's target market segment from middle to middle-upper and upper class.

The Mall WTC Matahari Units comprise four strata units on part of the ground floor, upper ground floor, mezzanine and second floor of the building, aggregating a total NLA of 11,184 sq m as at 30 June 2011, representing 41.2% of the total NLA of Mall WTC Matahari as at 30 June 2011. The Mall WTC Matahari Units are currently utilised as a department store, hypermarket and entertainment and game centre.

### **(2) Metropolis Town Square Units**

Metropolis Town Square is located in Tangerang city, Banten province, approximately 20 km west of Jakarta's CBD. The CBD's strategic location near the main road connecting the toll road to Tangerang city provides easy access to the Jakarta-Merak toll gate and surrounding residential areas in Tangerang.

Metropolis Town Square is located along Jalan Hartono Raya within the Kota Modern residential estate, about 2.6 km south of the city centre of Tangerang. Tangerang's strategic location between Jakarta and the Soekarno-Hatta International Airport makes it a popular choice for offices and factories. The Indonesian government has continuously been improving the quality of infrastructure between the city and the nation's capital to accommodate the ever increasing road traffic.

Metropolis Town Square is a one-stop shopping mall located along one of the main roads in Tangerang. Hence, the mall has good accessibility to passing traffic. In addition, the mall is the only major retail development in the Tangerang Municipality. The mall is designed in an art deco style and is located within the Modernland development, a large middle to upper income housing complex.

The Metropolis Town Square Units comprise three strata units on part of the ground floor, first floor and second floor of the building, aggregating a total NLA of 15,248 sq m and representing 32.0% of the total NLA of Metropolis Town Square as at 30 June 2011. The Metropolis Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.



### **(3) Depok Town Square Units**

Depok is located in the West Java province, situated between southern Jakarta and the northern side of Bogor regency. The city is located approximately 16 km south of Jakarta's CBD. Depok is renowned as the city of students, being home to four large universities (University of Indonesia, Gunadarma University, Tugu Polytechnic and Jakarta Polytechnic).

Depok's population is estimated at 1.8 million in 2010 and has shown strong population growth, averaging 5% per annum since 2003. In line with city population growth, the commercial area of Depok has been growing rapidly for the last few years, as evidenced by a number of modern shopping centre developments and commercial buildings built along the main road of Depok, Jalan Margonda Raya.

Depok Town Square is located on Jalan Margonda Raya, adjacent to the south eastern side of University of Indonesia, a prominent university in Indonesia. The centre has direct access to Pondok Cina Railway Station at its rear entrance, and therefore connects the station to Jalan Margonda Raya.

The Depok Town Square Units comprise four strata units on part of the lower ground floor, first floor and second floor of the building, aggregating a total NLA of 13,045 sq m and representing 27.0% of the total NLA of Depok Town Square as of 30 June 2011. The Depok Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

### **(4) Java Supermall Units**

Semarang is the capital city of the Central Java province and the fifth largest city in terms of population in Indonesia. With its location along the northern coast of Java, Semarang is an important trading port for the region.

Java Supermall is located within the vicinity of a middle to upper class residential area which is easily accessible from most areas in Semarang. The Java Supermall Units comprise four strata units on the semi-basement, first floor and second floor of the building, aggregating a total NLA of 11,082 sq m, representing 19.8% of the total NLA of Java Supermall as of 30 June 2011. The Java Supermall Units are currently utilised as a department store and supermarket.

### **(5) Malang Town Square Units**

Malang is the second largest city in the East Java province with a population of approximately 0.8 million and a regency population of approximately 2.4 million.

The region is a popular tourist destination due to its natural attractions (for example, Mount Bromo, one of Java's largest volcanoes), cool climate and colonial history. Malang also has a large student population, being home to five universities (Brawijaya, State, Muhammadiyah, Widya Gama and Merdeka Universities).

Malang Town Square, in which Malang Town Square Units are located, is a mall conceptualised as an international lifestyle mall as well as the biggest and most comprehensive mall in Malang. The centre has easy access to public transportation and is surrounded by exclusive residential communities and several universities which have more than 50,000 students.

The Malang Town Square Units comprise three strata units on part of the ground floor, upper ground floor, first floor and second floor of the building, aggregating a total NLA of 11,065 sq m, representing 43.8% of the total NLA of Malang Town Square. The Malang Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

## **(6) Plaza Madiun**

The city of Madiun, with a total population of 0.2 million (based on a 2005 census), is the capital city of Madiun regency in the East Java province. The Madiun regency has a total land area of 1,011 sq km and its population exceeds 0.6 million (based on a 2001 census).

Madiun has benefited from its position which connects major cities in Central and East Java. It is the home of Indonesia's first and largest train manufacturer and is a major sugar producer in Java. The industrial sector and trade, hotel and restaurant businesses are key revenue generators for the city, having contributed around 27.0% and 20.0%, respectively, to Madiun's GRDP (based on economic statistics in 2004).

Plaza Madiun is located along Jalan Pahlawan, a major road of the city which is also the primary thoroughfare in the city of Madiun. The street is positioned in the centre of the commercial and administrative zone, at the crossroad of three existing subdistricts of Madiun. Most of the prominent buildings in Madiun are included in this precinct, including the City Hall, Merdeka Hotel, Tentara Hospital and Pasaraya Shopping Centre. Jalan Pahlawan is accessible from Jalan Sudirman, another major thoroughfare in the city.

Plaza Madiun enjoys high pedestrian traffic from Jalan Pahlawan and is in close proximity to various forms of public transportation options.

Plaza Madiun, aggregating a total NLA of 19,029 sq m as at 30 June 2011, is situated on two HGB titles, comprises the basement, first floor, second floor and third floor and are currently occupied by a supermarket and a department store.

## **(7) Grand Palladium Medan Units**

Medan, the provincial capital of the North Sumatra, is the largest city in Sumatra and the third most populous city in Indonesia after Jakarta and Surabaya. It is a cosmopolitan city with a population of over 2.0 million.

Medan is a growing commercial centre in the region, mainly with agriculture and industry businesses. The city was transformed from a tobacco plantation village in the 19th century to a major government and commercial centre at present.

In terms of economic activity, Medan relies on its natural resources as well as processing industries. Over the years, Medan has been a supplier of vegetable oil, seafood, crafts and various agricultural products to a number of Asian and European countries.

Grand Palladium Medan is conveniently located within the Medan CBD and is only 2.5 km from the Polonia International Airport. The mall is located in the centre of Medan, hence drawing shoppers from all around the city. It is surrounded by government and business offices and the town hall, and therefore benefits from regular crowds of government and business visitors. The mall will potentially witness greater visitor traffic from the proposed office and hotel developments in the vicinity.

The Grand Palladium Medan Units comprise four strata units in part of the basement, lower ground floor, upper ground floor, first floor and third floor of the building, aggregating a total NLA of 13,417 sq m, representing 44.7% of the total NLA of Grand Palladium Medan as at 30 June 2011. The Grand Palladium Medan Units are currently utilised as a department store, hypermarket and entertainment and games centre.

The table below sets out selected information about the Existing Properties as at 30 June 2011.

Property	Bandung Indah Plaza	Cibubur Junction	Ekalokasari Plaza	Gajah Mada Plaza	Istana Plaza	Mal Lippo Cikarang	Plaza Semanggi	Sun Plaza
GFA (sq m) <sup>(1)</sup>	55,196	49,341	39,895	66,160	37,434	37,418	91,232	73,871
NLA (sq m) <sup>(1)</sup>	29,395	33,594	25,458	34,292	26,682	28,400	63,590	62,588
No of tenants <sup>(1)</sup>	242	194	149	239	227	143	453	432
Valuation (\$m) <sup>(2)</sup>	116.9	71.1	52.9	105.6	103.9	67.7	193.7	179.7
Occupancy <sup>(1)</sup>	97.9%	98.7%	94.1%	98.9%	99.3%	99.1%	93.6%	99.4%

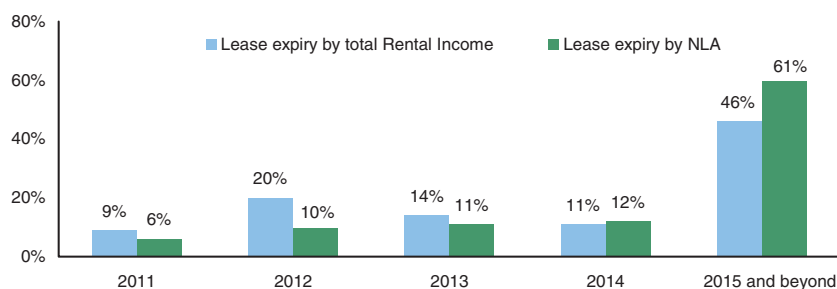
**Notes:**

(1) The GFA, NLA, number of tenants and occupancy rate are as at 30 June 2011.

(2) The information on the Valuation is as at 31 December 2010.

### 3.2 Lease Expiry Profile for the Existing Properties

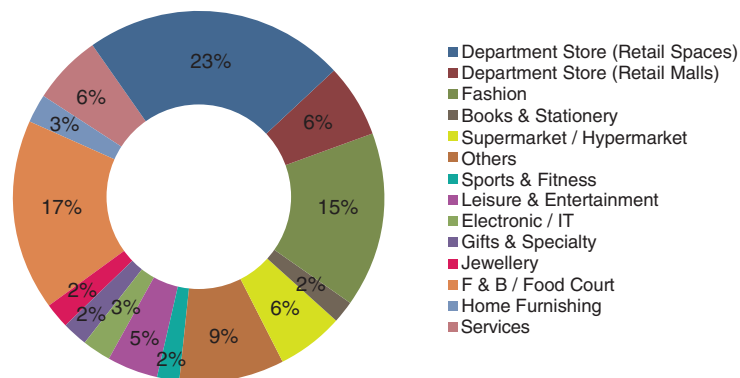
The graph below illustrates the lease expiry profile of the Existing Properties by Rental Income as a percentage of total Rental Income for the month of June 2011 and NLA respectively for 30 June 2011.



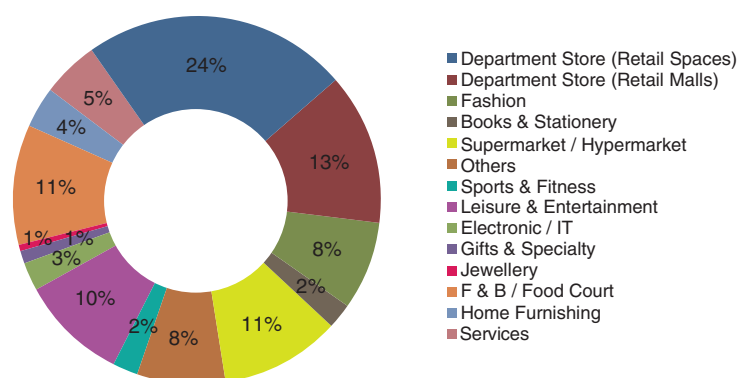
### 3.3 Major Usage Mix for the Existing Properties

The charts below provide a breakdown by Rental Income and total NLA of the major usage mix represented in the Existing Properties for June 2011 and as at 30 June 2011 respectively.

### Usage Mix (by Rental Income for the month of June 2011)



### Usage Mix (by NLA as at 30 June 2011)



### 3.4 Top Ten Tenants of the Existing Properties

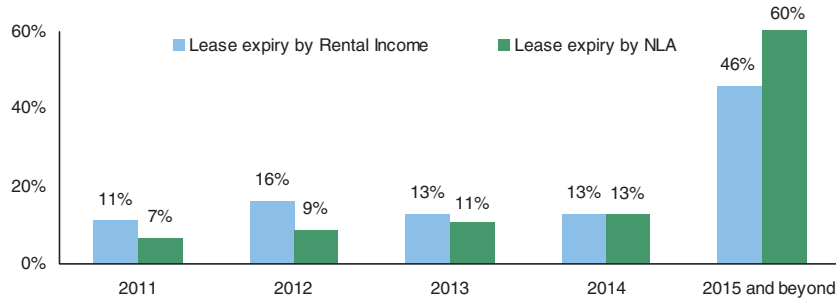
The table below sets out selected information about the top ten tenants of the Existing Properties by total Rental Income (excluding retail turnover rent) for 6M2011.

No	Top ten tenants of the Existing Properties (by Rental Income for 6M2011)	
1	Matahari Dept Store (Retail Spaces)	22.9%
2	Matahari Dept Store (Retail Malls)	4.6%
3	Hypermart	4.6%
4	Centro Department Store	1.2%
5	Gramedia Bookstore	0.9%
6	Giant Super Store	0.8%
7	Solaria	0.8%
8	Electronic Solutions	0.8%
9	Ace Hardware	0.7%
10	Studio 21	0.7%

#### 4. ENLARGED PORTFOLIO (EXISTING PROPERTIES, PLUIT VILLAGE AND MEDAN FAIR)

##### 4.1 Lease Expiry Profile for the Enlarged Portfolio

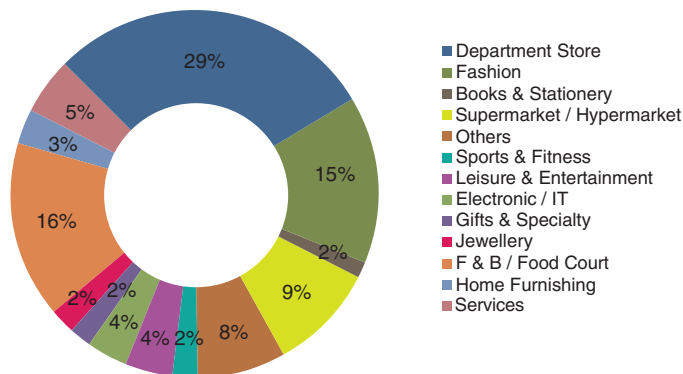
The graph below illustrates the lease expiry profile of the Enlarged Portfolio by Rental Income as a percentage of total Rental Income for the month of June 2011 and as a percentage of NLA as at 30 June 2011.



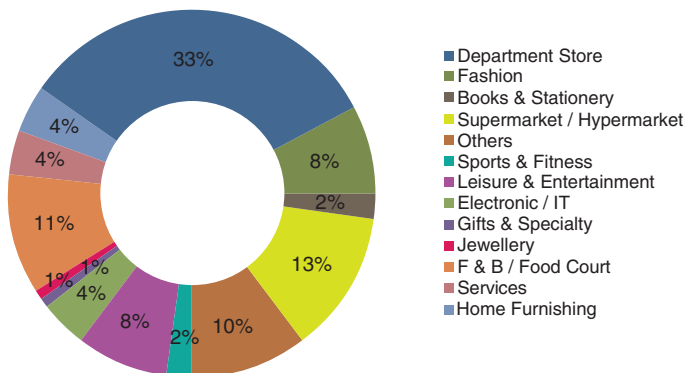
##### 4.2 Major Usage Mix for the Enlarged Portfolio

The charts below provide a breakdown by Rental Income and total NLA of the major usage mix represented in the Enlarged Portfolio for June 2011 and as at 30 June 2011 respectively.

###### Usage Mix (by Rental Income for the month of June 2011)



###### Usage Mix (by NLA as at 30 June 2011)



### 4.3 Top Ten Tenants of the Enlarged Portfolio

The table below sets out selected information about the top ten tenants of the Enlarged Portfolio by NLA and total Rental Income (excluding retail turnover rent) as at 30 June 2011 and for 6M2011 respectively.

No	Top ten tenants of the Enlarged Portfolio (by NLA as at 30 June 2011)	
1	Matahari Dept Store (Retail mall + Retail spaces)	29.1%
2	Hypermart	7.4%
3	Carrefour	3.0%
4	SOGO	2.6%
5	Cinema 21	2.1%
6	Centro Department Store	1.4%
7	Giant	1.4%
8	Gramedia Bookstore	1.3%
9	Millenium	1.2%
10	Electronic Solution	1.0%

No	Top ten tenants of the Enlarged Portfolio (by Rental Income for 6M2011)	
1	Matahari Dept Store (Retail mall + Retail spaces)	25.5%
2	Hypermart	4.9%
3	Carrefour	3.2%
4	Centro Department Store	0.8%
5	Gramedia Bookstore	0.7%
6	Studio 21	0.6%
7	Pizza Hut	0.6%
8	Giant superstore	0.6%
9	Solaria	0.6%
10	Electronic solution	0.6%

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## TAX CONSIDERATIONS

*The following summary of certain Singapore income tax considerations to Unitholders in respect of the Acquisitions is based upon tax laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). This summary is not a tax advice and does not purport to be a comprehensive description of all the tax considerations that may be relevant to Unitholders. Unitholders should consult their own tax advisers on the tax implications that may apply to their own individual circumstances.*

### SINGAPORE INCOME TAX

#### Income Derived from the Properties

The rental income and other related income earned from the Properties will be received in Singapore by the relevant Singapore subsidiaries in a combination of some of the following forms:

- (i) dividend income;
- (ii) interest income; and
- (iii) proceeds from repayment of shareholder's loans.

Any dividend income received in Singapore by the relevant Singapore subsidiaries from PT AP and PT DWL (the "**Foreign Dividend Income**") will be exempt from tax under section 13(8) of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), provided that each of the relevant Singapore subsidiaries is a tax resident of Singapore and the following conditions are met:

- (i) in the year the Foreign Dividend Income is received in Singapore, the headline corporate tax rate of the jurisdiction from which it is received is at least 15.0%;
- (ii) the Foreign Dividend Income has been subjected to tax in the jurisdiction from which it is received; and
- (iii) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the relevant Singapore subsidiary.

The relevant Singapore subsidiaries in respect of the Properties will make an application to the Inland Revenue Authority of Singapore to exempt the interest income received in Singapore from PT AP and PT DWL from Singapore income tax under section 13(12) of the Income Tax Act.

This tax exemption, if granted to the relevant Singapore subsidiaries, will be subject to stipulated conditions and will only apply to interest income received in Singapore on or before 31 March 2015. Unless the tax exemption is subsequently extended by the Singapore Government, any of such interest income received in Singapore after 31 March 2015 will be subject to Singapore income tax at the prevailing corporate rate of tax, currently 17.0%.

Cash that cannot be repatriated by PT AP and PT DWL in the form of dividends may be used by these Indonesian subsidiaries to repay the principal amount of shareholder's loans. The proceeds from the repayment of shareholder's loans received in Singapore by the relevant Singapore subsidiaries are capital receipts and hence not subject to Singapore income tax.

LMIR Trust will in turn receive dividends or redemption (at cost) of preference shares or a combination of both from the relevant Singapore subsidiaries. Provided that these Singapore subsidiaries are



residents of Singapore for income tax purposes, the dividends received by LMIR Trust will be one-tier (tax-exempt) dividends and hence exempt from Singapore income tax in the hands of LMIR Trust. The proceeds from redemption (at cost) of preference shares received by LMIR Trust are capital receipts and not subject to Singapore income tax.

### **Distributions to Unitholders**

Distributions made by LMIR Trust out of the income or cashflow generated from the Properties may comprise either or both of the following two components:

- (i) tax-exempt income component (“**Tax-Exempt Income Distributions**”); and
- (ii) capital component (“**Capital Distributions**”).

Tax-Exempt Income Distributions refer to distributions made by LMIR Trust out of its tax-exempt income (which comprises mainly the one-tier (tax-exempt) dividends that it will receive from the relevant Singapore subsidiaries). Such distributions are exempt from Singapore income tax in the hands of Unitholders. No tax will be deducted at source or withheld on such distributions.

For this purpose, the amount of Tax-Exempt Income Distributions that LMIR Trust can distribute for a distribution period will be to the extent of the amount of tax-exempt income that it has received and is entitled to receive in that distribution period. Any distribution made for a distribution period out of profits or income which LMIR Trust is entitled to receive as its own tax-exempt income after the end of that distribution period will be treated as a capital distribution and the tax treatment described in the next paragraph on “Capital Distributions” will apply. The amount of such tax-exempt income that is subsequently received may be used to frank tax-exempt income distributions for subsequent distribution periods.

Capital Distributions refer, *inter alia*, to distributions made by LMIR Trust out of proceeds received from the redemption of preference shares. Unitholders will not be subject to Singapore income tax on such distributions. These distributions are treated as returns of capital for Singapore income tax purposes and the amount of Capital Distributions will be applied to reduce the cost of Units held by Unitholders. Accordingly, the reduced cost base will be used for the purpose of calculating the amount of taxable trading gains for those Unitholders who hold Units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of Units. If the amount of Capital Distributions exceeds the cost or the reduced cost, as the case may be, of Units, the excess will be subject to tax as trading income of such Unitholders.

## SUMMARY VALUATION REPORTS

WILLSON &amp; REKAN



Letter No.: 314/W&amp;R-Letter/IX/2011

30 September 2011

**HSBC Institutional Trust Services (Singapore) Limited  
(as Trustee of Lippo Malls Indonesia Retail Trust)**

 21 Collyer Quay,  
# 14-01 HSBC Building,  
Singapore 049320

Attention: Ms. Hoi Sau Kheng, Vice President

and

**LMIRT Management Ltd.**

 50 Collyer Quay  
#06-07 QUE Bayfront  
Singapore 049321

Attention: Mr. Alvin Cheng

**RE: VALUATION OF PLUIT VILLAGE, JAKARTA – INDONESIA.**

I refer to the instructions from HSBC Institutional Trust Services (Singapore) Limited (as trustee of Lippo Malls Indonesia Retail Trust) (the "Clients") based on the valuation proposal No. 111-PVW&R-Proposal/II/2011 dated 20 July 2011 for KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") to conduct an independent valuation of Pluit Village in connection with the proposed acquisition and inclusion of Pluit Village into Lippo Malls Indonesia Retail Trust, which is listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX).

Pluit Village comprises a 5-storey shopping center with a total leaseable retail floor area of about 86,278 square meters and accommodates a department store, a hypermarket, hall specialty stores, restaurants, food court, a book store, an electronic store, a movie theater, etc. Major tenants include Matahari Department Store, Gereja Tabernakel, Bestdenki, Cinema XXI, Timezone, Gramedia Book Store, Fantasy Kingdom, Kidz Station, Fitness First, Teo Chew, and Hanamasa. Included in this valuation is a 4-storey shophouse unit that is attached to the northern boundary of Pluit Village.

Pluit Village is a leasehold development, that was built pursuant to an agreement dated 30 June 1995 made by and between the Government of Jakarta as the land owner and PT Duta Wisata Loka, which receives the right amongst others to build and operate the said shopping center and to hand over to the land owner upon expiry of the leasehold period (the "BOT Right").

Our valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) 2007, and our valuers abide to the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

Continue to page 2.

 In association with  
**Knight Frank**

 Kantor Jasa Penilai Publik  
 Willson dan Rekan (License No. : 2.09.0049)  
 Wisma Nugra Santana # 17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia  
 T +62 (21) 570 7170 F +62 (21) 570 7177  
 www.knightfrank.co.id



Letter No.: 314/W&R-Letter/IX/2011

Page 2.

Our valuation has adopted the basis of Market Value, which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In arriving at our opinion of market value, the Valuer has adopted the income approach using discounted cash flow method for the shopping center and sales comparison approach for the shophouse unit. Our Valuation has taken into account the Highest and Best Use Principle.

In line with commonly accepted market practices and standards, we have valued the shophouse based on sales comparison given the availability of sales precedents for comparable properties and the prevailing market price for similar shophouses in the vicinity. The income approach using discounted cash-flow method has been adopted for the Shopping Centre to take into account the potential income to an investor based the terms of existing and proposed leases, occupancy and other operational arrangements.

The Valuation of the Pluit Village shopping centre under the income approach is based on projections of net operating income streams made over a five-year investment horizon and assuming the property is sold at the end of the fifth year. Given the shopping centre is a leasehold (BOT) asset, in determining a terminal disposal value commensurate with the length of the remaining BOT tenure, the Valuer has capitalized the sixth year of net operating income utilizing the dual capitalization rate approach. This approach considers the additional return required by a buyer taking into account the finite tenure of the BOT compared to a comparable asset with a freehold title by adopting a capitalization rate that incorporates:

- the generally accepted capitalization rate for similar properties held under freehold equivalent title; and
- an additional sinking fund provision rate applied over the remaining leasehold tenure which is intended to represent the return that an investor must recoup by the end of the BOT period.

Our opinion of Market Value for the interest of the BOT right holder over the right to operate Pluit Village as of 30 June 2011 pursuant to the BOT Right Agreement and the other relevant agreements; subject to the existing and proposed leases, occupancy and operational arrangements, the factual data, our disclaimers, limiting conditions, comments, and assumptions as presented in our valuation long-form report, is:

**Rp.1,588,100,000,000.**

**(INDONESIAN RUPIAHS ONE TRILLION FIVE HUNDRED EIGHTY EIGHT BILLION AND ONE HUNDRED MILLION ONLY)**

This letter has been prepared to give indication of our valuation result for the Client's information only. Our formal opinion of valuation will be presented in our long-form report.

For and on behalf of

KJPP Willson dan Rekan  
in association with Knight Frank

Willson Kalip  
B.Sc. (Est. Mgt.) (Hons), MAPP (Cert.), MSISV  
Managing Partner

Licensed Public Valuer No.: P-1.08.00016 (Ministry of Finance of the Republic of Indonesia)  
Registered Valuer No.03/PM/STTD-P/A/2006 (Bapepam-LK / Indonesia Capital Market Supervisory Agency)  
Member of Indonesian Society of Appraiser (MAPP) No: 94-S-00387  
Valuation License No.: AD 041-2004997D (Inland Revenue Authority of Singapore)  
Member of Singapore Institute of Surveyors and Valuers (MSISV) No : Vgp/2009/1457

Our Ref : 047/LP-KJPP/LMIR/DA/IX/2011

Jakarta, September 30, 2011

**LMIRT Management Ltd.**

50 Collyer Quay  
#06-07, OUE Bayfront  
Singapore 049321

and

**HSBC Institutional Trust Services (Singapore) Limited**

(as Trustee of Lippo Malls Indonesia Retail Trust)  
21 Collyer Quay  
#14-01, HSBC Building  
Singapore 049320

Re: Valuation of Pluit Village at Jalan Pluit Indah, Sub District of Pluit, District of  
Penjaringan , North Jakarta

Dear Sirs,

We refer to the recent instruction by LMIRT Management Ltd. for us to carry out a market valuation of the property detailed below. We confirm that we have inspected subject property, made relevant inquiries and investigation as we consider necessary for the purpose of providing you with our opinion of market value as of 30<sup>th</sup> June, 2011

**Brief Description of Property**

The property under valuation comprises a mixed-use development of a shopping center, popularly known as Pluit Village located at Jalan Pluit Indah Raya, Sub District of Pluit, District of Penjaringan, North Jakarta.

The subject property is a 5-storey shopping center is built on site of 62,243 square meters with a total gross floor area of 150,649 square meters and a net area (rentable area) of 86,278 square meters.

The subject property is a leasehold development that was built pursuant to an agreement dated 30 June 1995 made by and between the Government of Jakarta as the land owner and PT Duta Wisata Loka, which receives the right amongst others to build and operate the said shopping center and to hand over to the land owner upon expiry of the leasehold period (the "BOT Right").

*Valuation of Mall Pluit Village*

1



### Valuation Methodology

We are instructed to assess the Open Market Value of subject property which we would define as "the best price at which an interest in a property might reasonably be sold at the date of valuation", assuming:

- a. a willing seller;
- b. a reasonable period within which to negotiate the sale, taking into account the nature of the property and the state of the market;
- c. that there is no material fluctuation in value/price throughout the period in (b);
- d. that the property will be freely exposed to the market;
- e. that no account is to be taken of an additional bid by special purchaser; and
- f. that the property is under responsible ownership, free and clear.

Our valuation has given consideration to the following valuation approach.

### Valuation Approach

In line with commonly accepted market practices and standards, we have valued the shophouse based on sales comparison given the availability of sales precedents for comparable properties and the prevailing market price for similar shophouses in the vicinity. The income approach using discounted cash-flow method has been adopted for the Shopping Centre to take into account the potential income to an Investor based the terms of existing and proposed leases, occupancy and other operational arrangements.

The Valuation of the Pluit Village shopping centre under the income approach is based projections of net operating income made over a five year investment horizon and assuming the property is sold at the end of five years. Given the shopping centre is a leasehold (BOT) asset, in determining a terminal disposal value commensurate with the length of the remaining BOT tenure, we have capitalised the sixth year of net operating income utilising the dual capitalisation rate approach. This approach considers the additional return required by a buyer taking into account the finite tenure of the BOT compared to a comparable asset with a freehold title by adopting a capitalization rate that incorporates:

- the generally accepted capitalization rate for similar properties held under freehold equivalent title; and
- an additional sinking fund provision rate applied over the remaining leasehold tenure which is intended to be represent the return that an investor must recoup by the end of the BOT period.

**Value Conclusion**

On the basis of the foregoing valuation approach and with due consideration to the relevant factors affecting the property value, it is our opinion that the market value for the interest of the BOT right holder over the right to operate Pluit Village as of June 30, 2011 pursuant to the BOT Agreement and the other relevant agreements, is:

**IDR 1,804,000,000,000**  
**(One Trillion Eight hundred Four Billion Rupiahs)**

Sincerely yours,  
KJPP Damianus Ambur,



**Damianus Ambur, SE, Mappi (Cert.)**  
Managing Partner  
Public Appraiser : P-1.09.00217  
MAPPi : S-00068



Letter No.: 315/W&R-Letter/IX/2011

30 September 2011

**HSBC Institutional Trust Services (Singapore) Limited**  
**(as Trustee of Lippo Malls Indonesia Retail Trust)**  
21 Collyer Quay,  
# 14-01 HSBC Building,  
Singapore 049320

Attention: Ms. Hoi Sau Kheng, Vice President

and

**LMIRT Management Ltd.**  
50 Collyer Quay  
#06-07 OUE Bayfront  
Singapore 049321

Attention: Mr. Alvin Cheng

**RE: VALUATION OF PLAZA MEDAN FAIR, JAKARTA – INDONESIA.**

I refer to the instructions from HSBC Institutional Trust Services (Singapore) Limited (as trustee of Lippo Malls Indonesia Retail Trust) and LMIRT Management Ltd. (the "Clients") based on the valuation proposal No. 111-PMF/W&R-Proposal/I/2011 dated 20 July 2011 for KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") to conduct an independent valuation of Plaza Medan Fair in connection with the proposed acquisition and inclusion of Plaza Medan Fair into Lippo Malls Indonesia Retail Trust, which is listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX).

Plaza Medan Fair comprises a four-storey shopping center with a total leaseable retail floor area of about 56,074.13 square meters and accommodates a department store, a hypermarket, hail specialty stores, restaurants, food court, a book store and an electronic store. Major tenants include Matahari Department Store, Carrefour, Electronic City, Time Zone and Karisma Bookstore.

Plaza Medan Fair is a leasehold development, that was built pursuant to Agreement No. 644/13250 dated 23 July 2002, and Agreement No.630/7499 dated 17 May 2004 made by and between the Government of Medan as the land owner and PT Anugrah Prima, which receives the right among others to build and operate the said shopping center and to hand over to the land owner upon expiry of the leasehold period (the "BOT Right"). Currently PT Anugrah Prima is applying to extend BOT Period for an additional 5 years, hence the BOT Right would expire on 23 July 2032.

Our valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) 2007, and our valuers abide to the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

In association with

**Knight Frank**

Kantor Jasa Penilai Publik  
Willson dan Rekan (License No. : 2.09.0049)  
Wisma Nugra Santana # 17-08, Il. Jend. Sudirman Kav. 7-B, Jakarta 10220, Indonesia  
T+62 (21) 570 7170 F+62 (21) 570 7177  
www.knightfrank.co.id

Continue to page 2.



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Page 2.

Our valuation has adopted the basis of Market Value, which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In arriving at our opinion of market value, the Valuer has adopted the income approach using discounted cash flow method. Our Valuation has taken into account the Highest and Best Use Principle.

The Valuation of the Plaza Medan Fair shopping centre under the income approach is based on projections of net operating income streams made over a five-year investment horizon and assuming the property is sold at the end of the fifth year. Given the shopping centre is a leasehold (BOT) asset, in determining a terminal disposal value commensurate with the length of the remaining BOT tenure, the Valuer has capitalized the sixth year of net operating income utilizing the dual capitalization rate approach. This approach considers the additional return required by a buyer taking into account the finite tenure of the BOT compared to a comparable asset with a freehold title by adopting a capitalization rate that incorporates:

- the generally accepted capitalization rate for similar properties held under freehold equivalent title; and
- an additional sinking fund provision rate applied over the remaining leasehold tenure which is intended to represent the return that an investor must recoup by the end of the BOT period.

Our opinion of Market Value for the interest of the BOT right holder over the right to operate Plaza Medan Fair as of 3 August 2011 pursuant to the BOT Right Agreements, and assuming PT Anugrah Prima is able to acquire an additional 5 year BOT Terms, and that LMIR Trust as an investor will be granted the right to operate the subject property until 23 July 2032; subject to the existing tenancy agreement, occupancy and operational arrangements, the factual data, our disclaimers, limiting conditions, comments, and assumptions as presented in our valuation long-form report, is:

**Rp.1,095,000,000,000.**  
**(INDONESIAN RUPIAHS ONE TRILLION AND NINETY FIVE BILLION ONLY)**

This letter has been prepared to give indication of our valuation result for the Client's information only. Our formal opinion of valuation will be presented in our long-form report.

For and on behalf of

KJPP Willson dan Rekan  
in association with Knight Frank

Willson Kalip  
B.Sc. (Est. Mgt.) (Hons), MAPP (Cert), MSiSV  
Managing Partner

Licensed Public Valuer No.: P-1.08.00016 (Ministry of Finance of the Republic of Indonesia)  
Registered Valuer No.03/PM/STTD-P/A/2006 (Bapepam-LK / Indonesia Capital Market Supervisory Agency)  
Member of Indonesian Society of Appraiser (MAPP) No: 94-S-00387  
Valuation License No.: AD 041-2004997D (Inland Revenue Authority of Singapore)  
Member of Singapore Institute of Surveyors and Valuers (MSiSV) No : Vgp/2009/1457



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## EXISTING INTERESTED PERSON TRANSACTIONS

Details of the Existing Interested Person Transactions entered into between LMIR Trust and certain associates of the Sponsor during the course of the current financial year are set out below. These Existing Interested Person Transactions relate to leases signed by the various interested persons as tenants of the existing properties of LMIR Trust.

No.	Interested Person	Nature of Transaction <sup>(1)</sup> (Property Rental Revenue)	Area (sq m)	Start Date	Value of Transaction (Rp.)	Value of Transaction (\$) <sup>(2)</sup>	Percentage of NAV <sup>(3)</sup>
1.	PT. Siloam Sarana Karya (Siloam Specialist Clinic)	Rental period for 6 months, Unit Floor 7/005 at Plaza Semanggi	499.61	From 6 August 2010 to 5 February 2011	148,384,170	21,306.40	0.0023%
2.	PT. Jakarta Globe Media (Jakarta Globe)	Rental period for 36 months, Unit Floor 9/007 at Plaza Semanggi	911.60	From 1 August 2008 to 31 July 2011	2,297,396,088	329,881.84	0.0359%
3.	PT. Matahari Department Store Tbk	Rental period for 11 years, Unit S03, 5-8, 28-35, 41 at Gajah Mada Plaza	3,392.2	From 11 December 2009 to 10 December 2020	29,164,549,580	4,187,721.61	0.4563%
4.	PT. Matahari Department Store Tbk	Rental period for 11 years, Unit LG-S4, FF-C6, SF-C7 at Istana Plaza	4,737.87	From 11 December 2009 to 10 December 2020	52,501,730,340	7,538,694.53	0.8214%
5.	PT. First Media Tbk (Wimax)	Rental period for 3 years, Unit Roof 18th Floor at Plaza Semanggi	1 base transceiver station, 3 poles and 3 antennas	From 1 December 2009 to 30 November 2012	348,777,457	50,080.76	0.0055%
6.	PT. Times Prima Indonesia (Times Book Store)	Rental monthly, at Cibubur Junction	110.65	From 1 January 2011 to 30 June 2011 (6 Months)	53,112,000	7,626.32	0.0008%
7.	PT. Times Prima Indonesia (Times Book Store)	Rental monthly, at Bandung Indah Plaza	74.99	From 1 January 2011 to 30 June 2011 (6 Months)	35,995,200	5,168.53	0.0006%
8.	PT. Times Prima Indonesia (Times Book Store)	Rental monthly, at Istana Plaza	70.04	From 1 January 2011 to 30 June 2011 (6 Months)	33,619,200	4,827.36	0.0005%

No.	Interested Person	Nature of Transaction <sup>(1)</sup> (Property Rental Revenue)	Area (sq m)	Start Date	Value of Transaction (Rp.)	Value of Transaction (S\$) <sup>(2)</sup>	Percentage of NAV <sup>(3)</sup>
9.	P.T. Times Prima Indonesia (Times Book Store)	Rental monthly, at Plaza Semanggi	36.00	From 1 January 2011 to 30 June 2011 (6 Months)	17,280,000	2,481.23	0.0003%
10.	University Of Pelita Harapan	Rental period for 5 years, Unit Floor L3-29/30/28A at Plaza Semanggi	98.00	From 1 July 2010 to 30 June 2015	6,232,800,000	894,964.32	0.0975%
11.	University Of Pelita Harapan	Rental period for 5 years, Unit Floor L16 & 17 (Office Tower) at Plaza Semanggi	1869.52	From 1 May 2010 to 30 April 2015	10,095,408,000	1,449,594.07	0.1579%
12.	P.T. Bank National Nobu	Rental period for 5 years. Unit Ground Floor parking area at Cibubur Junction	60.00	Letter of Intent	413,550,000	59,381.42	0.0065%
13.	P.T. Bank National Nobu	Rental period for 5 years, Unit Ground Floor A1 at Istana Plaza	53.00	From 1 September 2011 <sup>(4)</sup> to 31 August 2016	365,302,500	52,453.58	0.0057%
				<b>Total</b>	<b>101,707,904,535</b>	<b>14,604,181.97</b>	<b>1.59</b>

**Notes:**

(1) This excludes the master leases of the 7 Retail Spaces which were entered into as at the time of the initial public offering of LMIR Trust.

(2) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.6,964.3.

(3) Based on the NAV of LMIR Trust of S\$917.8 million as at 30 June 2011.

(4) Estimated.

These Existing Interested Person Transactions have been subject to the internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of LMIR Trust or its minority Unitholders. These procedures include the review and approval of such transactions by the Audit Committee. These transactions comply with the requirements of Chapter 9 of the Listing Manual.

**Rationale and Benefit of the Existing Interested Person Transactions**

It is the agreed policy between the Manager and the property manager that the tenants for the malls should meet the appropriate quality standards and there must be a balanced tenancy mix to meet the requirements of the customers. As such, while no preferential consideration have been given to the tenants above who are Interested Persons, the presence of these individual operators allows the malls to meet its tenancy objectives and contributes to the overall appeal of the malls.

## RELATED TENANCY AGREEMENTS

Upon completion of the Acquisitions, LMIR Trust will, through PT DWL and PT AP, take over all the tenancy and property management agreements with respect to Pluit Village and Medan Fair respectively, including various tenancy and property management agreements entered into by certain associates and subsidiaries of the Sponsor (the "Related Tenancy Agreements"). The aggregate fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp.626.0 billion (S\$89.9 million) and are set out in the following table.

No.	Interested Person	Nature of Transaction	Area (sq m)	Start Date	Term (years)	Value of Transaction (Rp.)	Value of Transaction (S\$) <sup>(1)</sup>	Percentage of NTA/NAV <sup>(2)</sup>
<b>Pluit Village</b>								
1.	PT. FJ Square Indonesia	Leasing	2,224.53	12 September 2009	3 years	1,833,316,576 <sup>(3)</sup>	263,245 <sup>(3)</sup>	Negligible
2.	PT. Artha Baru Nusantara	Leasing	23,181.35	28 November 2008	10 years	308,058,610,662	44,233,966	4.8%
3.	PT. Matahari Graha Fantasi	Leasing	1,174.57	24 January 2009	5 years	6,413,152,200	920,861	0.1%
4.	PT. Prima Cipta Lestari	Leasing	1,262.04	16 April 2009	5 years	6,297,800,695 <sup>(3)</sup>	904,298 <sup>(3)</sup>	0.1%
5.	PT. Artha Baru Nusantara	Leasing	7,975.06	1 January 2010	20 years	205,737,407,856	29,541,721	3.2%
6.	PT. Consulting & Management Services Division	Property Manager	N/A	1 September 2010	4 years and 4 months	23,046,886,873 <sup>(3)</sup>	3,309,290 <sup>(3)</sup>	0.4%
7.	PT. Times Prima Indonesia	Leasing (Casual Leasing)	81.25	1 March 2011	10 months	71,500,000	10,267	Negligible
<b>Total:</b>						551,458,674,862	79,183,647	8.6%

No.	Interested Person	Nature of Transaction	Area (sq m)	Start Date	Term (years)	Value of Transaction (Rp.)	Value of Transaction (\$ <sup>(1)</sup> )	Percentage of NTA/NAV <sup>(2)</sup>
<b>Medan Fair</b>								
1.	PT. Matahari Putra Prima, Tbk	Leasing	6,941.83	23 September 2004	11 years	43,525,274,100	6,249,770	0.7%
2.	PT. Matahari Graha Fantasi	Leasing	490	23 October 2009	5 years	2,309,076,000	331,559	Negligible
3.	PT. Matahari Graha Fantasi	Leasing	621	23 October 2009	5 years	2,926,400,400	420,200	Negligible
4.	PT. Consulting & Management Services Division	Property Manager	N/A	1 September 2010	4 years and 4 months	25,650,445,264 <sup>(3)</sup>	3,683,133 <sup>(3)</sup>	0.4%
5.	PT. Times Prima Indonesia	Leasing (Casual Leasing)	73.76	17 May 2010	36 months	159,321,600	22,877	Negligible
					<b>Total:</b>	74,570,517,364	10,707,540	1.2%

**Notes:**

(1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.6,964.3.

(2) Based on the NTA of LMIR Trust of S\$917.8 million as at 30 June 2011, and the NAV of LMIR Trust of S\$917.8 million as at 30 June 2011.

(3) Figures are derived from the actual performance up to 2010. The figures for 2011 are annualised from the performance in 6M2011 which is then projected with an assumption of no growth until the end of term of the agreement.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**") will be held on 20 October 2011 at 2:00 p.m. at Raffles City Convention Centre, Olivia Room, 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

### ORDINARY RESOLUTIONS

#### 1. ACQUISITION OF PLUIT VILLAGE FROM AN INTERESTED PERSON

That subject to and contingent upon the passing of Resolutions 2 and 3:

- (i) approval be and is hereby given for the acquisition of Pluit Village by LMIR Trust through the acquisition of the entire issued share capital of Grandley Investments Pte. Ltd. and Kindall Investments Pte. Ltd. from Excel Investment Limited ("**Excel Investment**") and Grand Investment Limited ("**Grand Investment**"), respectively, at the purchase consideration described in the circular dated 3 October 2011 issued by LMIR Management Ltd. (in its capacity as manager of LMIR Trust) (the "**Manager**") to holders of units in LMIR Trust ("**Unitholders**" and the circular issued to Unitholders, the "**Circular**") and on the terms and conditions set out in the sale and purchase agreement dated 30 September 2011 entered into between HSBC Institutional Trust Services (Singapore) Limited (in its capacity as the trustee of LMIR Trust) (the "**Trustee**") and Excel Investment and Grand Investment (the "**Pluit Village Acquisition**"), and for payment of all fees and expenses relating to the Pluit Village Acquisition (as described in the Circular), such acquisition being an "interested person transaction" (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited, the "**Listing Manual**") as well as an "interested party transaction" (as defined in Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore in relation to real estate investment trusts);
- (ii) approval be and is hereby given for LMIR Trust to take over the Related Tenancy Agreements (as defined in the Circular) in relation to Pluit Village upon the completion of the Pluit Village Acquisition; and
- (iii) the Manager, any director of 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, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of LMIR Trust to give effect to the Pluit Village Acquisition.

#### 2. THE RIGHTS ISSUE

That subject to and contingent upon the passing of Resolutions 1 and 3:

- (i) approval be and is hereby given for the issue of new units in LMIR Trust ("**Rights Units**") under the renounceable rights issue (the "**Rights Issue**") on a basis of one (1) Rights Unit for every one (1) existing unit in LMIR Trust ("**Existing Unit**", and the basis of the Rights Issue, the "**Rights Ratio**") held as at 5.00 p.m. on 4 November 2011, in the manner described in the Circular;
- (ii) the Rights Issue shall be carried out on the terms of and subject to the conditions set out below and/or otherwise on such terms and conditions as the Manager deems fit:
  - (a) that the provisional allotments of the Rights Units under the Rights Issue shall be made on a renounceable basis to Unitholders with units in LMIR Trust ("**Units**") standing to the credit of their securities accounts with The Central Depository (Pte) Limited ("**CDP**") and (a) whose registered addresses with CDP are in Singapore as at a time and date

to be determined by the directors of the Manager for the purpose of determining the Unitholders' entitlements under the Rights Issue ("**Rights Issue Books Closure Date**") or who have, at least three market days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents or (b) who the Manager considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws ("**Eligible Unitholders**");

- (b) no provisional allotment of Rights Units shall be made in favour of Unitholders other than Eligible Unitholders; and
  - (c) the provisional allotments of Rights Units not taken up or allotted for any reason shall be used to satisfy applications for excess Rights Units ("**Excess Rights Units**") (if any) as the Manager may, in its discretion, deem fit; and
- (iii) the Manager and any director of the Manager 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 such director of the Manager may consider expedient or necessary or in the interests of LMIR Trust to give effect to the Rights Issue, to issue the Rights Units under a temporary stock counter and to allow the Rights Units to participate in any distributions which may accrue for the period from 1 October 2011 to 31 December 2011, notwithstanding that the Rights Units are expected to be issued sometime in December 2011.

### 3. THE WHITEWASH RESOLUTION

That subject to the conditions in the letter from the Securities Industry Council dated 26 September 2011 being fulfilled, the Unitholders, other than PT. Lippo Karawaci Tbk, the sponsor of LMIR Trust (the "**Sponsor**"), parties acting in concert with the Sponsor and parties which are not independent of the Sponsor, hereby (on a poll taken) waive their rights to receive a mandatory offer from the Sponsor and parties acting in concert with the Sponsor, which includes any of the associates (including LMIRT Management Ltd.) and/or existing subsidiaries of the Sponsor and/or new subsidiaries set up by the Sponsor to hold Units (collectively the "**Subscribing Entities**"), which will be subscribing for Rights Units under the Rights Issue, for all the Units not already owned by the Sponsor and parties acting in concert with the Sponsor, in the event that they incur a mandatory bid obligation pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers as a result of:

- (a) the Subscribing Entities taking up provisional allotments of Rights Units allotted and issued to them and, if applicable, through (i) subscribing for the Sponsor Commitment Rights Units (as defined in the Circular) pursuant to the Sponsor Undertaking (as defined in the Circular) and/or (ii) applying for the Sponsor Excess Rights Units (as defined in the Circular) under the Rights Issue; and/or
- (b) the receipt of the Pluit Village Acquisition Fee (as defined in the Circular) in Units by the Manager in its own capacity.

BY ORDER OF THE BOARD  
LMIRT Management Ltd.  
(Company Registration No. 200707703M)  
(as manager of Lippo Malls Indonesia Retail Trust)

Tan San-Ju  
Lynn Wan Tiew Leng  
Company Secretaries  
Singapore  
3 October 2011

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## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes to Proxy Form

1. A unitholder of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**") and a unitholder of LMIR Trust, "**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of LMIR Trust, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with LMIRT Management Ltd., as manager of LMIR Trust (the "**Manager**")) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

# LIPPO MALLS INDONESIA RETAIL TRUST

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

## PROXY FORM

### EXTRAORDINARY GENERAL MEETING

#### IMPORTANT

1. For investors who have used their CPF money to buy units in Lippo Malls Indonesia Retail Trust, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a unitholder/unitholders of Lippo Malls Indonesia Retail Trust ("LMIR Trust"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of LMIR Trust to be held on 20 October 2011 at 2:00 p.m. at Raffles City Convention Centre, Olivia Room, 80 Bras Basah Road, Singapore 189560 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

Resolutions	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	No. of Votes For**	No. of Votes Against**
1 To approve the acquisition of Pluit Village from an Interested Person (Ordinary Resolution)				
2 To approve the Rights Issue (Ordinary Resolution)				
3 To approve the Whitewash Resolution (Ordinary Resolution)				

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Total number of Units held

\_\_\_\_\_  
Signatures of Unitholders/Common Seal



1<sup>st</sup> fold here

2<sup>nd</sup> fold here

Affix  
Postage  
Stamp

**LMIRT MANAGEMENT LTD.**  
(The Manager of Lippo Malls Indonesia Retail Trust)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

3<sup>rd</sup> fold here

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