



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

ANNOUNCEMENT

STATUS UPDATE IN RELATION TO LIPPO MALL KEMANG

1. BACKGROUND

1.1 Description of Lippo Mall Kemang

Lippo Mall Kemang, a five storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia, commenced operations in 2012 and is a fashion and lifestyle mall with a gross floor area (“GFA”) of 150,932 sq m, a net lettable area (“NLA”) of 59,377 sq m, 2,326 car park lots and 1,311 motorcycle lots. Lippo Mall Kemang is part of the Kemang Village Integrated Development which consists of Lippo Mall Kemang, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club. As of 30 June 2015, Lippo Mall Kemang has 4 anchor tenants, 12 large tenants and 182 specialty tenants, catering to consumers in Kemang and South Jakarta. The anchor tenants include Debenhams, Hypermart, Cinema XXI, and ACE hardware, while the large tenants include Fitness First, Best Denki, Timezone and Eatery Food Court.

Lippo Mall Kemang also serves as the podium of a proposed J.W. Marriot hotel (which is expected to be completed in 2016), Pelita Harapan school campus (completed in 2010), a planned hospital (which is expected to be completed in 2017) and three condominium towers, namely “The Infinity” (completed in 2011), “The Empire” (completed in 2011) and “The Intercon” (completed in 2013). Being part of the Kemang Village Integrated Development, Lippo Mall Kemang is expected to capture shoppers from the residential apartments, school, the planned hospital and hotel located in close proximity to the mall.

1.2 Rationale for the LMK Acquisition and Approval Obtained from Unitholders

On 15 September 2014, by LMIRT Management Ltd., in its capacity as manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**”) and as manager of LMIR Trust, the “**Manager**”), announced, among other things, the entry into of the conditional sale and purchase agreement in relation to Lippo Mall Kemang (the “**LMK CSPA**”).

On 22 October 2014, the Manager issued a circular to unitholders (the “**22 October 2014 Circular**”) setting out the details of, among others, the proposed acquisition of Lippo Mall Kemang (the “**LMK Acquisition**”). As stated in the 22 October 2014 Circular, the Manager believes that the LMK Acquisition will bring, among others, the following key benefits to unitholders of LMIR Trust (“**Unitholders**”):

- (i) strategic acquisition of a prominent retail mall within an integrated development with sustainable retail traffic;

- (ii) opportunity to increase the size and enhance the earnings of LMIR Trust;
- (iii) increased economies of scale in operations, marketing and financing; and
- (iv) diversification of assets within LMIR Trust's portfolio to minimise concentration risk.

At an extraordinary general meeting of Unitholders held on 12 November 2014, independent Unitholders passed, among others, a resolution to approve the LMK Acquisition and on 18 December 2014, LMIR Trust took possession of Lippo Mall Kemang, thereby completing the LMK Acquisition.

1.3 Financial Performance of Lippo Mall Kemang

1Q 2015 vs 1Q 2014

Gross rental income of LMIR Trust was S\$6.6 million (or 23.4%) higher than 1Q 2014 due to the acquisition of Lippo Mall Kemang, as well as positive rental reversion within the existing malls. Other revenue was S\$1.7 million (or 29.4%) higher than 1Q 2014 mainly due to the additional contribution from carpark income from Lippo Mall Kemang.

2Q 2015 vs 2Q 2014

Gross rental income of LMIR Trust is S\$5.4 million (or 18.8%) higher than 2Q 2014 due to the acquisition of Lippo Mall Kemang as well as positive rental reversion within the existing malls, despite the depreciation of IDR against SGD when translating income denominated in IDR to SGD. Other revenue was S\$2.8 million (or 53.6%) higher than 2Q 2014 mainly due to the additional contribution from carpark income from Lippo Mall Kemang.

1.4 Put Option Agreement in relation to the LMK Acquisition

As LMIR Trust acquired Lippo Mall Kemang before the strata title certificates (*Sertifikat Hak Milik Satuan Rumah Susun* or "**Strata Title Certificates**") relating to Lippo Mall Kemang were issued, and as protection for Unitholders, the Trustee, PT Almaron Perkasa ("**PT AP**") (the vendor of Lippo Mall Kemang and a corporation which is 92% owned by PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the "**Sponsor**")) and PT Wisma Jatim Propertindo ("**PT WJP**") (a wholly-owned subsidiary of the Sponsor), among others, had on 14 September 2014 entered into a put option agreement (the "**Put Option Agreement**") which provides that if the Strata Title Certificates relating to Lippo Mall Kemang are not issued in the name of PT Kemang Mall Terpadu (an Indonesian limited liability company and indirect wholly-owned subsidiary of LMIR Trust) ("**IndoCo**") on the expiry of 12 months from the date of the LMK CSPA, the Trustee will have the put option to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Trustee, to purchase the entire shareholder's equity of IndoCo (the "**Put Option**"), evaluated at (the "**Put Option Price**"):

- (a) the higher of:
 - (i) Rp.3,600.0 billion, being the purchase consideration for the LMK Acquisition as set out in the LMK CSPA (the "**LMK Purchase Consideration**"); and
 - (ii) the market value of the strata title units of Lippo Mall Kemang as determined by two independent valuers appointed in accordance with Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore in relation to real estate investment trusts

(the “**Property Funds Appendix**”);

- (b) adjusting for other net assets and liabilities of IndoCo as at the date of completion of the exercise of the Put Option; and
- (c) taking into account all transaction costs incurred directly or indirectly, by LMIR Trust for the acquisition of the strata title units of Lippo Mall Kemang and the exercise of the Put Option (including, but not limited to brokerage, stamp duties, acquisition fees, conveyancing fees, legal fees, tax advisory fees and other professional fees).

Such purchase consideration payable by PT WJP shall be offset by net income generated from the strata title units of Lippo Mall Kemang for the period from the date of the LMK Acquisition until the date of completion of the exercise of the Put Option. The net income refers to rental income and other income in relation to the strata title units of Lippo Mall Kemang, offset by expenses incurred for:

- (a) leasing and operation of the strata title units of Lippo Mall Kemang, which includes, but is not limited to, property management fees, land rental, property operating and maintenance expenses and taxes;
- (b) withholding taxes and other expenses incurred for distribution of cash flow from IndoCo to its parent companies;
- (c) cost of funding and finance expenses for both equity and debt financing incurred by LMIR Trust or any of its subsidiaries in relation to the acquisition and operation of Lippo Mall Kemang, where the cost of equity financing refers to cash dividends, interest on shareholder’s loans and repayment of shareholder’s loans from IndoCo to its parent companies; and
- (d) other additional costs and expenses incurred by the parent companies of IndoCo, LMIR Trust or any of LMIR Trust’s subsidiaries as a result of the LMK Acquisition.

2. DELAY IN APPROVAL PROCESS FOR THE STRATA TITLE CERTIFICATES

2.1 Long Stop Date for Issuance of Strata Title Certificates

Pursuant to the LMK CSPA, PT AP is required to, among others, procure the issuance of the Strata Title Certificates in relation to Lippo Mall Kemang under the name of IndoCo on or prior to 14 September 2015 (the “**Long Stop Date**”). If PT AP failed to do so by the Long Stop Date, the Trustee is entitled, pursuant to the Put Option Agreement, to have the Put Option to require PT WJP and/or any third party appointed by PT WJP which is acceptable to the Trustee and LMIR Trust, to purchase all of the shares of the IndoCo from the shareholders of the IndoCo, at the Put Option Price. The Put Option Agreement further provides that the Put Option is exercisable within the period commencing one day after the Long Stop Date until 90 (ninety) calendar days thereafter (the “**Put Option Period**”). The last day for the exercise of the put option under the Put Option Agreement is 14 December 2015.

PT AP and PT WJP have notified the Trustee and the Manager that, as notified by the notary and land deed officer (*Pejabat Pembuat Akta Tanah* or “**PPAT**”), there was a delay in the approval process for the application for the Strata Title Certificates of Lippo Mall

Kemang, and despite the efforts they have made, they were not able to procure the issuance of the Strata Title Certificates by the Long Stop Date.

2.2 Reason for the delay in approval process for the Strata Title Certificates

One of the requirements for the issuance of the Strata Title Certificates is that “upon completion of construction of all or part of the strata title building, the developer shall submit an application to the relevant government authority to obtain a function feasibility certificate (*sertifikat laik fungsi*)” (“**SLF**”).

The Manager understands from the notary handling the application that the SLF for Lippo Mall Kemang had already been issued on 24 December 2014, and the application for the strata title certificates for Lippo Mall Kemang was submitted in December 2014. However, the notary has also informed PT AP and the Manager that after the SLF for Lippo Mall Kemang was approved, there was a significant restructuring in January 2015 of the Building Supervision Agency which processed the SLF, including the authorized officers who were processing the SLF application and as a result, the newly appointed team from the Building Supervision Agency had to revisit the site and conduct a fresh review of the SLF application. This was unexpected and unforeseen, and resulted in the delay in the approval process for the application for the Strata Title Certificates.

According to the notary, the review by the newly appointed team from the Building Supervision Agency was only completed in June 2015, and a fresh application for the Strata Title Certificates for Lippo Mall Kemang was submitted on 4 June 2015.

3. STATUS UPDATE

The Manager wishes to announce that the Manager and the Trustee are currently considering their options, including whether or not to exercise the Put Option under the Put Option Agreement (which is due for exercise by 14 December 2015) or to seek the approval of minority Unitholders for the extension of the Long Stop Date and the Put Option Period under the Put Option Agreement.

The Manager views the delay in the issuance of the Strata Title Certificates as a technical defect and wishes to state, for the avoidance of doubt, that in the meantime, LMIRT continues to control, own and operate Lippo Mall Kemang, which continues to function and generate income for LMIR Trust.

Once the Manager and the Trustee have arrived at a decision in relation to this matter in due course, the Manager will issue an announcement to update Unitholders.

By Order of the Board

LMIRT MANAGEMENT LTD.

(as manager of Lippo Malls Indonesia Retail Trust)

(Company registration number: 200707703M)

Mr Alvin Cheng Yu Dong

Executive Director and Chief Executive Officer

6 October 2015

Important Notice

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.