

CIRCULAR DATED 10 NOVEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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If you have sold or transferred all your units in Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” and the units in LMIR Trust, “**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting 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 United States of America (“**United States**” or “**U.S.**”). It is not an offer of securities for sale into the U.S. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the U.S. or other jurisdiction, and the 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. Any public offering of securities of LMIR Trust in the U.S. would be made by means of a prospectus that would contain detailed information about LMIR Trust and LMIRT Management Ltd., as manager of LMIR Trust (the “**Manager**”), as well as financial statements. The Manager does not intend to conduct a public offering 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.
(Company Registration Number: 200707703M)

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

**THE PROPOSED ACQUISITION OF LIPPO MALL KUTA FROM, AND THE PROPOSED
MASTER LEASES WITH, INTERESTED PERSONS OF LMIR TRUST**

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

KPMG Corporate Finance Pte Ltd
(Company Registration Number: 198500417D)



IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	: 27 November 2016, Sunday at 2:00 p.m.
Date and time of Extraordinary General Meeting	: 30 November 2016, Wednesday at 2:00 p.m.
Place of Extraordinary General Meeting	: Leo/Capricorn Ballroom (Level 1) Marina Mandarin Singapore Hotel 6 Raffles Boulevard, Marina Square Singapore 039594

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CORPORATE INFORMATION

Directors of the Manager (“Directors”)	:	Mr Albert Saychuan Cheok (Chairman and Independent Non-Executive Director) Mr Lee Soo Hoon, Phillip (Independent Non-Executive Director) Mr Goh Tiam Lock (Independent Non-Executive Director) Mr Douglas Chew (Independent Non-Executive Director) Mr Ketut Budi Wijaya (Non-Executive Director) Ms Chan Lie Leng (Non-Executive Director) Ms Viven Gouw Sitiabudi (Executive Director)
Registered Office of the Manager	:	50 Collyer Quay #06-07 OUE Bayfront Singapore 049321
Trustee of LMIR Trust (the “Trustee”)	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of LMIR Trust) 21 Collyer Quay #13-02 HSBC Building Singapore 049320
Legal Adviser to the Manager for the Acquisition and the Master Leases (as defined herein) as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Manager for the Acquisition and the Master Leases as to Indonesian Law	:	Makes & Partners Law Firm Menara Batavia, 7th Floor Jl. KH. Mas Mansyur Kav. 126 Jakarta 10220, Indonesia
Legal Adviser to the Trustee as to Singapore Law	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Legal Adviser to the Trustee as to Indonesian Law	:	Hadiputranto, Hadinoto & Partners The Indonesia Stock Exchange Building Tower II, 21st Floor Sudirman Central Business District Jl. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia
Independent Financial Adviser to the Independent Directors of the Manager and the Trustee in relation to the Acquisition and the Master Leases	:	KPMG Corporate Finance Pte Ltd 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

Independent Reporting Accountant	:	RSM Chio Lim LLP 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095
Independent Singapore Tax Adviser	:	Ernst & Young Solutions LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Independent Indonesia Accounting and Tax Adviser (the “Independent Indonesia Tax Adviser”)	:	PB Taxand Menara Imperium 27th Floor Jl. H.R. Rasuna Said Kav. 1 Jakarta 12980 Indonesia
Independent Valuers (the “Independent Valuers”)	:	KJPP Rengganis, Hamid & Rekan (“ Rengganis ”) in strategic alliance with CBRE Pte. Ltd. (appointed by the Manager for the valuation of Lippo Mall Kuta) Wisma Nugra Santana # 17-03 Jl. Jend. Sudirman Kav. 7-8 Jakarta 10220, Indonesia KJPP Willson dan Rekan (“ W&R ”) (an affiliate of Knight Frank) (appointed by the Trustee for the valuation of Lippo Mall Kuta) Menara Kuningan 8th Floor Jl. HR. Rasuna said Blok X-7 Kav. 5 Jakarta 12940, Indonesia
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

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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 41 to 48 of this Circular.

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

ABOUT LMIR TRUST

Listed on the SGX-ST on 19 November 2007, LMIR Trust is a Singapore-based real estate investment trust (“**REIT**”) with a diversified portfolio of income-producing retail and retail-related properties in Indonesia. LMIR Trust was 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 31 December 2015, LMIR Trust’s existing portfolio¹ comprises nineteen high-quality retail malls and seven major retail spaces located within other malls with a combined net lettable area (“**NLA**”) of 821,429 square metres (“**sq m**”) and a valuation of S\$1.83 billion².

SUMMARY OF APPROVAL SOUGHT

In furtherance of LMIR Trust’s investment policy, the Manager is seeking the approval of unitholders of LMIR Trust (“**Unitholders**”) for the proposed acquisition of the property known as “Lippo Mall Kuta”, a three-storey retail mall which is located in Kuta, Bali with the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia (“**Lippo Mall Kuta**”, and the proposed acquisition of Lippo Mall Kuta, the “**Acquisition**”) from PT Pamor Paramita Utama (the “**Vendor**” or “**PT PPU**”), as well as the Master Leases (as defined herein). The Vendor is indirectly wholly-owned by PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the “**Sponsor**”) (Ordinary Resolution³).

THE ACQUISITION

In furtherance of the Acquisition, LMIR Trust, through Kuta1 Holdings Pte. Ltd. (“**Kuta1**”), a company incorporated in Singapore and an indirect wholly-owned subsidiary of LMIR Trust, has on 8 January 2016 entered into a conditional sale and purchase agreement (as supplemented by a first supplemental property sale and purchase agreement dated 15 August 2016 and a second supplemental property sale and purchase agreement dated 7 November 2016) (collectively, the “**Property CSPA**”) with the Vendor, a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of the Sponsor, for the Acquisition.

¹ On 3 February 2016, Icon2 Investments Pte. Ltd., a wholly-owned subsidiary of LMIR Trust, entered into a conditional sale and purchase agreement in connection with the proposed joint acquisition with First Real Estate Investment Trust, of an integrated development (the “**Yogyakarta Property**”) comprising a hospital component known as Siloam Hospitals Yogyakarta and a retail mall component known as Lippo Plaza Jogja (the “**Joint Acquisition**”), and the Manager intends to seek the separate approval of Unitholders for the Joint Acquisition as soon as practicable (see LMIR Trust’s announcements made on 3 February 2016 and 15 June 2016 for further details). For the avoidance of doubt, all information in this Circular in relation to the Existing Portfolio of LMIR Trust does not include the Yogyakarta Property.

² Includes intangible assets of S\$25.1 million.

³ “**Ordinary Resolution**” refers to a resolution proposed and passed as such by a majority being more 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 dated 8 August 2007 constituting LMIR Trust, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the “**Trust Deed**”).

As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate under a *Hak Guna Bangunan* (Right to Build) (“**HGB**”) title, the Property CSPA provides that Kuta1 has the right to nominate an Indonesian company to enter into a conditional sale and purchase agreement with the Vendor on the same terms as that of the Property CSPA (the “**New Property CSPA**”), and upon such entry, Kuta1 and the Vendor will enter into a termination agreement (the “**Termination Agreement**”) to terminate the Property CSPA.

For the avoidance of doubt, the Indonesian company which Kuta1 intends to nominate to enter into the New Property CSPA is PT Rekreasi Pantai Terpadu, a new Indonesian limited liability company that has recently been incorporated (“**Kuta IndoCo**” or “**PT RPT**”) and which is wholly-owned by Kuta1 and Kuta1’s wholly-owned subsidiary, Kuta2 Investments Pte. Ltd. (“**Kuta2**”). Kuta2 is a company incorporated in Singapore. Kuta1 and Kuta2 will respectively own 75.0% and 25.0% of the issued share capital of the Kuta IndoCo.

In addition, there is currently a hotel (the “**Hotel**”) which is being constructed on top of Lippo Mall Kuta by the Vendor and which is currently expected to be completed by 2018 (the “**Hotel Construction**”). Pursuant to the Property CSPA, the Vendor shall continue the Hotel Construction and upon the completion of the Hotel Construction, the Kuta IndoCo and the Vendor shall negotiate in good faith in relation to the potential acquisition of the Hotel by the Kuta IndoCo. Should Kuta IndoCo decide to purchase the Hotel, the terms and conditions of such acquisition (including any master lease arrangements to be granted by Kuta IndoCo to the Vendor over the Hotel) will be announced at the appropriate time and the separate approval of Unitholders will be sought subsequently.

In the event that Kuta IndoCo decides not to acquire, or the Vendor decides not to handover, the Hotel, the Vendor shall have the right to manage and operate the Hotel and the Vendor and Kuta IndoCo shall enter into an agreement (the “**Hotel Agreement**”) to document this decision and to set out the terms and conditions upon which the management and operation of the Hotel by the Vendor will be carried out, including an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel. For the avoidance of doubt, the Hotel Agreement is not a hotel management agreement which contemplates the ongoing management and operations of the Hotel by a hotel operator but is meant for the parties to agree on what to do with the Hotel once it is fully constructed. If LMIR Trust does not acquire the Hotel, subject to applicable laws and regulations and the fulfilment of any conditions required by LMIR Trust to ensure that its rights to Lippo Mall Kuta are not impaired, reduced and/or affected, Kuta IndoCo will provide reasonable assistance for the Vendor to apply, for and on behalf of Kuta IndoCo, for the issuance of strata title certificates for the Hotel and Lippo Mall Kuta by the relevant land office. The costs and expenses of the application for issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor. The Manager may at the time also consider appointing a professional independent third party to advise in relation to the terms of the ownership, operation and management of the Hotel if appropriate.

(See paragraph 2.12 of the Letter to Unitholders for further details of the arrangements relating to the Hotel.)

Description of Lippo Mall Kuta

Lippo Mall Kuta is part of a six-storey mixed-use development comprising a retail mall component and a hotel component that is being constructed. Lippo Mall Kuta has a gross floor area (“**GFA**”) of 51,595 sq m (comprising 36,312 sq m for the mall and 15,283 sq m for the parking area). Lippo Mall Kuta is a three-level retail mall (including a basement level) with NLA of 20,405 sq m (including 250 sq m of casual leasing space) located in Kuta, Bali bearing the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia. Lippo Mall Kuta was completed in 2013 and commenced operations in the same year. It is a lifestyle mall strategically located in Bali,

which provides a range of products and services covering daily needs, fashion, entertainment and food and beverage (“**F&B**”) for families and tourists as it positions itself as a lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store and Cinemaxx.

(See **APPENDIX A** of this Circular which provides further details about Lippo Mall Kuta.)

Purchase Consideration and Valuation

Two independent property valuers, W&R and Rengganis, were appointed by the Trustee and the Manager respectively to value Lippo Mall Kuta.

The following table sets out the appraised values of Lippo Mall Kuta, the respective dates of such appraisal and the purchase consideration for the Acquisition (the “**Purchase Consideration**”):

Property	Appraised Value				Purchase Consideration (S\$ million)
	By W&R as at 30 June 2016		By Rengganis as at 30 June 2016		
	(S\$ million) ⁽¹⁾	(Rp. billion)	(S\$ million) ⁽¹⁾	(Rp. billion)	
Lippo Mall Kuta	85.2	801.4	94.8	891.7	85.0
Lippo Mall Kuta (Without Master Leases and Service Charges (as defined herein))	80.2	755.0	87.1	819.5	

Note:

- (1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9,410.36 as at the Latest Practicable Date (as defined herein).

The Purchase Consideration is 5.6% below the average of the two independent valuations of S\$90.0 million.

The Manager would like to add, for Unitholders’ information, that should the Master Leases and Service Charges¹ not be taken into account in the appraised values of Lippo Mall Kuta by W&R and Rengganis, then their respective valuations as at 30 June 2016 would be Rp.755.0 billion (S\$80.2 million) and Rp.819.5 billion (S\$87.1 million), respectively, and the Purchase Consideration will represent a premium of 1.6% to S\$83.7 million, being the average of such valuations. The Master Leases will be granted for a lease term of five years each, commencing from the date of completion of the Acquisition.

(See **APPENDIX B** of this Circular for further details regarding the valuation of Lippo Mall Kuta by the Independent Valuers.)

¹ Pursuant to the Property CSPA, for three years commencing from the completion of the Acquisition, the Vendor shall collect all service charges and utilities recoveries and other operations-related income from the tenants of Lippo Mall Kuta and shall bear all costs and expenses of operation and maintenance of Lippo Mall Kuta (“**Service Charges**”).

The Master Leases

In connection with the Acquisition, the Vendor will terminate the existing leases over the car park space, casual leasing space and specialty tenants space at Lippo Mall Kuta and prior to completion of the Acquisition, Kuta IndoCo (as the master lessor) will enter into the following leases which will take effect upon completion of the Acquisition:

- (i) a car park lease agreement with PT Trimulia Kencana Abadi (as the lessee of the car park space of Lippo Mall Kuta) (“**PT TKA**”) in respect of the grant of a lease over the entire parking lot area of Lippo Mall Kuta consisting of 355 car park lots and 250 motorcycle lots (the “**Car Park Lease Agreement**”);
- (ii) a casual leasing space lease agreement with PT Kencana Agung Pratama (as the lessee of the casual leasing space of Lippo Mall Kuta) (“**PT KAP**”) in respect of the grant of a lease over the entire casual leasing area of Lippo Mall Kuta of approximately 250 sq m (the “**Casual Leasing Space Lease Agreement**”); and
- (iii) separate specialty tenants lease agreements with PT Kridakarya Anugerah Utama (as the lessee of the specialty tenants areas of Lippo Mall Kuta) (“**PT KAU**”) in respect of the grant of leases over certain specialty tenants areas of approximately 4,400 sq m and a food court of 1,672 sq m (the “**Specialty Tenants Lease Agreements**”),

(collectively, the “**Master Lease Agreements**”).

PT TKA, PT KAP and PT KAU (collectively, the “**Master Lessees**”) are limited liability companies incorporated in Indonesia and are indirect wholly-owned subsidiaries of the Sponsor.

The leases pursuant to the Master Lease Agreements (the “**Master Leases**”) will be granted for a lease term of five years each, commencing from the date of completion of the Acquisition.

The Manager believes that given (i) Lippo Mall Kuta’s strategic location in Bali, which is a leading tourist destination in Indonesia which saw approximately 4 million foreign tourists in 2015, an increase of 6.2% from 2014, (ii) the recently completed asset enhancement initiatives (“**AEI**”) to reconfigure the Hypermart at Lippo Mall Kuta to generate more lettable space for specialty stores and F&B outlets, (iii) that there is a hotel being constructed on top of Lippo Mall Kuta currently expected to be completed by 2018 which may increase footfall to the mall and (iv) the view of Rengganis that the total underlying revenue from the Master Leases is sustainable from the sixth year onwards, the rentals under the Master Leases are sustainable by the underlying tenants of Lippo Mall Kuta after the expiry of the Master Leases.

(See paragraph 2.9 of the Letter to Unitholders for further details, including the Manager’s assessment of the Master Leases.)

Estimated Total Acquisition Cost

The total cost to LMIR Trust of the Acquisition, comprising (i) the Purchase Consideration of Rp.800.0 billion (S\$85.0 million), (ii) the value-added tax (“**VAT**”) of Rp.76.2 billion (S\$8.1 million), (iii) the acquisition fee¹ of S\$0.8 million (the “**Acquisition Fee**”) payable to the Manager pursuant

¹ Being 1.0% of the Purchase Consideration. As the Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the Acquisition Fee payable to the Manager will be in the form of Units (the “**Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

to the Trust Deed which is payable in the form of Units, as well as (iv) the professional and other fees and expenses of approximately S\$1.3 million to be incurred by LMIR Trust in connection with the Acquisition, is estimated to be approximately S\$95.2 million (the “**Acquisition Cost**”).

(See paragraph 2.15 of the Letter to Unitholders for further details.)

Method of Financing the Acquisition

S\$94.4 million of the Acquisition Cost will be paid in cash on the date of completion of the Acquisition. The Acquisition Cost (excluding the Acquisition Fee Units) is expected to be financed via proceeds from the issuance of bonds and/or debt financing facilities from banks. The final decision regarding the method of financing to be employed will be made at the appropriate time taking into account the relevant market conditions.

As at the Latest Practicable Date, LMIR Trust has an aggregate leverage of 27.9%. Under the Property Funds Appendix, LMIR Trust’s aggregate leverage cannot exceed 45.0% of its deposited property. Where the Acquisition is financed 100.0% with borrowings, LMIR Trust’s aggregate leverage will increase from 27.9% to approximately 31.1%, which is within the maximum aggregate leverage limit of 45.0% under the Property Funds Appendix.

(See paragraph 2.16 of the Letter to Unitholders for further details.)

INTERESTED PERSON TRANSACTION¹ AND INTERESTED PARTY TRANSACTION²

As at 7 November 2016, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), the Manager has a direct interest in 121,616,821 Units (comprising 4.34% of the total number of issued 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 through its interest in the Manager, has deemed interests of (i) 29.32% in LMIR Trust and (ii) 100.0% in the Manager, and is therefore regarded as a “**Controlling Unitholder**”³ of LMIR Trust and a “**Controlling Shareholder**”⁴ of the Manager, respectively, under both the Listing Manual and the Property Funds Appendix.

For the purpose of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Vendor, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) and the Master Lessees, being wholly-owned subsidiaries of the Sponsor, are Interested Persons¹ and Interested Parties² of LMIR Trust.

¹ “**Interested Person Transaction**” means a transaction between an entity at risk and an Interested Person (as defined herein).

² “**Interested Party Transaction**” has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.

³ “**Controlling Unitholder**” means a person who:

- (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

⁴ “**Controlling Shareholder**” means a person who:

- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

As such, the Acquisition and the Master Leases will constitute Interested Person Transactions under Chapter 9 of the Listing Manual and also Interested Party Transactions under Paragraph 5 of the Property Funds Appendix for which Unitholders' approval is required. Accordingly, the approval of Unitholders is sought for the Acquisition and the Master Leases.

(See paragraph 4 of the Letter to Unitholders for further details.)

RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring, among others, the following key benefits to Unitholders:

- (i) strategically located retail mall asset in Bali with organic growth potential;
- (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.

(See paragraph 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
Last date and time for lodgement of Proxy Forms	: 27 November 2016, Sunday at 2:00 p.m.
Date and time of the EGM	: 30 November 2016, Wednesday at 2:00 p.m.

If approval for the Acquisition is obtained at the EGM:

Target date for completion of the Acquisition	: 31 December 2016 which shall automatically be extended to 31 March 2017 if completion has not occurred on 31 December 2016 (or such other date as may be agreed between the Trustee and the Vendor)
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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 and Independent
Non-Executive Director)
Mr Lee Soo Hoon, Phillip (Independent Non-Executive Director)
Mr Goh Tiam Lock (Independent Non-Executive Director)
Mr Douglas Chew (Independent Non-Executive Director)
Mr Ketut Budi Wijaya (Non-Executive Director)
Ms Chan Lie Leng (Non-Executive Director)
Ms Viven Gouw Sitiabudi (Executive Director)

Registered Office

50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

10 November 2016

To: Unitholders of Lippo Malls Indonesia Retail Trust

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

In furtherance of LMIR Trust's investment policy, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution at the extraordinary general meeting of Unitholders to be held on 30 November 2016, Wednesday at Leo/Capricorn Ballroom (Level 1), Marina Mandarin Singapore Hotel, 6 Raffles Boulevard, Marina Square, Singapore 039594, at 2:00 p.m. (the "EGM") for the Acquisition and the Master Leases (Ordinary Resolution).

2. THE ACQUISITION

2.1 Description of Lippo Mall Kuta

Lippo Mall Kuta is part of a six-storey mixed-use development comprising a retail mall component and a hotel component that is being constructed. Lippo Mall Kuta has a GFA of 51,595 sq m (comprising 36,312 sq m for the mall and 15,283 sq m for the parking area). Lippo Mall Kuta is a three-level retail mall (including a basement level) with NLA of 20,405 sq m (including 250 sq m of casual leasing space) located in Kuta, Bali bearing the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia. Lippo Mall Kuta was completed in 2013 and commenced operations in the same year. It is a lifestyle mall strategically located in Bali, which provides a range of products and services covering daily needs, fashion, entertainment and F&B for families and tourists as it positions itself as a lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store and Cinemaxx.

(See **APPENDIX A** of this Circular which provides further details about Lippo Mall Kuta.)

2.2 Structure of the Acquisition

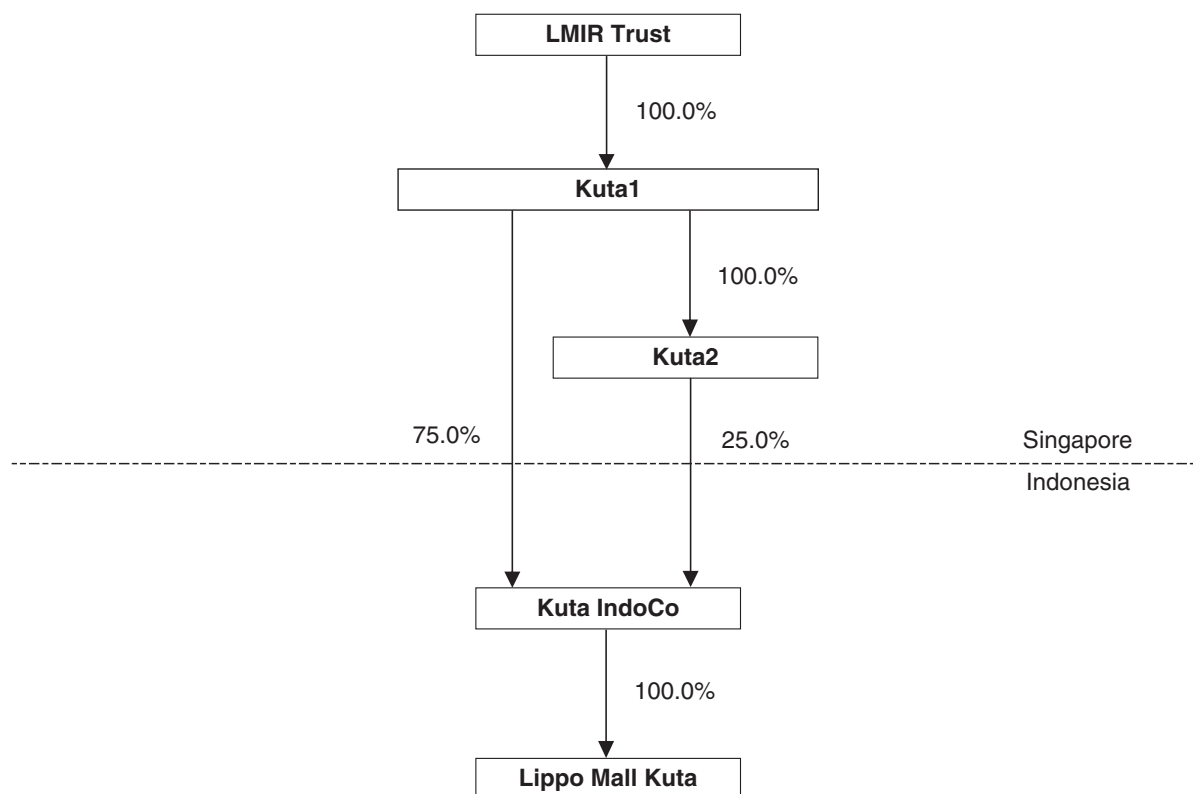
The Manager is seeking to acquire Lippo Mall Kuta from the Vendor for the Purchase Consideration of Rp.800.0 billion (S\$85.0 million).

As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate under a HGB title, the Property CSPA provides that Kuta1 has the right to nominate an Indonesian company to enter into the New Property CSPA, and upon such entry, Kuta1 and the Vendor will enter into the Termination Agreement to terminate the Property CSPA.

For the avoidance of doubt, the Indonesian company which Kuta1 intends to nominate to enter into the New Property CSPA will be PT Rekreasi Pantai Terpadu, a new Indonesian limited liability company that has recently been incorporated ("**Kuta IndoCo**") and which is wholly-owned by Kuta1 and Kuta2. Kuta1 and Kuta2 will respectively own 75.0% and 25.0% of the issued share capital of Kuta IndoCo.

Upon completion of the Acquisition, Lippo Mall Kuta will be held by Kuta IndoCo under one HGB title certificate which will expire on 22 March 2037. The Hotel, which is being constructed on top of Lippo Mall Kuta, is held under the same HGB title as Lippo Mall Kuta but is not part of the Acquisition and only upon the completion of the Acquisition, Kuta IndoCo and the Vendor shall negotiate in good faith in relation to the potential acquisition of the Hotel by Kuta IndoCo. For the avoidance of doubt, LMIR Trust will not be responsible for any costs and expenses in respect of the Hotel.

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



2.3 Valuation and Purchase Consideration

The Independent Valuers, W&R and Rengganis, have been appointed by the Trustee and the Manager, respectively, to value Lippo Mall Kuta. The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of Lippo Mall Kuta by W&R and Rengganis. The valuations were derived by W&R and Rengganis using the income approach utilising the discounted cash flow method. This approach considers the subject property as an income-producing property.

The following table sets out the appraised values of Lippo Mall Kuta, the respective dates of such appraisal and the Purchase Consideration:

Property	Appraised Value				Purchase Consideration (S\$ million)
	By W&R as at 30 June 2016		By Rengganis as at 30 June 2016		
	(S\$ million) ⁽¹⁾	(Rp. billion)	(S\$ million) ⁽¹⁾	(Rp. billion)	
Lippo Mall Kuta	85.2	801.4	94.8	891.7	85.0
Lippo Mall Kuta (Without Master Leases and Service Charges)	80.2	755.0	87.1	819.5	

Note:

(1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9.410.36 as at the Latest Practicable Date.

The Purchase Consideration is 5.6% below the average of the two independent valuations of S\$90.0 million.

The Manager would like to add, for Unitholders' information, that should the Master Leases and Service Charges¹ not be taken into account in the appraised values of Lippo Mall Kuta by W&R and Rengganis, then their respective valuations as at 30 June 2016 would be Rp.755.0 billion (S\$80.2 million) and Rp.819.5 billion (S\$87.1 million), respectively, and the Purchase Consideration will represent a premium of 1.6% to S\$83.7 million, being the average of such valuations. The Master Leases will be granted for a lease term of five years each, commencing from the date of completion of the Acquisition.

(See **APPENDIX B** of this Circular for further details regarding the valuation of Lippo Mall Kuta by the Independent Valuers.)

2.4 BPHTB and VAT

BPHTB

Kuta IndoCo should pay the duty on the acquisition of land and building rights ("**BPHTB**") at the rate of 5% of the transaction price or the tax object sale value as determined by the head of the local government, whichever is higher, at the time the Deed of SPA (as defined herein) is made.

¹ Pursuant to the Property CSPA, for three years commencing from the completion of the Acquisition, the Vendor shall bear all Service Charges of Lippo Mall Kuta. Please refer to paragraph 2.8 for further details.

VAT

Kuta IndoCo will be charged VAT at the rate of 10% on the purchase of land and building by the Vendor. However, the VAT charges by the Vendor will be treated as input VAT, which can be used to offset the output VAT from rental income of Kuta IndoCo.

(See **APPENDIX E** “Indonesian Tax Considerations” for further details.)

2.5 Experience and track record of the Independent Valuers

Based on the Decree of the Ministry of Finance of the Republic of Indonesia (“**MOF Indonesia**”), (No. 101/PMK.01/2014) on Public Appraisal (the “**Decree**”), before public appraisers provide services, they must obtain a license from MOF Indonesia. In providing the services, the public appraisers must go through a Public Appraisal Services Office (Kantor Jasa Penilai Publik/KJPP) that has obtained a business license from MOF Indonesia. The Decree is intended to regulate the conduct of public appraisal services in Indonesia and it is likely that all relevant Indonesian governmental authorities would only recognise and accept appraisal reports from appraisers who have a license who act through KJPP that have a business license. To conduct business activities in Indonesia, Foreign Public Appraisal Services Offices (Kantor Jasa Penilai Publik Asing/KJPPA) may cooperate with a KJPP upon approval from MOF Indonesia.

W&R

W&R was established in 2009, in accordance with the Decree and provides property valuation and consultancy services. W&R, formerly the valuation department of PT Willson Properti Advisindo which was established in 2001, is registered with the Masyarakat Profesi Penilai Indonesia (the Indonesian Society of Appraisers) (“**MAPPI**”) and is also a licensed public valuer/appraiser with MOF Indonesia. Its valuation staff has international and domestic experience and its clientele includes major international and local companies.

Rengganis

Rengganis is an independent valuation firm registered in Indonesian Society of Appraisers (Masyarakat Profesi Penilai Indonesia – MAPPI), previously known as PT Heburinas Nusantara in association with CBRE Pte. Ltd. (established in 1996). Effective 1 March 2010, Rengganis established a strategic alliance with CBRE Pte. Ltd., a global property services company. Rengganis is provided with a business permit from the Ministry of Finance and registered with the Indonesian Financial Services Authority. Its valuation staff has international and domestic experience and its clientele includes major international and local companies.

2.6 Conditions Precedent for the Completion of the Acquisition

Completion of the sale and purchase of Lippo Mall Kuta is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following conditions precedent:

- 2.6.1** Kuta IndoCo has received the duly executed copy of the release and discharge letters in a form satisfactory to Kuta IndoCo, confirming that, among others, the existing encumbrances over Lippo Mall Kuta have been discharged and released;
- 2.6.2** the approval by Unitholders to be given at an extraordinary general meeting for the transactions contemplated under the transaction documents for the Acquisition;

- 2.6.3** the entry into and delivery of the duly executed intellectual property license agreement to be entered into by Kuta IndoCo and PT Sentra Dwimandiri (“**PT SD**”) whereby PT SD transfers a non-exclusive right to Kuta IndoCo, to use the “Lippo Mall Kuta” trademark and word, which shall commence to take effect as of the completion of the Acquisition;
- 2.6.4** the obtainment of approvals (if required) from the MAS and the SGX-ST and other regulatory approvals;
- 2.6.5** Kuta1 or the Kuta IndoCo (as applicable) and LMIR Trust being satisfied with the results of due diligence (including but not limited to legal, financial, tax and building due diligence) to be conducted by LMIR Trust and/or its counsels or advisers, which Kuta1 and/or LMIR Trust may consider to be relevant, including on or in connection with the Vendor and Lippo Mall Kuta;
- 2.6.6** securing sufficient financing to undertake the purchase of Lippo Mall Kuta, and the agreement for such financing not having been terminated and being unconditional in all respects;
- 2.6.7** the execution of novation agreements over contracts and tenancy agreements entered into by the Vendor in relation to Lippo Mall Kuta;
- 2.6.8** there being no adverse change to the financial condition of any of the vendor group members or its ability to perform any of its obligations under the transaction documents;
- 2.6.9** the licenses, authorisations, orders, grants, confirmations, consents, permissions, notices, reports, registrations and other approvals necessary for or in respect of the proposed sale and purchase of Lippo Mall Kuta having been obtained or submitted by the relevant vendor group member from or to third parties (including notice to, and approval from, the Regent of Badung, other governmental or official authorities, courts or other regulatory bodies) on terms satisfactory to the purchaser and such licenses, authorisations, orders, grants, confirmations, consents, permissions, notices, registrations and other approvals remain in full force and effect;
- 2.6.10** no law, regulation or decision which would prohibit, restrict or delay or adversely affect the sale and purchase of Lippo Mall Kuta or the operation of Lippo Mall Kuta having been proposed, enacted or taken by any governmental or official authority;
- 2.6.11** each of the vendor group members obtaining corporate approvals from their respective shareholders and board of commissioners approving, among others, the sale of Lippo Mall Kuta and the transactions contemplated in the transaction documents;
- 2.6.12** the obtainment by the Vendor of all licenses required for the construction and operation of Lippo Mall Kuta in accordance with applicable laws and regulations including but not limited to the valid issuance of a new Building Construction Permit (*Izin Mendirikan Bangunan*) and Building Usage Approval (*Persetujuan Penggunaan Bangunan*) to expressly state mall as the type of building, in the form satisfactory to the purchaser;
- 2.6.13** the execution of the New Property CSPA by the Vendor and the Kuta IndoCo, with the same terms and conditions as the Property CSPA;

- 2.6.14** the execution of the Termination Agreement, with terms to be mutually agreed by the parties to terminate the Property CSPA on the same date as the execution of the New Property CSPA;
- 2.6.15** the execution of a confirmation agreement to confirm that upon execution of the New Property CSPA, the terms and conditions of the Deed of Indemnity (as defined herein) will remain effective, in full force and effect and bind parties thereto;
- 2.6.16** the submission of the 2014 duly audited financial statements of PT Wisma Jatim Propertindo (“**PT WJP**”), a wholly-owned subsidiary of the Sponsor, which will indemnify the Trustee against certain liabilities or damages suffered by the Trustee arising out of or in connection with the Acquisition, and if required by Kuta1, Kuta IndoCo and/or the Trustee in their discretion, the change of the identity of the indemnifying party to a party acceptable to Kuta IndoCo and the Trustee and any amendments, supplements, novation, assignments and/or extension to the Deed of Indemnity as may be required to give effect to the foregoing in form and substance satisfactory to the Trustee and Kuta IndoCo or Kuta1 (as the case may be); and
- 2.6.17** the execution of a supplemental conditional sale and purchase agreement which shall include the final forms of the Master Lease Agreements and the execution of the Master Lease Agreements in the form as attached to the supplemental conditional sale and purchase agreement.

In the event that not all (but at least 50% of the leases by total number of tenants at Lippo Mall Kuta and by total lease income of Lippo Mall Kuta) of the leases in relation to Lippo Mall Kuta are novated to Kuta IndoCo with effect from the date of completion of the Acquisition, the Vendor will have a six months grace period commencing from the date of completion of the Acquisition to novate the remainder of the leases, and during this period, the Vendor shall pay rental fees and service charges in relation to these leases without any deductions to Kuta IndoCo, and such rental fees and services charges shall be paid on a monthly basis. If the Vendor fails to fully novate the remainder of the leases at the end of this six months grace period, the Vendor shall pay to Kuta IndoCo the total rental fees and service charges (if any) for the remaining term of these leases.

2.7 Indemnity in relation to the Acquisition

The Trustee has, on 8 January 2016 entered into a deed of indemnity (as supplemented by a supplemental deed dated 9 November 2016) (the “**Deed of Indemnity**”) with PT WJP pursuant to which PT WJP will indemnify the Trustee and LMIR Trust against certain liabilities or damages suffered by the Trustee and LMIR Trust arising out of or in connection with the Acquisition, subject to certain terms and conditions.

“Certain conditions” include, among others, the conditions that:

- (i) the maximum aggregate liability in respect of all claims under the Deed of Indemnity shall not exceed the Purchase Consideration;
- (ii) no claim shall be brought against PT WJP unless:
 - (1) written particulars shall have been notified in writing to the indemnifying party before the expiry of 24 months for any other claims from the date of completion of the Acquisition; and

- (2) unless such claim has already been settled to the satisfaction of the Trustee, proceedings in respect of the claim shall have been commenced by being both issued and served within four months of the expiry of the period mentioned in sub-paragraph (1) above.

2.8 Service Charges

Pursuant to the Property CSPA, for three years commencing from the completion of the Acquisition, the Vendor shall collect all service charges and utilities recoveries and other operations-related income from the tenants of Lippo Mall Kuta, and shall bear all costs and expenses of operation and maintenance of Lippo Mall Kuta.

2.9 The Master Lease Agreements

Prior to the completion of the Acquisition, Kuta IndoCo will enter into the following leases:

- (i) the Car Park Lease Agreement with PT TKA (as the lessee of the car park space of Lippo Mall Kuta);
- (ii) the Casual Leasing Agreement with PT KAP (as the lessee of the casual leasing space of Lippo Mall Kuta); and
- (iii) the Specialty Tenants Lease Agreements with PT KAU (as the lessee of the specialty tenants areas and food court of Lippo Mall Kuta),

each of which will take effect on the completion of the Acquisition for a lease term of five years each.

The Master Lessees are limited liability companies incorporated in Indonesia and are indirect wholly-owned subsidiaries of the Sponsor.

2.9.1 Car Park Lease Agreement

The Car Park Lease Agreement will be entered into between Kuta IndoCo and PT TKA (as the lessee), in respect of the grant of a lease over the entire parking lot area of Lippo Mall Kuta consisting of 355 car park lots and 250 motorcycle lots. The Car Park Lease will be granted at monthly rent of Rp.308.3 million for a period of five years, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis.

2.9.2 Casual Leasing Space Lease Agreement

The Casual Leasing Space Lease Agreement will be entered into between Kuta IndoCo and PT KAP (as the lessee) in respect of the grant of a lease over the entire casual leasing area of Lippo Mall Kuta of approximately 250 sq m. The Casual Leasing Space Lease will be granted at monthly rent of Rp.375.0 million for a period of five years, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis.

2.9.3 Specialty Tenants Lease Agreement

The Specialty Tenants Lease Agreements will be entered into between Kuta IndoCo and PT KAU (as the lessee) in respect of the grant of leases over certain specialty tenants areas of approximately 4,400 sq m and a food court of 1,672 sq m. The Specialty Tenants Leases will be granted at monthly rent of Rp.2,706.0 million and

Rp.217.4 million for the specialty tenants areas and the food court respectively, for a period of five years each, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis.

2.9.4 Assignment/Subletting

Each of the Master Lessees shall have the full right to sub-let the Master Leases without the prior written consent of Kuta IndoCo on the condition that the terms under the sub-lease(s) do not exceed the terms under the relevant Master Lease. If the Master Lessees intend to sub-let the Master Leases on terms which exceed the terms under the relevant Master Lease or on lease terms expiring less than six months prior to the terms under the relevant Master Lease, the Master Lessees would be required to obtain the consent of Kuta IndoCo.

The Master Lessees are prohibited from assigning each of their rights and obligations under the relevant Master Lease Agreements to any other party without the prior written consent of Kuta IndoCo.

2.9.5 Maintenance and other Operating Expenses of the Master Leases

The Master Lessees will be responsible for the payment of all service charges which are required to cover the maintenance (except for the Car Park Lease Agreement) and operating expenses in relation to the respective areas in Lippo Mall Kuta which are subject to the Master Leases.

2.9.6 Assessment of the Master Leases

The Manager understands from PT PPU that the actual rental received by the Master Lessees from the underlying tenants of the Master Leases for the financial year ended 31 December 2015 ("FY2015") is Rp.1.2 billion in respect of the car park space, Rp.1.4 billion in respect of the casual leasing area space and Rp.6.0 billion in respect of the specialty tenants area (excluding the food court¹). The total actual rental income received from the underlying tenants of the Master Leases (excluding the food court) for FY2015 is Rp.8.6 billion, which represents approximately 21.1% of the total annual rental income under the Master Leases (excluding the food court) of Rp.40.7 billion and 12.4% of the gross rental income for Lippo Mall Kuta (excluding the food court) for FY2015 of Rp.69.3 billion.

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¹ The Manager understands from PT PPU that the lease agreement for the food court was only entered into at the end of FY2015 and no revenue was recorded by PT PPU in FY2015 for the food court. All rental income payable for the food court for FY2015 is payable to PT PPU in FY2016.

The following table sets out additional details of each of the Master Leases and the underlying performance of the respective areas under each of the Master Leases as at and for the financial year ended 31 December 2015:

Master Lease	Area (sq m)	Annual Rental Income		Monthly Rental Rate		Occupancy Rate	
		Master Lease	Underlying	Master Lease	Underlying	Master	Underlying
Food Court	1,672	– ⁽¹⁾	– ⁽²⁾	Rp.130,000 per sq m (“psm”)	Rp.90,000 psm with annual step-ups ⁽¹⁾	100%	100% ⁽¹⁾
Specialty Tenants (master leased units excluding the food court)	4,400	Rp.32.5 billion	Rp.6.0 billion	Rp.615,000 psm	Rp.201,955 psm	100%	60%
Casual Leasing	250	Rp.4.5 billion	Rp.1.4 billion	Rp.49,300 psm per day ⁽³⁾	Rp.26,900 psm per day	100%	57%
Parking	355 car parking lots	Rp.3.7 billion	Rp.1.2 billion	Rp.7.7 million per lot per annum ⁽³⁾	Rp.2.6 million per lot per annum	95%	29%
	250 motorcycle lots						
Total	–	Rp.40.7 billion ⁽¹⁾	Rp.8.6 billion ⁽²⁾	–	–	–	–

Notes:

- (1) Excluding the annual rental income under the Master Lease for the food court of Rp.2.6 billion. Please refer to footnote 2 below for further details.
- (2) The Manager understands from PT PPU that the lease agreement for the food court was only entered into at the end of FY2015 and no revenue was recorded by PT PPU in FY2015 for the food court. All rental income payable for the food court for FY2015 is payable to PT PPU in FY2016.
- (3) Calculated based on the annual Master Lease rental income.

Lippo Mall Kuta is still in its infancy stage, having commenced operations in 2013, and it requires time for its rental and occupancy rates to stabilise and reach full market rental levels. In addition, the Manager understands from the Master Lessees and the property manager of LMIR Trust that the current average underlying rental rates of the areas under the Master Leases are low as some tenants are still enjoying concessionary rental rates. Such concessionary rental rates will generally expire between 2018 and 2020 and the Manager's intention is for new leases to be entered into or renewed at prevailing market rental rates. The Manager has therefore put in place the Master Leases to allow LMIR Trust to benefit from the additional stability of rental income and downside protection during the initial ramping up period as the mall continues to mature. The total annual rental income under the Master Leases represents approximately 62.5% of the gross rental income for Lippo Mall Kuta for FY2015 of Rp.69.3 billion.

However, over a period of five years from the time the property is acquired by LMIR Trust, as the mall matures and stabilises, the Manager expects the utilisation and occupancy rates of the areas under the Master Leases to increase and the underlying rental rates to appreciate to levels consistent with market rates. This is supported by Rengganis' view that in relation to the Master Lease Agreements, for specialty tenants area and the food court, the contractual base rent in the fifth year is relatively similar with their projected market rent in that year, while casual leasing and parking contribute less significantly to the total revenue from the Master Lease Agreements and therefore the total underlying revenue from the Master Leases is sustainable from the sixth year onwards.

The Manager believes that given:

- (i) Lippo Mall Kuta's strategic location in Bali, which is a leading tourist destination in Indonesia which saw approximately 4 million foreign tourists in 2015, an increase of 6.2% from 2014;
- (ii) the recently completed AEI to reconfigure the Hypermart at Lippo Mall Kuta to generate more lettable space for specialty stores and F&B outlets;
- (iii) that there is a hotel being constructed on top of Lippo Mall Kuta currently expected to be completed by 2018 which may increase footfall to the mall; and
- (iv) the view of Rengganis that the total underlying revenue from the Master Leases is sustainable from the sixth year onwards,

the rentals under the Master Leases are sustainable by the underlying tenants of Lippo Mall Kuta after the expiry of the Master Leases.

The Manager had considered the implied rental levels under the Master Leases and is of the view that these rates are commensurate with a mall of Lippo Mall Kuta's positioning and a head lease over the whole of each of the underlying spaces.

Disclosure Pursuant to Paragraph 7.1(a) of the Property Funds Appendix

Based on the Existing Portfolio, 88.7% of LMIR Trust's total deposited property is considered income-producing as at 31 December 2015. After the completion of the acquisition of Lippo Mall Kuta, 85.2% of LMIR Trust's total deposited property will be considered income-producing, which is above the minimum requirement in paragraph 7.1(a) of the Property Funds Appendix for at least 75% of a property fund's deposited property to be invested in income-producing real estate. Therefore, LMIR Trust will continue to comply with paragraph 7.1(a) of the Property Funds Appendix after the completion of the Acquisition.

Pursuant to the guidance note to paragraph 7.1(a) of the Property Funds Appendix, a property would be considered income-producing if its yield (without any arrangement which could artificially enhance the yield of the property) is greater than the risk-free rate. For the purposes of paragraph 7.1(a) of the Property Funds Appendix, the yield of Lippo Mall Kuta (without taking into account the Master Leases and the Service Charge) on a standalone basis is lower than the risk-free rate¹ and is therefore not considered income-producing for purposes of the Property Funds Appendix.

2.10 Related Tenancy Agreements relating to Lippo Mall Kuta

Upon completion of the Acquisition, and assuming that all of the leases of Lippo Mall Kuta are novated to Kuta IndoCo immediately prior to completion of the Acquisition (save for any leases in respect of the underlying areas which are covered under the Master Leases), LMIR Trust will, through Kuta IndoCo, take over all of the tenancy agreements with respect to Lippo Mall Kuta, including various tenancy agreements entered into by certain associates and subsidiaries of the Sponsor (the "**Related Tenancy Agreements**"). The aggregate rental fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp.92.4 billion (S\$9.8 million) as at 31 December 2015. 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 net tangible assets ("**NTA**") and net asset value ("**NAV**") accounted for by the Related Tenancy Agreements is also set out in **APPENDIX F** of the Circular.

The rental rates under the Related Tenancy Agreements are comparable to the rental rates of leases signed with other malls within LMIR Trust's Existing Portfolio (as defined herein), after taking into account the differences between each mall. Based on the foregoing, the Manager and the Audit and Risk Committee (as defined herein) is of the view that the Related Tenancy Agreements are made on normal commercial terms and are not prejudicial to the interests of LMIR Trust and its minority Unitholders.

By approving the Acquisition, Unitholders are deemed to have specifically given approval for LMIR Trust to take over the Related Tenancy Agreements.

(See **APPENDIX F** of this Circular for further details about the Tenancy Agreements.)

¹ For the purposes of paragraph 7.1(a) of the Property Funds Appendix, the risk-free rate will be taken as the highest yield of 5-year Singapore Government Securities for the 12 months preceding the date of the valuation reports for Lippo Mall Kuta.

2.11 Indonesian Currency Law

On 28 June 2011, the Government of the Republic of Indonesia issued Law No. 7 of 2011 concerning Currency (“**Law 7/2011**”) and on 31 March 2015, Bank Indonesia issued the Bank Indonesia Regulation No. 17/3/PBI/2015 concerning Mandatory Use of Rupiah Currency in Indonesian Territory (*Penggunaan Rupiah di Wilayah Negara Kesatuan Republik Indonesia*) (“**BI Regulation No. 17/2015**”) which implementation is further regulated in Circular Letter of Bank Indonesia No. 17/11/DKSP dated 1 June 2015. The terms and conditions of the transaction documents for the Acquisition will be subject to Law 7/2011 and BI Regulation No. 17/2015.

Based on BI Regulation No.17/2015, Indonesian Rupiah currency shall be used in (i) each transaction which requires payment, (ii) other obligations which are settled by cash, and/or (iii) other financial transactions, in each case within the territory of the Republic of Indonesia, subject to certain exceptions including:

- (i) bank deposit in foreign exchange;
- (ii) international financing transaction; and
- (iii) transactions in foreign currency conducted in accordance with the prevailing laws and regulations (such as any business in foreign currency conducted by banks; transactions in the primary and secondary market on securities issued by the government in foreign currency).

Law 7/2011 and BI Regulation No. 17/2015 also provide that:

- (a) a party is prohibited from refusing to receive Indonesian Rupiah for payment or settlement of obligations which should be settled by Indonesian Rupiah and/or for other financial transactions within the territory of the Republic of Indonesia, unless there is doubt on the authenticity of the Indonesian Rupiah; but
- (b) payment or settlement of obligations in foreign currencies which has been provided for in a written agreement shall be exempted from the requirement in paragraph 2.11(a) above.

However, BI Regulation No. 17/2015 further clarifies that the above exemption in paragraph 2.11(b) applies only for:

- (I) agreements relating to transactions exempted from the mandatory use of Indonesian Rupiah as referred to in BI Regulation No. 17/2015 such as the transactions set out in paragraphs 2.11(i) to 2.11(iii) above; or
- (II) agreements for strategic infrastructure projects which have been approved by Bank Indonesia.

As BI Regulation No. 17/2015 as the implementing regulation of Law 7/2011 is new and untested, there is uncertainty as to how it will be applied or interpreted.

Since LMIR Trust is required to receive income from its Existing Portfolio in Indonesian Rupiah, its revenue will be affected by fluctuations in the exchange rates of the Indonesian Rupiah with respect to any master lease agreements entered into by it from 1 July 2015. The impact of future exchange rate fluctuations on LMIR Trust’s liabilities and property expenses cannot be accurately predicted and the Indonesian Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Indonesian Rupiah/Singapore dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore.

2.12 Hotel Construction

Details of the Arrangements in relation to the Hotel

The Hotel is currently being constructed on top of Lippo Mall Kuta by the Vendor and the Hotel Construction is currently expected to be completed by 2018. Pursuant to the Property CSPA, the Vendor shall continue the Hotel Construction and upon the completion of the Hotel Construction, Kuta IndoCo and the Vendor shall negotiate in good faith in relation to the potential acquisition of the Hotel by Kuta IndoCo. Should Kuta IndoCo decide to purchase the Hotel, the terms and conditions of such acquisition (including any master lease arrangements to be granted by Kuta IndoCo to the Vendor over the Hotel) will be announced at the appropriate time and the separate approval of the Unitholders will be sought subsequently.

In the event that Kuta IndoCo decides not to acquire, or the Vendor decides not to handover, the Hotel, the Vendor shall have the right to manage and operate the Hotel and the Vendor and Kuta IndoCo shall enter into Hotel Agreement to document this decision and to set out the terms and conditions upon which the management and operation of the Hotel by the Vendor will be carried out, including an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel. For the avoidance of doubt, the Hotel Agreement is not a hotel management agreement which contemplates the ongoing management and operations of the Hotel by a hotel operator but is meant for the parties to agree on what to do with the Hotel once it is fully constructed. If LMIR Trust does not acquire the Hotel, subject to applicable laws and regulations and the fulfilment of any conditions required by LMIR Trust to ensure that its rights to Lippo Mall Kuta are not impaired, reduced and/or affected, Kuta IndoCo will provide reasonable assistance for the Vendor to apply, for and on behalf of Kuta IndoCo, for the issuance of strata title certificates for the Hotel and Lippo Mall Kuta by the relevant land office. The costs and expenses of the application for issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor. The Manager may at the time also consider appointing a professional independent third party to advise in relation to the terms of the ownership, operation and management of the Hotel if appropriate. For the avoidance of doubt, no put option has been granted to LMIR Trust to require the Vendor to purchase Lippo Mall Kuta should the strata title not be issued in respect of the Hotel.

Transferability of Lippo Mall Kuta Prior to Issuance of Strata Title

The Manager has been advised by Makes & Partners Law Firm, the Legal Adviser to the Manager for the Acquisition and the Master Leases as to Indonesian Law, that under Indonesian law, upon the acquisition by Kuta IndoCo of the HGB title under which Lippo Mall Kuta is held, Kuta IndoCo will hold the HGB title and will therefore have legal title to the land and all buildings constructed on the land (including Lippo Mall Kuta and the Hotel). As the legal owner, Kuta IndoCo can freely transfer Lippo Mall Kuta and the Hotel through the sale of the entire HGB title without restrictions.

Prior to the issuance of strata titles for the Hotel and Lippo Mall Kuta, LMIR Trust may sell Lippo Mall Kuta without having to seek the Vendor's consent or compensate the Vendor, in the following ways:

- First, LMIR Trust can sell its entire equity interest in Kuta IndoCo, which will hold the HGB title and therefore legal title to the land and all buildings constructed on the land, including Lippo Mall Kuta and the Hotel, to a third party purchaser. The purchaser who acquires the entire equity interest in Kuta IndoCo will also have acquired the benefits and liabilities of the contracts which Kuta IndoCo has entered into, including the Property CSPA, which contains, among others:

- the obligations on the Vendor to carry out the construction of the Hotel and to bear all related costs, fees, expenses and taxes in relation to the Hotel Construction and as further set out under the section “Details of the Safeguards in relation to the Hotel Arrangements – Property CSPA below”; and
 - (should LMIR Trust decide not to acquire the Hotel or the Vendor decide not to handover the Hotel) the rights of the Vendor to use, develop, manage and operate the Hotel, as well as to the economic benefits of the Hotel, and the obligations of the Vendor and the Purchaser to enter into the Hotel Agreement which would set out the terms and conditions upon which the utilisation, development, management and operation of the Hotel by the Vendor will be carried out, including an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel, and vice versa in respect of the operations of Lippo Mall Kuta, and an undertaking from the Vendor that the Vendor’s utilisation, development, management and/or operation of the Hotel will not, in any way, impair or negatively affect the use or operation of Lippo Mall Kuta or the rights of ownership and title of Kuta IndoCo in relation to Lippo Mall Kuta. Therefore the third party purchaser is effectively assuming the position of LMIR Trust and it would have the same rights and recourse to the Vendor like LMIR Trust.
- Second, Kuta IndoCo can transfer the HGB title to the purchaser and the purchaser will assume the position of Kuta IndoCo as the new owner and recognise the Vendor’s contractual rights to use, develop, manage and operate the Hotel, as well as to the economic benefits of the Hotel. Under this scenario, the Hotel Agreement will be novated from Kuta IndoCo to the purchaser, similar to the novation of a lease agreement to a purchaser of a standalone mall owned by LMIR Trust, should LMIR Trust decide to sell a standalone mall from its existing portfolio. The Vendor has also undertaken to give its consent upfront now to a novation of the Hotel Agreement to any purchaser should LMIR Trust decide to sell the HGB title and so no further consent is required from the Vendor.

Therefore, Kuta IndoCo is able to freely transfer the HGB title and a purchaser will assume the same position as the legal owner of the entire property but with the rights to use, develop, manage and operate the Hotel, as well as to the economic benefits of the Hotel, remaining with the Vendor.

Furthermore, as disclosed in the prospectus of LMIR Trust dated 9 November 2007, a holder of HGB title has the right to erect, occupy and use buildings on that particular parcel of land, and also has the right to encumber and sell all or part of the parcel.

Details of the Safeguards in relation to the Hotel Arrangements

Property CSPA

The Property CSPA provides that in undertaking the Hotel Construction, the Vendor is obliged to carry out, among others, the following to ensure that such construction will not affect, reduce and/or impair the rights of ownership and title of Kuta IndoCo and will not cause any disturbance or interruption to the business and/or operations of Lippo Mall Kuta:

- (i) notify Kuta IndoCo in writing of its intention to commence any work relating to the Hotel Construction at least three business days prior to commencement of such work;
- (ii) discuss in good faith with Kuta IndoCo on any work to be done with respect to the Hotel including on the drawing, specification, structure, plan and timing of the Hotel Construction;

- (iii) bear all costs, fees, expenses and taxes (including any costs overrun and costs that may be incurred by LMIR Trust) in connection with the Hotel or in relation to or as a result of the Hotel Construction;
- (iv) obtain, maintain and ensure compliance with all legal and regulatory requirements for or in connection with the Hotel Construction;
- (v) at its own cost and expense, insure all construction works and other activities in relation to the Hotel construction with a good reputable insurance company, including but not limited to All Risk Construction insurance. The Vendor has also undertaken to bear and pay all costs, expenses, charges, fees and premiums with respect to such insurance and ensure that the terms of such insurance are no less favourable than those generally available to a prudent owner;
- (vi) carry out the construction works in a proper and workmanlike manner, and without causing any damage to Lippo Mall Kuta;
- (vii) cause as little interruption as possible to the operation of Lippo Mall Kuta as is reasonable in the circumstances; and
- (viii) indemnify LMIR Trust from and against (1) any and all losses incurred or suffered or instituted, submitted or made against or to LMIR Trust, (2) all fees, costs and expenses incurred, paid or suffered and (3) any and all suits, warnings, claims, proceedings and disputes from any person, in each case arising from or in connection with the Hotel Construction that causes or results in the occurrence of any physical damage to Lippo Mall Kuta, loss of income caused by such physical damage or injury or death of any person.

Some of the key warranties which are given by the Vendor under the Property CSPA in relation to the Hotel include:

- (a) that the buildings and other structure of the Hotel will be constructed and operated as a four-star hotel by international standards in accordance with applicable laws and regulations;
- (b) that the Hotel Construction will be carried out and completed in accordance with (1) applicable laws and regulations, (2) applicable approvals, consents and licences from relevant parties including government authorities, (3) the transaction documents (including the Property CSPA), and (4) all relevant plans, approved by, or notified to, the relevant government authorities;
- (c) that no notice, warning, notification, summon and/or any letter has been received (or is reasonably expected to be received) from any party including government or statutory authorities alleging that the Hotel Construction is not in compliance with any applicable requirement, law, regulation, licence or consent or the relevant planning and other government or statutory authorities, and no notice, warning, notification, summon and/or any letter has been received from any party including any government authority which is still outstanding; and
- (d) that nothing has been done or omitted to be done by the Vendor on the Hotel, the doing or omission of which is a contravention of any applicable laws, regulations, orders or official directions.

The maximum liability of the Vendor in respect of all claims (other than taxation claims) for breach of warranties or otherwise under the Property CSPA shall not exceed the Purchase Consideration.

Deed of Indemnity

To secure the obligations of the Vendor under the Property CSPA, under the Deed of Indemnity, PT WJP has agreed to indemnify LMIR Trust against, among others, any and all losses which LMIR Trust may suffer arising from or relating to the construction of the Hotel, subject to certain conditions, such as a maximum liability of up to the Purchase Consideration. The duration of the Deed of Indemnity in respect of any liabilities or losses suffered by LMIR Trust which relates to the construction of the Hotel shall be up to the earlier of (i) the completion of the acquisition of the Hotel by LMIR Trust, and (ii) the entry into of the Hotel Agreement.

Accordingly, in the event that the Vendor is unable to fulfill its obligations in respect of the Hotel whether due to financial reasons or otherwise, the Trustee may also claim against PT WJP under the Deed of Indemnity in respect of any losses suffered by LMIR Trust arising from such failure by the Vendor to fulfill its obligations.

Hotel Agreement

The Property CSPA provides that the Hotel Agreement to be entered into in the event that LMIR Trust decides not to acquire the Hotel will need to include an undertaking from the Vendor to indemnify Kuta IndoCo against all losses or claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel, and vice versa in respect of the operations of Lippo Mall Kuta and an undertaking from the Vendor that the Vendor's management and/or operation of the Hotel will not, in any way, impair or negatively affect the use or operation of Lippo Mall Kuta or the rights of ownership and title of Kuta IndoCo in relation to Lippo Mall Kuta.

Based on the above, the Manager believes that the risk to LMIR Trust arising from the arrangements in relation to the Hotel will be sufficiently mitigated.

However, notwithstanding that each of the Vendor and PT WJP has provided an indemnity for, among others, the Hotel Construction under the Property CSPA and the Deed of Indemnity respectively, and the Hotel Agreement will provide for an undertaking by the Vendor to indemnify Kuta IndoCo for the operation of the Hotel, there is no assurance that prior to issuance of separate strata titles for Lippo Mall Kuta and the Hotel, Kuta IndoCo (as the holder of the HGB title with legal title to the land and all buildings constructed on the land, including Lippo Mall Kuta and the Hotel) will be adequately compensated for any losses which it may suffer or incur arising from the use, development, management and operations of the Hotel by the Vendor.

Application for Strata Title

The Manager has been advised by the Legal Adviser to the Manager for the Acquisition and the Master Leases as to Indonesian Law that in general, HGB title may be converted into strata title (*hak atas satuan rumah susun*) subject to compliance with, and fulfillment of, all requirements of applicable laws and regulations and relevant government authorities/institutions (including the Land Office) and therefore the Manager understands that the Vendor does not currently envisage any difficulty for the strata titles to be issued for Lippo Mall Kuta and the Hotel. The Manager understands that the Legal Adviser to the Manager for the Acquisition and the Master Leases as to Indonesian Law is unable to provide a legal opinion on whether they foresee any difficulties in obtaining strata title because whether an

application will be granted is a factual matter which depends on, among others, obtaining the relevant building construction and functionality permits based on the development of the building. In general, the process for issuance of a strata title certificate in Indonesia will require the following:

- submission of application to the relevant government authority for the issuance of a building construction permit (*Izin Mendirikan Bangunan* or “**IMB**”), which shall indicate, among others, the purpose of the strata title building (i.e., for residential or non-residential or both);
- obtainment of the IMB by the developer;
- preparation by the developer, of specifications that clearly shows the boundaries of each strata unit, common area, common land and common property in the form of picture/blue print and description which shall be stated in a separation deed that should be ratified by the local government having the jurisdiction over the location in which the strata building is built;
- construction of the strata title building by the developer which shall comply with, among others, the IMB, spatial lay-out plan determined by the relevant local government and the function and utilisation planning as approved by the relevant government authority;
- 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 certificate/permit certifying that the building has feasible functionality (e.g., *Sertifikat Laik Fungsi/Izin Penggunaan Bangunan/Izin Layak Huni*); and
- upon completion of all requirements to the satisfaction of the relevant National Land Office, the strata title certificate should be issued and the original land title certificate will be kept by such relevant National Land Office with a record that the strata title certificate has been issued.

Strata Title Law (i.e., Law No. 20 of 2011) and Presidential Regulation No 4 of 1988 regarding Strata Title are silent on the requirement whether the strata title certificates can be issued prior to completion of the relevant building. However, in practice, one of the requirements for issuance of strata title certificate is the obtainment of a certificate/permit certifying that the building has feasible functionality (e.g., *Sertifikat Laik Fungsi/Izin Penggunaan Bangunan/Izin Layak Huni*) before such building can be commercially used (meaning that the construction should have already been completed and the building is ready for usage). As such, although it is not specifically required under the above law, however in practice, the Land Office would issue the certificates only after the construction of the strata title building has been completed.

Notwithstanding that Lippo Mall Kuta can be freely transferred without requiring the Vendor’s consent, the Vendor has undertaken that it will, on behalf of the Kuta IndoCo, make an application within six months from the date of completion of the Hotel Construction and obtaining the certificate/permit certifying that the building has feasible functionality (e.g., *Sertifikat Laik Fungsi/Izin Penggunaan Bangunan/Izin Layak Huns*) from the relevant government institution, and will use its best endeavours to obtain, the issuance of the strata title certificates from the relevant land office. The costs and expenses of the application for issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor.

2.13 Insurance

The Property CSPA includes warranties that Lippo Mall Kuta has at all material times been and is insured in the name of the Vendor:

- (1) against such losses and risks and in such amounts as are required under the relevant laws rules and regulations;
- (2) by insurers of recognised financial responsibility against such losses and risks and in such amounts as are prudent and customary for properties of a similar nature as Lippo Mall Kuta and there are no claims by the Vendor under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and
- (3) in amounts to the full replacement value thereof against such risks (including but not limited to fire, third party, public liability and other risks) as are in accordance with good commercial practice normally insured against.

Upon completion of the Acquisition, the Kuta IndoCo will have in place the following insurance policies in relation to Lippo Mall Kuta:

- (i) Property All Risk and Earthquake;
- (ii) Business Interruption and Earthquake;
- (iii) Machinery Breakdown;
- (iv) Public Liability; and
- (v) Terrorism and Sabotage and Business Interruption.

The Manager believes that the insurance policies taken out in relation to Lippo Mall Kuta are consistent with industry practice in Indonesia.

2.14 Completion

Completion of the sale and purchase of Lippo Mall Kuta by Kuta IndoCo under the New Property CSPA is expected to take place as soon as practicable after LMIR Trust raises adequate proceeds for the Acquisition and after the conditions precedent set out in the Property CSPA have been fulfilled.

2.15 Estimated Total Acquisition Cost

The Acquisition Cost is currently estimated to be approximately S\$95.2 million, comprising the following:

- (i) the Purchase Consideration of Rp.800.0 billion (S\$85.0 million);
- (ii) the VAT of Rp.76.2 billion (S\$8.1 million);
- (iii) the Acquisition Fee payable to the Manager in the form of Acquisition Fee Units of approximately S\$0.8 million; and
- (iv) the professional and other fees and expenses of approximately S\$1.3 million to be incurred by LMIR Trust in connection with the Acquisition.

2.16 Method of Financing the Acquisition

The Manager intends to finance S\$94.4 million, being the cash portion of the Acquisition Cost (excluding the Acquisition Fee payable in Units) via proceeds from the issuance of bonds and/or debt financing facilities from banks. The final decision regarding the method of financing to be employed will be made at the appropriate time taking into account the relevant market conditions.

As at the Latest Practicable Date, LMIR Trust has an aggregate leverage of 27.9%. Under the Property Funds Appendix, LMIR Trust's aggregate leverage cannot exceed 45.0% of its deposited property. Where the Acquisition is financed 100.0% with borrowings, LMIR Trust's aggregate leverage will increase from 27.9% to approximately 31.1%, which is within the maximum aggregate leverage limit of 45.0% under the Property Funds Appendix.

2.17 HGB/"Right to Build" Land Titles

LMIR Trust holds some of the Existing Portfolio via HGB titles. These are (i) Mal Lippo Cikarang, (ii) Sun Plaza, (iii) Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), (iv) Plaza Madiun, (v) Pejaten Village, (vi) Binjai Supermall and (vii) Plaza Madiun Units. The term of the HGB title in relation to Lippo Mall Kuta will expire on 22 March 2037.

In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of 'leasehold' title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia for property owning purposes is a 'Right to Build' or HGB title. HGB title certificates can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. This right is transferable and may be encumbered. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years. The application for an extension must be made no later than two years prior to the expiration of the initial term at the National Land Office. Upon the expiration of the extension, the land owner may apply for a renewal and a new HGB title may be granted on the same land to the same owner for a maximum period of 30 years by fulfilling certain requirements. The application for the new HGB title should be made no later than two years prior to the expiration of the extension. The cost of extension is determined based on certain formulas as stipulated by the National Land Office. The National Land Office tends to grant an extension or renewal of HGB title certificates, subject to there being no changes in zoning policies by the government, abandonment of the land, destruction of land, egregious breaches of the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations.

The Independent Valuers have performed the valuation of Lippo Mall Kuta on a perpetuity basis on the assumption that the HGB title would be renewed.

If the term of the HGB titles could not be extended, after the expiration date of such HGB titles:

- (i) in the event that the HGB title is on state-owned land, such land will become state owned land;

- (ii) in the event that the HGB title is on right to manage land, the former HGB holder shall return the land to the holder of the “right to manage” (*hak pengelolaan*) and shall comply with the agreement for the granting of HGB title entered into between the former HGB holder and the holder of the right to manage;
- (iii) in the event that the HGB title is on “right to own” (*hak milik*) land, the former HGB holder shall return such land to the holder of the right to own and shall comply with the agreement for the granting of HGB title entered into between the former HGB holder and the holder of the right to own.

In addition to the above, in the event that the HGB title purchased by the company is a HGB title that was previously held and registered in the name of an eligible Indonesian individual as a result of the “down-grade” of his/her “right to own” (*hak milik*) land, such HGB title will become state owned land pursuant to the prevailing regulations.

The costs for the extension of HGB title will be determined based on a certain formula as stipulated by the National Land Office. The land office has discretion to approve or reject the application for the extension of HGB title. The National Land Office, however, tends to grant an extension of HGB titles when the land is still duly used in accordance with the condition, nature and objective of the granting of such HGB title, all terms and conditions of the granting of such HGB title have been duly fulfilled by the title holder, the title holder is still eligible to hold an HGB title and there has been no change in the zoning policies of the government, abandonment or destruction of land, or revocation of the HGB title due to public interest considerations.

3. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring, among others, the key benefits to Unitholders as set out below.

3.1 Strategically Located Retail Mall Asset in Bali with Organic Growth Potential

Lippo Mall Kuta is a lifestyle mall strategically located in Bali that is proposed to be integrated with a premium hotel of approximately 180 rooms. Bali is a leading tourist destination in Indonesia, famous for its local traditions, culture and nightlife. The island welcomed 4 million foreign tourists in 2015, an increase of 6.2% on 2014. Tourist arrivals are projected to increase due to improvements in air and sea connectivity to the island, such as the establishment of new air routes to China and the Middle East and car-ferry services between Java and Bali.

Lippo Mall Kuta provides a wide range of products and services covering daily needs, fashion, entertainment and F&B for families and tourists as it positions itself as a new lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store, Cinemaxx and many more.

Lippo Mall Kuta has recently completed AEI whereby the Hypermart has been reconfigured and will be leased out to specialty stores such as Foodmart Primo, Cinemaxx and F&B specialty. As the lifestyle trend is shifting towards higher demand for quality premium products and shopping experience, the AEI adds variety to the existing trade mix of the mall with a gourmet supermarket, Foodmart Primo. There will also be more NLA allocated to F&B tenants to increase the dining options for the growing number of tourists at Kuta.

The Manager believes that given (i) Lippo Mall Kuta's strategic location in Bali, which is a leading tourist destination in Indonesia which saw approximately 4 million foreign tourists in 2015, an increase of 6.2% from 2014, (ii) the recently completed AEI to reconfigure the Hypermart at Lippo Mall Kuta to generate more lettable space for specialty stores and F&B outlets, (iii) that there is a hotel being constructed on top of Lippo Mall Kuta currently expected to be completed by 2018 which may increase footfall to the mall and (iv) the view of Rengganis that the total underlying revenue from the Master Leases is sustainable from the sixth year onwards, the rentals under the Master Leases are sustainable by the underlying tenants of Lippo Mall Kuta after the expiry of the Master Leases.

3.2 Opportunity to Increase the Size and Enhance the Earnings of LMIR Trust

Based on the pro forma financial statements for FY2015 (including the Master Leases and the Service Charge), the Net Property Income¹ contribution from Lippo Mall Kuta was S\$6.7 million, which represents, on a historical pro forma basis, a 4.2% increase in LMIR Trust's Net Property Income for FY2015, while the DPU increased from 3.10 cents to 3.11 cents and the distribution yield increased from 9.69% and 9.72%. Upon the completion of the Acquisition, the size of LMIR Trust's portfolio would increase by approximately 4.5%, from S\$1,830.0 million² (as at 31 December 2015) to S\$1,915.0 million.

3.3 Increased Economies of Scale in Operations, Marketing and Financing

The Acquisition 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 Portfolio³ may be able to spread certain operating costs (e.g. staff and administrative costs) over a larger portfolio, and can potentially obtain cost savings due to its greater bargaining power with suppliers and service providers.

The Acquisition is also 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 Lippo Mall Kuta which are currently not tenants of LMIR Trust's malls. In addition, given that the Acquisition will enlarge LMIR Trust's asset value and capital base, LMIR Trust can also expect to benefit from increased economies of scale in obtaining debt and equity financing.

(See **APPENDIX A** for further details in relation to Lippo Mall Kuta as well as LMIR Trust's Existing Portfolio.)

3.4 Diversification of Assets within LMIR Trust's Portfolio to Minimise Concentration Risk

The Acquisition will allow LMIR Trust to diversify its portfolio geographically across Indonesia, thereby reducing asset concentration risks within LMIR Trust's Enlarged Portfolio. The Manager believes that further income diversification potentially results in greater resilience and stability of income for LMIR Trust, thus benefiting its Unitholders.

¹ "Net Property Income" consists of property revenue less property operating expenses.

² Including intangible assets of S\$25.1 million.

³ "Enlarged Portfolio" consists of the Properties and the Existing Portfolio.

4. REQUIREMENT FOR UNITHOLDERS' APPROVAL

4.1 Interested Person Transaction and Interested Party Transaction

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 audited NTA, Unitholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of LMIR Trust for FY2015 (the "**FY2015 Audited Consolidated Financial Statements**"), the NTA of LMIR Trust was S\$1,050.0 million as at 31 December 2015. 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 aggregate 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 in excess of S\$52.5 million, such a transaction would be subject to Unitholders' approval.

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 FY2015 Audited Consolidated Financial Statements, the NAV of LMIR Trust was S\$1,075.1 million as at 31 December 2015. 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\$53.7 million, such a transaction would be subject to Unitholders' approval.

As at the Latest Practicable Date, the Manager has a direct interest in 121,616,821 Units (comprising 4.34% of the total number of issued 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 through its interest in the Manager, has deemed interests of (i) 29.32% in LMIR Trust and (ii) 100.00% in the Manager, and is therefore regarded as a "Controlling Unitholder" of LMIR Trust and a "Controlling Shareholder" of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Vendor, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) and the Master Lessees, being wholly-owned subsidiaries of the Sponsor, are Interested Persons and Interested Parties of LMIR Trust.

As such, the Acquisition and the Master Leases will constitute Interested Person Transactions under Chapter 9 of the Listing Manual and Interested Party Transactions under Paragraph 5 of the Property Funds Appendix.

Given the Purchase Consideration of S\$85.0 million (which is 8.1% of the NTA and 7.9% of the NAV respectively of LMIR Trust as at 31 December 2015), the value of the Acquisition will in aggregate exceed (i) 5.0% of LMIR Trust's latest audited NTA and (ii) 5.0% of LMIR Trust's latest audited NAV. In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders' approval for the Acquisition. It should be noted that the Master Leases will also constitute an Interested

Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix by LMIR Trust and therefore the approval of Unitholders is also required for the Master Leases.

UNITHOLDERS SHOULD ALSO NOTE THAT BY APPROVING THE ACQUISITION THEY ARE ALSO DEEMED TO HAVE APPROVED THE MASTER LEASES.

4.2 Existing Interested Person Transactions

Prior to the Latest Practicable Date, other than the Joint Acquisition¹, 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**”). The aggregate value of the Existing Interested Person Transactions amounts to Rp.143,298,707,414 (approximately S\$15,227,761), which comprises 1.45% of the audited NTA of LMIR Trust as at 31 December 2015.

Details of the Existing Interested Person Transactions may be found in **APPENDIX G** of this Circular.

4.3 Fees Payable to the Manager

As the Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the Acquisition Fee shall be payable to the Manager in the form of Acquisition Fee Units. The Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix which applies to Interested Party Transactions.² Acquisition Fee Units are expected to be issued to the Manager for the Acquisition.

After completion of the Acquisition, the Manager will also be entitled under the Trust Deed to receive from LMIR Trust, management fees attributable to Lippo Mall Kuta comprising a base fee of 0.25% per annum of the value of Lippo Mall Kuta and a performance fee of 4.0% per annum of the Net Property Income of Lippo Mall Kuta. The Manager will be entitled to the management fees attributable to the Acquisition in the future for so long as Lippo Mall Kuta continues to form part of the investment portfolio of LMIR Trust.

4.4 Approval by Unitholders for the Acquisition

In approving the 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 Acquisition, including the Property CSPA, the Related Tenancy Agreements and the Master Lease Agreements. 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 Transaction) insofar as there are no subsequent changes to the terms, 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.

¹ For the avoidance of doubt, the Manager intends to seek the separate approval of Unitholders for the Joint Acquisition. Please refer to LMIR Trust’s announcements made on 3 February 2016 and 15 June 2016 for further details in relation to the Joint Acquisition.

² Clause 15.2.1(i) of the Trust Deed allows the Manager to receive the Acquisition Fee Units at an issue price equal to the volume weighted average traded price for a Unit for all trades on the SGX-ST for the 10 Market Days prior to the issuance of the Acquisition Fee Units.

4.5 Interests of Directors and Substantial Unitholders

4.5.1 Interests of the Directors of the Manager

As at the Latest Practicable Date, the details of the unitholdings of the Directors are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Mr Albert Saychuan Cheok	400,000	0.014	–	–	400,000	0.014
Mr Lee Soo Hoon, Phillip	–	–	–	–	–	–
Mr Goh Tiam Lock	–	–	–	–	–	–
Mr Douglas Chew	–	–	–	–	–	–
Mr Ketut Budi Wijaya	–	–	–	–	–	–
Ms Chan Lie Leng	–	–	–	–	–	–
Ms Viven Gouw Sitiabudi	–	–	–	–	–	–

Note:

(1) Percentage interest is based on 2,802,992,873 Units in issue 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 Acquisition.

4.5.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Bridgewater International Ltd (“BIL”)	700,444,940	24.99	–	–	700,444,940	24.99
PT Sentra Dwimandiri (“PTSD”) ⁽²⁾	–	–	700,444,940	24.99	700,444,940	24.99
The Sponsor ⁽³⁾	–	–	822,061,761	29.32	822,061,761	29.32
Wealthy Fountain Holdings Inc	202,938,500	7.24	–	–	202,938,500	7.24
Shanghai Summit Pte Ltd ⁽⁴⁾	–	–	224,938,500	8.02	224,938,500	8.02
Tong Jinquan ⁽⁵⁾	–	–	224,938,500	8.02	224,938,500	8.02

Notes:

- (1) Percentage interest is based on 2,802,992,873 Units in issue as at the Latest Practicable Date.
- (2) BIL is controlled by PTSD. PTSD is therefore deemed to be interested in 700,444,940 Units in which BIL has an interest.
- (3) BIL is controlled by PTSD, which is in turn controlled by the Sponsor. The Sponsor is therefore deemed to have an interest in 700,444,940 Units in which BIL has an interest. In addition, the Manager is controlled by Peninsula, which in turn is controlled by the Sponsor. The Sponsor is therefore also deemed to be interested in 121,616,821 Units held by the Manager.
- (4) Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and is therefore deemed to be interested in 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held by Skyline Horizon Consortium Ltd.
- (5) Tong Jinqun is the sole shareholder of Shanghai Summit Pte Ltd which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly is deemed to be interested in 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held by Skyline Horizon Consortium Ltd.

As at the Latest Practicable Date, the Sponsor, through its indirect wholly-owned subsidiaries BIL and through its 100% interest in the Manager, holds an aggregate indirect interest of 29.32% in LMIR Trust and is deemed to be a Controlling Unitholder of LMIR Trust.

4.6 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in relation to the Acquisition or any other transactions contemplated in relation to the Acquisition.

4.7 Major Transactions – Chapter 10 of the Listing Manual

4.7.1 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:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

4.7.2 A proposed acquisition by LMIR Trust may fall into any of the categories set out in paragraph 4.7.1 above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the net profits attributable to the assets acquired, compared with LMIR Trust's net profits;
- (ii) the aggregate value of the consideration given, compared with LMIR Trust's market capitalisation; and
- (iii) the number of Units issued by LMIR Trust as consideration for the acquisition, compared with the number of Units previously in issue (not applicable).

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 (i) such

transaction is in the ordinary course of LMIR Trust's business or (ii) in the case of an acquisition of profitable assets, the only limit breached is the profit test set out in paragraph 4.7.2(i) above.

4.7.3 The relative figures in relation to the Acquisition using the applicable bases of comparison described in paragraphs 4.7.2(i) and 4.7.2(ii) are set out in the table below.

Comparison of:	Lippo Mall Kuta	LMIR Trust	Relative Figure
Net Property Income ⁽¹⁾	S\$6.7 million	S\$158.6 million ⁽²⁾	4.2%
Purchase Consideration against LMIR Trust's market capitalisation	S\$85.0 million ⁽³⁾	LMIR Trust's market capitalisation: S\$1,093.2 million ^{(4),(5)}	8.2%

Notes:

- (1) In the case of a REIT, the Net Property Income is a close proxy to the net profits before tax attributable to its assets. Net Property Income refers to property revenue less property operating expenses.
- (2) Based on the FY2015 Audited Consolidated Financial Statements.
- (3) Does not include transaction costs.
- (4) Based on the closing price of S\$0.39 per Unit on the SGX-ST on the Latest Practicable Date on 7 November 2016 (the "Closing Price").
- (5) Based on Units in issue as at the Latest Practicable Date.

5. PRO FORMA FINANCIAL INFORMATION

5.1 Pro Forma Financial Effects of the Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY:

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

- (i) the FY2015 Audited Consolidated Financial Statements; and
- (ii) the unaudited consolidated financial statements of LMIR Trust for the six months ended 30 June 2016 (the "**6M2016 Unaudited Financial Statements**"),

and assuming the Acquisition Costs of S\$95.2 million, of which S\$94.4 million will be paid in cash and will be funded by proceeds from the issuance of bonds and/or debt financing facilities from banks¹; and taking into account the revenue that LMIR Trust would receive from the Master Leases.

¹ For the avoidance of doubt, the actual method of funding could be via debt financing facilities from banks and/or issuance of bonds and the final decision regarding the method of financing to be employed will be made at the appropriate time taking into account the relevant market conditions.

5.2 Six Months ended 30 June 2016

Pro Forma DPU

The pro forma financial effects of the Acquisition on the DPU for LMIR Trust for the six months ended 30 June 2016, as if LMIR Trust had purchased Lippo Mall Kuta on 1 January 2016, and held and operated Lippo Mall Kuta through to 30 June 2016, are as follows:

	As at 30 June 2016		
	Before the Acquisition⁽¹⁾	After the Acquisition	After the Acquisition Without Vendor Support (Master Leases & Service Charge)
Distributable Income (S\$'000)	46,980	47,012	45,110
Units in issue and to be issued	2,802,992,873	2,805,616,669 ⁽²⁾	2,805,616,669 ⁽²⁾
DPU (cents)	1.68	1.68	1.61
Distribution yield (annualised)	9.60% ⁽³⁾	9.60% ⁽³⁾	9.20% ⁽³⁾

Notes:

- (1) Based on the 6M2016 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of the Acquisition Fee in Units. Any Units issued to the Manager as payment of performance fees will only be issued at the end of each financial year in view of the requirement under the Property Funds Appendix that crystallisation of the Manager's performance fee should be no more frequent than once a year.
- (3) Based on the DPU divided by the closing price on 30 June 2016 of S\$0.35.

Pro Forma NAV per Unit

The pro forma financial effects of the Acquisition on the NAV per Unit as at 30 June 2016, as if LMIR Trust had purchased Lippo Mall Kuta on 30 June 2016, are as follows:

	As at 30 June 2016	
	Before the Acquisition⁽¹⁾	After the Acquisition
NAV (S\$'000)	1,061,250	1,062,070
Units in issue and to be issued	2,802,992,873	2,805,335,288 ⁽²⁾
NAV per Unit (cents)	37.86	37.86

Notes:

- (1) Based on the 6M2016 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of the Acquisition Fee in Units.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 30 June 2016, as if LMIR Trust had purchased Lippo Mall Kuta on 30 June 2016.

	As at 30 June 2016	
	Actual⁽¹⁾	As adjusted for the Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	150,000	150,000
Secured	–	–
Total short-term debt	<u>150,000</u>	<u>150,000</u>
Long-term debt:		
Unsecured	400,000	494,500
Secured	145,000	145,000
Total long-term debt	<u>545,000</u>	<u>639,500</u>
Total Debt	695,000	789,500
Unitholders funds	<u>1,061,250</u>	<u>1,062,070</u>
Total Capitalisation	<u><u>1,756,250</u></u>	<u><u>1,851,570</u></u>

Note:

(1) Based on the 6M2016 Unaudited Financial Statements.

5.3 Financial Year ended 31 December 2015

Pro Forma DPU

The pro forma financial effects of the Acquisition on the DPU for LMIR Trust for FY2015, as if LMIR Trust had purchased Lippo Mall Kuta on 1 January 2015, and held and operated Lippo Mall Kuta through to 31 December 2015, are as follows:

	FY2015		
	Before the Acquisition⁽¹⁾	After the Acquisition	After the Acquisition Without Vendor Support (Master Leases & Service Charge)
Distributable Income (S\$'000)	85,553	85,856	82,265
Units in issue and to be issued	2,797,814,196	2,801,035,685 ⁽²⁾	2,800,618,474 ⁽²⁾
DPU (cents)	3.10	3.11	2.98
Distribution yield	9.69% ⁽³⁾	9.72% ⁽³⁾	9.31% ⁽³⁾

Notes:

(1) Based on the FY2015 Audited Consolidated Financial Statements.

(2) The number of Units is arrived at after taking into account the issuance of new Units in payment of (i) the Acquisition Fee in Units, and (ii) the performance fees as a result of additional Net Property Income after the Acquisition.

(3) Based on the DPU divided by the closing price on 31 December 2015 of S\$0.32.

Pro Forma NAV per Unit

The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2015, as if LMIR Trust had purchased Lippo Mall Kuta on 31 December 2015, are as follows:

	As at 31 December 2015	
	Before the Acquisition ⁽¹⁾	After the Acquisition
NAV (S\$'000)	1,075,115	1,075,939
Units in issue and to be issued	2,797,814,196	2,800,389,641 ⁽²⁾
NAV per Unit (cents)	38.43	38.42

Notes:

- (1) Based on the FY2015 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of the Acquisition Fee in Units.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 31 December 2015, as if LMIR Trust had purchased Lippo Mall Kuta on 31 December 2015.

	As at 31 December 2015	
	Actual ⁽¹⁾	As adjusted for the Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	250,000	250,000
Secured	—	—
Total short-term debt	250,000	250,000
Long-term debt:		
Unsecured	300,000	394,500
Secured	145,000	145,000
Total long-term debt	445,000	539,500
Total Debt	695,000	789,500
Unitholders funds	1,075,115	1,075,939
Total Capitalisation	1,770,115	1,865,439

Note:

- (1) Based on the FY2015 Audited Consolidated Financial Statements.

6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed KPMG Corporate Finance Pte Ltd as the Independent Financial Adviser (the “**IFA**”) to advise the independent Directors of the Manager (being Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew) (collectively, the “**Independent Directors**”) and the Trustee as to whether the Acquisition is (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and its minority Unitholders.

Having considered the factors and made the assumptions set out in the letter from the IFA to the Independent Directors and Trustee containing its advice (the “**IFA Letter**”), and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, the IFA is of the opinion that the Acquisition is on normal commercial terms and is not prejudicial to the interests of LMIR Trust and its minority Unitholders.

A copy of the IFA Letter, containing its advice in full, is set out in **APPENDIX C** of this Circular.

7. RECOMMENDATIONS

The Independent Directors and the audit and risk committee of the Manager (comprising Mr Lee Soo Hoon, Phillip, Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Douglas Chew) (the “**Audit and Risk Committee**”) have considered the relevant factors, including:

- (i) the opinion of the IFA that the Acquisition is on normal commercial terms and is not prejudicial to the interests of LMIR Trust and its minority Unitholders (the IFA’s opinion on the Acquisition is set out in the IFA Letter in **APPENDIX C** of this Circular); and
- (ii) the rationale for the Acquisition as set out in paragraph 3 above,

and believe that the Acquisition are based on normal commercial terms and would not be prejudicial to the interests of LMIR Trust or its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution in relation to the Acquisition.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Leo/Capricorn Ballroom (Level 1), Marina Mandarin Singapore Hotel, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 30 November 2016, Wednesday at 2:00 p.m., for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of Extraordinary General Meeting, which is set out on pages H-1 and H-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution. Approval by way of Ordinary Resolution is required in respect of the resolution in relation to the Acquisition from an Interested Person and the Master Leases.

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 The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

9. ABSTENTIONS FROM VOTING

9.1 Relationship between the Sponsor, the Manager and LMIR Trust

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 29.32% in LMIR Trust and (ii) 100% in the Manager, and is therefore regarded as a “controlling Unitholder” of LMIR Trust as well as a “controlling Shareholder” of the Manager respectively.

9.2 Abstention 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. The relevant associates of the Sponsor (other than the Manager) are BIL and PT SD.

Given that the Acquisition constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual or Interested Party Transactions under Paragraph 5 of the Property Funds Appendix, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on the Resolution and (ii) will procure that their associates will not, accept appointments as proxies in relation to the resolution on the Acquisition and the Master Leases unless specific instructions as to voting are given.

10. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting 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’s office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 27 November 2016, Sunday at 2:00 p.m., being 72 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 any of the resolutions must decline to accept appointments 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 resolution.

11. 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 Acquisition and the Master Leases. 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 this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

12. CONSENTS

Each of the IFA, the Independent Valuers and the Independent Indonesia Tax Adviser 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 Valuation Summary Reports, the Full Valuation Reports and the Indonesian Tax Considerations, and all references thereto, in the form and context in which they are included in this Circular.

13. DOCUMENTS ON DISPLAY

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 from the date of this Circular up to and including the date falling three months after the date of this Circular¹:

- (i) the Property CSPA;
- (ii) the Supplemental Property CSPA (which contains the forms of the Master Lease Agreements);
- (iii) the Deed of Indemnity;
- (iv) the Related Tenancy Agreements;
- (v) the full valuation report on Lippo Mall Kuta issued by Rengganis;
- (vi) the full valuation report on Lippo Mall Kuta issued by W&R;
- (vii) the FY2015 Audited Consolidated Financial Statements;
- (viii) the 6M2016 Unaudited Financial Statements; and
- (ix) the IFA Letter.

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

Yours faithfully

LMIRT MANAGEMENT LTD.
(as manager of Lippo Malls Indonesia Retail Trust)
(Company registration number: 200707703M)

Ms Viven Gouw Sitiabudi
Executive Director

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 Trustee is not required to and therefore does not opine on the commercial merits of the proposed Acquisition. In this regard, under the Trust Deed, the Manager alone shall have absolute discretion to determine, and it would be the duty of the Manager to recommend or propose to the Trustee, what investments should be effected and when and how any proposed investment should be effected by LMIR Trust. As the proposed Acquisition is an Interested Person Transaction and Interested Party Transaction, Unitholders' approval for the Acquisition must also be obtained at the EGM in compliance with the requirements of the Listing Manual and the Property Funds Appendix. If the Ordinary Resolution is passed, the Trustee would be bound to comply with the directions of the Unitholders and proceed with the proposed Acquisition in accordance with the Ordinary Resolution. When so acting in accordance with the directions of the Unitholders, the Trustee would not be responsible to any Unitholder.

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 Extraordinary General Meeting 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 United States. It is not an offer of securities for sale into the United States. The Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

GLOSSARY

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

%	:	Per centum or percentage
6M2016 Unaudited Financial Statements	:	The unaudited consolidated financial statements of LMIR Trust for the six months ended 30 June 2016
Acquisition	:	The proposed acquisition of Lippo Mall Kuta
Acquisition Cost	:	The total cost of the Acquisition to be incurred by LMIR Trust which is estimated to be approximately S\$95.2 million
Acquisition Fee	:	The acquisition fee of S\$0.8 million in relation to the Acquisition which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed
Acquisition Fee Units	:	The Units which will be issued to the Manager as payment for the Acquisition Fee of S\$0.8 million
AEI	:	Asset enhancement initiatives
Aggregate Leverage	:	The total borrowings and deferred payments (if any) for assets of LMIR Trust
Audit and Risk Committee	:	The audit and risk committee of the Manager, comprising Mr Lee Soo Hoon, Phillip, Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Douglas Chew
BI Regulation No. 17/2015	:	Bank Indonesia Regulation No. 17/3/PBI/2015 concerning Mandatory Use of Rupiah Currency in Indonesian Territory (<i>Penggunaan Rupiah di Wilayah Negara Kesatuan Republik Indonesia</i>)
BIL	:	Bridgewater International Ltd, an indirect wholly-owned subsidiary of the Sponsor
BPHTB	:	Land and building acquisition tax (<i>Bea Perolehan Hak Atas Tanah dan Bangunan</i>)
Car Park Lease Agreement	:	The car park lease agreement to be entered into between Kuta IndoCo and PT TKA in relation to the car park lease of Lippo Mall Kuta
Casual Leasing Space Lease Agreement	:	The casual leasing space lease agreement to be entered into between Kuta IndoCo and PT KAP in relation to the casual leasing space lease of Lippo Mall Kuta
CBD	:	Central business district
CDP	:	The Central Depository (Pte) Limited

Circular	:	This circular to Unitholders dated 10 November 2016
Closing Price	:	The closing price of S\$0.39 per Unit on the SGX-ST on the Latest Practicable Date
Controlling Shareholder	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises control over a company
Controlling Unitholder	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or (b) in fact exercises control over the property fund
Current Leases	:	The current leases in respect of the properties within the Existing Portfolio as at 31 December 2015
Decree	:	The Decree of MOF Indonesia (No. 101/PMK.01/2014) on Public Appraisal
Deed of Indemnity	:	The deed of indemnity (as supplemented by a supplemental deed dated 9 November 2016) entered into between the Trustee and PT WJP
Deed of SPA	:	The deed of sale and purchase agreement (<i>akta jual-beli</i>) to be entered into by the Vendor and Kuta IndoCo and executed before the land deed officer whose jurisdiction covers the location of Lippo Mall Kuta and prepared in accordance with the prevailing law of the Republic of Indonesia, with respect to the sale and purchase of, and which will be used to transfer, Lippo Mall Kuta pursuant to the Property CSPA
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held at Leo/Capricorn Ballroom (Level 1), Marina Mandarin Singapore Hotel, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 30 November 2016, Wednesday at 2:00 p.m., to approve the matters set out in the Notice of Extraordinary General Meeting on pages H-1 and H-2 of this Circular
Enlarged Portfolio	:	Consists of Lippo Mall Kuta and the Existing Portfolio

Existing Interested Person Transactions	:	Interested person transactions with the Sponsor and associates of the Sponsor during the course of LMIR Trust's current financial year
Existing Portfolio	:	The portfolio of properties currently held by LMIR Trust, consisting of: its retail malls, Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall, Lippo Mall Kemang, Lippo Plaza Batu and Palembang Icon; and its retail spaces, 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
F&B	:	Food and beverage
FY2015	:	Financial year ended 31 December 2015
FY2015 Audited Consolidated Financial Statements	:	The audited consolidated financial statements of LMIR Trust for FY2015
GFA	:	Gross floor area
HGB	:	<i>Hak Guna Bangunan</i> (Right to Build)
Hotel	:	The hotel which is being constructed on top of Lippo Mall Kuta
Hotel Agreement	:	The agreement to be entered into between the Vendor and Kuta IndoCo in the event that Kuta IndoCo decides not to acquire, or the Vendor decides not the handover, the Hotel, to set out the terms and conditions upon which the management and operation of the Hotel by the Vendor will be carried out
Hotel Construction	:	The Hotel which is being constructed on top of Lippo Mall Kuta by the Vendor and which is currently expected to be completed by 2018
IFA	:	KPMG Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors and the Trustee containing its advice as set out in Appendix C of this Circular
Illustrative Rupiah Exchange Rate	:	The illustrative rupiah exchange rate of S\$1.00 to Rp.9,410.36
IMB	:	<i>Izin Mendirikan Bangunan</i> or building construction permit

Independent Directors	:	The independent Directors of the Manager, being Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew
Independent Indonesia Tax Adviser	:	PB Taxand
Independent Reporting Accountant	:	RSM Chio Lim LLP
Independent Singapore Tax Adviser	:	Ernst & Young Solutions LLP
Independent Valuers	:	W&R and Rengganis
Indonesian Agrarian Law	:	Law No. 5 of 1960 regarding Basic Regulations of Agrarian Principles (<i>Undang Undang No. 5 tahun 1960 tentang Peraturan Dasar Pokok-Pokok Agraria</i>)
Interested Party	:	As defined in the Property Funds Appendix, means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or (b) 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 the property fund
Interested Party Transaction	:	Means a transaction where a property fund acquires assets from or sells assets to Interested Parties, or invests in securities of or issued by Interested Parties as further described in Paragraph 5 of the Property Funds Appendix
Interested Person	:	As stated in the Listing Manual, in the case of a real estate investment trust, has the meaning defined in the Code on Collective Investment Schemes issued by the MAS. Therefore, interested person means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or (b) 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 the property fund
Interested Person Transaction	:	Means a transaction between an entity at risk and an Interested Person

Jesselton	:	Jesselton Investment Ltd, a wholly-owned subsidiary of the Sponsor
Joint Acquisition	:	The proposed joint acquisition of the Yogyakarta Property by LMIR Trust and First Real Estate Investment Trust
KJI	:	Lippo Plaza Kramat Jati (formerly known as ‘Kramat Jati Indah Plaza’)
KJPP	:	<i>Kantor Jasa Penilai Publik</i> , or Accredited Public Appraiser Firms
Kuta IndoCo or PT RPT	:	PT Rekreasi Pantai Terpadu, a company incorporated in Indonesia and a wholly owned subsidiary of Kuta1 and Kuta2
Kuta1	:	Kuta1 Holdings Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of LMIR Trust
Kuta2	:	Kuta2 Investments Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of LMIR Trust
Large tenant	:	A tenant who leases a total area of between 400 sq m and 2,000 sq m
Latest Practicable Date	:	7 November 2016, being the latest practicable date prior to the printing of this Circular
Law 7/2011	:	Law No. 7 of 2011 concerning Currency issued by the Government of the Republic of Indonesia
Lippo Mall Kuta	:	“Lippo Mall Kuta”, a three-storey retail mall which is located in Kuta, Bali with the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia
Listing Manual	:	The Listing Manual of the SGX-ST
LMIR Trust	:	Lippo Malls Indonesia Retail Trust
Manager	:	LMIRT Management Ltd., in its capacity as manager of LMIR Trust
Master Lessees	:	PT TKA, PT KAP and PT KAU
Master Leases	:	The leases pursuant to the Master Lease Agreements
Master Lease Agreements	:	Car Park Lease Agreement, Casual Leasing Space Lease Agreement and Specialty Tenants Lease Agreements
Market Day	:	Means any day on which the SGX-ST is open for trading in securities

MAS	:	Monetary Authority of Singapore
MOF Indonesia	:	Ministry of Finance of the Republic of Indonesia
National Land Office	:	The National Land Office of the Republic of Indonesia (<i>Badan Pertanahan Nasional</i>)
NAV	:	Net asset value
New Property CSPA	:	The conditional sale and purchase agreement to be entered into between Kuta IndoCo and the Vendor, on the same terms as the Property CSPA
NLA	:	Net lettable area
NTA	:	Net tangible assets
Ordinary Resolution	:	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
Peninsula	:	Peninsula Investment Limited, a wholly-owned subsidiary of Jesselton which is in turn a wholly-owned subsidiary of the Sponsor
Property CSPA	:	The conditional sale and purchase agreement entered into between the Vendor and Kuta IndoCo on 8 January 2016 for the acquisition of Lippo Mall, as supplemented by a first supplemental property sale and purchase agreement dated 15 August 2016 and a second supplemental property sale and purchase agreement dated 7 November 2016
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts
Psm	:	Per sq m
PT KAP	:	PT Kencana Agung Pratama
PT KAU	:	PT Kridakarya Anugerah Utama
PT SD	:	PT Sentra Dwimandiri
PT TKA	:	PT Trimulia Kencana Abadi
PT WJP	:	PT Wisma Jatim Propertindo
Purchase Consideration	:	The purchase consideration for the Acquisition of Rp.800.0 billion (S\$85.0 million)
Rengganis	:	KJPP Rengganis, Hamid & Rekan

Related Tenancy Agreements	:	The tenancy agreements with respect to Lippo Mall Kuta entered into by certain associates and subsidiaries of the Sponsor, as set out in Appendix F
Retail Malls	:	Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall, Lippo Mall Kemang, Lippo Plaza Batu and Palembang Icon
Retail Spaces	:	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
Securities Act	:	U.S. Securities Act of 1933, as amended
Service Charges	:	All costs and expenses of operation and maintenance of Lippo Mall Kuta which shall be borne by the Vendor for three years commencing from the completion of the Acquisition pursuant to the Property CSPA
SGX-ST	:	Singapore Exchange Securities Trading Limited
Specialty Tenants Lease Agreements	:	The specialty tenants lease agreements to be entered into between Kuta IndoCo and PT KAU in relation to certain specialty tenants areas and food court of Lippo Mall Kuta
Sponsor	:	PT Lippo Karawaci Tbk, which is the sponsor of LMIR Trust
sq m	:	Square metres
Substantial Unitholder	:	A Unitholder with an interest in more than 5.0% of all Units in issue
Termination Agreement	:	The termination agreement to be entered into between the Kuta IndoCo and the Vendor to terminate the Property CSPA upon execution of the New Property CSPA
Trust Deed	:	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 and as amended by the first amending and restating deed dated 18 March 2016 entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of LMIR Trust

U.S.	:	United States
Unit	:	A unit representing an undivided interest in LMIR Trust
Unitholders	:	Unitholders of LMIR Trust
VAT	:	Value-added tax
Vendor or PT PPU	:	PT Pamor Paramita Utama, an indirect wholly-owned subsidiary of the Sponsor
W&R	:	KJPP Willson dan Rekan
Yogyakarta Property	:	An integrated development comprising a hospital component known as Siloam Hospitals Yogyakarta and a retail mall component known as Lippo Plaza Jogja

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 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.

Unless otherwise stated in this Circular, all conversions from Rupiah amounts into Singapore dollar amounts in this Circular are based on the Illustrative Rupiah Exchange Rate of S\$1.00 to Rp.9,410.36. The exchange rates used in this Circular are for reference only. No representation is made that any Indonesian Rupiah amounts could have been or could be converted into Singapore dollar amounts at any of the exchange rates used in this Circular, at any other rate or at all.

References to “Property CSPA” in this Circular shall include, where the context so requires, the “New Property CSPA” as well, which has the same terms as that of the Property CSPA.

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.

DETAILS OF LIPPO MALL KUTA, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. LIPPO MALL KUTA

1.1 DESCRIPTION OF LIPPO MALL KUTA

Lippo Mall Kuta is a lifestyle mall strategically located in Bali that is to be integrated with a premium hotel of approximately 180 rooms. Bali is a leading tourist destination in Indonesia, famous for its local traditions, culture and nightlife. The island welcomed 4 million foreign tourists in 2015, an increase of 6.2% on 2014. Tourist arrivals are projected to increase due to improvements in air and sea connectivity to the island, such as the establishment of new air routes to China and the Middle East and car-ferry services between Java and Bali.

Lippo Mall Kuta provides a wide range of products and services covering daily needs, fashion, entertainment and F&B for families and tourists as it positions itself as a new lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store, Cinemaxx and many more.

Lippo Mall Kuta has recently completed AEI whereby the Hypermart has been reconfigured and will be leased out to specialty stores such as Foodmart Primo, Cinemaxx and F&B specialty. As the lifestyle trend is shifting towards higher demand for quality premium products and shopping experience, the AEI adds variety to the existing trade mix of the mall with a gourmet supermarket, Foodmart Primo. There will also be more NLA allocated to F&B tenants to increase the dining options for the growing number of tourists at Kuta.

The table below sets out a summary of selected information on Lippo Mall Kuta as at 31 December 2015 (unless otherwise indicated):

Address/Location	Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia
Land Title to the Property	HGB title certificate SHGB No.: 875/Kuta Issue Date: 30 December 1989 Expiry Date: 22 March 2037
Description/Existing Use	Tourism Land Use
Parking Bays	355 car park lots and 250 motorcycle lots
Date of completion of building	2013
Occupancy rate⁽¹⁾	86.9%
Average gross rent by NLA⁽²⁾	Rp.151,641 psm per month
Number of tenants	94
GFA (sq m)	51,595 (including car park of 15,283 sq m)
NLA (sq m)	20,405 (including 250 sq m of casual leasing space)

Encumbrances	Nil
Restriction in interest⁽³⁾	Badung Regional Regulation No. 7 of 2012 regarding Management and Supervisory of Traditional Market, Mall and Modern Shop stipulates that, among others, any changes to the ownership and/or management of the mall shall obtain approval from the Regent of Badung.

Notes:

- (1) The occupancy rate is calculated based on leased area divided by the NLA and includes underlying leases under the Master Leases.
- (2) The average gross rent is computed by taking the total gross rent (excluding service charge) of the leased area divided by the leased NLA for FY2015, including the underlying leases under the Master Leases.
- (3) 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, subject to compliance with the requirements under the applicable Indonesian laws and regulations and with the requirements under the relevant licenses and documents to which the HGB holder is a party.

2. THE EXISTING PORTFOLIO

The Existing Portfolio of LMIR Trust as at 31 December 2015 comprises: Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall, Lippo Mall Kemang, Lippo Plaza Batu and Palembang Icon (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**").

2.1 Summary

The table below sets out the lease expiry profile by NLA in the Existing Portfolio (as at 31 December 2015).

Lease Expiry Profile⁽¹⁾ by NLA as at 31 December 2015

	2016	2017	2018	2019	2020 and beyond
Retail Malls and Retail Spaces	8%	23%	11%	8%	36%

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 amounts to 821,429 sq m as at 31 December 2015.

2.2 Description of the Properties in the Existing Portfolio

2.2.1 RETAIL MALLS

(i) Gajah Mada Plaza

Gajah Mada Plaza, aggregating a total NLA of 36,432 sq m as at 31 December 2015, is a seven storey with one basement level shopping centre and parking lots comprising 885 car lots and 900 motorcycle 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 189 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, 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 189 retail tenants, based on all current leases in respect of the properties within the Existing Portfolio as at 31 December 2015 ("**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 14.9% of the mall's NLA as at 31 December 2015, respectively. The other prominent tenants include 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, jewelry, information technology products, dining and entertainment.

The mall has achieved an occupancy rate of 75.9% as at 31 December 2015.

(ii) Mal Lippo Cikarang

Mal Lippo Cikarang, aggregating a total NLA of 30,247 sq m as at 31 December 2015, is a two-level retail mall with 507 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 31 December 2015, Mal Lippo Cikarang has 130 retail tenants based on Current Leases. The mall is anchored by Matahari Department Store, Hypermart, which collectively occupy 48.1% of the mall's NLA as at 31 December 2015, 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, Pizza Hut, The Executive, Dunkin Donuts and Johnny Andrean Salon.

The mall has achieved an occupancy rate of 99.1% as at 31 December 2015.

(iii) Cibubur Junction

Cibubur Junction, aggregating a total NLA of 34,496 sq m as at 31 December 2015, is a five storey retail mall with one basement level and partial roof top level with 636 parking lots and 500 motorcycle 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.

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 31 December 2015, Cibubur Junction has 199 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, Starbucks Coffee and Pizza Hut.

The lower ground floor is anchored by Hypermart, which accounts for 25.5% of the NLA as at 31 December 2015. 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 16% of the NLA as at 31 December 2015. 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 Paperclip flagship store 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 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. The reconfiguration cost was Rp.1.8 billion but the annual rental was projected at Rp.1.6 billion.

The mall has achieved an occupancy rate of 99.0% as at 31 December 2015.

(iv) Plaza Semanggi

The Plaza Semanggi, aggregating a total NLA of 64,212 sq m as at 31 December 2015, is a modern shopping centre comprising seven storey and two basement levels shopping centre and 13 levels of office floors, with parking lots comprising 1,090 car lots and 800 motorcycle 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 channelling 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, the 413 tenants provide 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 31 December 2015, Plaza Semanggi had 413 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 currently undergoing AEI to reconfigure the space vacated by Giant Hypermarket to accommodate Foodmart and some F&B specialties. 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 Giordano, J-Co Donuts, Polo Ralph Lauren, 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 traditional food court with small hawker style retailers and a restaurant precinct. The cinema complex is located on the fifth level.

As at 31 December 2015, 80.2% of the space is occupied by tenants.

(v) Ekalokasari Plaza

Ekalokasari Plaza, aggregating a total NLA of 27,132 sq m as at 31 December 2015, is a six storey with three basement levels retail mall and has parking lots comprising 357 car lots and 283 motorcycle 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, Hypermart supermarket, two large bookstores and a concentration of fashion labels and outlets.

As at 31 December 2015, Ekalokasari Plaza has 48 retail tenants based on Current Leases. The tenant profile of the mall comprises a diverse set of tenants. There are 45 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 Hypermart supermarket which account for 42.7% of NLA. The anchor tenants, together with the Amazone amusement centre, occupy the lower ground to the second floor. The other prominent tenants include Breadtalk, J-Co Donut, Kentucky Fried Chicken, The Body Shop and Starbucks

As at 31 December 2015, the occupancy rate of the mall was 92.3%.

(vi) Bandung Indah Plaza

Bandung Indah Plaza, aggregating a total NLA of 30,288 sq m as at 31 December 2015, is a four storey with three basement levels retail mall with parking lots comprising 653 car lots and 750 motorcycle 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 31 December 2015, Bandung Indah Plaza has 252 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 14.9% of total NLA. This level also includes F&B outlets such as McDonald's and Starbucks, and fashion and accessories retailers such as Polo Ralph Lauren and Giordano.

The first level of the mall is anchored by Matahari Department Store, which accounts for 19% of total NLA. Youth fashion retailers such as Levis 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 Kettler. 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. Rentals were raised from Rp.71,500 to Rp.162,000 psm per month after the space was reconfigured.

Another AEI was undertaken at the ex-management office space together with four specialty units that were converted into 794 sq m of lettable space and leased to a fitness centre operator in October 2009. The rental secured was Rp.80,000 psm m per month for a term of three years. The annual rental income is Rp.585.0 million.

As at 31 December 2015, the average monthly rental rate of specialty stores was Rp.360,000 psm m per month and the occupancy rate of the mall as at 31 December 2015 was 99.8%.

(vii) Istana Plaza

Istana Plaza, aggregating a total NLA of 26,859 sq m as at 31 December 2015, is a four storey with two basement levels retail mall with parking lots comprising 400 car lots and 500 motorcycle 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 180 tenancies in Istana Plaza provides a 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 31 December 2015, Istana Plaza has 180 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 17.6% of the mall's total NLA.

As at 31 December 2015, the mall enjoys an occupancy rate of 100.0%.

(viii) Sun Plaza

Sun Plaza, aggregating a total NLA of 64,613 sq m as at 31 December 2015, 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 350 exclusive tenants including international brands such as H&M, Zara, Breadtalk, Starbucks, Pizza Hut, Sushi Tei, Mango and Body Shop. Sun

Plaza has a committed occupancy of 98.3% as at 31 December 2015. Sun Plaza provides all classes of shoppers in Medan with a one-stop shopping, dining and entertainment destination.

(ix) Pluit Village

Pluit Village, aggregating a total NLA of 87,404 sq m as at 31 December 2015, is a five-level retail mall located in North Jakarta with parking lots comprising 1,581 car lots and 1,860 motorcycle lots. It is located in close proximity and surrounded by affluent residential estates and apartments with a Chinese ethnic majority. As at 31 December 2015, there are 149 tenants in Pluit Village, including well known international and domestic retailers and brand names such as Matahari Department Store, Gramedia Bookstore, J.Co Donut, Body Shop and Best Denki. Completed in 1996, Pluit Village had undergone refurbishment works which was completed in September 2009.

As at 31 December 2015, the mall enjoys an occupancy rate of 87.7%.

(x) Plaza Medan Fair

Plaza 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. As at 31 December 2015, Plaza Medan Fair has an NLA of 54,776 sq m, with parking lots comprising 959 car lots and 1,300 motorcycle lots and 427 tenants. Completed in 2004, Plaza Medan Fair's tenants include well known international and domestic retailers and brand names such as Carrefour, Matahari Department Store and Electronic City, Timezone. Plaza Medan Fair is strategically located in the shopping and business district of Medan, surrounded by residences and within walking distance to famous hotels in town.

As at 31 December 2015, the mall enjoys an occupancy rate of 97.8%.

(xi) Tamini Square

Tamini Square is a five-level strata titled retail mall with one basement level and one roof level located in the city of Jakarta, Indonesia, bearing the postal address Jalan Raya Taman Mini Pintu 1 No. 15, Pinang Ranti Sub District, Makasar District, East Jakarta Region, DKI Jakarta Province).

The retail mall is located within close proximity to one of Jakarta's popular tourist destinations Taman Mini Indonesia Indah, which is a culture-based recreational attraction in east Jakarta and draws large shopping and dining traffic daily.

LMIR Trust has acquired 37 strata title units (*Hak Milik Atas Satuan Rumah Susun*) in Tamini Square aggregating a total NLA of 17,475 sq m (representing 44% of the total NLA of Tamini Square). The units are currently fully occupied by anchor tenants such as Carrefour, Pizza Hut and other well-known specialty tenants in the F&B sector. As at 31 December 2015, the occupancy rate was 100.0%.

The strata title units are built on a plot of land with a HGB title with an expiry date of 28 April 2025.

(xii) Lippo Plaza Kramat Jati (formerly known as ‘Kramat Jati Indah Plaza’)

Lippo Plaza Kramat Jati (formerly known as ‘Kramat Jati Indah Plaza’) (“**KJI**”), aggregating a total NLA of 32,628 sq m as at 31 December 2015, is a five-level (including one basement level) retail mall located in the city of Jakarta, Indonesia, bearing the postal address Jalan Raya Bogor Km 19, Kramat Jati Sub District, Kramat Jati District, East Jakarta Region, DKI Jakarta Province. KJI is a favourite destination for shopping and dining for the local population in East Jakarta. As at 31 December 2015, the occupancy rate was 91.9%.

KJI is situated 2.5 km south of Jakarta’s Jagorawi toll road and is easily accessible from the main road. Hence, the mall has good accessibility to passing traffic. KJI’s notable developments in the close vicinity includes Taman Mini Indonesia Indah which is a culture-based recreational area in East Jakarta and Halim Perdanakusuma Airport.

Completed in 1996, KJI had undergone refurbishment works in 2004 and 2012.

(xiii) Palembang Square

Palembang Square is a four-level retail mall located in Palembang, South Sumatra, Indonesia, bearing the postal address Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province.

Palembang Square is part of a mixed-use development consisting of a hotel, a proposed hospital and Palembang Square Extension and has an NLA (after the completion of a refurbishment and repositioning exercise) of 31,641 sq m as at 31 December 2015. It has an occupancy rate of 92.6% as at 31 December 2015.

Its anchor tenants is well complemented by international and local specialty tenants which include restaurants, fashion labels, a cinema, bookstores, a video game centre and home furnishing store.

(xiv) Palembang Square Extension

Palembang Square Extension is a two-level retail mall (including one underground level) with a bridge, and with a parking area with 250 car lots and 800 motorcycles lots.

The mall is located in Palembang, South Sumatra, Indonesia, bearing the postal address Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province. Palembang Square Extension is part of a mixed-use development consisting of a hotel, a proposed hospital and an existing mall with an NLA of 17,392 sq m and an occupancy rate of 94.4% as at 31 December 2015. Palembang Square Extension is directly connected to Palembang Square and the proposed hospital via a bridge.

The underlying BOT Land, on which Palembang Square Extension is constructed, is represented by Right to Use (Hak Pakai) No. 419/Lorok Pakjo, registered under the name of Government of South Sumatera Province (which currently is in the process of being converted into Right to Manage). The BOT Grantor is currently in the process of applying for the Right to Manage (Hak Pengelolaan) in relation to an additional area of 7,055 sq m.

(xv) Pejaten Village

Pejaten Village is a six-level retail mall (including one basement level) built in 2009, with a GFA of 89,157 sq m and NLA of about 42,116 sq m and an occupancy rate of 99.0% as at 31 December 2015. The retail mall is located within a strategic area in the heart of South Jakarta and bears the postal address of Jalan Warung Jati Barat No. 39, Jati Padang Sub District, Pasar Minggu District, South Jakarta Region, DKI Jakarta Province, Indonesia.

Pejaten Village is surrounded by commercial developments such as medium-rise office buildings, shop houses and hotels. This location is within proximity to the Kemang area, which is a popular residential area for the expatriates in Jakarta.

Anchored by Matahari Department Store and Hypermart, the 142 tenants provide shoppers with a diverse and comprehensive tenant mix. Pejaten Village offers both destination and convenience shopping, and is supported by its central location, which is easily accessible by cars and public transport. The specialty tenants of Pejaten Village include well known international and domestic retailers and brand names such as J.CO Donuts & Coffee, Fitness First, Body Shop, Domino's Pizza and many others.

(xvi) Binjai Supermall

Built in 2007, Binjai Supermall is the first and only modern retail mall in Binjai City. Binjai Supermall is a three-level retail mall. As at 31 December 2015, it has an aggregate NLA of 23,315 sq m and an occupancy rate of 93.2%.

Binjai Supermall is prominently located along the main road which connects the Binjai and Medan city, and bears the postal address Jalan Soekarno Hatta No. 14, Timbang langkat Sub District, East Binjai District, Binjai City, North Sumatra, Indonesia. The retail mall is positioned as a lifestyle mall for the middle to upper middle income segments of the retail market. Binjai Supermall targets a wide range of customers, including families, business professionals as well as teenagers.

The tenants of Binjai Supermall include well known domestic and International retailers and brand names such as Matahari Department Store, Hypermart, Texas Chicken and Dunkin Donuts.

(xvii) 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 GFA of 150,932 sq m, an NLA of 58,251 sq m, 2,326 car park lots and 1,311 motorcycle lots and occupancy rate of 93.2% as at 31 December 2015. 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 31 December 2015, Lippo Mall Kemang has 4 anchor tenants, 124 large tenants¹ and 175 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 hotel, Pelita Harapan school campus (completed in 2010), a planned hospital 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.

(xviii) Lippo Plaza Batu

Lippo Plaza Batu is a three-level (including one basement level) retail mall with an NLA of 12,333 sq m located in Batu, bearing the postal address Jl. Diponegoro No.1 RT 07/05, Batu City. There will be an additional 6,500 sq m of NLA to be built on the roof level as part of the on-going asset enhancement works.

As of 31 December 2015, Lippo Plaza Batu has an occupancy rate of 98.3%.

(xix) Palembang Icon

Palembang Icon is a five-level (including one basement level) retail mall and a sports centre with an NLA of 35,750 sq m, located in the city of Palembang, Indonesia, bearing the postal address Jalan POM IX, Palembang, Indonesia.

As of 31 December 2015, Palembang Icon has an occupancy rate of 99.3%.

2.2.2 RETAIL SPACES

(i) 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.

¹ Large tenant means a tenant who leases a total area of between 400 sq m and 2,000 sq m.

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 31 December 2015, representing 25.4% of the total NLA of Mall WTC Matahari as at 31 December 2015. The Mall WTC Matahari Units are currently utilised as a department store, supermarket and entertainment and game centre.

(ii) 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 32.9% of the total NLA of Depok Town Square as of 31 December 2015. The Depok Town Square Units are currently utilised as a department store, supermarket and entertainment and games centre.

(iii) 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. Semarang had a population of 1.3 million in 2000 and is estimated to have grown annually at 2.6% per annum, registering a total increase of approximately 1.5 million over the last seven years.

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 48.3% of the total NLA of Java Supermall as of 31 December 2015. The Java Supermall Units are currently utilised as a department store and supermarket.

(iv) 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 48.3% of the total NLA of Malang Town Square as of 31 December 2015. The Malang Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

(v) 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 sub-districts 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 31 December 2015, 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.

(vi) 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 MedanCBD 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 54.9% of the total NLA of Grand Palladium Medan as at 31 December 2015. The Grand Palladium Medan Units are currently utilised as a department store, hypermarket and entertainment and games centre.

(vii) Metropolis Town Square Units

Metropolis Town Square is located in Tangerang city, Banten province, approximately 20 kilometres 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 kilometres south of the city centre of Tangerang.

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.

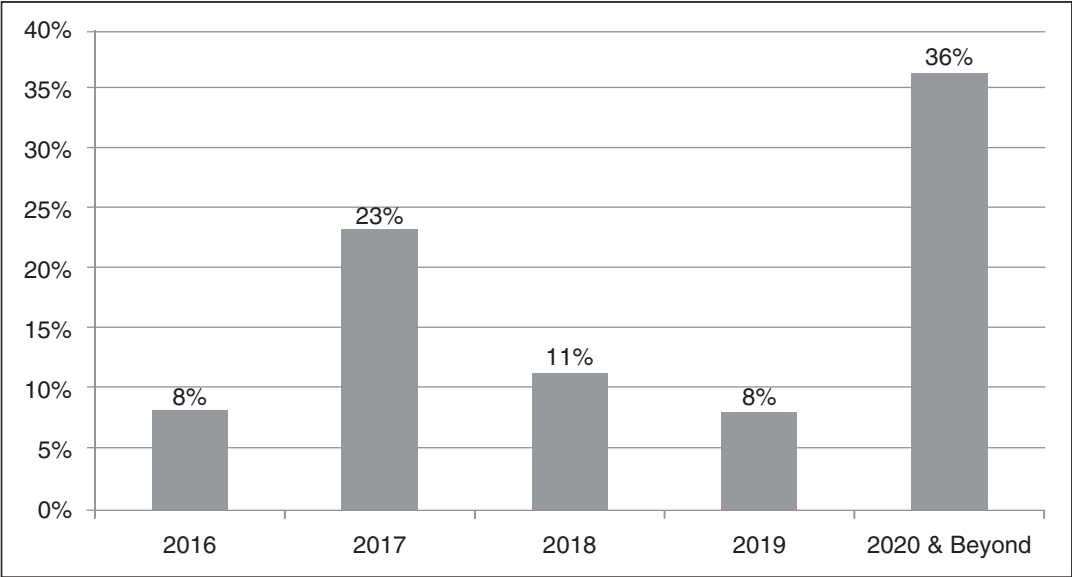
The Metropolis Town Square Units comprise three strata units on part of the ground floor, first floor and second floor of the building, aggregating a total NLA of 15,248 sq m and representing 32.9 per cent. of the total NLA of Metropolis Town Square as at 31 December 2015. The Metropolis Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

The table below sets out information about the Retails Malls in the Existing Portfolio as at 31 December 2015.

Property	GFA (sq m)	NLA (sq m)	No. of tenants	Valuation	Occupancy
Bandung Indah Plaza	75,868	30,288	252	82.6	99.8%
Cibubur Junction	66,071	34,496	199	50.0	99.0%
Ekalokasari Plaza	57,223	27,132	48	38.7	92.3%
Gajah Mada Plaza	66,160	36,432	189	77.4	75.9%
Istana Plaza	46,809	26,859	180	76.0	100.0%
Mal Lippo Cikarang	39,293	30,247	130	57.8	99.1%
Plaza Semanggi	155,122	64,212	413	126.9	80.2%
Sun Plaza	100,000	64,613	350	174.5	98.3%
Pluit Village	134,576	87,404	149	118.1	87.7%
Medan Fair	125,053	54,776	427	112.0	97.8%
Lippo Plaza Kramat Jati	67,285	32,628	96	58.2	91.9%
Palembang Square Extension	22,527	17,392	40	25.6	94.4%
Tamini Square	18,963	17,475	13	25.0	100.0%
Palembang Square	46,546	31,641	129	66.2	92.6%
Pejaten Village	89,157	42,116	142	99.9	99.0%
Binjai Supermall	28,760	23,315	80	27.2	93.2%
Lippo Mall Kemang	150,932	58,251	191	358.3	93.2%
Lippo Plaza Batu	27,636	12,333	45	28.0	98.3%
Palembang Icon	42,361	35,750	168	79.8	99.3%

2.3 Lease Expiry for the Existing Portfolio

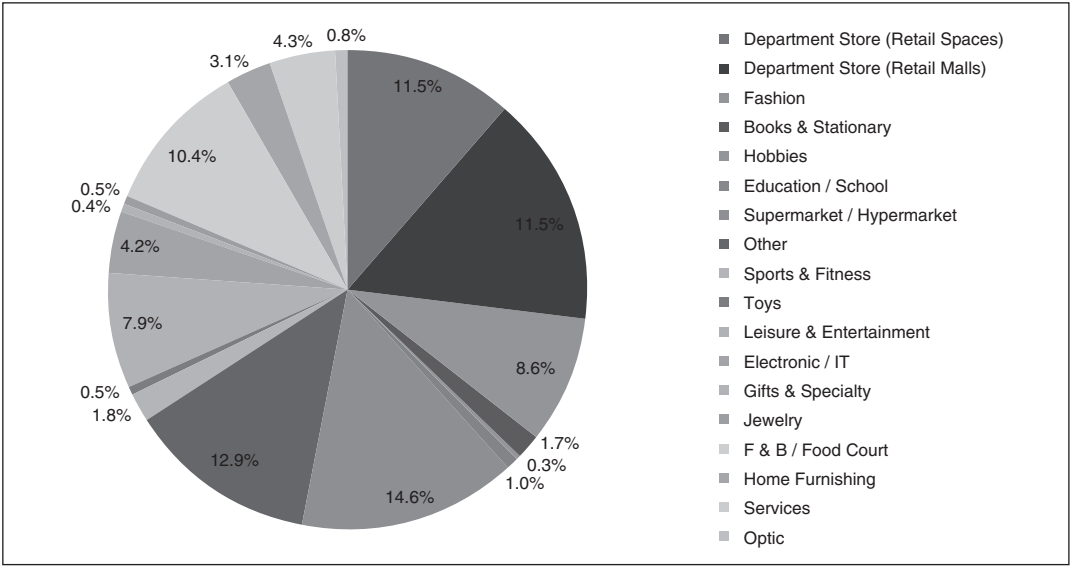
The graph below illustrates the lease expiry profile of the Existing Portfolio by NLA as at 31 December 2015.



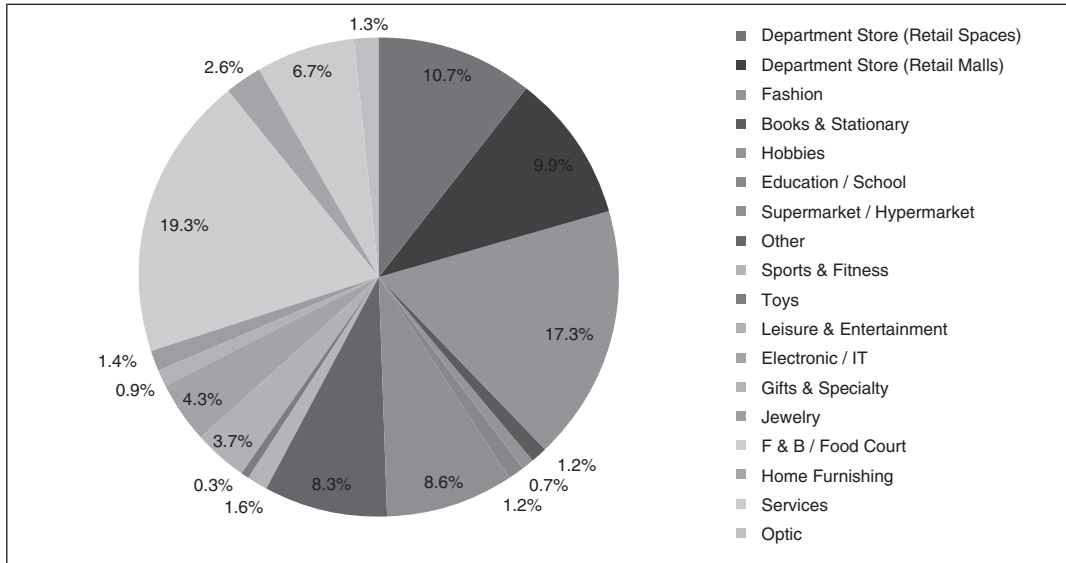
2.4 Major Usage Mix for the Existing Portfolio

The graphs below provide a breakdown of the major usage mix represented in the Existing Portfolio by rental income for the month of December 2015 and NLA as at 31 December 2015.

Major Usage Mix (by NLA as at 31 December 2015)



Major Usage Mix (by rental income for the month of December 2015)



2.5 Top Ten Tenants of the Existing Portfolio

The table below sets out selected information about the top ten tenants of the Existing Portfolio by rental income (excluding retail turnover rent) for the month of December 2015.

No	Top ten tenants of the Existing Portfolio (by rental income for the month of December 2015)	%
1	Matahari Department Store	9.4
2	Hypermart	6.1
3	Carrefour	3.3
4	Solaria	0.7
5	Gramedia	0.6
6	Fitness First	0.5
7	Electronic Solution	0.5
8	Ace Hardware	0.5
9	Cinema 21	0.4
10	Giant Supermarket	0.4

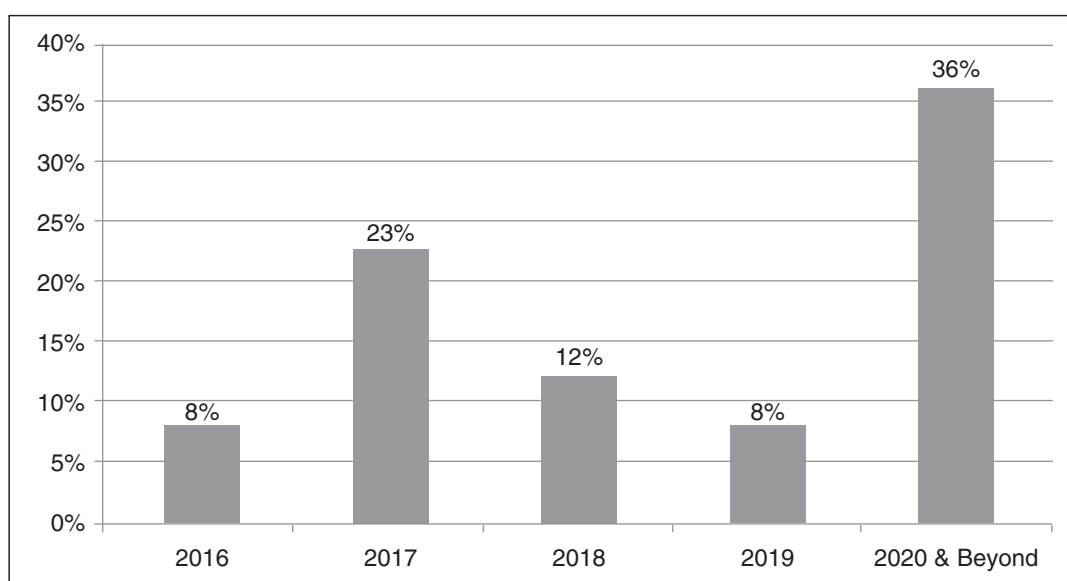
The table below sets out selected information about the top ten tenants of the Existing Portfolio by NLA as at 31 December 2015.

No	Top ten tenants of the Existing Portfolio (by NLA as at 31 December 2015)	%
1	Matahari Department Store	18.5
2	Hypermart	15.7
3	Carrefour	8.4
4	Timezone	3.0
5	Cinema 21	2.8
6	Sogo	2.0
7	Debenhams	1.8
8	Electronic Solution	1.4
9	Ace Hardware	1.4
10	Cinemaxx	1.2

3. ENLARGED PORTFOLIO

3.1 Lease Expiry Profile for the Enlarged Portfolio

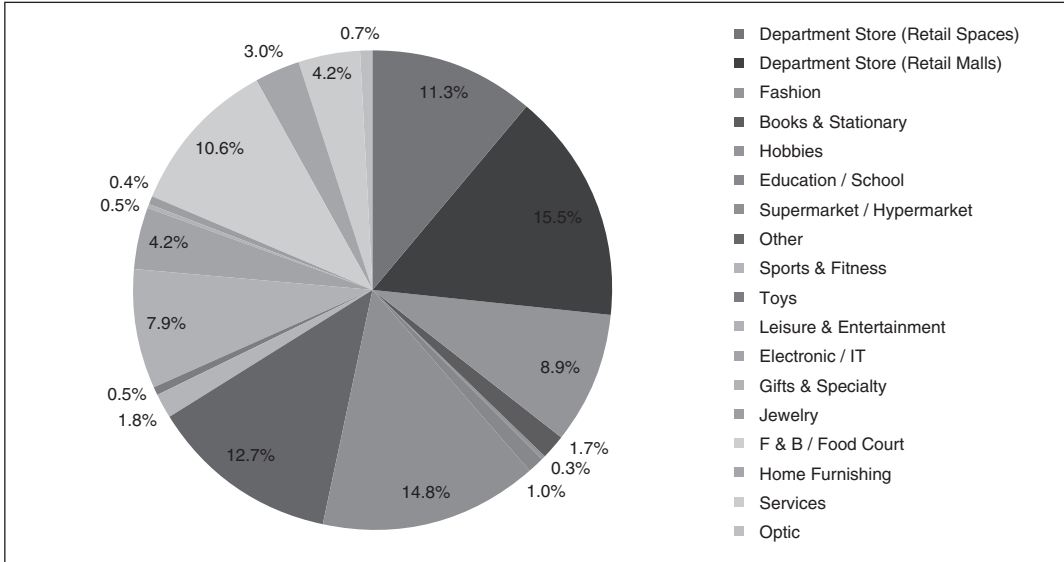
The graph below illustrates the lease expiry profile of the Enlarged Portfolio as a percentage of NLA as at 31 December 2015.



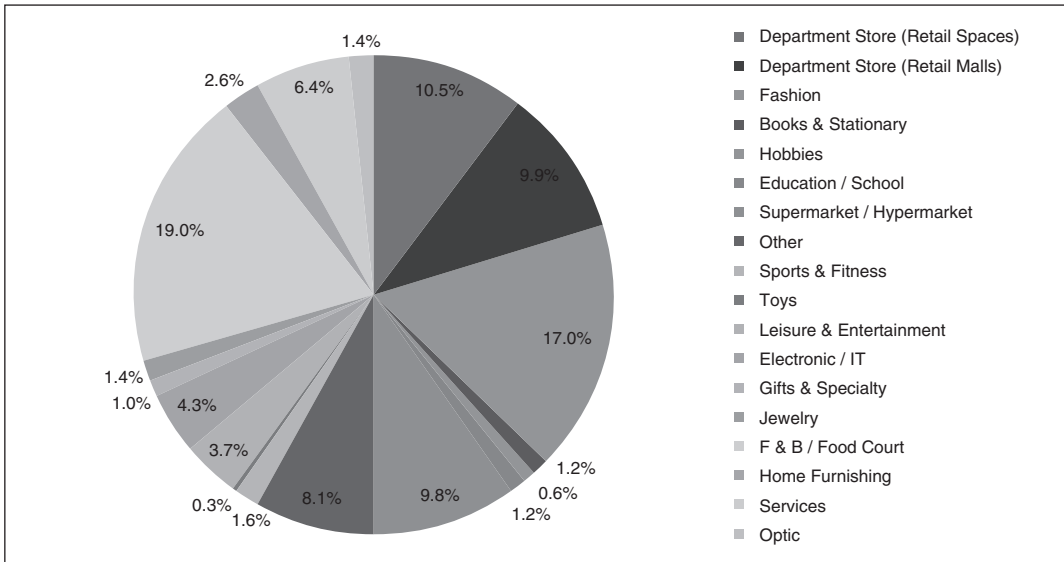
3.2 Major Usage Mix for the Enlarged Portfolio

The graphs below provide a breakdown of the major usage mix represented in the existing portfolio by rental income for the month of December 2015 and NLA as at 31 December 2015.

Usage Mix (by NLA as at 31 December 2015)



Usage Mix (by rental income for the month of December 2015)



3.3 Top Ten Tenants of the Enlarged Portfolio

The table below sets out selected information about the top ten tenants of the Enlarged Portfolio by rental income (excluding retail turnover rent) for the month of December 2015 and NLA as at 31 December 2015.

No	Top ten tenants of the Enlarged Portfolio (by rental income for the month of December 2015)	%
1	Matahari Department Store	9.4
2	Hypermart	6.9
3	Carrefour	3.2
4	Solaria	0.7
5	Gramedia	0.6
6	Fitness First	0.5
7	Electronic Solution	0.5
8	Ace Hardware	0.5
9	Cinema 21	0.4
10	Giant Supermarket	0.4

No	Top ten tenants of the Enlarged Portfolio (by NLA as at 31 December 2015)	%
1	Matahari Department Store	18.5
2	Hypermart	16.0
3	Carrefour	8.2
4	Timezone	2.9
5	Cinema 21	2.7
6	Sogo	1.9
7	Debenhams	1.8
8	Electronic Solution	1.4
9	Ace Hardware	1.3
10	Cinemaxx	1.3

VALUATION SUMMARY REPORTS

HSBC Institutional Trust Services (Singapore) Limited
LMIRT Management Ltd

VALUATION OF FINANCIAL INTEREST IN
LIPPO MALL KUTA AND KUTA ICON HOTEL (WORK IN PROGRESS)
Jalan Kartika Plaza, Kuta Sub-district
Kuta District, Badung Region
Bali Province, Indonesia

No. Report : RHR00R1P08160130
Date : 12 August 2016



KJPP RHR
KJPP Rengganis, Hamid & Rekan
Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja Negara Republik Indonesia



KJPP RHR

KJPP Rengganis, Hamid & Rekan
Izin Usaha KJPP No. 2.09.0012
Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja Negara Republik Indonesia

To : **HSBC Institutional Trust Services (Singapore) Limited**
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#13 – 02 HSBC Building
Singapore 049320

Our Ref. : RHR00C1P07161130
Date : 12 August 2016
No. Report : RHR00R1P08160130

LMIRT Management Ltd
(as Manager of Lippo Malls Indonesia Retail Trust)
50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

**REVALUATION OF FINANCIAL INTEREST IN
LIPPO MALL KUTA AND KUTA ICON HOTEL (WORK IN PROGRESS)
Jalan Kartika Plaza, Kuta Sub District,
Kuta District, Badung Regency, Bali Province, Indonesia**

Dear Sir/Madam,

Following instruction of HSBC Institutional Trust Services (Singapore) Limited (**HSBC**) as Trustee of Lippo Malls Indonesia Retail Trust (**LMIRT**) (**the Client**) under contract No.RHR00C1P07161130 dated 20 July 2016 to advise on the Market Value of Financial Interest in Lippo Mall Kuta (**LMK**) and Kuta Icon Hotel (work in progress) (**KIH**) located on Jalan Kartika Plaza, Kuta Sub District, Kuta District, Badung Regency, Bali Province, Indonesia; we hereby declare that we have completed our inspection and analysis, and submit the attached valuation certificate for your consideration.

1. Introduction

This assignment has been carried out by independent valuer who is a Public Valuer in KJPP Rengganis, Hamid & Rekan-KJPP RHR (previously PT Heburinas Nusantara). KJPP RHR is an independent valuation firm registered in Indonesian Appraisers Society (Masyarakat Profesi Penilai Indonesia), provided with a business permit from the Ministry of Finance and registered in OJK "Otoritas Jasa Keuangan" previously Bapepam-LK (Securities Exchange Commission "SEC").

KJPP-RHR has established a strategic alliance with **CBRE**, the world's premier, full service real estate services company listed in New York Stock Exchange.

2. Client and Intended User

The Client and the intended user are HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Lippo Malls Indonesia Retail Trust) and LMIRT Management Ltd (as Manager of Lippo Malls Indonesia Retail Trust).

Head Office:
Menara Kuningan 8th Floor
Jalan HR. Rasuna Said Blok X-7 Kav. 5, Jakarta 12940
Phone: 62-21 3001 6002 Fax: 62-21 3001 6003
email: kjpp.rhp@rhp-valuation.com

Our Offices:
Denpasar (P) | Makassar (P) | Medan (P) | Solo (P) | Surabaya (P)

www.rhp-valuation.com



3. Purpose of Valuation

The purpose of this valuation is to form an opinion of Market Value of the subject property for acquisition.

4. The Subject Property

The subject property is Financial Interest in LMK and KIH (work in progress) located on Jalan Kartika Plaza, Kuta District, Badung Regency, Bali Province, Indonesia.

LMK is a retail mall with NLA (Net Lettable Area) of about 20,155 square meters while KIH is a proposed 5-star hotel with 180 rooms. Both are erected on the land with total area of about 21,150 square meters.

5. Ownership Right and Type

The ownership is individual type completed with Right to Build Certificate (Hak Guna Bangunan) registered under the name of PT Pamor Paramita Utama.

6. Basis of Valuation

This valuation was prepared according to the Indonesian Valuation Standards (SPI – Standar Penilaian Indonesia) in which the appropriate basis for this valuation is Market Value. Indonesian Valuation Standards defines the Market Value and Financial Interest as follows:

Market Value

“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”. (SPI 101-3.1)

Market value refers and reflects the actual value regardless of any tax liability or cost associated with these sales transactions. The property is valued based on the assumption that it is free and clear all mortgages, encumbrances, and other outstanding premiums and charges.

Financial Interest

“Financial Interest in property legally is derived from the division of ownership in the business entities and real property (e.g. alliance/partnership, syndicate, BOT, lease/co-Tenancies, joint venture), and granting contractual option rights to buy or sell property (for example land and buildings, shares or other financial instruments) at a stated price within a specific period, or derived from the establishment of investment instruments that are secured by a bunch of real estate assets.”(KPUP – Property Type 5.1)

7. Date of Valuation

The valuation date is 30 June 2016. The inspection date is 21 July 2016.

8. Currency

For KIH, we have valued the property in Singapore Dollars since the rental revenue is in Singapore Dollars. For your information, the exchange rate at the date of valuation, 30 June 2016, is SGD1 = Rp9,770.56/- (middle rate). Meanwhile for LMK, we have valued the property in Indonesian Rupiah since the rental revenue is in Indonesian Rupiah denominated.

9. Depth of Investigation

The valuation is conducted with limitation of investigation as follows:

- a. The investigation is carried out through the process of data collection by doing the inspection, calculation, and analysis;
- b. The investigation, calculation and analysis are carried out without hidden information or deliberately hidden information.

10. Reliable Information Data

Relevant information and data which do not require verification can be accepted to be used only if the data sources are published in national and international levels. The data sources include:

- Central Bank of Republic Indonesia;
- Indonesia Stock Exchange or other country;
- Statistics Indonesia;
- Electronic information.

11. Publication Approval Terms

The valuation report and / or the attached references are only intended for the Client and Intended User as stated in this scope of work. The use of this report beyond the scope of work must be approved by KJPP RHR and the Client.

12. Assumption and Special Assumption

Our valuation is subject to the following:

- 1) The date of inspection is after the valuation date, therefore in this valuation we have assumed that there is no significant change in subject property between the date of valuation and the date of inspection.
- 2) The title of the subject property is assumed to be good marketable title and free and clear from all liens and encumbrances, easements, restriction, or limitation. We did not make any land measurement and we assumed that the land drawing contained in the land certificates and/or provided by the Client is true and accurate.
- 3) As of inspection, we found that the KIH was still under construction and planned to be opened in early 2017. In this valuation we have valued the financial interest by assuming that the rent will be paid by lessee based on the term and condition in the Proposed Term Sheet of the Proposed Acquisition of KIH by LMIRT. We also assumed that the vendor will complete the hotel construction and deliver the hotel to the purchaser as completed. If the vendor does not fulfill their responsibility, we state that that this valuation is not valid.
- 4) We have received the building permit, and we understand that the building is permitted for non-star hotel. We assumed that the property will be completed with all regulation and

permits related to Town Planning and Building Regulation as mall and hotel building (as 5-star hotel).

- 5) We have not investigated the title or any liabilities affecting the property appraised. No consideration was made for any outstanding amount owed in financing agreements, if any.
- 6) We also have received tenancy schedule and sample of lease agreements of tenants, and we assumed that the term and condition in the agreement is true and accurate.
- 7) We have received 5 (five) lease agreements between PT Pamor Paramita Utama and third parties which cover parking, casual leasing, specialty area, food court area and hotel. In this valuation, we have assumed that the third parties will fulfill their liabilities. We stated that should these prove to be on the contrary; this valuation is deemed to be not valid.
- 8) We have assumed that the subject property is managed professionally and competently.

13. Valuation Approach

In this valuation, we have adopted the Income Approach with Discounted Cash Flow Method.

14. Confirmation on Indonesia Valuation Standard

The Valuer's analysis, opinions, and conclusions, together with the report have been prepared in conformity with Valuer Ethic Codes, but there is a deviation from Indonesian Valuation Standards 6th Edition - 2015. We understand that there is another valuer engaged at this valuation for the same purpose and valuation date.

15. Valuation Conclusion

Having considered all relevant information and the prevailing market condition, we are of the opinion that the Market Value of Financial Interest in LMK and KIH (Work in Progress) located on Jalan Kartika Plaza, Kuta Sub District, Kuta District, Badung Region, Bali Province, Indonesia as of 30 June 2016, is:

LMK

With Master Lease Agreement and OPCO Support:

Rp891,733,000,000/-
(EIGHT HUNDRED NINETY ONE BILLION SEVEN HUNDRED THIRTY THREE MILLION RUPIAHS)

Without Master Lease Agreement and OPCO Support:

Rp819,485,000,000/-
(EIGHT HUNDRED NINETEEN BILLION FOUR HUNDRED EIGHTY FIVE MILLION RUPIAHS)

KIH

SGD69,800,000
(SIXTY NINE MILLION EIGHT HUNDRED THOUSAND SINGAPORE DOLLARS)

By using exchange rate as of date of valuation SGD1 = Rp9,770.56/-, the Market Value of KIH is:

Rp681,985,000,000/-
(SIX HUNDRED EIGHTY ONE BILLION NINE HUNDRED EIGHTY FIVE MILLION RUPIAHS)

Jakarta, 12 August 2016

Yours faithfully,

KJPP Rengganis, Hamid & Rekan


KJPP Rengganis, Hamid & Rekan

Vivien Heriyanthi, MAPPI (Cert.)

Partner – Property & Business Valuer

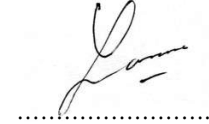
License Valuer No. PB-1.09.00263

MAPPI No. 00-S-1256

COMPLIANCE STATEMENT

Within the limitations of our ability and belief, we the undersigned declare that:

1. The statement in this report, which are based on the analysis, opinions and conclusions described therein, are to the best of our knowledge true and correct.
2. The report explains the limiting conditions and disclaimer that may have influenced the aforementioned analysis, opinion and conclusions.
3. We have no present or contemplated future interest in the property that is subject of this appraisal, nor have personal interests or bias with respect to the subject matters of this valuation or the parties involved.
4. The professional fee is not related with the opinion of value as stated in this report.
5. The Valuers have already accomplished professional education requirements defined/implemented by MAPPI (Masyarakat Profesi Penilai Indonesia).
6. The Valuers possess adequate understanding regarding the location and/or the type of property under valuation.
7. The engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. The Valuers compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of the stipulated result, or the occurrence of a subsequent event directly related to the intended use of this valuation.
9. The Valuers have carried out the following scope of work:
 - Problem identification (identifying the limitation, property rights, purpose and objective, definition of value, date of valuation);
 - Data collection and property inspection;
 - Data analysis;
 - Value estimation using suitable approaches;
 - Report writing.
10. No one other than the undersigned Valuers have involved in the inspection, analysis, conclusion, and opinions concerning the property that are set forth in this valuation report.
11. The Valuer's analysis, opinions, and conclusions, together with the report have been prepared in conformity with the Indonesian Valuation Standards and Valuer Ethic Codes (SPI 6th Edition - 2015).

Name	Qualification	Signatures
Job Captain:		
Vivien Heriyanthi, MAPPI (Cert.) Licensed Valuer No. PB-1.09.00263 MAPPI No. 00-S-1256	Property & Business Valuer	
Reviewer :		
Rengganis Kartomo, MAPPI (Cert.) Licensed Valuer No. PB-1.08.00006 MAPPI No. 95-S-0632	Property & Business Valuer	
Valuer :		
Amalaura Dienaulie MAPPI No.12-T-03896	Property Valuer	
Putu Pujawati MAPPI No. 14-P-05419	Property Valuer	

**VALUATION CERTIFICATE OF LIPPO MALL KUTA AND
KUTA ICON HOTEL (WORK IN PROGRESS)**

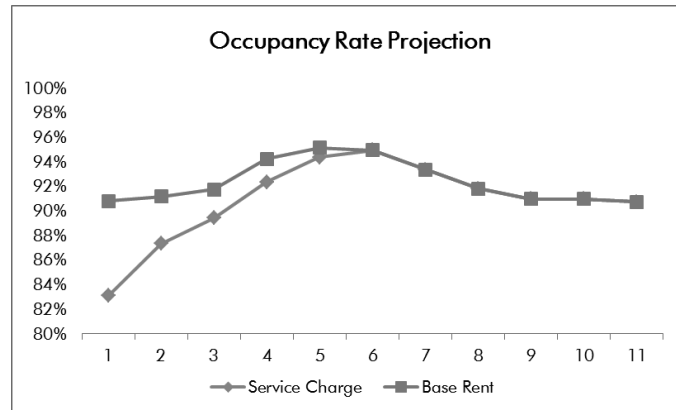
General Description of Property	Property Identification	Market Value as of 29 February 2016
<p><u>Property Brief</u></p> <p>The subject property is Financial Interest in LMK and KIH. LMK is a shopping center with net lettable area of about 20,155 square meters excluding casual leasing of about 250 square meters. KIH is a 5-star hotel (work in progress) but currently put on hold with a gross floor area of 22,429 square meters and 180 rooms.</p> <p><u>Location</u></p> <p>LMK and KIH are a mixed use development located on Jalan Kartika Plaza, Kuta Sub-district, Kuta District, Badung Regency, Bali Province, Indonesia. LMK and KIH are located on the west side of Jalan Kartika Plaza or within radius of:</p> <ul style="list-style-type: none"> • about 1.6 kilometers to the north of Ngurah Rai International Airport; • about 1.8 kilometers to the south of Kuta Beach; • about 3.0 kilometers to the southwest of Dewa Ruci Statue roundabout. 	<p><u>Site Details and Tenure</u></p> <p>The site is almost rectangular in shape with an area of about 21,150 square meters. The frontage to Jalan Kartika Plaza is about 139 meters and the frontage to Jalan Samudra is about 131 meters. The site is generally flat and higher than the fronting road.</p> <p>The land is covered with 1 (one) Right to Build Certificate (Sertipikat Hak Guna Bangunan – “SHGB”) No.875 registered under the name of PT Pamor Paramita Utama. It was issued on 22 March 2007 and will expire on 22 March 2037. The land area is 21,150 square meters as stated in Situation Drawing No. 9884/1989 dated 18 November 1989.</p> <p><u>Town Planning</u></p> <p>Zoning : accommodation supporting tourism activity</p> <p>Site coverage (KDB) : 50 %</p> <p>Plot ratio (KLB) : -</p> <p>Height limitation : 15 meters</p> <p>The building is covered by building permit No.1267 year 2011 dated 5 September 2011 and registered under the name of Santoso Kadiman as Commissioner of PT. Pamor Paramita Utama, which covers the building area of about 55,397 square meters.</p> <p><u>Building Description</u></p> <p>LMK is a 2-storey building with 1-level basement retail mall with gross building area of about 36,312 square meters (including parking space of about 15,284 square meters). LMK completed its construction and opened in 2013. As of inspection, we found that the building was generally in good condition.</p> <p>KIH (work in progress) is a 4-storey building with total area of about 22,429 square meters including roof top for facilities such as gym, swimming pool, spa, lounge F & B, main dining, shallow pool, kid pool and private pool. The building has started its construction in 2011 and as of inspection we found that the construction was put on hold. The working progress for structure has finished and we found that it has about 75% construction progress for the wall. Furthermore, the machinery and equipment have not been installed yet.</p>	<p><u>Lippo Mall Kuta</u></p> <p>With Master Lease Agreement and OPCO Support:</p> <p align="center">Rp891,733,000,000/- (EIGHT HUNDRED NINETY ONE BILLION SEVEN HUNDRED THIRTY THREE MILLION RUPIAHS)</p> <p>Without Master Lease Agreement and OPCO Support:</p> <p align="center">Rp819,485,000,000/- (EIGHT HUNDRED NINETEEN BILLION FOUR HUNDRED EIGHTY FIVE MILLION RUPIAHS)</p> <p><u>Kuta Icon Hotel (WIP and currently put on hold)</u></p> <p align="center">SGD69,800,000 (SIXTY NINE MILLION EIGHT HUNDRED THOUSAND SINGAPORE DOLLARS)</p> <p>By using exchange rate as of date of valuation SGD1= Rp9,770.56/-, the Market Value of Kuta Icon Hotel is:</p> <p align="center">Rp681,985,000,000/- (SIX HUNDRED EIGHTY ONE BILLION NINE HUNDRED EIGHTY FIVE MILLION RUPIAHS)</p> <p>We stated that the hospital value cannot be separated from the shopping center value as both properties are erected on the same land and has not been completed with strata title certificate.</p>

**APPENDIX
VALUATION ASSUMPTION**

The valuation procedure is as follows:

LMK

- The cash flow projection is within a period of 11 years, started from 1 July 2016 using a monthly basis calculation;
- Total net leasable area (NLA) is consisted of:
 - ✓ Rental space : 20,155 square meters
 - ✓ Casual leasing : 250 square meters
- The average occupancy rate (AOR) is arrived at by analyzing the competitor's performance as well as market share within the market area. The base rent's occupancy rate considers the master lease agreement, meanwhile for service charge only consider the actual area occupied by tenants.

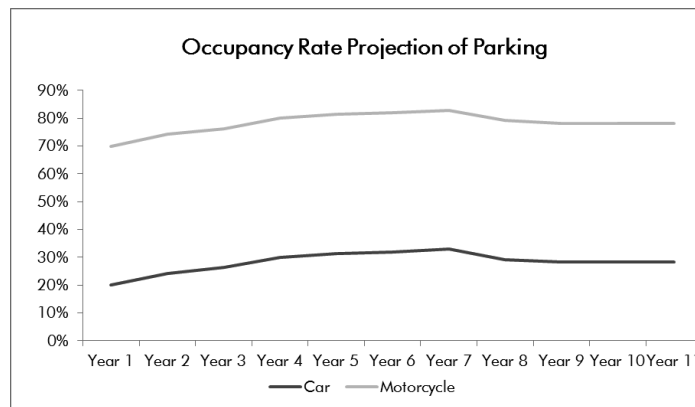


- Based on the tenancy schedule, we have made a projection of rental income by using the current contractual rent. Upon expiry of the current contractual rent, we have adopted the market rent.
- The market rent is derived by market positioning analysis, comparing the subject property with its competitors by analyzing several factors such as location and view, accessibility, quality of traffickers, quality of anchors, tenancy mix, material quality & condition, development concept, and parking.
- The projected market rent is classified based on floor and tenant category as described below:

Tenant Category	Market Rent (Rp/sqm/month)
Anchor Tenant	73,000
Big Tenant	48,000 – 230,000
Specialty	
Lower Ground Floor	367,000 – 850,000
Ground Floor	382,000 – 811,000
Upper Ground Floor	230,000 – 590,000

Tenant Category	Market Rent (Rp/sqm/month)
ATM	5,645,000
Island	891,000

- We have made an estimation on market rent increment based on historical evidence and market projection. The stabilized rental rate increment of 6% is based on the historical rental rate increment in Bali.
- Service charge is derived by multiplying the net leasable area with the service charge, and then deducted with vacancy and collection loss. The service charge is predicted to increase by 6.5% during the projection period is assumed below:
 - Anchor tenant : Rp45,000,-/sqm/month
 - Mini Anchor : Rp45,000,-/sqm/month
 - Specialty : Rp90,000,-/sqm/month
- Promotion income of 0.9% from rental revenue is based on historical ratio.
- Statutory recovery is based on the existing performance and increased using inflation rate and occupancy rate growth.
- The parking revenue in the 5th year onwards is assumed as follows:
 - Car park revenue is derived by multiplying the occupied parking area with the parking tariff.
 - The average occupancy rate is arrived at by analyzing the historical traffic of cars and motorcycles in LMK.

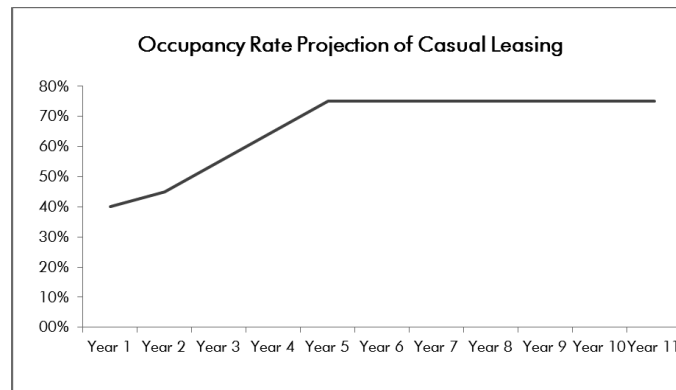


- The parking tariff is based on the current tariff which is Rp2,000/hour for car and Rp1,000/hour for motorcycle with increment at Rp500 every three years. The net revenue is derived by deducting 40% expenses for operator's fee and local tax.
- Casual leasing revenue is derived by multiplying the leasable area with rental rate as described below:

Unit	Area (sqm)	Rental Rate (Rp/sqm/day)
GF-1	30	45,000
GF-2	40	45,000
GF-3	160	45,000

Unit	Area (sqm)	Rental Rate (Rp/sqm/day)
GF-4	20	45,000
Total	250	

- The average occupancy rate of casual leasing is projected as follows.



- The collection loss is 1 % from rental revenue and service charge recoveries.
- Based on the documents provided by the Client, we understand that there are 4 (four) lease agreements which cover casual leasing, parking, specialty space, and food court between PT Pamor Paramita Utama with third parties as summarized below:

Description	Casual Leasing	Parking	Specialty Space	Food Court
Lessee	PT Kencana Agung Pratama	PT Trimulia Kencana Abadi	PT Kridakarya Anugerah Utama	PT Kridakarya Anugerah Utama
Signing & Addendum Date	28 September 2015 & 1 October 2015	28 September 2015 & 1 October 2015	28 September 2015 & 1 October 2015	28 September 2015 & 1 October 2015
Object	Casual leasing area of about 250 sqm	Parking area	Retail area of about 4,400 sqm	Retail area of about 1,672 sqm
Lease Period	60 months	60 months	60 months	60 months
Rental Income (Rp/month)	375,000,000	308,333,333	2,706,000,000	217,360,000

- Based on the above contract, we understand that for specialty space and food court, the contractual base rent in year 5 is relatively similar with the projected market rent in that year while casual leasing and parking contribute less significant to the total revenue, and therefore the total underlying revenue from the master leases are sustainable from year 6 onwards.
- The projected operating expenses are based on the actual cost from January - December 2014 and 2015 and January – June 2016. Details of the operating expenses are as follows:

Description	% from Revenue
Total Employee Benefit	0.04%
Employee Education and Recreations	0.01%
Related Expenses	0.16%
Total Insurance Expenses	1.07%
Total Office Expenses	0.16%

Description	% from Revenue
Communication Expenses	0.68%
Transportation Expenses	0.40%
Legal Expenses	0.83%
Promotion Expenses*	300.00% and decrease gradually to 50%
Repairs & Maintenance	1.08%
Total Security Expenses	1.53%
Total Cleaning Expenses	2.38%
Gardening Expenses	0.16%
Utilities**	150% in the 1 st year and decrease gradually to 127.97%
Service Expenses – Service Charge	9.82%

*From promotion revenue

**From statutory recovery revenue

- Property management fees is assumed as follows:
 - If the property gain profit on its ASCO (Asset Company) and OPCO (Operating Company) operation, it will be calculated as $(2\% \times (\text{ASCO} + \text{OPCO Revenue}) + (2\% \times (\text{ASCO and OPCO Net Income} - (2\% \times \text{ASCO and OPCO Revenue})) + (0.5\% \times \text{ASCO and OPCO Net Income}))$.
 - If the property suffer a loss on its ASCO and OPCO operation, it will be calculated as $[2\% \times (\text{ASCO} + \text{OPCO Revenue})]$.

Below are the table of ASCO and OPCO revenue and expense:

	ASCO	OPCO
Revenue	<ul style="list-style-type: none"> • Rental Revenue • Atrium Leasing • Parking Revenue 	<ul style="list-style-type: none"> • Service Charge Income • Miscellaneous Revenue • Promotion Income • Statutory Recovery
Expenses	Parking Expenses	All expenses exclude parking expenses

- The promotion and statutory expenses ratio is assumed to be decreased gradually based on the industry average.
- The operation expenses are assumed to increase using inflation (except for statutory and promotion) as follows:

	2016	2017	2018	2019	2020	2021	2022
Inflation	4.50%	4.40%	4.40%	4.20%	4.00%	4.00%	5.00%

Source : IMF

- The replacement allowance is assumed of about 2% from rental revenue. This ratio is based on market practice.
- The total revenue is deducted with the operating cost and replacement allowance to arrive at the Net Operating Income (NOI)
- The terminal value is calculated by capitalizing the net operating income on year 11 with a capitalization rate of 8.5% and then deducted with selling cost of 2% and legal cost of 1% from projected property price. The capitalization rate is based on the transaction on several retail malls.

- This series of net operating income of subject property is discounted into present value by using a discount rate of 13.20%.

KIH

DCF method is most suitable for valuing financial interest. In this method, the anticipated series of annual net cash flow of the contractual rent is processed to produce an indication of value. The series of net cash flow is discounted into present value by using a discount rate that reflects the level of risk and return of similar properties.

We understand that sustainability of the master lease contract is critical in this discounted cash flow valuation. We could only capitalize the contractual rent based on special assumption that the contract will be automatically renewed under similar terms upon expiry.

In this valuation we have adopted the following special assumption:

- The hotel will be operated in January 2017.
- The base rent payment is started from 2017.

In valuing the subject property, we have used Discounted Cash Flow method with the following application:

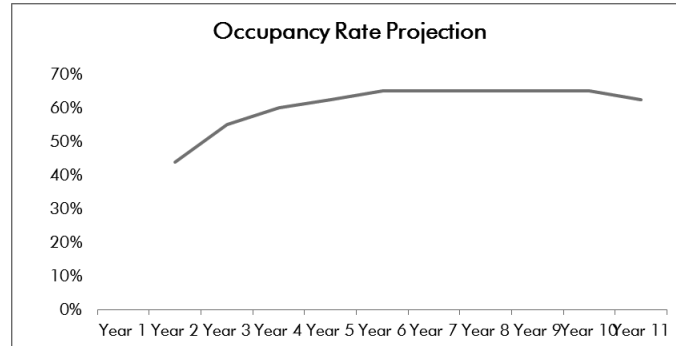
- The revenue generated are base rent and variable rent which are derived from KIH revenue.
- The base rent for year 1 until year 3 is SGD7,000,000, and increased by 2% per annum, in year 4 onwards.
- The variable rent is derived by multiplying the variable rent factor with the difference of gross revenue of the preceding financial year with the gross revenue of further preceding year. The projected variable rent factor is as follows:

Year	Variable Rent Factor
1-3	No Variable Rent
4	1.25%
5-10	0.75%
11	0.00%

- The gross revenue is generated from several departments with the following assumptions:

Description	Assumption
No of Room	180 rooms
Average Room Rate (ARR)	Rp1,806,000 increase 4.2% - 7.7% per annum.
Room Revenue	No. of Rooms x ARR x OR x 365 days
Food & Beverage Revenue	43.94% from Room Revenue
Spa Revenue	4.55% from Room Revenue
Other Operated Department Revenue	1.52% from Room Revenue

In projecting the room revenue, we have made a projection of occupancy rate as follows



- The capital expenditure is assumed at 2% from total rent revenue starting from the 3rd year of operational.
- The profit risk & allowance is assumed at 10%.
- The terminal rate is assumed at 9%.
- The discount rate is assumed at 10.21%.

The discount rate is determined by the Band of Investment method or usually known as WACC (Weighted Average Cost of Capital), using the following formula:

$$\text{Discount Rate} = (k_e \times W_e) + (k_d \times W_d)$$

whereas:

- k_e = Cost of Equity
- k_d = Cost of Debt
- W_e = Percentage of Equity Financing
- W_d = Percentage of Debt Financing

Cost of equity is calculated using the Capital Asset Pricing Model (CAPM), with the following formula:

$$K_e = R_f + (\beta \times R_{Pm})$$

whereas:

- k_e = Expected rate of return
- R_f = Risk free rate
- β = Beta
- R_{Pm} = Equity risk premium

LMK

Description	Assumption	Source	Remarks
Cost of Equity			
Risk Free	8.33%	Bloomberg	Indonesian 30 years government bond
Credit Default Spread	2.44%		
Market Risk Premium	9.65%	Damodaran	Indonesian market risk premium
Beta	1.19	Bloomberg	Average industry beta
k_e	17.34%		
Cost of Debt			
k_d	10.97%	Central Bank of Indonesia	Investment loan interest of state banks of Indonesia
WACC			
Equity Portion	35.00%	Market	The average equity and debt portion in property investment in Indonesia.
Debt Portion	65.00%		
Discount Rate	13.20%		

$$K_e = R_f - CDS + (\beta \times R_{Pm})$$

KIH

Description	Assumption	Source	Remarks
Cost of Equity			
Risk Free	2.36%	Bloomberg	Singapore 30 years government bond
Market Risk Premium	9.65%	Damodaran	Indonesian market risk premium
Beta	0.46%	Bloomberg	Lessee's risk
k_e	12.47%		
Cost of Debt			
k_d	9.00%	Bloomberg	Sibor 12 months + Premium + IDR USD swap – SGD USD swap
WACC			
Equity Portion	35.0%	Market	The average equity and debt portion in property investment in Indonesia.
Debt Portion	65.0%		
Discount Rate	10.21%		

LIMITING CONDITIONS

Limiting Conditions

This Property Valuation and Report is subject to the following limiting conditions;

1. Where it is stated in the report that information has been supplied to the Valuer by another party, this information is believed to be reliable but the Valuer can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by inquiry from Government or other appropriate departments.
2. The values assessed in this reports for the subject property and any allocation of values between parts of this property apply only in terms of and for the purpose of this report. The values assessed should not be used in conjunction with any other assessment as they may prove incorrect if so used.
3. We do not normally carry out investigations on site in order to ascertain the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.
4. Where Investment Values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or the costs involved in effecting a sale. The property is valued on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.
5. Any sketch, plan or map in this Report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
6. Information on Town Planning is obtained from the set of Master Plan and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements etc. If assurance is required, we recommend that verification be obtained from your lawyers.
7. The subject property is covered by legitimate land certificates, under responsible ownership and free from all liens and encumbrances. We do not make any land measurement, and we assume that the land drawing contained in the land certificates and /or provided by our client is true and accurate.
8. Our valuations are prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations, it is assumed that they have been or will be issued with a Certificate of Fitness by competent authority.
9. The Valuer is not required to give testimony or to appear in court by reason of this Valuation Report, with reference to the property in question, unless arrangement has been made therefore.
10. We have not made any measurement of the area of the property. We have assumed that the area adopted in this valuation is the same as the area stated in the title document provided by the Company.
11. We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property that may draw attention to any contamination or the possibility of any such contamination.
12. We have not made any legal search of the land title certificate and we advise that an independent legal advisor should be engaged for this matter. For the purpose of this valuation, we have assumed that the subject property has a good marketable title, free and clear from all liens, encumbrances, easements and restrictions.

KJPP RENGGANIS, HAMID & REKAN

Letter No. 295/W&R-Letter/VIII/2016

5th August 2016

To:
HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Lippo Malls Indonesia Retail Trust)
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

Attention: SVP, REITs

RE: Valuation of Lippo Mall Kuta and Under-Construction Project of Kuta Icon Hotel, Bali – Indonesia.

Instruction

HSBC Institutional Trust Services (Singapore) Limited (in its capacity as Trustee of Lippo Malls Indonesia Retail Trust) and LMIRT Management Ltd, whom hereinafter jointly referred to as (the "Client"), has instructed KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") based on the Valuation Proposal No.130/W&R-Proposal/VIII/2016 dated 11 August 2016 to conduct an independent property valuation.

Valuer Qualification

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant Client that is headquartered in London – England. Knight Frank has a network 417 offices in 58 countries around the world. Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the *Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing* (BUJPA) No.413/MK./2009 dated 21st July 2009.

Valuation Purpose

The Client requires this valuation in relation with the proposed acquisition of the property, and thereafter inclusion of the property into Lippo Mall Indonesia Retail Trust, which is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX").

This assignment is an update to the previous valuation Letter No.263/W&R-Letter/VII/2016.

Basis of Valuation

This Valuation has been made with reference the Indonesian Valuation Standards (Standar Penilaian Indonesia / SPI) VI Edition - 2015 and the Indonesian Valuer Code of Ethics (Kode Etik Penilai Indonesia / KEPI) 2015.

This valuation will adopt the basis of Market Value, which in the Indonesian Valuation Standards 2015 (SPI 101-3.1) is defined as "the estimated amount for which an asset or liability 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"

The Valuation Object

The Valuation Object is called Lippo Mall Kuta and the proposed Kuta Icon Hotel, which comprises of a 3-storey retail mall that accommodate 21,381.4 square meters net leasable area (including 250-square meters of casual leasing and exhibition area) and under construction progress of 5 star hotel with a total 180 rooms. The Valuation Object is located at Jalan Kartika Plaza, Sub-District of Kuta, District of Kuta, Regency of Badung, Province of Bali, Indonesia.

Head office:
Wisma Nugra Santana # 17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia
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KJPP Willson dan Rekan is associated with Knight Frank, a limited liability partnership from London – United Kingdom. This association has been approved by the Ministry of Finance of Indonesia with Letter No.S-413/MK.1/2009.



Letter No. 295/W&R-Letter/VIII/2016

1. Land Description

Total land area	:	21,150 square meters.
Shape	:	Irregular shape.
Road Frontage	:	About 135 meters facing along of Jalan Kartika Plaza.
Lot Position	:	Middle lot.
Orientation	:	East.
Boundaries	:	North : Jalan Samudra. East : Jalan Kartika Plaza. South : Jalan Mozzarella Resto & Bar. West : Bakung Beach Resort.
Terrain	:	Flat.
Elevation	:	Higher than the road Surface of Jalan Kartika Plaza.
Improvements	:	- Asphalted driveways; - Paved parking area; - Decorated landscaping; and
Site Condition	:	built with carpark building and ancillary building.

2. Building Description

Lippo Mall Kuta

Building Type	:	A rental shopping center.
Building Level	:	3-storeys with a rooftop structure.
Gross Floor Area	:	±36,312 square meters.
Lettable Floor Area	:	±20,405 square meters (including 250-square meters of casual leasing area).
Occupancy Rate	:	81.7% (Based on master tenancy list as at 30 th June 2016).
Start Operation	:	13 November 2013.
Tenancy profile	:	The shopping center building 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 Foodmart Prima, Matahari, Amazing Kuta, Cinemaxx, and Planet Sports.
Condition	:	Very good.

Propose Kuta Icon Hotel

- Building Type & Class	:	5 star hotel (under construction).
- Building Level	:	3-storeys with a rooftop structure.
- Gross Floor Area	:	±22,429 square meters.
- Number of Room	:	180.
- Condition	:	Under construction building.

3. Land Title Certificate

1. Right-to-Build (Hak Guna Bangunan) No. 0875/Kuta.

- Registered Proprietor	:	PT Pamor Paramita Utama.
- Issuance Date	:	30 December 1989.
- Expiry Date	:	22 March 2037.
- Measurement No	:	9884/1989.
- Measurement Date	:	18 November 1989.
- Land Area	:	21,150 square meters

Letter No. 295/W&R-Letter/VIII/2016

4. Relevant Agreements

Mall Agreement	Operator	:	Dated	:	29 May 2015.
			Between	:	PT Pamor Paramita Utama and PT Multi Nusantara Karya
Property Management Agreement		:	Dated	:	1 June 2013
			Between	:	PT Lippo Malls Indonesia and PT Pamor Paramita Utama.

5. Draft Master Lease Agreement

Parking Agreement and its addendum		:	Dated	:	28 September 2015 and the draft lease agreement of Lippo Mall Kuta Parking lot.
			Between	:	PT Pamor Paramita Utama, and and PT. Kencana Agung Pratama; and then in the new draft agreement between PT Rekreasi Pantai Terpadu and PT Trimulia Kencana Abadi.
			Remarks	:	The draft agreement stated that the lease period will be for 5 years and the lease payment is Rp.18,500,000,000.-
Food Court Agreement and its addendum		:	Dated	:	28 September 2015 and the draft lease agreement of Lippo Mall Kuta Food Court Area.
			Between	:	PT Pamor Paramita Utama, and and PT. Kencana Agung Pratama; and then in the new draft agreement between PT Rekreasi Pantai Terpadu and PT Kridakarya Anugerah Utama.
			Remarks	:	The draft agreement stated that the lease period will be for 5 years and the lease payment is Rp.13,041,000,000.-
Specialty Agreement and its addendum		:	Dated	:	28 September 2015 and the draft lease agreement of Lippo Mall Kuta Specialty Area.
			Between	:	PT Pamor Paramita Utama, and and PT. Kencana Agung Pratama; and then in the new draft agreement between PT Rekreasi Pantai Terpadu and PT Kridakarya Anugerah Utama.
			Remarks	:	The draft agreement stated that the lease period will be for 5 years and the lease payment is Rp.162,360,000,000.-
Casual Agreement and its addendum	Leasing	:	Dated	:	28 September 2015 and the draft lease agreement of Lippo Mall Kuta Casual Leasing Area.
			Between	:	PT Pamor Paramita Utama, and and PT. Kencana Agung Pratama; and then in the new draft agreement between PT Rekreasi Pantai Terpadu and PT Kencana Agung Pratama.
			Remarks	:	The draft agreement stated that the lease period will be for 5 years and the lease payment is Rp.22,500,000,000.-

Letter No. 295/W&R-Letter/VIII/2016

6. Service Charge Support

Based on the Conditional Sales and Purchase Agreement dated 8 January 2016, clause 2.4.5 (l) (c), the Vendor for 3 years after the acquisition would collect all service charge, utilities recovery and other operational related income from tenants and the Vendor shall bear all cost and expenses of operational and maintenance

Valuation Approach

In determining the Market Value of the Valuation Object, we have adopted the Income Approach for shopping mall and the Cost Approach for under-construction of Kuta Icon Hotel.

Valuation Conclusion

The conclusion of Market Value without Master Lease Arrangement and without service charge (OPCO) support of the Valuation Object as at 30th June 2016; subject to our disclaimers and limiting conditions to be described herein is:

Property Name	Market Value
Lippo Mall Kuta	Rp.755,047,000,000
Under-construction of Kuta Icon Hotel	Rp.387,565,139,218
Total	Rp.1,142,612,139,218
Market Value, Rounded	Rp.1,143,000,000,000

(Indonesian Rupiahs One Trillion One Hundred Forty Three Billion Only)

The above amount is equivalent to Singapore Dollars Sing\$116,983,963 at the middle exchange rate of S\$1 = Rp.9,770.57

Letter No. 295/W&R-Letter/VIII/2016

The conclusion of Market Value with special assumption, which include the Master Lease Agreement and service charge support of the Valuation Object as at 30th June 2016; subject to our disclaimers and limiting conditions to be described herein is:

Property Name	Market Value
Lippo Mall Kuta	Rp.801,419,000,000
Under-construction of Kuta Icon Hotel	Rp.387,565,139,218
Total	Rp.1,188,984,139,218
Market Value, Rounded	Rp.1,189,000,000,000

(Indonesian Rupiahs One Trillion One Hundred Eighty Nine Billion Only)

The above amount is equivalent to Singapore Dollars Sing\$121,691,979 at the middle exchange rate of S\$1 = Rp.9,770.57.

Limiting Conditions

This valuation is based on the following assumptions:

- (i) The Valuation Object is free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (ii) This valuation is for a 100% interest only and does not relate to the Client's percentage interest, if any;
- (iii) That all information relating to the subject property as provided to us is correct and accurate;
- (iv) This valuation is subject to the term and conditions as stipulates in the operational agreements, master parking agreement, food court agreement, specialty and casual leasing, and other relevant agreements.
- (v) This valuation is based on the condition that the draft master lease agreement will be signed and the lessee are able to pay all the rental revenue stated in the master lease agreement.
- (vi) This valuation is based on an evaluation of the current economic condition, which does not take into account nor make any provision for the effect of any sharp rise or decline in future economic conditions caused by the global financial crisis;
- (vii) This Valuation Report speaks only as of its date. The Valuer takes no responsibility for any events, conditions or circumstances affecting the market value of the Subject Property that take place subsequent to either the date of valuation or the date of site inspection, whichever occurs first;
- (viii) Any financial forecasts assessment presented in this report are based on an evaluation of the current economic condition, which do not take into account nor make provision for the effect of any sharp rise or decline in future economic conditions. We do not warrant that the forecasts will be attained but they have been prepared on the basis of information obtained during the course of this valuation exercise and are intended to reflect the expectations of typical investors;

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- (ix) That part of prepaid rentals, if only, will be recoverable from the current property owner by the purchaser, and it will be apportioned fairly and equitably.
- (x) No allowances have been made for any charges, mortgages or amounts owing on any property interest nor for any expenses or taxation which may be incurred in acquiring the subject property or when effecting a market sale of the Subject Property; and
- (xi) The Valuation Object can be sold in the open market without the benefit of a deferred contract, leaseback, joint venture, management agreement that could serve to increase the value of The Valuation Object.
- (xii) The Valuer reserves the right to revise this valuation should any of the information provided by the Client and/or the above assumptions that the Valuer has adopted in this valuation prove to be inaccurate.
- (xiii) The valuation is subject to the execution and its addendum of the new mall operator agreement as stated in the draft given to the Valuer

This letter serves for information purposes only in presenting the above valuation result.

KJPP Willson dan Rekan
in association with Knight Frank

KJPP Willson & Rekan

Mosalina Dewi
ST, IMM, MAPPI (Cert).
Partner

Public Valuer License No.: P-1.11.00321 (Property Valuation)
OJK Registration No.01/PM.22/STTD-P/A/2014 (Property Valuation)
Member of Indonesian Society of Appraiser (MAPPI) No.: 00-S-012

INDEPENDENT FINANCIAL ADVISER'S LETTER

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 Singapore 049320

10 November 2016

Dear Sirs

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED ACQUISITION OF LIPPO MALL KUTA FROM, AND THE PROPOSED MASTER LEASES WITH, INTERESTED PERSONS OF LMIR TRUST

For the purposes of this letter, capitalised terms not otherwise defined herein shall have the same meaning as given in the circular to the unitholders of Lippo Malls Indonesia Retail Trust (the "Unitholders") ("LMIR Trust") dated 10 November 2016 (the "Circular")

1. INTRODUCTION

1.1 Overview

LMIRT Management Ltd, in its capacity as manager of LMIR Trust (the "**Manager**"), is seeking the approval of the Unitholders for the proposed acquisition of the property known as "Lippo Mall Kuta", a three-storey retail mall which is located in Kuta, Bali with the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia ("**Lippo Mall Kuta**", and the proposed acquisition of Lippo Mall Kuta, the "**Acquisition**") from PT Pamor Paramita Utama (the "**Vendor**" or "**PT PPU**"), as well as the Master Leases (as defined herein). The Vendor, a limited liability company incorporated in Indonesia, is an indirectly wholly-owned subsidiary of PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the "**Sponsor**").

On 8 January 2016 (the "**Announcement Date**"), the Manager announced that LMIR Trust through Kuta1 Holdings Pte. Ltd. ("**Kuta1**"), a company incorporated in Singapore and an indirect wholly-owned subsidiary of LMIR Trust, had entered into a conditional sale and purchase agreement (as supplemented by a first supplemental property sale and purchase agreement dated 15 August 2016 and a second supplemental property sale and purchase agreement dated 7 November 2016) (collectively, the "**Property CSPA**") with the Vendor for the Acquisition.

KPMG Corporate Finance Pte Ltd (Registration No: 198500417D), a Singapore incorporated company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Document Classification: KPMG Confidential

As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate under a *Hak Guna Bangunan* (Right to Build) ("**HGB**") title, the Property CSPA provides that Kuta1 has the right to nominate an Indonesian company to enter into a conditional sale and purchase agreement with the Vendor on the same terms as that of the Property CSPA (the "**New Property CSPA**"), and upon such entry, Kuta1 and the Vendor will enter into a termination agreement (the "**Termination Agreement**") to terminate the Property CSPA.

For the avoidance of doubt, the Indonesian company which Kuta1 intends to nominate to enter into the New Property CSPA is PT Rekreasi Pantai Terpadu, a new Indonesian limited liability company that has recently been incorporated ("**Kuta IndoCo**" or "**PT RPT**") and which is wholly-owned by Kuta1 and Kuta1's wholly-owned subsidiary, Kuta2 Investments Pte. Ltd. ("**Kuta2**"). Kuta2 is a company incorporated in Singapore. Kuta1 and Kuta2 will respectively own 75.0% and 25.0% of the issued share capital of Kuta IndoCo.

In addition, there is currently a hotel known as "Kuta Icon Hotel" (the "**Hotel**") which is being constructed on top of Lippo Mall Kuta by the Vendor and is currently expected to be completed by 2018 (the "**Hotel Construction**"). Pursuant to the Property CSPA, the Vendor shall continue the Hotel Construction and upon the completion of the Hotel Construction, Kuta IndoCo and the Vendor shall negotiate in good faith in relation to the potential acquisition of the Hotel by the Kuta IndoCo. Should Kuta IndoCo decide to purchase the Hotel, the terms and conditions of such acquisition (including any master lease arrangements to be granted by Kuta IndoCo to the Vendor over the Hotel) will be announced at the appropriate time and the separate approval of Unitholders will be sought subsequently.

In the event that Kuta IndoCo decides not to acquire, or the Vendor decides not to handover, the Hotel, the Vendor shall have the right to manage and operate the Hotel and the Vendor and Kuta IndoCo shall enter into an agreement (the "**Hotel Agreement**") to document this decision and to set out the terms and conditions upon which the management and operation of the Hotel by the Vendor will be carried out, including an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel. For the avoidance of doubt, the Hotel Agreement is not a hotel management agreement which contemplates the ongoing management and operations of the Hotel by a hotel operator but is meant for the parties to agree on what to do with the Hotel once it is fully constructed. If LMIR Trust does not acquire the Hotel, subject to applicable laws and regulations and the fulfilment of any conditions required by LMIR Trust to ensure that its rights to Lippo Mall Kuta are not impaired, reduced and/or affected, Kuta IndoCo will provide reasonable assistance for the Vendor to apply, for and on behalf of Kuta IndoCo, for the issuance of strata title certificates for the Hotel and Lippo Mall Kuta by the relevant land office. The costs and expenses of the application for the issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor.

The Manager may at the time also consider appointing a professional independent third party to advise in relation to the terms of the ownership, operation and management of the Hotel if appropriate.

Upon completion of the Acquisition, Lippo Mall Kuta will be held by Kuta IndoCo under one HGB title certificate which will expire on 22 March 2037. The Hotel is held under the same HGB title as Lippo Mall Kuta but is not part of the Acquisition. For the avoidance of doubt, LMIR Trust will not be responsible for any costs and expenses in respect of the Hotel.

The purchase consideration for Lippo Mall Kuta is Rp.800.0 billion (S\$85.0 million) (the "**Purchase Consideration**").

The total cost to LMIR Trust of the Acquisition, comprising (i) the Purchase Consideration of Rp.800.0 billion (S\$85.0 million), (ii) the value-added tax ("**VAT**") of Rp.76.2 billion (S\$8.1 million), (iii) the acquisition fee of S\$0.8 million (the "**Acquisition Fee**") payable to the Manager pursuant to the Trust Deed which is payable in the form of Units, as well as (iv) the professional and other fees and expenses of approximately S\$1.3 million to be incurred by LMIR Trust in connection with the Acquisition, is estimated to be approximately S\$95.2 million (the "**Acquisition Cost**").

S\$94.4 million of the Acquisition Cost will be paid in cash on the date of completion of the Acquisition. The Acquisition Cost (excluding the Acquisition Fee Units) is expected to be financed via proceeds from the issuance of bonds and/or debt financing facilities from banks. The final decision regarding the method of financing to be employed will be made at the appropriate time taking into account the relevant market conditions.

As at the Latest Practicable Date, LMIR Trust has an aggregate leverage of 27.9%. Under the Property Funds Appendix, LMIR Trust's aggregate leverage cannot exceed 45.0% of its deposited property. Where the Acquisition is financed 100.0% with borrowings, LMIR Trust's aggregate leverage will increase from 27.9% to approximately 31.1%, which is within the maximum aggregate leverage limit of 45.0% under the Property Funds Appendix.

The Trustee has, on 8 January 2016 entered into a deed of indemnity (as supplemented by a supplemental deed dated 9 November 2016) (the "**Deed of Indemnity**") with PT Wisma Jatim Propertindo ("**PT WJP**"), a wholly-owned subsidiary of the Sponsor, pursuant to which PT WJP will indemnify the Trustee and LMIR Trust against certain liabilities or damages suffered by the Trustee and LMIR Trust arising out of or in connection with the Acquisition, subject to certain terms and conditions.

Pursuant to the Property CSPA, for three years commencing from the completion of the Acquisition, the Vendor shall collect all service charges and utilities recoveries and other operations-related income from the tenants of Lippo Mall Kuta, and shall bear all costs and expenses of operation and maintenance of Lippo Mall Kuta.

Completion of the sale and purchase of Lippo Mall Kuta by Kuta IndoCo under the New Property CSPA is expected to take place as soon as practicable after LMIR Trust raises adequate proceeds for the Acquisition and after the conditions precedent set out in the Property CSPA have been fulfilled. Conditions precedent for the completion of the Acquisition are as set out in paragraph 2.6 of the Circular.

The Manager has a direct interest in 121,616,821 Units (comprising 4.34% of the total number of issued Units) as at the Latest Practicable Date and 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 subsidiary and through its interest in the Manager, has deemed interests of (i) 29.32% in LMIR Trust and (ii) 100.00% in the Manager, and is therefore regarded as a "Controlling Unitholder" of LMIR Trust and a "Controlling Shareholder" of the Manager respectively under both the Listing Manual (as defined herein) and the Property Funds Appendix (as defined herein).

For the purpose of Chapter 9 of the Listing Manual (the "**Listing Manual**") and Paragraph 5 of the Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**"), the Vendor, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) and the Master Lessees (as defined herein), being wholly-owned subsidiaries of the Sponsor, are Interested Persons and Interested Parties of LMIR Trust.

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 audited NTA, Unitholders' approval is required in respect of the transaction. Based on the audited consolidated financial statements of LMIR Trust for FY2015 (the "**FY2015 Audited Consolidated Financial Statements**"), the NTA of LMIR Trust was S\$1,050.0 million as at 31 December 2015. Accordingly, if the value of a transaction which is proposed to be entered into by LMIR Trust with an Interested Person is equal to or greater than S\$52.5 million, such a transaction would be subject to Unitholders' approval. Additionally, under Paragraph 5 of the Property Funds Appendix, Unitholders' approval for an Interested Party Transaction which value exceeds 5.0% of LMIR Trust's latest audited NAV is also required. Based on the FY2015 Audited Consolidated Financial Statements the NAV of LMIR Trust was S\$1,075.1 million as at 31 December 2015. 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\$53.7 million, such a transaction would be subject to Unitholders' approval.

As such, the Acquisition and the Master Leases will constitute Interested Person Transactions under Chapter 9 of the Listing Manual and also Interested Party Transactions under Paragraph 5 of the Property Funds Appendix for which Unitholders' approval is required. Accordingly, the approval of Unitholders is sought for the Acquisition and the Master Leases.

Unitholders should also note that by approving the Acquisition, they are also deemed to have approved the Master Leases.

In accordance with the above, KPMG Corporate Finance Pte Ltd ("**KPMG Corporate Finance**") has been appointed as the independent financial adviser ("**IFA**") to advise the Independent Directors of the Manager and the Trustee as to whether the Acquisition and the Master Leases is: (i) on normal commercial terms; and (ii) prejudicial to the interests of LMIR Trust and the minority Unitholders (the "**Opinion**").

2. TERMS OF REFERENCE

Our responsibility is to provide the Opinion in respect of the Acquisition and the Master Leases.

Our Opinion is delivered for the use and benefit of the addressees of this letter, being the Independent Directors of LMIRT Management Ltd. (as manager of LMIR Trust) and HSBC Institutional Trust Services (Singapore) Limited (as trustee of LMIR Trust) (as appropriate) (the "**Addressees**"), for their deliberations on the Acquisition and the Master Leases, 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 Acquisition and the Master Leases, nor were we involved in the deliberations leading up to the decisions of and recommendations by the Addressees (as appropriate) to proceed with these. The decisions of and recommendations made by the Addressees (as appropriate) shall remain their sole responsibility.

We have not conducted a comprehensive review of the business, operations or financial conditions 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 Acquisition and the Master Leases, or on the future prospects of LMIR Trust and as such, we do not express opinions thereon. Such evaluations 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 Acquisition and the Master Leases 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 Opinion, 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 the Addressees' 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 and the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have relied upon the representation of the Directors (including those who may have delegated detailed supervision of the Circular, and the Acquisition and the Master Leases) that they have taken all reasonable care to ensure that all information and facts, both written and verbal, as provided to us by the Manager and the Addressees' professional advisers (which may include solicitors, auditors, tax advisers and valuers), and facts as stated in the Circular are fair and accurate in all material respects and all material information and facts 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 Opinion in this letter to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted responsibility in the "Directors' Responsibility Statement" (paragraph 11 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 Opinion is 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 7 November 2016 (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 Opinion in the light of any subsequent changes or developments after the Latest Practicable Date even if it may affect our Opinion contained herein.

In rendering our Opinion, 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 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 Opinion should be considered in the context of the entirety of this letter and the Circular.

3. DETAILS CONCERNING LIPPO MALL KUTA

Lippo Mall Kuta

Lippo Mall Kuta is part of a six-storey mixed-use development comprising a retail mall component and a hotel component that is being constructed. Lippo Mall Kuta has a gross floor area ("GFA") of 51,595 sq m (comprising 36,312 sq m for the mall and 15,283 sq m for the parking area). Lippo Mall Kuta is a three-level retail mall (including a basement level) with net lettable area ("NLA") of 20,405 sq m (including 250 sq m of casual leasing space) located in Kuta, Bali bearing the postal address Jalan Kartika Plaza, Lingkungan Segara, Kuta, Bali, Indonesia. Lippo Mall Kuta was completed in 2013 and commenced operations in the same year. It is a lifestyle mall strategically located in Bali, which provides a range of products and services covering daily needs, fashion, entertainment and food and beverage ("F&B") for families and tourists as it positions itself as a lifestyle icon in Bali. Its tenants include a variety of international and local brands, such as Nike, Bata, Quiksilver, Planet Sports, Amazing Kuta, Matahari Department Store and Cinemaxx.

Lippo Mall Kuta has recently completed an asset enhancement initiative ("AEI") whereby the existing Hypermart has been reconfigured and will be leased out to specialty stores such as Foodmart Primo, Cinemaxx and F&B Specialty. As the lifestyle trend is shifting towards higher demand for quality premium products and shopping experience, the AEI adds variety to the existing trade mix of the mall with a gourmet supermarket, Foodmart Primo. There will also be more NLA allocated to F&B tenants to increase the dining options for the growing number of tourists at Kuta.

Lippo Mall Kuta Master Leases

In connection with the Acquisition, the Vendor will terminate the existing leases over the car park space, casual leasing space and specialty tenants space at Lippo Mall Kuta and prior to the completion of the Acquisition, Kuta IndoCo (as the master lessor) will enter into the following leases:

- (i) a car park lease agreement with PT Trimulia Kencana Abadi (as the lessee of the car park space of Lippo Mall Kuta) ("**PT TKA**") in respect of the grant of a lease over the entire parking lot area of Lippo Mall Kuta consisting of 355 car park lots and 250 motorcycle lots (the "**Car Park Lease Agreement**"). The Car Park Lease will be granted at monthly rent of Rp.308.3 million for a period of five years;
- (ii) a casual leasing space lease agreement with PT Kencana Agung Pratama (as the lessee of the casual leasing space of Lippo Mall Kuta) ("**PT KAP**") in respect of the grant of a lease over the entire casual leasing area of Lippo Mall Kuta of approximately 250 sq m (the "**Casual Leasing Space Lease Agreement**"). The Casual Leasing Space Lease will be granted at monthly rent of Rp.375.0 million for a period of five years; and

- (iii) separate specialty tenants lease agreements with PT Kridakarya Anugerah Utama (as the lessee of the specialty tenants areas of Lippo Mall Kuta) ("**PT KAU**") in respect of the grant of leases over certain specialty tenants areas of approximately 4,400 sq m and a food court of 1,672 sq m (the "**Specialty Tenants Lease Agreements**"). The Specialty Tenants Leases will be granted at monthly rent of Rp.2,706.0 million and Rp.217.4 million for the specialty tenants areas and the food court respectively, for a period of five years each,

(collectively, the "**Master Lease Agreements**")

PT TKA, PT KAP and PT KAU (collectively, the "**Master Lessees**") are limited liability companies incorporated in Indonesia and are indirect wholly-owned subsidiaries of the Sponsor.

The leases pursuant to the Master Lease Agreements (the "**Master Leases**") will be granted for a lease term of five years each, commencing from the date of completion of the Acquisition.

Salient details pursuant to the Master Leases are set out in section 2 of the Circular.

Kuta Icon Hotel

In addition, the Hotel being constructed on top of Lippo Mall Kuta by the Vendor is held under the same HGB title as Lippo Mall Kuta, but is not part of the Acquisition. Construction of the Hotel is expected to be completed by 2018 (the "**Hotel Construction**").

Pursuant to the Property CSPA, the Vendor shall continue the Hotel Construction and upon the completion of the Hotel Construction, Kuta IndoCo and the Vendor shall negotiate in good faith in relation to the potential acquisition of the Hotel by Kuta IndoCo. Should Kuta IndoCo decide to purchase the Hotel, the terms and conditions of such acquisition (including any master lease arrangements to be granted by Kuta IndoCo to the Vendor over the Hotel) will be announced at the appropriate time and the separate approval of Unitholders will be sought subsequently.

In the event that Kuta IndoCo decides not to acquire, or the Vendor decides not to handover, the Hotel, the Vendor shall have the right to manage and operate the Hotel and the Vendor and Kuta IndoCo shall enter into Hotel Agreement to document this decision and to set out the terms and conditions upon which the management and operation of the Hotel by the Vendor will be carried out, including an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel. For the avoidance of doubt, the Hotel Agreement is not a hotel management agreement which contemplates the ongoing management and operations of the Hotel by a hotel operator but is meant for the parties to agree on what to do with the Hotel once it is fully constructed. If LMIR Trust does not acquire the Hotel, subject to applicable laws and regulations and the fulfilment of any conditions required by LMIR Trust to ensure that its rights to Lippo Mall Kuta are not impaired, reduced and/or affected, Kuta IndoCo will provide reasonable assistance for the Vendor to apply, for and on behalf of Kuta IndoCo, for the issuance of strata title certificates for the Hotel and

Lippo Mall Kuta by the relevant land office. The costs and expenses of the application for issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor. The Manager may at the time also consider appointing a professional independent third party to advise in relation to the terms of the ownership, operation and management of the Hotel if appropriate. For the avoidance of doubt, no put option has been granted to LMIR Trust to require the Vendor to purchase Lippo Mall Kuta should the strata title not be issued in respect of the Hotel.

Related Tenancy Agreements

Upon completion of the Acquisition, and assuming that all of the leases of Lippo Mall Kuta are novated to Kuta IndoCo immediately prior to completion of the Acquisition (save for any leases in respect of the underlying areas which are covered under the Master Leases), LMIR Trust will, through Kuta IndoCo, take over all of the tenancy agreements with respect to Lippo Mall Kuta, including various tenancy agreements entered into by certain associates and subsidiaries of the Sponsor (the "**Related Tenancy Agreements**"). The aggregate rental fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp.92.4 billion (S\$9.8 million) as at 31 December 2015. 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 net tangible assets ("**NTA**") and net asset value ("**NAV**") accounted for by the Related Tenancy Agreements is also set out in Appendix F of the Circular.

By approving the Acquisition, Unitholders are deemed to have specifically given approval for LMIR Trust to take over the Related Tenancy Agreements.

Salient details pursuant to the Related Tenancy Agreements are set out in Appendix F of the Circular.

4. EVALUATION OF THE ACQUISITION (INCLUDING THE LIPPO MALL KUTA MASTER LEASES)

In arriving at our Opinion in relation to the Acquisition and the Master Leases, we have taken into account the following key factors:

4.1 Rationale for the Acquisition

The Manager believes that the Acquisition will bring, amongst others, the following key benefits to Unitholders:

- (i) strategically located retail mall asset in Bali with organic growth potential;
- (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.

Further details are as set out in Section 3 of the Circular.

4.2 Financial assessment of the Acquisition and the Master Leases

In evaluating the reasonableness of the Acquisition and the Master Leases, we have considered the following factors which have had a bearing on our assessment:

Basis for arriving at the Purchase Consideration

KJPP Willson dan Rekan (in association with Knight Frank) ("**W&R**") and KJPP Rengganis, Hamid & Rekan (in strategic alliance with CBRE Pte. Ltd.) ("**Rengganis**") (collectively, the "**Independent Valuers**") were appointed by the Trustee and the Manager, respectively, to independently value Lippo Mall Kuta.

The Purchase Consideration of Rp.800.0 billion (S\$85.0 million) was arrived at on a willing-buyer and willing-seller basis after taking into account the two independent valuations of Lippo Mall Kuta by the Independent Valuers. The valuations were derived by W&R and Rengganis using the income approach utilising the discounted cash flow method. This approach considers each subject property as an income producing property.

The following table sets out the appraised values of Lippo Mall Kuta, the respective dates of such appraisal and the Purchase Consideration:

Property	Appraised Value				Purchase Consideration (S\$ million)
	By W&R as at 30 June 2016		By Rengganis as at 30 June 2016		
	(S\$ million) ⁽¹⁾	(Rp. billion)	(S\$ million) ⁽¹⁾	(Rp. billion)	
Lippo Mall Kuta	85.2	801.4	94.8	891.7	85.0
Lippo Mall Kuta (Without Master Leases and Service Charges) (as defined in the Circular)	80.2	755.0	87.1	819.5	

Note:

(1) Based on the illustrative Indonesian rupiah exchange rate of S\$1.00 to Rp.9,410.36 as at the Latest Practicable Date

The experience and track record of the Independent Valuers are as set out in Paragraph 2.5 of the Circular.

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

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

- According to the Independent Valuers, the Valuation Reports have been prepared in conformity with the Valuer Ethic Codes (*Kode Etik Penilaian Indonesia / KEPI*) and the Indonesian Valuation Standards (*Standard Penilaian Indonesia / SPI*) 2013. Further details on the valuation standards are as set out in the Valuation Reports.
- The Independent Valuers have performed the valuation of Lippo Mall Kuta on a perpetuity basis on the assumption that the HGB title would be renewed. Further details on the HGB title are as set out in Paragraph 2.17 of the Circular.
- The ‘market value’, as defined in the respective Valuation Reports is the estimated amount for which an asset should exchange for 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 have each acted knowledgeably, prudently and without compulsion.
- In arriving at the appraised values of Lippo Mall Kuta, both Independent Valuers adopted the income approach, utilising the discounted cash flow method. This approach considers each subject property as an income producing property. Both W&R and Rengganis made their projections over a ten year investment horizon.

In determining a capitalised value, both Independent Valuers capitalised the eleventh year of net property income using a single capitalization rate to arrive at the terminal disposal value.

- Upon the completion of the Acquisition, the Master Lease Agreements will be entered into for a lease term of 5 years each, commencing from the date of completion of the Acquisition.

We note the following in relation to the Master Leases:

- Based on projections by Independent Valuers, the monthly rents payable under the Master Leases are significantly higher than rents that could potentially be achieved for that period under normal operating assumptions. As the Independent Valuers have used the monthly rents payable under the Master Leases in arriving at their valuations, this has the effect of increasing the upfront valuation by Rp.46.4 billion (S\$4.9 million) or Rp.72.2 billion (S\$7.7 million), as estimated by W&R and Rengganis, respectively, and approximately 6.1% and 8.8% of the assessed market value for Lippo Mall Kuta relative to what would have been derived using the rent estimated under normal operating assumptions.

In each case, the higher upfront valuation amounts are roughly equal to the present value of the difference between the contracted rent during the period under the Master Lease Agreements and rent estimated under normal operating assumptions.

We understand from the Manager that the incremental value paid upfront will be recorded in the financial statements of LMIR Trust as an intangible asset to be written off over the period of the Master Leases.

- The Master Leases account for 31.0% of the NLA, and have the effect of increasing the gross rental revenues (without Master Leases) from 1 July 2016 to 30 June 2017 by 23.1% and 37.2%, as projected by W&R and Rengganis, respectively. The counterparties to the Master Leases comprise of only 3 parties (namely PT TKA, PT KAP and PT KAU), who are all indirectly wholly-owned subsidiaries of the Sponsor. A substantial proportion of gross rental revenues would be at risk in the event that any of the counterparties to the Master Leases were to default on their obligations.
- We understand from the Manager that the actual rental received by the Master Lessees from the underlying tenants of the Master Leases for the financial year ended 31 December 2015 ("FY2015") is Rp.1.2 billion in respect of the car park space, Rp.1.4 billion in respect of the casual leasing area space and Rp.6.0 billion in respect of the specialty tenants area (excluding the food court). The total actual rental income received from the underlying tenants of the Master Leases (excluding the food court) for FY2015 is Rp.8.6 billion, which represents approximately 21.1% of the total annual rental income under the Master Leases (excluding the food court) of Rp.40.7 billion and 12.4% of the gross rental income for Lippo Mall Kuta for FY2015 of Rp.69.3 billion.

- We understand from the Manager that Lippo Mall Kuta is still in its relatively early stage, having commenced operations in 2013, and requires time for its rental and occupancy rates to stabilise and reach optimal level. Based on the Manager's understanding from the Master Lessees and the property manager of LMIR Trust, the current average underlying rental rates of the areas under the Master Leases are low as some tenants are still enjoying concessionary rental rates. Such concessionary rental rates will generally expire between 2018 and 2020 and the Manager's intention is for new leases to be entered into or renewed at prevailing market rental rates. The Manager has therefore put in place the Master Leases to allow LMIR Trust to benefit from the additional stability of rental income and downside protection while the mall continues to mature. The total annual rental income under the Master Leases represents approximately 62.5% of the gross rental income for Lippo Mall Kuta for FY2015 of Rp.69.3 billion. However, over a period of five years from the time the property is acquired by LMIR Trust, as the mall matures and stabilises, the Manager expects the utilisation and occupancy rates of the areas under the Master Leases to increase and the underlying rental rates to appreciate to levels consistent with market rates. This is supported by Rengganis' view that in relation to the Master Lease Agreements, for specialty tenants area and the food court, the contractual base rent in the fifth year is relatively similar with their projected market rent in that year, while casual leasing and parking contribute less significantly to the total revenue from the Master Lease Agreements and therefore the total underlying revenue from the Master Leases is sustainable from the sixth year onwards.
- The Manager believes that given:
 - (i) Lippo Mall Kuta's strategic location in Bali, which is a leading tourist destination in Indonesia which saw approximately 4 million foreign tourists in 2015, an increase of 6.2% from 2014;
 - (ii) the recently completed AEI to reconfigure the Hypermart at Lippo Mall Kuta to generate more lettable space for specialty stores and F&B outlets;
 - (iii) that there is a hotel being constructed on top of Lippo Mall Kuta currently expected to be completed by 2018 which may increase footfall to the mall; and
 - (iv) the view of Rengganis that the total underlying revenue from the Master Leases is sustainable from the sixth year onwards,

the rentals under the Master Leases are sustainable by the underlying tenants of Lippo Mall Kuta after the expiry of the Master Leases.

- We understand that the Manager had considered the implied rental levels under the Master Leases and is of the view that these rates are commensurate with a mall of Lippo Mall Kuta's positioning and a head lease over the whole of each of the underlying spaces.

Further details on the Master Leases are as set out in Section 2.9 of the Circular.

- We observe that the appraised values for Lippo Mall Kuta with Master Leases and Service Charges estimated by W&R and Rengganis as at 30 June 2016 are between Rp.801.4 billion (S\$85.2 million) and Rp.891.7 billion (S\$94.8 million), respectively. The Purchase Consideration of Rp.800.0 billion (S\$85.0 million) represents a discount of 10.3% to the higher of the two independent valuations, a discount of 0.2% to the lower of the two independent valuations and is at a discount of 5.6% to the average of the two independent valuations with Master Leases and Service Charges.
- We further note that should the Master Leases and Service Charges not be taken into account in the appraised values of Lippo Mall Kuta, the respective valuations as estimated by W&R and Rengganis as at 30 June 2016 are between Rp.755.0 billion (S\$80.2 million) and Rp.819.5 billion (S\$87.1 million). The Purchase Consideration of Rp.800.0 billion (S\$85.0 million) represents a discount of 2.4% to the higher of the two independent valuations, a premium of 6.0% to the lower of the two independent valuations and is at a premium of 1.6% to the average of the two independent valuations without Master Leases and Service Charges.

5. FINANCIAL EFFECTS

The pro forma financial effects of the Acquisition are provided for in Section 5 of the Circular, and have been prepared based on the FY2015 Audited Consolidated Financial Statements and the unaudited consolidated financial statements of LMIR Trust and its subsidiaries for the six months ended 30 June 2016 (the "**6M2016 Unaudited Financial Statements**") and assuming:

- (i) the Acquisition Cost of S\$95.2 million, of which S\$94.4 million will be paid in cash and will be funded by proceeds from the issuance of bonds and/or debt financing facilities from banks; and
- (ii) taking into account the revenue that LMIR Trust would receive from the Master Leases.

The pro forma financial effects are strictly for illustrative purposes only.

5.1 Six months ended 30 June 2016

Based on the figures in section 5 of the Circular, we note that the pro-forma financial effects of the Acquisition for the six months ended 30 June 2016, as if LMIR Trust had purchased Lippo Mall Kuta on 1 January 2016 and held and operated Lippo Mall Kuta through to 30 June 2016, will result in:

- 1. the DPU to remain constant at 1.68 cents after the Acquisition, and decrease to 1.61 cents after the Acquisition without Vendor Support (Master Leases and Service Charge);
- 2. the distribution yield to remain constant at 9.6% after the Acquisition, and decrease to 9.2% after the Acquisition without Vendor Support (Master Leases and Service Charge);
- 3. the NAV per Unit to remain constant at S\$0.3786 after the Acquisition; and
- 4. the total capitalisation to increase from S\$1,756.3 million to S\$1,851.6 million after the Acquisition.

5.2 Financial Year ended 31 December 2015

Based on the figures in section 5 of the Circular, we note that the pro-forma financial effects of the Acquisition for the Financial Year ended 31 December 2015, as if LMIR Trust had purchased Lippo Mall Kuta on 1 January 2015 and held and operated Lippo Mall Kuta through to 31 December 2015, will result in:

- 1. the DPU to increase from 3.10 cents to 3.11 after the Acquisition, and decrease to 2.98 cents after the Acquisition without Vendor Support (Master Leases and Service Charge);

2. the distribution yield to increase from 9.69% to 9.72% after the Acquisition, and decrease to 9.31% after the Acquisition without Vendor Support (Master Leases and Service Charge);
3. the NAV per Unit to decrease from S\$0.3843 to S\$0.3842 after the Acquisition; and
4. the total capitalisation to increase from S\$1,770.1 million to S\$1,865.4 million after the Acquisition.

6. OTHER RELEVANT CONSIDERATIONS

Related Tenancy Agreements

Upon completion of the Acquisition, and assuming that all of the leases of Lippo Mall Kuta are novated to Kuta IndoCo immediately prior to completion of the Acquisition (save for any leases in respect of the underlying areas which are covered under the Master Leases), LMIR Trust will, through Kuta IndoCo, take over all of the tenancy agreements with respect to Lippo Mall Kuta, including various tenancy agreements entered into by certain associates and subsidiaries of the Sponsor (the “**Related Tenancy Agreements**”). The aggregate rental fees derived or to be derived from the Related Tenancy Agreements from 1 July 2016 to 30 June 2017 is estimated at approximately Rp.7.8 billion (S\$0.8 million) or 8.0% and 10.2% of the Lippo Mall Kuta’s total revenues from 1 July 2016 to 30 June 2017, as estimated by Rengganis and W&R respectively.

We note the statement of the Manager that:

1. the rental rates under the Lippo Mall Kuta Related Tenancy Agreements are comparable to the rental rates of leases signed with other malls within LMIR Trust’s Existing Portfolio (as defined in the Circular), after taking into account the differences between each mall.
2. it has a policy with its property managers whereby 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.

Based on the above, the Manager and the Audit and Risk Committee (as defined in the Circular) is of the view that the Related Tenancy Agreements are made on normal commercial terms and are not prejudicial to the interests of LMIR Trust and its minority Unitholders.

By approving the Acquisition, Unitholders are deemed to have specifically given approval for LMIR Trust to take over the Related Tenancy Agreements.

Lease Novation Delay

In the event that not all (but at least 50% of the leases by total number of tenants at Lippo Mall Kuta and by total lease income of Lippo Mall Kuta) of the leases in relation to Lippo Mall Kuta are novated to Kuta IndoCo with effect from the date of completion of the Acquisition, the Vendor will have a six months grace period commencing from the date of completion of the Acquisition to novate the remainder of the leases, and during this period, the Vendor shall pay rental fees and service charges in relation to these leases without any deductions to Kuta IndoCo, and such rental fees and services charges shall be paid on a monthly basis. If the Vendor fails to fully novate the remainder of the leases at the end of this six months grace period, the Vendor shall pay to Kuta IndoCo the total rental fees and service charges (if any) for the remaining term of these leases.

We note that LMIR Trust will be entitled to receive compensation for losses that may have been suffered and any rental fees for the remaining leases that are payable to LMIR Trust.

Deed of Indemnity

The Trustee has, on 8 January 2016 entered into a Deed of Indemnity (as supplemented by a supplemental deed dated 9 November 2016) with PT WJP pursuant to which PT WJP will indemnify the Trustee and LMIR Trust against certain liabilities or damages suffered by the Trustee and LMIR Trust arising out of or in connection with the Acquisition, subject to certain terms and conditions.

“Certain conditions” include, among others, the conditions that:

- (i) the maximum aggregate liability in respect of all claims under the Deed of Indemnity shall not exceed the Purchase Consideration;
- (ii) no claim shall be brought against PT WJP unless:
 - (1) written particulars shall have been notified in writing to the indemnifying party before the expiry of 24 months for any other claims from the date of completion of the Acquisition; and
 - (2) unless such claim has already been settled to the satisfaction of the Trustee, proceedings in respect of the claim shall have been commenced by being both issued and served within four months of the expiry of the period mentioned in sub-paragraph (1) above.

As of 30 September 2016, PT WJP has a net asset value of Rp.9.6 trillion (S\$1.0 billion), which is higher than the amount likely to be required to perform its obligations under the Deed of Indemnity

Hotel Construction

The Vendor is currently constructing the Hotel on top of Lippo Mall Kuta (on the same HGB title as Lippo Mall Kuta) which is expected to be completed by 2018. We understand from the Manager that the existing HGB title allows for both the mall and hotel to be constructed on the land.

We note as follows in relation to the Hotel:

- Upon completion of the Acquisition, Kuta IndoCo will hold the HGB title and will therefore have legal title to the land and all buildings constructed on the land (including Lippo Mall Kuta and the Hotel).

- The Purchase Consideration was arrived at based on the valuation of Lippo Mall Kuta on a stand-alone basis, excluding the valuation of the Hotel.
- Pursuant to the Property CSPA, the Vendor shall continue the Hotel Construction and upon the completion of the Hotel Construction, Kuta IndoCo and the Vendor shall negotiate in good faith in relation to the potential acquisition of the Hotel by Kuta IndoCo. Should Kuta IndoCo decide to purchase the Hotel, the terms and conditions of such acquisition will be announced at the appropriate time and the separate approval of Unitholders will be sought subsequently.
- In the event that Kuta IndoCo decides not to acquire, or the Vendor decides not to handover, the Hotel, the Vendor shall have the right to manage and operate the Hotel and the Vendor and Kuta IndoCo shall enter into Hotel Agreement to document this decision and to set out the terms and conditions upon which the management and operation of the Hotel by the Vendor will be carried out, including an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel. For the avoidance of doubt, the Hotel Agreement is not a hotel management agreement which contemplates the ongoing management and operations of the Hotel by a hotel operator but is meant for the parties to agree on what to do with the Hotel once it is fully constructed. If LMIR Trust does not acquire the Hotel, subject to applicable laws and regulations and the fulfilment of any conditions required by LMIR Trust to ensure that its rights to Lippo Mall Kuta are not impaired, reduced and/or affected, Kuta IndoCo will provide reasonable assistance for the Vendor to apply, for and on behalf of Kuta IndoCo, for the issuance of strata title certificates for the Hotel and Lippo Mall Kuta by the relevant land office. The costs and expenses of the application for issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor. The Manager may at the time also consider appointing a professional independent third party to advise in relation to the terms of the ownership, operation and management of the Hotel if appropriate. For the avoidance of doubt, no put option has been granted to LMIR Trust to require the Vendor to purchase Lippo Mall Kuta should the strata title not be issued in respect of the Hotel.
- LMIR Trust will not be responsible for any costs and expenses in respect of the Hotel, during construction and post completion, should the Manager decide not to purchase it.

Transferability of Lippo Mall Kuta Prior to Issuance of Strata Title

We note that upon completion of the Acquisition, Kuta IndoCo will hold the HGB title and will therefore have legal title to the land and all buildings constructed on the land (including Lippo Mall Kuta and the Hotel). As the legal owner, Kuta IndoCo can freely transfer Lippo Mall Kuta and the Hotel through the sale of the entire HGB title without restrictions.

Prior to the issuance of strata titles for the Hotel and Lippo Mall Kuta, LMIR Trust may sell Lippo Mall Kuta without having to seek the Vendor's consent or compensate the Vendor through:

- (i) the sale of LMIR Trust's entire equity interest in Kuta IndoCo; and
- (ii) the transfer of the HGB Title from Kuta IndoCo to the purchaser. We note that the Vendor has undertaken to give its consent upfront now to a novation of the Hotel Agreement to any purchaser should LMIR Trust decide to sell the HGB title and so no further consent is required from the Vendor.

Therefore, Kuta IndoCo is able to freely transfer the HGB title and a purchaser will assume the same position as the legal owner of the entire property but with the rights to use, develop, manage and operate the Hotel, as well as to the economic benefits of the Hotel, remaining with the Vendor.

Furthermore, as disclosed in the prospectus of LMIR Trust dated 9 November 2007, a holder of HGB title has the right to erect, occupy and use buildings on that particular parcel of land, and also has the right to encumber and sell all or part of the parcel.

Further details in relation to the transferability of Lippo Mall Kuta are set out in Section 2.12 of the Circular.

Details of the Safeguards in relation to the Hotel Arrangements

We note that the Manager has put in place several safeguards in relation to the Hotel Arrangements as follows:

1. The Property CPSA provides that the Vendor grants certain warranties in relation to the Hotel and in undertaking the Hotel Construction, the Vendor is obliged to carry out certain actions to ensure that the Hotel construction will not affect, reduce and/or impair the rights of ownership and title of Kuta IndoCo and will not cause any disturbance or interruption to the business and or operation of Lippo Mall Kuta.
2. The Deed of Indemnity secures the obligations of the Vendor under the Property CSPA, where PT WJP has agreed to indemnify LMIR Trust against, among others, any and all losses which LMIR Trust may suffer arising from or relating to the construction of the Hotel, subject to certain conditions, such as a maximum liability of up to the Purchase Consideration. In the event that the Vendor is unable to fulfill its obligations in respect of the Hotel whether due to financial reasons or otherwise, the Trustee may also claim against PT WJP under the Deed of Indemnity in respect of any losses suffered by LMIR Trust arising from such failure by the Vendor to fulfill its obligations.
3. The Hotel Agreement will include an undertaking from the Vendor to indemnify Kuta IndoCo against all losses or claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel and vice versa in respect of the operations of Lippo Mall Kuta and an undertaking from the Vendor that the Vendor's management and/or operation of the Hotel will not, in any way, impair or negatively affect the use or operation of Lippo Mall Kuta or the rights of ownership and title of Kuta IndoCo in relation to Lippo Mall Kuta.

Based on the above, we note that the Manager believes that the risk to LMIR Trust arising from the arrangements in relation to the Hotel will be sufficiently mitigated. However, we note that there is no assurance that prior to issuance of separate strata titles for Lippo Mall Kuta and the Hotel, Kuta IndoCo (as the holder of the HGB title with legal title to the land and all buildings constructed on the land, including Lippo Mall Kuta and the Hotel) will be adequately compensated for any losses which it may suffer or incur arising from the use, development, management and operations of the Hotel by the Vendor.

Further details of the safeguards in relation to the Hotel Arrangements are set out in Section 2.12 of the Circular.

Application for Strata Title

The Vendor has undertaken that it will, on behalf of Kuta IndoCo, make an application within six months from the date of the completion of the Hotel Construction and obtaining the certificate/permit certifying that the building has feasible functionality (e.g., *Sertifikat Laik Fungsi / Izin Penggunaan Bangunan / Izin Layak Huni*) from the relevant government institution, and will use its best endeavours to obtain, the issuance of the strata title certificates from the relevant land office). We note that the costs and expenses of the application for issuance of the strata title certificates for Lippo Mall Kuta and the Hotel shall be borne by the Vendor.

Further details on the application and regulation in relation to the issuance of a strata title certificate are set out in Section 2.12 of the Circular.

Insurance

The Property CSPA includes warranties that Lippo Mall Kuta has at all material times been and is insured in the name of the Vendor:

- (1) against such losses and risks and in such amounts as are required under the relevant laws rules and regulations;
- (2) by insurers of recognised financial responsibility against such losses and risks and in such amounts as are prudent and customary for properties of a similar nature as Lippo Mall Kuta and there are no claims by the Vendor under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and
- (3) in amounts to the full replacement value thereof against such risks (including but not limited to fire, third party, public liability and other risks) as are in accordance with good commercial practice normally insured against.

Upon completion of the Acquisition, the Kuta IndoCo will have in place the following insurance policies in relation to Lippo Mall Kuta:

- (i) Property All Risk and Earthquake;
- (ii) Business Interruption and Earthquake;

- (iii) Machinery Breakdown;
- (iv) Public Liability; and
- (v) Terrorism and Sabotage and Business Interruption.

The Manager believes that the insurance policies taken out in relation to Lippo Mall Kuta are consistent with industry practice in Indonesia.

7. OUR OPINION

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

(a) Rationale for the Acquisition

We have reviewed the rationale for the Acquisition as set out in section 3 of the Circular.

(b) The financial assessment of the Acquisition and the Master Leases

In reviewing the Purchase Consideration paid by LMIR Trust for the Acquisition and the Master Leases, we have reviewed, *inter alia*, the two Valuation Reports compiled by the Independent Valuers.

- We observe that the appraised values for Lippo Mall Kuta with Master Leases and Service Charges estimated by W&R and Rengganis as at 30 June 2016 are between Rp.801.4 billion (S\$85.2 million) and Rp.891.7 billion (S\$94.8 million), respectively. The Purchase Consideration of Rp.800.0 billion (S\$85.0 million) represents a discount of 10.3% to the higher of the two independent valuations, a discount of 0.2% to the lower of the two independent valuations and is at a discount of 5.6% to the average of the two independent valuations with Master Leases and Service Charges.
- We further note that should the Master Leases and Service Charges not be taken into account in the appraised values of Lippo Mall Kuta, the respective valuations as estimated by W&R and Rengganis as at 30 June 2016 are between Rp.755.0 billion (S\$80.2 million) and Rp.819.5 billion (S\$87.1 million). The Purchase Consideration of Rp.800.0 billion (S\$85.0 million) represents a discount of 2.4% to the higher of the two independent valuations, a premium of 6.0% to the lower of the two independent valuations and is at a premium of 1.6% to the average of the two independent valuations without Master Leases and Service Charges.

We would like to draw the attention of the Addressees to our observations in relation to the Acquisition and the Master Leases in Section 4 of this letter.

(c) Other relevant considerations

The Trustee has entered/agreed to enter into several ancillary arrangements in connection with the Acquisition, in particular:

- a Deed of Indemnity, pursuant to which PT WJP will indemnify the Trustee and LMIR Trust against certain liabilities or damages suffered by the Trustee and LMIR Trust arising out of or in connection with the Acquisition; and

- a Hotel Agreement, intended to set out the terms and conditions upon which the management and operation of the Hotel will be carried out by the Vendor, in the event that Kuta IndoCo decides not to acquire, or the Vendor decides not to handover, the Hotel. This will include an undertaking from the Vendor to indemnify Kuta IndoCo for losses and claims that may be incurred or suffered by Kuta IndoCo due to the operation of the Hotel.

In our view, the above arrangements mitigate the risks of the Acquisition for LMIR Trust.

We have reviewed the considerations above and note the risks discussed in the relevant sections of the letter.

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, and subject to our observations above we are of the opinion that the Acquisition and the Master Leases is in accordance with Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, and is made on normal commercial terms and not prejudicial to LMIR Trust and the minority 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 Acquisition and the Master Leases.

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
Director

SINGAPORE TAX CONSIDERATIONS

The following summary of certain Singapore income tax considerations to Unitholders in respect of the Acquisition is based upon tax laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The 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.

Income derived from LMIR Trust's relevant interest in Lippo Mall Kuta

The rental income and other related income earned from LMIR Trust's relevant interest in Lippo Mall Kuta will be received in Singapore by Kuta1 and Kuta2 (each a "**LMIRT SingCo**" and collectively "**LMIRT SingCos**") respectively in a combination of some or all of the following forms:

- (i) dividend income;
- (ii) interest income; and
- (iii) proceeds from repayment of shareholder's loans.

The dividend income received in Singapore by LMIRT SingCos from Kuta IndoCo (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 LMIRT SingCos 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 LMIRT SingCo.

Kuta1 has obtained a confirmation from the Inland Revenue Authority of Singapore ("**IRAS**") that the interest income it will receive in Singapore from Kuta IndoCo is exempt from Singapore income tax under Section 13(12) of the Income Tax Act.

This tax exemption is subject to meeting the qualifying conditions and will apply to interest income received in Singapore from Kuta IndoCo so long as Kuta1 continues to beneficially own, directly or indirectly, the relevant interest in Lippo Mall Kuta as at the date the interest income is received in Singapore and all the qualifying conditions for the tax exemption are met.

Cash that cannot be repatriated by Kuta IndoCo in the form of dividends may be used by Kuta IndoCo to repay the principal amount of shareholder's loans. The proceeds from the repayment of shareholder's loans received in Singapore by Kuta1 are capital receipts and hence not subject to Singapore income tax.

LMIR Trust will in turn receive dividends or proceeds from the redemption (at cost) of preference shares or a combination of both from Kuta1. Provided that Kuta1 is a resident 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 its relevant interest in Lippo Mall Kuta 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 Kuta1). Such distributions are exempt from Singapore income tax in the hands of Unitholders. No tax will be deducted at source 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 or 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.

INDONESIAN TAX CONSIDERATIONS

The following is a summary of the principal Indonesia tax consequences relevant to the transaction relating to the Acquisition. The summary below represents a general guide only. The summary does not address any laws other than the prevailing taxation laws of Indonesia and as they are applied in practice as of the date of this Circular.

Tax Implications on the Proposed Lippo Mall Kuta Acquisition

A. Tax Implications on the Sale of Lippo Mall Kuta by PT Pamor Paramita Utama (“PPU”) to PT Rekreasi Pantai Terpadu (“RPT”)

- **RPT – as Buyer**

Land and Building Acquisition Duty

RPT should pay the duty on the acquisition of land and building rights (BPHTB) at the rate of five percent (5%) of the transaction price or the tax object sale value (NJOP) as determined by the head of the local government, whichever is higher, at the time the Deed of SPA is made.

- **PPU – as Seller**

Income Tax on Transfer of Title of Land and/or Building

PPU should pay Income Tax on the transfer of title of land and/or building (*PPH Pengalihan Hak atas Tanah dan atau Bangunan*) at the rate of five percent (5%) of the payment received or the tax object sale value (NJOP), whichever is higher. On 8 August 2016, the Government issued a new Tax Regulation No. 34 of 2016 regarding Income Tax on Income from Transfer of Title of Land and/or Building and Transfer of Conditional Sale-Purchase Agreement, which stipulates that the Income Tax rate for transfer of title of land and/or building is reduced to 2.5%. This new Tax Regulation will come into effect starting from 7 September 2016. Therefore, if the payment is received after 7 September 2016, the tax rate of 2.5% will be applicable.

Value Added Tax

The sale of Lippo Mall Kuta is subject to Value Added Tax (VAT) at the rate of ten percent (10%). If PPU has been registered as a Taxable Entrepreneur, PPU has to charge RPT the 10% VAT. Further, if RPT has also been registered as Taxable Entrepreneur, RPT can claim the VAT as its prepaid VAT.

B. Tax Implications on Dividend Distributions From RPT to Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd

The Indonesian tax laws generally require a twenty percent (20%) tax to be withheld on the payment of dividend from an Indonesian taxpayer to an offshore taxpayer. Under the tax treaty between Singapore and Indonesia, the rate of withholding tax is reduced to ten percent (10%) or fifteen percent (15%) as follows:

- Ten percent (10%) of the gross amount of the dividends if the recipient is a company which owns directly at least twenty five percent (25%) of the capital of the company paying the dividends;
- Fifteen percent (15%) of the gross amount of the dividends in all other cases.

The reduced withholding tax rate of ten percent (10%) or fifteen percent (15%) on dividend as set out in the Singapore-Indonesia tax treaty can only be applied if Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd can satisfy the requirements stipulated in Article 4 paragraph 2 of Director General of Taxes Regulation No. 62/PJ./2009 dated 5 November 2009 as amended by Director General of Taxes Regulation No. 25/PJ/2010 dated 30 April 2010 regarding Prevention of Tax Treaty Abuse:

1. The company is established in the tax treaty partner country or has a structure/scheme transaction arrangement which is not solely intended to take advantage of a tax treaty benefit; and
2. Its operation is managed by the management itself who has sufficient authority to do transactions; and
3. The company has employees; and
4. The company has activities or active business; and
5. The Indonesia sourced income is subject to tax in the recipient country; and
6. The company does not use more than fifty percent (50%) of its total income to fulfill its obligations to other parties in the form of interest, royalty or other types of compensation.

Further, Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd must also submit the original copy of its Certificate of Domicile (DGT Form 1) to RPT to demonstrate that they are the beneficial owner of the dividend payment.

Indonesian tax laws do not regulate when a dividend should be declared. Meanwhile, the time when the dividend can be declared and remitted by RPT to the Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd should be in accordance with the rules set out in the Indonesian General Accepted Accounting Principle (“GAAP”).

Article 26 Income Tax becomes payable when the dividend distribution is declared or determined in the General Meeting of Shareholders of RPT. There is no need for the RPT to obtain tax clearance in order to declare or remit dividends.

C. Tax Implications on Payment of Principal Loan and Interest by RPT to Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd

Payment of Principal Loan

There will be no tax implications in Indonesia for payment of principal loan by RPT to Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd.

Payment of Interest

The Indonesian tax laws generally require a twenty percent (20%) tax to be withheld on the payment of interest from Indonesian taxpayer to an offshore taxpayer. Under the tax treaty between Singapore and Indonesia, the rate of withholding tax is reduced to ten percent (10%).

The reduced withholding tax rate of ten percent (10%) on interest as set out in the Singapore-Indonesia tax treaty can only be applied if Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd can satisfy the requirements stipulated in Article 4 paragraph 2 of

Director General of Taxes Regulation No. 62/PJ./2009 dated 5 November 2009 as amended by Director General of Taxes Regulation No. 25/PJ/2010 dated 30 April 2010 regarding Prevention of Tax Treaty Abuse:

1. The company is established in the tax treaty partner country or has a structure/scheme transaction arrangement which is not solely intended to take advantage of a tax treaty benefit; and
2. Its operation is managed by the management itself who has sufficient authority to do transactions; and
3. The company has employees; and
4. The company has activities or active business; and
5. The Indonesia sourced income is subject to tax in the recipient country; and
6. The company does not use more than fifty percent (50%) of its total income to fulfill its obligations to other parties in the form of interest, royalty or other types of compensation.

Further, Kuta1 Holdings Pte Ltd and/or Kuta2 Investments Pte Ltd must also submit the original copy of its Certificate of Domicile (DGT Form 1) to RPT to demonstrate that they are the beneficial owner of the interest payment.

Article 26 Income Tax on interest becomes payable when the interest payment is due based on the loan agreement or paid by RPT (whichever happens first).

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RELATED TENANCY AGREEMENTS

Assuming that all of the leases of Lippo Mall Kuta are novated to Kuta IndoCo upon completion of the Acquisition (save for any leases in respect of the underlying areas which are covered under the Master Leases), LMIR Trust will, through Kuta IndoCo, take over all the Related Tenancy Agreements with respect to Lippo Mall Kuta. The aggregate rental fees derived or to be derived from the Related Tenancy Agreements as at 31 December 2015 is estimated at Rp.92.4 billion (S\$9.8 million) and the details 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\$) ⁽¹⁾	Percentage of NTA ⁽²⁾	Percentage of NAV ⁽³⁾
1.	PT. Matahari Department Store Tbk	Matahari	2,825.70	14 December 2014	11	42,270,448,799	4,491,906	0.43%	0.42%
2.	PT. Matahari Putra Prima Tbk	Hypermart	4,691.66	1 April 2015	10	47,514,317,484	5,049,150	0.48%	0.47%
3.	PT. Cinemaxx Global Pasifik	Cinemaxx	1,001.07	18 February 2015	5	2,413,884,095	256,513	0.02%	0.02%
4.	PT. Gratia Prima Indonesia	Books & Beyond	99.20	13 July 2013	5	225,829,594	23,998	0.00% ⁽⁴⁾	0.00% ⁽⁴⁾
5.	PT Bank National Nobu Tbk	Nobu Bank (ATM)	1.00	28 November 2013	5	3,120,000	331	0.00% ⁽⁴⁾	0.00% ⁽⁴⁾
Total:						92,427,599,972	9,821,898	0.93%	0.91%

Notes:

- (1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9,410.36.
- (2) Based on the NTA of LMIR Trust of S\$1,050.0 million as at 31 December 2015.
- (3) Based on the NAV of LMIR Trust of S\$1,075.1 million as at 31 December 2015.
- (4) Less than 0.01%.

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EXISTING INTERESTED PERSON TRANSACTIONS

Details of the Existing Interested Person Transaction 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 related to leases signed by the various interested persons as tenants of the Existing Portfolio.

No.	Interested person	Nature of Transaction	Area (sq m)	Start date	Term (years)	Value of transaction (Rp.)	Value of transaction (S\$) ⁽¹⁾	Percentage of NTA ⁽²⁾	Percentage of NAV ⁽³⁾
1.	PT Maxx Food Pasifix	Lease at Plaza Semanggi	2,589.94	1 April 2016 to 31 March 2021	5 years	54,727,338,396	5,815,648	0.55%	0.54%
2.	PT Solusi Ecommerce Global	Lease at Palembang Icon	2.60	26 October 2015 to 15 September 2016	11 months	30,359,987	3,226	0.00% ⁽⁴⁾	0.00% ⁽⁴⁾
3.	PT Solusi Ecommerce Global	Lease at Binjai Supermall	4.00	1 February 2016 to 31 January 2017	1 year	17,796,000	1,891	0.00% ⁽⁴⁾	0.00% ⁽⁴⁾
4.	PT Lippo Malls Indonesia	Renewal of property management agreements	All retail malls	1 July 2015 to 1 July 2017	2 years	87,036,393,197	9,248,997	0.88%	0.86%
5.	PT Internux	Lease at Gajah Mada	89.35	1 June 2016 to 31 March 2019	3 years	593,346,996	63,053	0.01% ⁽⁴⁾	0.01% ⁽⁴⁾
6.	PT Internux	Lease at Mal Lippo Cikarang	33.0	1 July 2016 to 30 June 2019	3 years	893,472,838	94,946	0.01%	0.01% ⁽⁴⁾
Total:						143,298,707,414	15,227,761	1.45%	1.42%

Notes:

- (1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9,410.36.
- (2) Based on the NTA of LMIR Trust of S\$1,050.0 million as at 31 December 2015.
- (3) Based on the NAV of LMIR Trust of S\$1,075.1 million as at 31 December 2015.
- (4) Less than 0.01%.

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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 at Leo/Capricorn Ballroom (Level 1), Marina Mandarin Singapore Hotel, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 30 November 2016, Wednesday at 2:00 p.m. (the "**EGM**"), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

THE ACQUISITION AND THE MASTER LEASES

That:

- (i) approval be and is hereby given for the proposed acquisition of the property known as "Lippo Mall Kuta" ("**Lippo Mall Kuta**", and the proposed acquisition of Lippo Mall Kuta, the "**Acquisition**") from PT Pamor Paramita Utama (the "**Vendor**"), based on the terms and conditions as described in the circular dated 10 November 2016 (the "**Circular**") issued by LMIRT Management Ltd., in its capacity as manager of LMIR Trust (the "**Manager**") to unitholders of LMIR Trust ("**Unitholders**"), as well as for the payment of all fees and expenses relating to the Acquisition;
- (ii) approval be and is hereby given for the grant of the Master Leases (as defined in the Circular) to the Master Lessees and for the novation of the remainder of the leases in relation to Lippo Mall Kuta to Kuta IndoCo (as defined in the Circular); and
- (iii) approval be and is hereby given for LMIR Trust, through Kuta IndoCo, to take over the Related Tenancy Agreements (as defined in the Circular) in relation to Lippo Mall Kuta upon the completion of the Acquisition; and
- (iv) the Manager, any Director and HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of LMIR Trust (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 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 Acquisition and the Master Leases.

BY ORDER OF THE BOARD

LMIRT Management Ltd.

(as manager of Lippo Malls Indonesia Retail Trust)

(Company Registration No. 200707703M)

Lynn Wan Tiew Leng
Company Secretary
Singapore
10 November 2016

Important Notice:

- (1) A unitholder of LMIR Trust who is not a relevant intermediary entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of LMIR Trust. Where a unitholder of LMIR Trust appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A unitholder of LMIR Trust who is a relevant intermediary entitled to attend and vote that the Extraordinary General Meeting is entitled to appoint more than one proxy to attend and vote instead of the unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such unitholder. Where such unitholder of LMIR Trust appoints more than one proxy, the appointments shall be invalid unless he/she specifies the number of Units in relation to which each proxy has been appointed.
- (3) The instrument appointing a proxy must be lodged at the registered office of the Unit Registrar's office at Boardroom Corporate and Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the Extraordinary General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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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**”) who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder’s holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

“**Relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation,
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. 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 72 hours before the time set for the Extraordinary General Meeting.
 4. Completion and return of the instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the LMIRT Management Ltd., in its capacity as manager of LMIR Trust (the “**Manager**”) reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
 5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder’s name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder’s name in the Register of Unitholders of LMIR Trust, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder’s name in the said Depository Register and registered in the Unitholder’s name in the Register of Unitholders of LMIR Trust, the Unitholder 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.
 6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 an instrument appointing a proxy or proxies 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 the Manager) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid
 8. 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.
 9. At any meeting, a resolution put to the vote of the meeting shall be decided by way of a poll.
 10. 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.

General

The Manager shall be entitled to reject an instrument appointing a proxy or proxies 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 and/or attached to the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Manager may reject an instrument appointing a proxy or proxies if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder’s name in the Depository Register not less than 72 hours before the time appointed for holding the meeting, as certified by CDP to the Manager

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. A relevant intermediary may appoint more than one proxy to attend the Extraordinary General Meeting and vote (please see Note 2 for the definition of "relevant intermediary").
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.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representatives(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 10 November 2016.

I/We _____ (Name)

of _____ (Address)

being a unitholder/unitholders of Lippo Malls Indonesia Retail Trust ("LMIR Trust"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

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 at the Extraordinary General Meeting of LMIR Trust to be held on 30 November 2016, Wednesday at 2:00 p.m. at Leo/Capricorn Ballroom (Level 1), Marina Mandarin Singapore Hotel, 6 Raffles Boulevard, Marina Square, Singapore 039594 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions 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/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

	Ordinary Resolution	To be used in the event of a poll	
		No. of Votes For*	No. of Votes Against*
1.	To approve the Acquisition and the Master Leases		

* 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 _____ 2016

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal

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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

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