



LIPPO MALLS INDONESIA RETAIL TRUST

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

FOR IMMEDIATE RELEASE

LMIR Trust strengthens portfolio with acquisition of two retail malls in Indonesia

- *To acquire Lippo Plaza Jogja and Kediri Town Square for a total purchase consideration of S\$98.1 million*
- *Acquisition will boost LMIR Trust's portfolio to 30 properties across Indonesia and increase asset size to over S\$2 billion*

Singapore, 13 October 2017 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today announced that LMIR Trust has entered into conditional sale and purchase agreements to acquire two income-producing retail malls in Indonesia from its sponsor, PT Lippo Karawaci Tbk (“**Lippo Karawaci**” or the “**Sponsor**”), for a total purchase consideration of S\$98.1 million.

The proposed acquisitions comprise:

- (i) **Lippo Plaza Jogja (“LPJ”)**, which is part of an integrated development (“**Yogyakarta Property**”) comprising an adjoining hospital, Siloam Hospitals Yogyakarta (“**SHYG**”), for a purchase consideration of S\$61.1 million, which is a 2.1% discount to the average of two independent valuations¹; and
- (ii) **Kediri Town Square (“KTS”)**, a two-storey retail mall strategically located in Kediri city, East Java, for a purchase consideration of S\$37.0 million, which is a 3.6% discount to the average of two independent valuations².

Both acquisitions will be financed via proceeds from the issuance of bonds and/or debt financing facilities from banks and partially by internal cash.

For the LPJ acquisition, LMIR Trust has entered into a joint venture agreement (“**JV Deed**”) with First Real Estate Investment Trust (“**First REIT**”) to jointly acquire the Yogyakarta Property, which is held under one “Right to Build” (Hak Guna Bangunan or “HGB”) title certificate and currently, in Yogyakarta, there are no regulations permitting the regional government of Yogyakarta to subdivide the Property and issue separate strata titles for LPJ and SHYG.

¹ As at 30 June 2017, KJPP Willson & Rekan (an affiliate of Knight Frank) has independently valued LPJ at S\$60.8 million and KJPP Rengganis, Hamid & Rekan (in strategic alliance with CBRE) has independently valued LPJ at S\$64.0 million.

² As at 31 May 2017, KJPP Willson & Rekan (an affiliate of Knight Frank) has independently valued KTS at S\$38.4 million and KJPP Rengganis, Hamid & Rekan (in strategic alliance with CBRE) has independently valued KTS at S\$38.4 million.

Under the JV Deed, LMIR Trust will purchase LPJ and has all rights to the revenue and profits and all the obligations for the expenses and losses relating to LPJ, and First REIT will purchase SHYG and entitled to all rights relating to SHYG.

The completion of these acquisitions will boost LMIR Trust's portfolio to 30 properties comprising 23 retail malls and seven retail spaces, and expand asset size to above S\$2 billion. The Trust's total net lettable area will also increase to 921,026 square metres.

Commenting on the acquisitions, Chief Executive Officer of the REIT Manager, Ms Chan Lie Leng, said, "Both properties are strategically located with recognisable local and international brands to serve the needs of the local communities and tourists. With LPJ being our first mall in Yogyakarta, these acquisitions will further diversify our portfolio geographically across Indonesia as well as improve the diversification of our tenant base, thereby reducing tenant and asset concentration risks within LMIR Trust's enlarged portfolio. We also believe that further income diversification will potentially result in greater resilience and stability of income for the Trust, which will in turn benefit our Unitholders.

"With the two proposed acquisitions, and the recently acquired Lippo Plaza Kendari, we would have acquired three properties this year. In line with our strategic focus of expanding our income-producing assets to create long-term value for our Unitholders, the Trust will continue to look for quality and value creating assets to bolster our portfolio, especially with the healthy pipeline of more than 40 retail malls from our sponsor for acquisition, to which the Trust has the right-of-first-refusal."

On a pro forma basis for financial year ended 31 December 2016, these transactions will boost LMIR Trust's net property income by S\$7.6 million or 4.4% and distribution per unit ("DPU") will rise to 3.43 Singapore cents from 3.41 Singapore cents, lifting DPU yield to 9.27% from 9.22%, based on closing price of S\$0.37 as at 31 December 2016.

About Lippo Plaza Jogja

Strategically located in a densely populated area in Yogyakarta, the Yogyakarta Property comprises a 10-storey building including one basement and one mezzanine level on total land area of 13,715 square metres. It also comes with a shared multi-storey parking area on the upper levels totalling 752 and 875 car and motorcycle lots respectively, and a rooftop helipad.

With a total gross floor area ("GFA") of 66,098 square metres comprising 35,965 square metres for the mall and 30,133 square metres for the parking area, and net lettable area ("NLA") of 23,023 square metres (excluding 550 square metres of casual leasing area), LPJ has a diverse range of tenants including Matahari Department Store, Hypermart, Cinemaxx, Celebrity Fitness and Time Zone. After major refurbishment from 2013 to 2015, LPJ is one of the newest malls in Yogyakarta and its diverse tenant mix is well-placed to serve the people of Yogyakarta and those from the surrounding areas.

Built in 2005, LPJ underwent major refurbishments and recommenced operations in June 2015. Although major works were done, further enhancement works will be done to optimise the value of the asset. These include, among others, converting the rooftop and outdoor areas into lettable area and converting anchor and big tenant areas to specialty areas which can command higher rental income. The mall vendor will bear the full cost of the enhancement works, and has committed to undertake and complete these works in stages until the end of 2019.

About Kediri Town Square

Completed in 2011, KTS is a two-storey retail mall with a car park area, strategically located in Kediri city, East Java. With a NLA of 16,680 square metres, KTS is a lifestyle mall with a range of products and services covering daily needs, fashion, entertainment and F&B for families and tourists. Its tenants include a variety of brands, such as Matahari Department Store, Hypermart, Game Fantasia, Sport Stations and OPPO.

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About Lippo Malls Indonesia Retail Trust ("LMIR Trust") (www.lmir-trust.com)

LMIR Trust is a Singapore-based real estate investment trust 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.

LMIR Trust's current asset portfolio comprises 21 retail malls ("Retail Malls") and seven retail spaces located within other retail malls ("Retail Spaces", and collectively with the Retail Malls, the "Properties"). The Properties have a total net lettable area of 872,858 square metres and total valuation of IDR18,434 billion as at 30 June 2017, and are strategically located in major cities of Indonesia with large middle-income population. Tenants include leading names such as Matahari Department Store, Zara, M&S, H&M, Sogo, Giant, Hypermart, Carrefour, Ace Hardware, as well as international specialty tenants such as Victoria's Secret, Promod, McDonalds, Pizza Hut, KFC, A&W, Fitness First and Starbucks.