



LIPPO MALLS INDONESIA RETAIL TRUST

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

ANNOUNCEMENT

ENTRY INTO NEW LEASE AGREEMENTS (RELATING TO RETAIL SPACES)

1. INTRODUCTION

LMIRT Management Ltd., in its capacity as manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” and as manager of LMIR Trust, the “**Manager**”) is pleased to announce that wholly-owned subsidiaries of LMIR Trust will enter into new leases for three-year terms with effect from 18 November 2017 with the underlying tenants of retail spaces at certain of the malls in LMIR Trust’s existing portfolio¹ (the “**Retail Spaces**”). Certain of these new leases will be entered into with lessees which are under common control by the same beneficial owner as the Sponsor (the “**Related Retail Space Leases**”).

2. THE RELATED RETAIL SPACE LEASES

2.1 Related Retail Space Lease Agreements

The Retail Spaces, covering a net lettable area (“**NLA**”) of 81,570 square metres (“**sq m**”)², were each subject to master leases with PT Multipolar Tbk which will expire on 18 November 2017. The lessees under the Related Retail Space Lease Agreements (which will take up NLA of 67,261 sq m or 82.5% of NLA of the Retail Spaces) are under common control by the same beneficial owner as the Sponsor. Other than these Related Retail Space Lease Agreements, the remaining new lease agreements over the Retail Spaces of 14,309 sq m or 17.5% of NLA of the Retail Spaces, will be entered into with parties who are not interested persons of LMIR Trust.

The aggregate rental to be derived from the Related Retail Space Lease Agreements is estimated at Rp.199,490 million (\$21.4 million)-.

¹ The Retail Spaces refers to the four strata units in Java Supermall which is located at Jalan Kapt. Maulana Lubis, Medan, North Sumatra, four strata units in the Grand Palladium Medan which is located at Jalan Kapt. Maulana Lubis, Medan, North Sumatra, two HGB titles in Plaza Madiun located at Jalan Pahlawan, three strata units in Metropolis Town Square located at Jalan Hartono Raya, Modernland Cikokol, Tangerang, Banten, Greater Jakarta, four strata units in Depok Town Square located at Jalan Margonda Raya No. 1, Pondok Cina Beji, Depok, Greater Jakarta, three strata units in Malang Town Square located at Jalan Veteran No. 2, Malang, East Java and four strata units in Mall WTC Matahari located at Jalan Raya Serpong, Pondok Jagung, Serpong, Tangerang, Banten, Greater Jakarta.-

² The master leases over the Retail Spaces with PT Multipolar Tbk originally covered an aggregate NLA of 94,070 sq m as compared to the NLA of 81,570 sq m of the Retail Spaces will be leased presently (including under the Related Retail Space Lease Agreements). The difference is attributable to additional space taken up for corridors of 3,127 sq m and other common facilities of 9,373 sq m.

The following table sets out further details of the Related Retail Space Leases:

No.	Interested person / Related Retail Space Lessee	Nature of Transaction	Area (sq m)	Start date	Term (years)	Value of transaction (Rp.)	Value of transaction (S\$) ^{(1)&(4)}	Percentage of NTA ⁽²⁾	Percentage of NAV ⁽³⁾
1.	PT Matahari Department Store Tbk	Lease for Matahari Department Store	29,921	19 November 2017	3	110,960,590,265	11,888,333	0.98%	0.96%
2.	PT Matahari Putra Prima Tbk	Lease for Hypermart	35,619	19 November 2017	3	82,409,426,205	8,829,357	0.73%	0.72%
3.	PT Matahari Graha Fantasi	Lease for Timezone	1,721	19 November 2017	3	6,119,910,420	655,688	0.05%	0.05%
Total:			67,261			199,489,926,891	21,373,379	1.76%	1.73%

Notes:

- (1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9,333.57.
- (2) Based on the NTA of LMIR Trust of S\$1,213.3 million as at 31 December 2016.
- (3) Based on the NAV of LMIR Trust of S\$1,232.6 million as at 31 December 2016.
- (4) There is an annual 4% step-up for Matahari Leases, 2% step-up for Hypermart Leases & 5% step-up for Timezone Leases

2.2 Independent Valuation

The rental rates under the Related Retail Space Lease Agreements are comparable to the rental rates under the other new lease agreements which are entered into with parties who are not interested persons of LMIR Trust for the malls in which the Retail Spaces are located, and are also generally comparable with the rental rates of leases signed with other malls and retail spaces within LMIR Trust's existing portfolio, after taking into account the differences between each mall and retail space.

KJPP Rinaldi, Alberth, Baroto, dan Rekan ('Alberth') has been appointed by the Manager to assess the rental value of the areas under the Related Retail Space Leases. The rental rates under the Related Retail Space Lease Agreements are also in line with the market rental rates as assessed by Alberth and as set out in its valuation report, as shown below:

Lessee	Area	Market Rental Rate by Alberth (Rp. per sq m per month)	Contracted Rental Rate under Related Retail Space Lease Agreements (Rp. per sq m per month)	Variance
PT Matahari Department Store Tbk	29,921	100,000	99,000	1.0%
PT Matahari Putra Prima Tbk	35,619	63,000	63,000	0.0%
PT Matahari Graha Fantasi	1,721	95,000	94,000	1.1%

Based on the foregoing, the Manager is of the view that the Related Retail Space Leases are made on normal commercial terms and are not prejudicial to the interests of LMIR Trust and its minority Unitholders.

3. RATIONALE

In relation to the Related Retail Space Leases, the rental rates are supported and in line with market rents as assessed by Alberth-

4. INTERESTED PERSON TRANSACTION

As at the date of this announcement, the Manager has a direct interest in 142,611,671 Units (comprising 5.05% 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 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) 29.85% in LMIR Trust and (ii) 100% 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 of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and Appendix 6 of the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Related Retail Space Lessees are under common control by the same beneficial owner as the Sponsor (which is in turn a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) and are also interested persons and interested parties of LMIR Trust. Under Chapter 9 of the Listing Manual of the SGX-ST, 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 person during the same financial year) is equal to or exceeds 3.0% of LMIR Trust’s latest audited net tangible assets (“**NTA**”), LMIR Trust must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Prior to the entry into the Related Retail Space Leases, the total value of interested person transactions between LMIR Trust and the Sponsor and/or its associates and/or companies under common control by the same beneficial owner as the Sponsor, for the current financial year, is approximately S\$47.6 million, which is approximately 3.92% of the latest audited NTA of LMIR Trust as at 31 December 2016. The Manager is therefore making this announcement in compliance with the requirements of the Listing Manual.

As at the date of this announcement, the value of the Related Retail Space Leases is approximately S\$ 21.4 million, which is approximately 1.76 % of the latest audited NTA of LMIR Trust as at 31 December 2016. The total value of Interested Person Transactions between LMIR Trust and the Sponsor and/or its associates and/or companies under common control by the same beneficial owner as the Sponsor (including the entry into of the Related Retail Space Leases), for the current financial year, is approximately S\$69.0 million, which is approximately 5.68% of the latest audited NTA of LMIR Trust as at 31 December 2016. Under Rule 916(1) of the Listing Manual, a renewal of a lease of real property of not more than three years if the terms are supported by independent valuation is not subject to Rule 906 of the Listing Manual. As the Related Retail Space Leases are three year terms and the contracted rents are above or in line with market rents assessed by Alberth, the Related Retail Space Leases are not subject to aggregation under Rule 906 of the Listing Manual.

As at the date of this announcement, the total value of all interested person transactions (including the entry into of the Related Retail Space Leases) for the same financial year is the same as the total value of interested person transactions between LMIR Trust and the Sponsor and/or its associates and/or companies under common control by the same beneficial owner as the Sponsor.

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.

5. AUDIT AND RISK COMMITTEE STATEMENT

Having considered that the rental rates under the Related Retail Space Leases are in line with market rental rates as assessed by Alberth, the Audit and Risk Committee of the Manager, comprising Mr Lee Soo Hoon Phillip, Mr Goh Tiam Lock and Mr Douglas Chew, is of the view that the entry into the Related Retail Space Leases are made on normal commercial terms and are not prejudicial to the interests of LMIR Trust and its minority Unitholders.

6. PRO FORMA FINANCIAL EFFECTS OF THE ENTRY INTO OF THE RELATED RETAIL SPACE LEASES

6.1 Pro Forma Financial Effects

FOR ILLUSTRATIVE PURPOSES ONLY:

The Pro Forma Financial Effects are for illustrative purposes and does not represent LMIR Trust's Financial Effects following the entry into of the Related Retail Space Leases.

The pro forma financial effects of the entry into of the Related Retail Space Leases presented below are strictly for illustrative purposes only and were prepared based on the audited financial statements of LMIR Trust and its subsidiaries for FY2016 ("FY2016 Audited Financial Statements") and the unaudited financial statements of LMIR Trust and its subsidiaries for 1H2017 ("1H2017 Unaudited Financial Statements").

6.2 FY2016

Pro Forma DPU

The pro forma financial effects of the entry into of the Related Retail Space Leases on the DPU for the financial year ended 31 December 2016, as if LMIR Trust had entered into the Related Retail Space Leases on 1 January 2016, are as follows:

	FY 2016	With the Related Retail Space Leases
Distributable Income (S\$'000)	95,468	91,241
Units in issue and to be issued	2,802,992,873	2,802,992,873
DPU (cents)	3.41	3.26

6.3 1H2017

Pro Forma DPU

The pro forma financial effects of the entry into of the Related Retail Space Leases on the DPU for 1H2017, as if LMIR Trust had entered into the Related Retail Space Leases on 1 January 2017, are as follows:

	1H2017	With the Related Retail Space Leases
Distributable Income (S\$'000)	50,523	48,377
Units in issue and to be issued	2,823,987,723	2,823,987,723
DPU (cents)	1.79	1.71

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #06-07, OUE Bayfront, Singapore 049321 from the date of this announcement up to and including the date falling three months thereafter⁵:

- (i) the agreements for the Related Retail Space Leases (available from 18 November 2017 onwards);
- (ii) the full valuation report on the opinion of rental value of the Related Retail Space Leases issued by Alberth;
- (iii) the FY2016 Audited Financial Statements; and
- (iv) the 1H2017 Unaudited Financial Statements.

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.

By Order of the Board

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

Ms Chan Lie Leng
Executive Director and Chief Executive Officer
17 October 2017

⁵ Prior appointment with the Manager (telephone +65 6410 9138) will be appreciated.

Important Notice

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

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

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