



LIPPO MALLS INDONESIA RETAIL TRUST

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

ANNOUNCEMENT

UPDATE ON THE DIVESTMENT OF PEJATEN VILLAGE AND BINJAI SUPERMALL

*Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the divestment announcement dated 30 December 2019 (the “**Divestment Announcement**”) and the update announcement dated 26 June 2020, 11 July 2020 and 18 July 2020 (the “**Extension Announcements**”) in relation to the divestment of Pejaten Village and Binjai Supermall.*

Unless otherwise indicated in this announcement, all conversions from Rupiah amounts into Singapore Dollar amounts in this announcement are based on an illustrative exchange rate of S\$1.00 to Rp.10,637.0 as at 21 July 2020.

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**”) refers to the Divestment Announcement and the Extension Announcements.

2. THE PEJATEN PROPERTY

2.1 Entry into Supplemental & Amendment Agreement

In view of operational disruptions in Indonesia arising from the Covid-19 pandemic, and its effect on the valuation of assets in the country, the parties to the Pejaten CSPA, namely the Manager, the Pejaten Vendor (an indirectly wholly-owned Indonesia-incorporated subsidiary of LMIR Trust), and the Pejaten Purchaser, have negotiated and, on 23 July 2020, entered into a Supplemental & Amendment Agreement (the “**Pejaten SAA**”) to amend the Pejaten CSPA (the Pejaten CSPA as amended, the “**Revised Pejaten CSPA**”) for the divestment of the Pejaten Property to proceed.

2.2 Revised Sale Consideration and Valuation

The Trustee and the Manager have commissioned Savills Valuation & Professional Services (S) Pte Ltd (the “**Independent Valuer**”) to re-value the Pejaten Property. The valuation of the Pejaten Property by the Independent Valuer as at 30 April 2020 is Rp.954.0 billion using a Discounted Cash Flow Analysis (the “**Revised Pejaten Valuation**”). For the information of the unitholders of LMIR Trust (“**Unitholders**”), as previously announced in the Divestment Announcement, the valuation of the Pejaten Property as at 30 June 2019 was Rp.1,040.0 billion.

The sale consideration for the Pejaten Property under the Revised Pejaten CSPA is Rp.890.6 billion (the “**Revised Pejaten Sale Consideration**”), representing a 19.1% premium to the original acquisition price of Rp.748.0 billion for the Pejaten Property (or approximately Rp.142.6

billion over the original acquisition price of the Pejaten Property) and a 6.6% discount to the Revised Pejaten Valuation.

The Revised Pejaten Sale Consideration was negotiated on a willing-buyer and willing-seller basis, taking into consideration the growth potential and re-development prospects of the Pejaten Property following the Covid-19 outbreak in Indonesia as well as the relatively illiquid secondary commercial real estate market in Indonesia.

2.3 Certain Principal Terms of the Revised Pejaten CSPA

The principal amendments to the terms of the Pejaten CSPA under the Pejaten SAA include, among others:

2.3.1 the payment of the Revised Pejaten Sale Consideration in the following manner:

- (i) a refundable deposit of Rp.49,868,000,000 equivalent to 5.6% of the Revised Pejaten Sale Consideration to be paid at the execution of the Pejaten CSPA on 30 December 2019 and refunded to the Pejaten Purchaser at completion upon the payment of the Revised Pejaten Sale Consideration in the manner set out under paragraph 2.3.1(i) to paragraph 2.3.1(iv);
- (ii) the payment of Rp.712,475,027,200 equivalent to 80.0% of the Revised Pejaten Sale Consideration at completion under the Revised Pejaten CSPA;
- (iii) a sum of Rp.89,059,378,400 equivalent to 10.0% of the Revised Pejaten Sale Consideration is to be retained in an escrow account for up to 90 calendar days after completion under the Revised Pejaten CSPA pending the assignment or novation of at least 80.0% of the tenant leases of the Pejaten Property (as stipulated in the Revised Pejaten CSPA) from the Pejaten Vendor to the Pejaten Purchaser or such longer time as necessary to meet any claims lodged by the Pejaten Purchaser against the Pejaten Vendor;
- (iv) a sum of Rp.89,059,378,400 equivalent to 10.0% of the Revised Pejaten Sale Consideration is to be retained in an escrow account for up to 365 calendar days after completion pending the later of:
 - (a) the fulfilment by the Pejaten Vendor of certain obligations and requirements (as agreed between the Pejaten Vendor and the Pejaten Purchaser) under *Izin Penunjukan Penggunaan Tanah* No. 2208/1.711.534 dated 17 September 2007 issued by the Governor of Jakarta to the Pejaten Vendor in respect of the development of the Pejaten Property; and
 - (b) the renewal by the Pejaten Vendor of the Certificate of Function Worthiness or *Sertifikat Laik Fungsi* No. 670 dated 21 September 2012 issued by the Head of Office Supervision and Management of Building of DKI Jakarta Province issued in the name of the Pejaten Vendor,

and the fulfilment of each of item (i) and (ii) above will release 50.0% of the sum retained in the escrow account pursuant to the terms set out under this sub-paragraph 2.3.1(iv)¹; and

- 2.3.2 following completion, the entry of the Pejaten Vendor and the Pejaten Purchaser into an easement agreement in respect of certain Right to Use (*Hak Pakai*) land certificates neighbouring the Pejaten Property to support the Pejaten Purchaser's operation of the Pejaten Property.

Completion under the Revised Pejaten CSPA is expected to take place by 30 July 2020. For the information of Unitholders, the deposit of Rp.49,868,000,000 referred to under paragraph 2.3.1(i) had previously been paid on 30 December 2019 under the Pejaten CSPA.

3. THE BINJAI PROPERTY

3.1 Entry into Supplemental & Amendment Agreement

In view of operational disruptions in Indonesia arising from the Covid-19 pandemic, and its effect on the valuation of assets in the country, the parties to the Binjai CSPA, namely the Manager, the Binjai Vendor, an indirectly wholly-owned Indonesia-incorporated subsidiary of LMIR Trust, and the Binjai Purchaser, have negotiated and, on 23 July 2020, entered into a Supplemental & Amendment Agreement (the "**Binjai SAA**") to amend the Binjai CSPA (the Binjai CSPA as amended, the "**Revised Binjai CSPA**").

3.2 Revised Sale Consideration and Valuation

The Trustee and the Manager have commissioned the Independent Valuer to re-value the Binjai Property. The valuation of the Binjai Property by the Independent Valuer as at 30 April 2020 is Rp.285.0 billion using a Discounted Cash Flow Analysis (the "**Revised Binjai Valuation**"). For the information of Unitholders, as previously announced in the Divestment Announcement, the valuation of the Binjai Property as at 30 June 2019 was Rp.309.0 billion.

The sale consideration for the Binjai Property under the Revised Binjai CSPA is Rp.262.0 billion (the "**Revised Binjai Sale Consideration**"), representing a 10.3% premium to the original acquisition price of Rp.237.5 billion for the Binjai Property (or approximately Rp.24.5 billion over the original acquisition price of the Binjai Property) and an 8.1% discount to the Revised Binjai Valuation.

The Revised Binjai Sale Consideration was negotiated on a willing-buyer and willing-seller basis, taking into consideration the growth potential and re-development prospects of the Binjai Property following the Covid-19 outbreak in Indonesia as well as the relatively illiquid secondary commercial real estate market in Indonesia.

3.3 Certain Principal Terms of the Revised Binjai CSPA

The principal amendments to the terms of the Binjai CSPA under the Binjai SAA include, among others, the payment of the Revised Binjai Sale Consideration in the following manner:

- (a) a refundable deposit of Rp.14,164,988,000 equivalent to 5.4% of the Revised Binjai Sale Consideration to be paid at the execution of the Binjai CSPA on 30 December

¹ Being a sum equivalent to 5.0% of the Revised Pejaten Sale Consideration.

2019 and refunded to the Binjai Purchaser at completion upon the payment of the Revised Binjai Sale Consideration in the manner set out under paragraph 3.3(a) to paragraph 3.3(c);

- (b) the payment of Rp.235,800,000,000 equivalent to 90.0% of the Revised Binjai Sale Consideration at completion under the Revised Binjai CSPA; and
- (c) a sum of Rp.26,200,000,000 equivalent to 10.0% of the Revised Binjai Sale Consideration is to be retained in an escrow account for up to 180 calendar days after completion pending the assignment or novation of at least 80.0% of the tenant leases of the Binjai Property (as stipulated in the Revised Binjai CSPA) from the Binjai Vendor to the Binjai Purchaser or such longer time as necessary to meet any claims lodged by the Binjai Purchaser against the Binjai Vendor.

Completion under the Revised Binjai CSPA is expected to take place by 3 August 2020. For the information of Unitholders, the deposit of Rp.14,164,988,000 referred to under paragraph 3.3(a) had previously been paid on 30 December 2019 under the Binjai CSPA.

4. USE OF PROCEEDS AND PRO FORMA FINANCIAL EFFECTS OF THE DIVESTMENTS

4.1 Use of proceeds

Based on the Revised Pejaten Sale Consideration and the Revised Binjai Sale Consideration, the Net Divestment Proceeds is estimated to be approximately S\$97.2 million, after taking into account the income taxes payable (*pajak penghasilan atas peralihan tanah dan bangunan* or “PPHTB”), professional fees and other expenses incurred in connection with the Divestments as well as the security deposit and advanced rental to be transferred to the purchaser. The proceeds will enhance LMIR Trust’s liquidity position, financial flexibility to fund growth through reinvestments, optimise its portfolio and capture opportunities that will achieve long-term sustainable returns for Unitholders.

The Manager also intends to use part of the Net Divestment Proceeds to pay the divestment fees payable to the Manager (pursuant to the terms of the trust deed constituting LMIR Trust) in respect of the Divestments, which amounts to a total of S\$542,000.

4.2 Pro forma financial effects

FOR ILLUSTRATIVE PURPOSES ONLY

The Manager has presented updated pro forma financial effects of the Divestments below based on the Revised Pejaten Sale Consideration and the Revised Binjai Sale Consideration. The pro forma financial effects of the Divestments presented below are strictly for illustrative purposes only and were prepared based on the audited consolidated financial statements of LMIR Trust and its subsidiaries for the financial year ended 31 December 2019 (“**FY2019**” and the audited consolidated financial statements of LMIR Trust and its subsidiaries for FY2019, the “**FY2019 Audited Consolidated Financial Statements**”) and assuming that the Net Divestment Proceeds are placed in a fixed deposit accounts.

The financial effects set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earning of LMIR Trust which may differ depending on several factors.

Pro Forma DPU

The pro forma financial effects of the Divestments on LMIR Trust's DPU for FY2019 as if the Divestments were completed on 1 January 2019 are as follows:

FY2019				
Effects of the Divestments on Pro Forma DPU				
	Without the Divestments⁽¹⁾	Divestment of the Pejaten Property⁽²⁾	Divestment of the Binjai Property⁽²⁾	Divestment of both the Pejaten Property and the Binjai Property⁽²⁾⁽³⁾
DPU (cents)	2.23	2.04	2.19	1.99

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account on reduction of performance fee payable in Units after the Divestment of Pejaten Property and/or Binjai Property.
- (3) Based on the assumption that the Net Divestment Proceeds (after deducting the security deposit and advanced rental to be transferred to the respective purchasers of the Pejaten Property and the Binjai Property of Rp.1,033.9 billion (approximately S\$97.2 million)) are placed in fixed deposit accounts.

Pro Forma NAV per Unit

The pro forma financial effects of the Divestments on LMIR Trust's Net Asset Value ("NAV") per Unit as at 31 December 2019, as if the Divestments were completed on 31 December 2019 are as follows:

As at 31 December 2019				
Effects of the Divestments on Pro Forma NAV				
	Before the Divestments⁽¹⁾	Divestment of the Pejaten Property	Divestment of the Binjai Property	Divestment of both the Pejaten Property and the Binjai Property⁽²⁾
NAV (S\$'000)	816,297	800,703	812,575	796,981
Units in issue	2,894,902,627	2,894,902,627	2,894,902,627	2,894,902,627
NAV per Unit (cents)	28.20	27.66	28.07	27.53

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
- (2) Based on the assumption that the Net Divestment Proceeds (after deducting the security deposit and advanced rental to be transferred to the respective purchasers of the Pejaten Property and the Binjai Property of Rp.1,033.9 billion (approximately S\$97.2million)) are placed in fixed deposit accounts.

Pro Forma Capitalisation

The Divestments are not expected to have a material effect on LMIR Trust's capitalisation as at 31 December 2019, had the Divestments been completed on 31 December 2019.

5. DISCLOSEABLE TRANSACTIONS

Discloseable Transactions – Chapter 10 of the Listing Manual

- (a) 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.
- (b) A divestment by LMIR Trust may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:
 - (i) the net asset value of the assets to be disposed of, compared with the LMIR Trust's net asset value pursuant to Rule 1006(a) of the Listing Manual;
 - (ii) the net profits attributable to the assets disposed of, compared with LMIR Trust's net profits pursuant to Rule 1006(b) of the Listing Manual; and
 - (iii) the aggregate value of the consideration received, compared with LMIR Trust's market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.
- (c) Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual and must be announced by LMIR Trust.
- (d) The updated relative figures in relation to the Divestments and the aggregate value of all divestments using the applicable bases of comparison described above are set out in the tables below:

The Pejaten Divestment

	The Pejaten Property (S\$ millions)	LMIR Trust (S\$ millions)	Relative Figures (%)
<u>Rule 1006(a)</u> The net asset value of the assets to be disposed of compared with the LMIR Trust's net asset value	89.7 ⁽¹⁾	1,071.3 ⁽³⁾	8.4
<u>Rule 1006(b)</u> The net profits attributable to the assets disposed of, compared with LMIR Trust's net profits ⁽²⁾	3.5	52.6 ⁽³⁾	6.7
<u>Rule 1006(c)</u> The aggregate value of the consideration received, compared with LMIR Trust's market capitalisation based on the total number of issued Units ⁽⁵⁾	83.7	371.7 ⁽³⁾⁽⁴⁾	22.5

Notes:

- (1) Based on the Revised Pejaten Valuation.
- (2) In the case of a REIT, the NPI is a close proxy to the net profits before tax attributable to its assets. Hence, the bases of comparison provided here is based on the respective NPI of the Pejaten Property and LMIR Trust. NPI refers to property revenue less property operating expenses.
- (3) Based on the unaudited financial statements of LMIR Trust and its subsidiaries for the six months ended 30 June 2020 (the "**1H2020 Unaudited Consolidated Financial Statements**").
- (4) Based on the closing price of S\$0.127 per Unit on the SGX-ST on 22 July 2020 being the market day preceding the date of the Pejaten SAA.
- (5) Based on Units in issue as at 22 July 2020 being the market day preceding the date of the Pejaten SAA.

The Binjai Divestment

	The Binjai Property (S\$ millions)	LMIR Trust (S\$ millions)	Relative Figures (%)
<u>Rule 1006(a)</u> The net asset value of the assets to be disposed of compared with the LMIR Trust's net asset value	26.8 ⁽¹⁾	1,071.3 ⁽³⁾	2.5
<u>Rule 1006(b)</u> The net profits attributable to the assets disposed of, compared with LMIR Trust's net profits ⁽²⁾	1.1	52.6 ⁽³⁾	2.1
<u>Rule 1006(c)</u> The aggregate value of the consideration received, compared with LMIR Trust's market capitalisation based on the total number of issued Units ⁽⁵⁾	24.6	371.7 ⁽³⁾⁽⁴⁾	6.6

Notes:

- (1) Based on the Revised Binjai Valuation.
- (2) In the case of a REIT, the NPI is a close proxy to the net profits before tax attributable to its assets. Hence, the bases of comparison provided here is based on the respective NPI of the Binjai Property and LMIR Trust. NPI refers to property revenue less property operating expenses.
- (3) Based on the 1H2020 Unaudited Consolidated Financial Statements.
- (4) Based on the closing price of S\$0.127 per Unit on the SGX-ST on 22 July 2020 being the market day preceding the date of the Binjai SAA.
- (5) Based on Units in issue as at 22 July 2020 being the market day preceding the date of the Binjai SAA.

The combined effect of the Divestments

	The Pejaten Property and the Binjai Property (S\$ millions)	LMIR Trust (S\$ millions)	Relative Figures (%)
<u>Rule 1006(a)</u> The net asset value of the assets to be disposed of compared with the LMIR Trust's net asset value ⁽¹⁾	116.5 ⁽¹⁾	1,071.3 ⁽³⁾	10.9
<u>Rule 1006(b)</u> The net profits attributable to the assets disposed of, compared with LMIR Trust's net profits ⁽²⁾	4.6	52.6 ⁽³⁾	8.8
<u>Rule 1006(c)</u> The aggregate value of the consideration received, compared with LMIR Trust's market capitalisation based on the total number of issued Units ⁽⁵⁾	108.3	371.7 ⁽³⁾⁽⁴⁾	29.1

Notes:

- (1) Based on the Revised Pejaten Valuation and the Revised Binjai Valuation.
- (2) In the case of a REIT, the NPI is a close proxy to the net profits before tax attributable to its assets. Hence, the bases of comparison provided here is based on the respective NPI of the Pejaten Property, the Binjai Property and LMIR Trust. NPI refers to property revenue less property operating expenses.
- (3) Based on the 1H2020 Unaudited Consolidated Financial Statements.
- (4) Based on the closing price of S\$0.127 per Unit on the SGX-ST on 22 July 2020 being the market day preceding the date of the Pejaten SAA and the Binjai SAA.
- (5) Based on Units in issue as at 22 July 2020 being the market day preceding the date of the Pejaten SAA and the Binjai SAA.

6. 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 announcement up to and including the date falling three months after the date of this announcement:

- (a) the Revised Pejaten CSPA;
- (b) the Revised Binjai CSPA;
- (c) the Revised Pejaten Valuation;
- (d) the Revised Binjai Valuation;
- (e) the FY2019 Audited Consolidated Financial Statements; and

(f) the 1H2020 Unaudited Consolidated Financial Statements.

The Trust Deed will also be available for inspection at the registered office of the Manager and for download from LMIR Trust's website at www.lmir-trust.com for inspection for so long as LMIR Trust continues to be in existence.

LMIRT MANAGEMENT LTD.

(As manager of Lippo Malls Indonesia Retail Trust)

(UEN/Company registration number: 200707703M)

Liew Chee Seng James

Executive Director and Chief Executive Officer

24 July 2020

IMPORTANT NOTICE

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The value of Units and the income derived from them, if any, may fall or 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. The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement 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.