



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

ANNOUNCEMENT ENTRY INTO MASTER PROPERTY MANAGEMENT AGREEMENT

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**”) wishes to announce that Perpetual (Asia) Limited, in its capacity as trustee of LMIR Trust (the “**Trustee**”) has today entered into a property management agreement (the “**Master Property Management Agreement**”) with the Manager and PT Lippo Malls Indonesia (“**LMI**”) to appoint LMI as property manager for the properties of LMIR Trust (the “**Property Manager**”) for a term of three years. LMI is the same property manager which has been managing LMIR Trust’s properties. Under the Master Property Management Agreement, the Property Manager will provide property management services for all the properties which are currently in LMIR Trust’s portfolio as well as properties which are directly or indirectly acquired by LMIR Trust during the term of appointment of the Property Manager.

2. The Property Management Fees and Project Management Fees

Under the Master Property Management Agreement, the Property Manager is entitled to the following property management fees (“**Property Management Fees**”), which are the same property management fees which were payable to the Property Manager under the prior property management agreement that was in place for LMIR Trust’s properties (the “**Prior Agreement**”):

- (i) 2.0% per annum of the gross revenue for the relevant retail mall;
- (ii) 2.0% per annum of the net property income for the relevant retail mall (after accounting for the fee of 2.0% per annum of the gross revenue for the relevant retail mall); and
- (iii) 0.5% per annum of the net property income for the relevant retail mall in lieu of leasing commissions otherwise payable to the Property Manager and/or third-party agents.

There are no material changes to the terms of the Master Property Management Agreement from the Prior Agreement save that the project management fees (“**Revised Project Management Fees**”) payable to the Property Manager have been revised to the following:

- (a) 3.0% of the construction costs where the construction costs exceed S\$100,000 but do not exceed S\$5.0 million or the equivalent value in the relevant foreign currency;
- (b) 2.5% of the construction costs where the construction costs exceed S\$5.0 million but do not exceed S\$40.0 million or the equivalent value in the relevant foreign currency; and
- (c) a fee to be mutually agreed by the parties where the construction costs exceed S\$40.0 million or the equivalent value in the relevant foreign currency.

In relation to the Revised Project Management Fees, Perpetual (Asia) Limited (in its capacity as trustee of LMIR Trust) has commissioned Oliver Ho & Associates (“**OH&A**”) to conduct an independent market research on project management fees paid by various commercial and

retail focused Singapore REITs and project management fees payable in Indonesia taking reference to the guidelines issued by Minister of Public Work in Indonesia in accordance to the Regulation issued by the Minister Number 45/PRT/M/2007. Having considered the above, OH&A is of the opinion that the financial terms of the Revised Project Management Fees payable to the Property Manager are on normal commercial terms and not prejudicial to LMIR Trust and its minority Unitholders.

3. Rationale for the Entry into the Master Property Management Agreement

The Manager is of the view that the entry into the Master Property Management Agreement and the continued appointment of the Property Manager will ensure that there will be continuity in the management of the retail malls. The Property Manager is the largest retail mall operator in Indonesia, managing 56 malls throughout Indonesia with GFA of 3.5 million square metres. Accordingly, the Property Manager has displayed a track record of keeping the occupancy of the Properties at healthy and stable levels and has maintained consistently high levels of tenant retention rates. Accordingly, the Manager therefore believes that the continued appointment of the Property Manager will be beneficial to LMIR Trust and Unitholders.

4. Interested Person Transaction

As at the date of this announcement, the Manager has a direct interest in 88,122,619 Units (comprising 3.01% of the total number of issued Units). The Manager is wholly-owned by Peninsula Investment Limited, which in turn is directly held by Mainland Real Estate Limited and Jesselton Investment Ltd which are in turn wholly-owned subsidiaries of PT Lippo Karawaci Tbk (the “**Sponsor**”). The Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 32.32% in LMIR Trust and (ii) 100% in the Manager, and is therefore regarded as a “Controlling Unitholder”¹ of LMIR Trust and a “Controlling Shareholder”² of the Manager respectively under both the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and Appendix 6 of the Code on Collective Investment Schemes (the “Property Funds Appendix”).

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Property Manager, 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) is an interested person and interested party 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 Master Property Management Agreement, the total value of Interested Person Transactions between LMIR Trust and the Sponsor and/or its associates, for the current financial year (excluding the acquisition of the strata title units of Lippo Mall Puri and the related

1 “**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.

2 “**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.

vendor support and vendor financing which was announced on 31 August 2020 (“**Lippo Mall Puri Transactions**”), is approximately S\$30,102,122 million, which is approximately 2.81% of the latest audited NTA of LMIR Trust as at 31 December 2019.

As at the date of this announcement, the total value of Interested Person Transactions (including the entry into the Master Property Management Agreement and excluding the Lippo Mall Puri Transactions) between LMIR Trust and the Sponsor and/or its associates, for the current financial year, is approximately S\$49,251,962 million, which is approximately 4.60% of the latest audited NTA of LMIR Trust as at 31 December 2019.

As at the date of this announcement, the total value of all Interested Person Transactions (including the entry into the Master Property Management Agreement and excluding the Lippo Mall Puri Transactions) 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.

5. Audit and Risk Committee Statement

Having considered the rationale for the entry into the Master Property Management Agreement as well as the independent market research by OH&A, the Audit and Risk Committee of the Manager, comprising Mr Mark Leong Kei Wei, Mr Murray Dangar Bell, and Mr Sandip Talukdar, is of the view that the entry into the Master Property Management Agreement is made on normal commercial terms and is not prejudicial to the interests of LMIR Trust and its minority Unitholders.

By Order of the Board

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

13 November 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.