



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

## PROPOSED ACQUISITION OF SUN PLAZA, MEDAN

### 1. INTRODUCTION

#### 1.1 Entry into Conditional Sale and Purchase Agreements

Lippo-Mapletree Indonesia Retail Trust Management Ltd., as manager of Lippo-Mapletree Indonesia Retail Trust (“**LMIR Trust**” and manager of LMIR Trust, the “**Manager**”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of LMIR Trust (the “**Trustee**”), has today entered into two conditional sale and purchase agreements (the “**SPAs**”) for the acquisition of Sun Plaza, a retail mall located in Medan, North Sumatra (the “**Property**”), at a purchase price of Rp. 980.0 billion (S\$147.4 million)<sup>1</sup> for the Property.

#### 1.2 Information on the Property

The Property is a six-level retail mall strategically located in Medan’s commercial district. With a population of over 2.0 million living within a cosmopolitan city, Medan is the third most populous city in Indonesia after Jakarta and Surabaya. The Property is easily accessible from all parts of the city and is surrounded by prominent landmarks such as the governor’s office, foreign embassies and major banks. The land area of the Property is approximately 29,419 square metres (“**sqm**”) and the gross floor area and net lettable area of the Property are approximately 87,188 sqm and 62,583 sqm respectively. The Property has 1,750 car parking lots and 400 motorcycle parking lots.

The Property is the largest<sup>2</sup> and only up-market retail mall in Medan. Anchored by Sogo Department Store, Hypermart Hypermarket, Ace Hardware and Index Furniture Centre, the Property further houses 433 specialty tenants, including international names such as Breadtalk, Starbucks, Pizza Hut, Mango and Body Shop. The Property has a committed occupancy of 97.0% for the month ended April 2008. The Property provides all classes of shoppers in Medan with a one-stop shopping, dining and entertainment destination.

UBS AG, acting through its business group, UBS Investment Bank (“**UBS**”), is the sole financial adviser to the initial public offering of LMIR Trust (the “**Offering**”). UBS, BNP Paribas Capital (Singapore) Ltd. and Oversea-Chinese Banking Corporation Limited are the joint lead managers, issue managers and underwriters to the Offering. PT. Ciptadana Capital is the sole financial adviser to the sponsor of LMIR Trust, PT.Lippo Karawaci Tbk.

<sup>1</sup> Based on the exchange rate of S\$1.00 = Rp. 6,650 as at 26 March 2008.

<sup>2</sup> Based on net lettable area; as extracted from Knight Frank’s Sun Plaza valuation report dated 30 November 2007.

The land on which the Property is built is held by PT Manunggal Wiratama under an Indonesian Hak Guna Bangunan (Right to Build) title which is valid until 24 November 2032 (the “**HGB Title**”). The HGB Title is the highest title which can be obtained by a company incorporated or located in Indonesia. A HGB title is granted for a maximum initial term of 30 years and may be extended for an additional term not exceeding 20 years. Following expiration of the additional term, a renewal application for the title may be made.

For the financial year ending 2007, the Property’s net asset value attributable to the unitholders of LMIR Trust (the “**Unitholders**”) was Rp. 1,021.8 billion.

### **1.3 Manner of Acquiring and Holding the Property**

#### **1.3.1 Acquisition Structure**

The Property is currently wholly-owned by PT Manunggal Wiratama, a company incorporated in Indonesia and directly held by Grace Capital Pte. Ltd. (82.14%) and Realty Overseas Pte. Ltd. (17.86%). Grace Capital Pte. Ltd. and Realty Overseas Pte. Ltd. are companies which are incorporated in Singapore.

The issued capital of Grace Capital Pte. Ltd. is held by Great Properties Pte. Ltd., a company incorporated in Singapore and Zellwager Enterprise Ltd, a company incorporated in the British Virgin Islands. Great Properties Pte. Ltd. is a wholly-owned subsidiary of Hestia Investment Limited, a company incorporated in Labuan.

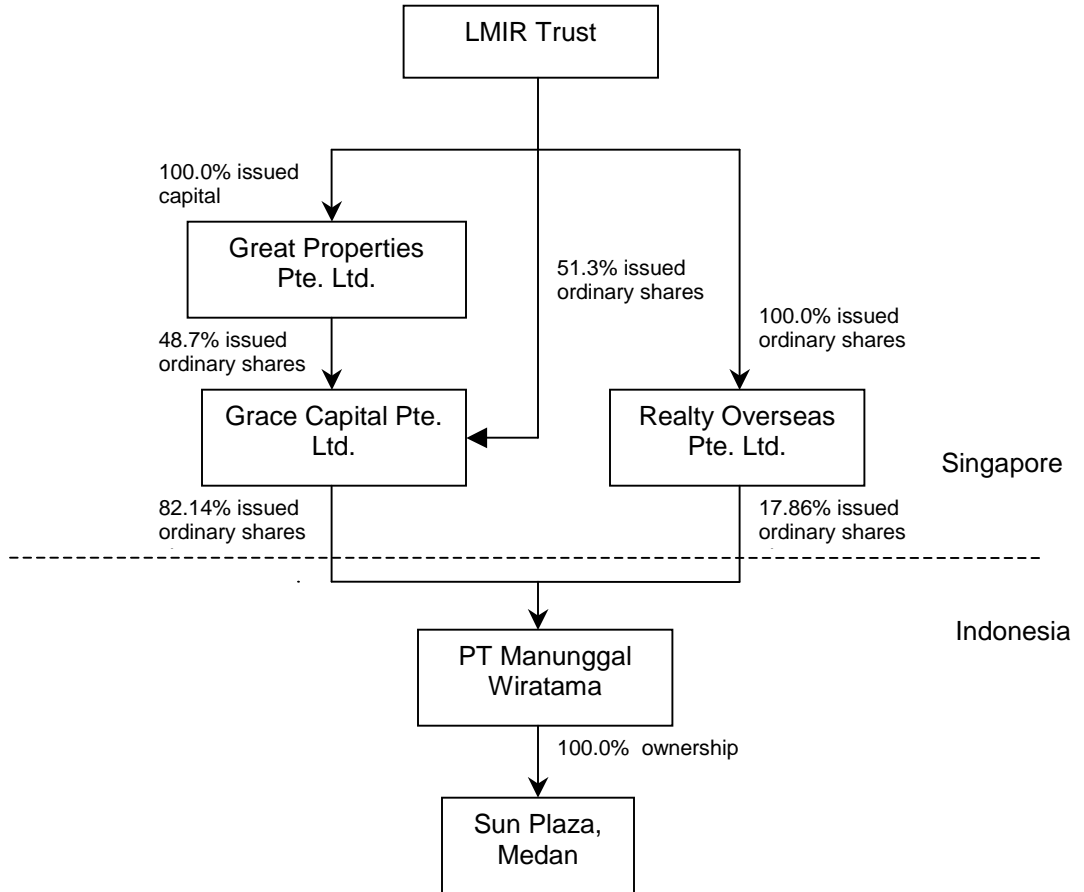
The shareholders of Realty Overseas Pte. Ltd. are Quebecca Capital Ltd, Southern Titano Inc. and Trois Investments Ltd, companies incorporated in the British Virgin Islands which own 70.0%, 18.0% and 12.0% of the issued capital in Realty Overseas Pte. Ltd. respectively.

LMIR Trust has acquired the Property through the acquisition of (i) 100.0% of the ordinary shares of Realty Overseas Pte. Ltd.; (ii) 51.3% of the issued ordinary shares of Grace Capital Pte. Ltd.; and (iii) 100.0% of the issued ordinary shares of Great Properties Pte. Ltd. (collectively, the “**Sale Shares**” and the acquisition, the “**Acquisition**”) from their respective shareholders.

In connection with the acquisition of the issued ordinary shares of Realty Overseas Pte. Ltd. and Grace Capital Pte. Ltd. as described in (i) and (ii) above, the Trustee has entered into a share purchase agreement as purchaser with Quebecca Capital Ltd, South Titano Inco. and Trois Investments Ltd as vendors of the entire issued share capital in Realty Overseas Pte. Ltd. and Zellwager Enterprise Ltd. as vendor of 51.3% of the issued capital of Grace Capital Pte. Ltd..

The Trustee has also entered into a separate share purchase agreement with Hestia Investment Limited for the sale and transfer of the entire issued capital of Great Properties Pte. Ltd. as mentioned in (iii) above.

The following sets out the structure under which the Property will be held by LMIR Trust upon the completion of the Acquisition.



### 1.3.2 Intercompany Loans

In connection with the Acquisition, PT Manunggal Wiratama has received separate shareholder loans from each of Grace Capital Pte. Ltd. and Realty Overseas Pte. Ltd. These loans consist of a US\$6.03 million and a US\$1.31 million 5-year term loan facility at an interest rate of 2.0% per annum, respectively.

Separately, each of Grace Capital Pte. Ltd., Realty Overseas Pte. Ltd. and Great Properties Pte. Ltd. had earlier received a loan from their respective shareholders. The loans received by Realty Overseas Pte. Ltd. and Great Properties Pte. Ltd. will be subsequently novated to LMIR Trust on the completion of the Acquisition. In respect of the loan received by Grace Capital Pte. Ltd., the portion of the loan given by Zellwager Enterprise Limited will also be subsequently novated to LMIR Trust on the completion of the Acquisition.

Accordingly, LMIR Trust will stand in the position of lender in relation to each of the following debt facilities:

- (i) a US\$2,711,124.34 non-interest bearing facility payable by Realty Overseas Pte. Ltd. within 30 days after a written demand is issued by LMIR Trust;
- (ii) US\$5,491,118,14 out of the US\$10,703,934 non-interest bearing facility (equivalent to Zellwager Enterprise Limited's portion of the shareholders' loan) payable by Grace Capital Pte. Ltd. within 30 days after a written demand is issued by LMIR Trust; and
- (iii) a S\$19,316,599.48 non-interest bearing facility payable by Great Properties Pte. Ltd. on demand by LMIR Trust.

#### **1.4 Vendors under the SPAs**

The vendors under the SPAs are Zellwager Enterprise Limited, Hestia Investment Limited, Quebecca Capital Limited, Southern Titano Inc. and Trois Investments Limited.

Except for Hestia Investment Limited, the vendors are all incorporated in the British Virgin Islands. Hestia Investment Limited is incorporated in Labuan. The vendors are owned directly or indirectly by a number of investors. This joint venture has successfully developed the Property from a greenfield site.

#### **1.5 Valuation**

Knight Frank / PT. Willson Properti Advisindo ("**Knight Frank**"), an independent valuer, has been commissioned to prepare an independent valuation of the Property. In its valuation report dated 30 November 2007, Knight Frank stated that the market value is Rp. 1,107,000,000,000. The valuation was prepared using the International Valuation Standards (IVS) 2003 and the Indonesia Valuation Standards (Standard Penilaian Indonesia (SPI) 2002. Reference has also been made to the Standards made by the Royal Institute of Chartered Surveyors (RICS).

#### **1.6 Property Management**

The Property will be managed by PT Consulting & Management Services Division (the "**Property Manager**") pursuant to the Master Property Management Agreement dated 18 October 2007 entered into between the Manager, the Property Manager and the Trustee.

## **2. RATIONALE FOR THE ACQUISITION**

The manager believes that the Acquisition will provide the following benefits to the Unitholders:

### **2.1 Consistent with LMIR Trust's principal investment strategy**

The acquisition of the Property is consistent with the Manager's principal investment strategy. The Manager believes that the Property is a quality asset which fits the investment criteria set out in LMIR Trust's prospectus dated 9 November 2007 and will add growth and value to LMIR Trust's existing asset portfolio. The acquisition of the Property will increase the asset portfolio of LMIR Trust by 20% in terms of net lettable area. Based on the property yield of the Acquisition, the Manager believes that the Acquisition will be accretive to the Unitholders.

### **2.2 Significantly enhance LMIR Trust's presence in Medan**

Medan, in North Sumatra, is the third most populous city in Indonesia after Jakarta and Surabaya. LMIR Trust's initial asset portfolio (as at its initial public offering on the Mainboard of the Singapore Exchange Securities Trading Limited, the "SGX-ST") is focused in Jakarta and Bandung. As the Property is the largest and only up-market retail mall in Medan, the Acquisition is expected to increase LMIR Trust's presence in the city, adding to the Matahari retail space which it currently owns in Grand Palladium. The Acquisition will also improve income diversification and reduce the reliance of LMIR Trust's income stream on any single property.

### **2.3 Asset Enhancement Opportunities at the Property**

The Manager believes that there are further opportunities to improve the tenancy mix at the Property, thereby increasing its gross revenue and net property income. The Manager has identified and had preliminary discussions with many leading Indonesian and international retailers which are currently not represented at the Property but are tenants of other properties in the portfolio of LMIR Trust. After the Acquisition, the Manager plans to explore various options to increase rentable area at the Property. These options include, but are not limited to, increasing the net lettable area and reconfiguring the layout of the Property.

## **3. PRINCIPAL TERMS OF THE ACQUISITION**

### **3.1 Purchase Consideration**

The purchase consideration under the SPAs comprises an aggregate initial instalment of Rp. 127.0 billion (payable upon the signing of the SPAs) and an aggregate final instalment of Rp. 853.0 billion (payable upon the completion of the Acquisition).

### **3.2 Completion Date**

The completion of the Acquisition is currently expected to take place by April 2008. The Manager will make a further announcement upon the completion of the Acquisition.

### 3.3 Conditions Precedent

Under the SPAs, the completion of the Acquisition is subject to a number of conditions precedent, including the delivery by the Vendors on completion of the Acquisition to the Purchaser of the following:

- (a) originals of all title deeds and other documents, records, drawings and licenses relating to the Property and the plant and equipment in PT Manunggal Wiratama's possession or control;
- (b) all keys and access devices in respect of the Property in PT Manunggal Wiratama's possession or control;
- (c) originals of all operating manuals of the plant and equipment and operational files in the PT Manunggal Wiratama's possession or control (if any); and
- (d) all contracts in respect of the Property (including all management agreements and service contracts) to which PT Manunggal Wiratama is or has been a Party.

### 3.4 Deeds of Indemnity

Certain of the founders of PT Manunggal Wiratama have entered into two deeds of indemnity (the "**Deeds of Indemnity**") to undertake to indemnify the Trustee against, amongst other things, certain losses which the Trustee may suffer which arises out of or in connection with a breach by the vendors (as mentioned in paragraph 1.3.1) of certain warranties or representations in the SPAs.

## 4. METHOD OF FINANCING AND THE FINANCIAL EFFECTS OF THE ACQUISITION

The Manager intends to fund 20% of the Acquisition with internal cash resources and the remaining 80% with debt. The Manager will draw down on a \$125.0 million term loan facility granted by Deutsche Bank AG, Singapore Branch (the "**Facility**"). The effective all-in-cost of the Facility is 6.89%. Following completion of the Acquisition, LMIR Trust's leverage (calculated as gross borrowings divided by total assets) is expected to increase from the current 0% to approximately 10.2%, which is within the aggregate leverage limit as set out in the guidelines for real estate investment trusts in Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.<sup>3</sup>

The Manager believes that the relatively low gearing of LMIR Trust post completion of the acquisition provides significant debt funding capacity for future acquisitions.

An acquisition fee of 1% of the Purchase Consideration is payable to the Manager in connection with the acquisition.

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<sup>3</sup> The Manager is unable to show the effect of the Acquisition on the net tangible assets per Unit and on the earnings per Unit for the most recently completed financial year of LMIR Trust, assuming that the Acquisition had been effected as the beginning of that financial year, as the relevant historical financial information is not available. The prospectus of LMIR Trust dated 9 November 2007 (the "**Prospectus**") had set out the reasons why the Manager was unable to prepare historical pro forma financial statements of total return, cash flow statements and balance sheets. On the basis of these reasons, LMIR Trust was granted a waiver by the SGX-ST from the requirement to prepare historical pro forma statements of total return, cash flow statements and balance sheets and none were shown in the Prospectus.

## **5. OTHER INFORMATION**

### **5.1 Interests of the Directors and Controlling Unitholders**

Based on information available to the Manager, as at the date of this Announcement, none of the directors of the Manager or the controlling Unitholders have an interest, direct or indirect, in the Acquisition.

### **5.2 Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition, the Share Purchase Agreement or any other transaction or agreement contemplated in relation to the Acquisition.

### **5.3 Disclosure under Rule 1010(13) of the Listing Manual**

**5.3.1** Chapter 10 of the Listing Manual of the SGX-ST classifies transactions by LMIR Trust into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions, and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, amongst other things, the following bases:

- (a) the net profits attributable to the assets acquired or disposed of, compared with the net profits of LMIR Trust;
- (b) the aggregate value of the consideration given, compared with the market capitalisation of LMIR Trust; and
- (c) the number of units in LMIR Trust (“Units”) issued as consideration for the Acquisition, compared with the number of Units previously in issue.

**5.3.2** The relative figure for the basis of comparison set out in sub-paragraph 5.3.1(a) does not apply because the relevant historical financial information is not available.

**5.3.3** Based on the purchase price of Rp. 980.0 billion (S\$147.4 million)<sup>4</sup> for the Property, and LMIR Trust’s market capitalisation of S\$849.83 million as at 19 November 2007 (the listing date of LMIR Trust on the SGX-ST), the relative figure for the basis of comparison set out in sub-paragraph 5.3.1(b) is approximately 17.19%;

**5.3.4** The relative figure for the basis of comparison set out in sub-paragraph 5.3.1(c) does not apply as no Units will be issued as consideration for the Acquisition.

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<sup>4</sup> Based on the exchange rate of S\$1.00 = Rp. 6,650 as at 26 March 2008.

## **5.4 Documents for Inspection**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 78 Shenton Way, #05-01 Lippo Centre, Singapore 079120:

**5.4.1** the SPAs;

**5.4.2** the Deeds of Indemnity; and

**5.4.3** the valuation report of Knight Frank on the Property dated 30 November 2007.

BY ORDER OF THE BOARD

Viven G. Sitiabudi

Executive Director and Chief Executive Officer

Lippo-Mapletree Indonesia Retail Trust Management Ltd.

(Company Registration No. 200707703M)

as manager of Lippo-Mapletree Indonesia Retail Trust

26 March 2008

### **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 the Units and the income 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 past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

This announcement contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these 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 and 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.