



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

ANNOUNCEMENT RESPONSE TO REQUEST FROM UNITHOLDERS

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 on 4 December 2020, it received a letter from certain unitholders of LMIR Trust (“**Requisitionists**”) dated 3 December 2020 (the “**Request Letter**”), requesting for the inclusion of the following additional resolution (the “**Additional Resolution**”) to be tabled at the extraordinary general meeting (“**EGM**”) of LMIR Trust which is scheduled for 14 December 2020, to seek approval for, among others, the acquisition of Lippo Mall Puri:

“To resolve that the Voting of the Acquisition of LIPPO Puri Mall to be postpone [sic] to another Extraordinary General Meeting be [sic] rescheduled to a date not earlier than [sic] three months from 14th December 2020.”

Unless otherwise defined, all capitalised terms used herein shall have the same meaning as given in LMIR Trust’s circular dated 23 November 2020 (“**Circular**”).

The Request Letter sets out certain reasons given by the Requisitionists for the above request which are reproduced below, together with the responses from the Manager on each of the reasons:

Reason 1

“There appear to be many factual errors in the documentation. In particular, the actual present tenant occupancy rate is less than claimed as checked by one of the unitholders.”

Manager’s Response to Reason 1:

On page 83 of the Circular, the Directors, in their Responsibility Statement, stated that they confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Acquisition, the Rights Issue, the Whitewash Resolution and the Vendor Financing, LMIR Trust and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. The Directors stand by their Responsibility Statement and refute the allegations made that there are many factual errors in the documentation.

In particular, in response to the Requisitionists’ claim that the actual present tenant occupancy rate is less than that set out in the Circular, the Manager wishes to highlight the following:

- (a) As disclosed in the Circular, the Property’s occupancy rate as at 30 June 2020 stands at 89.9% with 110,435 sq m of occupied leases against a total net lettable area (“**NLA**”) of 122,862 sq m upon restoration of the P2 Space. Excluding P2 Space, the Property’s occupancy rate stands at 91.9% as disclosed in the Circular and the Independent Valuers’ reports.

- (b) The Property's tenancy list is attached in Cushman's full valuation report dated 7 August 2020 with valuation date of 30 June 2020. The occupied area of leases under this tenancy list adds up to 102,145 sq m inclusive of the P2 Space. The difference of 8,290 sq m is attributed to a single tenant, being Parkson, a department store. Including the area occupied by Parkson, the occupancy rate of the Property will be 89.9% as disclosed. In Collier's full valuation report, the Property's tenancy list is not reproduced and only details of selected tenants are mentioned.
- (c) As disclosed on page 30 of the Circular, the Property had received notification of early termination of leases from tenants accounting for 12,440.57 sq m of space (approximately 10.1% of the total NLA of the Property, inclusive of the P2 Space) as of September 2020, including Parkson. As of 30 June 2020, Parkson was still physically operating within the Property and vacated its space only at the end of October 2020. In addition, the Circular also disclosed that the part of the area previously occupied by Parkson has since been leased to Ranch Market (a lifestyle supermarket) (occupying 1,933.8 sq m of space), which will commence operations in the first quarter of 2021, and three food and beverage ("F&B") tenants (occupying in aggregate 435 sq m of space). The remaining 6,356 sq m of space will be reconfigured for use by F&B and fashion stores. The reconfiguration exercise, beginning in late October 2020, is expected to complete by March 2021.
- (d) Under Cushman's full valuation report, Cushman opted to record the area occupied by Parkson as vacant as it was aware that Parkson would be vacating the area. However, information on Ranch Market's new lease was only publicly announced after the date of Cushman's full valuation report, on 8 September 2020 when Lippo Malls Indonesia ("LMI") entered into an agreement with PT Supra Boga Lestari Tbk for the opening of Ranch Market in four shopping malls operated by LMI, including the Property. Accordingly, such information was not included in Cushman's report.

Therefore, it is clear from the above that there are no discrepancies in the occupancy rate of 89.9% (inclusive of P2 Space) as at 30 June 2020 which is accurate. Reflective of the Property's ongoing business operations, the Manager had fully disclosed in the Circular additional data points in relation to developments post-30 June 2020 as well, regarding the termination of Parkson's lease and the new lease to Ranch Market.

Reason 2

"The summary of the 2 Valuer's advice already urges extreme caution in accepting their conclusions. In view of the pandemic situation.[sic] IN VIEW OF THE PANDEMIC the net passive income and the capped rates/discount rates used by the valuers in their income approach in deriving the valuation of property, do not seem justifiable. Taking into account there are no transaction by unrelated parties for malls in Jakarta in this short pandemic time (about 9 months), and there appears to be offers by malls by LIPPO competitors at offers of a much lower price and this is a hugely big sum (\$330 million), it is prudent to do slightly more due diligence in order to buy the property at a reasonable price. As such we want to table our own Property valuation, more equitable and independent, as an agenda that all unitholders can vote on in the next EGM."

Manager's Response to Reason 2:

The Independent Valuers, Cushman & Wakefield VHS Pte Ltd ("**Cushman**") in collaboration with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Partners ("**FAST**") and Colliers International Consultancy

& Valuation (Singapore) Pte Ltd (“**Colliers**”) in collaboration with KJPP Rinaldi Alberth Baroto & Partners (“**RAB**”), were appointed by the Trustee and the Manager respectively to value the Property. Such appointments were made in accordance with the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Fund Appendix**”). Cushman and Colliers have undertaken similar property valuation assignments for other acquisitions of retail and commercial properties by other REITs listed on the SGX-ST and their experience and qualifications are disclosed on page 22 of the Circular.

As disclosed in the Circular, the impact of Covid-19 on the business in the mall has been taken into account in the Independent Valuations. In particular, pages 54 and 55 of the Circular set out the Independent Valuers’ assessments on the impact of the Covid-19 pandemic on the Property with differences in key assumptions made in the 31 December 2019 and 30 June 2020 valuations.

The table below which is disclosed on page 54 of the Circular illustrates the change in valuation of the Property in Indonesian Rupiah terms from 31 December 2018 to 30 June 2020:

Average of the two Valuations conducted by the Independent Valuers						
Rp. (billions)	as at 31 December 2018	as at 31 December 2019	% Change vs 31 December 2018	as at 30 June 2020	% Change vs 31 December 2018	% Change vs 31 December 2019
Valuation without Vendor Support	3,753.3	4,147.0	10.50	3,626.0	(3.39)	(12.56)

The 12.56% decrease in valuation of the Property from 31 December 2019 is in line with the decrease in valuations of 6.9% to 14.2% of similar Right-to-Build title (*Hak Guna Bangunan*) or strata title Jakarta malls within LMIR Trust’s portfolio as reflected in LMIR Trust’s revaluation of its properties which was announced on 27 August 2020.

With respect to the point that there was no transaction by any unrelated parties for malls in Jakarta during the pandemic of about nine months, the Manager wishes to remind Unitholders that on 30 July 2020, in the midst of the pandemic, LMIR Trust completed the divestment of Pejaten Village, a standalone mature retail mall located in South Jakarta with an NLA of 42,210 sq m and operating since 2008, to NWP Retail. NWP Retail is a joint venture between Warburg Pincus, a US private equity fund, and PT City Retail Developments and is unrelated to LMIR Trust, the Manager and the Sponsor.

The revised sale consideration for Pejaten Village, taking into consideration the impact of Covid-19, amounted to Rp.890.6 billion, a 14.4% discount to its pre-Covid-19 independent valuation of Rp.1,040 billion as at 30 June 2019. In contrast, the Manager is seeking Unitholders’ approval to acquire the Property, which has been operating only from 2014, for Rp.3,500 billion, which represents a larger discount of 15.6% from the pre-Covid-19 average of the two Independent Valuations without Vendor Support as at 31 December 2019 of Rp.4,147 billion.

In addition, the Purchase Consideration is at a 3.47% discount to the average of the two Independent Valuations without Vendor Support or a 2.01% discount to the lower of the two Independent Valuations without Vendor Support, which is in accordance with the guidelines under the Property Funds Appendix which states that assets acquired by REITs from interested parties should be at a price not more than the higher of the two assessed values.

Finally, the Manager would like to reiterate that KPMG Corporate Finance Pte. Ltd. was jointly appointed by the Manager and Perpetual (Asia) Limited (in its capacity as trustee of LMIR Trust) as Independent

Financial Adviser, and as disclosed in the Circular, the Independent Financial Adviser is of the opinion that the Acquisition (including the Vendor Support Agreement) is on normal commercial terms and is not prejudicial to the interests of LMIR Trust and its minority Unitholders.

In view of the considerations above, the Manager is of the view that the Purchase Consideration is at a reasonable and attractive price and there is no merit to the Requisitionists' argument to table their own Property valuation.

Reason 3

"We, the unitholders, are not permitted to have detailed copies of the full "independent valuation reports" as to the acquisition price. We are only permitted to inspect and take notes. The report and other documents on display are voluminous and have much technical information. We should be entitled to take independent legal and valuation advice, considering that the acquisition has such a substantial value (S\$330 million). The right of inspection offers to us is NOT consistent with our right to informed consent."

Manager's Response to Reason 3:

On 31 August 2020, the Manager announced the revised terms of the Acquisition, including, amongst others, details of the revised purchase consideration, the independent valuations by Cushman and Colliers, the intended method of financing (including the intention undertake a Rights Issue to raise gross proceeds of approximately S\$281 million and the Vendor Financing of up to S\$40 million) and the intention for the Manager to obtain the approval of the Unitholders for the Acquisition, the Rights Issue, the Whitewash Resolution and the Vendor Financing.

Under Rule 1011 of the Listing Manual, where a sale and purchase agreement is entered into, or a valuation is conducted on the assets being acquired, the Manager is required to make available a copy of such agreement or valuation report for inspection during normal business hours at the Manager's registered office for three months from the date of the announcement of the acquisition.

The Manager has complied fully with this requirement and the revised Property CSPA, the Vendor Support Agreement, and the full valuation reports issued by Cushman and Colliers have been made available for inspection during normal business hours at the registered office of the Manager, subject to applicable safe distancing measures, since the revised terms of the Acquisition were announced on 31 August 2020.

The required period for inspection under Rule 1011 of the Listing Manual expired on 30 November 2020, being three months from the date of the announcement of the revised Property CSPA and the revised Independent Valuations by Cushman and Colliers.

As disclosed at paragraph 17 of the Circular, the Manager will continue to make these documents available for inspection up to and including the date falling three months after the date of the Circular.

Unitholders are entitled to exercise their right to inspect the relevant documents and take notes at any time during normal business hours for the period during which documents are available for inspection. The Manager believes that the approach taken is in line with general market practice.

Reason 4

“There is no requirement or justification for a proxy meeting on such a major acquisition exercise. There can still be a virtual meeting. Under the Covid-19 Temporary Measures Act, all general meetings can be held virtually until 30th June 2021.”

Manager’s Response to Reason 4:

Due to the current Covid-19 situation in Singapore, the Manager has elected to convene and hold the EGM by way of electronic means as permitted under the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020 (the “**Order**”). This will help keep physical interactions and Covid-19 transmission risks to a minimum, which remain important in the long term, even as safe distancing regulations are gradually and cautiously relaxed. The conduct of the EGM through electronic means and the appointment of the chairman as the Unitholders’ proxy to vote at the EGM is expressly permitted under the Order. It is also in line with the conduct of LMIR Trust’s Annual General Meeting by electronic means on 16 June 2020 and of other meetings of SGX-listed REITs in view of the Covid-19 situation.

It would not be feasible for the Manager to change the conduct of the EGM to a virtual meeting at this juncture given the logistical and technical arrangements that would need to be made. In addition, it would not be fair to Unitholders who have already exercised their votes by submitting their proxy forms. The Manager would also like to highlight that in order to engage Unitholders and to give them an opportunity to raise questions about the resolutions to be tabled at the EGM, it had voluntarily organised and extended an open invitation to all Unitholders and non-Unitholders to participate in the virtual dialogue session held on 2 December 2020, which was moderated by the Securities Investors Association (Singapore). During the virtual dialogue session, which was attended by participants from 12 different countries, including Singapore, Unitholders were given the opportunity to raise questions to the Board and management of the Manager, similar to a virtual meeting as suggested by the Requisitionists. A total of 13 questions were raised and answered within the dialogue session, which lasted for one and a half hours. The Manager will be posting the answers to these questions as well as other relevant questions that could not be answered due to time constraints on SGXNET and its website prior to the EGM.

Manager’s Response to the request by the Requisitionists to table the Additional Resolution:

As set out above, the reasons given by the Requisitionists for asking for the EGM to be postponed are without merit. In addition, under LMIR Trust’s trust deed dated 8 August 2007 (as amended) (the “**Trust Deed**”), at least 14 days’ notice of the EGM and the resolutions to be tabled at the EGM is required to be given to all Unitholders (not inclusive of the day on which the notice is served or deemed to be served and of the date of the EGM). This is also consistent with the guidance on the conduct of general meetings amid the evolving Covid-19 situation as set out in the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation on 1 October 2020 (“**Guidance on Conduct of General Meetings**”), which also requires 14 days’ notice to be given for meetings and the resolutions to be tabled at such meetings.

As the EGM has been convened to be held on 14 December 2020, there is therefore insufficient time for valid notice to be given of the Additional Resolution and the Manager is unable to validly table the

Additional Resolution at the EGM in accordance with the Trust Deed and the Guidance on Conduct of General Meetings.

The Manager would also like to highlight that the intention to undertake the Acquisition of Lippo Mall Puri was first announced by the Manager as far back as 12 March 2019. Since then, the Manager has provided periodic updates on the Acquisition and the method of financing through its announcements on 2 September 2019, 1 April 2020, 31 August 2020, 18 September 2020 and 13 November 2020. In particular, the revised terms of the Acquisition, including, amongst others, details of the revised purchase consideration, the independent valuations by Cushman and Colliers, the intended method of financing (including the intention to undertake a Rights Issue to raise gross proceeds of approximately S\$281 million and the Vendor Financing of up to S\$40 million) and the intention for the Manager to obtain the approval of the Unitholders for the Acquisition, the Rights Issue, the Whitewash Resolution and the Vendor Financing were announced on 31 August 2020. As elaborated on above, the full valuation reports issued by Cushman and Colliers have been made available for inspection at the Manager's registered office since 31 August 2020.

By Order of the Board

LMIRT MANAGEMENT LTD.

(As manager of Lippo Malls Indonesia Retail Trust)

(UEN/Company registration number: 200707703M)

Mr Liew Chee Seng James

Executive Director and Chief Executive Officer

Singapore

7 December 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.