

CIRCULAR DATED 22 OCTOBER 2014

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If you have sold or transferred all your units in Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” and the units in LMIR Trust, “**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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LIPPO MALLS INDONESIA RETAIL TRUST

(Constituted in the Republic of Singapore)

pursuant to a trust deed dated 8 August 2007 (as amended))

MANAGED BY

LMIRT MANAGEMENT LTD.

(Company Registration Number: 200707703M)

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

- (1) **THE PROPOSED ACQUISITION OF LIPPO MALL KEMANG FROM, AND THE PROPOSED LMK LEASES (AS DEFINED HEREIN) WITH, INTERESTED PERSONS OF LMIR TRUST;**
- (2) **THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS (AS DEFINED HEREIN) AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF LIPPO MALL KEMANG; AND**
- (3) **THE EQUITY FUND RAISING (AS DEFINED HEREIN)**

Financial Adviser to the Equity Fund Raising

Standard Chartered Securities (Singapore) Pte. Limited



Independent Financial Adviser to the Independent Directors of LMIRT Management Ltd. and to the Trustee

KPMG Corporate Finance Pte Ltd

(Company Registration Number: 198500417D)



IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	10 November 2014, Monday at 10:30 a.m.
Date and time of Extraordinary General Meeting	:	12 November 2014, Wednesday at 10:30 a.m.
Place of Extraordinary General Meeting	:	Raffles City Convention Centre Canning Ballroom, Level 4 80 Bras Basah Road Singapore 189560

LIPPO MALL KEMANG



Lippo Mall Kemang, a five storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia, commenced operations in 2012 and is a fashion and lifestyle mall. Lippo Mall Kemang is part of the Kemang Village Integrated Development which consists of Lippo Mall Kemang, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club.

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CORPORATE INFORMATION

Directors of the Manager (“Directors”)	:	Mr Albert Saychuan Cheok (Chairman and Independent Non-Executive Director) Mr Lee Soo Hoon, Phillip (Independent Non-Executive Director) Mr Goh Tiam Lock (Independent Non-Executive Director) Mr Douglas Chew (Independent Non-Executive Director) Ms Viven Gouw Sitiabudi (Executive Director) Mr Alvin Cheng Yu Dong (Executive Director and Chief Executive Officer)
Registered Office of the Manager	:	50 Collyer Quay #06-07 OUE Bayfront Singapore 049321
Trustee of LMIR Trust (the “Trustee”)	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of LMIR Trust) 21 Collyer Quay #10-02 HSBC Building Singapore 049320
Legal Adviser for the LMK Acquisition, the LMK Leases, the Equity Fund Raising (each as defined herein) and to the Manager as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Financial Adviser to the Equity Fund Raising (the “Financial Adviser”)	:	Standard Chartered Securities (Singapore) Pte. Limited 8 Marina Boulevard #19-01 Marina Bay Financial Centre Tower 1 Singapore 018981
Legal Adviser to the Manager and the Trustee for the LMK Acquisition and the LMK Leases as to Indonesian Law	:	Makes & Partners Law Firm Menara Batavia, 7th Floor Jl. KH. Mas Mansyur Kav. 126 Jakarta 10220, Indonesia
Legal Adviser to the Trustee as to Singapore Law	:	Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624

- Independent Financial Adviser to the Independent Directors of the Manager and to the Trustee in relation to the LMK Acquisition, the LMK Leases and the proposed issuance of Consideration Units (each as defined herein)** : KPMG Corporate Finance Pte Ltd
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
- Independent Reporting Accountant** : RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095
- Independent Singapore Tax Adviser** : Ernst & Young Solutions LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
- Independent Indonesia Tax Adviser (the “Independent Indonesia Tax Adviser”)** : PB Taxand
Menara Imperium 27th Floor
Jl. H.R. Rasuna Said KJav. 1
Jakarta 12980
Indonesia
- Independent Valuers (the “Independent Valuers”)** : KJPP Winarta & Rekan (“**W&R**”)
Indonesia Stock Exchange Building
Tower 2, 19th floor, Suite 1903
Jl. Jenderal Sudirman Kav 52-53
Jakarta 12190 Indonesia (appointed by the Manager for the valuation of Lippo Mall Kemang)
- KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (“**Rengganis**”)
Menara Kuningan 8th Floor
Jl. HR. Rasuna said Blok X-7 Kav. 5
Jakarta 12940, Indonesia
(appointed by the Trustee for the valuation of Lippo Mall Kemang)
- Unit Registrar and Unit Transfer Office** : Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 42 to 50 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

INTRODUCTION

Listed on the SGX-ST on 19 November 2007, LMIR Trust is a Singapore-based real estate investment trust with a diversified portfolio of income-producing retail and retail-related properties in Indonesia. LMIR Trust is established with the principal investment objective of owning and investing, on a long-term basis, in a diversified portfolio of income-producing real estate in Indonesia that are primarily used for retail and/or retail-related purposes, and real estate-related assets in connection with the purposes mentioned in the foregoing. As at 30 June 2014, LMIR Trust's existing portfolio comprises sixteen high-quality retail malls and seven major retail spaces located within other malls with a combined net lettable area ("**NLA**") of 706,492 square metres ("**sq m**") and a valuation of S\$1,418.1 million.

SUMMARY OF TRANSACTIONS

In furtherance of LMIR Trust's investment policy, the Manager is seeking the approval of unitholders of LMIR Trust ("**Unitholders**") to carry out the following transactions (the "**Transactions**"):

- (a) **Resolution 1:** The proposed acquisition of Lippo Mall Kemang, which is located at Jalan Kemang VI, RT.012/RW.05, Bangka Sub-District, Mampang Prapatan District, South Jakarta, Indonesia ("**LMK**", and the proposed acquisition of LMK, the "**LMK Acquisition**") from PT Almaron Perkasa ("**PT AP**") as well as the proposed lease of the car park space of LMK, casual leasing space¹ of LMK and Avenue of the Stars² of LMK to the Sponsor Lessees³ (respectively, the "**Car Park Lease**", "**Casual Leasing Space Lease**" and "**Avenue of the Stars Lease**" and collectively, the "**LMK Leases**") and the novation of the remainder of the leases in relation to LMK from PT Gelora Raya Semesta ("**PT GRS**") to IndoCo (as defined herein) (Ordinary Resolution⁴) (conditional upon Resolutions 2 and 3);
- (b) **Resolution 2:** The proposed issuance of new Units as part satisfaction of the purchase consideration for the LMK Acquisition (the "**Consideration Units**") (Ordinary Resolution) (conditional upon Resolutions 1 and 3); and

1 Casual leasing space refers to the areas of LMK, including its atrium and some of the corridors, which are leased for trading or promotional activities.

2 Avenue of the Stars refers to an area spanning part of the ground floor, upper ground floor, upper ground mezzanine level and the rooftop of LMK which comprises of food and beverage ("**F&B**") tenants.

3 "**Sponsor Lessees**" refers to PT Multiguna Selaras Maju ("**PT MSM**"), PT Harapan Insan Mandiri ("**PT HIM**") and PT Violet Pelangi Indah ("**PT VPI**"). The Sponsor Lessees are limited liability companies incorporated in Indonesia and are wholly-owned subsidiaries of the Sponsor (as defined herein). For the avoidance of doubt, PT MSM will be the lessee of the car park space of LMK, PT HIM will be the lessee of the casual leasing space of LMK and PT VPI will be the lessee of the Avenue of the Stars of LMK (collectively the "**LMK Sponsor Leased Areas**").

4 "**Ordinary Resolution**" refers to a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 8 August 2007 constituting LMIR Trust, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the "**Trust Deed**").

- (c) **Resolution 3:** The Equity Fund Raising (as defined herein) (Ordinary Resolution) (conditional upon Resolutions 1 and 2).

Unitholders should note that Resolution 1, Resolution 2 and Resolution 3 relating to the LMK Acquisition and the LMK Leases, proposed issuance of the Consideration Units and the Equity Fund Raising are inter-conditional. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not passed, the Manager will not proceed with the LMK Acquisition and the LMK Leases, the proposed issuance of the Consideration Units and the Equity Fund Raising.

RATIONALE FOR THE TRANSACTIONS

The Manager believes that the Transactions will bring, among others, the following key benefits to Unitholders:

- (i) strategic acquisition of a prominent retail mall within an integrated development with sustainable retail traffic;
- (ii) opportunity to increase the size and enhance the earnings of LMIR Trust;
- (iii) increased economies of scale in operations, marketing and financing;
- (iv) diversification of assets within LMIR Trust's portfolio to minimise concentration risk; and
- (v) the issuance of the Consideration Units would maintain LMIR Trust's Aggregate Leverage¹ at a prudent level.

(See Paragraph 2 of the Letter to Unitholders for further details.)

BACKGROUND OF APPROVALS SOUGHT

As part of LMIR Trust's growth strategy, the Manager is committed to pursuing acquisition opportunities that will enhance LMIR Trust's asset base and maintain an attractive cash flow and yield profile.

Further to this growth strategy, the Manager is seeking to acquire LMK for a purchase consideration of Rp.3,600.0 billion² (S\$385.7 million³) (the "**LMK Purchase Consideration**") from PT AP, which directly wholly-owns LMK and is a corporation which is indirectly 92% owned by PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the "**Sponsor**"). The Sponsor is a company incorporated in Indonesia and is the sponsor of LMIR Trust.

1 "**Aggregate Leverage**" refers to the total borrowings and deferred payments (if any) for assets of LMIR Trust.

2 The LMK Purchase Consideration is inclusive of the applicable BPHTB (as defined herein) to be paid to the relevant tax office.

3 Based on the illustrative rupiah exchange rate of S\$1.00 to Rp.9,332.96 (the "**Illustrative Rupiah Exchange Rate**"), being the implied rupiah exchange rate set out in the LMK CSPA and the New LMK CSPA. Unless otherwise stated, all conversions of Rp. amounts into S\$ in this Circular shall be based on the Illustrative Rupiah Exchange Rate and all amounts in Rp. and S\$ in this Circular shall, where such amount exceeds one million, be rounded to one decimal number.

In furtherance of the LMK Acquisition, LMIR Trust has, on 8 March 2013, acquired a 100.0% interest in KMT1 Holdings Pte. Ltd. ("**KMT1**"), a company incorporated in Singapore, for a nominal consideration of S\$1.00. KMT1 has on 14 September 2014 entered into a conditional sale and purchase agreement (the "**LMK CSPA**") for the LMK Acquisition. As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate, the LMK CSPA provides that KMT1 has the right to nominate an Indonesian company to enter into a conditional sale and purchase agreement with PT AP on the same terms as that of the LMK CSPA (the "**New LMK CSPA**"), and upon such entry, KMT1 and PT AP will enter into a termination agreement (the "**Termination Agreement**") to terminate the LMK CSPA.

The Indonesian company which KMT1 has nominated to enter into the New LMK CSPA is PT Kemang Mall Terpadu, a new Indonesian limited liability company that has recently been incorporated ("**IndoCo**") and is wholly-owned by KMT1 and its wholly-owned subsidiary, KMT2 Investment Pte. Ltd. ("**KMT2**"), a company incorporated in Singapore. KMT1 and KMT2 respectively own 75.0% and 25.0% of the issued share capital of IndoCo. The New CSPA and the Termination Agreement have been executed on 19 October 2014.

Upon completion of the LMK Acquisition and the issuance of strata title certificates (*Sertifikat Hak Milik Satuan Rumah Susun* or "**Strata Title Certificates**") relating to LMK in the name of IndoCo, LMIR Trust will indirectly hold LMK through IndoCo¹.

Under the LMK CSPA, PT AP will receive Rp.3,180.0 billion (S\$340.7 million) of the LMK Purchase Consideration in cash, with the remaining Rp.420.0 billion (S\$45.0 million) of the LMK Purchase Consideration to be satisfied by way of Consideration Units. The issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price² of the Units immediately preceding the date of completion of the LMK Acquisition, in accordance with the provisions of the Trust Deed. The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

In the event that not all (but at least 50% of the leases by total number of tenants at LMK and by total lease revenue of LMK³) of the leases in relation to LMK (excluding the LMK Leases) are novated from PT GRS (a limited liability company incorporated in Indonesia which is a wholly-owned subsidiary of PT AP and the current master lessor of LMK) to IndoCo with effect from the date of completion of the LMK Acquisition, PT GRS will have a six months grace period commencing from the date of completion of the LMK Acquisition to novate the remainder of the

1 The Kemang Village Integrated Development (which includes LMK) is constructed on one HGB title certificate ((SHGB No. 671 expiring on 2 July 2036) issued under the name of PT AP (the "**KV Land Title**"). The KV Land Title is in the process of being segregated and is pending issuance of separate Strata Title Certificates. Upon the issuance of the Strata Title Certificates under the name of PT AP, PT AP and IndoCo shall execute a deed of sale and purchase before a land deed officer and following the execution of this deed, the name recorded in the Strata Title Certificates relating to LMK will be changed to IndoCo. As of 15 November 2013, PT AP, a corporation which is indirectly 92% owned by the Sponsor, has received a *Sertifikat Laik Fungsi* (or Function and Worthiness Certificate) from the province government of the Special Capital Region of Jakarta which is one of the key documents required for the National Land Office to issue the Strata Title Certificates relating to LMK. As LMIR Trust will be acquiring LMK before the Strata Title Certificates relating to LMK are issued, the Trustee, KMT1, KMT2, PT AP and PT Wisma Jatim Propertindo ("**PT WJP**") (a wholly-owned subsidiary of the Sponsor) have entered into a put option agreement ("**Put Option Agreement**") which provides that if the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA, the Trustee will have the irrevocable and unconditional right (the "**Put Option**") to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Manager and the Trustee to purchase the entire shareholder's equity of IndoCo.

2 "**10-Day Volume Weighted Average Price**" refers to the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined herein) immediately preceding the relevant Business Day.

3 "**Total lease revenue of LMK**" means the total amount of rental fees and other amounts payable to PT AP and/or PT GRS by all tenants at LMK under all tenancy agreements in relation to LMK commencing from the date of completion of the LMK Acquisition until the expiry of the remaining lease terms of such tenancy agreements.

leases, and during this period, PT GRS shall pay rental fees in relation to these leases without any deductions to IndoCo, and shall procure the individual tenants to pay the service charges in relation to these leases to the operating company. Such rental fees and services charges shall be paid on a monthly basis. Prior to the novation of the leases, PT AP will be held responsible for damages that may be suffered in relation to the leases that are not novated. If PT GRS has not fully novated the remainder of the leases at the end of this six months grace period, PT GRS shall pay the total rental fees to IndoCo for the remaining term of these leases at the end of such six months grace period, and shall pay the service charges to the operating company on a monthly basis if the individual tenants failed to do so.

For the purpose of part financing the LMK Acquisition, the Manager is proposing to issue up to 301,369,000 new Units (“**EFR Units**”) under an equity fund raising (the “**Equity Fund Raising**”).

RESOLUTION 1: THE LMK ACQUISITION AND THE LMK LEASES

Overview

LMK, a five storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia, commenced operations in 2012 and is a fashion and lifestyle mall with a gross floor area (“**GFA**”) of 150,932 sq m, an NLA of 59,377 sq m, 2,326 car park lots and 1,311 motorcycle lots. LMK is part of the Kemang Village Integrated Development which consists of LMK, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club. As at 30 April 2014, LMK has 4 anchor tenants, 14 large tenants¹ and 182 specialty tenants², catering to consumers in Kemang and South Jakarta. The anchor tenants include Debenhams, Hypermart, Cinema XXI, and ACE hardware, while the large tenants include Fitness First, Best Denki, Timezone and Eatery Food Court.

LMK also serves as the podium of a proposed J.W. Marriot hotel (which is expected to be completed in 2016), Pelita Harapan school campus (completed in 2010), a planned hospital (which is expected to be completed in 2017) and three condominium towers, namely “The Infinity” (completed in 2011), “The Empire” (completed in 2011) and “The Intercon” (completed in 2013). Being part of the Kemang Village Integrated Development, LMK is expected to capture shoppers from the residential apartments, school, the planned hospital and hotel located in close proximity to the mall.

The total cost of the LMK Acquisition, comprising the LMK Purchase Consideration of Rp.3,600.0 billion (S\$385.7 million)³, the acquisition fee of S\$3.7 million in relation to the LMK Acquisition which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed (the “**LMK Acquisition Fee**”)⁴ as well as the professional and other fees and expenses of approximately S\$7.6 million in connection with the LMK Acquisition, is estimated to be approximately S\$397.0 million (the “**LMK Acquisition Cost**”).

1 A “large tenant” refers to a tenant who leases a total area of between 400 sq m and 2,000 sq m.

2 The specialty tenants refer to tenants of retail units of less than 400 sq m each and where the term of the lease is generally for more than 12 months.

3 The LMK Purchase Consideration is inclusive of the applicable BPHTB to be paid to the relevant tax office. The LMK Purchase Consideration does not include the 10% value-added tax (“**VAT**”) for the acquisition of LMK. PT AP will be providing a non-interest-bearing loan to IndoCo to finance the full payment of the VAT payable by IndoCo. This loan would be repaid upon the 10% VAT being reimbursed to IndoCo by the relevant tax office.

4 As the LMK Acquisition will constitute an Interested Party Transaction (as defined herein) under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (the “**MAS**”), the LMK Acquisition Fee payable to the Manager will be in the form of Units (the “**LMK Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

Put Option

LMK is constructed on the KV Land Title¹. The KV Land Title is in the process of being segregated and is pending issuance of separate Strata Title Certificates. Upon the issuance of the Strata Title Certificates under the name of PT AP, PT AP and IndoCo shall execute a deed of sale and purchase before a land deed officer and following the execution of this deed, the name recorded in the Strata Title Certificates relating to LMK will be changed to IndoCo.

As at 15 November 2013, PT AP, a corporation which is indirectly 92% owned by the Sponsor, has received a *Sertifikat Laik Fungsi* (or Function and Worthiness Certificate) from the province government of the Special Capital Region of Jakarta which is one of the key documents required for the National Land Office to issue the Strata Title Certificates.

As LMIR Trust will be acquiring LMK before the Strata Title Certificates relating to LMK are issued, the Trustee, KMT1, KMT2, PT AP and PT WJP have entered into the Put Option Agreement which provides that if the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA², the Trustee will have the irrevocable and unconditional right under the Put Option to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Manager and the Trustee to purchase the entire shareholder's equity of IndoCo, evaluated at:

- (a) the higher of:
 - (i) the LMK Purchase Consideration; and
 - (ii) the market value of the strata title units of LMK as determined by two independent valuers appointed in accordance with the Property Funds Appendix;
- (b) adjusting for other net assets and liabilities of IndoCo as at the date of completion of the exercise of the Put Option; and
- (c) taking into account all transaction costs incurred directly or indirectly, by LMIR Trust for the acquisition of the strata title units of LMK and the exercise of the Put Option (including, but not limited to brokerage, stamp duties, acquisition fees, conveyancing fees, legal fees, tax advisory fees and other professional fees).

1 The 'Right to Build' (Hak Guna Bangunan or "**HGB**") title certificate in respect of LMK was granted by the authorised National Land Office of the Republic of Indonesia (Badan Pertanahan Nasional) (the "**National Land Office**"). A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of such initial term, a HGB title may be extended for an additional term not exceeding 20 years. The Manager understands from its experience that this is the standard industry practice for properties in Indonesia like LMK.

2 The envisaged date of the receipt of the Strata Title Certificates is no later than 12 months from 14 September 2014 (being the date of the LMK CSPA). PT AP has informed the Manager that there are four key documents required for the issuance of the Strata Title Certificates, namely (i) the Surat Layak Fungsi (Function and Worthiness Certificate), (ii) the Ijin Pertelaan & Pemisahan (Segregation and Separation Permit), (iii) the SK Gubernur (Governor Decree) and (iv) the Sertifikat Tanah (Land Title). PT AP has confirmed that three out of these four key documents have already been procured. The last key document which is outstanding is the SK Gubernur (Governor Decree). The Manager understands that under the prevailing law in Indonesia, the issuance process of the Strata Title Certificates is common and procedural.

Such purchase consideration payable by PT WJP shall be offset by net income generated from the strata title units of LMK for the period from the date of the LMK Acquisition until the date of completion of the exercise of the Put Option. The net income refers to rental income and other income in relation to the strata title units of LMK, offset by expenses incurred for:

- (a) leasing and operation of the strata title units of LMK, which includes, but is not limited to, property management fees, land rental, property operating and maintenance expenses and taxes;
- (b) withholding taxes and other expenses incurred for distribution of cash flow from IndoCo to its parent companies;
- (c) cost of funding and finance expenses for both equity and debt financing incurred by LMIR Trust or any of its subsidiaries in relation to the acquisition and operation of LMK, where the cost of equity financing refers to cash dividends, interest on shareholder's loans and repayment of shareholder's loans from IndoCo to its parent companies; and
- (d) other additional costs and expenses incurred by the parent companies of IndoCo, LMIR Trust or any of LMIR Trust's subsidiaries as a result of the LMK Acquisition.

PT WJP is incorporated in Indonesia, and its main business activities are development and real estate. As at 31 December 2013, the net equity of PT WJP is approximately Rp.2,853.6 billion (S\$305.8 million), and its paid-up capital is Rp.384.0 billion (S\$41.1 million). As at 31 December 2013, PT WJP has total assets of Rp.5,624.0 billion (S\$602.6 million). The Sponsor (directly and/or through its subsidiaries) wholly-owns PT WJP. Therefore, PT AP and PT WJP are related corporations.

(See Paragraph 3 of the Letter to Unitholders for further details on the LMK Acquisition.)

Valuation

Two independent property valuers, Rengganis and W&R, were appointed by the Trustee and the Manager respectively to value LMK.

The following table sets out the appraised values, the respective dates of such appraisal and the LMK Purchase Consideration:

Property	Appraised Value				LMK Purchase Consideration	
	By Rengganis as at 30 April 2014		By W&R as at 30 April 2014			
	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)
LMK.....	3,630.8	389.0	3,700.0	396.4	3,600.0 ⁽¹⁾	385.7 ⁽¹⁾

Note:

(1) For the avoidance of doubt, the LMK Purchase Consideration is inclusive of the applicable land and building acquisition tax (*Biaya Perolehan Hak Atas Tanah dan Bangunan*) ("**BPHTB**") to be paid to the relevant tax office.

The LMK Purchase Consideration represents a discount of 2.7% to the higher of the two independent valuations of S\$396.4 million.

LMK Leases

In relation to the LMK Acquisition, PT GRS is the current master lessor of LMK. Prior to the completion of the LMK Acquisition, PT GRS will terminate the existing leases over the car park space of LMK, the casual leasing space of LMK and the part of LMK designated as the "Avenue of the Stars" with the Sponsor Lessees, and upon completion of the LMK Acquisition, IndoCo will enter into:

- (i) a car park lease agreement with PT MSM (as the lessee of the car park space of LMK) ("**Carpark Lease Agreement**");
- (ii) a casual leasing space lease agreement with PT HIM (as the lessee of the casual leasing space of LMK) ("**Casual Leasing Space Lease Agreement**"); and
- (iii) the lease agreement for the part of LMK designated as "Avenue of the Stars" with PT VPI (as the lessee of the Avenue of the Stars of LMK) ("**Avenue of the Stars Lease Agreement**"),

(collectively, the "**LMK Lease Agreements**").

The LMK Leases will be granted to the Sponsor Lessees for a lease term of 36 months, commencing from the date of completion of the LMK CSPA, with an option by IndoCo to extend the lease term for a period of up to 24 months.

Based on the Manager's understanding from the Sponsor Lessees and the property manager of LMIR Trust, the rental rates are attainable.

Car Park Lease Agreement

The Car Park Lease Agreement will be entered into between IndoCo and PT MSM (as the lessee of the car park space of LMK). The Car Park Lease will be granted at a monthly rent of Rp.7.7 billion for a period of 36 months, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis. At the end of the lease term, IndoCo has the right to extend the lease term for a period of up to 24 months.

Casual Leasing Space Lease Agreement

The Casual Leasing Space Lease Agreement will be entered into between IndoCo and PT HIM (as the lessee of the casual leasing space of LMK). The Casual Leasing Space Lease will be granted at a monthly rent of Rp.6.0 billion for a period of 36 months, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis. At the end of the lease term, IndoCo has the right to extend the lease term for a period of up to 24 months.

Avenue of the Stars Lease Agreement

The Avenue of the Stars Lease Agreement will be entered into between IndoCo and PT VPI (as the lessee of the Avenue of the Stars of LMK). The Avenue of the Stars Lease will be granted at a monthly rent of Rp.3.7 billion for a period of 36 months, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis. At the end of the lease term, IndoCo has the right to extend the lease term for a period of up to 24 months.

Assignment/Subletting

The Sponsor Lessees shall have the full right to sub-let the LMK Leases without the prior written consent of IndoCo on the condition that the terms under the sub-lease(s) do not exceed the terms under the relevant LMK Lease. If the Sponsor Lessees intend to sub-let the LMK Leases on terms which exceed the terms under the relevant LMK Lease, the Sponsor Lessees would be required to obtain the prior written consent of IndoCo.

The Sponsor Lessees are prohibited from assigning their rights and obligations under the LMK Lease Agreements to any other party without the prior written consent of IndoCo, except to the owners of LMK.

Maintenance and other Operating Expenses of the LMK Sponsor Leased Areas

PT MSM and PT HIM (as the lessees of the car park space and casual leasing space of LMK, respectively) will be responsible for the payment of electricity expenses according to their electricity usage. PT MSM and PT HIM will not be required to make payment of the service charges in relation to the car park space and casual leasing space of LMK, as such service charges has been factored into their rental payments under the Car Park Lease Agreement and the Casual Leasing Space Lease Agreement.

PT VPI (as the lessee of the Avenue of the Stars of LMK) will be responsible for the payment of all service charges which are required to cover the maintenance and operating expenses of the Avenue of the Stars, and such service charges shall be made payable to LMIR Trust or a party appointed by LMIR Trust.

Method of Financing the LMK Acquisition

Rp.3,180.0 billion (S\$340.7 million) of the LMK Purchase Consideration will be paid in cash and the remaining Rp.420.0 billion (S\$45.0 million) will be satisfied by way of the Consideration Units.

The cash portion of the LMK Acquisition Cost is expected to be financed via a mixture of internal cash, debt and the net proceeds from the Equity Fund Raising.

Interested Person Transaction¹ and Interested Party Transaction²

As at 17 October 2014, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), the Manager has a direct interest in 94,907,552 Units (comprising 3.9% 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 ("**Jesselton**") 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) 27.9% 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 and the Property Funds Appendix.

1 "**Interested Person Transaction**" means a transaction between an entity at risk and an Interested Person (as defined herein).

2 "**Interested Party Transaction**" has the meaning ascribed to it in paragraph 5 of the Property Funds Appendix.

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.

For the purpose of Chapter 9 of the Listing Manual and the Property Funds Appendix, PT AP, being a corporation which is indirectly 92% owned by the Sponsor, PT GRS, being a wholly-owned subsidiary of PT AP which is in turn indirectly 92% owned by the Sponsor (which in turn is a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) and the Sponsor Lessees, being wholly-owned subsidiaries of the Sponsor, are Interested Persons¹ and Interested Parties² of LMIR Trust.

As such, the LMK Acquisition and the LMK Leases will constitute Interested Person Transactions under Chapter 9 of the Listing Manual and also Interested Party Transactions under paragraph 5 of the Property Funds Appendix for which Unitholders' approval is required. Accordingly, the approval of Unitholders is sought for the LMK Acquisition and the LMK Leases.

(See Paragraph 5 of the Letter to Unitholders for further details.)

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 1 (THE LMK ACQUISITION AND THE LMK LEASES) IS CONDITIONAL UPON THE PASSING OF RESOLUTION 2 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) AND RESOLUTION 3 (THE EQUITY FUND RAISING).

RESOLUTION 2: THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

Partial payment for the LMK Acquisition

The Manager will make partial payment for the LMK Acquisition by issuing Consideration Units of the value of S\$45.0 million. Based on an illustrative issue price of S\$0.405 per Consideration Unit, the total number of the Consideration Units will be equivalent to approximately 111,111,111 Units, representing 4.5% of the total number of Units in issue as at the Latest Practicable Date. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the LMK Acquisition, in accordance with the provisions of the Trust Deed.

Status of the Consideration Units

The Consideration Units will not be entitled to distributions by LMIR Trust for the period from 1 October 2014 to 31 December 2014, and will only be entitled to receive distributions by LMIR Trust from 1 January 2015 as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

Requirement of Unitholders' Approval for the proposed issuance of the Consideration Units

The issue of the Consideration Units to PT AP or a party appointed by PT AP will constitute a placement to a Substantial Unitholder³ as PT AP is a corporation which is indirectly 92% owned by the Sponsor, and the Sponsor has deemed interests of (i) 27.9% in LMIR Trust and (ii) 100%

1 As defined in the Listing Manual, means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of LMIR Trust; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of LMIR Trust.

2 As defined in the Property Funds Appendix, means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of LMIR Trust; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of LMIR Trust.

3 "Substantial Unitholder" refers to a Unitholder with an interest in more than 5.0% of all Units in issue.

in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained. The Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units.

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) IS CONDITIONAL UPON THE PASSING OF RESOLUTION 1 (THE LMK ACQUISITION AND THE LMK LEASES) AND RESOLUTION 3 (THE EQUITY FUND RAISING).

RESOLUTION 3: THE EQUITY FUND RAISING

Overview of the Equity Fund Raising

The Manager intends to issue up to 301,369,000 EFR Units (representing approximately 12.2% of the existing issued Units as at the Latest Practicable Date) to partially fund the LMK Acquisition.

In determining the funding structure for the LMK Acquisition, the Manager will take into account the prevailing market conditions as well as the impact on LMIR Trust's capital structure and distribution per Unit ("DPU"), among other things, so that the LMK Acquisition will be in the overall interests of LMIR Trust and Unitholders.

In the event that the LMK Acquisition and the LMK Leases, the proposed issuance of the Consideration Units and the Equity Fund Raising are approved by Unitholders, but market conditions are not conducive to carry out the Equity Fund Raising or the Equity Fund Raising cannot be effected on acceptable terms, the Manager may decide not to proceed with the LMK Acquisition and the LMK Leases, the proposed issuance of the Consideration Units and the Equity Fund Raising.

The mode of the Equity Fund Raising will be determined by the Manager in accordance with, and subject to, the provisions of the Trust Deed. The Manager will work with Standard Chartered Securities (Singapore) Pte. Limited, who has been appointed as the Financial Adviser to the Equity Fund Raising and any one or more underwriters (the "Underwriters") which may be appointed by the Manager to underwrite the Equity Fund Raising to determine the structure of the Equity Fund Raising, the time schedule for the Equity Fund Raising and the issue price of the EFR Units, taking into account market conditions and other factors that the Manager, the Financial Adviser and the Underwriter(s) (if any) may consider relevant. The Manager will announce details of the Equity Fund Raising at the appropriate time. The Manager currently intends to carry out the Equity Fund Raising in the form of a private placement, which will be subject to the Listing Manual. In the event that the Manager considers it inappropriate to carry out the Equity Fund Raising in the form of a private placement due to market conditions or otherwise, the Manager may, in accordance with, and subject to, the provisions of the Trust Deed, decide to carry out the Equity Fund Raising in other forms.

Rationale for the Equity Fund Raising

Keeping in mind the Aggregate Leverage limit of 35.0% (without a credit rating) as set out in the Property Funds Appendix, the Manager is of the view that the Equity Fund Raising is required to ensure that LMIR Trust maintains a prudent capital structure and gearing level. Furthermore, the Equity Fund Raising is expected to increase the free float of LMIR Trust, potentially enhancing the trading liquidity of the Units and raising LMIR Trust's profile among investors.

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 3 (THE EQUITY FUND RAISING) IS CONDITIONAL UPON THE PASSING OF RESOLUTION 1 (THE LMK ACQUISITION AND THE LMK LEASES) AND RESOLUTION 2 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS).



LIPPO MALLS INDONESIA RETAIL TRUST
(Constituted in the Republic of Singapore
pursuant to a trust deed dated 8 August 2007 (as amended))

Directors of the Manager

Mr Albert Saychuan Cheok (Chairman and Independent Non-Executive Director)
Mr Lee Soo Hoon, Phillip (Independent Non-Executive Director)
Mr Goh Tiam Lock (Independent Non-Executive Director)
Mr Douglas Chew (Independent Non-Executive Director)
Ms Viven Gouw Sitiabudi (Executive Director)
Mr Alvin Cheng Yu Dong (Executive Director and Chief Executive Officer)

Registered Office

50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

22 October 2014

To: Unitholders of Lippo Malls Indonesia Retail Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

In furtherance of LMIR Trust's investment policy, the Manager is seeking the approval of Unitholders by way of Ordinary Resolutions at the extraordinary general meeting of Unitholders to be held on 12 November 2014, Wednesday, at 10:30 a.m. (the "EGM") for the following resolutions:

- (a) Resolution 1: The LMK Acquisition and the LMK Leases (Ordinary Resolution) (which is conditional upon the passing of Resolutions 2 and 3);
- (b) Resolution 2: The proposed issuance of the Consideration Units (Ordinary Resolution) (which is conditional upon the passing of Resolutions 1 and 3); and
- (c) Resolution 3: The Equity Fund Raising (Ordinary Resolution) (which is conditional upon the passing of Resolutions 1 and 2).

In the event that any of Resolutions 1, 2 or 3 is not passed, the Manager will not proceed with the LMK Acquisition and the LMK Leases, the proposed issuance of the Consideration Units and the Equity Fund Raising.

2. RATIONALE FOR THE TRANSACTIONS

The Manager believes that the Transactions will bring, among others, the key benefits to Unitholders as set out below.

2.1 Strategic Acquisition of a Prominent Retail Mall within an Integrated Development with Sustainable Retail Traffic

LMK is located within the Kemang Village Integrated Development in South Jakarta, Indonesia, in close proximity to several residential apartments, a hotel, a wedding chapel, a school and a country club. In particular, LMK also serves as the podium of a proposed J.W. Marriot hotel (which is expected to be completed in 2016), Pelita Harapan school

campus (completed in 2010), a planned hospital (which is expected to be completed in 2017) and three condominium towers, namely “The Infinity” (completed in 2011), “The Empire” (completed in 2011) and “The Intercon” (completed in 2013). Given its strategic location, LMK is expected to benefit from shoppers who require convenience as well as upper-middle fashion and lifestyle products, thereby ensuring sustainable retail traffic for LMK.

As at 30 June 2014, the occupancy rate of LMK is 92.8%¹. The high occupancy rate is a reflection of the strong demand for retail space in Jakarta and within the integrated development, where LMK is located. Being the only retail mall located in the integrated development, there will be limited competition to LMK in close vicinity.

Further, LMK is strategically located in South Jakarta, giving the mall access to the integrated development community as well as the dense population located in Jakarta city. Positioned as an “Everyday Mall” which provides necessities (eg. supermarkets and family shopping) to the middle and upper-middle income population in the densely populated city of Jakarta, LMK is in line with LMIR Trust’s targeted market segment comprising Indonesia’s expanding and prospering urban middle class segment.

2.2 Opportunity to Increase the Size and Enhance the Earnings of LMIR Trust

Based on the pro forma financial statements for the year ended 31 December 2013, the Net Property Income² contribution from LMK was S\$33.6 million, which represents, on a historical pro forma basis, a 23% increase in LMIR Trust’s Net Property Income for the year ended 31 December 2013. Upon the completion of the acquisition, the size of LMIR Trust’s portfolio is estimated to increase by approximately 27%, from S\$1,418.1 million (as at 30 June 2014) to S\$1,798.1 million.

2.3 Increased Economies of Scale in Operations, Marketing and Financing

The LMK Acquisition will enable LMIR Trust to enlarge its presence in the retail mall sector in Indonesia and to benefit from increased economies of scale as the Manager and the property manager(s) of the Enlarged Portfolio³ may be able to spread certain operating costs (e.g. staff and administrative costs) over a larger portfolio, and can potentially obtain cost savings due to its greater bargaining power with suppliers and service providers.

The LMK Acquisition is also expected to deliver economies of scale and benefit the marketing and leasing activities of LMIR Trust by expanding and deepening LMIR Trust’s portfolio of key tenant relationships with tenants of LMK who are currently not tenants of LMIR Trust’s malls. In addition, given that the LMK Acquisition will enlarge LMIR Trust’s asset value and capital base, LMIR Trust can also expect to benefit from increased economies of scale in obtaining debt and equity financing.

1 The occupancy rate of LMK reflects the occupancy of the existing leases with the current tenants of LMK as at 30 June 2014 which will be novated by PT GRS to IndoCo, including the existing leases with the current tenants of the Avenue of the Stars.

2 “**Net Property Income**” consists of property revenue less property operating expenses.

3 “**Enlarged Portfolio**” consists of LMK and the Existing Portfolio (as defined herein).

(**APPENDIX A** provides further details in relation to LMK as well as LMIR Trust's Existing Portfolio¹ and the Enlarged Portfolio.)

2.4 Diversification of Assets within LMIR Trust's Portfolio to Minimise Concentration Risk

The LMK Acquisition will allow LMIR Trust to diversify its portfolio geographically across Indonesia as well as improve the diversification of its tenant base, thereby reducing tenant and asset concentration risks within LMIR Trust's Enlarged Portfolio. The Manager believes that further income diversification potentially results in greater resilience and stability of income for LMIR Trust, thus benefiting its Unitholders.

2.5 The Issuance of the Consideration Units would Maintain LMIR Trust's Aggregate Leverage at a Prudent Level

The issuance of the Consideration Units would avoid a significant increase in LMIR Trust's Aggregate Leverage, and provide an allowance to LMIR Trust to remain below the regulatory gearing limit of 35.0%. Assuming the cash component of the LMK Purchase Consideration of Rp.3,180.0 billion (S\$340.7 million) is funded via a mix of cash, debt and equity, and the remaining Rp.420.0 billion (S\$45.0 million) is funded by debt instead of the issuance of Consideration Units, the Aggregate Leverage ratio of LMIR Trust is expected to increase from 28.3% as at 30 June 2014 to 33.5%.

Assuming S\$45.0 million of the LMK Purchase Consideration is satisfied by way of the issuance of Consideration Units at an illustrative issue price of S\$0.405 per Unit, with the balance of the LMK Purchase Consideration funded via a mix of cash, debt and equity, the Aggregate Leverage ratio of LMIR Trust is expected to increase to a lower rate of 31.2% compared to 33.5% if the issuance of Consideration Units is funded by debt.

3. THE LMK ACQUISITION AND THE LMK LEASES

3.1 Description of LMK

LMK, a five storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia, commenced operations in 2012 and is a fashion and lifestyle mall with a GFA of 150,932 sq m, an NLA of 59,377 sq m, 2,326 car park lots and 1,311 motorcycle lots. LMK is part of the Kemang Village Integrated Development which consists of LMK, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club. As of 30 April 2014, LMK has 4 anchor tenants, 14 large tenants² and 182 specialty tenants, catering to consumers in Kemang and South Jakarta. The anchor tenants include Debenhams, Hypermart, Cinema XXI, and ACE hardware, while the large tenants include Fitness First, Best Denki, Timezone and Eatery Food Court.

1 "Existing Portfolio" means the portfolio of properties currently held by LMIR Trust, consisting of: its retail malls, Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall; and its retail spaces, Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units.

2 A "large tenant" refers to a tenant who leases a total area of between 400 sq m and 2,000 sq m.

LMK also serves as the podium of a proposed J.W. Marriot hotel (which is expected to be completed in 2016), Pelita Harapan school campus (completed in 2010), a planned hospital (which is expected to be completed in 2017) and three condominium towers, namely “The Infinity” (completed in 2011), “The Empire” (completed in 2011) and “The Intercon” (completed in 2013). Being part of the Kemang Village Integrated Development, LMK is expected to capture shoppers from the residential apartments, school, the planned hospital and hotel located in close proximity to the mall.

(**APPENDIX A** of this Circular provides further details about LMK.)

3.2 Structure of the LMK Acquisition

LMIR Trust is seeking to acquire LMK for a purchase consideration of Rp.3,600.0 billion (S\$385.7 million) from PT AP, which is a corporation which is indirectly 92% owned by the Sponsor.

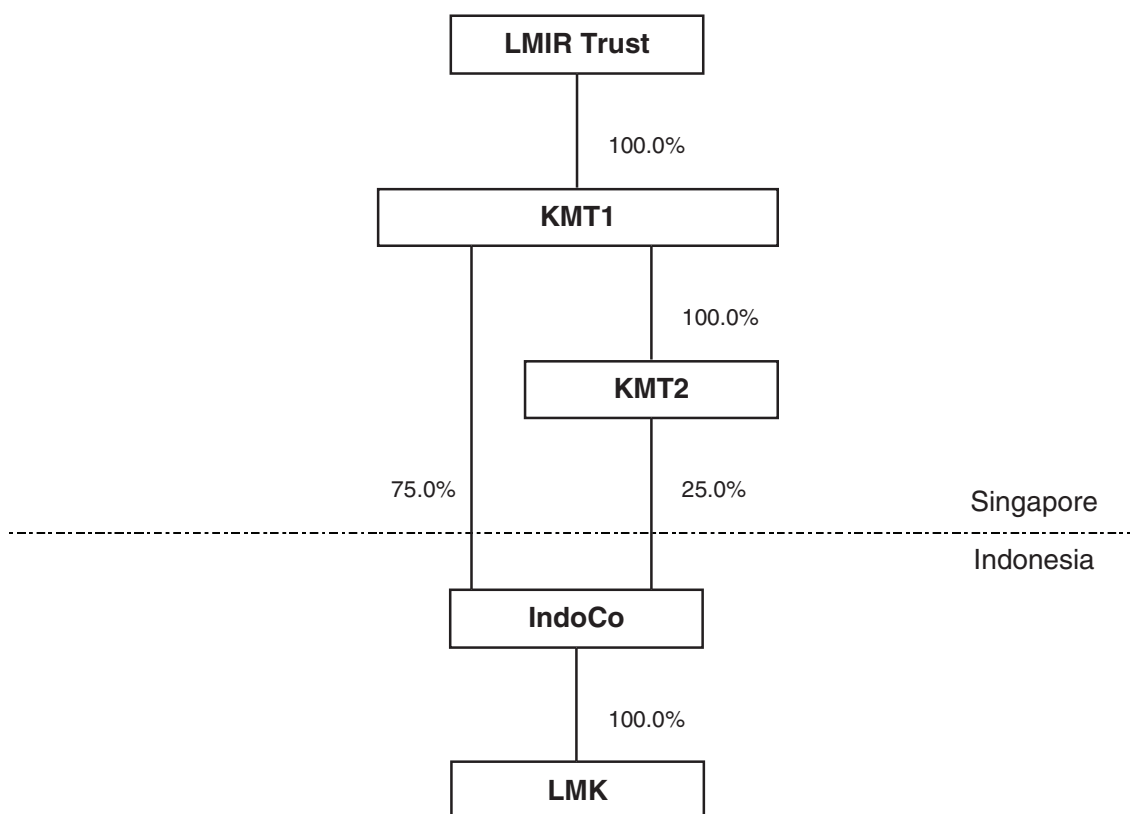
In furtherance of the LMK Acquisition, LMIR Trust has, on 8 March 2013, acquired a 100.0% interest in KMT1 for a nominal consideration of S\$1.00. KMT1 has on 14 September 2014 entered into the LMK CSPA for the LMK Acquisition. As Indonesian Agrarian Law does not allow a foreign entity or individual to directly own Indonesian real estate, the LMK CSPA provides that KMT1 has the right to nominate an Indonesian company to enter into the New LMK CSPA (which will be on the same terms as that of the LMK CSPA), and upon such entry, KMT1 and PT AP will enter into the Termination Agreement to terminate the LMK CSPA.

The Indonesian company which KMT1 has nominated to enter into the New LMK CSPA is IndoCo, an Indonesian limited liability company that has recently been incorporated and is wholly-owned by KMT1 and KMT2. KMT1 and KMT2 respectively own 75.0% and 25.0% of the issued share capital of IndoCo. The New CSPA and the Termination Agreement have been executed on 19 October 2014.

Upon completion of the LMK Acquisition and the issuance of the Strata Title Certificates relating to LMK in the name of IndoCo, LMIR Trust will indirectly hold LMK through IndoCo¹.

The following chart sets out the structure under which LMK will be held by LMIR Trust upon completion of the LMK Acquisition, as well as the resulting shareholding and ownership interest in the entities set out below.

1 The Kemang Village Integrated Development (which includes LMK) is constructed on the KV Land Title. The KV Land Title is in the process of being segregated and is pending issuance of separate Strata Title Certificates. Upon the issuance of the Strata Title Certificates under the name of PT AP, PT AP and IndoCo shall execute a deed of sale and purchase before a land deed officer and following the execution of this deed, the name recorded in the Strata Title Certificates relating to LMK will be changed to IndoCo. As of 15 November 2013, PT AP, a corporation which is indirectly 92% owned by the Sponsor, has received a *Sertifikat Laik Fungsi* (or Function and Worthiness Certificate) from the province government of the Special Capital Region of Jakarta which is one of the key documents required for the National Land Office to issue the Strata Title Certificates relating to LMK. As LMIR Trust will be acquiring LMK before the Strata Title Certificates relating to LMK are issued, the Trustee, KMT1, KMT2, PT AP and PT WJP have entered into the Put Option Agreement which provides that if the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA, the Trustee will have the Put Option to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Manager and the Trustee to purchase the entire shareholder's equity of IndoCo.



3.3 Valuation and Purchase Consideration

The LMK Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of LMK by Rengganis and W&R, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by Rengganis and W&R using the income approach utilising the discounted cash flow method. This approach considers the subject property as an income producing property. The Independent Valuers did not utilise the market comparables method as the market in Indonesia relation to transactions of retail malls is not developed and such transactions are not common. Where such transactions occur, the details are generally not publicly available. Therefore, it would be difficult for the Independent Valuers to utilise the market comparables method.

(APPENDIX B provides further details on the Independent Valuers' respective valuations.)

Property	Appraised Value					
	By Rengganis as at 30 April 2014		By W&R as at 30 April 2014		LMK Purchase Consideration	
	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)
LMK	3,630.8	389.0	3,700.0	396.4	3,600.0 ⁽¹⁾	385.7 ⁽¹⁾

Note:

(1) For the avoidance of doubt, the LMK Purchase Consideration is inclusive of the applicable BPHTB to be paid to the relevant tax office.

The LMK Purchase Consideration represents a discount of 2.7% to the higher of the two independent valuations of S\$396.4 million.

3.4 BPHTB and VAT

BPHTB

The purchase of the land and building from PT AP by IndoCo is subject to the BPHTB at the rate of 5%, whichever is higher between the purchase price or the sale value of the tax object (NJOP) as determined by the head of local government.

VAT

IndoCo will be charged VAT at the rate of ten per cent (10%) on the purchase of land and building by PT AP. However, the VAT charges by PT AP will be treated as input VAT, which can be used to offset the output VAT from rental income of IndoCo.

(See **APPENDIX E** “Indonesian Tax Considerations” for further details.)

3.5 Experience and track record of the Independent Valuers

Further to the decree of the Ministry of Finance of the Republic of Indonesia (“**MOF Indonesia**”), (No. 125/PMK.01/2008) on public appraisal services (the “**Decree**”), public appraisers are not permitted to provide appraisal services in Indonesia unless they have the status of *Kantor Jasa Penilai Publik* (“**KJPP**”), or Accredited Public Appraiser Firms, to provide such appraisal services. The Decree does not address the issue of foreign appraisers, but is intended to regulate the conduct of public appraisal services in Indonesia and it is likely that all relevant Indonesian governmental authorities would only recognise and accept appraisal reports from appraisers with KJPP status. As international valuers do not have KJPP status, the Independent Valuers were engaged.

W&R

KJPP Winarta & Rekan is a public valuation firm which was formed in November 2009. KJPP Winarta & Rekan is the successor firm of PT. Artanilla Permai, the sister company of Jones Lang LaSalle. The change was due to the government rule of MOF Indonesia No. 125/PMK.01/2008 regarding the public valuation services. W&R provides a wide range of professional services to the property industry and financial community, including property asset valuations in Indonesia for private and public companies, mergers and acquisitions, for financing and mortgage purposes, and highest and best use analysis. Other services which W&R provides include arbitration works, taxation and rating assessments, lease modifications and town planning issues. W&R has a special technical support with Jones Lang LaSalle which has been active in Indonesia for 30 years, and is a multi-disciplined real estate consultant which combines global experience with local market knowledge.

Rengganis

KJPP Rengganis, Hamid & Rekan is an independent valuation firm registered in MAPPI, previously known as PT Heburinas Nusantara in association with CBRE Pte. Ltd. (established in 1996). Effective 1 March 2010, Rengganis established a strategic alliance with CBRE Pte. Ltd., a global property services company. Rengganis is provided with a business permit from the Ministry of Finance and registered with the Indonesian Financial Services Authority. Its valuation staff has international and domestic experience and its clientele includes major international and local companies.

3.6 Conditions precedent for the Completion of the LMK Acquisition

Completion of the sale and purchase of LMK is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 3.6.1** the approval by Unitholders to be given at the EGM for the LMK Acquisition and the LMK Leases;
- 3.6.2** the approval by Unitholders to be given at the EGM for the Equity Fund Raising for the purposes of part financing the LMK Acquisition;
- 3.6.3** the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units to PT AP or a party appointed by PT AP as part consideration of the LMK Acquisition;
- 3.6.4** LMIR Trust securing sufficient financing to undertake the LMK Acquisition and the agreements for such financing not having been terminated and being unconditional in all respects;
- 3.6.5** there being no adverse change to the financial condition of PT WJP and the other entities appointed by PT WJP which are agreeable to the Manager and the Trustee, of its or their ability to purchase the entire shareholder's equity of IndoCo under the Put Option Agreement;
- 3.6.6** the entry into of the Put Option Agreement between the Trustee, KMT1, KMT2, PT AP and PT WJP, and the entry into of the Deed of Indemnity (as defined herein) between PT WJP and the Trustee (see paragraphs 3.7 and 3.8 below for further details);
- 3.6.7** the entry into by IndoCo of the adherence agreement in relation to the Put Option Agreement;
- 3.6.8** the execution of the confirmation agreement by PT WJP and the Trustee to confirm that the terms and conditions of the Deed of Indemnity will remain effective and in full force and effect upon execution of the New LMK CSPA;
- 3.6.9** the novation from PT GRS to IndoCo of, among others, tenancy agreements representing at least 50% of the total number of tenants at LMK and at least 50% of the total lease revenue of LMK;
- 3.6.10** the entry into of the LMK Lease Agreements by IndoCo and each of PT MSM, PT HIM and PT VPI; and
- 3.6.11** the execution of the New LMK CSPA and the Termination Agreement.

In the event that not all (but at least 50% of the leases by total number of tenants at LMK and by total lease revenue of LMK) of the leases in relation to LMK (excluding the LMK Leases) are novated from PT GRS to IndoCo with effect from the date of completion of the LMK Acquisition, PT GRS will have a six months grace period commencing from the date of completion of the LMK Acquisition to novate the remainder of the leases, and during this period, PT GRS shall pay rental fees in relation to these leases without any deductions to IndoCo, and shall procure the individual tenants to pay the service charges to the operating company in relation to these leases. Such rental fees and services charges shall be paid on a monthly basis. Prior to the novation of the leases, PT AP will be held responsible for damages that may be suffered in relation to the leases that are not novated. If PT GRS has

not fully novated the remainder of the leases at the end of this six months grace period, PT GRS shall pay the total rental fees to IndoCo for the remaining term of these leases at the end of such six months grace period, and shall pay the service charges to the operating company on a monthly basis if the individual tenants failed to do so.

The conditions precedent set out at sub-paragraphs 3.6.1 and 3.6.3 above are subject to the approval of Unitholders other than the Sponsor and its associates at the EGM. On the method of financing to undertake the LMK Acquisition, please see paragraph 3.19 below. The condition precedent set out at sub-paragraph 3.6.5 above is intended for the benefit and protection of LMIR Trust and its minority Unitholders. The adherence agreement, confirmation agreement, New LMK CSPA and Termination Agreement referred to at sub-paragraphs 3.6.7, 3.6.8 and 3.6.11 above were executed on 19 October 2014.

3.7 Put Option Agreement in relation to the proposed LMK Acquisition

As LMIR Trust will be acquiring LMK before the Strata Title Certificates relating to LMK are issued, the Trustee, KMT1, KMT2, PT AP and PT WJP have entered into a Put Option Agreement which provides that if the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA¹, the Trustee will have the Put Option to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Manager and the Trustee, to purchase the entire shareholder's equity of IndoCo, evaluated at:

- (a) the higher of:
 - (i) the LMK Purchase Consideration; and
 - (ii) the market value of the strata title units of LMK as determined by two independent valuers appointed in accordance with the Property Funds Appendix;
- (b) adjusting for other net assets and liabilities of IndoCo as at the date of completion of the exercise of the Put Option; and
- (c) taking into account all transaction costs incurred directly or indirectly, by LMIR Trust for the acquisition of the strata title units of LMK and the exercise of the Put Option (including, but not limited to brokerage, stamp duties, acquisition fees, conveyancing fees, legal fees, tax advisory fees and other professional fees).

1 The envisaged date of the receipt of the Strata Title Certificates is no later than 12 months from 14 September 2014 (being the date of the LMK CSPA). PT AP has informed the Manager that there are four key documents required for the issuance of the Strata Title Certificates, namely (i) the Surat Layak Fungsi (Function and Worthiness Certificate), (ii) the Ijin Pertelaan & Pemisahan (Segregation and Separation Permit), (iii) the SK Gubernur (Governor Decree) and (iv) the Sertifikat Tanah (Land Title). PT AP has confirmed that three out of these four key documents have already been procured. The last key document which is outstanding is the SK Gubernur (Governor Decree). The Manager understands that under the prevailing law in Indonesia, the issuance process of the Strata Title Certificates is common and procedural.

Such purchase consideration payable by PT WJP shall be offset by net income generated from the strata title units of LMK for the period from the date of the LMK Acquisition until the date of completion of the exercise of the Put Option. The net income refers to rental income and other income in relation to the strata title units of LMK, offset by expenses incurred for:

- (a) leasing and operation of the strata title units of LMK, which includes, but is not limited to, property management fees, land rental, property operating and maintenance expenses and taxes;
- (b) withholding taxes and other expenses incurred for distribution of cash flow from IndoCo to its parent companies;
- (c) cost of funding and finance expenses for both equity and debt financing incurred by LMIR Trust or any of its subsidiaries in relation to the acquisition and operation of LMK, where the cost of equity financing refers to cash dividends, interest on shareholder's loans and repayment of shareholder's loans from IndoCo to its parent companies; and
- (d) other additional costs and expenses incurred by the parent companies of IndoCo, LMIR Trust or any of LMIR Trust's subsidiaries as a result of the LMK Acquisition.

The Manager will make an announcement via the SGXNET upon issuance of the Strata Title Certificates in the name of IndoCo or, in the event that the Strata Title Certificates relating to LMK are not segregated and issued on the expiry of 12 months from the date of the LMK CSPA to IndoCo, upon the exercise of the Put Option, as the case may be.

PT WJP is incorporated in Indonesia, and its main business activities are development and real estate. As at 31 December 2013, the net equity of PT WJP is approximately Rp.2,853.6 billion (S\$305.8 million), and its paid-up capital is Rp.384.0 billion (S\$41.1 million). As at 31 December 2013, PT WJP has total assets of Rp.5,624.0 billion (S\$602.6 million). The Sponsor (directly and/or through its subsidiaries) wholly-owns PT WJP. Therefore, PT AP and PT WJP are related corporations.

3.8 Indemnity in relation to the LMK Acquisition

The Trustee has, on 14 September 2014, entered into a deed of indemnity (the "**Deed of Indemnity**") with PT WJP pursuant to which PT WJP will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the LMK Acquisition.

"Certain conditions" include, among others, the conditions that:

- (a) the maximum aggregate liability in respect of all claims under the deed of indemnity shall not exceed the LMK Purchase Consideration;
- (b) written particulars shall have been notified in writing to the indemnifying party before the expiry of a period of 48 months for taxation claims and 24 months for any other claims from the date of completion; and
- (c) unless such claim has already been settled to the satisfaction of the Trustee, proceedings in respect of the claim shall have been commenced by being both issued and served within four months of the expiry of the period mentioned in sub-paragraph (b) above.

3.9 The LMK Lease Agreements

Upon the completion of the LMK Acquisition, IndoCo will enter into:

- (i) the Carpark Lease Agreement with PT MSM (as the lessee of the car park space of LMK);
- (ii) the Casual Leasing Space Lease Agreement with PT HIM (as the lessee of the casual leasing space of LMK); and
- (iii) the Avenue of the Stars Lease Agreement with PT VPI (as the lessee of the Avenue of the Stars of LMK).

The Sponsor Lessees are limited liability companies incorporated in Indonesia and are wholly-owned subsidiaries of the Sponsor.

The LMK Leases will be granted to the Sponsor Lessees for a lease term of 36 months, commencing from the date of completion of the LMK Acquisition, with an option by IndoCo to extend the lease term for a period of up to 24 months. The rentals were commercially negotiated with the Sponsor Lessees on an arms' length basis and it is the Manager's understanding that the Sponsor Lessees had considered various factors, including potentially attainable revenues and utilization levels of the underlying spaces.

The Manager had considered the implied rental levels and is of the view that these rates are commensurate with a mall of LMK's positioning and a head lease over the whole of each of the underlying spaces. Based on the Manager's understanding from the Sponsor Lessees and the property manager of LMIR Trust, the rental rates are attainable.

Some of the key terms of the LMK Lease Agreements are set out in paragraphs 3.10 to 3.14 below.

3.10 Car Park Lease Agreement

The Car Park Lease Agreement will be entered into between IndoCo and PT MSM (as the lessee of the car park space of LMK). The Car Park Lease will be granted at a monthly rent of Rp.7.7 billion for a period of 36 months, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis. At the end of the lease term, IndoCo has the right to extend the lease term for a period of up to 24 months.

3.11 Casual Leasing Space Lease Agreement

The Casual Leasing Space Lease Agreement will be entered into between IndoCo and PT HIM (as the lessee of the casual leasing space of LMK). The Casual Leasing Space Lease will be granted at a monthly rent of Rp.6.0 billion for a period of 36 months, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis. At the end of the lease term, IndoCo has the right to extend the lease term for a period of up to 24 months.

3.12 Avenue of the Stars Lease Agreement

The Avenue of the Stars Lease Agreement will be entered into between IndoCo and PT VPI (as the lessee of the Avenue of the Stars of LMK). The Avenue of the Stars Lease will be granted at a monthly rent of Rp.3.7 billion for a period of 36 months, an amount which was arrived at after negotiations with the Sponsor on an arms' length basis. At the end of the lease term, IndoCo has the right to extend the lease term for a period of up to 24 months.

3.13 Assignment/Subletting

The Sponsor Lessees shall have the full right to sub-let the LMK Leases without the prior written consent of IndoCo on the condition that the terms under the sub-lease(s) do not exceed the terms under the relevant LMK Lease. If the Sponsor Lessees intend to sub-let the LMK Leases on terms which exceed the terms under the relevant LMK Lease, the Sponsor Lessees would be required to obtain the prior written consent of IndoCo.

The Sponsor Lessees are prohibited from assigning their rights and obligations under the LMK Lease Agreements to any other party without the prior written consent of IndoCo, except to the owners of LMK.

3.14 Maintenance and other Operating Expenses of the LMK Sponsor Leased Areas

PT MSM and PT HIM (as the lessees of the car park space and casual leasing space of LMK, respectively) will be responsible for the payment of electricity expenses according to their electricity usage. PT MSM and PT HIM will not be required to make payment of the service charges in relation to the car park space and casual leasing space of LMK, as such service charges has been factored into their rental payments under the Car Park Lease Agreement and the Casual Leasing Space Lease Agreement.

PT VPI (as the lessee of the Avenue of the Stars of LMK) will be responsible for the payment of all service charges which are required to cover the maintenance and operating expenses of the Avenue of the Stars, and such service charges shall be made payable to LMIR Trust or a party appointed by LMIR Trust.

3.15 Related Tenancy Agreements relating to the LMK Acquisition

Upon completion of the LMK Acquisition and the entry into of the LMK Leases, and assuming that all of the leases of LMK (save for the LMK Leases) are novated to IndoCo upon completion, LMIR Trust will, through IndoCo, take over all of the tenancy agreements with respect to LMK, including various tenancy agreements entered into by certain associates and subsidiaries of the Sponsor (the “**Related Tenancy Agreements**”). The aggregate rental fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp.67.5 billion (S\$7.2 million). The amount of space taken up and the value of each of the Related Tenancy Agreements are set out in **APPENDIX G** of the Circular. The percentage of net tangible assets (“**NTA**”) and net asset value (“**NAV**”) accounted for by the Related Tenancy Agreements is also set out in **APPENDIX G** of the Circular.

The rental rates under the Related Tenancy Agreements are comparable to the rental rates paid by the other anchor tenants of LMK who are not “interested persons” of LMIR Trust, and are also generally comparable with the rental rates of leases signed with other malls within LMIR Trust’s Existing Portfolio, after taking into account the differences between each mall. Based on the foregoing, the Manager is of the view that the Related Tenancy Agreements are made on normal commercial terms and are not prejudicial to the interests of LMIR Trust and its minority Unitholders.

By approving the LMK Acquisition and LMK Leases, Unitholders are deemed to have specifically given approval for LMIR Trust to take over the Related Tenancy Agreements.

(See **APPENDIX G** “Related Tenancy Agreements” for further details.)

3.16 Insurance

Under the LMK CSPA, PT AP and PT GRS will novate, among other things, all of the following insurance policies in relation to LMK to IndoCo:

- (1) an insurance policy against loss of rental income, terrorism, sabotage and all risks and business interruption in the name of IndoCo to its full market insurable amount as assessed by IndoCo, damage to the building of LMK and all parts thereof;
- (2) a comprehensive public liability insurance policy in the name of IndoCo against claims for personal injury, death or property damage or loss, arising out of all operations of IndoCo and its permitted occupiers in LMK; and
- (3) an insurance policy covering all of IndoCo's property all risks (including earthquake) with such insurance coverage as appropriate and typical for the size and type of business carried out by IndoCo at LMK.

The LMK CSPA also includes a warranty that:

- (i) the strata title units of LMK are sufficiently insured against such losses and risks and in such amounts as are required under the relevant laws and regulations and by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary for properties of a similar nature as the strata title units of LMK;
- (ii) all of the insurance policies are in full force and effect and have not expired, and are complete and up-to-date; and
- (iii) no insurance claim is outstanding and no circumstances exist which are likely to give rise to any insurance claim.

The Manager believes that the insurance policies taken out in relation to LMK are consistent with industry practice in Indonesia.

3.17 Completion

Completion of the sale and purchase of LMK under the LMK CSPA is expected to take place as soon as practicable after raising adequate proceeds for the LMK Acquisition and after the conditions precedent set out in the LMK CSPA have been fulfilled.

3.18 LMK Acquisition Cost

The LMK Acquisition Cost is currently estimated to be approximately S\$397.0 million, comprising the following:

- 3.18.1** the LMK Purchase Consideration of S\$385.7 million;

3.18.2 the LMK Acquisition Fee¹ of S\$3.7 million payable to the Manager pursuant to Clause 15.2.1 of the Trust Deed which shall be payable in the form of LMK Acquisition Fee Units²;

3.18.3 the estimated arrangement fee, underwriting fee, professional and other fees and expenses of approximately S\$6.1 million to be incurred by LMIR Trust in connection with the Equity Fund Raising and the drawdown of the term loan; and

3.18.4 the estimated professional and other fees and expenses of approximately S\$1.5 million to be incurred by LMIR Trust in connection with the LMK Acquisition.

3.19 Method of Financing the LMK Acquisition

Rp.3,180.0 billion (S\$340.7 million) of the LMK Purchase Consideration will be paid in cash and the remaining Rp.420.0 billion (S\$45.0 million) will be satisfied by way of the issuance of the Consideration Units.

The cash portion of the LMK Acquisition Cost is expected to be financed via a mixture of internal cash, debt and the net proceeds from the Equity Fund Raising.

3.20 HGB/“Right to Build” Land Titles

LMIR Trust holds some of the Existing Portfolio via HGB Titles. These are (i) Mal Lippo Cikarang, (ii) Plaza Madiun, (iii) Palembang Square Extension, (iv) Pejaten Village, (v) Binjai Supermall and (vi) Lippo Plaza Kramat Jati (formerly known as ‘Kramat Jati Indah Plaza’). The KV Land Title, which is currently in the process of being segregated into separate Strata Title Certificates, is a HGB title. The term of the HGB title in relation to LMK will expire on 2 July 2036. Upon the issuance of the Strata Title Certificates relating to LMK in the name of IndoCo, LMIR Trust will indirectly hold LMK through IndoCo.

In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of ‘leasehold’ title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia is a ‘Right to Build’ or HGB title. HGB title certificates can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. This right is transferable and may be encumbered. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years. The application for an extension must be made no later than two years prior to the expiration of the initial term at the National Land Office. Upon the expiration of the extension, the land owner may apply for a renewal and a new HGB title may be granted on the same land to the same owner by fulfilling certain requirements. The application for the new HGB title should be made no later than two years prior to the expiration of the extension. The cost of extension is determined based on certain formulas as stipulated by the National Land Office. The National Land Office tends to grant an extension or renewal of HGB title certificates, subject to there being no changes in zoning policies by the

1 Being 1.0% of the LMK Purchase Consideration excluding the applicable BPHTB to be paid to the relevant tax office.

2 As the LMK Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the LMK Acquisition Fee payable to the Manager will be in the form of the LMK Acquisition Fee Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

government, abandonment of the land, destruction of land, egregious breaches of the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations.

The Independent Valuers have performed the valuation of LMK on a perpetuity basis on the assumption that the HGB title would be renewed. If the term of the HGB titles could not be extended, after the expiration date of such HGB titles:

- (i) in the event that the HGB title is on state-owned land, such land will become state owned land;
- (ii) in the event that the HGB title is on right to manage land, the former HGB holder shall return the land to the holder of the “right to manage” (*hak pengelolaan*) and shall comply with the agreement for the granting of HGB title entered into between the former HGB holder and the holder of the right to manage;
- (iii) in the event that the HGB title is on “right to own” (*hak milik*) land, the former HGB holder shall return such land to the holder of the right to own and shall comply with the agreement for the granting of HGB title entered into between the former HGB holder and the holder of the right to own.

In addition to the above, in the event that the HGB title purchased by the company is a HGB title that was previously held and registered in the name of an eligible Indonesian individual as a result of the “down-grade” of his/her “right to own” (*hak milik*) land, such HGB title will become state owned land pursuant to the prevailing regulations.

The costs for the extension of HGB title will be determined based on a certain formulas as stipulated by the National Land Office. The land office has discretion to approve or reject the application for the extension of HGB title. The National Land Office, however, tends to grant an extension of HGB titles when the land is still duly used in accordance with the condition, nature and objective of the granting of such HGB title, all terms and conditions of the granting of such HGB title have been duly fulfilled by the title holder, the title holder is still eligible to hold an HGB title and there has been no change in the zoning policies of the government, abandonment or destruction of land, or revocation of the HGB title due to public interest considerations.

3.21 Satuan Rumah Susun (“HMSRS” or “Strata Title Units”)

LMIR Trust holds some of the Existing Portfolio via HMSRS Titles. These are, for retail malls (i) Palembang Square, (ii) Tamini Square; and for retail spaces (a) Mall WTC Matahari, (b) Metropolis Town Square, (c) Java Supermall, (d) Malang Town Square and (e) Grand Palladium Medan. Similarly, LMIR Trust will also hold LMK via Strata Title Units. LMIR Trust will, after the KV Land Title is segregated into separate Strata Title Certificates, hold LMK via Strata Title Units.

In Indonesia, the law governing strata title buildings, including Strata Title Units, is Law No. 20 of 2011 on *Rumah Susun* (Multi Storeyed House) (“**Law No. 20/2011**”). Pursuant to Law No. 20/2011, a strata title building (multi storey house) may only be built on (i) right of ownership title (*Hak Milik*), (ii) right to build title (“**HGB**”) or right to use title (*Hak Pakai* or “**HP**”) over a state-owned land, and (iii) HGB or HP over right to manage title (*Hak Pengelolaan*).

Under Law No. 20/2011, an owner of a Strata Title Unit in a strata title building will acquire:

- (i) separate title to the Strata Title Unit itself;
- (ii) an undivided proportionate right on land on which the strata title building is built; and
- (iii) an undivided proportionate right on the common area and common property/facilities of the strata title building (defined as common parts and common things under Law No. 20/2011).

Currently, the Basic Agrarian Law prevailing in Indonesia provides that only Indonesian nationals or Indonesian legal entities may own any right or title to land with HGB title. This means that any Strata Title Unit built on a plot of land with HGB title may not be purchased by non-Indonesians or non-Indonesian legal entities. As LMK is built on a plot of land with HGB title, any party who wishes to purchase and own a Strata Title Unit in LMK must also be eligible to own land with HGB title, namely Indonesian nationals or Indonesian legal entities.

The owners of Strata Title Units shall establish an Association of Owners and Occupants (*Perhimpunan Pemilik dan Penghuni Rumah Susun* or “**PPPRS**”). The members of PPPRS would consist of owners and occupants of the Strata Title Units. Following the establishment of PPPRS, the developer would subsequently handover the management of the common land, common property/facilities, and common area to PPPRS. As LMK is a commercial Rumah Susun (commercial strata title building), pursuant to Article 56 of Law No. 20/2011, the management of LMK (which will include operations, maintenance and repair works of common land, common property/facilities, and common area) should be handled by a legal entity which has been registered with and which has obtained a required business license from the Governor of the Special Capital Region of Jakarta.

Although the implementing regulations of Law No. 20/2011 have not yet been issued, Article 118 of Law No. 20/2011 provides, inter alia, that all implementing regulations of Law No. 16 of 1985, (which law has been superseded by Law No. 20/2011), remain valid to the extent that they are not in contravention with Law No. 20/2011. One such implementing regulation is Government Regulation No. 4 of 1988 pertaining to the rules on Multi-Storeyed House (Rumah Susun) (“**GR No. 4/1988**”).

Pursuant to Article 50 of GR No. 4/1988 and its elucidation, the expiration of the land title on which the strata title building is built (in this case, the expiration of the HGB title) will affect the rights of owners in the sense that they will lose their respective undivided proportionate rights to the land title. However, the owners will still have the rights over their respective Strata Title Units and undivided proportionate rights on the common area and common property/facilities of the strata title building. Therefore, in order to avoid losing their respective proportionate rights to the land title, owners, through PPPRS, should apply for an extension or renewal of such land title (in this case, the HGB title) prior to its expiration.¹

1 In the event that the strata title has not yet been issued, the holder of the land (being PT AP in the case of LMK) will be responsible for the renewal of the HGB title. Where strata title has been issued, the owners of the strata title units, through the PPPRS, would be responsible for applying for the renewal of the HGB title. Subject to the Indonesian land authority’s discretion to determine the approved strata title area, the strata title in relation to LMK is expected to cover approximately 36.5% of the overall building area.

4. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

4.1 Partial payment for the LMK Acquisition

As described in paragraph 3.19 above, the Manager will make partial payment for the LMK Acquisition by issuing Consideration Units of the value of S\$45.0 million. Based on an illustrative issue price of S\$0.405 per Consideration Unit, the total number of the Consideration Units will be equivalent to approximately 111,111,111 Units representing 4.5% of the total number of Units in issue as at the Latest Practicable Date. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the LMK Acquisition, in accordance with the provisions of the Trust Deed.

Based on the assumption that 301,369,000 EFR Units will be issued pursuant to a private placement prior to the issuance of the Consideration Units, the unitholdings of the Sponsor is expected to decrease from 27.9% to 27.7% upon the issuance of the EFR Units and the Consideration Units.

4.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by LMIR Trust for the period from 1 October 2014 to 31 December 2014, and will only be entitled to receive distributions by LMIR Trust from 1 January 2015 as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

5. REQUIREMENT FOR UNITHOLDERS' APPROVAL

5.1 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, 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 Interested Person during the same financial year) is equal to or exceeds 5.0% of LMIR Trust's latest audited NTA, Unitholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of LMIR Trust for FY2013 (the "**FY2013 Audited Consolidated Financial Statements**"), the NTA of LMIR Trust was S\$1,009.6 million as at 31 December 2013. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by LMIR Trust with an Interested Person is, either in itself or in aggregate with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S\$50.5 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by LMIR Trust which value exceeds 5.0% of LMIR Trust's latest audited NAV. Based on the FY2013 Audited Consolidated Financial Statements, the NAV of LMIR Trust was S\$1,009.6 million as at 31 December 2013. Accordingly, if the value of a transaction which is proposed to be entered into by LMIR Trust with an Interested Party is equal to or greater than S\$50.5 million, such a transaction would be subject to Unitholders' approval.

5.1.1 The LMK Acquisition and the LMK Leases

As at the Latest Practicable Date, the Manager has a direct interest in 94,907,552 Units (comprising 3.9% of the total number of issued Units). The Manager is wholly-owned by Peninsula, a wholly-owned subsidiary of Jesselton 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) 27.9% in LMIR Trust and (ii) 100% in the Manager, and is therefore regarded as a “Controlling Unitholder” of LMIR Trust and a “Controlling Shareholder” of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, PT AP, being a corporation which is indirectly 92% owned by the Sponsor, PT GRS being a wholly-owned subsidiary of PT AP which is in turn indirectly 92% owned by the Sponsor (which in turn is a Controlling Unitholder of LMIR Trust and a Controlling Shareholder of the Manager) and the Sponsor Lessees, being wholly-owned subsidiaries of the Sponsor, are Interested Persons and Interested Parties of LMIR Trust.

Given the LMK Purchase Consideration of S\$385.7 million (which is 38.2% of the NTA and NAV respectively of LMIR Trust as at 31 December 2013), the value of the LMK Acquisition will in aggregate exceed (i) 5.0% of LMIR Trust’s latest audited NTA and (ii) 5.0% of LMIR Trust’s latest audited NAV. As such, the LMK Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under paragraph 5 of the Property Funds Appendix.

In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders’ approval for the LMK Acquisition.

The value of the LMK Leases is approximately S\$22.3 million for the first year of the LMK Leases, which represents approximately 2.2% of LMIR Trust’s latest audited NTA. As the LMK Leases will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders’ approval is required, the approval of Unitholders is sought for the LMK Leases.

5.2 Existing Interested Person Transactions

Prior to the Latest Practicable Date, LMIR Trust had entered into several interested person transactions with associates of the Sponsor during the course of the current financial year (the “**Existing Interested Person Transactions**”). The aggregate value of the Existing Interested Person Transactions amounts to Rp.431.9 billion (approximately S\$46.3 million), which comprises 4.6% of the audited net tangible assets of LMIR Trust as at 31 December 2013.

Details of the Existing Interested Person Transactions may be found in **APPENDIX F** of this Circular.

5.3 Fees Payable to the Manager

As the LMK Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the LMK Acquisition Fee shall be payable to the Manager in the form of LMK Acquisition Fee Units. The LMK Acquisition Fee Units shall not be sold within one year from the date of issuance, in accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions.

5.4 Approval by Unitholders for the LMK Acquisition and the LMK Leases

In approving the LMK Acquisition and the LMK Leases, Unitholders are deemed to have approved all documents which are required to be executed by the parties in order to give effect to the LMK Acquisition including the Related Tenancy Agreements in relation to the LMK Acquisition. These agreements are therefore not subject to Rules 905 and 906 of the Listing Manual (which require LMIR Trust to make an announcement or obtain the approval of Unitholders depending on the materiality of the Interested Person Transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect LMIR Trust. Future renewal or extension of these agreements will be subject to Rules 905 and 906 of the Listing Manual.

5.5 Approval by Unitholders for the Proposed Issuance of the Consideration Units

The issue of the Consideration Units to PT AP or a party appointed by PT AP will constitute a placement to a Substantial Unitholder as PT AP is a corporation which is indirectly 92% owned by the Sponsor, and the Sponsor has deemed interests of (i) 27.9% in LMIR Trust and (ii) 100% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the issue of the Consideration Units to PT AP or a party appointed by PT AP which is a corporation which is indirectly 92% owned by the Sponsor.

5.6 Interests of Directors and Substantial Unitholders

5.6.1 Interests of the Directors of the Manager

As at the Latest Practicable Date, the details of the unitholdings of the Directors are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Mr Albert Saychuan Cheok	400,000	0.02	–	–	400,000	0.02
Mr Lee Soo Hoon, Phillip	–	–	–	–	–	–
Mr Goh Tiam Lock	–	–	–	–	–	–
Mr Douglas Chew	–	–	–	–	–	–
Ms Viven Gouw Sitiabudi	–	–	–	–	–	–
Mr Alvin Cheng Yu Dong	–	–	–	–	–	–

Note:

(1) Percentage interest is based on 2,462,648,552 Units in issue as at the Latest Practicable Date.

Save as disclosed above and based on information available to the Manager, none of the directors has an interest, direct or indirect, in the LMK Acquisition.

5.6.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Bridgewater International Ltd ("BIL")	591,023,888	24.0	–	–	591,023,888	24.0
PT Sentra Dwimandiri ("PTSD") ⁽²⁾	–	–	591,023,888	24.0	591,023,888	24.0
The Sponsor ⁽³⁾	–	–	685,931,440	27.9	685,931,440	27.9
Wealthy Fountain Holdings Inc	198,195,000	8.0	–	–	198,195,000	8.0
Shanghai Summit Pte Ltd ⁽⁴⁾	–	–	198,195,000	8.0	198,195,000	8.0
Tong Jinquan ⁽⁵⁾	–	–	198,195,000	8.0	198,195,000	8.0

Notes:

- (1) Percentage interest is based on 2,462,648,552 Units in issue as at the Latest Practicable Date.
- (2) BIL is controlled by PTSD. PTSD is therefore deemed to be interested in 591,023,888 Units in which BIL has an interest.
- (3) BIL is controlled by PTSD, which is in turn controlled by the Sponsor. The Sponsor is therefore deemed to have an interest in 591,023,888 Units in which BIL has an interest. In addition, the Manager is controlled by Peninsula, which in turn is controlled by the Sponsor. The Sponsor is therefore also deemed to be interested in 94,907,552 Units held by the Manager.
- (4) Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and is therefore deemed to be interested in 198,195,000 Units which Wealthy Fountain Holdings Inc holds.
- (5) Tong Jinquan is the sole shareholder of Shanghai Summit Pte Ltd which is the sole shareholder of Wealthy Fountain Holdings Inc and accordingly deemed to be interested in 198,195,000 Units which Wealthy Fountain Holdings Inc holds.

As at the Latest Practicable Date, the Sponsor, through its indirect wholly-owned subsidiary BIL and through its 100% interest in the Manager, holds an aggregate indirect interest of 27.9% in LMIR Trust and is deemed to be a Controlling Unitholder of LMIR Trust.

5.7 Directors' Service Contracts

No person is proposed to be appointed as a Director in relation to the LMK Acquisition or any other transactions contemplated in relation to the LMK Acquisition.

5.8 Major Transactions – Chapter 10 of the Listing Manual

5.8.1 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.

5.8.2 A proposed acquisition by LMIR Trust may fall into any of the categories set out in sub-paragraph 5.8.1 above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the net profits attributable to the assets acquired, compared with LMIR Trust's net profits;
- (ii) the aggregate value of the consideration given, compared with LMIR Trust's market capitalisation; and
- (iii) the number of Units issued by LMIR Trust as consideration for the acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless (i) such transaction is in the ordinary course of LMIR Trust's business or (ii) in the case of an acquisition of profitable assets, the only limit breached is the profit test set out in paragraph 5.8.2(i) above.

5.8.3 The relative figures for the LMK Acquisition using the applicable bases of comparison described in sub-paragraphs 5.8.2(i) to 5.8.2(iii) are set out in the table below.

Comparison of:	LMK	LMIR Trust	Relative Figure
Net Property Income ⁽¹⁾	S\$33.6 million ⁽²⁾	S\$143.4 million	23.4%
Purchase Consideration against LMIR Trust's market capitalisation	S\$385.7 million ⁽³⁾	LMIR Trust's market capitalisation: S\$935.8 million ^{(4),(5)}	41.2%
Units issued as consideration against the Units previously in issue	111,111,111 ⁽⁶⁾	2,462,648,552	4.5%

Notes:

- (1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits before tax attributable to its assets. Net Property Income refers to property revenue less property operating expenses.
- (2) Based on the FY2013 Audited Consolidated Financial Statements and the audited financial statement for PT GRS for the year ended 31 December 2013, and taking into account the revenue that LMIR Trust would receive from the LMK Leases.
- (3) Does not include transaction costs.
- (4) Based on the closing price of S\$0.38 per Unit on the SGX-ST on the Latest Practicable Date (the "Closing Price").
- (5) Based on Units in issue as at the Latest Practicable Date.
- (6) Based on an illustrative issue price of S\$0.405 per Consideration Unit.

6. THE EQUITY FUND RAISING

6.1 Overview of the Equity Fund Raising

The Manager intends to issue up to 301,369,000 EFR Units (representing approximately 12.2% of the existing issued Units as at the Latest Practicable Date) to partially fund the LMK Acquisition.

In determining the funding structure for the LMK Acquisition, the Manager will take into account the prevailing market conditions as well as the impact on LMIR Trust's capital structure and DPU, among other things, so that the LMK Acquisition will be in the overall interests of LMIR Trust and Unitholders.

In the event that the LMK Acquisition and the LMK Leases, the proposed issuance of the Consideration Units and the Equity Fund Raising are approved by Unitholders, but market conditions are not conducive to carry out the Equity Fund Raising or the Equity Fund Raising cannot be effected on acceptable terms, the Manager may decide not to proceed with the LMK Acquisition and the LMK Leases, the proposed issuance of the Consideration Units and the Equity Fund Raising.

The mode of the Equity Fund Raising will be determined by the Manager in accordance with, and subject to, the provisions of the Trust Deed. The Manager will work with Standard Chartered Securities (Singapore) Pte. Limited, who has been appointed as the Financial Adviser to the Equity Fund Raising and any one or more Underwriters which may be appointed by the Manager to underwrite the Equity Fund Raising to determine the structure of the Equity Fund Raising, the time schedule for the Equity Fund Raising and the issue price of the EFR Units to be issued pursuant to the Equity Fund Raising, taking into account market conditions and other factors that the Manager, the Financial Adviser and the Underwriter(s) (if any) may consider relevant. The Manager will announce details of the Equity Fund Raising at the appropriate time. The Manager currently intends to carry out the Equity Fund Raising in the form of a private placement, which will be subject to the Listing Manual. In the event that the Manager considers it inappropriate to carry out the Equity Fund Raising in the form of a private placement due to market conditions or otherwise, the Manager may, in accordance with, and subject to, the provisions of the Trust Deed, decide to carry out the Equity Fund Raising in other forms.

The unitholding interest of existing Unitholders may be diluted in the event that the Manager issues EFR Units under the Equity Fund Raising and such existing Unitholders do not participate, or do not have the opportunity to participate, in the Equity Fund Raising.

The issue price of the EFR Units will be subject to Rule 811(1) and Rule 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the volume weighted average price for trades done in the Units on the SGX-ST for the full Market Day¹ during which an underwriting agreement to entered into between the Issuer and the Underwriters (the "**Underwriting Agreement**") is signed or, if trading in the Units is not available for a full Market Day, for the preceding Market Day up to the time the Underwriting Agreement is signed, excluding (where applicable) accrued distributions provided that the placees under the Equity Fund Raising are not entitled to the accrued distributions.

The information contained in this paragraph 6.1 is subject to change. When the Manager finalises its plans in relation to the Equity Fund Raising, it will make an announcement in relation to such details at the appropriate time.

¹ "Market Day" means any day on which the SGX-ST is open for trading in securities.

6.2 Rationale for the Equity Fund Raising

Keeping in mind the Aggregate Leverage limit of 35.0% (without a credit rating) as set out in the Property Funds Appendix, the Manager is of the view that the Equity Fund Raising is required to ensure that LMIR Trust maintains a prudent capital structure and gearing level. Furthermore, the Equity Fund Raising is expected to increase the free float of LMIR Trust, potentially enhancing the trading liquidity of the Units and raising LMIR Trust's profile among investors.

6.3 Estimated Proceeds

The Equity Fund Raising comprises the proposed issue of up to 301,369,000 EFR Units at an issue price to be determined. The issue price of the EFR Units will be determined closer to the date of commencement of the Equity Fund Raising. Details pertaining to estimated proceeds to be raised from the Equity Fund Raising will be announced at the appropriate time when the issue price of the EFR Units has been determined.

6.4 Use of Proceeds

The Manager intends to utilise the proceeds of the Equity Fund Raising to partially fund the LMK Acquisition Cost.

6.5 Consequential Adjustment to Distribution Period and Status of EFR Units

LMIR Trust's policy is to distribute its distributable income on a quarterly basis to Unitholders. When the Manager decides to carry out the Equity Fund Raising, the Manager may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution or an advance distribution, or such other plans to ensure fairness to existing Unitholders.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the EFR Units issued pursuant to the Equity Fund Raising will be announced at the appropriate time.

7. PRO FORMA FINANCIAL INFORMATION

7.1 Pro Forma Financial Effects of the Transactions

The pro forma financial effects of the Transactions presented below are strictly for illustrative purposes only and were prepared based on:

- (i) the FY2013 Audited Consolidated Financial Statements;
- (ii) the unaudited financial statements of LMIR Trust and its subsidiaries for the six months ended 30 June 2014 ("**6M2014 Unaudited Financial Statements**");
- (iii) the audited financial statements for KMT1 and KMT2 for the year ended 31 December 2013;
- (iv) the audited financial statement for PT GRS for the year ended 31 December 2013,

and assuming:

- (a) the LMK Acquisition Cost, excluding the LMK Acquisition Fee (which is payable in Units to the Manager), is S\$393.3 million, of which S\$348.3 million will be paid in cash and S\$45.0 million will be paid via the issuance of Consideration Units;

- (b) the Equity Fund Raising is in the form of a private placement and net proceeds of S\$106.6 million are raised in the Equity Fund Raising after taking into account the illustrative costs of the Equity Fund Raising of S\$3.4 million;
- (c) S\$98.3 million of the cash component of the LMK Acquisition Cost is funded by internal cash and working capital;
- (d) S\$140.0 million will be drawn down from a new S\$180.0 million four-year term loan facility¹ to part finance the cash component of the LMK Acquisition Cost and will be repaid on maturity of the loan;
- (e) upfront borrowing costs of S\$2.7 million are amortised over the term of the loan; and
- (f) \$45.0 million of the purchase consideration will be paid to PT AP or a party appointed by PT AP via the issuance of Consideration Units,

and taking into account the revenue that LMIR Trust would receive from the LMK Leases.

7.2 Financial Year ended 31 December 2013

Pro Forma DPU and Distribution Yield

The pro forma financial effects of the LMK Acquisition on the DPU and distribution yield for FY2013, as if LMIR Trust had purchased LMK, entered into the LMK Leases and completed the Equity Fund Raising on 1 January 2013, and held and operated LMK through to 31 December 2013, are as follows:

	FY2013	
	Before the LMK Acquisition ⁽¹⁾	After the LMK Acquisition
Distributable Income (S\$'000)	73,023	92,193
Units in issue and to be issued	2,453,307,080	2,766,302,726 ⁽²⁾
DPU (cents)	3.25	3.34
Distribution yield.	7.83% ⁽³⁾	8.05% ⁽³⁾

Notes:

- (1) Based on the FY2013 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee, (iii) new Units in payment of the performance fee as a result of additional Net Property Income after the LMK Acquisition and (iv) Consideration Units to PT AP or a party appointed by PT AP.
- (3) Based on the DPU divided by the Closing Price on 31 December 2013 of S\$0.415.

Pro Forma NAV per Unit

The pro forma financial effects of the LMK Acquisition on the NAV per Unit as at 31 December 2013, as if LMIR Trust had purchased LMK, entered into the LMK Leases and completed the Equity Fund Raising on 31 December 2013, are as follows:

¹ LMIR Trust received a committed letter of offer for a S\$180.0 million four-year term loan facility on 11 September 2014 from Standard Chartered Bank, CIMB Bank Bhd., and BNP Paribas.

	As at 31 December 2013	
	Before the LMK Acquisition⁽¹⁾	After the LMK Acquisition
NAV (S\$'000)	1,009,551	1,164,668
Units in issue and to be issued	2,453,307,080	2,855,347,212 ⁽²⁾
NAV per Unit (cents)	41.15	40.79

Notes:

- (1) Based on the FY2013 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee and (iii) Consideration Units to PT AP or a party appointed by PT AP.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 31 December 2013, as if LMIR Trust had purchased LMK, entered into the LMK Leases and completed the Equity Fund Raising on 31 December 2013.

	As at 31 December 2013	
	Actual⁽¹⁾	As adjusted for the LMK Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	–	–
Secured	147,500	147,500
Total short-term debt	147,500	147,500
Long-term debt:		
Unsecured	475,000	475,000
Secured	–	140,000
Total long-term debt	475,000	615,000
Total Debt	622,500	762,500
Unitholders funds	1,009,551	1,164,668
Total Capitalisation	1,632,051	1,927,168

Note:

- (1) Based on the FY2013 Audited Consolidated Financial Statements.

7.3 Six months ended 30 June 2014

Pro Forma DPU and Distribution Yield

The pro forma financial effects of the LMK Acquisition on the DPU and distribution yield for the six months ended 30 June 2014, as if LMIR Trust had purchased LMK, entered into the LMK Leases and completed the Equity Fund Raising on 1 January 2014, and held and operated LMK through to 30 June 2014, are as follows:

	As at 30 June 2014	
	Before the LMK Acquisition⁽¹⁾	After the LMK Acquisition
Distributable Income (S\$'000)	33,349	41,749
Units in issue and to be issued	2,459,571,726	2,863,085,809 ⁽²⁾
DPU (cents)	1.36	1.46
Distribution yield (annualised)	6.80% ⁽³⁾	7.30% ⁽³⁾

Notes:

- (1) Based on the 6M2014 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee, (iii) new Units in payment of the performance fee as a result of additional Net Property Income after the LMK Acquisition and (iv) Consideration Units to PT AP or a party appointed by PT AP.
- (3) Based on the DPU divided by the Closing Price on 30 June 2014 of S\$0.40.

Pro Forma NAV per Unit

The pro forma financial effects of the LMK Acquisition on the NAV per Unit as at 30 June 2014, as if LMIR Trust had purchased LMK, entered into the LMK Leases and completed the Equity Fund Raising on 30 June 2014, are as follows:

	As at 30 June 2014	
	Before the LMK Acquisition⁽¹⁾	After the LMK Acquisition
NAV (S\$'000)	1,015,594	1,170,723
Units in issue and to be issued	2,459,571,726	2,876,711,460 ⁽²⁾
NAV per Unit (cents)	41.29	40.70

Notes:

- (1) Based on the 6M2014 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee and (iii) Consideration Units to PT AP or a party appointed by PT AP.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of LMIR Trust as at 30 June 2014, as if LMIR Trust had purchased LMK, entered into the LMK Leases and completed the Equity Fund Raising on 30 June 2014.

	As at 30 June 2014	
	Actual ⁽¹⁾	As adjusted for the LMK Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	–	–
Secured	–	–
Total short-term debt	–	–
Long-term debt:		
Unsecured	475,000	475,000
Secured	–	140,000
Total long-term debt	475,000	615,000
Total Debt	475,000	615,000
Unitholders funds	1,015,594	1,170,723
Total Capitalisation	1,490,594	1,785,723

Note:

(1) Based on the 6M2014 Unaudited Financial Statements.

8. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

8.1 The LMK Acquisition and the LMK Leases

The Manager has appointed KPMG Corporate Finance Pte Ltd as the Independent Financial Adviser (the “**IFA**”) to advise the independent Directors of the Manager (being Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew) (collectively, the “**Independent Directors**”) and the Trustee as to whether the LMK Acquisition (including the LMK Leases) is (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and its minority Unitholders.

Having considered the factors and made the assumptions set out in the letter from the IFA to the Independent Directors and the Trustee containing its advice (the “**IFA Letter**”), and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, the IFA is of the opinion that the LMK Acquisition (including the LMK Leases) is on normal commercial terms and is not prejudicial to the interests of LMIR Trust and its minority Unitholders.

A copy of the IFA Letter, containing its advice in full, is set out in **APPENDIX C** of this Circular.

8.2 The Proposed Issuance of the Consideration Units

The Manager has appointed the IFA to advise the Independent Directors and the Trustee as to whether the proposed issuance of the Consideration Units is (a) on normal commercial terms and (b) prejudicial to the interests of LMIR Trust and its minority Unitholders.

Having considered the factors and made the assumptions set out in the IFA Letter, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, the IFA is of the opinion that the proposed issuance of the Consideration Units is based on normal commercial terms and not prejudicial to the interests of LMIR Trust and its minority Unitholders.

A copy of the IFA Letter, containing its advice in full, is set out in **APPENDIX C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

9. RECOMMENDATIONS

9.1 On the LMK Acquisition and the LMK Leases

The Independent Directors and the audit committee of the Manager, comprising Mr Lee Soo Hoon, Phillip, Mr Albert Saychuan Cheok and Mr Goh Tiam Lock (the “**Audit Committee**”) have considered the relevant factors, including:

- (i) the opinion of the IFA that the LMK Acquisition (including the LMK Leases) is on normal commercial terms and is not prejudicial to the interests of LMIR Trust and its minority Unitholders (the IFA’s opinion on the LMK Acquisition and the LMK Leases are set out in the IFA Letter in **APPENDIX C** of this Circular); and
- (ii) the rationale for the LMK Acquisition and the LMK Leases as set out in paragraph 2 above,

and believe that the LMK Acquisition and the LMK Leases (including the terms of the LMK Leases as a whole) are based on normal commercial terms and would not be prejudicial to the interests of LMIR Trust or its minority Unitholders.

Accordingly, the Independent Directors recommends that Unitholders vote at the EGM in favour of Resolution 1 (in relation to the LMK Acquisition and the LMK Leases).

9.2 On the Proposed Issuance of the Consideration Units

The Independent Directors and the Audit Committee have considered the relevant factors, including the opinion of the IFA (as set out in the IFA Letter in **APPENDIX C** of this Circular) and the rationale for the proposed issuance of the Consideration Units as set out in paragraph 2 above, and believe that the issue of the Consideration Units to PT AP (or a party appointed by PT AP) would be on normal commercial terms and would not be prejudicial to the interests of LMIR Trust or its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 2 (in relation to the proposed issuance of the Consideration Units).

9.3 On the Equity Fund Raising

The board of Directors has considered the relevant factors, including the rationale for the Equity Fund Raising as set out in paragraph 2 above, and recommend that Unitholders vote at the Extraordinary General Meeting in favour of Resolution 3 (in relation to the Equity Fund Raising).

Accordingly, the board of Directors recommends that Unitholders vote at the EGM in favour of Resolution 3 (in relation to the Equity Fund Raising).

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Raffles City Convention Centre, Canning Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 on 12 November 2014, Wednesday, at 10:30 a.m., for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages H-1 and H-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of Ordinary Resolution is required in respect of Resolution 1 (in relation to the LMK Acquisition and the LMK Leases), Resolution 2 (in relation to the proposed issuance of Consideration Units) and Resolution 3 (in relation to the Equity Fund Raising).

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 48 hours before the time fixed for the EGM.

Unitholders should note that Resolution 1 (the LMK Acquisition and the LMK Leases), Resolution 2 (the proposed issuance of the Consideration Units) and Resolution 3 (the Equity Fund Raising) are subject to and contingent upon each other. In the event that LMIR Trust fails to obtain Unitholders’ approval for any of Resolution 1 (the LMK Acquisition and the LMK Leases), Resolution 2 (the proposed issuance of the Consideration Units) and Resolution 3 (the Equity Fund Raising), LMIR Trust will not proceed with any of Resolution 1 (the LMK Acquisition and the LMK Leases), Resolution 2 (the proposed issuance of the Consideration Units) or Resolution 3 (the Equity Fund Raising).

11. ABSTENTIONS FROM VOTING

11.1 Relationship between the Sponsor, the Manager and LMIR Trust

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 27.9% in LMIR Trust and (ii) 100% in the Manager, and is therefore regarded as a “Controlling Unitholder” of LMIR Trust as well as a “Controlling Shareholder” of the Manager respectively.

11.2 Abstention from Voting

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested. The relevant associates of the Sponsor (other than the Manager) are Bridgewater International Ltd and PT Sentra Dwimandiri.

(i) The LMK Acquisition and the LMK Leases

Given that the LMK Acquisition and the LMK Leases constitutes Interested Person Transactions under Chapter 9 of the Listing Manual or Interested Party Transactions under paragraph 5 of the Property Funds Appendix, the Sponsor and the Manager

(i) will abstain, and will procure that their associates will abstain, from voting at the EGM on Resolution 1 (the LMK Acquisition and the LMK Leases) and (ii) will procure that their associates will not, accept appointments as proxies in relation to the resolution on the LMK Acquisition and the LMK Leases unless specific instructions as to voting are given.

(ii) **The Proposed Issuance of Consideration Units**

Given that the Consideration Units will be issued to PT AP or a party appointed by PT AP which is in turn a Controlling Shareholder of the Manager, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on Resolution 2 (the proposed issuance of the Consideration Units) and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution on the proposed issuance of the Consideration Units unless specific instructions as to voting are given.

12. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 10 November 2014, Monday, at 10:30 a.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of any of the resolutions must decline to accept appointments as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions. LMIR Trust and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

14. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the knowledge and belief of the Financial Adviser, the information about the Equity Fund Raising contained in paragraphs 6.1 and 6.3 of this Circular constitute full and true disclosure of all material facts about the Equity Fund Raising, and the Financial Adviser is not aware of any facts the omission of which would make any statement about the Equity Fund Raising in paragraphs 6.1 and 6.3 of this Circular misleading.

15. CONSENTS

Each of the IFA, the Independent Valuers and the Independent Indonesia Tax Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and respectively the IFA Letter, the Valuation Summary Reports, the Full Valuation Reports and the Indonesian Tax Considerations, and all references thereto, in the form and context in which they are included in this Circular.

16. 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 Circular up to and including the date falling three months after the date of this Circular¹:

- (i) the LMK CSPA (which contains the forms of the LMK Lease Agreements);
- (ii) the Deed of Indemnity;
- (iii) the Put Option Agreement;
- (iv) the full valuation report on LMK issued by Rengganis;
- (v) the full valuation report on LMK issued by W&R;
- (vi) the FY2013 Audited Consolidated Financial Statements;
- (vii) the 6M2014 Unaudited Financial Statements; and
- (viii) the IFA Letter from the IFA.

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.

Yours faithfully

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

Mr Alvin Cheng Yu Dong
Executive Director and Chief Executive Officer

¹ 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. 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 Circular 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.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage
10-Day Volume Weighted Average Price	:	The volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the relevant Business Day
6M2014 Unaudited Financial Statements	:	the unaudited financial statements of LMIR Trust and its subsidiaries for the six months ended 30 June 2014
AEI	:	Asset enhancement works
Aggregate Leverage	:	The total borrowings and deferred payments (if any) for assets of LMIR Trust
Audit Committee	:	The audit committee of the Manager, comprising Mr Lee Soo Hoon, Phillip, Mr Albert Saychuan Cheek and Mr Goh Tiam Lock
Avenue of the Stars	:	An area spanning part of the ground floor, upper ground floor, upper ground mezzanine level and the rooftop of LMK which comprises of F&B tenants
Avenue of the Stars Lease	:	The proposed lease of the Avenue of the Stars to PT VPI
Avenue of the Stars Lease Agreement	:	The lease agreement to be entered into between IndoCo and PT VPI in relation to the Avenue of the Stars Lease
BPHTB	:	Land and building acquisition tax (<i>Biaya Perolehan Hak Atas Tanah dan Bangunan</i>)
Business Day	:	Means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST (and, if the Units are listed on any other recognised stock exchange, that recognised stock exchange) is open for trading
Car Park Lease	:	The proposed lease of the car park space of LMK to PT MSM
Car Park Lease Agreement	:	The lease agreement to be entered into between IndoCo and PT MSM in relation to the Car Park Lease
Casual leasing space	:	The areas of LMK, including its atrium and some of the corridors, which are leased for trading or promotional activities

Casual Leasing Space Lease	:	The proposed lease of the casual leasing space of LMK to PT HIM
Casual Leasing Space Lease Agreement	:	The lease agreement to be entered into between IndoCo and PT HIM in relation to the Casual Leasing Space Lease
CBD	:	Central business district
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 22 October 2014
Closing Price	:	The closing price of S\$0.38 per Unit on the SGX-ST on the Latest Practicable Date
Consideration Units	:	New Units to be received by PT AP or a party appointed as satisfaction of S\$45.0 million of the LMK Purchase Consideration
Controlling Shareholder	:	A person who: <ul style="list-style-type: none"> (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
Controlling Unitholder	:	A person who: <ul style="list-style-type: none"> (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
Current Leases	:	The current leases in respect of the properties within the Existing Portfolio as at 30 June 2014
Decree	:	The decree of MOF Indonesia (No. 125/PMK.01/2008) on public appraisal services
Deed of Indemnity	:	The deed of indemnity to be entered into between the Trustee and PT WJP
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
EFR Units	:	Up to 301,369,000 new Units to be issued under the Equity Fund Raising

EGM	:	The extraordinary general meeting of Unitholders to be held at Raffles City Convention Centre, Canning Ballroom Level 4, 80 Bras Basah Road, Singapore 189560 on 12 November 2014, Wednesday at 10:30 a.m., to approve the matters set out in the Notice of Extraordinary General Meeting on pages H-1 and H-2 of this Circular
Enlarged Portfolio	:	Consists of LMK and the Existing Portfolio
Equity Fund Raising	:	The proposed issuance of up to 301,369,000 EFR Units to part finance the LMK Acquisition
Existing Interested Person Transactions	:	Interested person transactions with the Sponsor and associates of the Sponsor during the course of LMIR Trust's current financial year
Existing Portfolio	:	The portfolio of properties currently held by LMIR Trust, consisting of: its retail malls, Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall; and its retail spaces, Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units
F&B	:	Food and beverage
Financial Adviser	:	Standard Chartered Securities (Singapore) Pte. Limited
FY2013 Audited Consolidated Financial Statements	:	The audited financial statements of LMIR Trust and its subsidiaries for FY2013
GFA	:	Gross floor area
GR No. 4/1988	:	Government Regulation No. 4 of 1988 pertaining to the rules on Multi-Storeyed House (<i>Rumah Susun</i>)
HGB	:	<i>Hak Guna Bangunan</i> (Right to Build)
HMSRS or Strata Title Units	:	<i>Satuan Rumah Susun</i> (Strata Title Units)
HP	:	<i>Hak Pakai</i> (Right to Use title)
IFA	:	KPMG Corporate Finance Pte Ltd

IFA Letter	:	The letter from the IFA to the Independent Directors and the Trustee containing its advice as set out in Appendix C of this Circular
Illustrative Rupiah Exchange Rate	:	The illustrative rupiah exchange rate of S\$1.00 to Rp.9,332.96, being the implied rupiah exchange rate set out in the LMK CSPA and the New LMK CSPA
Independent Directors	:	The independent Directors of the Manager, being Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew
Independent Reporting Accountant	:	RSM Chio Lim LLP
Independent Singapore Tax Adviser	:	Ernst & Young Solutions LLP
Independent Indonesia Tax Adviser	:	PB Taxand
Independent Valuers	:	W&R and Rengganis
IndoCo	:	PT Kemang Mall Terpadu, an Indonesian limited liability company appointed by KMT1 to enter into the New LMK CSPA and which is wholly-owned by KMT1 and its wholly-owned subsidiary, KMT2. KMT1 and KMT2 respectively own 75.0% and 25.0% of the issued share capital of IndoCo
Interested Party	:	As defined in the Property Funds Appendix, means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund
Interested Party Transaction	:	Has the meaning ascribed to it in paragraph 5 of the Property Funds Appendix

Interested Person	:	As stated in the Listing Manual, in the case of a real estate investment trust, has the meaning defined in the Code on Collective Investment Schemes issued by the MAS. Therefore, interested person means:
		(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or
		(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund
Interested Person Transaction	:	Means a transaction between an entity at risk and an Interested Person
Jesselton	:	Jesselton Investment Ltd, a wholly-owned subsidiary of the Sponsor
KJI	:	Lippo Plaza Krama Jati (formerly known as 'Kramat Jati Indah Plaza')
KJPP	:	<i>Kantor Jasa Penilai Publik</i> , or Accredited Public Appraiser Firms
KMT1	:	KMT1 Holdings Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of LMIR Trust
KMT2	:	KMT2 Investment Pte Ltd, a company incorporated in Singapore and a wholly-owned subsidiary of LMIR Trust
KV Land Title	:	HGB title certificate ((SHGB No. 671 expiring on 2 July 2036) issued under the name of PT AP which LMK is constructed on, and which is in the process of being segregated into the Strata Title Certificates
Large tenant	:	A tenant who leases a total area of between 400 sq m and 2,000 sq m
Latest Practicable Date	:	17 October 2014, being the latest practicable date prior to the printing of this Circular
Law No. 20/2011	:	Law No. 20 of 2011 on <i>Rumah Susun</i> (Multi Storeyed House), being the law governing strata title buildings, including Strata Title Units, in Indonesia
Lease Novations	:	The novation of certain leases in relation to the Existing Portfolio from MPPA to MPC pursuant to novation deeds entered into on 6 May 2014 between the Trustee, MPPA and MPC
Listing Manual	:	The Listing Manual of the SGX-ST

LMIR Trust	:	Lippo Malls Indonesia Retail Trust
LMK	:	Lippo Mall Kemang, which is located at Jalan Kemang VI, RT.012/RW.05, Bangka Sub-District, Mampang Prapatan District, South Jakarta, Indonesia
LMK Acquisition	:	The proposed acquisition of LMK from PT AP
LMK Acquisition Cost	:	The aggregate of the LMK Purchase Consideration, the LMK Acquisition Fee, and the professional and other fees and expenses in connection with the LMK Acquisition
LMK Acquisition Fee	:	The acquisition fee in relation to the LMK Acquisition which is payable in Units to the Manager pursuant to Clause 15.2.1 of the Trust Deed
LMK Acquisition Fee Units	:	The Units which will be issued to the Manager as payment for the LMK Acquisition Fee
LMK CSPA	:	The conditional sale and purchase agreement dated 14 September 2014 entered into between KMT1 and PT AP for the LMK Acquisition
LMK Lease Agreements	:	The Carpark Lease Agreement, the Casual Leasing Space Lease Agreement and the Avenue of the Stars Lease Agreement
LMK Leases	:	The Carpark Lease, the Casual Leasing Space Lease and the Avenue of the Stars Lease
LMK Purchase Consideration	:	The purchase consideration of Rp.3,600.0 billion (S\$385.7 million) for the LMK Acquisition
LMK Sponsor Leased Areas	:	The areas within LMK which will be leased to the Sponsor Lessees, being the car park space of LMK, the casual leasing space of LMK and the Avenue of the Stars
Manager	:	LMIRT Management Ltd., in its capacity as manager of LMIR Trust
Market Day	:	Means any day on which the SGX-ST is open for trading in securities
MAS	:	Monetary Authority of Singapore
MOF Indonesia	:	Ministry of Finance of the Republic of Indonesia
MPC	:	PT Multipolar Tbk
MPPA	:	PT Matahari Putra Prima Tbk

National Land Office	:	The National Land Office of the Republic of Indonesia (Badan Pertanahan Nasional)
NAV	:	Net asset value
New LMK CSPA	:	The conditional sale and purchase agreement to be entered into between IndoCo and PT AP, on the same terms as the LMK CSPA
NLA	:	Net lettable area
NTA	:	Net tangible assets
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Peninsula	:	Peninsula Investment Limited, a wholly-owned subsidiary of Jesselton which is in turn a wholly-owned subsidiary of the Sponsor
PPPRS	:	<i>Perhimpunan Pemilik dan Penghuni Rumah Susun</i> or Association of Owners and Occupants
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts
PT AP	:	PT Almaron Perkasa, a limited liability company incorporated in Indonesia which is indirectly 92% owned by the Sponsor
PT GRS	:	PT Gelora Raya Semesta, a limited liability company incorporated in Indonesia which is a wholly-owned subsidiary of PT AP
PT HIM	:	PT Harapan Insan Mandiri, a limited liability company incorporated in Indonesia which is a wholly-owned subsidiary of the Sponsor
PT MSM	:	PT Multiguna Selaras Maju, a limited liability company incorporated in Indonesia which is a wholly-owned subsidiary of the Sponsor
PT VPI	:	PT Violet Pelangi Indah, a limited liability company incorporated in Indonesia which is a wholly-owned subsidiary of the Sponsor
PT WJP	:	PT Wisma Jatim Propertindo, a limited liability company incorporated in Indonesia which is a wholly-owned subsidiary of the Sponsor

Put Option	:	The put option granting the Trustee the irrevocable and unconditional right to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Trustee to purchase the entire shareholder's equity of IndoCo in the event that the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA, pursuant to the Put Option Agreement
Put Option Agreement	:	The put option agreement dated 14 September 2014 entered into between the Trustee, KMT1, KMT2, PT AP and PT WJP which grants the Put Option to the Trustee
Related Tenancy Agreements	:	The tenancy agreements with respect to LMK entered into by certain associates and subsidiaries of the Sponsor, as set out in Appendix G
Rengganis	:	KJPP Rengganis, Hamid & Rekan
Retail Malls	:	Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village and Binjai Supermall
Retail Spaces	:	Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units
Securities Act	:	U.S. Securities Act of 1933, as amended
SGX-ST	:	Singapore Exchange Securities Trading Limited
Sponsor	:	PT. Lippo Karawaci Tbk, the sponsor of LMIR Trust
Sponsor Lessees	:	PT MSM, PT HIM and PT VPI
sq m	:	Square metres
Strata Title Certificates	:	<i>Sertifikat Hak Milik Satuan Rumah Susun</i> or strata title certificates relating to LMK
Substantial Unitholder	:	A Unitholder with an interest in more than 5.0% of all Units in issue
Termination Agreement	:	The termination agreement to be entered into between KMT1 and PT AP to terminate the LMK CSPA upon execution of the New LMK CSPA

Transactions	:	The LMK Acquisition (including the LMK Leases and the novation of the remainder of the leases in relation to LMK from PT GRS to IndoCo), the proposed issuance of the Consideration Units and the Equity Fund Raising
Trust Deed	:	The trust deed dated 8 August 2007 constituting LMIR Trust, as supplemented by the first supplemental deed dated 18 October 2007 and the second supplemental deed dated 21 July 2010 entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of LMIR Trust
Underwriters	:	Any one or more underwriters which may be appointed by the Manager to underwrite the Equity Fund Raising
U.S.	:	United States
Unit	:	A unit representing an undivided interest in LMIR Trust
Unitholders	:	Unitholders of LMIR Trust
VAT	:	Value-added tax
W&R	:	KJPP Winarta & Rekan

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The exchange rates used in this Circular are for reference only. No representation is made that any Indonesian Rupiah amounts could have been or could be converted into Singapore dollar amounts at any of the exchange rates used in this Circular, at any other rate or at all.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

DETAILS OF LMK, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. LMK

1.1 DESCRIPTION OF LMK

LMK, a five storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia, commenced operations in 2012 and is a fashion and lifestyle mall with a GFA of 150,932 sq m, an NLA of 59,377 sq m, 2,326 car park lots and 1,311 motorcycle lots. LMK is part of the Kemang Village Integrated Development which consists of LMK, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club. As of 30 April 2014, LMK has 4 anchor tenants, 14 large tenants¹ and 182 specialty tenants, catering to consumers in Kemang and South Jakarta. The anchor tenants include Debenhams, Hypermart, Cinema XXI, and ACE hardware, while the large tenants include Fitness First, Best Denki, Timezone and Eatery Food Court.

LMK also serves as the podium of a proposed J.W. Marriot hotel (which is expected to be completed in 2016), Pelita Harapan school campus (completed in 2010), a planned hospital (which is expected to be completed in 2017) and three condominium towers, namely “The Infinity” (completed in 2011), “The Empire” (completed in 2011) and “The Intercon” (completed in 2013). Being part of the Kemang Village Integrated Development, LMK is expected to capture shoppers from the residential apartments, school, the planned hospital and hotel located in close proximity to the mall.

The table below sets out a summary of selected information on LMK as at 30 April 2014 (unless otherwise indicated).

Address/Location	Jalan Kemang VI, RT.012/RW.05, Bangka Sub-District, Mampang Prapatan District, South Jakarta, Indonesia
Master title details	SHGB No. 671 expiring on 2 July 2036
Description/Existing Use	Commercial
Parking Bays	2,326 car park lots and 1,311 motorcycle lots
Land Title	HGB title certificate (SHGB No. 671 expiring on 2 July 2036) issued under the name of PT AP which LMK is constructed on, and which is in the process of being segregated into the Strata Title Certificates
Date of completion of building	September 2012
Occupancy rate (as at 30 April 2014)	93.7% ⁽¹⁾
Average gross rent ⁽²⁾	Rp. 60.516 per sq m per month
Number of tenants (as at 30 April 2014)	200
GFA (sq m)	150,932
NLA (sq m)	59,377 as at 30 April 2014

1 A “large tenant” refers to a tenant who leases a total area of between 400 sq m and 2,000 sq m.

Encumbrances	Nil
Valuation by Rengganis as at 30 April 2014	Rp.3,630.8 billion (S\$389.0 million)
Valuation by W&R as at 30 April 2014	Rp.3,700.0 billion (S\$396.4 million)
Restriction in interest ⁽³⁾	Nil

Notes:

- (1) The occupancy rate of LMK as at 30 June 2014 is 92.8%.
- (2) This is computed by taking the average of the gross rent (excluding service charge) for 30 April 2014.
- (3) Restriction in interest is a limitation imposed by any state authority in Indonesia on the powers and rights of a registered proprietor to deal with the land including restriction on the right to transfer, charge and/or encumber the land and/or the building, subject to compliance with the requirements under the applicable Indonesian laws and regulations and with the requirements under the relevant licenses and documents to which the HGB holder is a party.

2. THE EXISTING PORTFOLIO

The Existing Portfolio of LMIR Trust as at 31 December 2013 comprises: Gajah Mada Plaza, Cibubur Junction, Plaza Semanggi, Mal Lippo Cikarang, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Sun Plaza, Pluit Village, Plaza Medan Fair, Tamini Square, Lippo Plaza Kramat Jati (formerly known as 'Kramat Jati Indah Plaza'), Palembang Square, Palembang Square Extension, Pejaten Village and Binjai Supermall (collectively, the "**Retail Malls**"), as well as Mall WTC Matahari Units, Metropolis Town Square Units, Depok Town Square Units, Java Supermall Units, Malang Town Square Units, Plaza Madiun and Grand Palladium Medan Units (collectively, the "**Retail Spaces**").

2.1 Summary

The table below sets out the lease expiry profile by NLA in the Existing Portfolio (as at 30 June 2014).

Lease Expiry Profile⁽¹⁾ by NLA as at 30 June 2014

	2014	2015	2016	2017	2018 and beyond
The Retail Malls	11.0%	16.9%	8.0%	8.3%	45.1%
The Retail Spaces	0%	0%	0%	100%	0%

Note:

- (1) The lease expiry profile is based on the percentage of actual running leases expiring per year out of the total leasable area which amounts to 706,491.6 sq m as at 30 June 2014.

2.2 Description of the Properties in the Existing Portfolio

2.2.1 RETAIL MALLS

(i) Gajah Mada Plaza

Gajah Mada Plaza, aggregating a total NLA of 36,447 sq m as at 30 June 2014, is a seven storey with one basement level shopping centre and parking lots comprising 885 car lots and 900 motorcycle lots. The mall is located prominently in the heart of Jakarta's Chinatown, an established and well-

known commercial area in the city. Situated along Jalan Gajah Mada, one of the main roads in Jakarta, Gajah Mada Plaza is positioned as a one-stop shopping, dining and entertainment destination for middle to upper income families as well as professional executives and students from the offices and schools within its vicinity.

The 204 tenancies in the mall provide a diverse and complementary tenant mix anchored by Hypermart. The mall's strong leisure and entertainment component, which includes a cinema, restaurants, family karaoke outlets, a discotheque, video game centres, a fitness centre and a swimming pool, all of which adds to the overall attractiveness of Gajah Mada Plaza.

Gajah Mada Plaza has 204 retail tenants, based on all current leases in respect of the properties within the Existing Portfolio as at 30 June 2014 ("**Current Leases**"). The tenant profile of the mall comprises a diverse set of tenants from a wide variety of industries. The mall is anchored by Hypermart, which occupies 15.3% of the mall's NLA as at 30 June 2014, respectively. The other prominent tenants J-Co Donuts, Kentucky Fried Chicken, Pizza Hut and Inul Vista Karaoke.

The mall has a good tenancy mix which caters to the daily needs of its customers. It is also well known for its specialty stores providing products and services such as pets, jewelry, information technology products, dining and entertainment.

Occupancy in this mall remained strong at 98.7% as at 30 June 2014 and the Matahari Department Store has positively benefited shopper traffic in the mall.

(ii) Mal Lippo Cikarang

Mal Lippo Cikarang, aggregating a total NLA of 30,254 sq m as at 30 June 2014, is a two-level retail mall with 507 parking lots located within the Lippo Cikarang estate. The estate is approximately 40 km east of Jakarta and is connected to Jakarta via the Jakarta-Cikampek toll road. Comprising industrial, commercial and residential components, the Lippo Cikarang estate is home to 25,000 residents and approximately 65,000 jobs.

Mal Lippo Cikarang is the main shopping centre in the estate and has limited competition within an approximately 10-km radius. The mall is anchored by Matahari Department Store and Hypermart, and complemented by a cinema, a bookshop, a video game centre, restaurants and dining outlets.

As at 30 June 2014, Mal Lippo Cikarang has 141 retail tenants based on Current Leases. The mall is anchored by Matahari Department Store, Hypermart, which collectively occupy 48.1% of the mall's NLA as at 30 June 2014, and is well complemented by a diverse set of specialty tenants from a wide variety of industries. The prominent specialty tenants include Timezone, Kentucky Fried Chicken, Wendy's Restaurant, Pizza Hut, The Executive, Dunkin Donuts and Johnny Andrean Salon.

The mall has achieved an occupancy rate of 99.9% as at 30 June 2014.

(iii) Cibubur Junction

Cibubur Junction, aggregating a total NLA of 34,538 sq m as at 30 June 2014, is a five storey retail mall with one basement level and partial roof top level with 636 parking lots and 500 motorcycle lots. The mall is located strategically in the middle of Cibubur which is one of the most affluent and upmarket residential areas in Jakarta. The mall is situated five km south of Jakarta's Jagorawi toll road and is easily accessible and visible from the main road.

Its anchor tenants, Hypermart and Matahari Department Store are well complemented by international and local specialty tenants which include restaurants, fashion labels, a cinema, bookstores, a video game centre and a fitness centre.

As at 30 June 2014, Cibubur Junction has 208 retail tenants based on Current Leases. The tenant profile of the mall comprises international brand names which target the middle to upper middle income residents within the trade area. These retailers include The Body Shop, Giordano, Polo Ralph Lauren, Charles & Keith, Guardian, Planet Surf, Starbucks Coffee and Pizza Hut.

The lower ground floor is anchored by Hypermart, which accounts for 25.5% of the NLA as at 30 June 2014. The ground floor predominantly comprises retailers selling branded fashion and accessories, and quality F&B retailers. The lower ground floor and the ground floor are also used for exhibition and temporary leasing.

The upper ground and first floor are anchored by the Matahari Department Store, which is expanding to the second floor. The expanded Matahari Department Store accounts for 16% of the NLA as at 30 June 2014. The upper ground and first floor comprise a mix of specialty retailers in trade sectors such as fashion, children's wear, accessories and beauty. A large Sports Warehouse store is on the first floor while Karisma Bookstore is on the upper ground.

The tenant mix on the second floor focuses on entertainment and lifestyle. This floor includes the expanded Matahari Department Store, Timezone, Fitness First and Studio 21 Cinema. There are also a large number of small tenancies such as electronics and handphoned retailers. The top level comprises Fitness First and Studio 21 Cinema (which has four screens).

An asset enhancement initiative ("AEI") was undertaken at the second level of Cibubur Junction in 2009. Reconfiguration was carried out to create 1,376 sq m of lettable space from the existing 1,035 sq m, thus offering a single corridor layout. The reconfiguration cost was Rp.1.8 billion but the annual rental was projected at Rp.1.6 billion.

The mall has achieved an occupancy rate of 98.6% as at 30 June 2014.

(iv) Plaza Semanggi

The Plaza Semanggi, aggregating a total NLA of 64,060 sq m as at 30 June 2014, is a modern shopping centre comprising seven storey and two basement levels shopping centre and 13 levels of office floors, with parking lots comprising 1,090 car lots and 800 motorcycle lots. The Plaza Semanggi is strategically located in the heart of Jakarta's central business district ("CBD") within the city's Golden Triangle at the Semanggi interchange, which is a

junction channelling north-south and east-west traffic across central Jakarta. The centre is situated among many commercial buildings and adjacent to Atmajaya University, one of Jakarta's most prominent universities.

Anchored by Centro Department Store and Giant Hypermarket, the 472 tenants provide all categories of shoppers with a diverse and comprehensive tenant mix. The Plaza Semanggi offers both destination and convenience shopping, and is supported by its central location, which is easily accessible by cars and public transport.

As at 30 June 2014, Plaza Semanggi had 472 retail tenants based on Current Leases. The mall is anchored by the only Centro Department Store located in Jakarta. This Centro Department Store occupies three levels, namely the upper ground floor, level one and level two, with Fitness First also occupying space across levels one and two.

The lower ground floor is occupied by Giant Hypermarket. The ground floor includes a significant number of retailers selling F&B, retail services, gifts, and health and beauty products.

The upper ground floor contains a number of international fashion retailers to complement the department store and to cater for middle to upper middle income visitors. High profile tenants on the upper ground level include Planet Surf, Giordano, and Adidas, Da Vinci jewellery, Starbucks, Bread Talk and a number of optical retailers.

The first floor mainly comprises fashion retailers selling accessories and shoes. The second level focuses on mobile phones, electronics and computers. The third level is dominated by household wares and furniture retailers. Duck King, a popular local restaurant, is also on the third level. Level 3A houses a traditional food court with small hawker style retailers and a restaurant precinct. The cinema complex is located on the fifth level.

An AEI was undertaken in 2009 to create 975 sq m of specialty space from space previously occupied by an anchor tenant who had downsized its tenancy area. The former rental rate was about Rp.76,000 per sq m per month and the new rents are Rp.184,000 per sq m per month. As at 30 June 2014, 89.0% of the space is occupied by tenants.

(v) Ekalokasari Plaza

Ekalokasari Plaza, aggregating a total NLA of 17,831 sq m as at 30 June 2014, is a six storey with three basement levels retail mall and has parking lots comprising 357 car lots and 283 motorcycle lots. The mall is located approximately two km south east of the Bogor City Centre on a major road, Jalan Siliwangi, and approximately 3.5 km south or five minutes' drive from the Bogor exit of the Jagorawi toll road which connects Jakarta to Bogor. Bogor is approximately 50 km south of Jakarta. Ekalokasari Plaza is positioned as the retail mall of convenience and choice for its population catchment and provides a comprehensive retail mix anchored by Matahari Department Store, Foodmart supermarket, two large bookstores and a concentration of fashion labels and outlets.

As at 30 June 2014, Ekalokasari Plaza has 49 retail tenants based on Current Leases. The tenant profile of the mall comprises a diverse set of tenants. There are 45 specialty stores to cater to family shoppers, with products and services ranging from fashion to music. The mall is anchored by Matahari Department Store and Hypermart supermarket which account for 63% of NLA. The anchor tenants, together with the Timezone amusement centre, occupy the lower ground to the second floor. The other prominent tenants include Breadtalk, Gramedia bookstore, J-Co Donut, Giordano, Botanical Food Court, Kentucky Fried Chicken and Popeye restaurant.

As at 30 June 2014, the occupancy rate of the mall was 99.2%.

(vi) Bandung Indah Plaza

BANDUNG Indah Plaza, aggregating a total NLA of 30,288 sq m as at 30 June 2014, is a four storey with three basement levels retail mall with parking lots comprising 653 car lots and 750 motorcycle lots. It is located strategically in the heart of the CBD of Bandung, the fourth most populous city in Indonesia. The retail mall is easily accessible from Jalan Merdeka, a major road which connects North Bandung to South Bandung, and is surrounded by commercial buildings and middle to upper income residential areas. It is also attached to Hyatt Regency Hotel, one of the leading five-star hotels in Bandung. Bandung Indah Plaza is anchored by Matahari Department Store, Hypermart, a bookstore, a cinema and supported by a list of international and local tenants.

As at 30 June 2014, Bandung Indah Plaza has 261 retail tenants based on Current Leases. The mall provides a one-stop shopping destination with a comprehensive tenant mix of everyday convenience retailers. The mall is well positioned to cater to the youth market, which has strong demand in central Bandung due to the student population from nearby universities.

The ground floor of the mall is anchored by Hypermart, which accounts for 14.9% of total NLA. This level also includes F&B outlets such as McDonald's and Starbucks, and fashion and accessories retailers such as Quicksilver and Giordano.

The first level of the mall is anchored by Matahari Department Store, which accounts for 19.2% of total NLA. Youth fashion retailers such as City Surf and Levis are also well represented. The second level of the mall is anchored by Matahari Department Store and Toko Gunung Agung bookstore. Lifestyle retailers include Extreme Store and MG Music. The third level of the mall comprises Studio 21 Cinema (which has six screens), Timezone and a new food court.

Rp.2.2 billion was invested during 2009 to convert the former Yogya Supermarket that occupied 1,600 sq m into specialty units. Rentals were raised from Rp.71,500 to Rp.162,000 per sq m per month after the space was reconfigured. The return on investment for this AEI was above 40% after accounting for loss of rental income during construction. All of the new space is fully occupied.

Another AEI was undertaken at the ex-management office space together with four specialty units that were converted into 794 sq m of lettable space and leased to a fitness centre operator in October 2009. The rental secured was Rp.80,000 per sq m per month for a term of three years. The annual rental income is Rp.585.0 million.

As at 30 June 2014, the average monthly rental rate of specialty stores was Rp.337,000 per sq m per month and the occupancy rate of the mall was 99.5%.

(vii) Istana Plaza

Istana Plaza, aggregating a total NLA of 26,859 sq m as at 30 June 2014, is a four storey with two basement levels retail mall with parking lots comprising 400 car lots and 500 motorcycle lots. It is located strategically in the heart of the CBD of Bandung, the fourth most populous city in Indonesia.

Situated at the junction between two busy roads of Jalan Pasir Kaliki and Jalan Pajajaran, it is easily accessible by car and public transport. Anchored by Hero Supermarket, the 227 tenancies in Istana Plaza provides a one-stop shopping experience for the middle to upper income residents within its population catchment. Istana Plaza's many popular international fashion labels have also helped to attract the young and trendy shopper base.

As at 30 June 2014, Istana Plaza has 206 retail tenants based on Current Leases. The tenant profile of the mall comprises a diverse set of tenants from a wide variety of industries. The mall is anchored by Matahari Department Store, which occupies 17.6% of the mall's total NLA. In addition, it is the only mall in its catchment area with a Nokia Professional Centre and a Hewlett-Packard Centre.

The old ice skating rink was removed to make way for 684 sq m of retail space. The existing food court was also extended to house more operators and seating capacity. The new rentals were Rp.276,000 per sq m per month compared to Rp.61,000 per sq m per month for the old ice skating rink.

As at 30 June 2014, the mall enjoys an occupancy rate of 98.8%.

(viii) Sun Plaza

Sun Plaza, aggregating a total NLA of 64,978 sq m as at 30 June 2014, is the biggest up-market shopping centre in Medan, the capital of North Sumatra Province and the third most populous city in Indonesia. The mall is located amidst Medan commercial district with prominent landmarks such as the governor's office, foreign embassies and major banks are located within the vicinity. Anchored by Sogo Department Store and Hypermart, it is also home to 356 exclusive tenants including international brands such as Breadtalk, Starbucks, Pizza Hut, Sushi Tei, Mango and Body Shop. Sun Plaza has a committed occupancy of 93.2% as at 30 June 2014. Sun Plaza provides all classes of shoppers in Medan with a one-stop shopping, dining and entertainment destination.

(ix) Pluit Village

Pluit Village, aggregating a total NLA of 87,268 sq m as at 30 June 2014, is a five-level retail mall located in North Jakarta with parking lots comprising 1,581 car lots and 1,860 motorcycle lots. It is located in close proximity and surrounded by affluent residential estates and apartments with a Chinese ethnic majority. As at 30 June 2014, there are 169 tenants in Pluit Village, including well known international and domestic retailers and brand names such as Matahari Department Store, Gramedia Bookstore, J.Co Donut, Body Shop, Best Denki and FJ Square. Completed in 1996, Pluit Village had undergone refurbishment works which was completed in September 2009.

As at 30 June 2014, the mall enjoys an occupancy rate of 87.9%.

(x) Plaza Medan Fair

Plaza Medan Fair is a four-level retail mall with one basement level located in Medan, North Sumatra, which is the third most populous city in Indonesia after Jakarta and Surabaya. As at 30 June 2014, Plaza Medan Fair has an NLA of 55,943 sq m, with parking lots comprising 959 car lots and 1,300 motorcycle lots and 414 tenants. Completed in 2004, Plaza Medan Fair's tenants include well known international and domestic retailers and brand names such as Carrefour, Matahari Department Store, Electronic City, Timezone and Karisma Bookstore. Plaza Medan Fair is strategically located in the shopping and business district of Medan, surrounded by residences and within walking distance to famous hotels in town.

As at 30 June 2014, the mall enjoys an occupancy rate of 99.0%.

(xi) Tamini Square

Tamini Square is a five-level strata titled retail mall with one basement level and one roof level located in the city of Jakarta, Indonesia, bearing the postal address Jalan Raya Taman Mini Pintu 1 No. 15, Pinang Ranti Sub District, Makasar District, East Jakarta Region, DKI Jakarta Province).

The retail mall is located within close proximity to one of Jakarta's popular tourist destinations Taman Mini Indonesia Indah, which is a culture-based recreational attraction in east Jakarta and draws large shopping and dining traffic daily.

LMIR Trust has acquired 37 strata title units (Hak Milik Atas Satuan Rumah Susun) in Tamini Square aggregating a total NLA of 17,475 sq m (representing 44% of the total NLA of Tamini Square). The units are currently fully occupied by anchor tenants such as Carrefour, Pizza Hut and other well-known specialty tenants in the F&B sector. As at 30 June 2014, the occupancy rate was 100.0%.

The strata title units are built on a plot of land with a HGB title with an expiry date of 28 April 2025.

(xii) Lippo Plaza Kramat Jati (formerly known as ‘Kramat Jati Indah Plaza’)

Lippo Plaza Krama Jati (formerly known as ‘Kramat Jati Indah Plaza’) (“KJI”), aggregating a total NLA of 32,383 sq m as at 30 June 2014, is a five-level (including one basement level) retail mall located in the city of Jakarta, Indonesia, bearing the postal address Jalan Raya Bogor Km 19, Kramat Jati Sub District, Kramat Jati District, East Jakarta Region, DKI Jakarta Province. KJI is a favourite destination for shopping and dining for the local population in East Jakarta. As at 30 June 2014, the occupancy rate was 86.5%.

KJI is situated 2.5 km south of Jakarta’s Jagorawi toll road and is easily accessible from the main road. Hence, the mall has good accessibility to passing traffic. KJI’s notable developments in the close vicinity includes Taman Mini Indonesia Indah which is a culture-based recreational area in East Jakarta and Halim Perdanakusuma Airport.

Completed in 1996, KJI had undergone refurbishment works in 2004 and 2012.

(xiii) Palembang Square

Palembang Square is a four-level retail mall located in Palembang, South Sumatra, Indonesia, bearing the postal address Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province.

Palembang Square is part of a mixed-use development consisting of a hotel, a proposed hospital and Palembang Square Extension and has an NLA (after the completion of a refurbishment and repositioning exercise) of 31,597 sq m as at 30 June 2014. It has an occupancy rate of 97.7% as at 30 June 2014.

Its anchor tenants is well complemented by international and local specialty tenants which include restaurants, fashion labels, a cinema, bookstores, a video game centre and home furnishing store.

The mall is currently undergoing an expansion and renovation program which is expected to increase its NLA by more than 30%. The new expanded area will house a cinema and is also intended to include a karaoke and a game centre.

(xiv) Palembang Square Extension

Palembang Square Extension is a two-level retail mall (including one underground level) with a bridge, and with a parking area with 250 car lots and 800 motorcycles lots.

The mall is located in Palembang, South Sumatra, Indonesia, bearing the postal address Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province. Palembang Square Extension is part of a mixed-use development consisting of a hotel, a proposed hospital and an existing mall with an NLA of 17,392 sq m and an occupancy rate of 99.7% as at 30 June 2014. Palembang Square Extension is directly connected to Palembang Square and the proposed hospital via a bridge.

The underlying BOT Land, on which Palembang Square Extension is constructed, is represented by Right to Use (Hak Pakai) No. 419/Lorok Pakjo, registered under the name of Government of South Sumatera Province (which

currently is in the process of being converted into Right to Manage). The BOT Grantor is currently in the process of applying for the Right to Manage (Hak Pengelolaan) in relation to an additional area of 7,055 sq m.

(xv) Pejaten Village

Pejaten Village is a six-level retail mall (including one basement level) built in 2009, with a GFA of 91,749 sq m and NLA of about 41,857 sq m and an occupancy rate of 98.9% as at June 2014. The retail mall is located within a strategic area in the heart of South Jakarta and bears the postal address of Jalan Warung Jati Barat No. 39, Jati Padang Sub District, Pasar Minggu District, South Jakarta Region, DKI Jakarta Province, Indonesia.

Pejaten Village is surrounded by commercial developments such as medium-rise office buildings, shop houses and hotels. This location is within proximity to the Kemang area, which is a popular residential area for the expatriates in Jakarta.

Anchored by Matahari Department Store and Hypermart, the 144 tenants provide shoppers with a diverse and comprehensive tenant mix. Pejaten Village offers both destination and convenience shopping, and is supported by its central location, which is easily accessible by cars and public transport. The specialty tenants of Pejaten Village include well known international and domestic retailers and brand names such as J.CO Donuts & Coffee, Fitness First, Body Shop, Domino's Pizza and many others.

(xvi) Binjai Supermall

Built in 2007, Binjai Supermall is the first and only modern retail mall in Binjai City. Binjai Supermall is a three-level retail mall, and is currently undergoing an expansion and renovation program which is expected to increase its NLA by more than 25% by end 2012. As at 30 June 2014, it has an aggregate NLA of 23,253 sq m and an occupancy rate of 85.6%.

Binjai Supermall is prominently located along the main road which connects the Binjai and Medan city, and bears the postal address Jalan Soekarno Hatta No. 14, Timbang langkat Sub District, East Binjai District, Binjai City, North Sumatra, Indonesia. The retail mall is positioned as a lifestyle mall for the middle to upper middle income segments of the retail market. Binjai Supermall targets a wide range of customers, including families, business professionals as well as teenagers.

The tenants of Binjai Supermall include well known domestic and International retailers and brand names such as Matahari Department Store, Gramedia, Hypermart, Texas Chicken and Dunkin Donuts.

2.2.2 RETAIL SPACES

(i) Mall WTC Matahari Units

Mall WTC Matahari is located along Jalan Serpong Raya, Serpong within administrative area of Tangerang regency, Banten province. It is situated approximately 18 km west of Jakarta's CBD.

Tangerang is renowned as an industrial and manufacturing city in the Greater Jakarta area, being home to seven industrial estates with a total area of over 1,700 hectares. Due to its proximity to Jakarta, Tangerang benefits from the urban expansion of Jakarta and is home to commuters who work in Jakarta. In recent years, residential estates and satellite cities with their facilities have been developed in Tangerang.

Mall WTC Matahari is strategically located along the main road connecting the BSD residential estate, the largest residential estate in Greater Jakarta. It has proposed development area of 6,000 hectares with currently 1,500 hectares developed and occupied by over 15,000 households. In recent years, BSD City has experienced rapid growth in terms of the number of housing units and retail shop houses which have been built. This has also successfully enhanced Mall WTC Matahari's target market segment from middle to middle-upper and upper class.

The Mall WTC Matahari Units comprise four strata units on part of the ground floor, upper ground floor, mezzanine and second floor of the building, aggregating a total NLA of 11,184 sq m as at 30 June 2014, representing 25.4% of the total NLA of Mall WTC Matahari as at 30 June 2014. The Mall WTC Matahari Units are currently utilised as a department store, hypermarket and entertainment and game centre.

(ii) Depok Town Square Units

Depok is located in the West Java province, situated between southern Jakarta and the northern side of Bogor regency. The city is located approximately 16 km south of Jakarta's CBD. Depok is renowned as the city of students, being home to four large universities (University of Indonesia, Gunadarma University, Tugu Polytechnic and Jakarta Polytechnic).

Depok's population is estimated at 1.8 million in 2010 and has shown strong population growth, averaging 5% per annum since 2003. In line with city population growth, the commercial area of Depok has been growing rapidly for the last few years, as evidenced by a number of modern shopping centre developments and commercial buildings built along the main road of Depok, Jalan Margonda Raya.

Depok Town Square is located on Jalan Margonda Raya, adjacent to the south eastern side of University of Indonesia, a prominent university in Indonesia. The centre has direct access to Pondok Cina Railway Station at its rear entrance, and therefore connects the station to Jalan Margonda Raya.

The Depok Town Square Units comprise four strata units on part of the lower ground floor, first floor and second floor of the building, aggregating a total NLA of 13,045 sq m and representing 32.9% of the total NLA of Depok Town Square as of 30 June 2014. The Depok Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

(iii) Java Supermall Units

Semarang is the capital city of the Central Java province and the fifth largest city in terms of population in Indonesia. With its location along the northern coast of Java, Semarang is an important trading port for the region. Semarang

had a population of 1.3 million in 2000 and is estimated to have grown annually at 2.6% per annum, registering a total increase of approximately 1.5 million over the last seven years.

Java Supermall is located within the vicinity of a middle to upper class residential area which is easily accessible from most areas in Semarang. The Java Supermall Units comprise four strata units on the semi-basement, first floor and second floor of the building, aggregating a total NLA of 11,082 sq m, representing 48.3% of the total NLA of Java Supermall as of 30 June 2014. The Java Supermall Units are currently utilised as a department store and supermarket.

(iv) Malang Town Square Units

Malang is the second largest city in the East Java province with a population of approximately 0.8 million and a regency population of approximately 2.4 million.

The region is a popular tourist destination due to its natural attractions (for example, Mount Bromo, one of Java's largest volcanoes), cool climate and colonial history. Malang also has a large student population, being home to five universities (Brawijaya, State, Muhammadiyah, Widya Gama and Merdeka Universities).

Malang Town Square, in which Malang Town Square Units are located, is a mall conceptualised as an international lifestyle mall as well as the biggest and most comprehensive mall in Malang. The centre has easy access to public transportation and is surrounded by exclusive residential communities and several universities which have more than 50,000 students.

The Malang Town Square Units comprise three strata units on part of the ground floor, upper ground floor, first floor and second floor of the building, aggregating a total NLA of 11,065 sq m, representing 48.3% of the total NLA of Malang Town Square as of 30 June 2014. The Malang Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

(v) Plaza Madiun

The city of Madiun, with a total population of 0.2 million (based on a 2005 census), is the capital city of Madiun regency in the East Java province. The Madiun regency has a total land area of 1,011 sq km and its population exceeds 0.6 million (based on a 2001 census).

Madiun has benefited from its position which connects major cities in Central and East Java. It is the home of Indonesia's first and largest train manufacturer and is a major sugar producer in Java. The industrial sector and trade, hotel and restaurant businesses are key revenue generators for the city, having contributed around 27.0% and 20.0%, respectively, to Madiun's GRDP (based on economic statistics in 2004).

Plaza Madiun is located along Jalan Pahlawan, a major road of the city which is also the primary thoroughfare in the city of Madiun. The street is positioned in the centre of the commercial and administrative zone, at the crossroad of three existing sub-districts of Madiun. Most of the prominent buildings in

Madiun are included in this precinct, including the City Hall, Merdeka Hotel, Tentara Hospital and Pasaraya Shopping Centre. Jalan Pahlawan is accessible from Jalan Sudirman, another major thoroughfare in the city.

Plaza Madiun enjoys high pedestrian traffic from Jalan Pahlawan and is in close proximity to various forms of public transportation options.

Plaza Madiun, aggregating a total NLA of 19,029 sq m as at 30 June 2014, is situated on two HGB titles, comprises the basement, first floor, second floor and third floor and are currently occupied by a supermarket and a department store.

(vi) Grand Palladium Medan Units

Medan, the provincial capital of the North Sumatra, is the largest city in Sumatra and the third most populous city in Indonesia after Jakarta and Surabaya. It is a cosmopolitan city with a population of over 2.0 million.

Medan is a growing commercial centre in the region, mainly with agriculture and industry businesses. The city was transformed from a tobacco plantation village in the 19th century to a major government and commercial centre at present.

In terms of economic activity, Medan relies on its natural resources as well as processing industries. Over the years, Medan has been a supplier of vegetable oil, seafood, crafts and various agricultural products to a number of Asian and European countries.

Grand Palladium Medan is conveniently located within the MedanCBD and is only 2.5 km from the Polonia International Airport. The mall is located in the centre of Medan, hence drawing shoppers from all around the city. It is surrounded by government and business offices and the town hall, and therefore benefits from regular crowds of government and business visitors. The mall will potentially witness greater visitor traffic from the proposed office and hotel developments in the vicinity.

The Grand Palladium Medan Units comprise four strata units in part of the basement, lower ground floor, upper ground floor, first floor and third floor of the building, aggregating a total NLA of 13,417 sq m, representing 54.9% of the total NLA of Grand Palladium Medan as at 30 June 2014. The Grand Palladium Medan Units are currently utilised as a department store, hypermarket and entertainment and games centre.

The table below sets out selected information about the Existing Portfolio as at 30 June 2014.

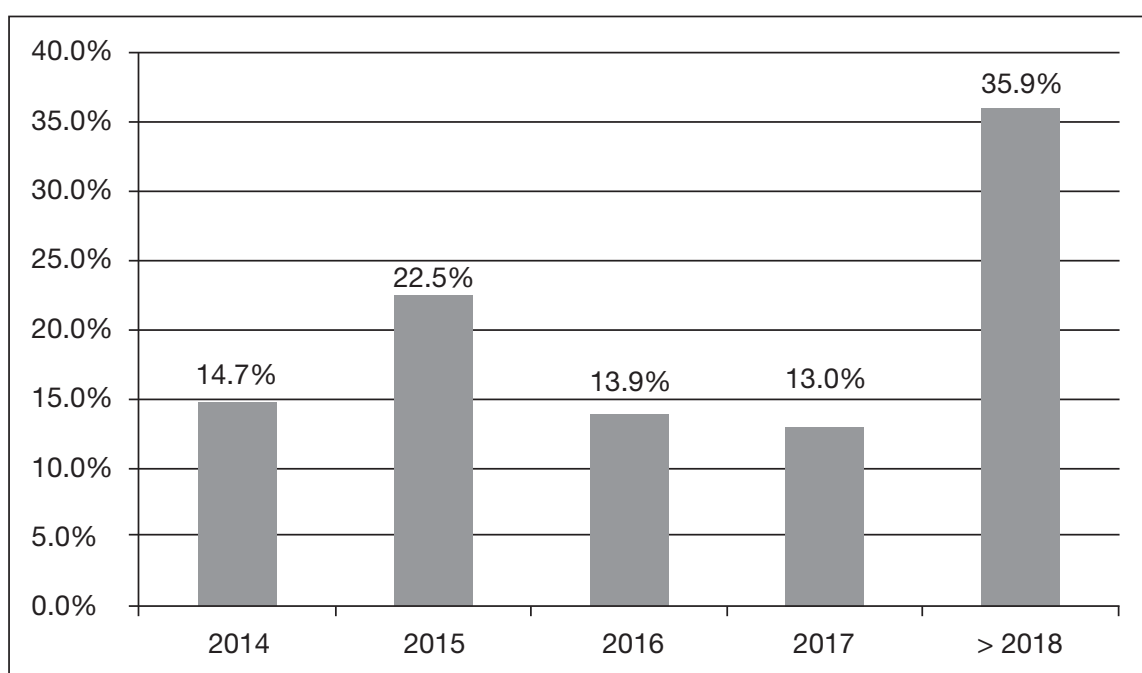
Property	Bandung Indah Plaza	Cibubur Junction	Ekalokasari Plaza	Gajah Mada Plaza	Istana Plaza	Mal Lippo Cikarang	Plaza Semanggi	Sun Plaza	Pluit Village	Medan Fair
GFA (sq m) ⁽¹⁾	55,196	50,257	39,895	66,160	37,434	37,419	91,232	100,000	134,576	99,345
NLA (sq m) ⁽¹⁾	30,288	34,538	17,831	36,447	26,859	30,254	64,060	64,978	87,268	55,943
No of tenants ⁽¹⁾	261	208	49	204	206	141	472	356	169	414
Valuation (S\$m) ⁽²⁾	86.9	53.2	40.6	78.2	77.6	54.7	144.8	168.3	146.5	114.9
Occupancy ⁽¹⁾	99.5%	98.6%	99.2%	98.7%	98.8%	99.9%	89.0%	93.2%	87.9%	99.0%

Notes:

- (1) The GFA, NLA, No of tenants and Occupancy are as at 30 June 2014.
- (2) The information on the Valuations is as at 30 April 2014.

2.3 Lease Expiry for the Existing Portfolio

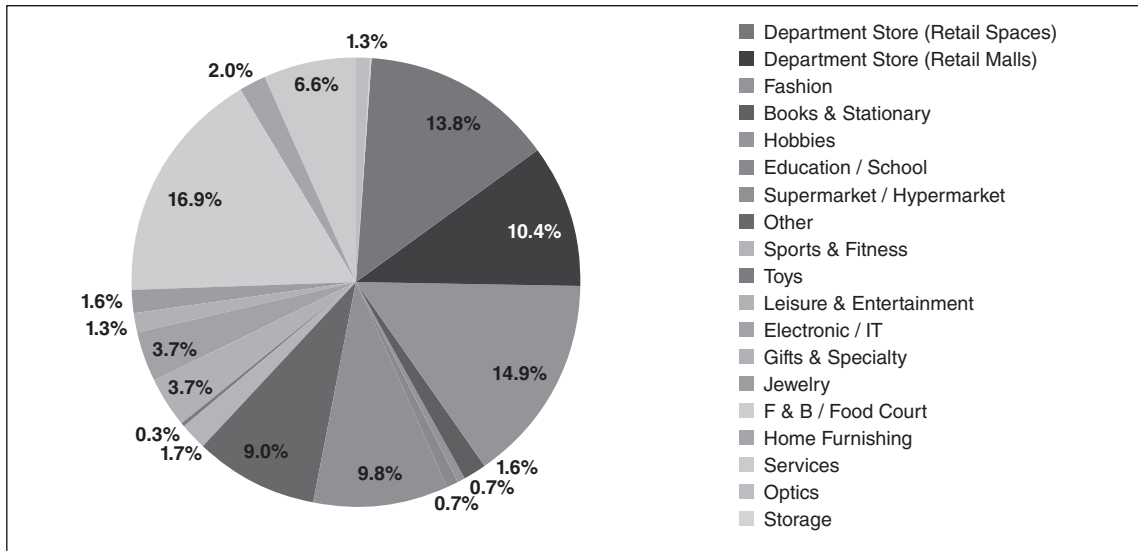
The graph below illustrates the lease expiry profile of the Existing Portfolio as a percentage of rental income for the month of June 2014.



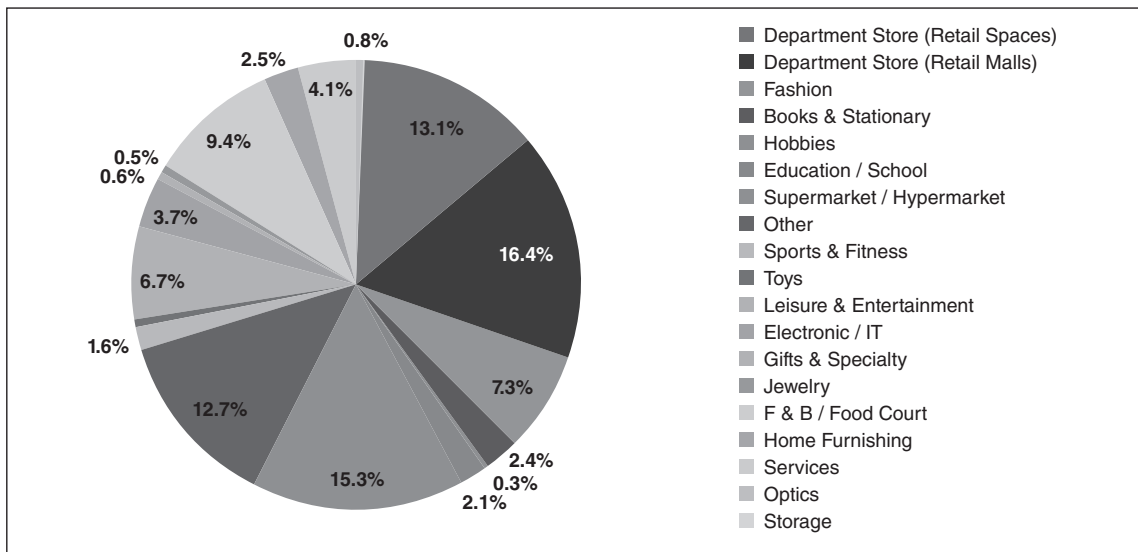
2.4 Major Usage Mix for the Existing Portfolio

The graphs below provide a breakdown of the major usage mix represented in the Existing Portfolio by rental income for the month of June 2014 and NLA as at 30 June 2014.

Major Usage Mix (by rental income for the month of June 2014)



Major Usage Mix (by NLA as at 30 June 2014)



2.5 Top Ten Tenants of the Existing Portfolio

The table below sets out selected information about the top ten tenants of the Existing Portfolio by rental income (excluding retail turnover rent) for the month of June 2014.

Top ten tenants of the Existing Portfolio		
No	(by rental income for the month of June 2014)	%
1	Matahari Department Store	10.5
2	Hypermart	8.1
3	Carrefour	3.5
4	Ace Hardware	0.6
5	Fitness First	0.6
6	Gramedia	0.6
7	Solaria	0.6
8	Electronic Solution	0.6
9	Centro	0.6
10	Giant Supermarket	0.5

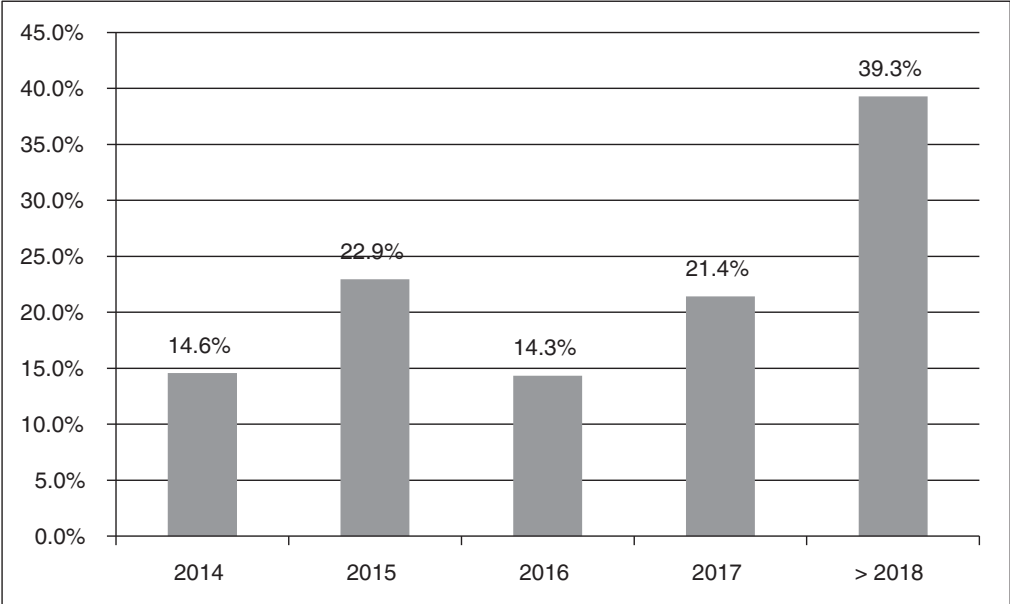
The table below sets out selected information about the top ten tenants of the Existing Portfolio by NLA as at 30 June 2014.

Top ten tenants of the Existing Portfolio		
No	(by NLA as at 30 June 2014)	%
1	Matahari Department Store	14.0
2	Hypermart	10.8
3	Carrefour	2.3
4	SOGO Dept Store	2.0
5	21 Cineplex	1.5
6	Giant Supermarket	1.3
7	Millenium	1.1
8	Centro	1.1
9	Gramedia	1.0
10	Electronic Solution	0.8

3. ENLARGED PORTFOLIO

3.1 Lease Expiry Profile for the Enlarged Portfolio

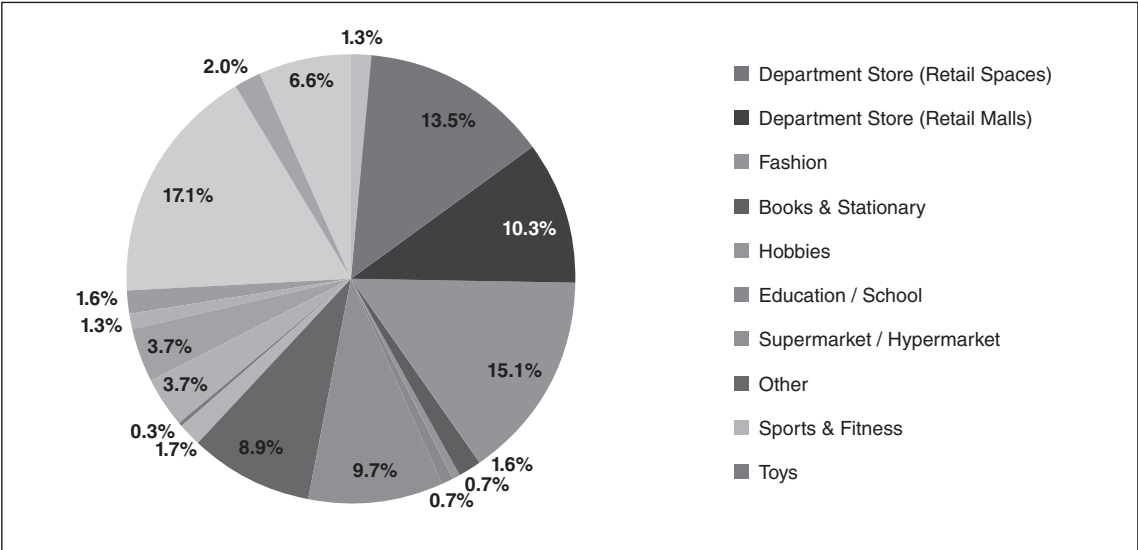
The graph below illustrates the lease expiry profile of the Enlarged Portfolio as a percentage of rental income for the month of June 2014.



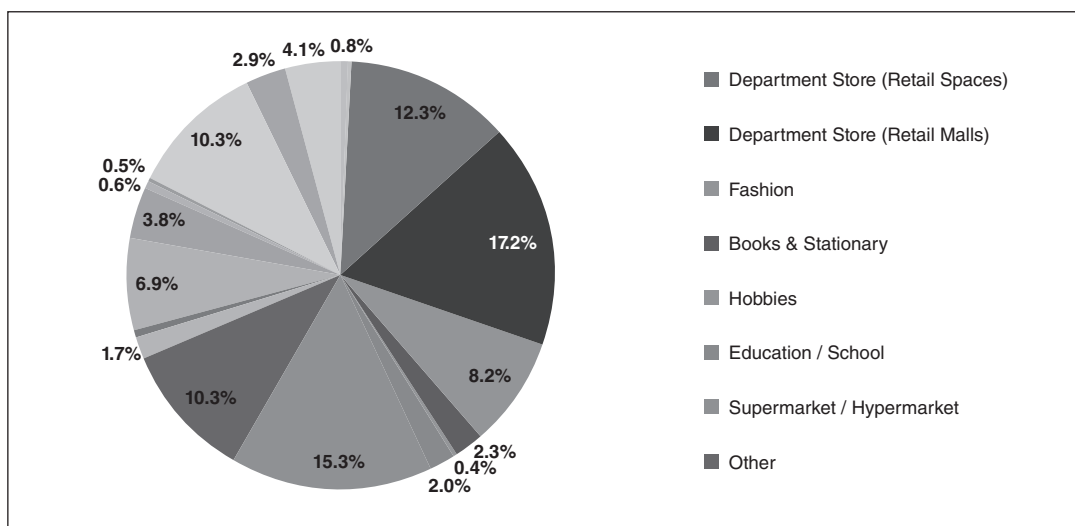
3.2 Major Usage Mix for the Enlarged Portfolio

The graphs below provide a breakdown of the major usage mix represented in the existing portfolio by rental income for the month of June 2014 and NLA as at 30 June 2014.

Usage Mix (by rental income for the month of June 2014)



Usage Mix (by NLA as at 30 June 2014)



3.3 Top Ten Tenants of the Enlarged Portfolio

The table below sets out selected information about the top ten tenants of the Enlarged Portfolio by rental income (excluding retail turnover rent) for the month of June 2014 and NLA as at 30 June 2014.

Top ten tenants of the Enlarged Portfolio		
No	(by rental income for the month of June 2014)	%
1	Matahari Department Store	9.5
2	Hypermart	7.8
3	Carrefour	3.1
4	Ace Hardware	0.8
5	Fitness First	0.7
6	Gramedia	0.6
7	Solaria	0.6
8	Electronic Solution	0.6
9	Centro	0.5
10	Giant Supermarket	0.5

Top ten tenants of the Enlarged Portfolio		
No	(by NLA as at 30 June 2014)	%
1	Matahari Department Store	12.9
2	Hypermart	10.8
3	Carrefour	2.1
4	SOGO Dept Store	1.9
5	21 Cineplex	1.8
6	Giant Supermarket	1.2
7	Millenium	1.0
8	Centro	1.0
9	Gramedia	0.9
10	Electronic Solution	0.8

VALUATION SUMMARY REPORTS

Winarta & Rekan

Kantor Jasa Penilai Publik

VALUATION CERTIFICATE OF

**LIPPO MALL KEMANG SHOPPING CENTRE
WITHIN KEMANG VILLAGE COMPOUND
JALAN KEMANG VI
SOUTH JAKARTA, INDONESIA**

prepared for
**HSBC Institutional Trust Services (Singapore) Ltd
&
LMIRT Management Ltd**

prepared by

**Kantor Jasa Penilai Publik
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Ref. 124/KJPP-S/IX/2014
16 September 2014

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Lippo Malls Indonesia Retail Trust)
21 Collyer Quay
#10-02, HSBC Building
Singapore 049320
Attn.: SVP REITS

LMIRT Management Ltd
50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321
Attn.: Mr. Alvin Cheng, CEO

**RE: VALUATION OF LIPPO MALL KEMANG SHOPPING CENTRE,
WITHIN KEMANG VILLAGE COMPOUND, JALAN KEMANG VI,
SOUTH JAKARTA, INDONESIA**

Dear Sirs,

We refer to your instructions dated 30 April 2014, to advise on the Market Value the above captioned property for possible acquisition purposes and in this regard, we are pleased to confirm that we have completed our inspection and investigations, and submit the attached report for your consideration.

Kantor Jasa Penilai Publik (KJPP) Winarta & Rekan is a public valuation firm which was formed on November 2009. The firm was transformed from PT. Artanila Permai, the sister company of Jones Lang Lasalle. The change was due to the government rule of Ministry of Finance of Republic of Indonesia No.125/PMK.01/2008 regarding the public valuation services.

We confirm that we have made relevant searches and enquiries, and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property.

The subject property under valuation is known as Lippo Mall Kemang. The shopping centre building comprises a 5-storey upper structure, a 3-level mezzanine floor, and a 2-level basement. The retail area occupies the upper structure, mezzanine, and 1 level basement. The building is part of Kemang Village compound, comprising a shopping centre, condominium towers, university and a proposed hotel. Kemang Village compound is located on Jalan Kemang VI, Subdistrict of Bangka, District of Mampang Prapatan, South Jakarta, Indonesia.

The property is held under a 'Hak Guna Bangunan' (Right-to-Build) common land certificate with a total land area of 46,378 square metres and registered under the name of PT. Almaron Perkasa.

We have considered the following in the preparation of our valuation report: -

1. The valuation exercise has been undertaken for possible acquisition purposes.
2. The date of our site inspection is 5 May 2014.
3. The date of the Valuation is as at 30 April 2014, with an exchange rate of US\$1.00 = Rp.11,532.- (middle rate of Bank Indonesia).
4. The values are expressed in Indonesian Rupiahs.

BASIS OF VALUATION

The valuation is prepared in accordance with the Indonesian Valuation Standards (*Standar Penilaian Indonesia-SPI* and *Kode Etik Penilai Indonesia-KEPI*) and reference be made to the International Valuation Standards (IVS).

We have valued the property at its Market Value and Replacement Cost New. The Market Value is defined by the International Valuation Standard (IVS) and the Indonesian Valuation Standards (Standar Penilaian Indonesia) as "the estimated amount for which an asset of a liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". While Replacement Cost New is defined as "An estimated cost to reproduce/ replace of an equivalent asset with the asset as the object of valuation based on local market prices on the date of valuation."

Our valuation has been made on the assumption that the owner sells the property on the market without the benefit of a deferred terms of contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase the value of such properties.

No allowance has been made in our valuation for any charges, mortgages or amount owing on the property nor for any expenses or taxation, which may be incurred in effecting a sale.

VALUATION METHODOLOGY

The valuation techniques adopted depend on the type and nature of the properties under valuation. We have adopted the Income Approach for the valuation of the property which we consider as the most appropriate in formulating our opinion of value. Details of the method applied are described in Section 9.00 Basis and Method of Valuation.

QUALIFICATIONS & ASSUMPTIONS

A list of the major assumptions made in the preparation of this valuation and the limiting conditions under which this opinion is given is detailed in this report. It is a condition of the use of this valuation that the recipient of the report accepts these statements.

VALUATION

Date of Valuation: 30 April 2014

**Market Value : Rp.3,700,000,000,000.-
(RUPIAHS THREE TRILLION AND SEVEN HUNDRED BILLION ONLY)**

The exchange rate as at the date of valuation is based on US\$1.- = Rp.11,532.- (middle rate of Bank Indonesia).

We have adopted the following assumptions in arriving at our opinion of the above value:

- (i) the property is free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (ii) the total land area of the whole of Kemang Village compound is 46,378 square metres;
- (iii) the total gross floor area is about 150,932 square metres and rentable floor area is about 57,777 square metres supplemented with 1,600 square metres casual leasing;
- (iv) the subject site is held under proper and valid land certificate ('Hak Guna Bangunan');
- (v) the building is covered with proper Building Permit ('IMB') and valid Building Occupancy Permit ('Kelayakan Menggunakan Bangunan');
- (vi) the subject property is professionally and efficiently managed by professional building managers;
- (vii) that part of the prepaid rentals, if any, will be recoverable from the owner by the purchaser, and it will be apportioned fairly and equitably;
- (viii) the service charges collected will cover the operating cost of Lippo Mall Kemang shopping centre;
- (ix) that there are no significant changes between the date of the site inspection and the date of valuation;
- (x) all information and data provided by the Client are correct and accurate; and
- (xi) the property can be sold in the open market without the benefit of a deferred contract, leaseback, joint venture, management arrangement which could serve to increase the value of the property.

We hereby certify that we have neither direct nor indirect interest on the value reported herein, and our fees with respect to this valuation is strictly not a function of the size of the value reported herein.

Finally, in accordance with our normal practice we confirm that this report is confidential to the party to whom it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third party, and neither the whole of the report nor any part or reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Yours faithfully,

For and on behalf of
Kantor Jasa Penilai Publik (KJPP)
Winarta & Rekan



Iwan Winarta, MAPPI (Cert.)
Managing Partner
License No.P-1.09.00188
MAPPI No. 96-S-0869

June 2014

VALUATION CERTIFICATE

Property	Description	Market Value As of 30 April 2014
<p>Property Name</p> <p>Lippo Mall Kemang Shopping Centre within Kemang Village Compound, on Jalan Kemang VI, South Jakarta, Indonesia</p> <p>Location</p> <p>The Kemang Village compound is situated off Jalan Pangeran Antasari, accessible via Jalan Kemang Village from the Kemang Village Marketing Gallery on Jalan Pangeran Antasari, and from Jalan Kemang Raya via Jalan Kemang 6 and Jalan Taman Kemang.</p> <p>Kemang Village compound is situated:</p> <ul style="list-style-type: none"> - about 700 metres southeast of the intersection of Jalan Pangeran Antasari, Jalan Prapanca Raya, Jalan Prapanca 1 and Jalan Kemang Raya. - about 2 kilometres southeast of "Blok M" commercial area, about 3.5 kilometres north of Jalan TB. Simatupang, and - about 4.5 kilometres south of Semanggi Cloverleaf interchange in Jakarta Central Business District. 	<p>Site Detail and Tenure</p> <p>The entire Kemang Village compound is irregular, elongated in shape with a total land area of about 46,378 square metres. It has a north-south axis of about 320 metres and east-west axis of about 100 metres. The terrain is generally flat, slightly above the fronting roads. The Lippo Mall Kemang shopping centre is situated on the southern portion of the main site.</p> <p>The entire Kemang Village compound is held under Hak Guna Bangunan No.671 /Bangka. Based on 'Surat Ukur'/Measurement Letter, the land area is 46,378 square metres.</p> <p>The land certificate is registered under the name of PT. Almaron Perkasa.</p> <p>For the purpose of this valuation, we have assumed that a separate land certificate for Lippo Kemang Shopping Centre will be issued.</p> <p>Bulding Description</p> <p>Lippo Kemang Village Shopping Centre is a 5-storey upper structure, a 3-level mezzanine floor, and a 2-storey basement retail mall.</p> <p>It has a gross floor area of about 150,932 square metres, and a rentable area of about 57,777 square metres and casual leasing area of about 1,600 square metres.</p>	<p>Rp. 3,700,000,000,000.- (RUPIAHS THREE TRILLION AND SEVEN HUNDRED BILLION ONLY)</p>



To **HSBC Institutional Trust Services (Singapore) Limited**
(as Trustee of Lippo Malls Indonesia Retail Trust)
21 Collyer Quay
#10 – 02 HSBC Building
Singapore 049320

Our Ref. : RHR00C1P04140550
Date : 4 September 2014
No. Report : RHR00R1P091400791

LMIRT Management Ltd
50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

VALUATION CERTIFICATE

Valuation of
Financial Interest in Lippo Mall Kemang
Jalan Kemang VI, Bangka Sub District,
Mampang Prapatan District, South Jakarta Region, DKI Jakarta Province,
Indonesia

Dear Sir/Madam,

Following instruction of HSBC Institutional Trust Services (Singapore) Ltd ("**HSBC**") as Trustee of Lippo Malls Indonesia Retail Trust (**LMIRT** the "**Client**") under contract No. RHR00C1P04140550 dated 1 April 2014 and addendum No. RHR00C1P04140551 dated 3 September 2014 to advise on the Market Value of Financial Interest in Lippo Mall Kemang located at Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta Region, DKI Jakarta Province, Indonesia; we hereby declare that we have completed our inspection and analysis, and submit the attached valuation certificate for your consideration.

1. Introduction

This assignment has been carried out by KJPP Rengganis, Hamid & Partners - KJPP RHP an independent valuation firm registered in Indonesian Appraisers Society (Masyarakat Profesi Penilai Indonesia). KJPP-RHP is provided with a business permit from the Ministry of Finance and registered in OJK "Otoritas Jasa Keuangan" previously Bapepam-LK (Securities Exchange Commission "SEC"). Partners of KJPP-RHP have been registered in the Ministry of Finance and OJK.



KJPP-RHP has established a strategic alliance with **CBRE**, the world's premier, full service real estate services company listed in New York Stock Exchange.

2. Client and Intended User

The Client and the intended user are HSBC Institutional Trust Services (Singapore) Limited and LMIRT Management Ltd.

3. Purpose of Valuation

The purpose of this valuation is to form an opinion of Market Value of Financial Interest in Lippo Mall Kemang for potential acquisition.

4. The Subject Property

The subject property is Financial Interest in Lippo Mall Kemang that is located at Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta Region, DKI Jakarta Province, Indonesia.

5. Ownership Right and Type

The subject property is part of a mixed-use development erected on land held under Right to Build Certificate (Hak Guna Bangunan) of Lippo Mall Kemang which is registered under the name of PT Almaron Perkasa. It is assumed that the subject property will be provided with strata title certificate.

6. Basis of Valuation

The basis of valuation is Market Value. The Indonesian Valuation Standard (Standar Penilaian Indonesia) 2013 defines Market Value as follows :

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". (SPI 101.3.1)

Market Value refers and reflects the actual value regardless of any tax liability or costs associated with these sales transactions. The property is valued based on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Financial Interest

"Financial Interest in property legally is derived from the division of ownership in the business entities and real property (e.g. alliance/partnership, syndicate, BOT, lease/co-Tenancies, joint venture), and granting contractual option rights to buy or sell property (for example land and buildings, shares or other financial instruments) at a stated price within a specific period, or derived from the establishment of investment instruments that are secured by a bunch of real estate assets."(KPUP – Property Type 5.1)



7. Date of Valuation

The valuation date is 30 April 2014.

8. Currency

We understand that market of the property is transacted in Rupiah currency; therefore, we have valued the property in Rupiah currency. We advise that the use of currency other than stated in this report is not applicable. However, for your information only, the exchange rate at the date of valuation is USD 1 = Rp 11,532/- (middle rate).

9. Depth of Investigation

The valuation is conducted with limitation of investigation as follow:

- a. The investigation is carried out through the process of data collection by doing the inspection, calculation, and analysis;
- b. We have done the investigation, calculation and analysis and assumed there is no hidden information or deliberately hidden information.

10. Reliable Information Data

The relevant information without verification could be used as long as data is sourced from result publication on domestic and international. The source data is used as follows:

- Central Bank of Republic Indonesia;
- Indonesia Stock Exchange or other country;
- Statistics Indonesia;
- Electronic information.

11. Term of Approval Publication

The valuation report and / or the attached references are only intended for the Client and Intended User as stated in this scope of work. The use of this report beyond the scope of work must be approved by KJPP RHR and the Client.

12. Assumption and Special Assumption

- 1) The subject property will be covered by strata title certificate and is assumed to be good marketable title and free and clear from all liens and encumbrances, easements, restriction, or limitation.
- 2) We have not investigated the title or any liabilities affecting the property appraised. No consideration was made for any outstanding amount owed financing agreements, if any.
- 3) We have received 3 (three) lease agreements between PT Gelora Raya Semesta (as owner) and third parties which cover parking, casual leasing and Avenue of the Stars. In this valuation, we assumed that the third parties will fulfill their liabilities. We stated that should these proved to be different; the accuracy of this valuation is definitely affected.
- 4) We also have been informed by the Client, that the deficit in operational will be covered by PT Gelora Raya Semesta (as owner), therefore we have not taken this operational deficit in our valuation.



- 5) We understand that some areas categorized as additional space which have not been completed yet and we have not taken into account any cost to complete.
- 6) We noted that some additional space areas are located in apartments. We have assumed that those areas are part of Lippo Mall Kemang.
- 7) We also understand that the outdoor casual leasing areas (525 sqm) will be covered by glass roof and in this valuation we have not taken into account the pertaining cost.
- 8) We also have received tenancy schedule and lease agreements of tenants, and we assumed that the term and condition in the agreement is true and accurate.
- 9) The value stated in this report is restricted to the purpose of this valuation and cannot be used for other valuation purposes, which can be mistakenly quoted.
- 10) The terms, conditions, comments and details are as stated in the report.

13. Valuation Approach

In this valuation, we have adopted income approach with discounted cash flow method.

14. Confirmation on Indonesia Valuation Standard

The Valuer's analysis, opinions, and conclusions, together with the report have been prepared in conformity with the Indonesian Valuation Standards and Valuer Ethic Codes (SPI 2013).

Jakarta, 4 September 2014

Yours faithfully,

KJPP Rengganis, Hamid & Partners

  **KJPP Rengganis, Hamid & Rekan**

Ir. Rengganis Kartomo, MSc, MAPPI (Cert.)

Managing Partner

Licensed Valuer No. PB-1.08.00006

MAPPI No. 95-S-0632

VALUATION CERTIFICATE

General Description of Property	Property Identification	Market Value as of 30 April 2014
<p><u>Property Brief</u></p> <p>The subject property is financial interest in a retail mall known as Lippo Mall Kemang which has a total net lettable area of about ± 57,777 square meters (excluding casual leasing area of about 1,600 square meters). Lippo Mall Kemang is part of an integrated mixed-use development known as in Kemang Village phase 1 consisting of mall, 7 (seven) tower of apartments, hotel and school.</p> <p><u>Location</u></p> <p>Lippo Mall Kemang is located at Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta Region, DKI Jakarta Province, Indonesia.</p> <p>It is located on the east side of Jalan Pangeran Antasari or within radius of:</p> <ul style="list-style-type: none"> • about 350 meters to the west of Jalan Kemang Raya; • about 3.2 kilometers to the south of Jakarta CBD; • about 9.5 kilometers to the south of Monumen Nasional (Monas); • about 22 kilometers to the southeast of Soekarno Hatta International Airport. 	<p><u>Site Details and Tenure</u></p> <p>The site of Lippo Mall Kemang is almost rectangular in shape with an area of about 46,378 square meters. The site is generally flat and higher than the fronting road.</p> <p>The subject property is covered with 1 (one) Right to Build Certificate (Sertipikat Hak Guna Bangunan – “SHGB”) No.671 registered under the name of PT Almaron Perkasa. It was issued on 30 July 2012 and will be expired on 2 July 2036. The land area is 46,378 square meter as stated in Situation Drawing No. 00164/Bangka/2012 dated 23 July 2012.</p> <p><u>Town Planning</u></p> <p>Based on information from Town Planning Office of DKI Jakarta, we understand that the subject property is located in an area currently zoned for mixed use with the following development parameters:</p> <p>Site coverage (KDB) : 35 % Plot ratio (KLB) : 3.73 Height limitation : 24-storey</p> <p>The building is covered by Building Permit No.835/IMB/2011 dated 27 January 2011 and registered under the name of PT Almaron Perkasa covering apartment, hotel, mall and facility buildings with total gross building area of about 148,540 square meters which consists of 46-storey.</p> <p><u>Building Description</u></p> <p>Lippo Mall Kemang is a 5-storey building with 1-level mezzanine and 2-storey basement retail mall with gross building area of about 150,932 (including parking space of about 65,469 square meters) and net leasable area of about 57,777 square meters (excluding casual leasing area of about 1,600 square meters).</p> <p>Lippo Mall Kemang completed its construction and opened in 2012.</p> <p>The occupancy of Lippo Mall Kemang per 30 April 2014 reached 93.41%</p>	<p>Rp3,630,797,000,000/-</p> <p>(THREE TRILLION SIX HUNDRED THIRTY BILLION SEVEN HUNDRED NINETY SEVEN MILLION RUPIAHS)</p>

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INDEPENDENT FINANCIAL ADVISER'S LETTER

The Independent Directors
 LMIRT Management Ltd
 (manager of Lippo Malls Indonesia Retail Trust)
 50 Collyer Quay, #06-07 OUE Bayfront
 Singapore 049321

HSBC Institutional Trust Services (Singapore) Limited
 (trustee of Lippo Malls Indonesia Retail Trust)
 21 Collyer Quay, #10-02 HSBC Building
 Singapore 049320

22 October 2014

Dear Sirs

INDEPENDENT FINANCIAL ADVICE IN RESPECT OF:

- **THE PROPOSED ACQUISITION AND LEASES IN RESPECT OF LIPPO MALL KEMANG**
- **THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF LIPPO MALL KEMANG**

For the purposes of this letter, capitalised terms not otherwise defined herein shall have the same meaning given as in the circular to the unitholders of Lippo Malls Indonesia Retail Trust (the "Unitholders") ("LMIR Trust") dated 22 October 2014 (the "Circular")

1 INTRODUCTION

1.1 Overview

On 15 September 2014 (the "**Announcement Date**"), LMIRT Management Ltd in its capacity as manager of LMIR Trust (the "**Manager**") announced that LMIR Trust, through KMT1 Holdings Pte. Ltd. ("**KMT1**"), a company incorporated in Singapore and a wholly-owned subsidiary of LMIR Trust had entered into a conditional sale and purchase agreement (the "**LMK CSPA**") to acquire Lippo Mall Kemang ("**LMK**") from PT Almaron Perkasa ("**PT AP**") (the "**LMK Acquisition**"). Incidental to this, upon completion of the LMK Acquisition, IndoCo will enter into the LMK Lease Agreements (as defined herein) with the Sponsor Lessees in relation to the LMK Leases, and obtain a novation of the remainder of the leases in relation to LMK.

LMK is a five storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia. LMK commenced operations in 2012 and is a fashion and lifestyle mall with a gross floor area ("**GFA**") of 150,932 square metres ("**sq m**"), an NLA of 59,377 sq m, 2,326 car park lots and 1,311 motorcycle lots. LMK is part of the Kemang Village Integrated Development which consists of LMK, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club. As at 30 April 2014, LMK has 4 anchor tenants, 14 large tenants and 182 specialty tenants, catering to consumers in Kemang and South Jakarta. The anchor tenants include Debenhams, Hypermart, Cinema XXI, and ACE hardware, while the large tenants include Fitness First, Best Denki, Timezone and Eatery Food Court.

LMK also serves as the podium of a proposed J.W. Marriot hotel, Pelita Harapan school campus, a planned hospital and three condominium towers. Being part of the Kemang Village Integrated Development, LMK is expected to capture shoppers from the residential apartments, school, the planned hospital and hotel located in close proximity to the mall.

The following additional information in relation to the LMK Acquisition is relevant:

- LMK is to be acquired for a purchase consideration of Rp.3,600 billion (S\$385.7 million) (the “**LMK Purchase Consideration**”) from PT AP, which directly wholly-owns LMK and is a corporation which is indirectly 92% owned by the Sponsor.

Under the LMK CSPA, PT AP will receive Rp.3,180 billion (S\$340.7 million) of the LMK Purchase Consideration in cash, with the remaining Rp.420.0 billion (S\$45.0 million) of the LMK Purchase Consideration to be satisfied by way of Consideration Units. The issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the LMK Acquisition, in accordance with the provisions of the Trust Deed. The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

- In relation to the LMK Acquisition, PT GRS is the current master lessor of LMK. Prior to the completion of the LMK Acquisition, PT GRS will terminate the existing leases over the car park space of LMK, the casual leasing space of LMK and the part of LMK designated as the “Avenue of the Stars” with the Sponsor Lessees, and upon completion of the LMK Acquisition, IndoCo will enter into:

- (a) a car park lease agreement with PT MSM (as the lessee of the car park space of LMK) (“**Carpark Lease Agreement**”);
- (b) a casual leasing space lease agreement with PT HIM (as the lessee of the casual leasing space of LMK) (“**Casual Leasing Space Lease Agreement**”); and
- (c) the lease agreement for the part of LMK designated as “Avenue of the Stars” with PT VPI (as the lessee of the Avenue of the Stars of LMK) (“**Avenue of the Stars Lease Agreement**”),

(collectively, the “**LMK Lease Agreements**”).

The LMK Leases will be granted to the Sponsor Lessees for a lease term of 36 months, commencing from the date of completion of the LMK CSPA, with an option by IndoCo to extend the lease term for a period of up to 24 months.

- LMK is constructed on the KV Land title. The KV Land Title is in the process of being segregated and is pending issuance of separate Strata Title Certificates. Upon the issuance of the Strata Title Certificates under the name of PT AP, PT AP and IndoCo shall execute a deed of sale and purchase before a land deed officer and following the execution of this deed, the name recorded in the Strata Title Certificates relating to LMK will be changed to IndoCo.

As LMIR Trust will be acquiring LMK before the Strata Title Certificates relating to LMK are issued, the Trustee, KMT1, KMT2, PT AP and PT WJP have entered into the Put Option Agreement which provides that if the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA, the Trustee will have the irrevocable and unconditional right under the Put Option to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Manager and the Trustee to purchase the entire shareholder’s equity of IndoCo.

1.2 Independent Financial Adviser

KPMG Corporate Finance Pte Ltd (“**KPMG Corporate Finance**”) has been appointed as the independent financial adviser (“**IFA**”) to advise the Independent Directors of the Manager and the Trustee as to whether:

- the LMK Acquisition (including the LMK Leases) is: (a) on normal commercial terms; and (b) prejudicial to the interests of LMIR Trust and the minority Unitholders; and
- the issuance of the Consideration Units is: (a) on normal commercial terms; and (b) prejudicial to the interests of LMIR Trust and the minority Unitholders.

(The “**Opinions**”).

2 TERMS OF REFERENCE

Our responsibility is to provide the Opinions in respect of the LMK Acquisition (including the LMK Leases) and the issuance of the Consideration Units.

Our Opinions are delivered for the use and benefit of the addressees of this letter (as appropriate) (the “**Addressees**”) for their deliberations on the LMK Acquisition (including the LMK Leases) and the issuance of the Consideration Units, before arriving at a decision on the merits or demerits thereof, and in making any recommendations. We were not involved in any aspect of the negotiations pertaining to the LMK Acquisition (including the LMK Leases) and the issuance of the Consideration Units, nor were we involved in the deliberations leading up to the decisions of and recommendations by the Addressees (as appropriate) to proceed with these. The decisions of and recommendations made by the Addressees (as appropriate) shall remain their sole responsibility.

We have not conducted a comprehensive review of the business, operations or financial condition of LMIR Trust. Our terms of reference also do not require us to evaluate or comment on the merits and/or risk, whether strategic, commercial, financial or otherwise, of the LMK Acquisition (including the LMK Leases) or the issuance of the Consideration Units, or on the future prospects of LMIR Trust and as such, we do not express opinions thereon. Such evaluations or comments remain the sole responsibility of the Addressees (as appropriate).

It is also not within our terms of reference to compare the relative merits of the LMK Acquisition (including the LMK Leases) or the issuance of the Consideration Units to any alternative transactions previously considered by, or that may have been available to, LMIR Trust or any alternative transactions that may be available in the future. Such evaluations or comments remain the sole responsibility of the Addressees (as appropriate), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In addition, we have not made any independent evaluation or appraisal of the existing or proposed assets or liabilities (including without limitation, real property) of LMIR Trust.

In formulating our Opinions, we have held discussions with the directors of the Manager (the “**Directors**”) and its management team. We have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided by the Manager and its professional advisers, which may include solicitors, auditors, tax advisers and valuers. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of and do not accept any responsibility for the

accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us. We have nevertheless made reasonable enquiries and used our judgment in assessing and the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have relied upon the representation of the Directors (including those who may have delegated detailed supervision of the Circular, the LMK Acquisition (including the LMK Leases and the issuance of the Consideration Units) that they have taken all reasonable care to ensure that all information and facts stated in the Circular are fair and accurate in all material respects and all material information and facts have been disclosed to us, and that no material information and facts have been omitted, the omission of which would render any statement in the Circular, information and facts disclosed to us or our Opinions in this letter to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted responsibility in the “Directors’ Responsibility Statement” of the Circular. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information and facts.

Our Opinions are based upon market, economic, industry, monetary and other conditions (where applicable) in effect on the latest practicable date prior to the printing of the Circular, being 17 October 2014 (the “**Latest Practicable Date**”). Such conditions and information can change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our Opinions in the light of any subsequent changes or developments after the Latest Practicable Date even if it may affect our Opinions contained herein.

In rendering our Opinions, we did not have regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Unitholder. As different Unitholders would have different investment objectives and profiles, we would advise the Addressees (as appropriate) to recommend that any Unitholder who may require specific advice in relation to his investment portfolio(s) should consult his or their stockbroker, bank manager, accountant or other professional advisers.

The Addressees (as appropriate) have been separately advised by their own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not and will not provide any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

Our Opinions should be considered in the context of the entirety of this letter and the Circular.

3 DETAILS CONCERNING THE LMK ACQUISITION AND THE LMK LEASES

Detailed information in relation to LMK Acquisition (including the LMK Leases) is contained in section 3 of the Circular.

4 DETAILS CONCERNING THE ISSUANCE OF THE CONSIDERATION UNITS

Detailed information in relation to the issuance of the Consideration Units is contained in section 4 of the Circular.

5 EVALUATION OF THE LMK ACQUISITION AND THE LMK LEASES

In arriving at our opinion in relation to the LMK Acquisition (including the LMK Leases), we have taken into account the following key factors:

5.1 Rationale for the LMK Acquisition/LMK Leases

The Manager has provided its rationale for the Transactions, incorporating the LMK Acquisition/LMK Leases, the following rationale extracted from section 2 of the Circular:

Strategic Acquisition of a Prominent Retail Mall within an Integrated Development with Sustainable Retail Traffic

LMK is located within the Kemang Village Integrated Development in South Jakarta, Indonesia, in close proximity to several residential apartments, a hotel, a wedding chapel, a school and a country club. In particular, LMK also serves as the podium of the proposed J.W. Marriot Hotel, Pelita Harapan school campus, a planned hospital and three condominium towers. Given its strategic location, LMK is expected to benefit from shoppers who require convenience as well as upper-middle fashion and lifestyle products, thereby ensuring sustainable retail traffic for LMK.

As at 30 June 2014, the occupancy rate of LMK is 92.8%. The high occupancy rate is a reflection of the strong demand for retail space in Jakarta and within the integrated development, where LMK is located. Being the only retail mall located in the integrated development, there will be limited competition to LMK in close vicinity.

Further, LMK is strategically located in South Jakarta, giving the mall access to the integrated development community as well as the dense population located in Jakarta city. Positioned as an “Everyday Mall” which provides necessities (eg. supermarkets and family shopping) to the middle and upper-middle income population in the densely populated city of Jakarta, LMK is in line with LMIR Trust’s targeted market segment comprising Indonesia’s expanding and prospering urban middle class segment.

Opportunity to Increase the Size and Enhance the Earnings of LMIR Trust

Based on the pro forma financial statements for the year ended 31 December 2013, the Net Property Income contribution from LMK was S\$33.6 million, which represents, on a historical pro forma basis, a 23% increase in LMIR Trust’s Net Property Income for the year ended 31 December 2013. Upon the completion of the acquisition, the size of LMIR Trust’s portfolio is estimated to increase by approximately 27%, from S\$1,418.1 million (as at 30 June 2014) to S\$1,798.1 million.

Increased Economies of Scale in Operations, Marketing and Financing

The LMK Acquisition will enable LMIR Trust to enlarge its presence in the retail mall sector in Indonesia and to benefit from increased economies of scale as the Manager and the property manager(s) of the Enlarged Portfolio may be able to spread certain operating costs (e.g. staff and administrative costs) over a larger portfolio, and can potentially obtain cost savings due to its greater bargaining power with suppliers and service providers.

The LMK Acquisition is also expected to deliver economies of scale and benefit the marketing and leasing activities of LMIR Trust by expanding and deepening LMIR Trust’s portfolio of key tenant relationships with tenants of LMK who are currently not tenants of

LMIR Trust's malls. In addition, given that the LMK Acquisition will enlarge LMIR Trust's asset value and capital base, LMIR Trust can also expect to benefit from increased economies of scale in obtaining debt and equity financing.

Diversification of Assets within LMIR Trust's Portfolio to Minimise Concentration Risk

The LMK Acquisition will allow LMIR Trust to diversify its portfolio geographically across Indonesia as well as improve the diversification of its tenant base, thereby reducing tenant and asset concentration risks within LMIR Trust's Enlarged Portfolio. The Manager believes that further income diversification potentially results in greater resilience and stability of income for LMIR Trust, thus benefiting its Unitholders.

5.2 Financial assessment of the LMK Acquisition/LMK Leases

In evaluating the reasonableness of the LMK Acquisition (including the LMK Leases), we have considered the following factors which have a bearing on our assessment:

Basis for arriving at the LMK Purchase Consideration

The LMK Purchase Consideration of Rp.3,600 billion (S\$385.7 million) was arrived at on a willing-buyer and willing-seller basis after taking into account the valuations of LMK by KJPP Winarta & Rekan ("W&R") and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. ("Rengganis") (the "Independent Valuers").

The Independent Valuers were appointed for the purpose of determining the market value of LMK as at 30 April 2014, with the following determinations made:

Property	Appraised Value					
	By Rengganis as at 30 April 2014		By W&R as at 30 April 2014		LMK Purchase Consideration	
	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)
LMK	3,630.8	389.0	3,700.0	396.4	3,600.0	385.7

Summarised versions of the valuation reports (the "Valuation Reports") are contained in Appendix B of the Circular.

Our observations in relation to the Valuation Reports are as follows:

- The Valuation Reports were undertaken in accordance with the Indonesian Valuation Standards (Standard Penilaian Indonesia/SPI) 2013.
- The Valuation Reports assess the market value as at 30 April 2014 for LMK, which is close to the date of the LMK CSPA, as well as the intended settlement date of the LMK Acquisition (including the LMK Leases). The market value, as defined in the respective Valuation Reports is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the transacting parties have each acted knowledgeably, prudently and without compulsion.
- In arriving at appraisals of market value, and on the basis that LMK is an income producing property, both Independent Valuers adopted the income valuation method, utilising a discounted cash flow analysis, with projections made over a ten year investment horizon.

In determining a capitalised value, both Independent Valuers capitalised the eleventh year of net property income using a single capitalization rate to arrive at the terminal disposal value.

- Upon the completion of the LMK Acquisition, the LMK Lease Agreements will be entered into between:
 - IndoCo and PT MSM (as the lessee of the car park space of LMK).
 - IndoCo and PT HIM (as the lessee of the Casual Leasing Space).
 - IndoCo and PT VPI (as the lessee of the Avenue of the Stars of LMK).

The LMK Leases will be granted to the Sponsor Lessees for a lease term of 36 months, commencing from the date of completion of the LMK CSPA, with an option by IndoCo to extend the lease term for a period of up to 24 months.

We note the following in relation to the LMK Leases:

- Based on financial projections by Independent Valuers, the monthly rents payable under the LMK Leases in the initial 3 years are significantly higher than rents that could potentially be received for that period under normal operating assumptions. As the Independent Valuers have used the monthly rents payable under the LMK Leases in arriving at their valuation, this has the effect of increasing the upfront valuation by an estimated Rp.240 billion (S\$26 million) (W&R) or Rp.350 billion (S\$37 million) (Rengganis) relative to what would have been derived using normal operating assumptions.

In each case, the higher upfront valuation amounts are roughly equal to the present value of the difference between the contracted rent for the first three years and rent estimated under normal operating assumptions.

- The LMK Leases are contracted with only 3 parties, the Sponsor Lessees, who are related. We note that the large area of space and rental revenue of the LMK Leases is not diversified across a large number of individual tenants, increasing the risk associated with the LMK Acquisition. The risk associated with the LMK Leases will be increased in the event that the Manager encounters difficulties in enforcing its rights against the Sponsor Lessees.
- We observe that the assessed market value for LMK as at 30 April 2014 was between Rp.3,630.8 billion (S\$389.0 million) and Rp.3,700.0 billion (S\$396.4 million). The agreed LMK Purchase Consideration is Rp.3,600 billion (S\$385.7 million). We note that the LMK Purchase Consideration of Rp.3,600 billion (S\$385.7 million) represents a discount of 2.7% to the higher of the two independent valuations of S\$396.4 million and is marginally lower than the lower of the two independent valuations.

5.3 Financial effects

The pro forma financial effects of the Transactions are extracted from section 7 of the Circular, and are strictly for illustrative purposes only.

The pro forma financial effects of the Transactions were prepared based on:

- the FY2013 Audited Consolidated Financial Statements;
- the unaudited financial statements of LMIR Trust and its subsidiaries for the six months ended 30 June 2014 ("**6M2014 Unaudited Financial Statements**");
- the audited financial statements for KMT1 and KMT2 for the year ended 31 December 2013; and
- the audited financial statement for PT GRS for the year ended 31 December 2013.

Financial Year ended 31 December 2013

Pro Forma DPU and Distribution Yield

	FY2013	
	Before the LMK Acquisition ⁽¹⁾	After the LMK Acquisition
Distributable Income (S\$'000)	73,023	92,193
Units in issue and to be issued	2,453,307,080	2,766,302,726 ⁽²⁾
DPU (cents)	3.25	3.34
Distribution yield	7.83% ⁽³⁾	8.05% ⁽³⁾

Notes:

- (1) Based on the FY2013 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee, (iii) new Units in payment of the performance fee as a result of additional Net Property Income after the LMK Acquisition and (iv) Consideration Units to PT AP or a party appointed by PT AP.
- (3) Based on the DPU divided by the Closing Price on 31 December 2013 of S\$0.415.

Based on the figures above, we note that the dividend yield will increase from 7.83% to 8.05%.

Pro Forma NAV per Unit

	As at 31 December 2013	
	Before the LMK Acquisition ⁽¹⁾	After the LMK Acquisition
NAV (S\$'000)	1,009,551	1,164,668
Units in issue and to be issued	2,453,307,080	2,855,347,212 ⁽²⁾
NAV per Unit (cents)	41.15	40.79

Notes:

- (1) Based on the FY2013 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee and (iii) Consideration Units to PT AP or a party appointed by PT AP.

Based on the figures above, we note that the NAV per Unit will decrease from S\$0.4115 to S\$0.4079.

Pro Forma Capitalisation

	As at 31 December 2013	
	Actual⁽¹⁾	As adjusted for the LMK Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	–	–
Secured	147,500	147,500
Total short-term debt	147,500	147,500
Long-term debt:		
Unsecured	475,000	475,000
Secured	–	140,000
Total long-term debt	475,000	615,000
Total Debt	622,500	726,500
Unitholders funds	1,009,551	1,164,668
Total Capitalisation	1,632,051	1,927,168

Note:

- (1) Based on the FY2013 Audited Consolidated Financial Statements.

Based on the figures above, we note that the total capitalisation will increase from S\$1,632.1 million to S\$1,927.2 million.

Six months ended 30 June 2014

Pro Forma DPU and Distribution Yield

	As at 30 June 2014	
	Before the LMK Acquisition ⁽¹⁾	After the LMK Acquisition
Distributable Income (S\$'000)	33,349	41,749
Units in issue and to be issued	2,459,571,726	2,863,085,809 ⁽²⁾
DPU (cents)	1.36	1.46
Distribution yield	6.80% ⁽³⁾	7.30% ⁽³⁾

Notes:

- (1) Based on the 6M2014 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee, (iii) new Units in payment of the performance fee as a result of additional Net Property Income after the LMK Acquisition and (iv) Consideration Units to PT AP or a party appointed by PT AP.
- (3) Based on the DPU divided by the Closing Price on 30 June 2014 of S\$0.40.

Based on the figures above, we note that the dividend yield will increase from 6.80% to 7.30%.

Pro Forma NAV per Unit

	As at 30 June 2014	
	Before the LMK Acquisition ⁽¹⁾	After the LMK Acquisition
NAV (S\$'000)	1,015,594	1,170,723
Units in issue and to be issued	2,459,571,726	2,876,711,460 ⁽²⁾
NAV per Unit (cents)	41.29	40.70

Notes:

- (1) Based on the 6M2014 Unaudited Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of (i) the EFR Units, (ii) new Units in payment of the LMK Acquisition Fee and (iii) Consideration Units to PT AP or a party appointed by PT AP.

Based on the figures above, we note that the NAV per Unit will decrease from S\$0.4129 to S\$0.4070.

Pro Forma Capitalisation

	As at 30 June 2014	
	Actual ⁽¹⁾	As adjusted for the LMK Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	–	–
Secured	–	–
Total short-term debt	–	–
Long-term debt:		
Unsecured	475,000	475,000
Secured	–	140,000
Total long-term debt	475,000	615,000
Total Debt	475,000	615,000
Unitholders funds	1,015,594	1,170,723
Total Capitalisation	1,490,594	1,785,723

Note:

(1) Based on the 6M2014 Unaudited Financial Statements.

Based on the figures above, we note that the total capitalisation will increase from S\$1,490.6 million to S\$1,785.7 million.

5.4 Other relevant factors

Related Tenancy Agreements

Upon completion of the LMK Acquisition and the entry into of the LMK Leases, and assuming that all of the leases of LMK (save for the LMK Leases) are novated to IndoCo upon completion, LMIR Trust will, through IndoCo, take over all of the tenancy agreements with respect to LMK, including various tenancy agreements entered into by certain associates and subsidiaries of the Sponsor (the “**Related Tenancy Agreements**”). The aggregate rental fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp.67.5 billion (S\$7.2 million).

We note that LMIR Trust has existing tenancies in its other malls that constitute Interested Person Transactions. The Manager has a policy with its property managers whereby the tenants for the malls should meet the appropriate quality standards and there must be a balanced tenancy mix to meet the requirements of the customers. The presence of these individual operators allows the malls to meet tenancy objectives and is seen to contribute to the overall appeal of the malls.

Put Option Agreement

As LMIR Trust will be acquiring LMK before the Strata Title Certificates relating to LMK are issued, the Trustee, KMT1, KMT2, PT AP and PT WJP have entered into a Put Option Agreement which provides that if the Strata Title Certificates relating to LMK are not issued in the name of IndoCo on the expiry of 12 months from the date of the LMK CSPA, the Trustee will have the Put Option to require PT WJP and/or other entities appointed by PT WJP which are agreeable to the Manager and the Trustee, to purchase the entire shareholder's equity of IndoCo.

The shareholder's equity of IndoCo will be evaluated at the higher of: (i) the LMK Purchase Consideration; and (ii) the market value of the strata title units of LMK as determined by two independent valuers appointed in accordance with the Property Funds Appendix,

- adjusting for other net assets and liabilities of IndoCo as at the date of completion of the exercise of the Put Option; and
- taking into account all transaction costs incurred directly or indirectly, by LMIR Trust for the acquisition of the strata title units of LMK and the exercise of the Put Option (including, but not limited to brokerage, stamp duties, acquisition fees, conveyancing fees, legal fees, tax advisory fees and other professional fees).

Such purchase consideration payable by PT WJP shall be offset by net income generated from the strata title units of LMK for the period from the date of the LMK Acquisition until the date of completion of the exercise of the Put Option.

We note the following in relation to the Put Option Agreement:

- Under paragraph 3.2(a) of Appendix 6 (Property Funds) of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Trustee is required to "exercise reasonable care in ensuring, amongst others, that... the property fund has proper legal and good marketable titles to the real estate assets owned by the property fund.". In the event that the Strata Title Certificates relating to LMK are not issued in the name of IndoCo before or on the expiry of 12 months from the date of the LMK CSPA, the Put Option Agreement provides a mechanism to unwind the transaction.
- The counterparty to the Put Option Agreement, PT WJP, is incorporated in Indonesia, and its main business activities are development and real estate. As at 31 December 2013, the net equity of PT WJP is approximately Rp.2,853.6 billion (S\$305.8 million), which is currently less than the amount likely to be required to perform its obligations under the Put Option Agreement.

We have made enquiries with LMIR Trust regarding the potential ability of PT WJP to perform its obligations under the Put Option Agreement, and understand that:

- (a) LMIR Trust believes that there is a high likelihood of the Strata Title Certificates being issued. Entry into the Put Option Agreement is a precautionary measure, and it is unlikely that PT WJP will be called upon to perform its obligations under this Put Option Agreement.
- (b) Although the net equity of PT WJP is approximately Rp.2,853.6 billion (S\$305.8 million) as at 31 December 2013, LMIR Trust noted that the net equity of PT WJP is potentially higher if marketable securities on its balance sheet are marked to market.

- (c) PT WJP is wholly owned by the Sponsor, PT. Lippo Karawaci Tbk, who as at 31 December 2013 has the net equity of approximately Rp. 14,177.6 billion (S\$1,517.3 million).

Lease Novation Delay

In the event that not all (but at least 50% of the leases by total number of tenants at LMK and by total lease revenue of LMK) of the leases in relation to LMK (excluding the LMK Leases) are novated from PT GRS to IndoCo with effect from the date of completion of the LMK Acquisition, PT GRS will have a six months grace period commencing from the date of completion of the LMK Acquisition to novate the remainder of the leases, and during this period, PT GRS shall pay rental fees in relation to these leases without any deductions to IndoCo, and shall procure the individual tenants to pay the service charges in relation to these leases. Such rental fees and services charges shall be paid on a monthly basis. Prior to the novation of the leases. PT AP will be held responsible for damages that may be suffered in relation to the leases that are not novated. If PT GRS has not fully novated the remainder of the leases at the end of this six months grace period, PT GRS shall pay the total rental fees to IndoCo for the remaining term of these leases, and shall pay the service charges to the operating company on a monthly basis if the individuals tenants failed to do so.

6 EVALUATION OF THE ISSUANCE OF THE CONSIDERATION UNITS

In arriving at our opinion in relation to the issuance of the Consideration Units, we have taken into account the following key factors:

6.1 Rationale for the proposed issuance of the Consideration Units

The Manager has provided its assessment of the key benefits of the proposed issuance of the Consideration Units, the following rationale extracted from section 2.5 of the Circular:

The Issuance of the Consideration Units would Maintain LMIR Trust's Aggregate Leverage at a Prudent Level

The issuance of the Consideration Units would avoid a significant increase in LMIR Trust's Aggregate Leverage, and provide an allowance to LMIR Trust to remain below the regulatory gearing limit of 35.0%. Assuming the cash component of the LMK Purchase Consideration of Rp.3,180.0 billion (S\$340.7 million) is funded via a mix of cash, debt and equity, and the remaining Rp.420.0 billion (S\$45.0 million) is funded by debt instead of the issuance of Consideration Units, the Aggregate Leverage ratio of LMIR Trust is expected to increase from 28.3% as at 30 June 2014 to 33.5%.

Assuming S\$45.0 million of the LMK Purchase Consideration is satisfied by way of the issuance of Consideration Units at an illustrative issue price of S\$0.405 per Unit, with the balance of the LMK Purchase Consideration funded via a mix of cash, debt and equity, the Aggregate Leverage ratio of LMIR Trust is expected to increase to a lower rate of 31.2% compared to 33.5% if the issuance of Consideration Units is funded by debt.

6.2 Pricing of the Consideration Units

Under the LMK CSPA, PT AP will receive Rp.3,180 billion (S\$340.7 million) of the LMK Purchase Consideration in cash, with the remaining Rp.420.0 billion (S\$45.0 million) of the LMK Purchase Consideration to be satisfied by way of Consideration Units.

The issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the LMK Acquisition, in accordance with the provisions of the Trust Deed. The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

We have reviewed selected completed precedent unit issuances announced by other real estate investment trusts listed on SGX ST from 1 January 2012 until the Latest Practicable Date:

Announcement Date	Completion Date	REIT	Property	Determination of the issue price of Units as payment of the Acquisition Fee
11 Apr 2014	28 May 2014	First REIT	Siloam Hospitals Purwakarta	Based on 10-business days VWAP preceding the date of completion
12 Apr 2013	22 May 2013	First REIT	Siloam Hospitals TB Simatupang	Based on 10-business days VWAP preceding the date of completion
15 May 2013	01 Aug 2013	Far East Hospitality Trust	Rendezvous Grand Hotel	Based on 10-business days VWAP commencing on the day on which existing securities trade ex-distribution
08 Mar 2012	29 Mar 2012	Ascendas REIT	Cintech I, II, III and IV	Based on the 10-business days VWAP preceding the date of completion
15 Sep 2014		Lippo Malls Indonesia Retail Trust	Lippo Mall Kemang, Indonesia	Based on the 10-business day VWAP preceding the date of completion

The Independent Directors should note that certain circumstances and terms relating to the selected issuances are unique and might not be identical to the issuances made in respect of the Consideration Units, and may be dependent on the market sentiments prevailing at the time of such issuances.

The selected companies which had carried out the selected issuances might be different from LMIR Trust in terms of composition of business activities, scale of operations, risk profile, geographical spread of activities, track record, future prospects and other relevant criteria. In addition, the list of selected issuances is by no means exhaustive and information relating to the selected companies was compiled from publicly available information.

The Independent Directors should note that the above comparison merely is for illustrative purposes and serves as a general guide only.

We observe from the above that the selected completed precedent issues were undertaken pursuant to a like pricing formula.

6.3 Potential dilution

As at the Latest Practicable Date, the Sponsor holds 685,931,440 Units, representing 27.9% of the voting rights of LMIR Trust as at the Latest Practicable Date. Based on the assumption that 301,369,000 EFR Units will be issued pursuant to a private placement prior to the issuance of the Consideration Units, the unitholdings of the Sponsor is expected to decrease from 27.9% to 27.7% upon the issuance of the EFR Units and the Consideration Units. Upon the issuance of the LMK Acquisition Fee Units, which is expected to take place after the issuance of the EFR Units and the Consideration Units, the unitholdings of the Sponsor is expected to increase to 28.0%.

We do not consider that LMIR Trust will be a less favourable target for third party offers as a result of increasing their voting rights of LMIR Trust from 27.9% to 28.0%.

6.4 Listing Manual Share Issuance Requirements

We note that in the ordinary course of issuing shares, Listing Rule 811(1) of the Listing Manual states that companies can issue shares at up to a 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the placement or subscription agreement is signed.

Whilst the issue of the Consideration Units to PT AP or a party appointed by PT AP will constitute a placement to a Substantial Unitholder, and would therefore take on additional regulatory requirements, we note that it is being undertaken at a higher price than the permitted 10% discount to the weighted average price.

7 OUR OPINIONS

LMK Acquisition (including the LMK Leases)

In arriving at our opinion in respect of the LMK Acquisition (including the LMK Leases), we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) Rationale of the LMK Acquisition (including the LMK Leases)

We have reviewed the rationale and are of the view that the *LMK Acquisition (including the LMK Leases)* is being made on a reasonable basis.

(b) The financial assessment of the LMK Acquisition (including the LMK Leases)

In reviewing the LMK Purchase Consideration paid by LMIR Trust for the LMK Acquisition (including the LMK Leases), we have reviewed, *inter alia*, the two Valuation Reports compiled by the Independent Valuers. We note that the LMK Purchase Consideration represents a discount of 2.7% to the higher of the two independent valuations of S\$396.4 million.

(c) Other considerations

We note our comments in relation to the LMK Leases as well as the Put Option Agreement, and reiterate the commercial risks highlighted.

After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that:

- In accordance with Chapter 9 of the Listing Manual, the LMK Acquisition (including the LMK Leases) is on normal commercial terms and is not prejudicial to LMIR Trust and the minority Unitholders.
- In accordance with Paragraph 5 of the Property Funds Appendix, the LMK Acquisition (including the LMK Leases) is on normal commercial terms and is not prejudicial to the minority Unitholders.

Issuance of the Consideration Units

In arriving at our opinion in respect of the issuance of the Consideration Units, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) Rationale in relation to the proposed issuance of the Consideration Units

We have reviewed the rationale in relation to the issuance of the Consideration Units and are of the view that it is being made on a reasonable basis.

(b) Pricing of the Consideration Units

We have reviewed selected completed precedent unit issuances announced by other real estate investment trusts listed on SGX ST from 1 January 2012 until the Latest Practicable Date.

We observe from the above that the selected completed precedent issues were undertaken pursuant to a like pricing formula.

After carefully considering the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Issuance of the Consideration Units is on normal commercial terms and is not prejudicial to LMIR Trust and the minority Unitholders.

This opinion is addressed to:

- The Independent Directors and the Trustee for their use and benefit, in connection with and for the purpose of their consideration of the LMK Acquisition (including the LMK Leases).
- The Independent Directors and the Trustee for their use and benefit, in connection with and for the purpose of their consideration of the issuance of the Consideration Units.

The recommendations to be made by the Independent Directors to the Unitholders shall remain their responsibility.

A copy of this letter may be reproduced in the Circular.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Your faithfully
for and on behalf of
KPMG Corporate Finance Pte Ltd

Vishal Sharma
Executive Director

Jeremy Bogue
Director

SINGAPORE TAX CONSIDERATIONS

The following summary of certain Singapore income tax considerations to Unitholders in respect of the LMK Acquisition is based upon tax laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary is not a tax advice and does not purport to be a comprehensive description of all the tax considerations that may be relevant to Unitholders. Unitholders should consult their own tax advisers on the tax implications that may apply to their own individual circumstances.

SINGAPORE INCOME TAX

Income derived from LMK

The rental income and other related income earned from LMK will be received in Singapore by the relevant Singapore subsidiaries in a combination of some of the following forms:

- (i) dividend income;
- (ii) interest income; and
- (iii) proceeds from repayment of shareholder's loans.

The dividend income received in Singapore by the relevant Singapore subsidiaries from IndoCo (the "**Foreign Dividend Income**") will be exempt from tax under Section 13(8) of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") provided that each of the relevant Singapore subsidiaries is a tax resident of Singapore and the following conditions are met:

- (i) in the year the Foreign Dividend Income is received in Singapore, the headline corporate tax rate of the jurisdiction from which it is received is at least 15.0%;
- (ii) the Foreign Dividend Income has been subjected to tax in the jurisdiction from which it is received; and
- (iii) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the relevant Singapore subsidiary.

The relevant Singapore subsidiaries in respect of LMK will seek a confirmation from the Inland Revenue Authority of Singapore ("**IRAS**") that it is satisfied that the interest income received in Singapore from IndoCo meets the qualifying conditions for the tax exemption granted to Singapore real estate investment trusts under Section 13(12) of the Income Tax Act.

This tax exemption, if it is confirmed by the IRAS, will apply to interest income received in Singapore from IndoCo so long as the relevant Singapore subsidiaries continue to beneficially own, directly or indirectly, LMK and all the qualifying conditions for the tax exemption are met.

Cash that cannot be repatriated by IndoCo in the form of dividends may be used by IndoCo to repay the principal amount of shareholder's loans. The proceeds from the repayment of shareholder's loans received in Singapore by the relevant Singapore subsidiaries are capital receipts and hence not subject to Singapore income tax.

LMIR Trust will in turn receive dividends or proceeds from the redemption (at cost) of preference shares or a combination of both from the relevant Singapore subsidiaries. Provided that these relevant Singapore subsidiaries are residents of Singapore for income tax purposes, the dividends

received by LMIR Trust will be one-tier (tax-exempt) dividends and hence exempt from Singapore income tax in the hands of LMIR Trust. The proceeds from redemption (at cost) of preference shares received by LMIR Trust are capital receipts and not subject to Singapore income tax.

Distributions to Unitholders

Distributions made by LMIR Trust out of the income or cashflow generated from LMK may comprise either or both of the following two components:

- (i) tax-exempt income component (“**Tax-Exempt Income Distributions**”); and
- (ii) capital component (“**Capital Distributions**”).

Tax-Exempt Income Distributions refer to distributions made by LMIR Trust out of its tax-exempt income (which comprises mainly the one-tier (tax-exempt) dividends that it will receive from the relevant Singapore subsidiaries). Such distributions are exempt from Singapore income tax in the hands of Unitholders. No tax will be deducted at source on such distributions.

For this purpose, the amount of Tax-Exempt Income Distributions that LMIR Trust can distribute for a distribution period will be to the extent of the amount of tax-exempt income that it has received or is entitled to receive in that distribution period. Any distribution made for a distribution period out of profits or income which LMIR Trust is entitled to receive as its own tax-exempt income after the end of that distribution period will be treated as a capital distribution and the tax treatment described in the next paragraph on “Capital Distributions” will apply. The amount of such tax-exempt income that is subsequently received may be used to frank tax-exempt income distributions for subsequent distribution periods.

Capital Distributions refer, *inter alia*, to distributions made by LMIR Trust out of proceeds received from the redemption of preference shares. Unitholders will not be subject to Singapore income tax on such distributions. These distributions are treated as returns of capital for Singapore income tax purposes and the amount of Capital Distributions will be applied to reduce the cost of Units held by Unitholders. Accordingly, the reduced cost base will be used for the purpose of calculating the amount of taxable trading gains for those Unitholders who hold Units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of Units. If the amount of Capital Distributions exceeds the cost or the reduced cost, as the case may be, of Units, the excess will be subject to tax as trading income of such Unitholders.

INDONESIAN TAX CONSIDERATIONS

The following is a summary of the principal Indonesia tax consequences relevant to the transaction relating to the LMK Acquisition. The summary below represents a general guide only. The summary does not address any laws other than the tax laws of Indonesia in force and as they are applied in practice as of the date of this Circular.

1. Purchase of Land and Building from PT AP by IndoCo

IndoCo

Land and Building Acquisition Tax

The purchase of the land and building from PT AP by IndoCo is subject to the land and building acquisition tax at the rate of 5%, whichever is higher between the purchase price or the Sale Value of the Tax Object (NJOP) as determined by the head of local government.

Value Added Tax (VAT)

IndoCo will be charged VAT at the rate of ten per cent (10%) on the purchase of land and building by PT AP. However, the VAT charges by PT AP will be treated as input VAT, which can be used to offset the output VAT from rental income of IndoCo.

2. Rent of Land and/or Building from Lessors to Lessee

Lessors

Corporate Income Tax

The rental income (including the service charge, if any) from lessors is subject to final income tax, as stated in Article 4 paragraph 2 of the Income Tax Law.

The imposition of final income tax does not mean that the income from the lease of land and/or building does not need to be reported in the annual income tax return (*SPT PPh*). The income still needs to be reported in the income tax return, but it does not need to be combined with the other income which is not subject to final income tax in the calculation of the taxable income in the relevant tax year.

Value Added Tax on the Rent of Land and/or Buildings

Lessors must charge VAT on the rent of land and/or building including service charge (if any) to the lessee at the rate of ten per cent (10%).

Lessee

Article 4(2) Withholding Income Tax

The payment of rental on land and/or buildings leased by the lessee to lessors will be subject to a final income tax at the rate of ten (10) per cent on the gross value of the rental of land and/or building, including the service charge (if any).

3. Payment of Dividends from IndoCo to SingCo

IndoCo

Value Added Tax on Payment of Dividend

There will be no VAT on the payment of dividends.

Article 26 Withholding Income Tax on Payment of Dividend

The Indonesian tax laws generally require a twenty (20) per cent tax to be withheld on the payment of dividend from an Indonesian taxpayer to an offshore taxpayer. Under the tax treaty between Singapore and Indonesia, the rate of withholding tax is reduced to ten (10) per cent on the payment of dividend.

The reduced withholding tax rate of ten (10) per cent set out in the Singapore-Indonesia tax treaty can be used on the payment of dividend by IndoCo to SingCo if SingCo can fulfill the conditions set out in Article 4 paragraph 2 of Director General of Taxes Regulation No. 62/PJ./2009 dated November 5, 2009 which has been amended by Director General of Taxes Regulation No. 25/PJ/2010 dated April 30, 2010 regarding the *Prevention of Tax Treaty Abuse*:

- (1) The company is established in the tax treaty partner country or has a structure/scheme transaction arrangement which is not solely intended to take advantage of a tax treaty benefit; and
- (2) Its operation is managed by the management itself who has sufficient authority to do transactions; and
- (3) The company has employees; and
- (4) The company has activities or active business; and
- (5) The Indonesia sourced income is subject to tax in the recipient country; and
- (6) The company does not use more than fifty percent (50%) of its total income to fulfill its obligations to other parties in the form of interest, royalty or other types of compensation.

In addition, SingCo must submit the original copy of its Certificate of Domicile (DGT Form 1) to IndoCo to demonstrate that it is the beneficial owner of the dividend payment.

Indonesian tax laws do not regulate when a dividend should be declared. Meanwhile, the time when dividend can be declared and remitted by IndoCo to the SingCo should be in accordance to the rules set out in the Indonesian General Accepted Accounting Principles.

There is no need for IndoCo to obtain tax clearance in order to declare or remit dividends.

4. Payment of Shareholders' Loans

IndoCo

The Repayment of Principal from Shareholders' loans

The repayment of principal from the shareholder's loans will not be subject to any form of Indonesian tax.

Interest on shareholders' loan

The Indonesian tax rules generally require a twenty (20) per cent tax to be withheld on the payment of interest from an Indonesian taxpayer to an offshore taxpayer. Under the tax treaty between Singapore and Indonesia, the rate of withholding tax is reduced to ten (10) per cent on the payment of interest.

The reduced withholding tax rate of ten (10) per cent set out in the Singapore-Indonesia tax treaty can be used on the payment of interest by IndoCo to SingCo if SingCo can fulfill the conditions set out in Article 4 paragraph 2 of Director General of Taxes Regulation No. 62/PJ./2009 dated November 5, 2009 which has been amended by Director General of Taxes Regulation No. 25/PJ/2010 dated April 30, 2010 regarding the *Prevention of Tax Treaty Abuse*:

- (1) The company is established in the tax treaty partner country or has a structure/scheme transaction arrangement which is not solely intended to take advantage of a tax treaty benefit; and
- (2) Its operation is managed by the management itself who has sufficient authority to do transactions; and
- (3) The company has employees; and
- (4) The company has activities or active business; and
- (5) The Indonesia sourced income is subject to tax in the recipient country; and
- (6) The company does not use more than fifty percent (50%) of its total income to fulfill its obligations to other parties in the form of interest, royalty or other types of compensation.

In addition, SingCo must submit the original copy of its Certificate of Domicile (DGT Form 1) to IndoCo to demonstrate that it is a beneficial owner of the interest payment.

There is no need for IndoCo to obtain tax clearance in order to remit interest.

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EXISTING INTERESTED PERSON TRANSACTIONS

Details of the Existing Interested Person Transactions entered into between LMIR Trust and certain associates of the Sponsor during the course of the current financial year are set out below. These Existing Interested Person Transactions relate to leases signed by the various interested persons as tenants of the Existing Portfolio.

No.	Interested Person	Nature of Transaction (Property Rental Revenue)	Area (sq m)	Start Date	Value of Transaction (Rp.)	Value of Transaction (S\$) ⁽¹⁾	Percentage of NAV ⁽²⁾
1.	PT Multipolar Tbk	Novation of leases from PT Matahari Putra Prima Tbk at 7 retail spaces and 1 mall at Mal Lippo Cikarang	52,306.27	6 May 2014 to 18 October 2017 for the 7 retail spaces 6 May 2014 to 31 July 2027 for the 1 mall at Mal Lippo Cikarang	409.1 billion	43.9 million	4.4%
2.	PT Matahari Putra Prima Tbk	Rental monthly, at Sun Plaza	1,309.77	1 September 2014 to 31 August 2024	22.8 billion	2.4 million	0.2%
		Total			431.9 billion	46.3 million	4.6%

Notes:

(1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9,332.96.

(2) Based on the NAV of LMIR Trust of S\$1,009.6 million as at 31 December 2013.

These Existing Interested Person Transactions have been subject to the internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of LMIR Trust or its minority Unitholders. These procedures include the review and approval of such transactions by the Manager's Audit Committee. These transactions comply with the requirements of Chapter 9 of the Listing Manual.

Rationale and Benefit of the Existing Interested Person Transactions

It is the agreed policy between the Manager and the property manager that the tenants for the malls should meet the appropriate quality standards and there must be a balanced tenancy mix to meet the requirements of the customers. As such, while no preferential consideration have been given to the tenants above who are Interested Persons, the presence of these individual operators allows the malls to meet its tenancy objectives and contributes to the overall appeal of the malls.

In addition, on 6 May 2014, the Trustee, through its wholly-owned subsidiaries, entered into novation deeds to novate certain leases in relation to the Existing Portfolio from PT Matahari Putra Prima Tbk ("**MPPA**"), the current tenant, to PT Multipolar Tbk ("**MPC**") (collectively, the "**Lease Novations**"). MPPA and MPC are controlled by the same shareholder group as the Sponsor.

The purpose of the Lease Novations is to effect the transfer of MPPA's non-core assets to MPC, which will allow MPPA to more effectively focus on its core competencies. MPPA has also transferred to MPC its corporate team which has the functional expertise and skills necessary for property management activities and the handling of leasing arrangements. The Manager is of the view that MPC, being a publicly-listed company which has majority ownership of the shares in MPPA, is considered to be of similar financial standing as MPPA and would be able to fully discharge its obligations under the leases which are novated to it.

RELATED TENANCY AGREEMENTS

Assuming that all of the leases of LMK (save for the LMK Leases) are novated to IndoCo upon completion of the LMK Acquisition, LMIR Trust will, through IndoCo, take over all the Related Tenancy Agreements with respect to LMK. The aggregate rental fees derived or to be derived from the Related Tenancy Agreements is estimated at Rp.67.5 billion (S\$7.2 million) and are set out in the following table.

No.	Interested person	Nature of Transaction	Area (sq m)	Start date	Term (years)	Value of transaction (Rp.)	Value of transaction (S\$) ⁽¹⁾	Percentage of NTA/NAV ⁽²⁾
1.	PT Matahari Putra Prima	Hypermart	6,633.70	1 January 2013	10	62,123,671,782	6,656,374	0.66%
2.	PT Matahari Graha Fantasi	Time Zone	588.28	26 September 2012	5	4,073,250,720	436,437	0.04%
3.	PT Gratia Prima Indonesia	Books & Beyond	176.71	5 November 2012	5	1,280,431,471	137,195	0.01%
					Total:	67,477,353,973	7,230,006	0.072%

Notes:

(1) Based on the illustrative rupiah exchange rate of S\$1.00 is to Rp.9,332.96.

(2) Based on the NTA/NAV of LMIR Trust of S\$1,009.6 million as at 31 December 2013.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**”) will be held at Raffles City Convention Centre, Canning Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 on 12 November 2014, Wednesday, at 10:30 a.m. (the “**EGM**”), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE LMK ACQUISITION AND THE LMK LEASES

That subject to and conditional upon the passing of Resolutions 2 and 3:

- (i) approval be and is hereby given for the acquisition (the “**LMK Acquisition**”) of Lippo Mall Kemang (“**LMK**”) by KMT1 Holdings Pte. Ltd. (a wholly-owned subsidiary of LMIR Trust) (“**KMT1**”), or an Indonesian limited liability company to be appointed by KMT1 (“**IndoCo**”), from PT Almaron Perkasa (“**PT AP**”), a corporation which is indirectly 92% owned by PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the “**Sponsor**”), based on the terms and conditions as described in the circular dated 22 October 2014 (the “**Circular**”) issued by LMIRT Management Ltd., in its capacity as manager of LMIR Trust (the “**Manager**”), to holders of units in LMIR Trust (“**Unitholders**”), as well as for the payment of all fees and expenses relating to the LMK Acquisition;
- (ii) approval be and is hereby given for LMIR Trust to grant (through IndoCo) the LMK Leases (as defined in the Circular and which each constitute an “interested person transaction” under Chapter 9 of the Listing Manual) to PT MSM, PT HIM and PT VPI and for the novation of the remainder of the leases in relation to LMK from PT Gelora Raya Semesta (“**PT GRS**”) to IndoCo;
- (iii) approval be and is hereby given for HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of LMIR Trust) (the “**Trustee**”) to exercise the Put Option on the terms and conditions set out in the Put Option Agreement (each as defined in the Circular) if the Strata Title Certificates relating to LMK is not issued in the name of IndoCo on the expiry of 12 months from the date of the conditional sale and purchase agreement to be entered into between KMT1 and PT AP for the acquisition of LMK;
- (iv) approval be and is hereby given for LMIR Trust to take over the Related Tenancy Agreements (as defined in the Circular) in relation to LMK upon the completion of the LMK Acquisition; and
- (v) the Manager, any director of the Manager (“**Director**”) and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of LMIR Trust to give effect to the LMK Acquisition and the LMK Leases.

2. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

That subject to and conditional upon the passing of Resolutions 1 and 3:

- (i) approval be and is hereby given for the Manager to issue the Consideration Units (each as defined in the Circular) for the purpose of the LMK Acquisition; and
- (ii) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of LMIR Trust to give effect to the issuance of the Consideration Units.

3. THE EQUITY FUND RAISING

That subject to and conditional upon the passing of Resolutions 1 and 2:

- (i) approval be and is hereby given for the issue of up to 301,369,000 new units in LMIR Trust in the manner described in the Circular (the “**Equity Fund Raising**”); and
- (ii) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of LMIR Trust to give effect to the Equity Fund Raising.

BY ORDER OF THE BOARD

LMIRT Management Ltd.

(as manager of Lippo Malls Indonesia Retail Trust)

(Company Registration No. 200707703M)

Lynn Wan Tiew Leng

Elizabeth Krishnan

Company Secretaries

Singapore

22 October 2014

Important Notice:

- (1) A Unitholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
- (2) Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) The instrument appointing a proxy must be lodged at the Unit Registrar’s Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Extraordinary General Meeting.
- (4) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by LMIR Trust (or its agents) for the purpose of the processing and administration by LMIR Trust (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for LMIR Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to LMIR Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by LMIR Trust (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify LMIR Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A Unitholder of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” and a unitholder of LMIR Trust, “**Unitholder**”) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of units in LMIR Trust (“**Units**”) held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of LMIR Trust, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the Unit Registrar’s registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or a duly certified copy thereof must (failing previous registration with LMIRT Management Ltd., as manager of LMIR Trust (the “**Manager**”)) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager and/or the Unit Registrar shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager and/or the Unit Registrar may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

LIPPO MALLS INDONESIA RETAIL TRUST

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

IMPORTANT:

1. For investors who have used their CPF money to buy units in LMIR Trust, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.

3. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 22 October 2014.

PROXY FORM**EXTRAORDINARY GENERAL MEETING**

I/We _____ (Name)

of _____ (Address)

being a unitholder/unitholders of Lippo Malls Indonesia Retail Trust ("LMIR Trust"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of LMIR Trust to be held on 12 November 2014, Wednesday at 10:30 a.m. at Raffles City Convention Centre, Canning Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

	Resolutions	No. of Votes For*	No. of Votes Against*
1	To approve the LMK Acquisition and the LMK Leases (Resolution 1) (Conditional upon Resolutions 2 and 3 being passed)		
2	To approve the proposed issuance of the Consideration Units (Resolution 2) (Conditional upon Resolutions 1 and 3 being passed)		
3	To approve the Equity Fund Raising (Resolution 3) (Conditional upon Resolutions 1 and 2 being passed)		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal

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LMIRT MANAGEMENT LTD.
(The Manager of Lippo Malls Indonesia Retail Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Affix
Postage
Stamp

3rd fold here



LIPPO MALLS INDONESIA RETAIL TRUST