

DISCLOSURE OF INFORMATION TO SHAREHOLDERS

PT LIPPO KARAWACI TBK.

In compliance with Bapepam and LK Regulation No. IX.E.1 concerning Affiliated Transactions and Conflict of Interests of Certain Transactions and Amendment on the Company's Main Business Activity and Financial Services Authority Regulation No. No.31/POJK.04/2015 concerning Disclosure of Information or Material Facts by an Issuer or Public Company

THE INFORMATION CONTAINED IN THIS DISCLOSURE IS IMPORTANT TO BE READ AND NOTICED BY THE SHAREHOLDERS OF PT LIPPO KARAWACI TBK. (THE "COMPANY")



PT LIPPO KARAWACI TBK.

Domiciled at Tangerang, Indonesia

Business Activities:

Conducting businesses in real estate and urban development and its ancillary businesses as well as providing services including development of residential, office, industrial, hotel, hospital, mall, public facility, hospitality, health services including its facilities, whether directly or through share investment or divestment in relation to the Company's main business in other companies.

Office

7 Boulevard Palem Raya #22-00 Menara Matahari
Lippo Karawaci, Tangerang 15811
Banten - Indonesia
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THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS OF THE COMPANY, WHETHER SEVERALLY OR JOINTLY, SHALL BE FULLY RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE INFORMATION AS DISCLOSED IN THIS DISCLOSURE OF INFORMATION, AND HAVING CONDUCTED A PRUDENT EXAMINATION, HEREBY CONFIRM THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE OF INFORMATION IS TRUE AND THERE IS NO MATERIAL AND RELEVANT FACT THAT IS NOT DISCLOSED OR OMITTED WHICH MAY RESULT IN THE INFORMATION CONTAINED HEREIN TO BE INCORRECT AND/OR MISLEADING.

This Disclosure of Information is issued in Tangerang
on 26 October 2018

DEFINITION

- Public Accountant : Public Accountant Office of Amir Abadi Jusuf, Aryanto, Mawar & Rekan, as an independent auditor, who audits the Consolidated Financial Statement of the Company and Subsidiaries for 6 (six) months period ending on 30 June 2018.
- Bapepam and LK : Capital Market and Financial Institution Supervisory Agency as referred to under Minister of Finance of the Republic of Indonesia Regulation No.184/PMK.01/2010, dated 11 October 2010 concerning Organization and the Working Procedures of the Ministry of Finance previously known as Bapepam as referred to under Article 3 paragraph (1) Law No. 8 of 1995 on Capital Market and commencing on 31 December 2012 pursuant to Law 21 of 2011 on Financial Services Authority, its functions, duties and responsibilities have been assigned to the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK).
- Bowsprit : Bowsprit Capital Corporation Limited established under the laws of Singapore and having its registered address at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321.
- BIL : Bridgewater International Limited, a company established under the laws of Seychelles and having its registered address at 1st Floor, Victoria, Mahe, Republic of Seychelles.
- Board of Directors : Members of the Board of Directors the Company currently holding offices as of the date of this Disclosure of Information.
- First REIT : First Real Estate Investment Trust, a real estate investment trust listed on the Main Board of Singapore Exchange Securities Trading Limited.
- Commissioners : Members of the Board of Commissioners the Company currently holding offices as of the date of this Disclosure of Information.
- LK REIT : LK REIT Management Pte. Ltd., a company established under the laws of Singapore and having its registered address at 220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852.
- Financial Services Authority (*Otoritas Jasa Keuangan*) or OJK : An agency that is independent and free from other parties involvement, whose functions, duties and authorities to manage, supervise, review and investigate as referred to under Law No. 21 of 2011 concerning Financial Services Authority. Commencing as of 31 December 2012, the functions, duties and authorities in managing and supervising of financial services in the field of Capital Market, has been assigned from the Minister of Finance and Bapepam and LK to the Financial Services Authority, in

accordance with Article 55 of Law No. 21 of 2011, or its successors and assignees.

- OUE Limited : OUE Limited, a company established under the laws of Singapore and having its registered address at 50 Collyer Quay, 18th Floor OUE Bayfront, Singapore 049321.
- OUE Lippo Healthcare Limited : OUE Lippo Healthcare Limited, a company established under the laws of Singapore and having its registered address at 9 Battery Road, #15-00 MYP Centre, Singapore 049910.
- OLH : OLH Healthcare Investments Pte. Ltd., a company established under the laws of Singapore and having its registered address at 9 Battery Road, #15-00 MYP Centre, Singapore 049910.
- Shareholders of the Company : Shareholders of the Company whose names are listed under the shareholders' register of the Company issued by PT Sharestar Indonesia the Share Registrar of the Company.
- Independent Appraiser : Public Appraiser Service Office (*Kantor Jasa Penilai Publik*) Jennywati, Kusnanto & Rekan as an official KJPP pursuant to Minister of Finance Decision No. 2.09.0022 dated 24 March 2009 and registered as capital market supporting professional service office at OJK by virtue of Capital Market Supporting Professional Registration Letter No STTD.PB-01/PM.22/2018 (business appraiser) who provides fairness opinion in the Transaction.
- Bowsprit Conditional Sale and Purchase Agreement : Conditional Share Purchase Agreement dated 18 September between:
- (i) OUE Limited as Share Purchaser;
 - (ii) OUE Lippo Healthcare Limited as Share Purchaser; OUE Limited and OUE Lippo Healthcare Limited collectively referred to as the “**Share Purchasers**”
 - (iii) LK REIT as Vendor which is an indirect wholly owned subsidiary of the Company; and
 - (iv) the Company as Guarantor,
- in relation to the proposed sale to the Purchasers of 1.000.000 (one million) shares representing 100% of the issued capital of Bowsprit, as a manager of First REIT in the amount of SGD 98.883.620 (ninety eight million eight hundred and eighty three thousand six hundred twenty Singapore Dollars) (“**Proposed Sale of Shares**”).
- First REIT Conditional Unit Purchase Agreement : Conditional Unit Purchase Agreement dated 18 September 2018 between:
- (i) OLH as Unit Purchaser which is an indirect wholly owned subsidiary of the OUE Lippo Healthcare Limited; and
 - (ii) BIL as Seller which is an indirect wholly owned subsidiary of the Company; and
 - (iii) the Company as Guarantor,

in relation to proposed sale and transfer of 83.593.683 (eighty three million five hundred ninety three thousand six hundred eighty three) units from First REIT from BIL to OLH in the amount of SGD102.653.043 (one hundred and two million six hundred fifty three thousand forty three Singapore Dollars) ("**Proposed Sale of Units**").

| | | |
|-------------------------|---|---|
| Regulation No. IX.E.1 | : | Bapepam and LK Regulation No. IX.E.1 and Attachment to the Chairman of Bapepam and LK Decision No. Kep-412/BL/2009 dated 25 November 2009 on Affiliated Transactions and Conflict of Interests of Certain Transactions. |
| The Company | : | PT Lippo Karawaci Tbk., a limited liability company established and existing under the laws of the Republic of Indonesia, domiciled at Tangerang, Banten and having its registered address at 7 Boulevard Palem Raya, #22-00 Menara Matahari, Lippo Karawaci, Tangerang 15811, Banten, Indonesia. |
| Proposed Transaction | : | Proposed Sale of Shares and Proposed Sale of Units. |
| Transaction | : | Transaction of Sale of Shares and transaction of Sale of Units. |
| Affiliated Transactions | : | Transactions conducted by the Company or Controlled Company with an Affiliate of the Company or Affiliate of members of the Board of Directors, members of the Board of Commissioners, or the major shareholders of the Company as referred to under paragraph 1 letter d of Regulation No. IX.E.1. |
| Company Law | : | Law No. 40 of 2007 concerning Limited Liability Companies. |

I. INTRODUCTION

The information contained in this Disclosure of Information is made in compliance with the obligations of the Company to announce disclosure of information on Affiliate Transactions which have been made by the Company in connection with (i) the execution of Bowsprit Conditional Sale and Purchase Agreement and (ii) execution of First REIT Conditional Unit Purchase Agreement.

Bowsprit Conditional Sale and Purchase Agreement and First REIT Conditional Unit Purchase Agreement hereinafter referred to as the "**Transaction Documents**" and each a "**Transaction Document**". Each of the Transaction Documents is in relation to:

- Bowsprit Conditional Sale and Purchase Agreement
In relation to the proposed sale to the Purchasers of 1.000.000 (one million) shares representing 100% of the issued capital of Bowsprit, as a manager of First REIT ("**Proposed Sale of Shares**"), the Company will provide guarantee over the implementation and the obligation of LK REIT as Bowsprit share seller to OUE Limited and OUE Lippo Healthcare Limited who are each a Bowsprit share purchaser.
- First REIT Conditional Unit Purchase Agreement
In relation to proposed sale and transfer of 83.593.683 (eighty three million five hundred ninety three thousand six hundred eighty three) units of First REIT from BIL to OLH in the amount of SGD102.653.043 (one hundred and two million six hundred fifty three thousand

forty three Singapore Dollars), the Company will provide guarantee to BIL as seller over the implementation of all obligations, commitments, activities, guarantees and indemnities by BIL and to indemnify to OLH as purchaser over all (a) losses and obligations; (b) costs that are reasonable (including but not limited to reasonable legal costs), payment and expenses; and/or (c) actions, processes, claims and/or demands, that may be incurred or borne by OLH due to violation conducted by BIL over its obligations that are guaranteed by the Company pursuant to First REIT Conditional Unit Purchase Agreement.

Transactions contemplated under the Transaction Documents as described above shall hereinafter be referred to as the "**Transaction**".

Considering that OUE Limited, OUE Lippo Healthcare Limited and OLH are affiliates of the Company, the Company shall refer to Bapepam and LK Regulation No. IX.E.1 and Attachment to the Chairman of Bapepam and LK Decision No. Kep-412/BL/2009 dated 25 November 2009 on Affiliated Transactions and Conflict of Interests of Certain Transactions ("**Regulation IX.E.1**") in relation to the implementation of the Proposed Transaction.

II. DESCRIPTIONS OF THE TRANSACTION

A. Reason, Background and Purpose of the Consummation of the Transaction

This Transaction is conducted to strengthen the financial position and to increase the cash flow of the Company.

The Proceed of the Transaction will be used by the Company, among others for future participation in other investment portfolio and/or to decrease indebtedness of the Company and/or its subsidiaries.

B. Object and Value of the Transaction

Pursuant to the Transaction Documents, the Company guarantees the implementation and obligation of:

1. LK REIT as seller of 1.000.000 (one million) shares representing 100% (one hundred percent) of the issued capital of Bowsprit to OUE Limited and OUE Lippo Healthcare Limited in the amount of SGD 98.883.620 (ninety eight million eight hundred and eighty three thousand six hundred twenty Singapore Dollars); and
2. BIL as seller of 83.593.683 (eighty three million five hundred ninety three thousand six hundred eighty three) units of First REIT from BIL to OLH in the amount of SGD102.653.043 (one hundred and two million six hundred fifty three thousand forty three Singapore Dollars).

C. Parties Involved in the Transaction

1. The Company

Brief History

The Company is domiciled at Tangerang, established under Deed of Establishment No. 233 dated 15 October 1990, drawn up before Misahardi Wilamarta, S.H., Notary in Jakarta ("**Deed of Establishment of the Company**"). The Company's Deed of Establishment has obtained ratification from the Minister of Law pursuant to Decree No. C2.6974.HT.01.01.Th'91 dated 22 November 1991 and has been registered with the Registrar Office of the District Court of South Jakarta No. 1299/Not/1991/PN.JKT.SEL dated 28 December 1991, and announced in the State Gazette of the Republic of Indonesia No. 62 dated 4 August 1992, Supplement to the State Gazette No. 3539.

The Company has its office at 7 Boulevard Palem Raya, #22-00 Menara Matahari, Lippo Karawaci, Tangerang 15811 Banten - Indonesia.

The Articles of Association of the Company contained in the Deed of Establishment of the Company has been severally amended with the latest amendment is as contained under the Deed of Restatement of Resolution No. 30 dated 3 July 2015 drawn up before Sriwi Bawana Nawaksari, S.H., M.Kn., Notary in Tangerang. The notification acceptance of the amendment of the Company's articles of association has been received by the MOLHR pursuant to its letter dated 15 July 2015 numbered AHU-AH.01.03-0951738 2018 and the acceptance of the Company's data amendment notification has been received by the MOLHR pursuant to its letter dated 15 July 2015 nomor AHU-AH.01.03-0951739 ("**Deed No. 30/2015**").

Objective and Purposes as well as Business Activities

The objectives and purposes of the Company are engaging in the field of developments, trade, land transportations and services.

Capital and Shareholding Structure of the Company

The capital and shareholding structure of the Company of more than 5% of the Company as of 30 June 2018 prepared by PT Sharestar Indonesia as Share Registrar of the Company, is as follows:

| Remarks | Number of Shares | Nominal Value @Rp100 (Rp) | (%) |
|--|-------------------------|----------------------------------|---------------|
| Authorised Capital | 6,400,000,000 | 6,400,000,000,000 | |
| Issued and Paid-Up Capital | | | |
| PT Inti Anugrah Pratama | 13,492,984,488 | 1,349,298,448,800 | 58.47 |
| PT Metropolis Propertindo Utama | 1,512,280,000 | 151,228,000,000 | 6.55 |
| Public | 7,766,320,631 | 776,632,063,100 | 33.65 |
| Treasury Stocks | 306,104,500 | 30,610,450,000 | 1.33 |
| Total of the Issued and Paid-Up Capital | 23,077,689,619 | 2,307,768,961,900 | 100.00 |

Management Management and Supervision

Composition of Board of Directors and Board of Commissioners of the Company as of the date of the Transaction, is as follows:

Board of Commissioners

President Commissioner : Theo L. Sambuaga
 Independent Commissioner : Agum Gumelar
 Independent Commissioner : Farid Harianto
 Independent Commissioner : Sutiyoso

Board of Directors

President Director : Ketut Budi Wijaya
 Vice President Director : Hendra Sidin
 Director : Tjokro Libianto
 Director : Marshal Martinus Tissadharna
 Director : Richard Hendro Setiadi WP

Director : Wijaya Subekti
Independent Director : Alwi Rubidium Sjaaf

2. **LK REIT**
Brief History

LK REIT is an indirect wholly owned subsidiary of the Company. LK REIT is domiciled at Singapore, established under the laws of the Republic of Singapore on 10 May 2006 with registration number 200606803G.

LK REIT has its office at 220 Orchard Road #05-01, Midpoint Orchard, Singapore 238852.

Capital and Shareholding Structure of LK REIT

As of the date of the Transaction the sole shareholder of LK REIT is Lippo Karawaci Corporation Pte. Ltd. with 1 (one) share in the total nominal of SGD1 (one Singapore dollar).

Management and Supervision

Composition of the Board of Directors of LK REIT as of the date of the Transaction is as follows:

Director

Chiang Hock Loo Billy

3. **Bowsprit**

Brief History

Bowsprit is domiciled at Singapore, established under the laws of the Republic of Singapore on 17 May 2006 with registration number 200607070D.

Bowsprit has its office at 50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321.

Capital and Shareholding Structure of Bowsprit

As of the date of the Transaction the sole shareholder of Bowsprit is LK REIT with 1,000,000 (one million) share in the total nominal of SGD1,000,000 (one million Singapore dollar).

Management and Supervision

Composition of the Board of Directors of Bowsprit as of the date of the Transaction is as follows:

Non Executive, Non Independent Director

Dan Chairman : Carl Gabriel Florian Stubbe
Executive Director and CEO : Tan Kok Mian Victor
Non Executive, Non Independent Director : Ketut Budi Wijaya
Chairman of the Independent Directors : Tan Chuan Lye
Independent Director : Wong Gang
Independent Director : Martin Lechner

4. **BIL**

Brief History

BIL is an indirect wholly owned subsidiary of the Company. BIL is domiciled at Victoria, Mahe, established under the laws of the Republic of Seychelles on 27 April 2007 with registration number 845524-6.

BIL has its office at 1st Floor, Victoria, Mahe, Republic of Seychelles.

Capital and Shareholding Structure of BIL

Capital and shareholding structure of BIL as of the date of this Disclosure of Information is:

| Remarks | Number of Shares | Nominal Value @US\$1 (US\$) | (%) |
|--|------------------|-----------------------------|---------------|
| Authorised Capital | 5,000 | 5,000 | |
| Issued and Paid-Up Capital | | | |
| PT Sentra Dwimandiri | 4,999 | 4,999 | 99.98 |
| PT Prudential Development | 1 | 1 | 0.02 |
| Total of the Issued and Paid-Up Capital | 5,000 | 5,000 | 100.00 |

Management and Supervision

Composition of the incumbent Board of Commissioners and Board of Directors of the BIL as of the date of this Disclosure of Information is as follows:

Board of Directors

Director : Stella Pe Peck Luan
 Director : Ninik Prajitno
 Director : Stephen Eko Purwanto

D. Relationship and Nature of the Affiliation Relationship

The Company has executed the Transaction Documents, wherein:

1. The Company provides guarantees to the Share Purchasers, over the implementation and obligations of LK REIT, which is an indirect wholly owned subsidiary of the Company, as seller of 1,000,000 (one million) of Bowsprirt shares pursuant to Bowsprirt Conditional Sale and Purchase Agreement. Share Purchasers are each a party under common control with the Company; and
2. The Company provides guarantees to OLH as Unit Purchaser, over the implementation of all obligations, commitments, activities, guarantees and indemnities of BIL, which is an indirect wholly owned subsidiary of the Company, and to indemnify OLH as purchaser over all (i) losses and obligations; (ii) costs that are reasonable (including but not limited to reasonable legal costs), payment and expenses; and/or (iii) actions, processes, claims and/or demands, that may be incurred or borne by OLH due to violation conducted by BIL as the party who sells and transfers 83.593.683 (eighty three million five hundred ninety three thousand six hundred eighty three) units of First REIT pursuant to First REIT Conditional Unit Purchase Agreement. OLH is a party under common control with the Company; and
3. None of the Board of Directors and/or Board of Commissioners of the Company, LK REIT or BIL are the Board members of OUE, OUELH or OLH.

III. INDEPENDENT PARTIES APPOINTED IN THE TRANSACTION

The independent parties assisting the Company in the implementation of the Transaction are as follows:

- a. Allen & Gledhil LLP as Singapore counsel in connection with the Transaction.
- b. Makes & Partners Law Firm as Indonesian legal consultant in assisting the Company in connection with the Transaction;
- c. Public Accountant Office of Amir Abadi Jusuf, Aryanto, Mawar dan Rekan who audits the consolidated financial statement of the Company for 6 (six) months period ending on 30 June 2018; and
- d. KJPP Jennywati, Kusananto & rekan, as independent appraiser who performs a valuation on the fair market value of 100% Bowsprit shares and provides a fairness opinion over the implementation of the Proposed Transaction.

IV. OPINION OF THE INDEPENDENT APPRAISER

KJPP KJR, as an official KJPP pursuant to Minister of Finance Decision No. 2.09.0022 dated 24 March 2009 and registered as capital market supporting professional service office at OJK by virtue of Capital Market Supporting Professional Registration Letter No STTD.PB-01/PM.22/2018 (business appraiser) has been assigned by the Company's management as an independent appraiser to provide appraisal over the fair market value of 100,00% of Bowsprit shares and the fairness opinion on the Proposed Transaction in accordance with the proposal letter No. JK/180910-001 dated 10 September 2018 which has been agreed by the Company's management.

1. Summary on the Appraisal Report of 100,00% Bowsprit Shares

The following are summaries on the Appraisal Report of 100% Bowsprit Shares as set forth under report No. JK/SV/181025-001 dated 25 October 2018:

a. Parties Transacted

Parties transacted are the Company, OUE Limited, OUE Lippo Healthcare Limited, LK REIT, and Bowsprit.

b. Object of the Appraisal

Object of the Appraisal is the fair market value of 100,00% of Bowsprit Shares.

c. Purpose of the Appraisal

The purpose of the Appraisal is to obtain an independent opinion concerning the fair market value of the Object of the Appraisal denominated in SGD and/or its equivalent as of 30 June 2018.

d. Assumptions and Limiting Conditions

This appraisal is prepared based on the condition of the market and economy, the condition of general business and finance, as well as prevailing Government regulations until the issuance date of this appraisal report.

Appraisal of the Object of the Appraisal is conducted using discounted cash flow based on financial report projection prepared by the Company's management. In preparing the financial report projection, various assumptions are developed based on Bowsprit performance during the previous years and based on the management's future plan. JKR has made adjustments on such financial report projection so as to reflect Bowsprit operational condition and performance valued during this appraisal fairer. In general,

there is no significant adjustment made by JKR on the appraised Bowsprit performance target. JKR is responsible for the implementation of appraisal and fairness of the financial report projection based on Bowsprit historical performances and information from Bowsprit management on such Bowsprit financial report projection. JKR is also responsible for Bowsprit appraisal report and conclusion on the final value.

In this appraisal assignment, JKR assumes the fulfillment of all of the Company's conditions and obligations. JKR also assumes that since the appraisal date until the issuance date of the appraisal report there has been no changes that materially adverse to the assumptions applied in this appraisal. JKR is not responsible to reaffirm nor complete, update JKR's opinion as a result of changes in assumption and condition as well as events occurred following the date of this letter.

In analyzing, JKR assumes and relies on the accuracy, reliability and completeness of all financial information and other information provided to JKR by the Company and Bowsprit or information available in public that are substantially true, complete and not misleading and JKR is not responsible to conduct an independent investigation on such information. JKR also relies on the warranties of the Company's and Bowsprit's management that they are not aware of any facts that may caused the information provided to JKR to be incomplete or misleading.

Object of the Appraisal's appraisal analysis are prepared using data and information as described above. Any changes on such data and information may materially affect the final result of JKR opinion. JKR is not responsible for change of conclusion of JKR's appraisal as well as all loses, damages, costs nor any expenses arising out of non disclosure of information so that the data provided to JKR becomes incomplete or may be misinterpreted.

As JKR's appraisal is very dependent on the data as well as the underlying assumptions, changes on the source of data as well as assumptions in accordance with market data will change JKR's appraisal result. Therefore, JKR hereby states that any changes on the data utilized may affect the appraisal result and that such effects may be material. Although the content of this appraisal has been conducted in good faith and professionally, JKR may not be responsible on the possibility of different conclusion arising out of additional analysis, application of appraisal result as a basis of analyzing a transaction or the changes on the data utilized as basis of the appraisal. Object of the Appraisal's appraisal report is a non-disclaimer opinion in nature and is a publicly available report unless there is a confidential information, which may affect the Company's and Bowsprit's operations.

JKR works in relation to the appraisal of the Object of the Appraisal is not and may not be interpreted in any way, as a review or audit or the implementation of certain procedures over the financial information. Such works may not also be interpreted to disclose weaknesses in internal control, mistakes or discrepancies in the financial report or violation of the law. Furthermore, JKR has also obtained information over Bowsprit legal status pursuant to Bowsprit's articles of association.

e. Appraisal Approach Utilized

Appraisal of the Object of the Appraisal is based on an internal and external analysis. Internal analysis will be based on the data provided by the management, historical analysis on the financial position report and comprehensive income statement of Bowsprit, review on the operational and management condition as well as resources owned by Bowsprit. For Bowsprit prospects in the future JKR evaluates based on the business plan as well as financial report projection provided by the management which fairness and consistencies have been reviewed by JKR. External analysis based on brief

review of external factors considered as value drivers as well as brief review of the prospects of the relevant industries.

In applying the appraisal method to determine the fair market value indication of a “business interest” it is necessary to refer to the financial report (comprehensive financial position report and income statement) that is representative, therefore adjustments are required on the comprehensive financial position report book value and normalization of profits of the income statement that are normally prepared by the management based on the historical value. However much the book value of a company reflected in the comprehensive financial position report and income statement are acquisition value and does not reflect the economical value that may be fully be referred to as fair market value during such appraisal.

f. Appraisal Method Utilized

Appraisal methods utilized for the appraisal of the Object of the Appraisal are discounted cash flow method and adjusted net asset method.

Discounted cash flow method is chosen considering the business conducted by Bowsprit in the future may still fluctuate in accordance with the estimation of Bowsprit business development. In appraising using this method, Bowsprit’s operational is projected in accordance with the estimation of Bowsprit business development. The cash flow resulted based on the financial report projection is converted to be the current value with a discount rate in accordance with the rate of the risk. The value indication is the total of current value of such cash flow.

In appraising with adjusted net asset method, the value of all assets and liabilities/loan components shall be adjusted to become their fair market value, except for components that have shown their fair market value (such as cash/bank or bank’s loan). Fair market value of the whole company is further obtained by calculating the difference between the fair market value of all assets (tangible and intangible) and the market value of the liabilities.

The approaches and methods of appraisal above are the ones that JKR deems most appropriate to be applied in this assignment and has been approved by Bowsprit’s management. It is possible to apply other approaches and methods of appraisal that may provide different results.

Furthermore the values obtained of each such methods are reconciliated by weighting.

g. Appraisal Conclusion

Based on the analysis of all data and information received by JKR and with due consideration of all relevant factors that affect the appraisal, in the opinion of JKR, the fair market value of the Object of the Appraisal as of 30 June 2018 amounts to SGD97,07 million.

2. Fairness Opinion Summary Report on the Proposed Transaction

The following is the Fairness Opinion Summary Report on the Proposed Transaction as set forth under report No. JK/FO/181026-001 dated 26 October 2018:

a. Parties Involved in the Proposed Transaction

- Parties involved in the Proposed Sale of Shares are the Company, OUE Limited, OUE Lippo Healthcare Limited, LK REIT, and Bowsprit.

- Parties Involved in the Proposed Sale of Units are the Company, OLH and BIL.

b. Fairness Opinion Transaction Object

The transaction objects of the Fairness Opinion on the Proposed Transaction are as follows:

- Transaction where LK REIT plans to divest 100,00% Bowsprit shares to OUE Limited and OUE Lippo Healthcare Limited with a transaction value amounting to SGD98,88 million in relation to Proposed Sale of Shares.
- Transaction where BIL plans to divest 83.593.683 First REIT units to OLH with a transaction value amounting to SGD102,65 million in relation to Proposed Sale of Units.

c. Purpose of the Fairness Opinion

The purpose and objective of the preparation of the fairness opinion on the Proposed Transaction is to generate views to the Board of Directors of the Company on the fairness of the Proposed Transaction and to comply with the prevailing regulation, namely Regulation IX.E.1.

d. Limiting Conditions and Underlying Assumptions

Fairness Opinion Analysis on the Proposed Transaction are prepared using data and information as described above, which data and information has been reviewed by JKR. In analyzing, JKR relies on the accuracy, reliability and completeness of all financial information, information on the legal status of the Company and other information provided to JKR by the Company or that are available in public and JKR is not responsible for the truthfulness of such information. Any changes on such data and information may materially affect the final result of JKR opinion. JKR also relies on the warranties of the Company's management that they are not aware of any facts that may caused the information provided to JKR to be incomplete or misleading. Therefore, JKR is not responsible on the changes of conclusion of JKR's Fairness Opinion resulted from such change on data and information.

The consolidated financial report projection of the Company prior to and post t the Proposed Transaction shall be prepared by the Company's management. JKR has reviewed such financial report projection and such financial report projection has represented the Company's operational condition and performance. In general, there is no significant adjustment required to be made by JKR on the Company's performance target.

JKR does not inspect the fixed assets or facilities of the Company. Furthermore, JKR also does not provide an opinion on the taxation impacts on the Proposed Transaction. Services provided by JKR to the Company in relation to the Proposed Transaction are merely for the provision of the Fairness Opinion on the Proposed Transaction and not the accounting, audit or taxation services. JKR does not investigate the legality of the Proposed Transaction from legal persepective and the taxation implications thereof. The Fairness Opinion on the Proposed Transaction is only reviewed from the economic and financial sides. Fairness opinion report on the Proposed Transaction is a non-disclaimer opinion in nature and is a publicly available report unless there is a confidential information, which may affect the Company's operations. Furthermore, JKR has also obtained information over the Company's, BIL's and Bowsprit's legal status pursuant to the Company's, BIL's and Bowsprit's articles of association.

JKR works which are related to the Proposed Transaction are not and may not be interpreted in any way, as a review or audit or the implementation of certain procedures over the financial information. Such works may also not be interpreted to disclose weaknesses in internal control, mistakes or discrepancies in the financial report or violation of the law. Furthermore, JKR is not authorized and is not in the position to obtain and analyze the form of transactions other than the Proposed Transaction that exists and may be available for the Company as well as the effects of such transactions on the Company.

This Fairness Opinion is prepared based on the condition of the market and economy, the condition of general business and finance as well as Government regulations related to the Proposed Transaction on issuance date of this Fairness Opinion.

In preparing this Fairness Opinion, JKR applies various assumptions, such as the fulfillment of all conditions and obligations of the Company as well as other parties related to the Proposed Transaction. The Proposed Transaction will be implemented as described in accordance with the period stipulated as well as the accuracy of information concerning the Proposed Transaction disclosed by the Company's management.

This Fairness Opinion shall be viewed as one inseparable part and partial usage of the analysis and information without considering other information and analysis completely as an integral part may result in a misleading view and conclusion over the underlying processes of the Fairness Opinion. The preparation of this Fairness Opinion is a complicated process that may not be conducted without complete analysis.

JKR also assumes that from the issuance date of the Fairness Opinion until the occurrence date of this Proposed Transaction there has been no changes that is materially adverse to the assumptions applied in the preparation of this Fairness Opinion. JKR is not responsible to reaffirm nor complete, update JKR's opinion as a result of changes in assumption and condition as well as events occurred following the date of this letter. Calculation and analysis in the framework of provision of the Fairness Opinion has been conducted correctly and JKR is responsible for the fairness opinion report.

The conclusion of this Fairness Opinion applies when there is no changes that have materially adverse effects on the Proposed Transaction. Such changes include, but not limited to, change in condition whether internally within the Company as well as externally, namely market and economy condition, general business, trade and finance conditions as well as Indonesian government regulations and other related regulations following the issuance date of this fairness opinion. In the event that after the issuance date of this fairness opinion there occur such changes, the Fairness Opinion on the Proposed Transaction may differ.

e. Approaches and Procedures of the Fairness Opinion on the Proposed Transaction

In evaluating the Fairness Opinion on the Proposed Transaction, JKR has analyzed through the approaches and procedures of the Fairness Opinion on the Proposed Transaction of the following matters:

- I. Analysis on the Proposed Transaction;
- II. Qualitative and Quantitative Analysis on the Proposed Transaction; and
- III. Analysis on the Fairness of the Proposed Transaction.

f. Conclusion

Based on the scope of work, assumptions, data and information obtained from the Company's management utilized in the preparation of this report, the review of the financial effects on the Proposed Transaction as disclosed under this Fairness Opinion report, JKR is in the view that the Proposed Transaction is **fair**.

V. ADDITIONAL INFORMATION

To obtain additional information in relation to the Transaction, Shareholders of the Company may send a request to the Corporate Secretary of the Company, on any day and office hours of the Company on the following address:

PT Lippo Karawaci Tbk.

Office

7 Boulevard Palem Raya, #22-00 Menara Matahari

Lippo Karawaci, Tangerang 15811

Banten - Indonesia

Tel. 021 - 2566 9000, Fax. 021 - 2566 9098/99

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E-mail: corsec@lippokarawaci.co.id