

MATAHARI REDUCES ITS LOAN INTEREST MARGIN BY 175 BPS

PT Matahari Department Store Tbk ("MDS" or the "Company"; stock code: "LPPF") announced that the Company recently signed a new Facilities Agreement between the Company and a banking group comprising of PT Bank BNP Paribas Indonesia and PT Bank CIMB Niaga Tbk. The facilities comprise a Rp 1,650 billion term loan and a Rp 230 billion revolving credit facility.

The new facilities will be primarily used to repay existing indebtedness, with flexibility for MDS to use the remaining amounts to fund working capital and capex. They allow MDS to lower its interest expense (4.75% margin over JIBOR to 3.00%) and commitment fees (1.00% to 0.75%), while improving the Company's flexibility through the removal of excess cash sweep and other mandatory prepayments. The summary of key terms is presented in the appendix to this announcement.

"The improved interest margin and commitment fee reflects the strength of MDS's credit and its access to local and international banking and capital markets. MDS continues to focus on optimising earnings growth through operational growth and deleveraging," said Michael Remsen, Vice President Director and CEO of the Company.

As part of the new facilities, MDS will grant security to the new banking group which include security over MDS's intellectual property rights, bank accounts, receivables and tangible assets, similar to the security package provided by MDS to lenders under the existing facilities agreement. The provision of this security is subject to shareholder approval, which will be obtained through an extraordinary general meeting of shareholders ("EGM"). MDS will announce the details of the EGM in due course and arrangements will be made so that shareholders can vote via proxy.

About PT Matahari Department Store Tbk

Matahari Department Store is Indonesia's largest department store retailer of fashion apparel, beauty and home products. With a network of over 1,200 local suppliers, as well as international suppliers, developed over its 55 year history, Matahari provides the growing Indonesian middle class with the latest in fashion trends showcased in its modern and well-appointed stores. Matahari has 125 stores in operation located in 61 cities across Indonesia.

For further information, please contact:

Corporate Communications / Investor Relations

PT Matahari Department Store Tbk

Tel: (62 21) 547 5333

E-mail: corporate.communication.mds@matahari.co.id, ir@matahari.co.id

Website: www.matahari.co.id