LIPPO MALLS INDONESIA RETAIL TRUST

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

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM UNITHOLDERS

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1. The Board of Directors (the **"Board**") of LMIRT Management Ltd, in its capacity as manager of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**", and as manager of LMIR Trust, the "**Manager**"), refers to:

   (a) the annual report of the LMIR Trust for the financial year ended 31 December 2021 (the "**Annual Report**");

   (b) the notice of annual general meeting ("**AGM**") dated 7 April 2022 informing Unitholders that the thirteenth AGM of LMIR Trust will be convened and held by way of electronic means on Friday, 29 April 2022 at 10:00 a.m.; and

   (c) the accompanying general announcement released on 7 April 2022 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.

2. **Responses to questions from Unitholders**. The Manager would like to thank Unitholders for submitting substantial and relevant questions in advance of the AGM. As there was substantial overlap between several questions received from Unitholders, the Manager has summarised and grouped these questions accordingly. The Manager's responses are also outlined in "**Annex A"** of this announcement.

By Order of the Board

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

Liew Chee Seng James
Executive Director and Chief Executive Officer
22 April 2022

RESPONSES TO QUESTIONS RECEIVED FROM UNITHOLDERS (ANNEX A)

1. **Can share the latest Covid-19 situation in Indonesia that will affect the Trust's operational effectiveness and profit margin?**

2. **Please elaborate on Indonesia's reopening status. Are Indonesia's borders fully opened? Or are they only opened selectively? Is work from home still the norm in Indonesia or is it back to work from the office?**

   The overall sentiment of Indonesia's Covid-19 situation recently has been positive. Despite the continued relaxation of pandemic rules and an increase in public mobility, Indonesia has seen a declining number of daily Covid-19 cases in the past few weeks. According to recent media coverage, the total virus caseload has dropped around 38% since the beginning of April from around 15,000 cases to around 9,300 cases, while the number of active cases also fell by 34.7% from 98,000 cases to 64,000[1].

   Indonesia has further removed its quarantine requirement for all arrivals from overseas for vaccinated travellers, with Bali, Bintan and Batam being one of the first to open to tourism. Workplaces in some regions of Indonesia, including Jakarta, have been allowed to reopen with safety protocols in place. While we see this as a positive sign for all business sectors across the board, the Trust remains cautious yet confident that our malls are well-positioned for this recovery. The Trust's operational activities continues to improve along with the easing of restrictions and the gradual opening of the borders for international tourism.

   With the improving operating environment, the Trust has gradually reduced the rental discounts offered to tenants this year except for certain key tenants or tenants operating in sectors still significantly affected by the pandemic, such as entertainment spaces.

3. **Entering into 2022, has the Trust still render rental support to any tenants? Any concrete plan to do away with it in the near future?**

4. **Are we still giving any tenant support or tenant relief? If so, when will these tenant support cease? Which tenants are we still giving tenant support? Are these tenants receiving tenant support related parties? i.e. subsidiaries of our Sponsor, PT Lippo Karawaci Tbk, such as Matahari Department Stores and supermarket.**

   When Indonesia tightened its social restrictions in Greater Jakarta, Bandung, Bali and Yogyakarta in February 2022, our malls located in these regions were impacted and had to operate at shorter hours and at restricted capacity.

   With the recovering Covid-19 situation in Indonesia and the easing of social restrictions, we have been gradually reducing our rental discount to tenants except for certain key tenants or tenants operating in sectors still significantly affected by the pandemic, such as entertainment spaces. In giving the tenant support, we generally do not distinguish between those that are related parties or non-related parties. We give tenant support to those that are impacted by the pandemic.

[1] "Indonesia's Covid-19 cases decline despite return of Ramadan bustle", The Jakarta Post, Nina A.Loasana, April 16, 2022, https://www.thejakartapost.com/indonesia/2022/04/16/indonesias-covid-19-cases-decline-despite-return-of-ramadan-bustle.html

5. Can the management share any dividend increase projection going into post Covid-19?

In 4Q 2021, we doubled our DPU to 0.09 Singapore cents from 0.04 Singapore cents in 4Q 2020. We are not permitted to provide any projection. However, the Board and Management is fully committed to improving the financial performance of the Trust and increasing the distributions to unitholders at the appropriate time.

6. Any plans to issue social bonds with a credit guarantee from the Credit Guarantee and Investment Facility, similar to what First REIT had done?

The Trust continues to explore all financing options available to us to meet our capital raising and debt financing requirements.

7. From page 28 of Annual Report, it appears that the portfolio occupancy of our Indonesia retail malls and that of our peers is on a sustained decline. Is the Indonesia retail malls industry on a long term structural decline? What is the cause of this long term structural decline? Is it reversible? What is the company doing to reverse this decline in occupancy?

Prior to the Covid-19 pandemic, our portfolio had a high occupancy rate of above 90%. Since the onset of the Covid-19 pandemic, some of our tenants, especially those in the entertainment and leisure sectors as well as department stores in urban cities, were adversely impacted due to the different phases of mall closure periods affecting operations and sales. The decline in occupancy rate for the past two years is largely due to lease terminations and non-renewals of tenants who were badly impacted by the pandemic, which have impacted mall occupancy. This applies to the other malls in Indonesia as well. Notwithstanding this, our portfolio occupancy rate dipped marginally to 80.9% compared to 81.1% in FY 2020, and still came in higher compared to industry average of 76.5%.

We do not view the recent decline in occupancy rate as structural in nature given the favourable long-term outlook of Indonesia and growth in its middle class population. We believe that the occupancy rate in our malls should improve as pandemic related restrictions are lifted, and retailers are more confident to expand their businesses.

We are actively working with our mall operator to seek out prospective tenants to fill the vacated areas during the pandemic as well as engaging different partners to bring in new and replacement tenants to improve the occupancy rate.

8. I note we have a new substantial shareholder, Tokyo Century Corporation. Is Tokyo Century Corporation represented in the Board of LMIR Trust? Will Tokyo Century Corporation be given a Board seat? Is Tokyo Century Corporation a passive or active investor in LMIR Trust? How would the entry of Tokyo Century Corporation as a substantial shareholder benefit our company?

Tokyo Century Corporation is not represented on the Board of LMIR Trust. Tokyo Century Corporation's role is a unitholder and is currently not actively engaged with the Manager on any operational matters. Nevertheless, the Manager remains open to engaging with Tokyo Century Corporation and its investee companies to explore potential opportunities.

9.	**The ICR of LMIRT is only 1.9 times, and hence the maximum permissible gearing limit is 45%, which only allows a small buffer given the REIT's current gearing of 42.5%. Are there plans by the REIT to reduce its gearing level? With the impending rise in interest rates, how does the company plan to adapt and manage in the rising interest rate environment?** The Trust's ICR was 1.9 times for the financial year ended 31 December 2021, a marginal improvement from the 1.8 times reported for the financial year ended 31 December 2020, amid the continuing negative impact of Covid-19 pandemic on the Trust's operations and financial performance. For avoidance of doubt, the Trust has been granted waivers on the ICR by relevant lenders for the period up to and ending on 31 December 2022. The Trust maintains a policy of prudence and proactive capital management and hence, we are committed and will strive to maintain a stable gearing of not exceeding the maximum limit of 45%. While the Trust has no immediate plans to reduce the gearing, it continues to explore all financing options that are beneficial to the Unitholders. As of 31 December 2021, the Trust's fixed rate debt ratio stood at 52.3%. The Trust recognises that the prevailing low interest rate environment may diminish amid rising inflation pressures across major economies, we are monitoring closely the exposure to interest rate fluctuations and will adjust the Trust's fixed rate debt ratio when necessary by entering into financial instruments including interest rate swaps.
10.	**Given the current inflation environment, is income growth able to cover and exceed the growth in inflation rate? How is the company managing the inflation costs, such as rise in price of electricity, utilities, overhead etc. Is it able to reprice its rental rates to cope and adjust with the rampant inflation?** Most of our tenancy agreements have a service charge component, which is reviewed and adjusted on an annual basis taking into account factors such as changes in minimum wage levels and inflation. The service charge is used to cover mall operating expenses. Hence, such adjustments in service charges will alleviate the impact of inflation on our operating expenses.