



LIPPO MALLS INDONESIA RETAIL TRUST

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

FOR IMMEDIATE RELEASE

**LMIR Trust’s 1Q 2023 operation continues to steadily recover;
macroeconomic headwinds remain**

- *Resilient portfolio of assets continues to register steady recovery in operating performance on improving overall conditions*
- *Staying strategic with asset enhancement initiatives and prudent with cashflow management to navigate the impact of current macroeconomic challenges*
- *Leverage ratio drops to 42.9% in 1Q 2023 from 44.6% in 4Q 2022 on quarter-on-quarter appreciation of IDR against SGD*

Summary of Financial Results for period ended 31 March 2023

S\$'000	1Q 2023	1Q 2022	% Variance
Rental Revenue	27,756	30,496	▼9.0
Gross Revenue	48,897	50,903	▼3.9
Net Property Income	30,824	31,267	▼1.4
Distribution to Unitholders	-	6,927	n.m.
DPU (cents)	-	0.09	n.m.
Rp'million			
Rental Revenue	317,094	323,325	▼1.9
Gross Revenue	558,617	539,684	▲3.5
Net Property Income	352,144	331,500	▲6.2

Singapore, 27 April 2023 – LMIRT Management Ltd (the “**Manager**”), the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today reported stable operating performance from its resilient portfolio of 29 retail assets strategically-located across Indonesia on the back of improving operating conditions as Indonesia lifted all remaining Covid-19 restrictions at the end of 2022. Amid recovering operating conditions, current macroeconomic landscape, particularly the elevated and volatile interest rates environment, inflationary pressures and tightening monetary policy continue to impact the recovery of LMIR Trust.

For the first quarter ended 31 March 2023 (“**1Q 2023**”), in SGD reporting currency and on the back of a 7.8% year-on-year (“**YoY**”) depreciation of IDR against SGD¹, the Trust saw rental and gross revenue slipping 9.0% and 3.9% to S\$27.8 million and S\$48.9 million respectively.

¹ Average exchange rate of Singapore Dollar (SGD) 1.00 to Indonesia Rupiah (IDR) 11,424.36 for 1Q 2023 vs. SGD1.00 to IDR10,602.22 for 1Q 2022

In its operating IDR currency, rental revenue registered a marginal 1.9% dip to Rp317.1 billion, while gross revenue rose 3.5% YoY to Rp558.6 billion. The dip in rental revenue was largely due to lower rental contributions from Lippo Plaza Kendari and Lippo Plaza Jogja following the expiry of their master leases in June 2022 and December 2022 respectively, as well as lower contributions from malls undergoing asset enhancement initiatives. The YoY recovery in gross revenue was largely attributable to higher service charge and utilities recovery as tenants gradually return to full operations. Net property income (“NPI”) for the quarter edged down 1.4% to S\$30.8 million, while in IDR terms, NPI rose 6.2% YoY to Rp352.1 billion.

Compounded by the current macroenvironmental factors, particularly the prevailing interest rates environment, foreign exchange volatility and tightening credit market, LMIR Trust has taken prudent measures to stabilise the Trust as it focuses on addressing its debt obligations due in the next 12 months. To conserve capital and cash resources, it announced in March 2023 the cessation of distributions to the holders of its S\$140.0 million perpetual securities, and due to the distribution stopper on perpetual securities, it triggered the restriction in distributions to Unitholders.

“We are taking strategic and prudent measures to evaluate various options available to stabilise the Trust, as we remain in active discussion with our bank lenders for a comprehensive solution to address our debt obligations. We are also exploring asset recycling opportunities to divest our non-core non-strategic assets at reasonable market prices to boost our financial flexibility.”

“As we remain steadfast in navigating the current macro challenges, we are also focused on supporting the recovery of our portfolio. Although some malls are still underperforming due to increased competitions from new malls in the areas, our resilient and income-producing retail assets remain fundamentally strong with some of our more upmarket malls recovering near to pre-Covid levels. This is additionally supported by the recently completed asset enhancement at Sun Plaza and the near completed Gajah Mada Plaza. Overall, portfolio shopper traffic in 1Q 2023 has recovered to 67.7% of pre-Covid levels. As we continue to optimise opportunities to support recovery, the active management of our tenant mix and lease renewals saw the renewal of 78.9% of our expired leases in 1Q 2023 at a positive rental reversion of 3.0%, higher than the 1.7% achieved in 4Q 2022. Portfolio occupancy remained stable at 80.4%, above industry average of 77.4%,” said **Mr James Liew, Chief Executive Officer of the Manager.**

With improving operating conditions and as tenants gradually return to full operations, the Trust has reduced almost all rental support or reliefs to speciality tenants, except for those operating in underperforming malls, as well as restructured some of the tenant leases in these malls to gross turnover rent structure to facilitate their recovery. Rental support remained in place for selected related and non-related tenants such as those in the hypermarket and supermarket sectors as they continue to face intense competition and protracted recovery.

On the back of quarter-on-quarter appreciation of IDR against SGD, the Trust's leverage ratio dropped to 42.9% as at 31 March 2023 compared to 44.6% as at 31 December 2022, with interest cover at 2.20 times.

Market Outlook

Following the removal of all remaining Covid-19 restrictions in Indonesia since December 2022, the Indonesian economy is projected to grow within the range of 4.5% to 5.3% on the back of increasing household consumption and investment in line with improving public mobility.² However, the high interest rates environment, volatile foreign exchange market and ongoing geopolitical risks continue to present challenges to the operating environment.

The benchmark rate remains unchanged at 5.75% since January 2023. With that, Bank Indonesia ("BI") has raised a total of 225 basis points between August 2022 to January 2023 and is confident that headline inflation should return to its 3.0%±1% target range in September this year. In fact, in March 2023, Indonesia's annual inflation decreased to 4.97% from 5.47% in the previous month, making this the lowest in seven months. Annual core inflation also dropped to 2.94% from 3.09% in February 2023.³ According to analysts, further rate increases this year is unlikely. On the volatile currency market however, BI will continue to monitor and intervene as appropriate to stabilise the Indonesian Rupiah and mitigate any global risks.⁴

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About Lippo Malls Indonesia Retail Trust ("LMIR Trust") (www.lmir-trust.com)

LMIR Trust is a Singapore-based real estate investment trust 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.

LMIR Trust's portfolio comprises 22 retail malls ("**Retail Malls**") and seven retail spaces located within other retail malls ("**Retail Spaces**", and collectively with the Retail Malls, the "**Properties**"). The Properties have a total net lettable area of 951,471 square metres and total carrying value of Rp19,437.9 billion as at 31 March 2023 and are strategically located in major cities of Indonesia with large middle-income population. Tenants include well-known retailers such as Hypermart, Matahari Department Store and Sogo, as well as popular consumer brands including Zara, Uniqlo, H&M, Adidas, Victoria Secret, Giordano, Starbucks, Fitness First, Timezone, Miniso and Ace Hardware, among others.

² 6 February 2023, Bank Indonesia – Solid economic growth persists in Indonesia

³ 3 April 2023, Bank Indonesia – Inflation under control in March 2023

⁴ 16 March 2023, Reuters – Bank Indonesia leaves rates unchanged, uses FX intervention amid market turmoil