



LIPPO MALLS INDONESIA RETAIL TRUST

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

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## RESPONSE 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 LMIR Trust for the financial year ended 31 December 2024 (the “**Annual Report**”); and
  - (b) the notice of annual general meeting (“**AGM**”) dated 4 April 2025 informing Unitholders that the Sixteenth AGM of LMIR Trust will be convened and held on Monday, 28 April 2025 at 10.00 a.m. at Village Hotel Changi, Basement 1, Square Ballroom, 1 Netheravon Road, Singapore 508502.
2. **Response 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

21 April 2025



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## RESPONSE TO QUESTIONS RECEIVED FROM UNITHOLDERS (ANNEX A)

- 1. On 6 March 2023, the company announced that it had appointed "Stirling Coleman Capital Limited ("SCCL") as its financial advisor in relation to the capital management initiatives of LMIR Trust." More than a year has passed since the announcement, please provide updates on the progress and the outcome of the exercise. What advice did SCCL provide? Did the REIT implement their advice? Please detail and elaborate clearly.**

Since engagement, SCCL has been working closely with the Manager in assessing the different situations, evaluating the various options available to LMIR Trust in view of balancing multiple and competing demands on the Trust's resources to determine the next steps at different stages to maintain a sustainable capital structure and reduce aggregate leverage.

The Manager has continued to implement the various capital management initiatives, including non-distribution of dividends to conserve financial resources, the tender offer exercises to fully redeemed the US\$250.0 million Guaranteed Senior Notes ("**2024 Notes**") and substantially reduced the US\$200.0 million Guaranteed Senior Notes ("**2026 Notes**"), and the transition to a largely IDR-denominated financing structure serves as a natural hedge for our IDR-denominated assets which supports prudent capital structuring. Following our successful capital restructuring in FY 2024, we have ceased working with SCCL.

- 2. From page 28 of AR, it appears that the portfolio occupancy of our Indonesia retail malls is consistently around 80%. What are the reasons why the occupancy of our malls is not able to reach a higher level? Please explain and elaborate.**

In FY 2024, portfolio occupancy has shown steady quarter-on-quarter improvement, rising from 79.5% in Q1 2024 to 81.2% in Q4. Throughout the year, occupancy remained consistently above the industry average of approximately 78-79%.

In particular, LMIR Trust's leading malls – Lippo Mall Puri, Lippo Mall Kemang, Sun Plaza and Palembang Icon registered occupancy levels close to or above 90%. Conversely, occupancy levels at Gajah Mada Plaza, Bandung Indah Plaza, Lippo Plaza Kramat Jati, Malang Town Square, Palembang Square and Lippo Mall Nusantara were affected due to ongoing AEIs projects but is expected to improve once these projects are completed.

- 3. 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 Lippo Karawaci such as Matahari Department stores and supermarkets?**

Since FY 2023, as a general policy, we no longer provide rental relief to tenants. Any rental relief requests are evaluated on a case-by-case basis, regardless of whether the tenant is a related or



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non-related party. Key considerations include the tenant's industry segment and the occupancy level of the respective mall, to support the continued operation and vibrancy of the tenant mix.

**4. The ICR of LMIR Trust is only 1.36x, and the REIT's current gearing is 44.78%. What is the target gearing and ICR ratio that management is striving towards/comfortable with? Please detail and elaborate.**

In November 2024, MAS issued an updated Code on Collective Investment Schemes revising REITs aggregate leverage limit to 50% with a minimum ICR threshold of 1.5 times. We intend to keep our gearing below the limit and ICR within the threshold.

Our ICR was negatively affected by one-off non-operational accelerated amortisation of borrowing-related fees and bond-related transaction costs arising from the Trust's refinancing transactions in FY 2024. We do not expect any negative financial consequences arising from such a breach as existing financial debt obligations do not contain any financial covenants with reference to the ICR. We will continue to exercise prudence in capital management and does not intend to incur additional borrowings until the breach of ICR is rectified.

**5. What is the impact of the high Rupiah depreciation, averaging around 7% in the past two years, on LMIR Trust? What is the management doing to address this or to mitigate the impact of the high Rupiah depreciation? Or is our strategy just to ignore it since we can't control the exchange rate? What is the management view on the trajectory of the Rupiah SGD rate going forward? Please detail, explain and elaborate clearly.**

To mitigate the impact of currency fluctuations, especially from the IDR depreciation, the Trust has largely transitioned into IDR-denominated loans in FY 2024. This strategy serves as a natural hedge for our IDR-denominated assets.

Current macroeconomic factors especially the rising trade tensions will continue to impact currency fluctuations, which is largely beyond the Manager's control. Our focus remains on strengthening the operational performance of our portfolio, maintaining disciplined capital management and ensuring the Trust remains resilient amidst such challenges.

**6. I note that 10yr seems to have been moving down, and then it spiked up quite a fair bit in recent days... it seems that the interest rate would stay higher for longer (or not?). What is the management view of the trajectory of interest rate going forward? Please detail and elaborate.**

The interest rates of LMIR Trust's IDR-denominated loans are based on the floating Bank Indonesia 7 Day Reverse Repo Rate. Since September 2024, Bank Indonesia has cut its benchmark interest rate from 6.25% to the current 5.75% which has reduced LMIR Trust financing cost.

Although Indonesia's inflation rate has continued to decline which should provide room for further interest rate cuts, Bank Indonesia opted not to make any further interest rate cuts at its recent policy meeting against a backdrop of [turmoil in local markets](#) on concerns about global trade



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wars and the government's fiscal policy with key focus on maintaining stability in the Indonesian Rupiah.

**7. The REIT has not paid any dividends or distributions to unitholders for many years. When will dividends or distributions to unitholders resume? Please detail and elaborate.**

As part of our prudent capital management strategy, the Trust made the difficult but necessary decision to halt distributions to both perpetual securities holders and unitholders since 1Q 2023, in order to conserve cash and maintain financial flexibility.

In FY 2024, we took decisive steps to strengthen our capital structure - including redeeming and reducing outstanding bonds and transitioning to predominantly IDR-denominated loans, which helped stabilise our leverage at 44.78% as at 31 December 2024, while extending our weighted average debt maturity to 6.53 years.

Looking ahead, resumption of distributions will be carefully considered once the Trust's financial position and cashflows have sufficiently improved. The ongoing global trade tensions have also created significant uncertainty in the business environment. Our priority remains to restore long-term stability and resilience, creating a sustainable foundation for future unitholder returns.

**8. President Prabowo became Indonesian President in Oct 2024. What is the impact of the new Indonesian President Prabowo on the company? What changes in retail, sales, consumptions policies have he or will he make? Any change in consumption tax rate? Any change in corporate tax rate? Any new economic or fiscal or monetary policy that the new President has made that may impact the REIT both positively and/or negatively? Etc. Please explain and elaborate.**

President Prabowo's administration has enacted populist initiatives such as the free lunch program to cover 83 million recipients, raised the minimum wage by 6.5% for FY2025, scrapped plans to limit the distribution of subsidised cooking gas and scaled back the increase in VAT rate to 12% applicable only to luxury goods. These measures were part of his plans to boost Indonesia's economic growth from an average of 5% over the last 2 decades to his target of 8% economic growth. If Indonesia manages to achieve such a growth rate, this will significantly boost consumer spending and benefit LMIR Trust's portfolio of shopping malls over the long term.

However, such initiatives have also raised investor's concerns about Indonesia's fiscal position and its budget deficit. To fund these populist programs, the administration has announced deep budget cuts across essential sectors, slashing higher education funding by 39%, healthcare spending by 18.5%, and public infrastructure and utilities projects by 73%. These events have collectively caused Indonesia's rupiah currency to depreciate close to its historical low of 1USD: IDR16,950 set during the Asian Financial Crisis in 1998.

Indonesia's economic environment in the short term is further clouded by the ongoing global trade tensions caused by the US Government's imposition of tariffs on imports into the United States. In the midst of such economic uncertainties, the Manager's focus remains on



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strengthening the operational performance of our portfolio, maintaining disciplined capital management and ensuring the Trust remains resilient.