



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 FY2022 performance gradually improves YoY; faces challenges from macroeconomic factors

- Gradual portfolio improvement in annual shopper traffic, occupancy rate and lower rental reliefs to tenants as Indonesia lifts social restrictions amidst a stabilising Covid-19 situation
- Staying strategic and vigilant in the light of rising interest rates and volatile foreign exchange rates resulting in reduced distributions as the Trust works through its capital structure in a tightened credit market

Summary of Financial Results for period ended 31 December 2022

S\$'000	4Q 2022	4Q 2021	% Variance	FY2022	FY 2021	% Variance
Rental Revenue	28,595	27,928	▲ 2.4	119,206	101,740	▲ 17.2
Gross Revenue	50,371	50,916	▼ 1.1	204,714	175,067	▲ 16.9
Net Property Income	31,818	29,359	▲ 8.4	130,482	104,239	▲ 25.2
Distribution to Unitholders	3,079	6,906	▼ 55.4	23,860	26,857	▼ 11.2
DPU (cents)	0.04	0.09	▼ 55.6	0.31	0.35	▼ 11.4
Rp'million						
Rental Revenue	321,158	279,860	▲ 14.8	1,282,954	1,068,929	▲ 20.0
Gross Revenue	564,949	512,132	▲ 10.3	2,203,233	1,839,338	▲ 19.8
Net Property Income	357,037	294,699	▲ 21.2	1,404,312	1,095,185	▲ 28.2

Singapore, 24 February 2023 – LMIRT Management Ltd (the “**Manager**”), the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), wrapped up financial year ended 31 December 2022 (“**FY2022**”) with improved year-on-year (“**YoY**”) performance as Indonesia stabilises from the after-effects of the Covid-19 pandemic. However, current macro environmental factors such as geopolitical tensions, tightening monetary policy and volatile foreign exchange rates continue to impact the recovery of the Trust.

For the fourth quarter ended 31 December 2022 (“**4Q 2022**”), the depreciation of IDR against SGD¹ which is the reporting currency had lowered the Trust’s revenue growth in SGD term. The Trust reported a 2.4% increase in rental revenue to S\$28.6 million, while gross revenue slipped 1.1% to S\$50.4 million, compared to S\$27.9 million and S\$50.9 million respectively in the same quarter of the preceding year (“**4Q 2021**”). In IDR, rental revenue and gross revenue rose at a higher quantum of 14.8% and 10.3% respectively in 4Q 2022, compared to 4Q 2021.

¹ Singapore Dollar (SGD) 1.00 to Indonesia Rupiah (IDR) 11,659 as at 31 December 2022 vs. SGD1.00 to IDR10,534 as at 31 December 2021

The top-line performance for the period was underpinned by a significant reduction in rental reliefs and service charge discounts extended to tenants as the operating conditions in Indonesia improve with stabilising Covid-19 situation and gradual lifting of restrictions during the year.

Net property income (“NPI”) for the quarter came in at S\$31.8 million, up 8.4% from S\$29.4 million in 4Q 2021, as a result of higher revenue, coupled with a net reversal of allowance for impairment loss on trade receivables as collections from tenants improved during the period.

FY2022 rental revenue and gross revenue rose 17.2% and 16.9% YoY to S\$119.2 million and S\$204.7 million respectively, while NPI grew 25.2% YoY to S\$130.5 million.

Commented Mr James Liew, Chief Executive Officer of the Manager, “The underlying performance of our portfolio remained stable as the Covid-19 situation in Indonesia improves with lower number of cases and hospitalisation reported, and 75% of its population over the age of six having received two doses of vaccine. Alongside the gradual lifting of restrictions, operationally, our 2022 shopper traffic improved 31.4% year-on-year and recovered to over 60% of pre-Covid levels in 2019. Portfolio occupancy came in at 80.2%, still above industry average of 77.4% however this is well below the pre Covid occupancy rate. During 2022, the Trust managed to renew 71.6% of expired leases in 2022 at a positive rental reversion of 1.7%.

“Having built a resilient portfolio of 29 assets strategically located across densely populated areas across Indonesia, we are actively working with our mall operator to optimise mall space, improve tenant mix, renew expiring leases, and bring in new tenants to sustain the performance of our properties. Notably, we also endeavour to turn certain operational challenges into opportunities as well as commence asset enhancement initiatives at some of our older assets to optimise their value.”

However, the Trust continues to face operational challenges in certain markets and segments. For example, Carrefour, one of the Trust’s top five tenants in terms of net lettable area (“NLA”), is in the midst of reducing its NLA by 57.5% to 19,130 square metres. Nonetheless, this could present an opportunity for the Manager to convert the vacated spaces to speciality units which support the overall mall retail offering at higher rental rates. These positive value-add works will take time to deliver a financial benefit to the mall. Additionally, the Trust’s malls in Bandung, Bogor and Yogyakarta continue to perform below expectations arising from heightened competition from newer malls in the areas.

“Together with these operational challenges, current macroeconomic headwinds are also causing strain on the financial recovery of the Trust. These include rising interest rates, volatile foreign exchange rates and a tightening credit market. Against this backdrop, the recent depreciation of IDR against SGD by more than 10% has increased the Trust’s gearing ratio to 44.6% as at 31 December 2022, and coupled with the recent downgrading of the Trust’s credit ratings has further made it more challenging to access capital. We are exercising extra caution with our capital management and will be taking

strategic steps to maintain a sustainable capital structure and improve our financial flexibility. Accordingly, to be prudent, the Trust has substantially reduced distribution as the Trust navigates the review of its capital structure. The Trust reported a distribution to Unitholders of S\$3.08 million and distribution per unit (“DPU”) of 0.04 Singapore cents for 4Q 2022, while FY2022 distribution to Unitholders came in S\$23.9 million with annualised DPU of 0.31 Singapore cents. LMIR Trust also intends to cease distributions for the \$140.0 million and \$120.0 million perpetual securities. The Manager is also in the process of appointing a Financial Advisor to review and evaluate the various options available to LMIR Trust to achieve a sustainable capital structure” said Mr Liew.

The Trust ended the year with an improved interest cover of 2.32 times compared to 1.91 times a year ago, while average debt maturity stood at 1.86 years. It generated net positive cash flow from operating activities of S\$137.7 million and cash and cash equivalents stood at S\$111.0 million as at 31 December 2022.

Market Outlook

Indonesia’s economy grew at a nine-year high of 5.31% in 2022 compared to 3.69% in 2021, supported by high global commodities prices amid Russia-Ukraine war. However, the country’s fourth quarter gross domestic product growth slowed to 5.01% compared to 5.72% in the third quarter, and the government expects economic activity to moderate in 2023 on looming global economic downturn and continued inflationary pressures.² Bank Indonesia projected 2023 growth to be in the range of 4.5% to 5.3%.³ Indonesia annual inflation rate inched up to 5.51% in December 2022 compared to 5.42% in November 2022⁴, while retail sales growth came in flat YoY in December 2022 compared to a growth of 1.3% YoY in November 2022⁵. The country has lifted all remaining social restrictions since end December 2022.

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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.

² 6 February 2023, Reuters - Indonesia’s 2022 GDP growth races to a 9-year high on resource boom

³ 7 February 2023, Bank Indonesia - Bank Indonesia projects 4.5-5.3% economic growth and inflation to return to the 3.0%±1% target range in 2023

⁴ 2 January 2023, Reuters - Indonesia's Dec inflation inches up to 5.51% y/y

⁵ 16 January 2023, Focus Economics – Indonesia retail December 2022

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 951,473 square metres and total carrying value of Rp19,427.8 billion as at 31 December 2022 and are strategically located in major cities of Indonesia with large middle-income population. Tenants include leading names such as Matahari Department Store, Zara, M&S, H&M, Uniqlo, Sogo, Hypermart, Carrefour, Ace Hardware, as well as international specialty tenants such as Victoria's Secret, McDonalds, Pizza Hut, Kentucky Fried Chicken, A&W, Fitness First, Timezone, and Starbucks.