



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

ANNOUNCEMENT RESPONSE TO SGX-ST QUERY

LMIRT Management Ltd., in its capacity as manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**”, as manager of LMIR Trust, the “**Manager**”), sets out its response to the queries raised by the Singapore Exchange Trading Securities Trading Limited (“**SGX-ST**”) on 9 May 2022 in relation to LMIR Trust’s unaudited financial statements for the first quarter ended 31 March 2022 (“**1Q 2022**”) dated 29 April 2022 (the “**Results Announcement**”):

Question 1:

With reference to the Statement of Total Return on page 6, please disclose:

- (i) a breakdown of the decrease in fair value of derivative financial instruments;
- (ii) a breakdown of the outstanding derivative financial instruments contracted by the Group by type, including the maturity dates (if applicable) and the reasons for the significant decrease in fair value; and
- (iii) the Board's assessment of how it valued the decrease in fair value of derivative financial instruments and elaborate on the factors that will impact the fair value of these instruments for the next quarter and the next 12 months.

Manager’s Response to Question 1:

The breakdown of the decrease in fair value of derivative financial instruments for 1Q 2022 is as follows:

Type of derivative financial instruments:	Increase / (Decrease) in fair value
	\$'000
1) US\$250.0 million cross currency swap contracts	(1,794)
2) US\$180.0 million cross currency swap contracts	(10,134)
3) Currency option contracts	(262)
4) Interest rate swap contracts (matured in Feb/Mar 2022)	343
Total	(11,847)

The breakdown of the outstanding derivative financial instruments contracted by the Group¹ as at 31 March 2022 is as follows:

Type of derivative financial instruments:	Maturity_dates	Negative Fair Value as at 31 March 2022
		\$'000
1) US\$250.0 million cross currency swap contracts	June 2024	6,591
2) US\$180.0 million cross currency swap contracts	Feb 2026	17,695
3) Currency option contracts	Nov 2022	262
	Total	24,548

The significant decrease in fair values as at 31 March 2022 for (1) US\$250.0 million cross currency swap contracts was mainly due to fluctuations of interest rates as higher US\$ fixed rates were used in the fair value calculation for the future cashflow of the swap contracts compared to the contracted fixed interest rate and (2) US\$180.0 million cross currency swap contracts was mainly due to higher SGD floating interest rates being used in the fair value calculation for the future cashflow of the swap contracts.

In assessing the fair value of derivative financial instruments for each reporting period, the Board considered the fair valuation reports provided by the counterparties of the derivative contracts, which are mainly MAS-licensed banks. The valuation techniques adopted and applied by the banks include forward pricing and swap models, using present value calculations, with various inputs including foreign exchange spot and forward rates and interest rates.

During the annual audit of the financial statements of the Group by our external auditors, RSM Chio Lim LLP, the auditors reviewed the basis and assumptions used by the banks and did not find the banks' valuations of the derivative financial instruments to be unreasonable.

The variation in the inputs, including foreign exchange sport and forward rates and interest rates used in the banks' valuation, will impact the fair value of these derivative financial instruments for future periods.

¹ Comprises of the Trust and its subsidiaries

Question 2:

With reference to the Statement of Financial Position on page 8, please disclose:

- (i) a breakdown of the Group's other non-financial assets amounting to \$42.459 million as at 31 March 2022;
- (ii) the nature of these non-financial assets; and
- (iii) the Board's assessment of the recoverability of the non-financial assets.

Manager's Response to Question 2:

The breakdown of the Group's other non-financial assets amounting to \$42.459 million as at 31 March 2022 is as follows:

	\$'000
1) Prepaid taxes, including value added tax ("VAT") relating to operation and final income tax prepaid	8,568
2) VAT relating to acquisition of Lippo Mall Puri in January 2021 paid	31,094
3) Prepayment of operating expenses which are amortised to income statement over the related period of services / expenses	2,797
Total	42,459

In January 2022, the Group submitted the application for the refund of the VAT relating to acquisition of Lippo Mall Puri in accordance with the applicable tax regulations. Considering the nature of the non-financial assets, the Board does not anticipate significant recoverability issues.

Question 3:

Please disclose:

- (i) a breakdown of the Group's other non-financial liabilities amounting to \$129.090 million as at 31 March 2022;
- (ii) the aging and nature of these other non-financial liabilities; and
- (iii) whether the counterparties are related parties.

Manager's Response to Question 3:

The breakdown of the Group's other non-financial liabilities of \$129.090 million as at 31 March 2022 is as follows:

	\$'000
1) Security deposits received from tenants	48,595
2) Advance rental payment collected from tenants	80,495
Total	129,090

The Group typically collects security deposits from tenants for new leases, which may be (1) subject to adjustment upon renewal or variation of the leasing terms and conditions agreed by the parties and (2) refundable upon expiry of lease agreement subject to no rental in arrears.

The Group also collects advance rental payment from tenants for new leases, which is up to 20% of the rental value of the lease agreement, and is amortised to income statement as rental revenue over the lease tenure.

Considering the nature and contractual obligations of the Group on security deposits and the advance rental payment, ageing of such balances are not applicable.

As at 31 March 2022, included in the total security deposits and advance rental payment of \$129.090 million, \$13.235 million are security deposits and advance rental payment from related parties.

Question 4:

With reference to Note 11 on page 26, based on the aggregate rental and income guarantee at beginning of the year of \$67.3 million, please disclose how much of it was due and payable in FY2022, for which property and whether these have been paid.

Manager's Response to Question 4:

We wish to clarify that the amount disclosed in Note 11 on page 26 of the Result Announcement comprises intangible assets as at 31 March 2022 relating to (1) guaranteed rental payments from certain master lease agreements for Lippo Plaza Kendari and Lippo Plaza Jogja, and (2) net property income ("NPI") guarantee arrangement for Lippo Mall Puri, which are measured initially at cost, representing the fair value of the master leases and NPI guarantee at the date of acquisition of the investment properties. As the consideration for the acquisition of the investment properties had been paid upon the completion of the acquisitions, there is no such payment outstanding 31 March 2022 and 31 December 2021 respectively, and no payment have been made in FY2022.

Question 5:

With reference to Note 12 on page 28, please disclose:

- (i) how much of the \$21.269 million receivables under "over 61 days past due" bucket have been paid since 31 March 2022, and whether any of the past due receivables maybe doubtful; and

- (ii) a breakdown of such receivables in bands of 3 months with upper band specified, showing how long these receivables have been outstanding, quantify the outstanding receivables unpaid to-date, and disclose whether any of these were due from interested persons.

Manager’s Response to Question 5:

The breakdown of the \$21.269 million receivables under “over 61 days past due” bucket is as follows:

	Trade receivables as at 31 March 2022			Allowance for impairment as at 31 March 2022			Subsequent collection up to 23 April 2022		
	<u>RPT tenants</u>	<u>3rd party tenants</u>	<u>Sub- total</u>	<u>RPT tenants</u>	<u>3rd party tenants</u>	<u>Sub- total</u>	<u>RPT tenants</u>	<u>3rd party tenants</u>	<u>Grand Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
61 - 90 days	280	2,200	2,480	(84)	(851)	(935)	-	485	485
91 - 120 days	114	1,001	1,115	(20)	(172)	(192)	67	70	137
121 – 150 days	69	1,025	1,094	(54)	(173)	(227)	11	323	334
151 – 180 days	94	521	615	(22)	(146)	(168)	12	84	96
Over 181 days	2,606	13,359	15,965	(740)	(9,279)	(10,019)	237	826	1,063
Total	3,163	18,106	21,269	(920)	(10,621)	(11,541)	327	1,788	2,115

The Covid-19 pandemic in Indonesia and the corresponding restrictions imposed by the related authorities on the Group’s operations from time to time had impacted the Group’s and its tenants’ businesses significantly, hence the collections of rental and service charges from the tenants. The Group has been monitoring closely the collections from each of the tenant individually, taking into consideration the trade sector in which the tenants are operating in, the extend of restrictions imposed on the tenants’ businesses and the business recovery trends, as well as the security deposits and advance rental payment by the tenants in accounts. Allowance for impairment loss was made against trade receivables (net of security deposits and advance rental payment) due from tenants whose credit profiles deteriorated and delays in rental payment were experienced.

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

Singapore

11 May 2022

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The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.