



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 posts 4Q 2023 NPI of S\$28.6 million; currency depreciation and high interest rate environment remain challenging**

- *Active tenant mix and lease renewal management to improve operational performance*
- *Strategic and prudent capital management actions to keep average leverage ratio steady*

*Summary of Financial Results for period ended 31 December 2023*

S\$'000	4Q 2023	4Q 2022	% Variance	FY 2023	FY 2022	% Variance
Rental Revenue	26,482	28,595	▼7.4	110,569	119,206	▼7.2
Gross Revenue	47,890	50,371	▼4.9	197,268	204,714	▼3.6
Net Property Income	28,566	31,818	▼10.2	122,362	130,482	▼6.2
Rp'million						
Rental Revenue	306,286	321,158	▼4.6	1,253,377	1,282,954	▼2.3
Gross Revenue	553,693	564,949	▼2.0	2,236,171	2,203,233	▲1.5
Net Property Income	330,613	357,037	▼7.4	1,387,059	1,404,312	▼1.2

**Singapore, 29 February 2024** – LMIRT Management Ltd. (the “**Manager**”), the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), closed financial year ended 31 December 2023 (“**FY 2023**”) with rental revenue of S\$110.6 million and net property income (“**NPI**”) of S\$122.4 million, compared to S\$119.2 million and S\$130.5 million respectively in the previous year (“**FY 2022**”).

The Trust’s performance for the year continued to be impaired by depreciating IDR against SGD<sup>1</sup> and a persistently high interest rate environment. Although operational performance has been gradually recovering from the effects of the pandemic, Indonesia’s muted economic recovery, fluctuating inflation rates, changing lifestyle trends, and increased competition from newer malls continue to dampen the performance of some malls and tenants in certain trade sectors.

As a result, LMIR Trust reported a 7.4% and 10.2% dip in rental revenue and NPI to S\$26.5 million and S\$28.6 million respectively, for the fourth quarter of 2023 (“**4Q 2023**”). In addition to the 5.1% year-on-year (“**YoY**”) depreciation of the IDR to SGD, the topline decline was also attributable to lower revenue contribution from Lippo Plaza Jogja of S\$0.6 million due to the expiration of master leases in December 2022, as well as the downsizing or early termination of leases for certain tenants, primarily in the hypermarket sector, and the change in the structure of some lease agreements to revenue sharing basis. In IDR terms, rental revenue for the quarter dipped 4.6% to Rp306.3 billion, while NPI edged down to Rp330.6 billion compared to Rp357.0 billion of the same period a year ago (“**4Q 2022**”).

<sup>1</sup> Average exchange rate of Singapore Dollar (SGD) 1.00 to Indonesia Rupiah (IDR) 11,335.7 for FY 2023 vs. SGD1.00 to IDR10,762.5 for FY 2022

On the portfolio front, occupancy improved quarter-on-quarter to 79.0% as of 31 December 2023 compared to 76.8% as of 30 September 2023. Despite early termination or downsizing of anchor leases in some malls, the Trust has begun to reconfigure the vacated spaces to optimise value and actively sought new tenants while renewing expiring leases. It managed to secure a total of 78,685 square metres of new leases and renew 74.9% of expiring leases for the year.

Additionally, the Trust is working closely with its mall operator and tenants to organise a variety of promotional and marketing activities to attract shoppers to the malls. Overall, shopper traffic for 2023 has recovered to approximately 67.9% of pre-Covid levels in 2019 and showing a 9.2% improvement over 2022.

### **Prudent Capital Management**

Amid tough operating conditions marked by persistently elevated interest rates, fluctuating inflation rates and volatile foreign currencies, the Trust has exercised caution and took strategic actions to manage its capital structure to ensure a steady and sustainable performance.

In addition to the halting of distributions to perpetual securities holders and unitholders to conserve cash, the Trust has entered into amendment and restatement agreements to extend its maturing loan facilities of approximately S\$198.0 million to November 2026.

The Trust also obtained a secured amortising term loan facility of up to Rp2.5 trillion (“**IDR Facility**”), Proceeds from the IDR Facility used for the partial repurchase of the outstanding 2024 Notes and 2026 Notes, which the Trust launched a tender offer for in December 2023 and in January 2024. Following the tender offers, the outstanding 2024 Notes reduced from US\$231.8 million to US\$188.3 million as at 31 December 2023 and to US\$138.4 million as at 29 February 2024, while the 2026 Notes reduced from US\$181.7 million to US\$143.2 million as at 31 December 2023 and to US\$114.7 million as at 29 February 2024.

Commented **Mr James Liew, Chief Executive Officer of the Manager**, “We have strategically managed our capital structure to ensure sustainability and compliance with financial covenants. As such, our average leverage ratio remained within the regulatory credit limit at 44.3%. Despite challenges such as tightening monetary policy and credit rating downgrades affecting our access to the capital market, we have received continuous support from existing and new lenders. We will continue engaging with them to meet our future requirements while ensuring the continuous performance of our resilient portfolio of income-generating assets.”

## **Market Outlook<sup>2</sup>**

Indonesia's economy slowed to 5.05% in 2023 from a 5.31% expansion in the previous year due to weaker growth in exports, which rose 1.32%, down sharply from 16.23% in 2022. Indonesia is a major producer of commodities, such as coal, palm oil and nickel. But commodity prices fell last year after they soared in 2022 amid the Russia-Ukraine war and post-pandemic economic recovery. The slowing global economy is one of the factors causing Indonesia's slowing economic growth.

Bank Indonesia has projected that Indonesia's economy will accelerate to a range of 4.7% to 5.5% in 2024, citing strong consumption and investment, a recovering tourism sector, including the construction of the country's planned new capital. Indonesia plans to shift its capital from Jakarta to Nusantara, a new city being built on the island of Borneo, in August.

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## **CONTACT INFORMATION**

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## **About Lippo Malls Indonesia Retail Trust ("LMIR Trust") ([www.lmir-trust.com](http://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 952,112 square metres and total carrying value of Rp17,998.6 billion as at 31 December 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.

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<sup>2</sup> 5 February 2024, Nikkei Asia - Indonesia's 2023 GDP growth slows to 5.05% on weak exports