



LIPPO MALLS INDONESIA RETAIL TRUST

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

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 25 APRIL 2023

LMIRT Management Ltd., in its capacity as manager of Lippo Malls Indonesia Retail Trust (the “**LMIR Trust**” and as manager of LMIR Trust, the “**Manager**”) wishes to inform unitholders that in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022), minutes of the fourteenth annual general meeting (“**AGM**”) of LMIR Trust which was convened and held by way of electronic means on Tuesday, 25 April 2023 at 10:00 a.m. has been recorded and is attached hereto as **Appendix A**.

The Manager had on 19 April 2023 released on SGXNET its responses to substantial and relevant questions received from unitholders relating to the agenda of the AGM.

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

24 May 2023

LIPPO MALLS INDONESIA RETAIL TRUST

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

(Manager: LMIRT Management Ltd.)

(Trustee: Perpetual (Asia) Limited)

MINUTES OF ANNUAL GENERAL MEETING

PLACE : Via “live” audio-visual webcast and “live” audio-only stream in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**Electronic Means**”)

DATE : 25 April 2023 (Tuesday)

TIME : 10.00 a.m.

PRESENT VIA ELECTRONIC MEANS :

Mr Murray Dangar Bell	- Chairman of the Board, Lead Independent Director and Chairman of the Nominating and Remuneration Committee
Mr Mark Leong Kei Wei	- Independent Director and Chairman of Audit and Risk Committee
Ms Gouw Vi Ven	- Independent Director
Mr Liew Chee Seng James	- Executive Director and Chief Executive Officer
Mr Wong Yoon Thim	- Chief Financial Officer
Ms Sin Li Choo	- Representative from the Trustee, Perpetual (Asia) Limited

UNITHOLDERS PRESENT VIA ELECTRONIC MEANS : As set out in the attendance record maintained by the Manager.

CHAIRMAN : Mr Murray Dangar Bell

1 The Chairman welcomed the Unitholders of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**”) to the live webcast of the Fourteenth Annual General Meeting (“**AGM**”) of LMIR Trust. He introduced the Directors of LMIRT Management Ltd. (the “**Manager**”), Management of the Manager and the Representative of Perpetual (Asia) Limited (“**Trustee**”), who were present at the AGM via “live” audio-visual webcast, to the Unitholders.

2 QUORUM

2.1 As a quorum was present, the Chairman called the meeting to order.

3 NOTICE

3.1 The Notice of the AGM (“**Notice**”) convening the meeting was taken as read.

3.2 The Chairman informed the Unitholders that all resolutions tabled at the AGM would be voted by poll. He also informed that in his capacity as Chairman of the Meeting, he has been appointed by numerous shareholders as proxy and would be voting in accordance with their instructions.

4 POLLING

4.1 DrewCorp Services Pte Ltd had been appointed as scrutineers for the poll. Boardroom Corporate & Advisory Services Pte Ltd had been appointed as polling agent.

4.2 There were no parties who were required to abstain from voting on any resolutions.

5 UPDATES BY THE CHAIRMAN

5.1 The Chairman shared some updates of LMIR Trust outlook and strategic direction as follows:

At the previous AGM a year ago, the Trust was still in the middle of COVID. Thankfully during 2022, the Trust has gradually emerged from the shadows of the pandemic, the gradual easing of restrictions in Indonesia and improving operating conditions, saw the Trust registering operating financial growth for FY2022. Fundamentally, the Trust's resilient portfolio of 29 retail assets strategically located across Indonesia has been gradually recovering as reflected in the top-line financial growth and the rebuilding of shopper traffic that has recovered to over 65% of pre-COVID level in 2019.

However, the macro-environmental factors of the past 12 months, particularly rising interest rates, fluctuating exchange rates and tightening credit market have impacted the Trust's overall financial performance for the year.

The downgrading of the Trust's credit ratings has made it more challenging for the Trust to access the debt market and accordingly the Manager are exercising prudent caution with the capital management and taking strategic and drastic measures of withholding distributions and perpetual securities payments as the Manager proactively address the debt obligations due in 2023 and 2024 with stakeholders.

The current strategic focus is to continue developing a comprehensive solution to reduce the Trust's gearing ratio and to achieve a sustainable capital structure.

At this point, the Chairman reflect on the strategic priorities for the Trust for the coming years. In summary these relate to driving operational asset performance post COVID and addressing the debt obligations of the Trust:

- Improve total portfolio occupancy rate by working closely with the mall operator to enhance the retail tenant mix.
- Continue to improve shopper traffic by increasing marketing and promotional activities with tenant involvement.
- Asset enhancement initiatives to optimise the value of the existing assets to maximise the use of space and to improve the overall shopper experience. For instance, the Trust had completed major refurbishment works at Sun Plaza last year with an additional scope of converting parking spaces to F&B area to be completed by end 2023 and more than 80% of the extensive refurbishment works at Gajah Mada Plaza have been completed with official opening scheduled for 4Q2023.
- Balance the liquidity by continuing to be prudent with cash flow management.
- Reduce the aggregate leverage of the Trust; and
- Engage in active discussions with the existing banks to address the debt obligations of the Trust.
- remain steadfast in supporting the recovery and maximising the value of existing assets, while exercising prudence in maintaining and balancing the capital structure to stabilise returns for unitholders in the long-term.

As the Manager endeavours to stabilise the Trust and optimise opportunities, the Manager is also committed to increase its efforts towards sustainable development. The Trust's business and operations involve numerous groups of stakeholders, and it is important to address the varied concerns and needs of the stakeholders whilst delivering sustainable business performance. On the sustainability front, the Manager took a significant step in the climate journey by developing a Green Financing Framework which was scheduled to be finalised by 2023 to support the financing of projects relating to energy conservation and climate change mitigation. At the same time, the Manager is also working with an external consultant, along with the Sponsor, to lay out an actionable roadmap to reduce emissions, implement new initiatives to manage climate-related risks and work towards achieving more green certifications for the malls. To this end, two of the upmarket malls, Sun Plaza and Lippo Mall Puri earned the Trust's first green building certification from EDGE.

In closing, the Chairman reiterated that the Manager had taken immediate and necessary measures to stabilise the Trust as the Manager continues to navigate the challenges of the macroenvironment and exercise prudence to improve the capital structure and overall long-term performance of the Trust. The Manager would like to seek the understanding of the Unitholders that these measures are painful in the short-term, however are prudent steps for the long-term stability of the Trust. The Manager thank Unitholders for their patience and for their continued support with the Trust as the Manager navigate these challenging times.

6 PRESENTATION BY CHIEF EXECUTIVE OFFICER (“CEO”)

6.1 Mr Liew Chee Seng James, Executive Director and CEO of the Manager, delivered a presentation on LMIR Trust. After the presentation, the CEO handed over the proceedings to the Chairman.

6.2 A copy of the presentation slides, which was posted via SGXNet and LMIR Trust's website on 25 April 2023, is annexed to this Minutes as “**Annex A**”.

7 LIVE Q&A SESSION

7.1 The Chairman informed the Unitholders that the Manager's responses to all the relevant and substantial questions received from the Unitholders by 14 April 2023 related to the resolutions tabled at the meeting, annexed to this Minutes as “**Annex B**”, had been posted on SGXNet and LMIR Trust's website on 19 April 2023.

7.2 Questions from the Unitholders were fielded. The questions raised and the responses are annexed to these minutes as “**Annex C**”.

8 ADOPTION OF REPORT OF THE TRUSTEE, THE STATEMENT BY THE MANAGER AND THE AUDITED FINANCIAL STATEMENTS OF LMIR TRUST – ORDINARY RESOLUTION 1

8.1 Ordinary Resolution 1 was proposed by the Chairman:

8.2 “That the Report of the Trustee issued by Perpetual (Asia) Limited, the Statement by the Manager issued by LMIRT Management Ltd, as manager of LMIR Trust, and the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2022 together with the Auditors' Report thereon be received and adopted.”

8.3 The results of Ordinary Resolution 1 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
3,858,823,280	3,845,319,447	99.65	13,503,833	0.35

8.4 Based on the polling results, the Chairman declared Ordinary Resolution 1 as carried.

9 RE-APPOINTMENT OF RSM CHIO LIM LLP AS THE AUDITORS OF LMIR TRUST – ORDINARY RESOLUTION 2

9.1 Ordinary Resolution 2 was proposed by the Chairman:

9.2 “That RSM Chio Lim LLP be re-appointed as Auditors of LMIR Trust and to hold office until the conclusion of the next Annual General Meeting and that the Manager be authorised to fix their remuneration.”

9.3 The results of Ordinary Resolution 2 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
3,858,823,380	3,845,293,547	99.65	13,529,833	0.35

9.4 Based on the polling results, the Chairman declared Ordinary Resolution 2 as carried.

10 AUTHORITY TO ISSUE NEW UNITS – ORDINARY RESOLUTION 3

10.1 Ordinary Resolution 3 was proposed by the Chairman:

10.2 “That pursuant to Clause 5 of the trust deed constituting LMIR Trust (as amended) (the “**Trust Deed**”) and the listing rules of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Manager be authorised and empowered to:

- (a) (i) issue units in LMIR Trust (“**Units**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units and Instruments that may be issued under subparagraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
- (a) new Units arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time of the passing of this Resolution;
 - (b) new Units arising from exercising unit options or vesting of unit awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of LMIR Trust, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of LMIR Trust or (ii) the date by which the next AGM of LMIR Trust is required by law to be held, whichever is earlier or (iii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of LMIR Trust to give effect to the authority contemplated and/or authorised by this Resolution.”

10.3 The results of Ordinary Resolution 3 tabled at the Meeting, taken on a poll, were as follows:

Total no. of votes cast	No. of votes 'For'	% 'For'	No. of votes 'Against'	% 'Against'
3,858,834,880	3,843,882,947	99.61	14,951,933	0.39

10.4 Based on the polling results, the Chairman declared Ordinary Resolution 3 as carried.

11 **CONCLUSION**

11.1 There being no other business to transact, the Chairman declared the AGM closed at 10.45 a.m.

Confirmed as a True Record of Proceedings Held

Murray Dangar Bell
Chairman



CEO PRESENTATION

25 April 2023



Disclaimer



Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These forward-looking statements reflect our current views with respect to future events and financial performance and are subject to certain risks and uncertainties, which could cause actual results to differ materially from historical results or those anticipated.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in the Indonesian retail industry including those factors which may affect our ability to attract and retain suitable tenants, our ability to manage our operations, reduced demand for retail spaces, our ability to successfully complete and integrate potential acquisitions, liability for damages on our property portfolios, the success of the retail malls and retail spaces we currently own, withdrawal of tax incentives, political instability, and legal restrictions on raising capital or acquiring real property in Indonesia. In addition to the foregoing factors, a description of certain other risks and uncertainties which could cause actual results to differ materially can be found in the section captioned "Risk Factors" in our preliminary prospectus lodged with the Monetary Authority of Singapore on 19 October 2007. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. We undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The value of units in LMIR Trust ("Units") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, LMIRT Management Ltd, as manager of LMIR Trust (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.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of LMIR Trust is not necessarily indicative of the future performance of LMIR Trust.

Fundamentally Strong

Resilient and strong portfolio of assets

- 29 income generating assets strategically located across Indonesia
- Valuation ▲2% YoY on recovering operating conditions

Recovering operating performance

Financials

- Rental Revenue ▲17.2%
- Gross Revenue ▲16.9%
- Net Property Income ▲25.2%

Operations

- Shopper traffic ▲32.4%, recovered to 65.2% of 2019 levels
- Occupancy 80.2%, higher than industry average of 77.4%
- Tenants ▲1.5%
- Renewed 71.6% of expired leases in FY2022 at positive rental reversion of 1.7%

Macroeconomic Headwinds

Rising interest rates

Volatile Foreign Exchange Rates

Tightening Credit Market

- Depreciation of IDR to SGD by more than 10% in FY 2022 → Gearing increased to 44.6%
- Downgrade of credit ratings to CCC- → More challenging to access capital

Strategic Measures - Operations

**Income
producing
assets**

Rejuvenate / Support Recovery

- **Support Recovery**
 - Organise marketing, promotional events, offers and discounts to attract shoppers
- **Capitalise Opportunities**
 - Convert vacated spaces to specialty units, bolster retail offerings at higher rental rates
- **Optimise Value**
 - Actively renew expiring leases and improve tenant mix and occupancy rate with new and exciting brands in different trade sectors
 - Strategic rejuvenation of key assets that will increase the value of assets and improve shopping experience

Strategic Measures – Capital Structure

Prudent Measures

- **Address Debt Obligations**
 - Short-term loans S\$224.5 million due in the next 12-18 months - active discussion with existing and new bankers
- **Balance Cashflow and Liquidity**
 - Substantially reduced 4Q 2022 distribution
 - Ceased distribution to perpetual security holders – restrict future distributions to unitholders
- **Recycle Capital**
 - Divest non-core non-strategic assets to boost financial flexibility

**Short-term
pain**
**Long-term
sustainable
gain**



THANK YOU





LIPPO MALLS INDONESIA RETAIL TRUST

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**RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS
RECEIVED FROM UNITHOLDERS AND THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) (“SIAS”)**

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 the LMIR Trust for the financial year ended 31 December 2022 (the “**Annual Report**”);
 - (b) the notice of annual general meeting (“**AGM**”) dated 3 April 2023 informing Unitholders that the fourteenth AGM of LMIR Trust will be convened and held by way of electronic means on Tuesday, 25 April 2023 at 10:00 a.m.; and
 - (c) the accompanying general announcement released on 3 April 2023 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.
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.
3. **Response to questions from SIAS.** The Manager has received questions from the Securities Investors Association (Singapore) (“SIAS”) in relation to the Annual Report. Please refer to the SIAS website at <https://sias.org.sg/qa-on-annual-reports/> for the list of questions and the corresponding responses of the Manager is outlined in “**Annex B**” of this announcement.



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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

19 April 2023



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RESPONSE TO QUESTIONS RECEIVED FROM UNITHOLDERS (ANNEX A)

- 1. LMIRT is in present crisis mode because Trust manager chose to ignore minority shareholders' entreaties not to cripple Trust with financial burdens during Covid induced economic downturn by buying new malls. Now that MI have been proved right, Mall management should gracefully refund fees paid for said acquisition and forego management fees until such time LMIRT recovers its footing.**

LMIR Trust first made its intention to acquire Lippo Mall Puri ("Puri Mall") in March 2019 before the COVID-19 took place and due to the impact of COVID-19 LMIR Trust was able to acquire the iconic Puri Mall at an attractive discount to the average of two independent valuations and also at a lower purchase price due to the revised valuations.

Puri Mall is a strategic investment with great potential. It is an iconic mall strategically located in the established Puri Indah CBD area and is also part of the largest mixed-use development in West Jakarta with a catchment of shoppers from residents, office workers and visitors to the integrated development. Together with the acquisition, LMIR Trust also entered into a vendor support agreement with guaranteed Net Property Income ("NPI") till 31 December 2024 to provide LMIR Trust with a stable level of income to mitigate short-term uncertainties arising from the pandemic. During COVID-19, despite the revenue from Puri Mall was significantly impacted by the rental waivers/relieves and discounts on service charges granted to tenants, the vendor support agreement had provided LMIR Trust with guaranteed NPI of S\$30.1 million and S\$31.6 million for FY2021 and FY2022 respectively, as well as the corresponding operating cashflow.

With the easing of restrictions in Indonesia and improving operating environment, Puri Mall has registered resilient growth as shown in the table below:

Lippo Mall Puri	FY 2022	FY2020	% Change
Valuation	Rp3,992.0 billion	Rp3,500 billion	14.1
Occupancy	89.3%	85.0%	4.3
Tenants	361	329	9.7%
Shopper Traffic	13.0 million	7.8 million	66.6%

The underlying gross revenue (excluding the impact of the guaranteed NPI provided under the vendor support agreement) of Puri Mall has also improved from S\$18.8 million in FY 2021 to S\$34.2 million in FY 2022.

- 2. With cash running out, what are the next steps?**

Fundamentally, the Trust's operational performance is improving as reflected in our FY 2022 results, with rental revenue, gross revenue and NPI improving 17.2%, 16.9% and 25.2%



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respectively. The quantum is higher in IDR terms at 20.0%, 19.8% and 28.2% respectively. The Trust is also generating positive cashflows from operations during the COVID-19 pandemic.

However, the current macroeconomic headwinds are straining the financial recovery of the Trust, particularly rising interest rates, volatile foreign exchange rates and tightening credit market. Coupled with these, the depreciation of IDR against SGD and downgrading of the Trust credit ratings have further made it more challenging to access capital to deal with the debts maturing in FY 2023 and FY 2024.

The immediate steps taken were the substantial reduction in distribution to Unitholders for 4Q 2022 and the cessation of distributions to the holders of the S\$140.0 million perpetual securities as announced on 20 March 2023, to conserve capital and cash resources. Due to the distribution stopper on perpetual securities, this will also restrict the ability of LMIR Trust to make future distributions to Unitholders. These are severe, however prudent measures that are necessary to stabilise the Trust as it focuses on addressing the debt obligations due in FY 2023 and FY 2024.

3. Are there plans to sell malls to actualise gains to pay dividends?

We are exploring asset recycling opportunities to divest our non-core non-strategic assets at reasonable market prices. We have engaged a property consultant to target and search for appropriate buyers. For our malls, we are targeting buyers with operating experience whereas for our strata retail assets, we are targeting buyers who wish to buy for their own use or as an investment. However, investment activities in the Indonesian commercial real estate market remain muted post COVID. Any potential divestment activity is expected to take time.

4. Lippo Malls has the lowest Price to book in the SREIT market. It is now 0.23. Are there any plans to buy back shares or for sponsor to take it private to realize the full value of Lippo Malls?

We are now focused on stabilising the Trust's performance. Overall, the operational performance of the Trust is gradually recovering as reflected in the year-on-year ("YoY") improvement in our top-line results. Although some malls are still performing below expectations, such as the malls in Bandung, Bali, Bogor and Yogyakarta, due to increased competition from newer malls in the areas and the lack of international tourists in the Bali province. Some of our tenants are still suffering from the effects of COVID-19 particularly the hypermarket/supermarket sector.

The vacated spaces by hypermarkets/supermarkets at our malls could present an opportunity for us to convert these spaces to specialty units which will bolster our retail offerings at higher rental rates. Together with our mall operator, we are also focusing on renewing expiring leases and improving tenant mix to bring in new and exciting brands in different trade sectors to provide shoppers with a more holistic shopping experience. These initiatives continue to be supported by our marketing campaigns and events to attract shoppers back to our malls. To maximise the value of our malls, we continue to explore opportunities to optimise mall space through strategic asset enhancement initiatives ("AEI"). The extensive AEI at one of our biggest upmarket malls, Sun Plaza in Medan, were completed in 2022. An additional scope of converting the rooftop parking spaces into an alfresco dining area with an eclectic food and beverage selection in a lush tropical garden setting, is in progress with expected completion by 4Q 2023. Similarly, the major



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refurbishment works at Gajah Mada Plaza are more than 80% completed. Located in the heart of Jakarta's bustling Chinatown and commercial area, the mall refurbishment is expected to be completed with official opening in 4Q 2023.

As we continue to implement these strategic actions to support the recovery of the Trust, it is important to acknowledge that the financial benefits from these positive actions will take time to reach fruition. For a start, we have already received positive results and feedback from the AEIs done at Sun Plaza and Gajah Mada Plaza.

5. Why are your Grand Palladium units occupancy at 0% for the past several quarters?

The mall is still in the process of consolidating consensus from all strata owners of the mall for AEI. While LMIR Trust owns 44.7% of the retail spaces in the mall, the remaining 55.3% are owned by individual strata owners and the developer. The occupancy of the entire mall is only around 23%. The COVID-19 pandemic has further delayed this AEI project as the individual strata owners are reluctant to invest in the AEI given the economic uncertainty.

6. I note that 100% of the company's properties are unencumbered for more than 5 years. From my understanding, if one pledge your property to the bank, the bank could potentially offer you a lower interest rate (and higher loan quantum) compared to if you did not pledge your property. Have the company considered pledging some of the company's properties to the bank, and reducing the interest cost and burden to the company? Why did the company not pledge its properties to the bank as collateral? Was it because the banks do not accept shopping malls as a form of collateral? Please explain and elaborate on the rationale of having all properties unencumbered.

Prior to FY 2018, the Trust's loan facilities were of a secured nature with our shopping malls pledged to bank lenders as collateral. The Trust subsequently converted to a 100% unencumbered structure (with no significant increase in financing cost) as it provided the Trust with greater financial flexibility and allowed the Trust to tap the US\$ Capital Market.

We are currently in active discussion with our bank lenders to address our debts maturing in the next 12 months which may require the provision of our shopping malls as collateral.

7. 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 supermarket? Please detail and elaborate.

With improving operating conditions and easing of social restrictions during 2022, we were able to significantly reduce the rental support or reliefs to our tenants in FY 2022.

The Trust has reduced almost all rental support or reliefs to speciality tenants, except for those operating in underperforming malls. Certain speciality tenants in such malls are also on Gross Turnover Rent structure instead of the traditional fixed rental structure. The purpose of such rental reliefs or turnover structures is to allow such tenants to operate and attract shoppers to the malls, thereby increasing occupancy. Over the medium term, as the mall stabilises with



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increasing shopper traffic, we would be able to reduce rental reliefs and improve the financial performance of the mall.

Rental support is also provided to selected anchor related and non-related tenants such as hypermarkets or supermarkets operated by Carrefour and Matahari Putra Prima as this segment faces intense competition from stand-alone supermarkets, traditional wet markets and mini-marts located outside the malls as these outlets are more convenient destinations for Indonesians shopping for daily essentials. However, as supermarkets are an essential tenant mix within the malls, the Trust has exercised flexibility in their rental structures to ensure their continued operations as well as maintain occupancy levels within the malls.

- 8. The ICR of LMIRT is less than 2.5x, and hence the maximum permissible gearing limit is 45%, which only allows a small buffer given the REIT's current gearing of 44.6%. Are there plans by the REIT to reduce its gearing level? With the impending rise in interest rates, how does the company plan to manage its debts, borrowings, and other liabilities?**

We are in active discussion with our bank lenders for a comprehensive solution to address the bank debts maturing over the next 12 months as well as the US\$ bonds due in 2024 and 2026.

The Trust uses fixed rate debt and interest rate derivatives such as swaps to protect against interest rate volatility. We take into consideration the interest rate environment, volatility of the interest rate trend, pricing / cost and tenure of the interest rate swaps contracts before entering into any of the contracts.

In FY 2022, we restructured our cross-currency swap contracts with a floating interest, and a term loan facility to Singapore Overnight Rate Average (SORA) from Singapore Offer Rate (SOR). Historically, SORA tends to be a more stable benchmark than the SOR.

- 9. Also, the company auditor has issued an emphasis of matter regarding "going concern" and the company has stopped payment of distributions to perpetual securities holders. This means that distributions to unitholders would have to cease also. Will the company go bankrupt? Will the company need to conduct another rights issue to recapitalise, similar to the one we did many years ago? Please explain and elaborate.**

The Trust has a resilient portfolio of 29 assets strategically located across Indonesia. Fundamentally, the Trust's operational performance is improving as reflected in our FY 2022 results, with rental revenue, gross revenue and NPI registering double digit growth.

To support our operational recovery, we are focusing on renewing expiring leases and improving tenant mix to bring in new and exciting brands in different trade sectors to provide shoppers with a more holistic shopping experience. These initiatives continue to be supported by our marketing campaigns and events to attract shoppers back to our malls. To maximise the value of our malls, we continue to explore opportunities to optimise mall space through strategic AEI.

The immediate steps taken to cease distributions to the holders of the perpetual securities and unitholders is part of the process of stabilising the Trust while we continue active discussions with our bank lenders for a comprehensive solution to address our bank debts maturing over the next 12 months as well as our US\$ bonds due in 2024 and 2026.



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10. On 6 March, 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 month has passed since the announcement, please provide updates on the progress.

SCCL's engagement as Financial Adviser is an ongoing process to advise and report to the board of directors of the Manager and the Trustee of LMIRT, on a suitable and sustainable capital structure for LMIRT going forward.

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

If and when there are any material developments which warrant disclosure, the Manager will, in compliance with applicable rules, make further announcements as appropriate.

11. Please comment if LMIRT and OUE Commercial REIT (another REIT sponsored by Riady) will be merging into one REIT?

We are currently not in discussions with any third party, related or non-related, on any plans to divest or merge the REIT.

We remain focused on supporting the recovery of our portfolio and coming up with a comprehensive solution to address our bank debts maturing over the next 12 months as well as our US\$ bonds due in 2024 and 2026.

12. Will there be any Distribution Per Unit ("DPU") going forward? When will DPU return to 2018 level? When will share price recover to IPO levels of S\$0.80?

We announced that we have ceased distributions to the holders of the S\$140 million perpetual securities. Due to the distribution stopper on perpetual securities, this would also restrict the ability of the Trust to make future distributions to Unitholders.

These are prudent and necessary actions to stabilise the Trust as we navigate the uncertain macroenvironment to improve our capital structure and the overall long-term performance of the Trust to stabilise returns for our Unitholders.

13. How to justify the REIT share price can drop from 60 cents to 1.5 cents?

Unit price is a function of the market that we have no control over. Over the last two to three years, like most businesses, the Trust faced significant challenges due to the pandemic and in 2022, amid recovering operating environment, macroeconomic headwinds and a weakening of the IDR to SGD are straining the financial recovery of the Trust.

We have also implemented strategic actions such as AEI works to support the recovery of the Trust, coupled with continuous efforts in improving our tenant mix and organising mall activities



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to attract shoppers back to our mall. As we continue to focus on operational recovery, we are also focusing on navigating current macro challenges to improve our capital structure. (Please refer to answers above for some of the strategic actions taken.)



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RESPONSE TO QUESTIONS RECEIVED FROM SIAS (ANNEX B)

Question 1

- i) **Can the board, especially the independent directors, help unitholders better understand if the current situation the trust finds itself in was discussed as a possible scenario when the board assessed the Trust's outlook and risks during its board meeting in the past 12-18 months?**
- ii) **If so, what proactive measures did the board take to address this situation? Has the management actively sought buyers to acquire non-core assets from the trust?**
- iii) **What is the mandate given to Stirling Coleman Capital Limited, which is advising the trust on its options for capital management to achieve a sustainable capital structure?**

Answer

The Board and Management has consistently and methodically assessed strategic risks during the Covid and current macroeconomic challenging times.

Specifically, during the year, the Manager in counsel with the Board took strategic actions to insulate the Trust from the impact of fluctuating foreign currencies and interest rates. It entered into various hedging contracts to mitigate its exposure to currency volatility, as well as restructured its loan interest rates to the Singapore Overnight Rate Average (SORA) interest rate benchmark.

These strategic actions included restructuring the terms of (i) the cross-currency swap contracts with a floating interest, and (ii) the term loan of S\$110.0 million, so that the benchmark for the interest rate had been transitioned from Singapore Offer Rate (SOR) to SORA. Historically, SORA tends to be a more stable benchmark than the SOR.

In September and December 2022, LMIR Trust repurchased and cancelled an aggregate principal amount of US\$29.5 million of the US\$250.0 million and US\$200.0 million outstanding notes from the open market. Using internal funds, the total cost for the exercise amounted to S\$28.6 million, resulting in a gain of S\$10.6 million.

In October 2022, LMIR Trust obtained a one-year bridging loan facility of S\$67.5 million, which were used to refinance a S\$67.5 million term loan that matured in November 2022. The bridging facility bears a lower interest rate of 2.50% + SORA per annum compared to the existing term loans, due to its shorter loan tenure.

We are also exploring asset recycling opportunities to divest our non-core non-strategic assets at reasonable market prices. We have engaged a property consultant to target and search for appropriate buyers. For our malls, we are targeting buyers with operating experience whereas for our strata retail assets, we are targeting buyers who wish to buy for their own use or as an investment.



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However, investment activities in the Indonesian commercial real estate market remain muted post COVID. Any potential divestment activity is expected to take time.

We remain in active discussion with our bank lenders for a comprehensive solution to address the bank debts maturing over the next 12 months as well as the US\$ bonds due in 2024 and 2026 while we have appointed Stirling Coleman Capital Limited ("SCCL") as our financial advisor to advise and report to the board of directors of the Manager and the Trustee of LMIRT, on a suitable and sustainable capital structure for LMIRT going forward.

Question 2

- i) Who is currently spearheading the negotiations with the banks, and what is the current progress of these negotiations?**
- ii) What are the specific roles and responsibilities of the independent directors in the ongoing refinancing process?**
- iii) What are the options available to the trust, considering its present circumstances? Has the possibility of a rights issue been considered? What discussions, if any, have transpired with the sponsor, PT Lippo Karawaci Tbk?**

Answer

The Manager is in active discussion with existing and new lenders, on the back of strategic counsel from the Board. Through the support of our sponsor, Lippo Karawaci, we remain in active discussion with our bank lenders for a comprehensive solution to address the bank debts maturing over the next 12 months as well as the US\$ bonds due in 2024 and 2026.

SCCL has been appointed and is working closely with the Manager in assessing the current situation, evaluating the various options available to LMIRT in view of balancing multiple and competing demands on LMIRT's resources to determine the next steps to maintain a sustainable capital structure and reduce aggregate leverage.

In general, the independent directors are non-executive in nature so they do not take part in direct negotiations with the lenders on financing activities. The Manager however regularly updates the Board (including the independent directors) on the status of any financing negotiations. The Board supervises the process and provides the Manager with strategic inputs and insights on the process.

Question 3

- i) Could the nominating committee (NC) provide additional insights to unitholders on how it evaluated Ms Gouw Vi Ven's long-standing association with the REIT and the sponsor? What is the basis for concluding that Ms. Gouw Vi Ven can effectively exercise independent judgement in fulfilling her duties as an independent director, and is this determination reasonable?**
- ii) Did the NC consider if unitholders would perceive Ms Gouw Vi Ven as independent given her association with the group?**
- iii) Due to her executive functions as CEO and executive director of the trust in the past, would Ms Gouw Vi Ven now be required, as an independent director, to review and evaluate her own past decisions and actions?**



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Answer

The NRC has assessed the independence of Ms Gouw Vi Ven in accordance with the requirements of the SGX Listing Manual, the Code of Corporate Governance 2018 and the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFLCBR”) and is of the view that Ms Gouw Vi Ven does not have any relationships and is not faced with any of the circumstances identified in the SGX Listing Manual, the Code of Corporate Governance 2018 and the Securities and Futures (Licensing and Conduct of Business) Regulations which may affect her independent judgement. The NRC and the Board are therefore of the view that Ms Gouw Vi Ven will be able to exercise independent judgement in the discharge of her duties and responsibilities as an Independent Director.

In assessing Ms Gouw’s independence, the NRC and Board had considered and observed her participation during board and board committee meetings since she was appointed as a Non-Executive Director and she has always constructively challenge Management on issues involving the Sponsor and/or its related corporations and has always been objective in the assessment of these issues brought before the Board.

Ms Gouw Vi Ven had retired from all her duties with the Lippo Karawaci Group (being the Sponsor of LMIR Trust) (the “Sponsor Group”) since 1 May 2019; she has thereafter ceased to represent the interests of the Sponsor Group and has been sitting on the Board of the Manager as Non-Executive Director solely in her personal capacity and had not been involved in the management of the Sponsor Group’s business since then. Therefore, the NRC and the Board are satisfied that she is not under an obligation to act in accordance with the instructions or wishes of the Sponsor Group.

For the assessment of her independence, Ms Gouw has also abstained from all the discussion and deliberation of the NRC and Board.

The Manager has not, thus far, met with a situation that Ms Gouw Vi Ven is required to review and evaluate her own past decisions and actions.



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**RESPONSE TO QUESTIONS RECEIVED FROM UNITHOLDERS DURING LIVE Q&A
SESSION (ANNEX C)**

1. How confident is Management to steer the REIT which is currently facing financial crisis out of the woods? What are the prospects left for the shareholders to continue to invest in it?

Answer:

Majority of the Trust's assets are still income producing and have stabilised and rebuilt from the COVID impact. The Trust has also improved the tenant mix to bring in more food & beverages and entertainment tenants and has seen positive results. Valuation of the assets has also improved by 2% which reflects that the assets are viable and improving. As the fundamentals of the Trust have not changed and the relationship with the banks remains strong with positive cash return from operating level, Management is confident of the Trust's performance while practicing prudence in dealing with the macroeconomic issues, in particular, focusing on addressing operational and debt obligations.

2. This REIT unit price has been performing worse and worse over the years since IPO at S\$0.80. Is the business model sustainable, if not, why not restructure it or delist it altogether?

The main factor impacting the unit price is the financing issues, however, the business operations remain stable. Management is working hard to ensure operational stability so that more strategic plan can kick in to bring higher return to the Unitholders.

3. Please share how are you going to get sufficient financing to meet debts over the coming three years.

The gearing ratio of the Trust remains below 45% of the MAS aggregate leverage requirement. All assets are currently unencumbered and in view of the key relationship banks who have worked with the Trust since 2018 and they had continued to support the Trust during difficult times throughout the COVID-19 pandemic, Management anticipates that the debts which would be due in November 2023 and January 2024 would be resolved by 2023 and hopefully would also address a bigger picture to the Trust in terms of capital structure.



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4. When can we expect to receive dividends again (and perpetual securities (“Perp”) holders to receive their coupons)?

Management is currently working through the process of addressing debt obligations and the ability of the Trust to resume distribution payment to unitholders and perp coupon payment to perp holders and this will need to take into consideration the cash flow and cash balances. Management will update the unitholders and perp holders in due course.

5. I notice that Grand Palladium unit in Sumatra has 0% occupancy for many quarters. Why is this so?

There was a consolidation plan for the retail spaces of the mall to carry out AEI, however, it was delayed by COVID-19 pandemic before commencement. Subsequently, the micro-environmental factors have changed, and the consolidation plan was further delayed. Management will continue to work with the parties involved to rejuvenate the mall when appropriate time occur.

6. Currently Price to Book is only S\$0.17, why not consider selling part of the portfolio to reduce the debt load and avoid further credit downgrading?

Two independent parties have been engaged to look for interested party to acquire our malls that are located at non-strategic locations and are non-core business of the Trust. The process is ongoing to look for a suitable offer for the benefit of all stakeholders. Previous divestment process took approximately 9 months to complete, and future process, if any, will require longer time in view of the current micro-environmental challenges. There is no offer to purchase as of to-date.

7. May I confirm if bank loan is the only financing option?

Management is currently focusing on addressing debt obligations which would be due in November 2023 and January 2024 respectively with banks in Singapore and Indonesia.

8. Both unit price and distributions had nosedived for the last few years. LMIR Trust is the worst performing equity I had invested. To be fair, COVID-19 had not helped the Management. But now that COVID-19 is behind us, what is the concrete plan and duration that I as a unitholder can see to regain my confidence?

The fundamentals of the Trust’s business had been greatly impacted by the unprecedented COVID-19 pandemic which leads to great impact on the rental income. As the COVID-19 pandemic in Indonesia had now stabilised, the fundamentals of the business of the Trust have gradually improved and some AEIs have been put in place, there would be more clarity on the overall as these progress along.



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9. What are your strategies to improve overall occupancy rates?

Occupancy rates had decreased from pre-COVID time. However, there had been increasing renewal of tenancy for longer tenure. Management has increased marketing efforts and improved tenant mix such as to bring in overseas tenants to Indonesia by expanding offerings to tenants. Management has also introduced new concepts to the malls and be more flexible in the tenancy such as restructuring tenancy into gross turnover rental to drive shopper traffic.

10. What happen next if LMIR Trust fails to get further financing to repay debt?

Management is confident to overcome the debt obligations due in November 2023 and January 2024 given the good relationship with the banks.

11. Can you benchmark yourself against other major malls in Indonesia?

LMIR Trust malls are in suburb areas targeting middle income shoppers and are different as compared to high income malls in Jakarta province. Some of the malls in the portfolio located in Palembang, Sumatra and Medan are top-tier malls of those locations and they continue to perform well with shopper traffic and sales improving beyond pre-COVID level. Management has also seen significant recovery of occupancy rate at Lippo Mall Puri acquired in 2021 close to pre-COVID level.