(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**", and as manager of LMIR Trust, the "**Manager**") sets out its response to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 8 March 2021 in relation to LMIR Trust's unaudited financial statements for full year results for period ended 31 December 2020 ("**FY2020"**) dated 01 March 2021:

Question 1:

The Group recorded a fair value losses of S$211.19 million on investment properties held for divestment for FY2020 which is significant compared to its total comprehensive income for the period of S$230.21 million. Please disclose:

(a) breakdown and description of these underlying investment properties, how the occupancy rates or yields have been affected in FY2020;

(b) how the amount of impairment was determined; the methodology how the valuation was conducted; the value placed on the assets; the basis and the date of such valuation;

(c) whether and which of the properties have rental support and whether rental support has been drawn and paid;

(d) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment; and

(e) the reasons for the impairment losses.

Manager's Response to Question 1:

(a) **The fair value losses of S$212.1 million comprises fair value losses on investment properties of S$193.6 million and fair value losses on investment properties held for divestment of S$18.5 million.**

The valuation of the underlying investment properties as of 31 December 2020 and as disclosed on 01 March 2020 is shown below, alongside their respective occupancy rates. The Manager is of the opinion that the yield of the respective investment properties in FY2020 is not reflective of the actual yield as the Net Property Incomes of such properties have been affected in the short term by Covid-19 while valuations of such properties are conducted with a long-term view of such properties. Notwithstanding the above, the Net Property Income of the respective investment properties in FY2020 is reflected below for investors reference.

Investment Properties as of 31 December 2020:

Properties	2020 Valuation Rp'bn	2019 Valuation Rp'bn	2020 Occupancy Rate	2020 NPI Rp'bn
Bandung Indah Plaza	590.4	711.3	89.5%	42.9
Cibubur Junction	242.0	319.6	93.4%	36.9
Lippo Plaza Ekalokasari Bogor	327.0	357.2	71.9%	9.5
Gajah Mada Plaza	701.5	800.1	57.5%	22.7
Istana Plaza	528.9	606.4	74.1%	24.6
Mal Lippo Cikarang	708.6	752.2	93.9%	34.3
The Plaza Semanggi	886.0	1,016.0	66.0%	14.9
Sun Plaza	2,043.0	2,261.0	93.7%	117.2
Plaza Medan Fair	920.0	1,030.0	95.2%	101.3
Pluit Village	671.6	815.2	80.2%	53.0
Lippo Plaza Kramat Jati	562.4	660.6	91.6%	17.0
Palembang Square Extension	273.0	294.0	89.1%	12.7
Tamini Square	261.4	281.0	97.3%	8.3
Pejaten Village*	-	997.4	-	28.0
Binjai Supermall*	-	283.3	-	9.0
Palembang Square	689.0	738.0	94.9%	30.8
Lippo Mall Kemang	2,261.0	2,669.0	89.8%	53.7
Lippo Plaza Batu	232.8	265.2	73.7%	4.8
Palembang Icon	712.0	772.0	94.3%	49.3
Lippo Mall Kuta	708.9	807.8	88.0%	30.9
Lippo Mall Kendari	344.9	358.0	99.7%	30.3
Lippo Plaza Jogja	535.5	582.2	84.2%	49.2
Kediri Town Square	374.4	418.3	90.9%	16.8
RETAIL MALLS	**14,574.3**	**17,795.8**	**85.4%**	**798.1**
Depok Town Square Units	147.2	157.9	97.4%	2.2
Grand Palladium Units	83.8	95.0	0.0%	-
Java Supermall Units	130.6	139.6	98.8%	2.9
Malang Town Square Units	171.7	172.2	100.0%	4.3
Mall WTC Matahari Units	106.6	115.9	80.3%	1.3
Metropolis Town Square Units	135.5	144.7	66.2%	(0.1)
Plaza Madiun	219.3	230.7	98.4%	9.1
RETAIL SPACES	**994.7**	**1,056.0**	**76.1%**	**19.7**
TOTAL	**15,569.0**	**18,851.8**	**84.5%**	**817.8**

**Divested in 3Q2020.*
NPI 2020 has not accounted for all allocation of provisions.

(b) **how the amount of impairment was determined; the methodology how the valuation was conducted; the value placed on the assets; the basis and the date of such valuation**

The portfolio value declined by 14.1% in SGD terms from $1,702.5 million (excluding Pejaten Village and Binjai Supermall which were divested in 2020Q3) as at 31 December 2019 to $1,462.7 million as at 31 December 2020. The Independent Valuations were derived by the Independent Valuers using the income approach, utilising the discounted cash flow method which projects the future cash flows of the assets. The methodologies adopted for the valuations in FY2020 are consistent and similar to those applied for FY2019.

The decline in value was largely due to the impact of the Covid-19 pandemic on the mall traffic to around 50% of pre-covid levels, as well as the rental and service charge discounts extended to tenants, to support their business recovery. These factors were taken into account by the Valuers in their cash flow projections for the purpose of the valuations during the period the Covid-19 pandemic.

The terminal rate used in the valuation is generally unchanged at a range of 8% - 10% as the impact of the pandemic is expected to be temporary only.

(c) whether and which of the properties have rental support and whether rental support has been drawn and paid

Currently, 3 of LMIR Trust's properties have master leases with the vendors. These include, Lippo Mall Kuta and Lippo Plaza Jogja whose master leases with entities of PT Lippo Karawaci Tbk (LMIR Trust's Sponsor) expires in December 2021 and December 2022, respectively. The rental due under these 2 master leases have been paid in accordance with the lease agreements.

However, the master lease obligations for Lippo Plaza Kendari with the vendor - PT Metropolis Propertindo Utama "MPU") amounting to Rp 16.2 billion (SGD1.5 million) remains unpaid. The Manager understands that MPU is currently undergoing debt restructuring in Indonesia as its property business has been severely affected by the Covid-19 pandemic. Proactively, the Manager is working with our property manager to attempt to recover the unpaid dues with the current focus on recovering Rp 11.2 billion (which is more than 90 days) over time. However, the Manager has for prudence sake made 100% specific loss provisions for the above amounts in the current financial accounts.

(d) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment.

As the valuation methodologies adopted for FY2020 are similar to those adopted for FY2019, the Board is satisfied that the amount of impairment determined is fair and reasonable.

(e) the reasons for the impairment losses

As explained in 1(b) above.

Question 2:

The Group recorded trade receivables outstanding as at 31 December 2020 amounting to 43.8 m on the back of FY2020 gross rental income of 73 million. Please disclose:

Manager's Response to Question 2:

(a) **Breakdown of the Group's trade and other receivables**.

	31 Dec 2020 S$'000
Trade and other receivables	
Trade receivables	35,553
Less: Allowance for impairment	(8,293)
	27,260
Other receivables	18,119
Less: Allowance for impairment	(1,516)
	16,603
Total	43,863

(b) **Aging of the Group's trade receivables**.

	31 Dec 2020 S$'000	Major collections up to 16 February 2021 S$'000	Net Trade receivables S$'000
Current Trade Receivables net of provision	10,317	-	10,317
1 to 30 days past due	2,783	-	2,783
31 to 60 days past due	713	181	532
Over 61 days past due	13,447	8,077	5,370
Total	27,260	8,258	19,002

(c) **Details of the Group's underlying transactions of its other receivables and the terms of the transactions**.

	31 Dec 2020 S$'000	Major collections up to 16 February 2021	Net other receivables
	S$'000	S$'000	S$'000
Deferred income as a result of straight lining	7,861	-	7,861
GST Input Tax	488	-	488
Interest on Fixed Deposit Receivables	64	-	64
Other receivables - net	8,190	3,868	4,322*
	16,603	3,868	12,735

* Including net settlement amount of S$1.5 million owing from PT NWP following their acquisition of the Pejaten Village and Binjai Supermall mall assets.

(d) **the Company's plans to recover the trade and other receivables.**

Due to the outbreak of Covid-19, the Trust's tenants have been impacted by the reduction in retail sales which has consequently affected their ability to pay their rental dues on schedule. The Manager together with the property manager, have been actively engaging with the tenants to collect the unpaid rents, including offering deferred payment schemes, instalment schemes or offsetting of unpaid rental dues against the tenants' security deposits. For tenants who remain unresponsive to such offers, the property manager has resorted to turning off the tenant's electricity supply. The property manager may consider initiating legal action to collect such overdues although this is considered a last resort given the complicated Indonesian legal framework and the inability of the property manager to evict such tenant from their leased units while the legal suits are ongoing and unresolved. Subsequent to the financial year end, S$8.3 million has been collected as of mid-February 2020.

(e) **whether they are major customer(s) or related/interested persons and whether these debtors/tenants have difficulties in making their repayments on due dates**.

Due to the outbreak of Covid-19, all the Trust's tenants, major or speciality, related or non-related parties, have been impacted by the reduction in retail sales. As mentioned in 2(d) above, the Manager together with the property manager, have been actively engaging with the tenants to collect the unpaid rents. The Trust has also offered rental reliefs to all tenants, related or non-related, to support their business recovery during the ongoing pandemic.

For clarification, the Manager has not granted any rental relief to the Sponsor under its 2 master lease agreements and the Sponsor has paid its dues as scheduled. For prudence sake, the Manager has made provisions for doubtful debts amounting to S$4.4 million for FY2020, compared to S$25k in FY2019 to account for increased possibility of defaults from tenants.

(f) **What were the actions taken to recover the trade and other receivables**.

As explained in 2(d) above

(g) **The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and**

As explained in 2(h) below

(h) **The Board's assessment of the recoverability of the remaining trade and other receivables.**

Management developed the expected credit loss matrix and estimated loss allowance based on historically observed default rated adjusted for forward-looking estimate. Management have also assessed the specific tenants' receivables based on their credit profile and made provisions when collectability of certain receivables are in doubt. As of 31 December 2020, the Group had also security deposit of S$41.5 million and advanced rental of S$79.6 million from the tenants. Such balances have also been taken into consideration when assessing the net provision required for some tenants.

Taking into account the above assessment and the various initiatives adopted by the Manager and property manager to recover overdues, the Board is of the opinion that the level of trade and receivables provisioning made in FY2020 is adequate.

Question 3:

Please disclose a breakdown of trade and other payables/other payables amounting to S$33.73 million as at 31 December 2020. For other payables, please disclose the identity of the counterparties, the aging, and the nature of these other payables.

Manager's Response to Question 3:

Trade and other payables mainly comprise the following:

	31 Dec 2020 S$'000
Trade payables	23,871
Other payables	9,858
	33,729

Included in the trade payables are mainly the following:

1. Trade payable of S$6.7 million
2. Manager's performance fee for FY2020 and 4Q base fee of S$4.1 million
3. Interest accrual of S$1.7 million
4. Accrual of professional fees relating to projects $3.7 million
5. Accrual of various other professional fees of $5.3 million

Other payables of S$9.8 million mainly consist of tenants' deposit for short term leases of S$4.5 million and various of other payment to service providers.

Question 4:

Given the Group's significant unsecured borrowings of S$218.59 million and cash and bank balance of only S$108.92 million and noting that the Company incurred losses of S$230.21 million in FY2020, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term unsecured borrowings of S$218.59 million including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Manager's Response to Question 4:

Of the S$230.21 million of losses in FY2020, S$216.9 million was attributed to non-cash fair value adjustments to investment properties, derivative financial instruments, depreciation, unrealised foreign exchange adjustments and amortisation of intangibles.

As previously announced, LMIRT Capital Pte. Ltd, the Trust's wholly-owned subsidiary, successfully issued a US$200 million 7.500% Guaranteed Senior Notes due 2026 unconditionally and irrevocably guaranteed by Perpetual (Asia) Limited (in its capacity as trustee of LMIR Trust) on 9 February 2021. Together with existing cash balances, proceeds of the new Notes were used to refinance the S$175 million syndicated loan due in August 2021 as well as pay down the outstanding S$44 million of revolving credit facilities. As disclosed on page 18 of the 4Q 2020 Results Presentation Slides, as at

26 February 2021, the Trust had S$176.5 million in cash with no non-related party refinancing needs until 9 November 2022 (S$67.5 million syndicated loan facility), which represents only 7.9% of its total debt obligations. Average weighted debt maturity has improved from 2.31 years to 3.55 years.

Question 5:

The Group recorded lesser gross rental income of S$25.7 million or 65% from 4Q 2019 partly due to additional relief adjustments given to selected key tenants, including both related and non-related party tenants, to support their business recovery. Please provide a breakdown of and quantify the discounts given to the related and non-related party tenants.

Manager's Response to Question 5:

The Group's 4Q2020 gross rental income was S$25.7 million lower than the comparable period in 4Q2019 due to the expiry of the Kemang master lease in Dec 2019 amounting to a difference of S$2.7 million, the divestment of the Pejaten and Binjai retail malls in July/August 2020 amounting to a difference of S$2.9 million. The balance of S$20.1 million is mainly attributed to rental reliefs given to all tenants, related or non-related, on broadly similar terms based on relevant trade sector (save for the Sponsor's master leases which did not receive any rental reliefs), due to the outbreak of Covid-19.

By Order of the Board
LMIRT MANAGEMENT LTD.
(As manager of Lippo Malls Indonesia Retail Trust)
(UEN/Company registration number: 200707703M)

Mr Liew Chee Seng James
Executive Director and Chief Executive Officer

Singapore
10 March 2021

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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.