



LIPPO MALLS INDONESIA RETAIL TRUST

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

ANNOUNCEMENT

EMPHASIS OF MATTER ON AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Pursuant to Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited, 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**”), wishes to inform that the independent auditors of LMIR Trust, RSM Chio Lim LLP (the “**Independent Auditor**”), have rendered an unmodified audit opinion with an emphasis of matter on material uncertainty related to going concern in their audit report (the “**Independent Auditor’s Report**”) on the audited financial statements of LMIR Trust and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2022 (the “**FY2022 Audited Financial Statements**”).

As disclosed in Note 1 in the FY2022 Audited Financial Statements, the Group’s current liabilities exceeded its current assets by \$72,055,000 as at 31 December 2022. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the FY2022 Audited Financial Statements. These events or conditions appear to cast significant doubt upon the Group’s ability to continue as a going concern. However, the Manager has reached a conclusion that the going concern basis of accounting is appropriate due to the following mitigating actions:

- Based on the Group’s cash flow forecast for the next 12 months, the Manager believes the Group will be able to pay its debts as and when they fall due. Although the Group’s operation and financial performance had been impacted by the COVID-19 pandemic since 2020, as Indonesia gradually moves from the pandemic to endemic phase, the Indonesian authorities had lifted all restrictions related to COVID-19 in December 2022. As such, the Group reported a total return of \$1,583,000 for the year ended 31 December 2022 compared to a total loss of \$32,513,000 in the prior year and had positive cash flows from operations for both years. As the operating environment continues to improve, together with the cash and cash equivalents amounting to \$111,037,000 as at 31 December 2022, the Group is expected to meet the cash flow requirements from its normal course of business through its existing and future lease agreements with tenants that are expected to generate positive cash flows over the next 12 months; and
- The Group has existing banking relationships with a number of banks and is in active discussions with them for the refinancing and/or extension of the following loans due within the next 12 months from the date of the FY2022 Audited Financial Statements:
 - Revolving loan facility amounting to \$7,000,000 maturing in August 2023;
 - Term loans amounting to \$135,000,000 maturing in November 2023; and
 - Term loans amounting to \$82,500,000 maturing in January 2024.

Although this process of obtaining refinancing and/or extension has not yet reached any conclusion with the relevant parties involved as at the date of the FY2022 Audited Financial Statements, the Manager expects the Group to be able to obtain additional funding from the banks when required.

The validity of the going concern assumptions on which the financial statements are prepared depends on the successful conclusion of these matters. If the going concern assumptions are inappropriate,

adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are now recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

For further details, please refer to the extracts of the Independent Auditors' Report and Note 1 to the FY2022 Audited Financial Statements, as annexed to this announcement.

Unitholders of LMIR Trust are advised to read this announcement in conjunction with the FY2022 Annual Report.

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
3 April 2023

IMPORTANT NOTICE

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in LMIR Trust ("**Units**").

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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Independent Auditor's Report

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Trust and the statement of portfolio of the Group as at 31 December 2022, the statements of total return, statements of distribution, statements of movements in unitholders' funds of the Group and of the Trust, and the consolidated statement of cash flows of the Group for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position, statements of total return, statements of distribution and statements of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and portfolio holdings of the Group and the financial position of the Trust as at 31 December 2022 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates that, as at 31 December 2022, the Group's current liabilities exceeded its current assets by \$72,055,000. As is more fully disclosed in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Please refer to note 2A on accounting policies, note 2C on critical judgements, assumptions and estimation uncertainties, note 14 on investment properties, and the annual report on the section on the audit committee's views and responses to the reported key audit matter.

Independent Auditor's Report *(cont'd)*

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

Key audit matters (cont'd)

Valuation of investment properties (cont'd)

The Group owns a portfolio of investment properties comprising retail malls and retail spaces located within other malls in Indonesia. These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used and the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied, including contracted and future potential rental revenue, quality and condition of the properties, tenant covenants and yields. A small change in the assumptions can have a significant impact to the valuation.

Certain of the external valuation reports have highlighted estimation uncertainty arising from the geopolitics condition and global economy and, consequently, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuations and values may change significantly and unexpectedly over a short period of time.

As part of our audit procedures, we evaluated the independence, objectivity and competency of the external valuers and read their terms of engagement to check whether there are matters that might have affected the scope of their work and their objectivity. The external valuers have considerable experience in the markets in which the properties are located.

In addition, using our internal valuation specialists, the audit team also assessed the valuation methodologies used by the external valuers.

The audit team tested the integrity of inputs of the projected cash flows used. The audit team also challenged the growth rates and discount rates used in the computations by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, the audit team undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with management and the external valuers.

Lastly, we also considered the disclosures in the financial statements which explain the inherent degree of subjectivity and key assumptions adopted in the valuations.

Other information

LMIRT Management Ltd., the manager of the Trust (the "Manager"), is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

We have obtained all other information prior to the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (cont'd)

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report *(cont'd)*

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Tan Khai-Chung.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants
Singapore

31 March 2023

Engagement partner – Appointment since financial year ended 31 December 2020

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2022

1. GENERAL

Lippo Malls Indonesia Retail Trust (“LMIR Trust” or the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 August 2007 (the “Trust Deed”) entered into between LMIRT Management Ltd. (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”), governed by the laws of the Republic of Singapore.

Perpetual (Asia) Limited was appointed as the Trustee with effect from 3 January 2018.

The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

The Trust was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 November 2007.

The parent company of the Manager is PT Lippo Karawaci Tbk (the “Sponsor”), incorporated in Indonesia and is a substantial Unitholder of the Trust.

The property manager of the properties is PT Lippo Malls Indonesia (the “Property Manager”), a wholly-owned subsidiary of the Sponsor.

The financial statements are presented in Singapore dollars (“\$”), recorded to the nearest thousands, unless otherwise stated, and they cover the Trust and the Group.

The board of directors of the Manager approved and authorised these financial statements for issue on 31 March 2023.

The registered office of the Manager is located at 6 Shenton Way, OUE Downtown 2 #12-08 Singapore 068809.

The principal activities of the Group and of the Trust are to invest in a diversified portfolio of income-producing real estate properties in Indonesia. These are primarily used for retail and/or retail-related purposes. The primary objective is to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per unit.

Uncertainties relating to current economic conditions and going concern

The effect of COVID-19 and the current volatile economic conditions continue to cause disruptions and have adversely impacted the commercial activities in Indonesia. If these uncertainties continue to spread, the potential impacts are uncertain and difficult to assess. The uncertainties could have a material adverse impact on the Group (in particular the fair values of the investment properties, financial instruments and trade receivables).

As Indonesia gradually transits from pandemic to endemic phase the Indonesian authorities lifted all quarantine requirements for overseas visitors to spur tourism in the country with effect from March 2022. The restrictions related to COVID-19 were lifted in December 2022. However, the global and domestic economic uncertainty remains uncertain and has caused and may continue to cause a volatile interest rate and foreign exchange environment. This could negatively affect the sustainability of Group’s existing capital structure, its leverage ratio and credit ratings.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2022

1. GENERAL (CONT'D)

Uncertainties relating to current economic conditions and going concern (cont'd)

The Manager expects the operating environment to remain challenging as retailers remain cautious despite the easing of restrictions. The Manager will continue to explore options and measures to maintain a sustainable capital structure and reduce the aggregate leverage of the Group.

As at 31 December 2022, the Group's current liabilities exceeded its current assets by \$72,055,000. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. These events or conditions appear to cast significant doubt upon the Group's ability to continue as a going concern. However, the Manager has reached a conclusion that the going concern basis of accounting is appropriate due to the following mitigating actions:

- (a) Based on the Group's cash flow forecast for the next 12 months, the Manager believes the Group will be able to pay its debts as and when they fall due. Although the Group's operation and financial performance had been impacted by the COVID-19 pandemic since 2020, as Indonesia gradually moves from the pandemic to endemic phase, the Indonesian authorities had lifted all restrictions related to COVID-19 in December 2022. As such, the Group reported a total return of \$1,583,000 for the year ended 31 December 2022 compared to a total loss of \$32,513,000 in the prior year and had positive cash flows from operations for both years. As the operating environment continues to improve, together with the cash and cash equivalents amounting to \$111,037,000 as at 31 December 2022, the Group is expected to meet the cash flow requirements from its normal course of business through its existing and future lease agreements with tenants that are expected to generate positive cash flows over the next 12 months; and
- (b) The Group has existing banking relationships with a number of banks and is in active discussions with them for the refinancing and/or extension of the following loans due within the next 12 months from the date of these financial statements:
 - Revolving loan facility amounting to \$7,000,000 maturing in August 2023;
 - Term loans amounting to \$135,000,000 maturing in November 2023; and
 - Term loans amounting to \$82,500,000 maturing in January 2024.

Although this process of obtaining refinancing and/or extension has not yet reached any conclusion with the relevant parties involved at the date of these financial statements, the Manager expects the Group to be able to obtain additional funding from the banks when required.

The validity of the going concern assumptions on which the financial statements are prepared depends on the successful conclusion of these matters. If the going concern assumptions are inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are now recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Statement of compliance

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS") issued by the Accounting Standards Council.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2022

1. GENERAL (CONT'D)

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair value) as disclosed where appropriate in these financial statements. The accounting policies in FRS may not be applied when the effect of applying them is immaterial. The disclosures required by FRS need not be made if the information is immaterial.

Other comprehensive return comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within Unitholders' funds as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted for as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

Basis of preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Net assets attributable to Unitholders

RAP 7 requires that unit trusts classify the units on initial recognition as equity. The net assets attributable to Unitholders comprise the residual interest in the assets of the unit trust after deducting its liabilities. Under RAP 7, distributions are accrued for at reporting year end date if the Manager has the discretion to declare distributions without the need for Unitholder or trustee approval and a constructive or legal obligation has been created.