



LIPPO MALLS INDONESIA RETAIL TRUST

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

**FOR IMMEDIATE RELEASE**

**LMIR Trust’s 2Q 2023 operating performance remains steady**

- *Global and domestic economic uncertainty remains elevated in a volatile interest rate and foreign exchange environment*
- *Leverage ratio improves to 42.1% in 2Q 2023 compared to 42.9% in 1Q 2023 and 44.6% in 4Q 2022*
- *Remains prudent with capital management whilst addressing debt obligations over the next 12 months*

*Summary of Financial Results for period ended 30 June 2023*

| S\$'000             | 2Q 2023 | 2Q 2022 | % Variance | 1H 2023   | 1H 2022   | % Variance |
|---------------------|---------|---------|------------|-----------|-----------|------------|
| Rental Revenue      | 28,258  | 30,195  | ▼6.4       | 56,014    | 60,691    | ▼7.7       |
| Gross Revenue       | 50,711  | 51,710  | ▼1.9       | 99,608    | 102,613   | ▼2.9       |
| Net Property Income | 32,331  | 34,602  | ▼6.6       | 63,154    | 65,869    | ▼4.1       |
| Rp'million          |         |         |            |           |           |            |
| Rental Revenue      | 314,015 | 318,509 | ▼1.4       | 631,109   | 641,834   | ▼1.7       |
| Gross Revenue       | 563,665 | 545,493 | ▲3.3       | 1,122,282 | 1,085,177 | ▲3.4       |
| Net Property Income | 359,411 | 365,094 | ▼1.6       | 711,555   | 696,594   | ▲2.1       |

**Singapore, 8 August 2023** – LMIRT Management Ltd (the “**Manager**”), the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today reported steady topline performance for the second quarter ended 30 June 2023 (“**2Q 2023**”).

**Recovering Operating Performance**

LMIR Trust’s resilient portfolio of 29 retail assets remained stable on the back of improving operating conditions in Indonesia. The marginal dip in topline performance in SGD terms for the quarter under review was largely due to the 6.5% year-on-year (“**YoY**”) depreciation of IDR against SGD<sup>1</sup> and lower rental contribution of S\$1.0 million in aggregate from Lippo Plaza Kendari and Lippo Plaza Jogja due to the expiration of their master leases in June 2022 and December 2022 respectively.

In IDR terms, gross revenue increased 3.3% YoY to Rp563.7 billion in 2Q 2023 on higher service charge and utilities recovery for the quarter as tenants gradually return to full operations resulting in higher usage of utilities, while net property income (“**NPI**”) dipped by a marginal 1.6% to Rp359.4 billion in 2Q 2023 from higher property operating and maintenance expenses and lower net reversal of allowance for impairment loss on trade receivables.

<sup>1</sup> Average exchange rate of Singapore Dollar (SGD) 1.00 to Indonesia Rupiah (IDR) 11,266.99 for 2Q 2023 vs. SGD1.00 to IDR10,575.44 for 2Q 2022

**Mr James Liew, Chief Executive Officer of the Manager** said, “We are actively working with our mall operator and tenants to attract shoppers back to our malls, as well as executing on our strategic asset enhancement initiatives to maximise the value of our existing assets. Gradual recovery can be seen in our more strategically located assets like Sun Plaza and Palembang Icon with shopper traffic recovering to over pre-Covid levels.

“Despite operational challenges for some of our malls due to intense competition from newer malls in those areas and protracted recovery for tenants in hypermarket and supermarket sectors, our portfolio occupancy remained stable at 81.4%, up from 80.4% in 1Q 2023 and shopper traffic has recovered to 69.4% of pre-Covid levels. With our continuous efforts in bringing in new tenants and renewing expiring leases, we secured 30,450 square metres of new leases and renewed 70.6% of leases that expired in 1H 2023 with a positive rental reversion of 1.2% to-date.”

### **Prudent Capital Management**

As LMIR Trust continues to take a prudent and strategic stance with its capital structure to navigate the current macroeconomic headwinds and the volatile interest rate and foreign exchange environment, it managed to maintain its gearing as at 30 June 2023 at a steady 42.1%, down from 42.9% in 1Q 2023 and 44.6% in 4Q 2022. Interest cover as at 30 June 2023 stood at 2.06 times as interest expenses remained relatively higher YoY.

LMIR Trust has taken prudent measures to stabilise the Trust as it continues to focus on addressing its debt obligations due in the next 12 months. While the Manager works to conclude solutions for these debt obligations, negotiations with existing bank lenders are still challenging on the account of current financial market conditions and the downgrading of the Trust’s credit ratings in 4Q 2022. To conserve capital and cash resources, it has ceased distribution to the holders of its S\$140.0 million perpetual securities since March 2023, and to holders of its S\$120.0 million perpetual securities in May 2023, triggering the restriction in distribution to Unitholders.

### **Market Outlook**

According to World Bank, Indonesia’s economic growth is projected to moderate to 4.9% in 2023 from 5.3% in 2022 with the normalisation of domestic demand following the post-pandemic jump last year, and the projected global economic slowdown.<sup>2</sup>

Bank Indonesia (“BI”) has kept its key rate unchanged at 5.75% as inflation in Indonesia continued to ease.<sup>3</sup> Retreating to 3.08% in July from 3.52% in June, its annual inflation rate moved closer to the middle of BI’s 2% to 4% target range earlier than expected, making this the lowest since April 2022. This was largely due to moderating of prices for housing, transport, accommodation/restaurant, clothing,

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<sup>2</sup> 26 June 2023, World Bank - Indonesia growth seen moderating in 2023 as pandemic rebound fades

<sup>3</sup> 20 July 2023, Reuters - Bank Indonesia rates on hold for rest of year, cut in Q1 2024: Reuters poll

and furnishings. Likewise, annual core inflation which excludes government-controlled and volatile food prices, eased slightly more than expected to 2.43% in July compared to 2.58% in June.<sup>4</sup>

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## **CONTACT INFORMATION**

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### **About Lippo Malls Indonesia Retail Trust (“LMIR Trust”) (www.lmir-trust.com)**

LMIR Trust is a Singapore-based real estate investment trust established with the principal investment objective of owning and investing, on a long-term basis, in a diversified portfolio of income-producing real estate in Indonesia that are primarily used for retail and/or retail-related purposes.

LMIR Trust’s portfolio comprises 22 retail malls (“**Retail Malls**”) and seven retail spaces located within other retail malls (“**Retail Spaces**”, and collectively with the Retail Malls, the “**Properties**”). The Properties have a total net lettable area of 951,471 square metres and total carrying value of Rp19,455.3 billion as at 30 June 2023 and are strategically located in major cities of Indonesia with large middle-income population. Tenants include well-known retailers such as Hypermart, Matahari Department Store and Sogo, as well as popular consumer brands including Zara, Uniqlo, H&M, Adidas, Victoria Secret, Giordano, Starbucks, Fitness First, Timezone, Miniso and Ace Hardware, among others.

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<sup>4</sup> 1 August 2023, Reuters - Indonesia’s July inflation rate slows to 3.08% year over year