



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 2023

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 SG Assurance 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 2023 (the “**FY2023 Audited Financial Statements**”).

As disclosed in Note 1 in the FY2023 Audited Financial Statements, the Group’s current liabilities exceeded its current assets by S\$202,875,000 as at 31 December 2023, mainly arising from the classification of the 2024 Guaranteed Senior Notes (the “**2024 Notes**”), amounting to US\$188,290,000 (equivalent to S\$247,846,000), that are maturing within the next 12 months as current liabilities. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the FY2023 Audited Financial Statements. Notwithstanding that these events or conditions appear to cast significant doubt upon the Group’s ability to continue as a going concern, the Manager has prepared the FY2023 Audited Financial Statements on a going concern basis given the following mitigating factors:

- 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. The Group continues to generate positive cash flows from operating activities for both the current and prior years, and 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;
- On 11 December 2023, the Group obtained a secured term loan facility of up to IDR2.5 trillion (the “**IDR Facility**”) (equivalent to S\$213.5 million), subject to receiving the requisite consents from holders of the 2024 Notes and the 2026 Guaranteed Senior Notes (the “**2026 Notes**”) for the amendment of certain provisions of the Indentures governing the 2024 Notes and 2026 Notes, respectively, through consent solicitation exercises (the “**Consent Solicitation Exercises**”). The proceeds from the IDR Facility will be used for the purchase of the outstanding 2024 Notes and 2026 Notes, as well as the related expenses arising from the exercise. In addition, on 11 December 2023, the Trust’s wholly-owned subsidiary, LMIRT Capital Pte. Ltd. (“**LMIRT Capital**”), the issuer of the 2024 Notes and 2026 Notes, also launched tender offers to purchase the 2024 Notes and 2026 Notes (the “**2023 Tender Offer**”), as well as the Consent Solicitation Exercises.

On 27 December 2023, LMIRT Capital announced that it received valid requisite consents pursuant to the Consent Solicitation Exercises. Consequently, the Group drew down from the IDR Facility and repurchased and cancelled US\$43,510,000 of the 2024 Notes and US\$38,545,000 of the 2026 Notes pursuant to the 2023 Tender Offer.

Subsequent to the year ended 31 December 2023, on 16 January 2024, with the remaining balance of the IDR Facility, LMIRT Capital launched a second tender offer for the 2024 Notes and 2026 Notes (the “**2024 Tender Offer**”), pursuant to which the Group repurchased and cancelled US\$49,846,000 of the 2024 Notes and US\$28,435,000 of the 2026 Notes, respectively.

Following the 2023 Tender Offer and 2024 Tender Offer, the outstanding 2024 Notes was reduced from US\$231,800,000 to US\$188,290,000 as at 31 December 2023 and then to US\$138,444,000 as at the date of the FY2023 Audited Financial Statements, while the 2026 Notes was reduced from US\$181,700,000 to US\$143,155,000 as at 31 December 2023 and then to US\$114,720,000 as at the date of the FY2023 Audited Financial Statements. Accordingly, as at the date of the FY2023 Audited Financial Statements, the balance of the IDR Facility not yet drawdown amounted to IDR230 billion (equivalent to S\$19.6 million); and

- The Group has existing banking relationships with a number of banks and the Group is exploring various options available to address the remaining debts that are maturing in the next 12 months. These options include securing additional term loan facilities to be used together with the remaining balance of the IDR Facility not yet drawn down, as well as potentially conducting additional liability management exercises. To this end, as at the date of the FY2023 Audited Financial Statements, the Group has commenced negotiation with a bank to secure a term loan facility.

Although the process of obtaining refinancing for the remaining outstanding balances of the 2024 Notes has not yet reached conclusion with the relevant parties involved at the date of the FY2023 Audited Financial Statements, management 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 FY2023 Audited 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 the FY2023 Audited Financial Statements.

For further details, please refer to the extracts of the Independent Auditors' Report and Note 1 to the FY2023 Audited Financial Statements, as annexed to this announcement.

Unitholders of LMIR Trust are advised to read this announcement in conjunction with the FY2023 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 2024

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 2023, 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of total return, statement of distribution and statement 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 2023 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 changes 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 2023, the Group's current liabilities exceeded its current assets by \$202,875,000. 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. Notwithstanding this, the Manager has prepared the financial statements on a going concern basis given the mitigating factors disclosed in note 1.

Independent Auditor's Report (cont'd)

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

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 2 on accounting policies and 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 matters.

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 and higher degree of caution should be exercised when relying on the valuations. These valuations are based on 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.

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

Independent Auditor's Report (cont'd)

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

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.

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, the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed, 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.

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)

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.
- 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.

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)

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 SG Assurance LLP

Public Accountants and
Chartered Accountants
Singapore

1 April 2024

Engagement partner – Appointment since financial year ended 31 December 2020

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2023

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”). The Sponsor is 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 1 April 2024.

The registered office of the Manager is located at 6 Shenton Way, OUE Downtown 1 #40-05 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

As much of the world is emerging into a post-pandemic normal, the global economic uncertainties remains elevated with persistently high level of inflation, high interest rate and a volatile foreign exchange environment. If these uncertainties continue, 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 and recoverability of the trade receivables) and the sustainability of its existing capital structure, its leverage ratio and credit ratings.

The Manager expects the operating environment to remain challenging as retailers remain cautious despite the easing of COVID-19 restrictions. The Manager will continue to explore options and measures to maintain a sustainable capital structure and reduce the aggregate leverage of LMIR Trust and the Group.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2023

1. GENERAL (CONT'D)

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

As at 31 December 2023, the Group's current liabilities exceeded its current assets by \$202,875,000, mainly arising from the classification of the 2024 Guaranteed Senior Notes (the "2024 Notes"), amounting to US\$188,290,000 (equivalent to \$247,846,000), that are maturing within the next 12 months as current liabilities. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. Notwithstanding that these events or conditions appear to cast significant doubt upon the Group's ability to continue as a going concern, the Manager has prepared the financial statements on a going concern basis given the following mitigating factors:

- (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. The Group continues to generate positive cash flows from operating activities for both the current and prior years, and 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;
- (b) On 11 December 2023, the Group obtained a secured term loan facility of up to IDR2.5 trillion (the "IDR Facility") (equivalent to \$213.5 million), subject to receiving the requisite consents from holders of the 2024 Notes and the 2026 Guaranteed Senior Notes (the "2026 Notes") for the amendment of certain provisions of the Indentures governing the 2024 Notes and 2026 Notes, respectively, through consent solicitation exercises (the "Consent Solicitation Exercises"). The proceeds from the IDR Facility will be used for the purchase of the outstanding 2024 Notes and 2026 Notes, as well as the related expenses arising from this exercise. In addition, on 11 December 2023, the Trust's wholly-owned subsidiary, LMIRT Capital Pte. Ltd. ("LMIRT Capital"), the issuer of the 2024 Notes and 2026 Notes, also launched tender offers to purchase the 2024 Notes and 2026 Notes (the "2023 Tender Offer"), as well as the Consent Solicitation Exercises.

On 27 December 2023, LMIRT Capital announced that it received valid requisite consents pursuant to the Consent Solicitation Exercises. Consequently, the Group drew down from the IDR Facility and repurchased and cancelled US\$43,510,000 of the 2024 Notes and US\$38,545,000 of the 2026 Notes pursuant to the 2023 Tender Offer.

Subsequent to the year ended 31 December 2023, on 16 January 2024, with the remaining balance of the IDR Facility, LMIRT Capital launched a second tender offer for the 2024 Notes and 2026 Notes (the "2024 Tender Offer"), pursuant to which the Group repurchased and cancelled US\$49,846,000 of the 2024 Notes and US\$28,435,000 of the 2026 Notes, respectively.

Following the 2023 Tender Offer and 2024 Tender Offer, the outstanding 2024 Notes was reduced from US\$231,800,000 to US\$188,290,000 as at 31 December 2023 and then to US\$138,444,000 at the date of this report, while the 2026 Notes was reduced from US\$181,700,000 to US\$143,155,000 as at 31 December 2023 and then to US\$114,720,000 as the date of this report. Accordingly, as at the date of this report, the balance of the IDR Facility not yet drawdown amounted to IDR230 billion (equivalent to \$19.6 million); and

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2023

1. GENERAL (CONT'D)

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

- (c) The Group has existing banking relationships with a number of banks and the Group is exploring various options available to address the remaining debts that are maturing in the next 12 months. These options include securing additional term loan facilities to be used together with the remaining balance of the IDR Facility not yet drawn down, as well as potentially conducting additional liability management exercises. To this end, as at the date of these financial statements, the Group has commenced negotiation with a bank to secure a term loan facility.

Although this process of obtaining refinancing for the remaining outstanding balances of the 2024 Notes has not yet reached conclusion with the relevant parties involved at the date of these financial statements, management 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

(a) Statement of compliance with financial reporting standards

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 Financial Reporting Standards ("FRS") issued by the Accounting Standards Council ("ASC").

(b) Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.