



LIPPO MALLS INDONESIA RETAIL TRUST

2013 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

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LIPPO MALLS INDONESIA RETAIL TRUST
2013 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

Introduction

Lippo Malls Indonesia Retail Trust ("LMIR Trust") is a Singapore-based real estate investment trust ("REIT") constituted by a trust deed dated 8 August 2007 between LMIRT Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. LMIR Trust was listed on the Singapore Exchange Securities Trading Limited on 19 November 2007.

LMIR Trust was 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 is primarily used for retail and / or retail-related purposes, and real estate related assets in connection with the foregoing purposes. As at 30 June 2013, LMIR Trust's property portfolio comprises sixteen retail mall properties and seven retail spaces located within other retail malls, all of which are located in Indonesia.

LMIR Trust's distribution policy is to distribute at least 90.0% of the tax-exempt income (after deduction of applicable expenses) and capital receipts. The tax-exempt income comprises dividends received from the Singapore Special Purpose Companies ("SPCs"). These are dividends from the Indonesian SPCs paid out of income (less the related income taxes) derived by letting out of the properties. The capital receipts comprise mainly of amounts received by LMIR Trust from the redemption of redeemable preference shares in the Singapore SPCs.

Summary of Lippo Malls Indonesia Retail Trust Group Results

	Group					
	2Q 2013	2Q 2012	Variance %	1H 2013	1H 2012	Variance %
	S\$'000	S\$'000	Favourable/ (Unfavourable)	S\$'000	S\$'000	Favourable/ (Unfavourable)
Gross Rental Income	40,070	30,779	30.2%	79,741	61,396	29.9%
Service Charge And Utilities Recovery	-	15,280	NM	-	30,403	NM
Total Gross Revenue	40,070	46,059	NM	79,741	91,799	NM
Net Property Income	37,859	30,737	23.2%	75,119	61,595	22.0%
Distributable Amount	20,462	17,121	19.5%	40,082	32,130	24.7%
Available Distribution per Unit (cents)	0.93	0.79	17.7%	1.82	1.48	23.0%

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1 (a) (i) **Statement of Total Return**

	Group					
	2Q 2013 S\$'000	2Q 2012 S\$'000	Variance % Favourable/ (Unfavourable)	1H 2013 S\$'000	1H 2012 S\$'000	Variance % Favourable/ (Unfavourable)
Gross rent	32,518	26,663	22.0%	63,698	53,224	19.7%
Carpark income	3,028	2,092	44.7%	5,884	4,112	43.1%
Other rental income ¹	4,524	2,024	NM	10,159	4,060	NM
Gross Rental Income	40,070	30,779	30.2%	79,741	61,396	29.9%
Service charge and utilities recovery ²	-	15,280	NM	-	30,403	NM
Total Gross Revenue³	40,070	46,059	NM	79,741	91,799	NM
Property Operating Expenses						
Land rental	(288)	(309)	6.8%	(576)	(632)	8.9%
Property management fee ²	(878)	(1,188)	NM	(1,571)	(2,434)	NM
Property operating and maintenance expenses ²	(1,045)	(13,825)	NM	(2,475)	(27,138)	NM
Total Property Operating Expenses³	(2,211)	(15,322)	NM	(4,622)	(30,204)	NM
Net Property Income	37,859	30,737	23.2%	75,119	61,595	22.0%
Interest income	122	171	(28.7%)	249	346	(28.0%)
Financial expenses ⁴	(7,154)	(2,503)	NM	(14,177)	(6,594)	NM
Administrative Expenses						
Manager's management fees	(2,730)	(2,218)	(23.1%)	(5,420)	(4,455)	(21.7%)
Trustee's fee	(82)	(75)	(9.3%)	(165)	(146)	(13.0%)
Other trust operating expenses	(318)	(240)	(32.5%)	(598)	(516)	(15.9%)
Total Administrative Expenses	(3,130)	(2,533)	(23.6%)	(6,183)	(5,117)	(20.8%)
Other gains/ (losses) (net) (See Note A)	1,878	1,252	NM	496	1,711	NM
Total Return For The Period Before Tax	29,575	27,124	NM	55,504	51,941	NM
Income tax ²	(4,299)	(4,804)	10.5%	(8,816)	(9,499)	7.2%
Withholding tax	(2,943)	(2,113)	(39.3%)	(5,505)	(4,361)	(26.2%)
Total Return For The Period After Tax	22,333	20,207	NM	41,183	38,081	NM
Other Comprehensive Income: Exchange Differences On Translating Foreign Operations	843	(23,786)	NM	6,710	(98,212)	NM
Total Comprehensive Income For The Period	23,176	(3,579)	NM	47,893	(60,131)	NM

1 (a) (ii) **Statement of Distribution**

Total Return for the period after tax before distribution	22,333	20,207	NM	41,183	38,081	NM
Add back/ (less) non-cash items and other adjustments:						
- Manager's fee payable in the form of units	1,514	1,229	23.2%	3,005	2,464	22.0%
- Depreciation of plant and equipment	157	93	NM	297	186	NM
- Unrealised gain on foreign exchange forward contracts	(3,402)	(4,669)	NM	(4,346)	(8,647)	NM
- Unrealised (gain)/ loss on interest rate swap	(198)	104	NM	(236)	212	NM
- Unrealised foreign exchange loss/ (gain)	58	157	NM	179	(166)	NM
Total Unitholders' Distribution	20,462	17,121	19.5%	40,082	32,130	24.7%
Unitholders' distribution:						
- as distributions from operations	15,576	13,087	19.0%	29,128	25,245	15.4%
- as return of capital ⁵	4,886	4,034	NM	10,954	6,885	NM
Total Unitholders' Distribution	20,462	17,121	19.5%	40,082	32,130	24.7%

(Note A) **Other gains/ (losses) (net) comprise of:**

Unrealised gain on foreign exchange forward contracts	3,402	4,669	NM	4,346	8,647	NM
Unrealised gain/ (loss) on interest rate swap	198	(104)	NM	236	(212)	NM
Realised loss on foreign exchange forward contracts	(3,539)	(3,666)	NM	(7,014)	(7,508)	NM
Unrealised foreign exchange (loss)/ gain	(58)	(157)	NM	(179)	166	NM
Miscellaneous income ⁶	1,875	510	NM	3,107	618	NM
	1,878	1,252	NM	496	1,711	NM

Footnote:

- 1 The 1H 2013 other rental income includes rental guarantee income of S\$4,006,000 from the vendors of Pluit Village and Kramat Jati Indah Plaza (1H 2012: S\$2,911,000 from the vendors of Pluit Village and Plaza Medan Fair), S\$4,336,000 (1H 2012: Nil) from rental of electrical, mechanical and mall operating equipment and S\$753,000 (1H 2012: Nil) from rental of office space to a third party operating company. (please refer to footnote 2 below).

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Footnote (continued):

2 With effect from 1 May 2012, a third party operating company ("Operating Company") was engaged to co-manage the individual retail malls. Pursuant to the operating agreements ("Operating Agreements") entered into between the Property Manager PT Lippo Malls Indonesia (previously known as PT Consulting & Management Services Division), and the Operating Company, the Operating Company agreed to be responsible for all costs directly related to the maintenance and operation of the individual retail malls, as well as pay for the rental of office and use of electrical, mechanical and mall operating equipment of the individual malls.

In consideration of its obligations under the Operating Agreements, the Operating Company has the right to collect a service charge and statutory income from the tenants of the retail malls. The service charge is intended to cover the costs directly related to the maintenance and operation of the retail malls.

- 3 The gross revenue and property operating expenses include financial results of Palembang Square, Palembang Square Extension, Tamini Square, Kramat Jati Indah Plaza, Pejaten Village and Binjai Supermall which were acquired between October 2012 and December 2012.
- 4 Increase is mainly due to additional interest expense and amortisation of transaction costs as a result of issuance of S\$250,000,000 and S\$75,000,000 Notes under the EMTN Programme in July 2012 and November 2012 respectively.
- 5 The return of capital comprises the amounts received by LMIR Trust from the redemption of its investment in the redeemable preference shares in the Singapore SPCs.
- 6 The 1H 2013 miscellaneous income includes an indemnity recovery of S\$1,370,000 (1H 2012: S\$466,000) from vendor of Pluit Village for loss of income in connection with litigation case with PT Carrefour Indonesia ("Carrefour cases"), S\$1,546,000 (1H 2012: Nil) from vendors of Palembang Square and Binjai Supermall in relation to compensation for loss of rental income resulting from the delay in completion of asset enhancements.
- 7 Certain comparative figures have been restated to conform with current period's presentation.

1 (b) (i) Statement of Financial Position

	Group		Trust	
	30-Jun-13 S\$'000	31-Dec-12 S\$'000	30-Jun-13 S\$'000	31-Dec-12 S\$'000
Current Assets				
Cash and cash equivalents	142,928	139,410	-	-
Trade and other receivables	38,502	34,753	174,468	171,524
Total Current Assets	181,430	174,163	174,468	171,524
Non-current Assets				
Investment properties ¹	1,765,530	1,753,322	-	-
Investments in subsidiaries	-	-	1,387,655	1,399,756
Plant and equipment	3,126	3,155	-	-
Total Non-current Assets	1,768,656	1,756,477	1,387,655	1,399,756
Total Assets	1,950,086	1,930,640	1,562,123	1,571,280
Current Liabilities				
Secured and unsecured borrowing ²	144,504	-	144,504	-
Trade and other payables	31,549	25,187	354,599	358,465
Current tax payable	11,139	9,619	2,382	1,301
Security deposits	26,781	25,747	-	-
Other financial liabilities, current ³	5,125	9,593	5,084	9,503
Total Current Liabilities	219,098	70,146	506,569	369,269
Non-current Liabilities				
Secured and unsecured borrowing ²	318,371	460,221	-	143,021
Deferred tax liabilities	65,913	65,913	-	-
Deferred income	99,239	101,573	-	-
Other financial liabilities, non-current ³	1,745	1,892	77	239
Total non-current liabilities	485,268	629,599	77	143,260
Total Liabilities	704,366	699,745	506,646	512,529
Unitholders' funds	1,245,720	1,230,895	1,055,477	1,058,751
Total Liabilities and Unitholders' funds	1,950,086	1,930,640	1,562,123	1,571,280

Footnote:

- 1 The carrying values of the properties are stated based on the independent valuation as at 31 December 2012 and adjusted for property enhancements to date. The valuations and property enhancements figures are recorded in the financial statements of the Indonesian subsidiaries in Indonesian Rupiah and translated into Singapore Dollars using the respective exchange rate as at the end of each period.
- 2 The secured borrowing of S\$147.5 million will mature in June 2014. Please refer to item 1 (b) (ii) Borrowings and Debt Securities for details.
- 3 The movements in other financial liabilities (current and non-current) are mainly as a result of unrealised movements in the value of derivatives, principally being foreign currency forward contracts of Indonesian Rupiah to Singapore Dollars.

1 (b) (ii) Borrowings and Debt Securities

	Group	
	30-Jun-13 S\$'000	31-Dec-12 S\$'000
<u>Secured borrowings:</u>		
Amount payable after one year	-	147,500
Less: Unamortised transaction costs for secured borrowings	-	(4,479)
Amount payable within one year	147,500	-
Less: Unamortised transaction costs for secured borrowings	(2,996)	-
Total secured borrowings	144,504	143,021
<u>Unsecured borrowings:</u>		
Amount payable after one year	325,000	325,000
Less: Unamortised transaction costs for secured borrowings	(6,629)	(7,800)
Total unsecured borrowings	318,371	317,200
Total borrowings	462,875	460,221

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1 (b) (ii) Borrowings and Debt Securities (continued)

Secured borrowings

LMIR Trust has in place secured bank loan facility of S\$147.5 million maturing in June 2014 at an interest margin of 4% per annum over the base rate.

The facility is secured mainly on the following:

- Pledge over the shares in 7 retail mall Singapore SPCs and 7 retail space Singapore SPCs ("Restricted Singapore Subsidiaries")
- Pledge over the shares in 3 retail mall Indonesia SPCs and 6 retail space Indonesia SPCs ("Restricted Indonesia Subsidiaries")

- First fixed mortgage charge over 3 retail malls and 6 retail spaces and first fixed and/ or floating charges over all the other assets of 9 Indonesia SPCs
- First legal assignment of earnings of Restricted Singapore Subsidiaries and Indonesia Subsidiaries

- Legal assignment of rights under each lease agreement, lease guarantee, all insurance policies associated with the 3 retail malls and 6 retail spaces

Unsecured borrowings

LMIR Trust has in place S\$200,000,000 4.88% Notes due July 2015, S\$50,000,000 5.875% Notes due July 2017 and S\$75,000,000 4.48% Notes due November 2017 (collectively, the Notes), issued under the Guaranteed Euro Medium Term Note Programme ("EMTN Programme") established by its wholly owned subsidiary, LMIRT Capital Pte Ltd.

1 (c) Statement of Cash Flows

	Group		Group	
	2Q 2013 S\$'000	2Q 2012 S\$'000	1H 2013 S\$'000	1H 2012 S\$'000
Operating activities				
Total return for the period before tax	29,575	27,124	55,504	51,941
Adjustments for				
- Manager's fee payable in units	1,514	1,229	3,005	2,464
- Interest income	(122)	(171)	(249)	(346)
- Amortisation of borrowing costs	1,406	771	2,778	1,485
- Interest expense	5,748	1,732	11,399	3,511
- Arrangement and commitment fee for unutilised facility written off	-	-	-	1,598
- Depreciation of plant and equipment	157	93	297	186
- Unrealised foreign exchange loss/ (gain)	58	157	179	(166)
- Unrealised gain on foreign exchange forward contracts	(3,402)	(4,669)	(4,346)	(8,647)
- Net effect of exchange rate changes	911	1,122	(4,267)	4,681
- Unrealised (gain)/ loss on interest rate swap	(198)	104	(236)	212
Operating income before working capital changes	35,647	27,492	64,064	56,919
Changes in working capital				
Trade and other receivables	4,560	692	(3,749)	(4,866)
Trade and other payables	2,123	(1,913)	5,887	(6,756)
Security deposits	447	815	1,034	723
Net cash from operating activities before income tax	42,777	27,086	67,236	46,020
Income tax paid	(6,850)	(5,930)	(12,801)	(11,566)
Cash flows from operating activities	35,927	21,156	54,435	34,454
Investing activities				
Capital expenditures on investment properties	(550)	(551)	(1,230)	(1,617)
Purchase of plant and equipment	(179)	(31)	(268)	(89)
Interest income	122	171	249	346
Cash flows used in investing activities	(607)	(411)	(1,249)	(1,360)
Financing activities				
Arrangement and commitment fee for unutilised facility written off	-	-	-	(1,598)
(Decrease)/ Increase in other financial liabilities	(22)	757	(157)	817
Deferred income	(1,367)	(1,243)	(2,334)	(6,444)
Interest on bank loan paid	(5,748)	(1,732)	(11,399)	(3,511)
Distribution to unitholders	(19,619)	(15,008)	(35,778)	(26,429)
Cash flows used in financing activities	(26,756)	(17,226)	(49,668)	(37,165)
Net increase/ (decrease) in cash and cash equivalents	8,564	3,519	3,518	(4,071)
Cash and cash equivalents at beginning of the period	132,864	105,640	137,910	113,230
Cash and cash equivalents at end of the period	141,428	109,159	141,428	109,159
Cash and cash equivalents in Statement of Cash Flows:				
Cash and cash equivalents per Statement of Cash Flows	141,428	109,159	141,428	109,159
Add: Cash restricted in use for bank facilities	1,500	1,500	1,500	1,500
Cash and cash equivalents in Statement of Financial Position	142,928	110,659	142,928	110,659

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1 (d) (i) Statements of Changes in Unitholders' Funds

	Issued equity S\$'000	Currency translation reserve S\$'000	Retained earnings/ (Accumulated losses) S\$'000	Total S\$'000
Group				
2Q 2013				
Balance at beginning of the period	1,165,803	(224,766)	299,635	1,240,672
Total comprehensive income for the period	-	843	22,333	23,176
Manager's management fees settled in units	1,491	-	-	1,491
Distribution to unitholders	-	-	(19,619)	(19,619)
Balance at end of the period	1,167,294	(223,923)	302,349	1,245,720
Group				
2Q 2012				
Balance at beginning of the period	1,158,676	(140,019)	214,223	1,232,880
Total comprehensive income for the period	-	(23,786)	20,207	(3,579)
Manager's management fees settled in units	1,234	-	-	1,234
Distribution to unitholders	-	-	(15,008)	(15,008)
Balance at end of the period	1,159,910	(163,805)	219,422	1,215,527
Group				
1H 2013				
Balance at beginning of the period	1,164,584	(230,633)	296,944	1,230,895
Total comprehensive income for the period	-	6,710	41,183	47,893
Manager's management fees settled in units	2,710	-	-	2,710
Distribution to unitholders	-	-	(35,778)	(35,778)
Balance at end of the period	1,167,294	(223,923)	302,349	1,245,720
Group				
1H 2012				
Balance at beginning of the period	1,157,692	(65,593)	207,770	1,299,869
Total comprehensive income for the period	-	(98,212)	38,081	(60,131)
Manager's management fees settled in units	2,218	-	-	2,218
Distribution to unitholders	-	-	(26,429)	(26,429)
Balance at end of the period	1,159,910	(163,805)	219,422	1,215,527
Trust				
2Q 2013				
Balance at beginning of the period	1,165,803	-	(109,634)	1,056,169
Total comprehensive income for the period	-	-	17,436	17,436
Manager's management fees settled in units	1,491	-	-	1,491
Distribution to unitholders	-	-	(19,619)	(19,619)
Balance at end of the period	1,167,294	-	(111,817)	1,055,477
Trust				
2Q 2012				
Balance at beginning of the period	1,158,676	-	(87,995)	1,070,681
Total comprehensive income for the period	-	-	5,578	5,578
Manager's management fees settled in units	1,234	-	-	1,234
Distribution to unitholders	-	-	(15,008)	(15,008)
Balance at end of the period	1,159,910	-	(97,425)	1,062,485
Trust				
1H 2013				
Balance at beginning of the year	1,164,584	-	(105,833)	1,058,751
Total comprehensive income for the year	-	-	29,794	29,794
Manager's management fees settled in units	2,710	-	-	2,710
Distribution to unitholders	-	-	(35,778)	(35,778)
Balance at end of the year	1,167,294	-	(111,817)	1,055,477
Trust				
1H 2012				
Balance at beginning of the year	1,157,692	-	(90,000)	1,067,692
Total comprehensive income for the year	-	-	19,004	19,004
Manager's management fees settled in units	2,218	-	-	2,218
Distribution to unitholders	-	-	(26,429)	(26,429)
Balance at end of the year	1,159,910	-	(97,425)	1,062,485

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1 (d) (ii) Details of Any Change in the Issued and Issuable Units

	2Q 2013 (units)	2Q 2012 (units)
Issued units at the beginning of the period	2,194,350,216	2,177,584,323
Issuance of new units for 1Q management fees	2,917,812	3,078,830
Issued units at the end of the period	2,197,268,028	2,180,663,153
Management fees payable in units to be issued	3,156,219	3,154,962
Acquisition fee payable in units to be issued	2,612,420	5,507,643
Total issued and issuable units at the end of the period	2,203,036,667	2,189,325,758

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

	30-Jun-13 (units)	31-Dec-12 (units)
Issued units at the end of the period	2,197,268,028	2,191,798,619

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and method of computation applied in the financial statement for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 December 2012.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Other than the adoption of various new Singapore FRS including related interpretations to Singapore FRSs and the revised RAP 7, which took effect from 1 January 2013 and 1 July 2012 respectively, there has been no change in the accounting policies and methods of computation adopted by the Group. They had no impact on the amounts in the financial statements.

6 Earnings Per Unit ('EPU') and Distribution Per Unit ('DPU') for the Financial Period

	Group		Group	
	2Q 2013 S\$'000	2Q 2012 S\$'000	1H 2013 S\$'000	1H 2012 S\$'000
Weighted average number of units in issue	2,195,921,346	2,179,174,488	2,194,421,163	2,177,470,439
Earnings per unit in cents (EPU) ⁽¹⁾	1.02	0.93	1.88	1.75
Number of units in issue	2,197,268,028	2,180,663,153	2,197,268,028	2,180,663,153
Distribution per unit in cents (DPU) ⁽²⁾	0.93	0.79	1.82	1.48

Footnote:

- In computing the quarterly EPU, the weighted average number of units for the end of the period is used.
- In computing the quarterly DPU, the number of units in issue as at the end of the period is used.

7 Net Asset Value Per Unit Based on Units Issued at the End of the Period

	Group		Trust	
	30-Jun-13	31-Dec-12	30-Jun-13	31-Dec-12
Net asset value per unit (Cents)	56.69	56.16	48.04	48.31

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8 Review of the Performance

	Group			
	2Q 2013 S\$'000	2Q 2012 S\$'000	1H 2013 S\$'000	1H 2012 S\$'000
Statement of Total Return				
Gross rental income	40,070	30,779	79,741	61,396
Service charge and utilities recovery	-	15,280	-	30,403
Total gross revenue	40,070	46,059	79,741	91,799
Property operating expenses	(2,211)	(15,322)	(4,622)	(30,204)
Net Property Income	37,859	30,737	75,119	61,595
Interest income	122	171	249	346
Financial expenses	(7,154)	(2,503)	(14,177)	(6,594)
Administrative expenses	(3,130)	(2,533)	(6,183)	(5,117)
Other gains/ (losses) (net)	1,878	1,252	496	1,711
Total Return For The Period Before Tax	29,575	27,124	55,504	51,941
Income tax	(4,299)	(4,804)	(8,816)	(9,499)
Withholding tax	(2,943)	(2,113)	(5,505)	(4,361)
Total Return For The Period After Tax	22,333	20,207	41,183	38,081
Unitholders' distribution:				
- as distributions from operations	15,576	13,087	29,128	25,245
- as return of capital	4,886	4,034	10,954	6,885
Total Unitholders' distribution	20,462	17,121	40,082	32,130
Distribution per Unit (cents)	0.93	0.79	1.82	1.48

2Q 2013 vs 2Q 2012

Gross rental income is S\$9.3 M above 2Q 2012, mainly due to the acquisition of the 6 new malls in 4Q 2012, as well as positive rental reversions within the existing malls. The higher gross rental income is partly offset by the effect of foreign exchange rates used for translating revenues denominated in IDR to SGD. The gross revenue for 2Q 2012 was higher due to the inclusion of service charge and utilities recovery income from the malls operational activities. Such operational activities had been outsourced to a third party Operating Company with effect from 1 May 2012 and therefore, the corresponding decrease in expenses.

The increase in financial expenses to S\$7.2 M is mainly due to additional interest expenses and amortisation of transaction costs as a result of issuance of S\$250.0 M and S\$75.0 M Notes under the EMTN Programme in July 2012 and November 2012 respectively.

Administrative expenses are S\$0.6 M above 2Q 2012, mainly due to higher management fee as a result of higher value of deposited property and net property income.

Other gains (net) of S\$1.9 M are mainly made up of (i) realised loss on foreign exchange forward contracts of S\$3.5 M, due to the difference between the contracted rates and the rates prevailing during the period, (ii) unrealised gain on foreign exchange forward contracts of S\$3.4 M as a result of appreciation of SGD against the IDR in 2Q 2013, (iii) an indemnity recovery of S\$0.7 M from vendor of Pluit Village for loss of income in connection with litigation case with PT Carrefour Indonesia ("Carrefour cases"), and S\$0.8 M from vendors of Palembang Square and Binjai Supermall in relation to compensation for delay in completion of asset enhancements.

The indemnity recovery from vendor of Pluit Village for loss of income in connection with Carrefour cases and compensation from vendors of Palembang Square and Binjai Supermall for delay in completion of asset enhancements, partly offset by lower unrealised gain on foreign exchange forward contracts, resulted in higher other gains (net) in Q2 2013.

The Trust has foreign exchange forward contracts to mitigate its exposure on currency movement due to the fact that the majority of the Trust's income is in IDR. The unrealised gain/ loss on foreign exchange forward contracts is a non-cash item and does not affect the amount of distribution to unitholders.

1H 2013 vs 1H 2012

Gross rental income is S\$18.3 M above 1H 2012, mainly due to the acquisition of the 6 new malls in 4Q 2012, as well as positive rental reversions within the existing malls. The higher gross rental income is partly offset by the effect of foreign exchange rates used for translating revenues denominated in IDR to SGD. The gross revenue for 1H 2012 was higher due to the inclusion of service charge and utilities recovery income from the malls operational activities. Such operational activities had been outsourced to a third party Operating Company with effect from 1 May 2012 and therefore, the corresponding decrease in expenses.

The increase in financial expenses to S\$14.2 M is mainly due to additional interest expenses and amortisation of transaction costs as a result of issuance of S\$250.0 M and S\$75.0 M Notes under the EMTN Programme in July 2012 and November 2012 respectively.

Administrative expenses are S\$1.1 M above 1H 2012, mainly due to higher management fee as a result of higher value of deposited property and net property income.

Other gains (net) of S\$0.5 M are mainly made up of (i) realised loss on foreign exchange forward contracts of S\$7.0 M, due to the difference between the contracted rates and the rates prevailing during the period, (ii) unrealised gain on foreign exchange forward contracts of S\$4.3 M as a result of appreciation of SGD against the IDR in 1H 2013, (iii) an indemnity recovery of S\$1.4 M from vendor of Pluit Village for loss of income in connection with litigation case with PT Carrefour Indonesia ("Carrefour cases"), and S\$1.5 M from vendors of Palembang Square and Binjai Supermall in relation to compensation for delay in completion of asset enhancements.

The lower unrealised gain on foreign exchange forward contracts, partly offset by indemnity recovery from vendor of Pluit Village for loss of income in connection with Carrefour cases and compensation from vendors of Palembang Square and Binjai Supermall for delay in completion of asset enhancements, resulted in lower other gains (net) in 1H 2013.

The Trust has foreign exchange forward contracts to mitigate its exposure on currency movement due to the fact that the majority of the Trust's income is in IDR. The unrealised gain/ loss on foreign exchange forward contracts is a non-cash item and does not affect the amount of distribution to unitholders.

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9 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Indonesia is ASEAN's largest economy and continues to be one of the better performing G20 countries with GDP growth of 6.0%. With a growing population, urbanization, middle-class expansion and rising foreign investment, the economy will likely to remain buoyant. The outlook for quality retail spaces is expected to remain positive in the next 12 months as both local and foreign retail players remain active. Higher projected income per capita coupled with higher disposable income and emerging lifestyle trend of shopping mall by a large growing consumer class is expected to drive demand for retail space to a higher level.

10 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes
Name of distribution:	Second quarter distribution for the period from 1 April 2013 to 30 June 2013.
Distribution Type:	Tax-exempt and capital distribution.
Distribution Rate:	Tax-exempt distribution of 0.71 cents per unit and capital distribution of 0.22 cents per unit.
Par value of units:	NA
Tax rate:	NA

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period:	Yes
Name of distribution:	Second quarter distribution for the period from 1 April 2012 to 30 June 2012.
Distribution Type:	Tax-exempt and capital distribution.
Distribution Rate:	Tax-exempt distribution of 0.60 cents per unit and capital distribution of 0.19 cents per unit.
Par value of units:	NA
Tax rate:	NA

(c) Date payable: 29 August 2013

(d) Book closure date: 13 August 2013

11 If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

12 Interested Person Transactions Mandate

LMIR Trust is not required to obtain a general mandate from the Unitholders for Interested Party Transactions.

13 Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of LMIRT Management Ltd do hereby confirm that, to the best of their knowledge, nothing has come to their attention in which may render these interim financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF
LMIRT MANAGEMENT LIMITED
(AS MANAGER OF LIPPO MALLS INDONESIA RETAIL TRUST)

Mr Alvin Cheng Yu Dong
Chief Executive Director
1 August 2013