



LIPPO MALLS INDONESIA RETAIL TRUST

2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

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LIPPO MALLS INDONESIA RETAIL TRUST
2014 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 2014, LMIR Trust's property portfolio comprises 16 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 2014 S\$'000	2Q 2013 S\$'000	Variance % Favourable/ (Unfavourable)	1H 2014 S\$'000	1H 2013 S\$'000	Variance % Favourable/ (Unfavourable)
Gross rent (Note A)	28,754	32,518	(11.6%)	56,665	63,698	(11.0%)
Other revenue	5,280	7,552	(30.1%)	11,038	16,043	(31.2%)
Total Gross Revenue	34,034	40,070	(15.1%)	67,703	79,741	(15.1%)
Net Property Income (Note A)	31,152	37,859	(17.7%)	62,223	75,119	(17.2%)
Distributable Amount	16,608	20,462	(18.8%)	33,349	40,082	(16.8%)
Available Distribution per Unit (cents)¹	0.68	0.93	(26.9%)	1.36	1.82	(25.3%)

1. The Trust issued 246,913,000 new units following the completion of the placement in November 2013. The DPU for 2Q 2014 of 0.68 cents is the same as that of 1Q 2014.

Note A: The decrease in Gross rent and Net Property Income could be explained by the depreciation of IDR against SGD. The portfolio performance in IDR terms are shown as below:

	Group Performance in IDR					
	2Q 2014 millions	2Q 2013 millions	Variance % Favourable/ (Unfavourable)	1H 2014 millions	1H 2013 millions	Variance % Favourable/ (Unfavourable)
Gross rent	266,111	253,830	4.8%	524,675	497,060	5.6%
Net Property Income	288,299	295,521	(2.4%)	576,138	586,182	(1.7%)

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

	Group					
	2Q 2014 S\$'000	2Q 2013 S\$'000	Variance % Favourable/ (Unfavourable)	1H 2014 S\$'000	1H 2013 S\$'000	Variance % Favourable/ (Unfavourable)
Gross rent	28,754	32,518	(11.6%)	56,665	63,698	(11.0%)
Carpark income	3,473	3,028	14.7%	6,849	5,884	16.4%
Other rental income ¹	1,807	4,524	(60.1%)	4,189	10,159	(58.8%)
Total Gross Revenue	34,034	40,070	(15.1%)	67,703	79,741	(15.1%)
Property Operating Expenses						
Land rental	(365)	(288)	(26.7%)	(726)	(576)	(26.0%)
Property management fee	(893)	(878)	(1.7%)	(1,648)	(1,571)	(4.9%)
Property operating and maintenance expenses	(1,624)	(1,045)	(55.4%)	(3,106)	(2,475)	(25.5%)
Total Property Operating Expenses	(2,882)	(2,211)	(30.3%)	(5,480)	(4,622)	(18.6%)
Net Property Income	31,152	37,859	(17.7%)	62,223	75,119	(17.2%)
Interest income	416	122	NM	871	249	249.8%
Financial expenses ²	(8,309)	(7,154)	(16.1%)	(17,775)	(14,177)	(25.4%)
Administrative Expenses						
Manager's management fees	(2,291)	(2,730)	16.1%	(4,629)	(5,420)	14.6%
Trustee's fee	(77)	(82)	6.1%	(148)	(165)	10.3%
Other trust operating expenses	(280)	(318)	11.9%	(478)	(598)	20.1%
Total Administrative Expenses	(2,648)	(3,130)	15.4%	(5,255)	(6,183)	15.0%
Other gains/ (losses) (net) (See Note A)	3,769	1,878	NM	1,160	496	NM
Total Return For The Period/ Year Before Tax	24,380	29,575	NM	41,224	55,504	NM
Income tax	(3,460)	(4,299)	19.5%	(7,126)	(8,816)	19.2%
Withholding tax	(2,363)	(2,943)	19.7%	(4,632)	(5,505)	15.9%
Total Return For The Period After Tax	18,557	22,333	NM	29,466	41,183	NM
Other Comprehensive Income:						
Exchange Differences On Translating Foreign Operations	(97,254)	843	NM	4,636	6,710	NM
Total Comprehensive (Loss)/ Gain For The Period	(78,697)	23,176	NM	34,102	47,893	NM

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

Total Return for the period after tax before distribution	18,557	22,333	NM	29,466	41,183	NM
Add back/ (less) non-cash items and other adjustments:						
- Manager's fee payable in the form of units	1,246	1,514	(17.7%)	2,489	3,005	(17.2%)
- Depreciation of plant and equipment	162	157	3.2%	311	297	4.7%
- Unrealised (gain)/ loss on foreign exchange hedging contracts	(2,348)	(3,600)	NM	(308)	(4,582)	NM
- Unrealised foreign exchange (gain)/loss	(1,009)	58	NM	1,391	179	NM
Total Unitholders' Distribution	16,608	20,462	(18.8%)	33,349	40,082	(16.8%)
Unitholders' distribution:						
- as distributions from operations	11,693	15,576	(24.9%)	22,635	29,128	(22.3%)
- as return of capital ³	4,915	4,886	0.6%	10,714	10,954	(2.2%)
Total Unitholders' Distribution	16,608	20,462	(18.8%)	33,349	40,082	(16.8%)

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

Unrealised (loss)/ gain on foreign exchange hedging contracts	2,348	3,600	NM	308	4,582	NM
Realised gain/ (loss) on foreign currency hedging contracts	1,470	(3,327)	NM	3,561	(6,380)	NM
Realised gain/(loss) on foreign exchange	(1,646)	(212)	NM	(2,379)	(634)	NM
Unrealised foreign exchange gain/ (loss)	1,009	(58)	NM	(1,391)	(179)	NM
Miscellaneous income ⁴	588	1,875	NM	1,061	3,107	NM
	3,769	1,878	NM	1,160	496	NM

Footnote:

¹ The 1H 2014 other rental income mainly consists of rental guarantee income of S\$726,000 from the vendor of Lippo Plaza Kramat Jati (previously known as Kramat Jati Indah Plaza) (1H 2013: S\$4,006,000 from the vendors of Pluit Village and Lippo Plaza Kramat Jati), S\$1,908,000 (1H 2013: S\$ 4,336,000) from rental of electrical, mechanical and mall operating equipment and S\$634,000 (1H 2013: S\$753,000) from rental of office space to a third party operating company.

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Footnote (continued):

- 2 Finance expenses includes premium on currency option contracts entered in November 2013. The cost of debt was S\$6.5 million in Q2 2014 versus S\$7.2 million in Q2 2013.
- 3 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.
- 4 The 1H 2014 miscellaneous income includes S\$503,000 from vendor of Binjai Supermall (1H 2013: S\$1,546,000 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. 1H 2013 also included an indemnity recovery of S\$1,369,000 from vendor of Pluit Village for loss of income in connection with litigation case with PT Carrefour Indonesia ("Carrefour cases"), which has been subsequently resolved in Q2 2013.

1 (b) (i) Statements of Financial Position

	Group		Trust	
	30-Jun-14 S\$'000	31-Dec-13 S\$'000	30-Jun-14 S\$'000	31-Dec-13 S\$'000
Current Assets				
Cash and cash equivalents ¹	222,919	370,711	-	-
Trade and other receivables	31,188	26,986	263,057	257,255
Other financial assets, current ²	423	515	423	515
Total Current Assets	254,530	398,212	263,480	257,770
Non-current Assets				
Investment properties ³	1,418,134	1,412,204	-	-
Investments in subsidiaries	-	-	1,369,535	1,383,965
Plant and equipment	3,654	3,324	-	-
Other financial assets, non-current ²	-	128	-	128
Total Non-current Assets	1,421,788	1,415,656	1,369,535	1,384,093
Total Assets	1,676,318	1,813,868	1,633,015	1,641,863
Current Liabilities				
Secured and unsecured borrowing ¹	-	146,064	-	146,064
Trade and other payables	22,952	24,222	533,598	384,518
Current tax payable	8,537	9,010	1,491	3,022
Security deposits	25,450	24,664	-	-
Other financial liabilities, current ²	339	586	365	550
Total Current Liabilities	57,278	204,546	535,454	534,154
Non-current Liabilities				
Unsecured borrowing ¹	469,836	468,405	-	-
Deferred tax liabilities	49,287	49,287	-	-
Deferred income	82,898	80,324	-	-
Other financial liabilities, non-current ²	1,425	1,755	-	344
Total non-current liabilities	603,446	599,771	-	344
Total Liabilities	660,724	804,317	535,454	534,498
Unitholders' funds	1,015,594	1,009,551	1,097,561	1,107,365
Total Liabilities and Unitholders' funds	1,676,318	1,813,868	1,633,015	1,641,863

Footnote:

- 1 The secured borrowing of S\$147.5 million maturing in June 2014 and was repaid in January 2014, which explains the decrease in cash and cash equivalents. Please refer to item 1 (b) (ii) Borrowings and Debt Securities for details.
- 2 The movements in other financial assets and other financial liabilities (current and non-current) are mainly as a result of unrealised movements in the value of derivatives, principally being currency option contracts and finance lease payable.
- 3 The carrying values of the properties are stated based on the independent valuation as at 31 December 2013 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.

1 (b) (ii) Borrowings and Debt Securities

	Group	
	30-Jun-14 S\$'000	31-Dec-13 S\$'000
<u>Secured borrowings:</u>		
Amount payable within one year	-	147,500
Less: Unamortised transaction costs for secured borrowings	-	(1,436)
Total secured borrowings	-	146,064
<u>Unsecured borrowings:</u>		
Amount payable after one year	475,000	475,000
Less: Unamortised transaction costs for unsecured borrowings	(5,164)	(6,595)
Total unsecured borrowings	469,836	468,405
Total borrowings	469,836	614,469

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

Secured borrowings

LMIR Trust had 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 loan facility was fully repaid in January 2014.

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, S\$75,000,000 4.48% Notes due November 2017 and S\$150,000,000 4.25% Notes due October 2016 (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) **Statements of Cash Flows**

	Group		Group	
	2Q 2014 S\$'000	2Q 2013 S\$'000	1H 2014 S\$'000	1H 2013 S\$'000
Operating activities				
Total return for the period before tax	24,380	29,575	41,224	55,504
Adjustments for				
- Manager's fee payable in units	1,246	1,514	2,489	3,005
- Interest income	(416)	(122)	(871)	(249)
- Amortisation of borrowing costs	787	1,406	2,994	2,778
- Interest expense	7,522	5,748	14,781	11,399
- Depreciation of plant and equipment	162	157	311	297
- Unrealised foreign exchange (gain)/ loss	(1,009)	58	1,391	179
- Unrealised (gain)/ loss on foreign exchange hedging contracts	(2,348)	(3,600)	(308)	(4,582)
- Net effect of exchange rate changes	(606)	911	537	(4,267)
Operating income before working capital changes	29,718	35,647	62,548	64,064
Changes in working capital				
Trade and other receivables	1,741	4,560	(4,202)	(3,749)
Trade and other payables	3,196	2,123	(2,663)	5,887
Security deposits	(1,412)	447	786	1,034
Net cash from operating activities before income tax	33,243	42,777	56,469	67,236
Income tax paid	(7,126)	(6,850)	(12,231)	(12,801)
Cash flows from operating activities	26,117	35,927	44,238	54,435
Investing activities				
Capital expenditures on investment properties	(1,699)	(550)	(1,829)	(1,230)
Purchase of plant and equipment	(364)	(179)	(643)	(268)
Interest income	416	122	871	249
Cash flows used in investing activities	(1,647)	(607)	(1,601)	(1,249)
Financing activities				
Repayment of bank borrowings	-	-	(147,500)	-
Decrease in other financial liabilities	(136)	(22)	(176)	(157)
Deferred income	(4,341)	(1,367)	2,574	(2,334)
Interest on bank loan paid	(7,522)	(5,748)	(14,781)	(11,399)
Distribution to unitholders	(16,740)	(19,619)	(30,546)	(35,778)
Cash flows from financing activities	(28,739)	(26,756)	(190,429)	(49,668)
Net (decrease)/increase in cash and cash equivalents	(4,269)	8,564	(147,792)	3,518
Cash and cash equivalents at beginning of the period	225,688	132,864	369,211	137,910
Cash and cash equivalents at end of the period	221,419	141,428	221,419	141,428
Cash and cash equivalents in Statement of Cash Flows:				
Cash and cash equivalents per Statement of Cash Flows	221,419	141,428	221,419	141,428
Add: Cash restricted in use for bank facilities	1,500	1,500	1,500	1,500
Cash and cash equivalents in Statements of Financial Position	222,919	142,928	222,919	142,928

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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 2014				
Balance at beginning of the period	1,270,529	(449,849)	289,108	1,109,788
Total comprehensive income for the period	-	(97,254)	18,557	(78,697)
Manager's management fees settled in units	1,243	-	-	1,243
Distribution to unitholders	-	-	(16,740)	(16,740)
Balance at end of the period	1,271,772	(547,103)	290,925	1,015,594
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				
1H 2014				
Balance at beginning of the period	1,269,285	(551,739)	292,005	1,009,551
Total comprehensive income for the period	-	4,636	29,466	34,102
Manager's management fees settled in units	2,487	-	-	2,487
Distribution to unitholders	-	-	(30,546)	(30,546)
Balance at end of the period	1,271,772	(547,103)	290,925	1,015,594
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
Trust				
2Q 2014				
Balance at beginning of the period	1,270,529	-	(160,358)	1,110,171
Total comprehensive income for the period	-	-	2,887	2,887
Manager's management fees settled in units	1,243	-	-	1,243
Distribution to unitholders	-	-	(16,740)	(16,740)
Balance at end of the period	1,271,772	-	(174,211)	1,097,561
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				
1H 2014				
Balance at beginning of the year	1,269,285	-	(161,920)	1,107,365
Total comprehensive income for the year	-	-	18,255	18,255
Manager's management fees settled in units	2,487	-	-	2,487
Distribution to unitholders	-	-	(30,546)	(30,546)
Balance at end of the year	1,271,772	-	(174,211)	1,097,561
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

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

Issued units at the beginning of the period
 Issuance of new units for 1Q management fees
 Issued units at the end of the period

Management fees payable in units to be issued
 Acquisition fee payable in units to be issued

Total issued and issuable units at the end of the period

2Q 2014 (units)	2Q 2013 (units)
2,456,428,504	2,194,350,216
3,143,222	2,917,812
2,459,571,726	2,197,268,028
3,076,826	3,156,219
-	2,612,420
2,462,648,552	2,203,036,667

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

Issued units at the end of the period

30-Jun-14 (units)	31-Dec-13 (units)
2,459,571,726	2,453,307,080

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

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 2013.

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

Not applicable

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

	Group			
	2Q 2014 S\$'000	2Q 2013 S\$'000	1H 2014 S\$'000	1H 2013 S\$'000
Weighted average number of units in issue	2,458,051,926	2,195,921,346	2,456,313,446	2,194,421,163
Earnings per unit in cents (EPU) ⁽¹⁾	0.75	1.02	1.20	1.88
Number of units in issue	2,459,571,726	2,197,268,028	2,459,571,726	2,197,268,028
Distribution per unit in cents (DPU) ⁽²⁾	0.68	0.93	1.36	1.82

Footnote:

- 1 In computing the quarterly EPU, the weighted average number of units for the end of the period is used.
- 2 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-14	31-Dec-13	30-Jun-14	31-Dec-13
Net asset value per unit (Cents)	41.29	41.15	44.62	45.14

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8 **Review of the Performance**

	Group			
	2Q 2014 S\$'000	2Q 2013 S\$'000	1H 2014 S\$'000	1H 2013 S\$'000
Statement of Total Return				
Gross rent	28,754	32,518	56,665	63,698
Other revenue	5,280	7,552	11,038	16,043
Total gross revenue	34,034	40,070	67,703	79,741
Property operating expenses	(2,882)	(2,211)	(5,480)	(4,622)
Net Property Income	31,152	37,859	62,223	75,119
Interest income	416	122	871	249
Financial expenses	(8,309)	(7,154)	(17,775)	(14,177)
Administrative expenses	(2,648)	(3,130)	(5,255)	(6,183)
Other gains/ (losses) (net)	3,769	1,878	1,160	496
Total Return For The Period Before Tax	24,380	29,575	41,224	55,504
Income tax	(3,460)	(4,299)	(7,126)	(8,816)
Withholding tax	(2,363)	(2,943)	(4,632)	(5,505)
Total Return For The Period After Tax	18,557	22,333	29,466	41,183
Unitholders' distribution:				
- as distributions from operations	11,693	15,576	22,635	29,128
- as return of capital	4,915	4,886	10,714	10,954
Total Unitholders' distribution	16,608	20,462	33,349	40,082
Distribution per Unit (cents)	0.68	0.93	1.36	1.82

2Q 2014 vs 2Q 2013

Gross rental income in Q2 2014 is S\$3.8 M below 2Q 2013 or 11.6%. However, in IDR terms, gross rental income increased by 4.8% mainly due to positive rental reversions. The rental growth has been offset by the depreciation of IDR when translating revenues denominated in IDR to SGD.

The increase in financial expenses to S\$8.3 M is mainly due to premium paid to secure currency option contracts entered in November 2013 and additional interest expenses and amortisation of transaction costs as a result of issuance of S\$150,000,000 Notes under the Euro Medium Term Notes Programme ("EMTN Programme") in October 2013. This has been partially offset by the savings on interest due to the repayment of term loan in January 2014.

Other gains (net) of S\$3.8 M are mainly made up of (i) realised gain on foreign currency option contracts of S\$1.5 M, (ii) unrealised gain on foreign exchange of S\$1.0 M arising from translation of balances denominated in non-functional currency, (iii) Unrealised gain on foreign exchange hedging contracts of S\$2.3 M, (iv) realised loss on foreign exchange of S\$1.6 M when arising from translation of balances denominated in non-functional currencies and (v) S\$0.3 M from vendor of Binjai Supermall in relation to compensation for delay in completion of asset enhancements.

The higher net gain in Q2 is mainly due to (i) realised gain on foreign exchange hedging contracts (as opposed to unrealised loss in Q2 2013) and (ii) higher unrealised gain on foreign exchange arising from translating balances denominated in non-functional currencies, partly offset by (i) higher realised loss on foreign exchange settlement and (ii) lower unrealised gain on foreign exchange hedging contracts.

The Trust has foreign exchange hedging instruments 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 hedging instruments is a non-cash item and does not affect the amount of distribution to unitholders.

1H 2014 vs 1H 2013

Gross rental income for 1H 2014 is S\$7 M below 1H 2013 or 11%. However, in IDR terms, gross rental income increased by 5.6% mainly due to positive rental reversions. The rental growth has been offset by the depreciation of IDR when translating revenues denominated in IDR to SGD.

The increase in financial expenses to S\$17.8 M is mainly due to premium paid to secure currency option contracts entered in November 2013 and additional interest expenses and amortisation of transaction costs as a result of issuance of S\$150,000,000 Notes under the Euro Medium Term Notes Programme ("EMTN Programme") in October 2013. This has been partially offset by the savings on interest due to the repayment of term loan in January 2014.

Administrative expenses are S\$0.9 M below 1H 2013, mainly due to lower management fee as a result of lower net property income.

Other gains (net) of S\$1.2 M are mainly made up of (i) realised gain on foreign currency option contracts of S\$3.7 M, (ii) unrealised gain on foreign exchange hedging contracts of S\$0.3 M, (iii) S\$0.5 M from vendor of Binjai Supermall in relation to compensation for delay in completion of asset enhancements. This has been partially offset by (i) realised foreign exchange loss of S\$2.4 M when settlements were made for balances denominated in non-functional currencies, (ii) Unrealised loss on foreign exchange of S\$1.4 M arising from translation of balances denominated in non-functional currency.

The higher realised gain on foreign currency hedging contracts, partly offset by (i) lower unrealised gain on foreign exchange hedging contracts, (ii) higher realised foreign exchange loss when settlements were made for balances denominated in non-functional currencies, (iii) higher loss in unrealised foreign exchange arising from translation of balances denominated in non-functional currency and (iv) expiry of compensation from vendors of Palembang Square for delay in completion of asset enhancements and indemnity recovery of Pluit Village for loss of income in connection with Carrefour cases, resulted in higher other gains (net) in 1H 2014.

The Trust has foreign exchange hedging instruments 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 hedging instruments is a non-cash item and does not affect the amount of distribution to unitholders.

LIPPO MALLS INDONESIA RETAIL TRUST

2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

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

Despite the slow economic recovery in developed countries and an election year in Indonesia, the Indonesian economy still managed to grow 5.2% YoY in the first quarter of 2014. Indonesia's economic growth in 2014 is projected to be 5.2% by the World Bank. With more structural reforms, an overhaul of the energy sector policy and more spending in nationwide infrastructure projects, there could be further economic growth which could result in an upsurge in household consumption.

Financial markets have generally reacted well to the presidential election, with the announcement of Joko Widodo as the newly elected President of Indonesia on 22 July 2014. The Jakarta Composite Index (JCI) has gained 17.5% Year-to-Date, making it one of the highest gainers among the Asia-Pacific markets, while the average exchange rate of IDR for Q2 2014 has appreciated 3.6% against SGD since start of the year.

The near term retail space supply will likely be limited as the shopping centre moratorium (issued by the former Jakarta Governor Fauzi Bowo) continues. This will create a favourable market condition for existing shopping mall owners as retail space in Jakarta will be keenly sought after in the next few years.

The outlook for quality retail spaces looks promising in the next 12 months as both local and foreign retail players continue to remain active. Inflation continues to drop from 7.3% in 1Q 2014 to 6.7% in 2Q 2014. Higher disposable income, lower inflation, coupled with an emerging trend of lifestyle shopping malls are expected to drive the demand for retail space.

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 2014 to 30 June 2014
Distribution Type:	Tax-exempt and capital distribution.
Distribution Rate:	Tax-exempt distribution of 0.48 cents per unit and capital distribution of 0.20 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 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

(c) Date payable: 29 August 2014

(d) Book closure date: 15 August 2014

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
Executive Director and Chief Executive Officer
7 August 2014