



LIPPO MALLS INDONESIA RETAIL TRUST

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

**FOR IMMEDIATE RELEASE**

**LMIR Trust rounds off FY 2017 with steady DPU; strengthens portfolio with three acquisitions**

- *Delivers an annualised DPU yield of 8.6%*
- *Bolsters portfolio to 30 properties, with asset size of Rp 19,475.4 billion (S\$1.920 billion)*
- *Remains focused on prudent capital management, increasing portfolio resilience and accretive investments to maximise returns to unitholders*

*Summary of Financial Results for period ended 31 December 2017*

S\$'000	4Q 2017	4Q 2016	% Variance	FY 2017	FY 2016	% Variance
Gross Revenue	49,298	48,706	1.2	197,376	188,066	5.0
Net Property Income	44,930	44,566	0.8	184,251	171,860	7.2
Distributable Income to Unitholders	22,286	24,335	(8.4)	96,960	95,468	1.6
DPU (cents)	0.79	0.87	(9.2)	3.44	3.41	0.9
Rp'million						
Gross Revenue	493,242	456,959	7.9	1,906,921	1,807,196	5.5
Net Property Income	450,045	418,055	7.7	1,780,115	1,651,004	7.8

**Singapore, 13 February 2018** – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“LMIR Trust” or the “Trust”), rounded off financial year ended 31 December 2017 (“FY 2017”) with a steady 0.9% gain in distribution per unit (“DPU”) of 3.44 Singapore cents, on the back of a 1.6% increase in distributable income to unitholders of S\$97.0 million.

Based on the closing price of S\$0.40 as at 29 December 2017, the Trust has generated an attractive annualised DPU yield of 8.6%.

Gross revenue and net property income (“NPI”) grew 5.0% and 7.2% from a year ago, to S\$197.4 million and S\$184.3 million respectively. The growth was supported by contributions from Lippo Mall Kuta and Lippo Plaza Kendari, which were acquired in December 2016 and June 2017 respectively, as well as positive rental reversions from existing leases.

On a quarterly basis (“**4Q 2017**”), the amount available for distribution to unitholders declined 8.4% to S\$22.3 million, which translated to a DPU of 0.79 Singapore cents, 9.2% lower than the prior corresponding period. Gross revenue for the quarter rose 1.2% from a year ago to S\$49.3 million, while NPI climbed 0.8% to S\$44.9 million.

The fourth quarter’s performance was largely impacted by costs relating to the change in Trustee, depreciation of the Indonesian Rupiah against Singapore Dollar, which affected NPI and resulted in lower gains from hedging contracts, and lower income from retail spaces. The Trust incurred approximately S\$2 million in costs relating to the change of trustee from HSBC Institutional Trust Services (Singapore) Limited to Perpetual (Asia) Limited, of which S\$1.4 million was mostly expensed in 3Q 2017 and 4Q 2017.

The expiration of the Trust’s leases with PT Multipolar Tbk on 18 November 2017 for its retail spaces affected earnings, however these spaces have since been 88.6% leased to multiple tenants.

Ms Chan Lie Leng, Chief Executive Officer of the REIT Manager, said, “Our Q4 result was certainly impacted by cost relating to the change in trustee, reduced income from the retail spaces and narrower gains from our hedges due to a weakened Rupiah for that quarter. Notwithstanding this, we are still able to report a steady 0.9% increase in our full year DPU to 3.44 Singapore cents, and adjusted full year DPU would have been 3.49 Singapore cents, a gain of 2.3% if the change of trustee cost was not incurred.”

### **Active Portfolio Management**

LMIR Trust remains committed to optimising the value of its portfolio through active management of its tenant mix and retaining quality tenants. In 4Q 2017, 16,483 square metres of space was renewed at a positive rental reversion rate of 2.6% despite downward pressures on retail rents. For the full year, a total of 36,784 square metres of space, accounting for 4.0% of the Trust’s total NLA, was renewed at an average rental reversion of 5.6%.

As at 31 December 2017, LMIR Trust’s overall portfolio occupancy remained healthy at 93.7%, compared to the industry average of 84.4%.

Over the years, LMIR Trust has initiated several asset enhancement initiatives (“**AEI**”) to boost portfolio resilience and value. In October 2017, the Trust completed asset enhancement works at Lippo Plaza Ekalokasari, which comprised upgrading of its interiors and exterior façade, enhancement of customer facilities and amenities, increase in parking spaces, re-layout of floor spaces and tenancy mix. Following the completion of the AEI, occupancy rate at the mall has improved to 86.9% as at 31 December 2017, compared to 71.3% as at 31 December 2016.

## **Disciplined yield-accretive acquisitions**

During the year, the Trust completed three acquisitions which include Lippo Plaza Kendari in June 2017, as well as Kediri Town Square and Lippo Plaza Jogja in December 2017. These new assets boosted LMIR Trust's portfolio to 30 properties, net lettable area to 910,582 square metres from 851,850 square metres and asset size to Rp 19,475.4 billion from Rp 18,124.4 billion.

## **Prudent Capital Management**

On 13 November 2017, LMIR Trust secured a S\$80 million unsecured uncommitted revolving credit facility from CIMB Bank Berhad, Singapore Branch, which could be used for working capital requirements.

"The Trust has managed to keep gearing low at 33.7%, below the regulatory limit of 45%, despite adding three new properties in FY 2017. This gives us ample debt headroom for further yield-accretive acquisitions to boost our income streams. Going forward, LMIR Trust will continue to actively manage our capital structure, as well as look out for quality and accretive assets to strengthen our portfolio to deliver long-term value to our unitholders," said Ms Chan.

## **Outlook**

The Indonesian economy expanded 5.19% in 4Q 2017, faster than the 5.06% recorded in the third quarter of the year.<sup>1</sup> Growth was driven by increased government spending and investments, as well as higher private sector investments. Full year GDP increased by 5.07%, compared to 5.03% growth registered in 2016.

Indonesia's headline inflation rate was 3.61% in December against a near one-year low of 3.30% in November on the back of higher food and transportation prices<sup>2</sup>. The annual core inflation rate, which excludes volatile food and administered prices, was 2.95% in December compared with 3.05% a month ago.

Retail sales in Indonesia had a moderately stronger showing in November, accelerating from 2.2% year-on-year growth in October to 2.5% year-on-year growth<sup>3</sup>. The growth was buoyed by stronger food and beverages sales, as well as better sales of automotive fuels.

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<sup>1</sup> 5 February 2018, Nikkei - Indonesia's 4Q GDP growth beats estimates

<sup>2</sup> Bank Indonesia - Inflation Report (Consumer Price Index):  
<http://www.bi.go.id/en/moneter/inflasi/data/Default.aspx>

<sup>3</sup> Indonesia - Retail Sales Survey August 2017:  
[http://www.bi.go.id/en/publikasi/survei/penjualan-eceran/Documents/SPE%20November%202017\\_E.pdf](http://www.bi.go.id/en/publikasi/survei/penjualan-eceran/Documents/SPE%20November%202017_E.pdf)

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### **About Lippo Malls Indonesia Retail Trust (“LMIR Trust”) ([www.lmir-trust.com](http://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 current asset portfolio comprises 23 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 910,582 square metres and total valuation of Rp 19,475 billion as at 31 December 2017, and are strategically located in major cities of Indonesia with large middle-income population. Tenants include leading names such as Matahari Department Store, Zara, M&S, H&M, Sogo, Giant, Hypermart, Carrefour, Ace Hardware, as well as international specialty tenants such as Victoria’s Secret, Promod, McDonalds, Pizza Hut, KFC, A&W, Fitness First and Starbucks.