LIPPO MALLS INDONESIA RETAIL TRUST

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

FOR IMMEDIATE RELEASE

LMIR TRUST declares DPU of 0.49 cents for 3Q 2018; secures S$135 million term loan facilities

- *Total gross revenue up 30.7% to S$64.8 million while net property income dips 15.0% to S$39.5 million, largely on the back of weakening Indonesian Rupiah and higher property operating expenses*
- *Portfolio performance remains steady with high occupancy of 92.6%*
- *New unsecured term loan facilities to partially refinance a S$100 million bond and a S$90 million term loan due in November and December respectively*

Summary of Financial Results for period ended 30 September 2018

S$'000	3Q 2018	3Q 2017	% Variance	9M 2018	9M 2017	% Variance
Total Gross Revenue	64,831	49,605	30.7%	166,604	148,078	12.5%
Net Property Income	39,464	46,419	(15.0%)	126,565	139,321	(9.2%)
Distributable Income to Unitholders	13,896	24,151	(42.5%)	49,730	74,674	(33.4%)
DPU (cents)	0.49	0.86	(43.0%)	1.75	2.64	(33.7%)
Rp'million						
Total Gross Revenue	687,559	481,424	42.8%	1,742,653	1,413,671	23.3%
Net Property Income	420,864	450,609	(6.6%)	1,323,851	1,330,070	(0.5%)

Singapore, 9 November 2018 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**" or the "**Trust**"), today reported a 30.7% growth in total gross revenue to S$64.8 million for the third quarter ended 30 September 2018 ("**3Q 2018**"). In Indonesian Rupiah terms, total revenue grew 42.8% to Rp687.6 billion.

The growth was attributable to the collection of service and utilities recovery charges directly from tenants, which was previously outsourced to a third-party service provider, of S$27.8 million compared to S$8.8 million a year ago, aided by contributions from new assets - Lippo Plaza Jogja and Kediri Town Square acquired in December 2017, and partially offset by lower rental income from the seven retail spaces following the expiry of their master leases.

Net property income ("**NPI**") for the quarter registered a 15.0% year-on-year ("**y-o-y**") dip to S$39.5 million. In Indonesian Rupiah terms, the decline was 6.6% to Rp420.9 billion. This was largely due to (i) the continued weakening of the Indonesian Rupiah to Singapore Dollar; (ii) higher property operating expenses of S$25.4 million from S$3.2 million a year ago as a result of the retail malls and retail spaces undertaking direct maintenance and operations of their premises, and (iii) a one-off net allowance for doubtful debts of S$2.1 million.

The implementation of a new tax ruling in Indonesia, which levies a 10% tax on service charges and utilities recovery charges, also led to an increase in income tax expense to S$7.8 million in 3Q 2018 from S$5.2 million in 3Q 2017.

As a result of the aforementioned factors, the Trust reported a y-o-y decline in distribution per unit ("**DPU**") to 0.49 Singapore cents for 3Q 2018 on the back of lower distributable income of S$13.9 million, compared to 0.86 Singapore cents on S$24.2 million a year ago.

Commented Ms Gouw Vi Ven, Chief Executive Officer of the REIT Manager, "The Trust's performance continues to be impacted by continued weakness in the Rupiah, which depreciated 9.4% year-on-year against Singapore Dollar in 3Q 2018. This, coupled with the impact of Indonesia's new tax ruling, has placed pressure on our bottomline despite steady growth at the topline. Notwithstanding this, our assets are delivering steady performance with high occupancy rate of 92.6% compared to industry average of 83.8%. In this quarter, we registered a positive rental reversion of 2.9% for 10,954 square metres of space.

We remain focused on active asset management which includes optimising mall spaces to boost the performance of our assets, as well as working closely with our mall operator to improve tenant mix with a good balance of international and local brands to attract a diverse group of shoppers. At the same time, we are also looking to grow inorganically through acquisitions to deliver long term value to our Unitholders. As at 30 September, LMIR Trust's gearing stood at 37.1%, below the regulatory limit of 45%, giving us ample debt headroom for acquisition."

Prudent Capital Management

The Trust continues to actively manage its capital structure to keep gearing below the regulatory limit as well as minimise its exposure to interest rate volatility. As at 30 September 2018, the Trust's fixed rate debt ratio stood at 44.9%, with total weighted average interest rate per annum at 5.26%.

Obtained S$135 million Unsecured Term Loan Facilities for Refinancing

On 9 November 2018, LMIR Trust obtained two unsecured term loan facilities ("**Facility A**" and "**Facility B**") of S$67.5 million each, totalling S$135.0 million, from five banks - BNP Paribas, CIMB Bank Berhad, Credit Suisse AG, The Bank of East Asia, Limited and Shanghai Pudong Development Bank Co., Ltd. Facility A and B will have a loan tenor of four and five years respectively.

"We are grateful to have secured these loan facilities and the continued strong support rendered by the banks. The S$135 million funds will be used to refinance the S$100 million bond due on 23 November 2018 and the S$90 million term loan due on 15 December 2018. The balance S$55 million loan will be repaid through internal funds," said Ms Gouw.

Outlook

The Indonesian economy grew 5.17%[1] y-o-y in the third quarter of 2018, compared with 5.27% in the preceding quarter on the back of capital outflows, as well as weaker exports and consumer spending during the third quarter. President Joko Widodo has announced Indonesia's growth forecast for 2019 to be 5.3%[2], driven by stronger domestic consumption, investment and exports, and supported by a stronger spending push planned for 2019.

Inflation in Indonesia was 3.2%[3] in October compared to 2.9% in September as most index components saw sequentially faster growth, with health and education the main exceptions. Consumer prices were impacted by higher fuel prices, following hikes to non-subsidised fuel prices in October. However, full-year inflation remains on track to be comfortably within the Central Bank's target of 2.5-4.5% for 2018, despite the weakening of the Rupiah amidst rising US interest rates. To counter the falling Rupiah value, Bank Indonesia intervened in the foreign exchange markets, raised import taxes and also increased interest rates several times during the year, with the latest on 27 September 2018, bringing interest rate to 5.75%[4].

Retail sales grew 4.8% y-o-y in September, ticking down slightly from the 6.1% growth in the preceding month[5]. Growth in September was mainly driven by an increase in clothing sales as well as higher demand for automotive fuels, which was offset by lower sales of information and communications equipment.

Amid greater volatility in global markets and gradual interest rate hikes, the central banks of Singapore and Indonesia have recently signed agreements to set up a US$10 billion bilateral financial agreement to preserve monetary and financial stability. Such arrangements can help central banks defend their currencies, especially with the steadily depreciating Indonesian Rupiah in recent months, or deal with short-term liquidity needs, while being protected from exchange rate fluctuations.[6]

[1] 5 November 2018, Nikkei Asian Review- Indonesia's 3Q GDP growth slows as exports fade
[2] 17 August 2018, Business Times - Jokowi plans record spending next year
[3] 1 November 2018, Indonesia Investments, Consumer Price Index Indonesia: October Inflation Higher-Than-Expected
[4] 28 September 2018, CNBC - Indonesia hikes rates again to defend its currency, but analysts see further weakness
[5] 6 November 2018, Xinhua, Indonesia's retail sales optimistic in September
[6] 5 November 2018, CNA - MAS, Bank Indonesia set up US$10 billion bilateral financial arrangement

CONTACT INFORMATION
August Consulting
Tel: (65) 6733 8873   Fax: (65) 6733 9913
Janice ONG: *janiceong@august.com.sg*
Jeremy SING: *jeremysing@august.com.sg*
Zavier ONG: *zavierong@august.com.sg*

About Lippo Malls Indonesia Retail Trust ("LMIR Trust") (www.lmir-trust.com)

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

LMIR Trust's 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 Rp19,475 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, Kentucky Fried Chicken, A&W, Fitness First and Starbucks