



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 posts 1Q 2019 DPU of 0.55 cents; up 83.3% vs 4Q 2018

- Higher distributable income by 85.1%
- Healthy portfolio occupancy at 91.5% against industry average of 80.7%
- Enhance long term growth potential with opportunistic acquisitions and AEs

Summary of Financial Results for period ended 31 March 2019

S\$'000	1Q 2019	1Q 2018	YoY % Variance	4Q 2018	QoQ % Variance
Gross Rental Income	37,427	40,279	(7.1)	36,560	2.4
Total Gross Revenue	65,912	49,123	34.2	63,695	3.5
Net Property Income	40,513	43,948	(7.8)	38,402	5.5
Distributable Income to Unitholders	16,079	19,018	(15.5)	8,685	85.1
DPU (cents)	0.55	0.67	(17.9)	0.30	83.3
Rp'million					
Gross Rental Income	390,016	413,300	(5.6)	400,525	(2.6)
Total Gross Revenue	686,849	504,048	36.3	693,116	(0.9)
Net Property Income	422,174	450,948	(6.4)	420,931	0.3

Singapore, 22 April 2019 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today reported a better quarter-on-quarter (“**QoQ**”) performance for its first quarter ended 31 March 2019 (“**1Q 2019**”) compared to the preceding quarter ended 31 December 2018 (“**4Q 2018**”).

In 1Q 2019, the Trust’s distribution per unit (“**DPU**”) almost doubled to 0.55 Singapore cents from the 0.30 Singapore cents declared in 4Q 2018. This was made possible by better NPI performance coupled with savings from lower finance cost arising from lower outstanding loans and lower realised foreign exchange losses in the reporting quarter.

On a year-on-year (“**YoY**”) basis, GRI dipped 7.1% to S\$37.4 million in 1Q 2019 from S\$40.3 million in the corresponding period last year (“**1Q 2018**”), due to lower rental income from Lippo Plaza Batu and Palembang Icon on the expiry of the master leases in July 2018, and the perennial weakening of the Indonesian Rupiah by 1.6% from 1Q 2018.

Total gross revenue for the quarter grew 34.2% YoY to S\$65.9 million following the taking over of the collection of service and utilities recovery charges directly from tenants. NPI however, declined 7.8%

to S\$40.5 million on higher property operating expenses for maintenance and operations of the malls and retail spaces.

Correspondingly, distribution to Unitholders declined 15.5% YoY to S\$16.1 million, while DPU stood at 0.55 Singapore cents compared to 0.67 Singapore cents in 1Q 2018.

“Following the gradual recovery of the Indonesian Rupiah against the Singapore Dollar since the beginning of this year, the Trust is also showing improved QoQ performance as we continue to actively manage and revamp our portfolio to keep up with changing consumer preferences and to generate higher organic growth. For instance, Cibubur Junction launched a new dining concept in 4Q 2018 which has been well received by shoppers, while Pluit Village also plans to introduce a new dining hall in 2019 to refresh its food and beverage offerings.

“Additionally, we have also commenced asset enhancement initiatives (AEIs) at Sun Plaza. The refurbishment works include a total uplift of its façade and interiors, reconfiguration of the mall’s layout to maximise useable space, adding an additional atrium and upgrading its amenities. Expected to be completed by 2021, the refurbished mall will have a more modern appeal and refreshed ambience to further improve shopper experience,” said Ms Gouw Vi Ven, Chief Executive Officer of the REIT Manager.

The Trust is also looking to boost long term growth inorganically with the proposed acquisition of the iconic Lippo Mall Puri (“**Puri Mall**”). In 1Q 2019, LMIR Trust entered into a conditional sales and purchase agreement (“**CSPA**”) with PT Lippo Karawaci Tbk, the sponsor of LMIR Trust (the “**Sponsor**”), for the proposed acquisition of Puri Mall at a purchase consideration of Rp3,700 billion (S\$354.7 million).

“Puri Mall has high growth potential in the long run as it is part of the largest premium mixed-use development in West Jakarta. It is also centrally located within a large catchment area, in the heart of Puri Indah’s central business district and within close proximity to an affluent residential area. Moreover, with rental support from our Sponsor, this property is NPI yield accretive and will generate long-term value for our Unitholders,” said Ms Gouw.

As at 31 March 2019, the Trust’s portfolio occupancy remained healthy at 91.5% compared to industry average of 80.7%. Gearing stood at a stable 33.9% compared to 34.6% as at 31 December 2018, with 58.1% of debt on a fixed-rate basis to mitigate fluctuating interest rates and all-in cost of debt (including perpetual securities) at a stable 5.6%.

Outlook

Following Indonesia’s stronger gross domestic product growth in 2018 at 5.17% compared to 5.07% in 2017, Bank Indonesia is predicting stronger economic growth in 2019. At the same time, with the gradual strengthening of the Indonesian Rupiah in the first quarter of 2019, coupled with global

macroeconomic uncertainties, Bank Indonesia is keeping interest rates unchanged¹ for the time being and this is expected to boost consumption and investment in Indonesia in the near term.

Inflationary pressures remained contained during the first quarter of 2019, with inflation dipping from 2.57% in February to 2.48%² in March, far exceeding the 3.50% target set by Bank Indonesia. Consumer prices increased 0.11% month-on-month in March compared to a decline of 0.08% in February, driven by higher prices for clothing and healthcare. Moving forward, inflation is expected to remain subdued due to ongoing government measures to control prices as well as the improving current account deficit situation which will reduce the pressure of depreciation on the Rupiah.

Retail sales continued to strengthen with a significant 9.1% year-on-year growth in February, compared to a 7.2%³ growth in the January, marking the steepest increase since December 2016. Driven mainly by the Lunar New Year celebrations, sales growth accelerated mainly for clothing, cultural and recreational goods, motor vehicles and parts, as well as food, beverages and tobacco.

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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 910,749 square metres and total valuation of Rp19,514.1 billion as at 31 December 2018, 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.

¹ 4 April 2019, Bloomberg, *Bank Indonesia Chief Says Rate Is on Hold Amid Global Risks*

² <https://www.focus-economics.com/country-indicator/indonesia/inflation>

³ <https://tradingeconomics.com/indonesia/retail-sales-annual>