



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's 3Q 2019 DPU rises 14.3% to 0.56 Singapore cents on stable portfolio performance

- Gross revenue and income available for distribution up 6.8% and 29.5% respectively
- Registers positive rental reversion of 5.0% and healthy portfolio occupancy of 92.2% against industry average of 81.3%
- Remains focused on active asset management to optimise portfolio value

Summary of Financial Results for period ended 30 September 2019

S\$'000	3Q 2019	3Q 2018	% Variance	9M 2019	9M 2018	% Variance
Gross Rental Income	39,308	36,996	6.2	115,732	118,655	(2.5)
Total Gross Revenue	69,248	64,831	6.8	203,428	166,604	22.1
Net Property Income	44,122	39,464	11.8	128,609	126,565	1.6
Income Available for Distribution to Unitholders	17,996	13,896	29.5	51,556	49,730	3.7
Distribution to Unitholders ⁽¹⁾	16,196	13,896	16.6	49,756	49,730	0.1
DPU (cents)	0.56	0.49	14.3	1.71	1.75	(2.3)
Rp'million						
Gross Rental Income	404,082	394,545	2.4	1,201,416	1,241,114	(3.2)
Total Gross Revenue	711,867	687,559	3.5	2,111,790	1,742,653	21.2
Net Property Income	453,614	420,864	7.8	1,335,093	1,323,851	0.8

Singapore, 7 November 2019 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today announced a creditable set of results for the third quarter ended 30 September 2019 (“**3Q 2019**”).

Stable portfolio performance and an improving Indonesian Rupiah boosted LMIR Trust's third quarter distribution per unit (“**DPU**”) to 0.56 Singapore cents, a 14.3% increase from 0.49 Singapore cents in the preceding quarter a year ago (“**3Q 2018**”). Income available for distribution to Unitholders also saw a 29.5% year-on-year (“**YoY**”) growth to S\$18.0 million.

For the quarter under review, total gross revenue climbed 6.8% YoY to S\$69.2 million with the first full quarter of internalising the collection of service and utilities recovery charges directly from tenants. Gross rental income also rose 6.2% YoY to S\$39.3 million on positive rental reversion of 5.0% and a recovering Indonesia Rupiah which appreciated 0.8% YoY against the Singapore Dollar as at 30 September 2019.

(1) S\$1.8 million was retained from the income available for distribution for capital management and ensuring overall stability of distributions.

With prudent operating cost management and improvement on the rental collections, net property income (“NPI”) for 3Q 2019 rose 11.8% YoY to S\$44.1 million from S\$39.5 million in 3Q 2018.

On a nine-month basis, total gross revenue and NPI rose 22.1% (due to internalisation of the collection of service and utilities recovery charges directly from tenants commencing April 2018) and 1.6% to S\$203.4 million and S\$128.6 million respectively, while income available for distribution to Unitholders edged up 3.7% to S\$51.6 million.

Mr James Liew, Chief Executive Officer of the REIT Manager, said, “We are pleased with the continued improvements in our results vis-à-vis 2018, underpinned by a healthy portfolio occupancy of 92.2% against industry average of 81.3%, and a positive rental reversion of 5.0% year-to-date.

“As part of the Trust’s active asset management strategy and quest for operational excellence, we remain focused on actively managing our assets to boost performance, such as through the extensive asset enhancement works at Sun Plaza in Medan and at Gajah Mada Plaza in Central Jakarta. The Manager will also continue to capitalise on opportunities to grow inorganically such as the proposed acquisition of Lippo Mall Puri as well as evaluate opportunities to free up or recycle capital for more productive use. We believe these initiatives will in due course partially offset the expected negative impact on the Trust’s rental income following the expiry of the master lease agreement at Lippo Mall Kemang on 16 December 2019. Lippo Mall Kemang’s underlying performance remains healthy with an occupancy rate of 93.7% as of 30 September 2019, up from 92.2% in 2017, and the total number of tenants increased to 186 from 149 in 2017. The Manager is actively managing the tenancy mix of Lippo Mall Kemang, including converting the Matahari Departmental Store space into specialty and entertainment outlets.”

As at 30 September 2019, LMIR Trust’s gearing ratio remained at a healthy 34.7%, down from 35.2% as at 30 June 2019, with interest cover at 4.7 times. 100% of the Trust’s debt is on a fixed-rate basis to mitigate fluctuating interest rate.

Outlook

Bank Indonesia cut its key interest rate for a third straight month to 5.25% in September¹, in a bid to drive economic growth in an increasingly uncertain macroeconomic environment and a slowing global economy. This goes in tandem with the recent rate-cutting moves by the US Federal Reserve². In his annual budget speech, President Jokowi announced that the Indonesian government plans to raise spending by 8.5% to Rp2,540 trillion in 2020 with an economic growth target set at 5.3%³.

¹ 19 September 2019, Business Times - Indonesia cuts key interest rate for 3rd month in row

² 19 September 2019m Straits Times - A divided Fed reduces rates but may not cut again this year

³ 24 September 2019, Business Times - Indonesia to raise spending by 8.5% to 2,540t rupiah in 2020

Inflation dipped to 3.39% in September from 3.49% in August, close to Bank Indonesia's mid-point target of 3.5%. Driven largely by lower prices for foodstuff, consumer prices dipped 0.27% month-on-month as compared with a 0.12% increase in August. Also weaker were prices for housing, utilities, education, recreation and sports and healthcare, offset by higher prices in transportation, communication and financial services, as well as clothing. Core inflation in September registered at 3.32%, above forecasts of 3.29%, the highest since February 2017⁴.

Retail sales increased 1.1% year-on-year in August, a reduction from the 2.5% increase in the previous month. The slowdown was mainly driven by lower sales in food, beverages, tobacco, clothing, fuel, communication equipment & information, as well as cultural and recreational goods, offset by an increase in sales of household equipment. Month-on-month, retail sales dipped 2.1% in August, following a 5.3% reduction in July⁵.

CONTACT INFORMATION

August Consulting

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Janice ONG: janiceong@august.com.sg

Jeremy SING: jeremysing@august.com.sg

Emelda THEN: emeldathen@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 910,749 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.

⁴ <https://tradingeconomics.com/indonesia/inflation-cpi>

⁵ <https://tradingeconomics.com/indonesia/retail-sales-annual>