



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 sees 20.9% QoQ GRI growth for 3Q 2020 amid reopening of malls on reduced operating hours

- Declares DPU of 0.07 cents for 3Q 2020
- Completes divestment of Pejaten Village and Binjai Supermall, boosting cash balances for greater financial flexibility
- Proposed acquisition of iconic Lippo Mall Puri ensures steady stream of income in the long-term and unlocks restrictions on distributions

Summary of Financial Results for period ended 30 September 2020

S\$'000	3Q 2020	2Q 2020	3Q vs. 2Q 2020 % Variance	3Q 2019	3Q 2020 vs. 3Q 2019 % Variance
Gross Rental Income	15,272	12,627	20.9	39,308	(61.1)
Total Gross Revenue	28,872	27,383	5.4	69,248	(58.3)
Net Property Income	13,146	12,823	2.5	44,122	(70.2)
Amount Available for Distribution	-	-	n.m.	17,996	n.m.
Distribution to Unitholders	2,049	3,137	(34.7)	16,196	(87.3)
DPU (cents)	0.07	0.11	(36.3)	0.56	(87.5)
Rp'million					
Gross Rental Income	164,029	141,559	15.9	404,082	(59.4)
Total Gross Revenue	310,053	303,178	2.3	711,867	(56.4)
Net Property Income	141,914	144,451	(1.8)	453,614	(68.7)

Singapore, 2 November 2020 – LMIRT Management Ltd (the “**Manager**”), the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), has reported gross rental income (“**GRI**”) of S\$15.3 million for the third quarter ended 30 September 2020 (“**3Q 2020**”). This was a 20.9% increase over GRI of S\$12.6 million recorded in the preceding quarter ended 30 June 2020 (“**2Q 2020**”), following the easing of large scale social restrictions in Indonesia in June, and the consequent re-opening of the Trust’s assets on shorter operating hours. However, net property income (“**NPI**”) rose at a marginal 2.5% to S\$13.1 million, from S\$12.8 million in 2Q 2020, on the back of the revenue contraction in view of rental reliefs offered to both related and non-related party tenants. Taking into account fixed and financing costs, LMIR Trust recorded nil distributable income for 3Q 2020.

Chief Executive Officer of the REIT Manager, Mr James Liew said, “Amid the challenges arising from the coronavirus outbreak in Indonesia, we have been able to gradually re-open for business while adhering strictly to health protocols and safe distancing measures. With operating hours being shortened from 12 hours to eight hours and capacity capped at 50%, we have extended reliefs on

rental and service charges to all tenants to support their business recovery. Certain tenants such as the entertainment outlets remain closed, and these continue to receive rental waivers from us.”

GRI for 3Q 2020 was partially offset by the divestments of Pejaten Village and Binjai Supermall that were completed in July and August respectively. Total gross revenue grew 5.4% quarter-on-quarter (“QoQ”) to S\$28.9 million in 3Q 2020 from S\$27.4 million in 2Q 2020, supported by partial recovery in carpark income and other rental income in the quarter.

The Trust has declared a total distribution of S\$2.0 million, or distribution per unit (“DPU”) of 0.07 Singapore cents, for 3Q 2020, after taking into consideration restrictions imposed under the terms and conditions of the US\$250.0 million 7.25% Guaranteed Senior Notes (the “Notes”) maturing in 2024.

General Business

Following the resumption of partial operations at all the Trust’s assets with enhanced safety measures in place, shopper traffic has recovered to approximately 50% from pre-Covid days. The Trust’s portfolio fundamentals remain strong as its assets are located in high catchment areas. At a healthy 85.5%, its portfolio occupancy is higher than the industry average of 79.5%. Along with this, year-to-date rental reversion has remained positive at 4.4%.

Nevertheless, with the ongoing Covid-19 situation in Indonesia, LMIR Trust expects retail malls in this region to continue to be subject to shorter operating hours, capacity caps and ad-hoc restrictions at least until the second quarter of 2021. In conjunction with this, it also expects to extend rental and service charge reliefs to tenants during this period. In support of selected key tenants’ (including both related and non-related party tenants) business recovery, the Trust has already granted additional rental relief to these tenants until 31 December 2020. Negotiations with other key tenants on rental reliefs are ongoing.

The Trust remains prudent with its capital management with its gearing at 42.5% (below the regulatory limit of 50.0%) and interest cover ratio of 2.6 times. On 22 October, it announced that it has secured a US\$75.0 million term loan facility from Deutsche Bank AG, Singapore Branch, which could be used for the repayment of an existing S\$175.0 million facility when it matures in August 2021.

Distribution Outlook

As part of the terms and conditions of the Notes, LMIR Trust can continue to pay the coupons of its perpetual security holders and make distributions to unitholders as long as it has available distributable income. If LMIR Trust does not have any distributable income, LMIR Trust’s aggregate of perpetual coupon payments and distributions to unitholders are subject to a cap of US\$5.0 million (S\$6.9 million) for the remaining life of the Notes. Taking into account the S\$4.9 million coupon paid to perpetual security holders on 24 September 2020, the US\$5.0 million cap will be reached upon the Trust’s S\$2.0 million distribution to unitholders for 3Q 2020.

Consequently, any further distribution will be subject to either the noteholders' consent or new equity injection, such as the proposed rights issue in conjunction with the proposed Lippo Mall Puri acquisition. The noteholders' consent or unitholders' approval for the proposed rights issue is required to allow the Trust to make further distributions to perpetual security holders and unitholders from 4Q 2020 until it generates a positive distributable income again in these unprecedented times.

Added Mr Liew, "To ensure sustainable distribution going forward, the significance and underlying solid fundamentals of the proposed acquisition of the iconic Lippo Mall Puri is even more important today as when this acquisition was originally communicated in March 2019. The acquisition provides a steady and accretive stream of income with a guaranteed NPI until 2024. In addition, the strategic benefit of the associated rights issue will unlock the distribution restrictions currently imposed by the US -dollar Notes."

INFORMATION

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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 21 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 839,907 square metres and total valuation of Rp15,716.1 billion as at 31 July 2020, 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.