LMIR TRUST
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 DPU of 0.59 cents for 2Q 2018; stable property performance in Rupiah terms

- *Total gross revenue up 5.5% to S$52.7 million, supported by rental contributions from new acquisitions*
- *Weakening of the Indonesian Rupiah, new tax regulations and higher property operating expenses impacted 2Q performance*
- *Healthy portfolio occupancy of 93.6%, with 10,614 square metres of space renewed at positive rental reversion of 4.2%*

*Summary of Financial Results for period ended 30 June 2018*

| S$'000 | 2Q 2018 | 2Q 2017 | % Variance | 1H 2018 | 1H 2017 | % Variance |
|---|---|---|---|---|---|---|
| Total Gross Revenue | 52,650 | 49,886 | 5.5 | 101,773 | 98,473 | 3.4 |
| Net Property Income | 43,153 | 46,823 | (7.8) | 87,101 | 92,902 | (6.2) |
| Distributable Income to Unitholders | 16,816 | 25,403 | (33.8) | 35,834 | 50,523 | (29.1) |
| DPU (cents) | 0.59 | 0.90 | (34.4) | 1.26 | 1.79 | (29.6) |
| Rp'million | | | | | | |
| Total Gross Revenue | 551,046 | 475,296 | 15.9 | 1,055,094 | 932,247 | 13.2 |
| Net Property Income | 452,039 | 446,103 | 1.3 | 902,987 | 879,443 | 2.7 |

**Singapore, 2 August 2018** – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**" or the "**Trust**"), today reported a 15.9% year-on-year ("**y-o-y**") growth in total gross revenue and a 1.3% y-o-y growth in net property income ("**NPI"**) to Rp551.0 billion and Rp452.0 billion respectively for the second quarter ended 30 June 2018 ("**2Q 2018**"). In Singapore Dollar, total gross revenue grew 5.5% to S$52.7 million, while NPI dipped 7.8% to S$43.2 million.

Gross revenue growth was driven by contributions from the Trust's three acquisitions in 2017, Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square, and partially offset by the expiry of the master leases over the seven retail spaces.

The weakening of the Indonesia Rupiah which depreciated 9.7% y-o-y to the Singapore Dollar, continued to impact LMIR Trust's second quarter performance. Income distributable to Unitholders decreased to S$16.8 million in 2Q 2018 from S$25.4 million in 2Q 2017, while distribution per unit ("**DPU**") lowered to 0.59 Singapore cents compared to 0.90 Singapore cents a year ago.

In 2Q 2018, property operating expenses increased by S$6.4 million y-o-y to S$9.5 million, mainly due to the termination of outsourced maintenance services for five malls on 1 May 2018, which resulted in higher reported expenses as those malls are currently paying for the maintenance costs directly. There was also a net allowance for doubtful debts of S$1.2 million, as opposed to a net reversal last year, resulting in a 7.8% y-o-y reduction in net property income.

With the implementation of the new tax regulations, which levied a 10% tax on outsourced service charges and utilities recovery charges, income tax expense increased to S$7.6 million in 2Q 2018 from S$5.2 million in 2Q 2017.

Commented Ms Chan Lie Leng, Chief Executive Officer of the REIT Manager, "As anticipated earlier in the year, the Rupiah's continued depreciation has impacted overall earnings, while the effect of the new tax regulations has also been felt on our bottom line results. On the other hand, we have benefited from our enlarged portfolio, with the three new acquisitions in 2017 contributing to total gross revenue growth. With all our assets, we have continued to exercise astute management of the spaces and tenants to optimise shopper traffic and increase rental earnings. The Trust is not overly-reliant on any single tenant and maintains a diverse mix of international and local brands to attract shoppers. Our portfolio's occupancy remained high at 93.6%, compared to the industry average of 84.2%, with 10,614 square metres of space renewed in 2Q 2018 at a positive rental reversion of 4.2%.

"Looking ahead, we will continue to monitor exchange rates closely and explore ways to strengthen our currency hedges as well as mitigate the impact of the new tax ruling costs. Our search for good quality, yield-accretive retail assets and asset enhancement opportunities continues as we remain committed to delivering growth and maximising Unitholders' value."

**Prudent Capital Management**

LMIR Trust's gearing ratio stood at 36.0% as at 30 June 2018, below the regulatory limit of 45%, while the weighted average all-in cost per annum of debt was 5.53% including Perpetual Securities.

**Outlook**

Indonesia's economy grew 5.06% in the first quarter of 2018, down from 5.19% in the previous quarter, weighed down by weakness in consumption and lower exports. Bank Indonesia's growth outlook for 2018 remained at 5.1-5.5%, against growth of 5.07% in 2017.

Indonesia's annual inflation rate came in at 3.12% in June, compared to 3.23% in May. The consumer price index rose 0.59% on a monthly basis in June, due to rising demand for food and transportation during the Muslim fasting month of Ramadan. This was offset by slower inflation for other major component groups of the CPI. Year-to-date, Indonesian inflation has accumulated to 1.90% in the first six months of 2018 and the year-end figure is expected to fall well within the central bank's full-year 2018 inflation target range of 2.5-4.5%.[1]

On the retail front, retail sales in Indonesia rose 8.3% in May, compared to 4.1% in April. The more vigorous pace of growth was contributed by the expansion in sale of clothes, food and tobacco sales during the month.[2]


**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

[1] Indonesia Investments- CPI Indonesia: Inflation at 0.59% in June 2018
https://www.indonesia-investments.com/news/todays-headlines/consumer-price-index-indonesia-inflation-at-0.59-in-june-2018/item8871?
[2] Xinhua-Indonesia logs robust retail sales in May on ratcheting demand
http://www.xinhuanet.com/english/2018-07/11/c_137317406.htm