



**LIPPO MALLS INDONESIA RETAIL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

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LIPPO MALLS INDONESIA RETAIL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

Introduction

Lippo Malls Indonesia Retail Trust ("LMIR Trust") is a Singapore-based real estate investment trust ("REIT") constituted by a trust deed dated 8 August 2007 between LMIR Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the trustee. LMIR Trust was listed on the Singapore Exchange Securities Trading Limited on 19 November 2007. On 3 January 2018, HSBC Institutional Trust Services (Singapore) Limited retired as trustee of LMIR Trust and Perpetual (Asia) Limited was appointed as the new trustee of LMIR Trust.

LMIR Trust was 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 is primarily used for retail and / or retail-related purposes, and real estate related assets in connection with the foregoing purposes. As at 30 June 2019, LMIR Trust's property portfolio comprises 23 retail mall properties and seven retail spaces located within other retail malls, all of which are located in Indonesia.

LMIR Trust's distribution policy is to distribute at least 90% of the tax-exempt income (after deduction of applicable expenses) and capital receipts. The tax-exempt income comprises dividends received from the Singapore Special Purpose Companies ("SPCs"). These are dividends from the Indonesian SPCs paid out of income (less the related income taxes) derived by letting out of the properties. The capital receipts comprise mainly of amounts received by LMIR Trust from the redemption of redeemable preference shares in the Singapore SPCs.

Summary of Lippo Malls Indonesia Retail Trust Group Results

| Group Performance | | | | | | |
|--|---------|---------|-------------------------------|---------|---------|-------------------------------|
| | 2Q 2019 | 2Q 2018 | Variance % | 1H 2019 | 1H 2018 | Variance % |
| | S\$'000 | S\$'000 | Favourable/ (Unfavourable) | S\$'000 | S\$'000 | Favourable/ (Unfavourable) |
| Gross rental income (Note A) | 38,997 | 41,380 | (5.8%) | 76,424 | 81,659 | (6.4%) |
| Carpark income (Note A) | 4,801 | 5,013 | (4.2%) | 9,411 | 10,150 | (7.3%) |
| Other rental income (Note A) | 772 | 536 | 44.0% | 1,452 | 3,521 | (58.8%) |
| Service charge and utilities recovery (Note A) | 23,698 | 5,721 | NM | 46,893 | 6,443 | NM |
| Total Gross Revenue (Note A) | 68,268 | 52,650 | 29.7% | 134,180 | 101,773 | 31.8% |
| Net Property Income (Note A) | 43,974 | 43,153 | 1.9% | 84,487 | 87,101 | (3.0%) |
| Amount distributable : | | | | | | |
| - Unitholders | 17,481 | 16,816 | 4.0% | 33,560 | 35,834 | (6.3%) |
| - Perpetual securities holders | 4,418 | 4,445 | (0.6%) | 8,787 | 8,814 | (0.3%) |
| Distributable Amount | 21,899 | 21,261 | 3.0% | 42,347 | 44,648 | (5.2%) |
| Available Distribution per Unit (cents) | 0.60 | 0.59 | 1.7% | 1.15 | 1.26 | (8.7%) |

Note A: The portfolio performance in IDR terms are shown as below:

| Group Performance | | | | | | |
|---------------------------------------|-------------|-------------|-------------------------------|-------------|-------------|-------------------------------|
| | 2Q 2019 | 2Q 2018 | Variance % | 1H 2019 | 1H 2018 | Variance % |
| | IDR'million | IDR'million | Favourable/ (Unfavourable) | IDR'million | IDR'million | Favourable/ (Unfavourable) |
| Gross rental income | 407,318 | 433,269 | (6.0%) | 797,335 | 846,569 | (5.8%) |
| Carpark income | 50,155 | 52,516 | (4.5%) | 98,190 | 105,226 | (6.7%) |
| Other rental income | 8,063 | 5,874 | 37.3% | 15,149 | 36,504 | (58.5%) |
| Service charge and utilities recovery | 247,538 | 59,387 | NM | 489,243 | 66,795 | NM |
| Total Gross Revenue | 713,074 | 551,046 | 29.4% | 1,399,917 | 1,055,094 | 32.7% |
| Net Property Income | 459,304 | 452,039 | 1.6% | 881,469 | 902,987 | (2.4%) |
| Exchange rate (IDR to SGD) | | | | 10,433.09 | 10,367.13 | (0.6%) |

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1 (a) (i) **Statement of Total Return**

| | Group | | | | | |
|--|--------------------|--------------------|---|--------------------|--------------------|---|
| | 2Q 2019 S\$'000 | 2Q 2018 S\$'000 | Variance % Favourable/ (Unfavourable) | 1H 2019 S\$'000 | 1H 2018 S\$'000 | Variance % Favourable/ (Unfavourable) |
| Gross rental income | 38,997 | 41,380 | (5.8%) | 76,424 | 81,659 | (6.4%) |
| Carpark income | 4,801 | 5,013 | (4.2%) | 9,411 | 10,150 | (7.3%) |
| Other rental income ¹ | 772 | 536 | 44.0% | 1,452 | 3,521 | (58.8%) |
| Service charge and utilities recovery ^{1,2} | 23,698 | 5,721 | NM | 46,893 | 6,443 | NM |
| Total Gross Revenue | 68,268 | 52,650 | 29.7% | 134,180 | 101,773 | 31.8% |
| Property Operating Expenses | | | | | | |
| Land rental | (472) | (425) | (11.1%) | (852) | (841) | (1.3%) |
| Property management fee | (2,001) | (2,105) | 4.9% | (3,880) | (4,155) | 6.6% |
| Property operating and maintenance expenses ^{1,2} | (20,505) | (4,150) | NM | (40,415) | (4,839) | NM |
| Other property operating expenses ³ | (1,316) | (2,817) | 53.3% | (4,546) | (4,837) | 6.0% |
| Total Property Operating Expenses | (24,294) | (9,497) | NM | (49,693) | (14,672) | NM |
| Net Property Income | 43,974 | 43,153 | 1.9% | 84,487 | 87,101 | (3.0%) |
| Interest income | 9 | 46 | (80.4%) | 9 | 93 | (90.3%) |
| Financial expenses ⁴ | (10,062) | (8,289) | (21.4%) | (18,664) | (16,328) | (14.3%) |
| Administrative Expenses | | | | | | |
| Manager's management fees | (3,040) | (2,991) | (1.6%) | (5,896) | (5,992) | 1.6% |
| Trustee's fee | (115) | (115) | - | (230) | (230) | - |
| Other trust operating expenses | (988) | (973) | (1.5%) | (1,535) | (1,308) | (17.4%) |
| Total Administrative Expenses | (4,143) | (4,079) | (1.6%) | (7,661) | (7,530) | (1.7%) |
| Other losses (net) (See Note A) | (7,059) | (2,279) | NM | (7,211) | (5,444) | (32.5%) |
| Total Return For The Period Before Tax | 22,719 | 28,552 | (20.4%) | 50,960 | 57,892 | (12.0%) |
| Income tax ¹ | (6,873) | (7,615) | 9.7% | (13,503) | (14,316) | 5.7% |
| Withholding tax | (2,494) | (2,648) | 5.8% | (4,805) | (5,518) | 12.9% |
| Total Return For The Period After Tax | 13,352 | 18,289 | (27.0%) | 32,652 | 38,058 | (14.2%) |
| Total Return For The Period After Tax attributable: | | | | | | |
| Unitholders | 8,934 | 13,844 | (35.5%) | 23,865 | 29,244 | (18.4%) |
| Perpetual securities holders ⁶ | 4,418 | 4,445 | (0.6%) | 8,787 | 8,814 | (0.3%) |
| | 13,352 | 18,289 | (27.0%) | 32,652 | 38,058 | (14.2%) |

1 (a) (ii) **Statement of Distribution**

| | | | | | | |
|---|---------------|---------------|-------------|---------------|---------------|---------------|
| Total return for the period after tax before distribution | 13,352 | 18,289 | (27.0%) | 32,652 | 38,058 | (14.2%) |
| Add back/(less) non-cash items and other adjustments: | | | | | | |
| - Manager's fee payable in the form of units ⁵ | 1,760 | 2,991 | (41.2%) | 3,380 | 5,992 | (43.6%) |
| - Amount reserved for distribution to perpetual securities holders ⁶ | (4,418) | (4,445) | (0.6%) | (8,787) | (8,814) | (0.3%) |
| - Depreciation of plant and equipment | 848 | 770 | 10.1% | 1,631 | 1,355 | 20.4% |
| - Amortisation of intangible assets | 571 | 746 | (23.5%) | 1,144 | 1,508 | (24.1%) |
| - Unrealised loss/(gain) on hedging contracts | 8,329 | (614) | NM | 7,349 | (959) | NM |
| - Unrealised foreign exchange gain | (2,961) | (921) | NM | (3,809) | (1,306) | NM |
| Total Unitholders' Distribution | 17,481 | 16,816 | 4.0% | 33,560 | 35,834 | (6.3%) |
| Unitholders' distribution: | | | | | | |
| - as distributions from operations | 12,812 | 9,244 | 38.6% | 20,787 | 17,964 | 15.7% |
| - as return of capital ⁷ | 4,669 | 7,572 | (38.3%) | 12,773 | 17,870 | (28.5%) |
| Total Unitholders' Distribution | 17,481 | 16,816 | 4.0% | 33,560 | 35,834 | (6.3%) |

(Note A) **Other net losses comprise:**

| | | | | | | |
|---|---------|---------|-------|---------|---------|---------|
| Realised loss on hedging contracts | (474) | (735) | 35.5% | (1,235) | (1,500) | 17.7% |
| Realised loss on foreign exchange | (887) | (2,132) | 58.4% | (1,822) | (4,521) | 59.7% |
| Miscellaneous income | 241 | (201) | NM | 530 | (180) | NM |
| Unrealised (loss)/gain on hedging contracts | (8,329) | 614 | NM | (7,349) | 959 | NM |
| Unrealised foreign exchange gain | 2,961 | 921 | NM | 3,809 | 1,306 | NM |
| Amortisation of intangible assets | (571) | (746) | 23.5% | (1,144) | (1,508) | 24.1% |
| | (7,059) | (2,279) | NM | (7,211) | (5,444) | (32.5%) |

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1 (a) (i) Statement of Total Return (cont'd)

Footnote:

- 1 Other rental income consists of the following:

Income from rental of signage, billboard, antenna and other miscellaneous income
Income from rental of mechanical, electrical and mall operating equipment (arising from outsourced agreements with third party service provider) (Note (a))

| 2Q 2019 S\$'000 | 2Q 2018 S\$'000 | Variance % Favourable/ (Unfavourable) | 1H 2019 S\$'000 | 1H 2018 S\$'000 | Variance % Favourable/ (Unfavourable) |
|--------------------|--------------------|---|--------------------|--------------------|---|
| 772 | 356 | NM | 1,452 | 744 | 95.2% |
| - | 180 | NM | - | 2,777 | NM |
| 772 | 536 | 44.0% | 1,452 | 3,521 | (58.8%) |

Note (a)

Since May 2012, certain maintenance services for LMIR Trust's properties, such as cleaning and maintenance of utilities, are outsourced to a third party service provider. Pursuant to the outsourced agreements, the third party service provider has the right to collect service charges and utilities recovery charges from the tenants of the retail malls, and is responsible for all costs directly related to the maintenance and operation of the retail malls, as well as to pay for the rental for use of electrical, mechanical and mall operating equipment of the retail malls. The latter forms part of the other rental income and is subject to Indonesian Corporate Tax of 25%.

Pursuant to Government Regulation Number 34 of 2017, which came into effect on 2 January 2018, all income received or earned from land and/or building leases in Indonesia are subject to income tax at 10% of the gross amount of the value of the land and/or building lease which comprises the total amount that is paid or acknowledged as debt by a tenant in any form whatsoever, including service charges and utilities recovery charges. Previously, property owners were not liable to pay income tax on such charges which are paid by tenants to a third-party operator appointed by the property owner to manage and maintain the property. However, following the implementation of Government Regulation Number 34 of 2017, tenants are now required to withhold income tax on service charges and utilities recovery charges as well, notwithstanding that these are not paid to the property owner. As such, LMIR Trust has incurred higher tax expenses resulting from this change.

Following the implementation of Government Regulation Number 34 of 2017, LMIR Trust has terminated all outsourced agreements with the third party service provider over two phases - phase one is for five retail malls by end April 2018 and phase two is for the rest of the retail malls by end June 2018. Hence after the termination of such agreements, all the malls collect service charges and utilities recovery charges from the tenants and pay for all costs for the maintenance and operation of the malls. For the avoidance of doubt, the outsourced agreements with the third party service provider do not apply to Palembang Square, Tamini Square (owner association of these strata title malls is responsible for maintenance and operations of the malls), Lippo Mall Kuta and Lippo Plaza Jogja (vendor of the malls is responsible for all costs relating to operating and maintenance in the first 5 years of acquisition), Kediri Town Square and the 7 Retail Spaces.

- 2 Relate to service charge and utilities recovery charges directly collected from tenants and the cost incurred for maintenance and operations of the malls and Retail Spaces.
- 3 Decrease in other property operating expenses is mainly due to the decrease of allowance for doubtful debts by S\$1.2 million in 2Q 2019 as compared to 2Q 2018.
- 4 Increased in finance expenses is mainly due to one-off unamortised expenses written-off of S\$0.9 million resulted from the early repayment of S\$175.0 million 4-year term loan facilities, as well as the higher all in cost of US\$250.0 million bond issued in June 2019 by S\$0.7 million.
- 5 Manager's fee payable in the form of units in 1H 2019 only includes performance fee of S\$3.4 million whilst in 1H 2018, it included performance fee of S\$3.5 million and base fee of S\$2.5 million.
- 6 The Trust issued perpetual securities of S\$140.0 million at a distribution rate of 7.0% per annum and S\$120.0 million at a distribution rate of 6.6% per annum in September 2016 and June 2017 respectively.
- 7 The return of capital comprises the amounts received by LMIR Trust from the redemption of its investment in the redeemable preference shares in the Singapore SPCs.

1 (b) (i) Statement of Financial Position

Current Assets

Cash and cash equivalents¹
Trade and other receivables²
Other assets

Total Current Assets

Non-current Assets

Investment properties³
Investments in subsidiaries
Intangible assets⁴
Plant and equipment

Total Non-current Assets

Total Assets

Current Liabilities

Unsecured borrowings⁵
Trade and other payables
Current tax payable
Security deposits
Derivative financial instrument, current⁶
Other financial liabilities, current

Total Current Liabilities

Non-current Liabilities

Unsecured borrowings⁵
Deferred tax liabilities
Deferred income
Derivative financial instrument, non-current⁶
Other financial liabilities, non-current

Total non-current liabilities

Total Liabilities

Net Assets

Represented by:

Unitholders' funds
Perpetual securities

Net assets attributable to unitholders and perpetual securities holders

| | Group | | Trust | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30-Jun-19 S\$'000 | 31-Dec-18 S\$'000 | 30-Jun-19 S\$'000 | 31-Dec-18 S\$'000 |
| Current Assets | | | | |
| Cash and cash equivalents ¹ | 113,797 | 52,676 | 45,424 | 17,524 |
| Trade and other receivables ² | 40,358 | 40,486 | 202,533 | 203,806 |
| Other assets | 17,999 | 21,964 | 1,325 | 6 |
| Total Current Assets | 172,154 | 115,126 | 249,282 | 221,336 |
| Non-current Assets | | | | |
| Investment properties ³ | 1,865,208 | 1,831,646 | - | - |
| Investments in subsidiaries | - | - | 1,501,798 | 1,521,282 |
| Intangible assets ⁴ | 7,788 | 8,790 | - | - |
| Plant and equipment | 9,938 | 10,595 | - | - |
| Total Non-current Assets | 1,882,934 | 1,851,031 | 1,501,798 | 1,521,282 |
| Total Assets | 2,055,088 | 1,966,157 | 1,751,080 | 1,742,618 |
| Current Liabilities | | | | |
| Unsecured borrowings ⁵ | 74,623 | 120,000 | - | 120,000 |
| Trade and other payables | 39,343 | 50,192 | 487,375 | 171,387 |
| Current tax payable | 8,085 | 3,881 | - | - |
| Security deposits | 45,532 | 42,279 | - | - |
| Derivative financial instrument, current ⁶ | - | 719 | - | 719 |
| Other financial liabilities, current | 34 | 34 | - | - |
| Total Current Liabilities | 167,617 | 217,105 | 487,375 | 292,106 |
| Non-current Liabilities | | | | |
| Unsecured borrowings ⁵ | 635,888 | 553,983 | 306,377 | 479,545 |
| Deferred tax liabilities | 23,241 | 23,241 | - | - |
| Deferred income | 91,585 | 89,499 | - | - |
| Derivative financial instrument, non-current ⁶ | 9,953 | 1,885 | 9,953 | 1,885 |
| Other financial liabilities, non-current | 1,274 | 1,233 | - | - |
| Total non-current liabilities | 761,941 | 669,841 | 316,330 | 481,430 |
| Total Liabilities | 929,558 | 886,946 | 803,705 | 773,536 |
| Net Assets | 1,125,530 | 1,079,211 | 947,375 | 969,082 |
| Represented by: | | | | |
| Unitholders' funds | 865,905 | 819,564 | 687,750 | 709,435 |
| Perpetual securities | 259,625 | 259,647 | 259,625 | 259,647 |
| Net assets attributable to unitholders and perpetual securities holders | 1,125,530 | 1,079,211 | 947,375 | 969,082 |

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1 (b) (i) Statement of Financial Position (cont'd)

Footnote:

- 1 Increase in cash and cash equivalents are mainly due to remaining proceeds from the issuance of US\$250.0 million bond subsequent to the repayment of S\$175.0 million term loan and S\$120.0 million revolving credit facilities as well as cash generated from day to day operations of the malls as opposed to lower cash and cash equivalents as at 31 December 2018.
- 2 Trade and other receivables consist of trade receivables (net of allowance for doubtful debts) of S\$26.4 million (31 December 2018: S\$25.5 million), and other receivables of S\$14.0 million (31 December 2018: S\$15.0 million).
Trade receivables (before taking into account of allowance for doubtful debts) are S\$32.5 million (31 December 2018: S\$29.9 million), of which S\$14.7 million (31 December 2018: S\$13.2 million) are due from related party tenants and S\$17.8 million (31 December 2018: S\$16.7 million) are due from non-related party tenants. After taking into account of allowance for doubtful debts, the trade receivables as at 30 June 2019 are S\$26.4 million (31 December 2018: S\$25.5 million).
Subsequent to the financial period end, approximately S\$12.7 million trade receivables have been collected, of which S\$4.2 million are from related party tenants and S\$8.5 million are from non-related party tenants.
The Manager wishes to state that as at the date of this announcement, it has no reason to believe that LMIR Trust's tenants from the Lippo group of companies will not be able to fulfil their payment obligations to LMIR Trust in the future and is confident that it is able to manage any credit risk that may arise. Since the listing of LMIR Trust, there is no incidence of non-payment or default from any rental payments from the Lippo group of companies.
- 3 The carrying values of the properties are stated based on the independent valuation as at 31 December 2018 and adjusted for property enhancements to-date. The valuations figures are recorded in the financial statements in Indonesian Rupiah and translated into Singapore Dollar using the respective exchange rate as at the end of each period. Increase in investment properties is mainly due to appreciation of Indonesian Rupiah against Singapore Dollar.
- 4 Intangible assets represent the unamortised aggregate rentals receivable by the Group from certain master lease agreements for its 100% interest in Palembang Icon ("Picon"), Lippo Mall Kuta ("Kuta"), Lippo Plaza Kendari ("Kendari") and Lippo Plaza Jogja ("Jogja"). The rentals are for a period of 5 to 25 years (FY 2018: 5 to 25 years). The master leases are for 5 years apart from the sport centre at Picon, which is under a master lease of 25 years.
- 5 On 19 June 2019, LMIR Trust, through its wholly owned subsidiary, LMIRT Capital, issued US\$250.0 million (approximately S\$341.6 million) 7.25% Guarantee Senior Notes due in 2024. The proceeds from the Notes issuance were mainly used to repay the S\$120.0 million revolving credit facilities and the S\$175.0 million term loan due in August 2020. The Trust has also entered into a few cross currency swap contracts to swap the USD Notes and the corresponding interest coupon payments into Singapore Dollars obligations with a fixed interest rate of approximately 6.71% per annum payable semi-annually in arrears.
- 6 The movements in derivative financial liabilities (current and non-current) are mainly due to the fair value changes in the new cross currency swap contracts as well as the existing hedging contracts, namely, currency options and interest rate swap contracts.

1 (b) (ii) Borrowings and Debt Securities

Unsecured borrowings:

Amount payable within one year

Less: Unamortised transaction costs for unsecured borrowings

Amount payable after one year

Less: Unamortised transaction costs for unsecured borrowings

Total unsecured borrowings

Total borrowings

| Group | |
|----------------------|----------------------|
| 30-Jun-19 S\$'000 | 31-Dec-18 S\$'000 |
| 75,000 | 120,000 |
| (377) | - |
| 649,373 | 560,000 |
| (13,485) | (6,017) |
| 710,511 | 673,983 |
| 710,511 | 673,983 |

Unsecured borrowings

LMIR Trust has S\$75.0 million 4.1% Bond due in June 2020 (the Bond), established by its wholly owned subsidiary, LMIRT Capital Pte Ltd ("LMIRT Capital").

LMIR Trust has a 5-year term loan of S\$175.0 million maturing in August 2021 at an interest rate of 3.15% per annum plus SGD Swap Offer Rate. In 2018, LMIR Trust has a 4-year term loan of S\$175.0 million maturing in August 2020 at an interest rate of 2.95% per annum plus SGD Swap Offer Rate and a 5-year term loan of S\$175.0 million maturing in August 2021 at an interest rate of 3.15% per annum plus SGD Swap Offer Rate. In 2Q 2019, the Trust repaid the 4-year term loan of S\$175.0 million maturing in August 2020.

LMIR Trust has a 4-year term loan of S\$67.5 million (FY2018: S\$67.5 million) maturing in November 2022 at an interest rate of 3.05% per annum plus SGD Swap Offer Rate and a 5-year term loan of S\$67.5 million (FY2018: S\$67.5 million) maturing in November 2023 at an interest rate of 3.25% per annum plus SGD Swap Offer Rate.

On 19 June 2019, LMIR Trust, through its wholly owned subsidiary, LMIRT Capital, issued US\$250.0 million (approximately S\$341.6 million) 7.25% Guarantee Senior Notes due in 2024. The proceeds from the Notes issuance were mainly used to repay S\$120.0 million revolving credit facilities and the S\$175.0 million 4-year term loan due in August 2020.

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1 (c) Statement of Cash Flows

| | Group | | Group | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2Q 2019 S\$'000 | 2Q 2018 S\$'000 | 1H 2019 S\$'000 | 1H 2018 S\$'000 |
| Operating activities | | | | |
| Total return for the period before tax | 22,719 | 28,552 | 50,960 | 57,892 |
| Adjustments for | | | | |
| - Manager's fee payable in units | 1,760 | 2,991 | 3,380 | 5,992 |
| - Interest income | (9) | (46) | (9) | (93) |
| - Amortisation of borrowing costs | 1,810 | 578 | 2,373 | 1,384 |
| - Interest expense | 8,252 | 7,711 | 16,291 | 14,944 |
| - Depreciation of plant and equipment | 848 | 770 | 1,631 | 1,355 |
| - Amortisation of intangible assets | 571 | 746 | 1,144 | 1,508 |
| - Unrealised foreign exchange gain | (2,961) | (921) | (3,809) | (1,306) |
| - Unrealised loss/(gain) on hedging contracts | 8,329 | (614) | 7,349 | (959) |
| Operating income before working capital changes | 41,319 | 39,767 | 79,310 | 80,717 |
| Changes in working capital | | | | |
| Trade and other receivables | (3,895) | 4,706 | 763 | 6,353 |
| Other assets | (199) | (252) | 4,233 | 5,908 |
| Trade and other payables | (7,100) | (3,221) | (4,681) | 5,965 |
| Security deposits | 2,605 | (748) | 3,980 | (1,319) |
| Net cash from operating activities before income tax | 32,730 | 40,252 | 83,605 | 97,624 |
| Income tax paid | (8,749) | (10,314) | (14,104) | (18,477) |
| Cash flows from operating activities | 23,981 | 29,938 | 69,501 | 79,147 |
| Investing activities | | | | |
| Capital expenditures on investment properties | (2,293) | (226) | (3,855) | (4,765) |
| Purchase of plant and equipment | (412) | (913) | (803) | (1,815) |
| Interest received | 9 | 46 | 9 | 93 |
| Cash flows used in investing activities | (2,696) | (1,093) | (4,649) | (6,487) |
| Financing activities | | | | |
| Repayment of bank borrowings | (295,000) | - | (295,000) | - |
| Proceeds from bond issuance | 338,192 | - | 338,192 | - |
| Proceeds from bank borrowings | - | 25,000 | - | 35,000 |
| (Decrease)/increase in other financial liabilities | (172) | 841 | 41 | (97) |
| Deferred income | 4,204 | (6,174) | 3,548 | (9,707) |
| Interest paid | (8,252) | (7,711) | (16,291) | (14,944) |
| Distribution to unitholders | (16,079) | (19,018) | (24,764) | (41,304) |
| Distribution to perpetual securities holders | (3,949) | (3,949) | (8,809) | (8,809) |
| Cash restricted in use for bank facilities | 984 | (175) | 2,200 | (491) |
| Cash flows from/(used in) financing activities | 19,928 | (11,186) | (883) | (40,352) |
| Net increase in cash and cash equivalents | 41,213 | 17,659 | 63,969 | 32,308 |
| Cash and cash equivalents at beginning of the period | 68,497 | 72,857 | 45,299 | 59,787 |
| Effect of exchange rate changes on cash and cash equivalents | 126 | 552 | 568 | (1,027) |
| Cash and cash equivalents at end of the period | 109,836 | 91,068 | 109,836 | 91,068 |
| Cash and cash equivalents in Statement of Cash Flows: | | | | |
| Cash and cash equivalents per Statement of Cash Flows | 109,836 | 91,068 | 109,836 | 91,068 |
| Add: Cash restricted in use for bank facilities | 3,961 | 5,604 | 3,961 | 5,604 |
| Cash and cash equivalents in Statement of Financial Position | 113,797 | 96,672 | 113,797 | 96,672 |

LIPPO MALLS INDONESIA RETAIL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

1 (d) (i) **Statements of Changes in Unitholders' Funds**

Total Unitholders' Funds at beginning of the period

Operations

Total return for the period

Less: Amount reserved for distribution to perpetual securities holders

Net increase/(decrease) in net assets resulting from operations attributed to unitholders

Unitholders' contributions

Manager's management fees settled in units

Distribution to unitholders

Foreign currency translation reserve

Translation differences relating to financial statements of foreign subsidiaries¹

Total Unitholders' Funds

Perpetual securities

Balance at the beginning of the period

Amount reserved for distribution to perpetual securities holders

Distribution to perpetual securities holders

Balance at the end of the period

Total

| Group | | Trust | |
|--------------------|--------------------|--------------------|--------------------|
| 2Q 2019 S\$'000 | 2Q 2018 S\$'000 | 2Q 2019 S\$'000 | 2Q 2018 S\$'000 |
| 854,630 | 853,879 | 710,317 | 875,489 |
| 13,352 | 18,289 | (2,070) | 8,723 |
| (4,418) | (4,445) | (4,418) | (4,445) |
| 8,934 | 13,844 | (6,488) | 4,278 |
| - | 8,613 | - | 8,613 |
| (16,079) | (19,018) | (16,079) | (19,018) |
| 18,420 | (3,868) | - | - |
| 865,905 | 853,450 | 687,750 | 869,362 |
| 259,156 | 259,156 | 259,156 | 259,156 |
| 4,418 | 4,445 | 4,418 | 4,445 |
| (3,949) | (3,949) | (3,949) | (3,949) |
| 259,625 | 259,652 | 259,625 | 259,652 |
| 1,125,530 | 1,113,102 | 947,375 | 1,129,014 |

Total Unitholders' Funds at beginning of the period

Operations

Total return for the period

Less: Amount reserved for distribution to perpetual securities holders

Net increase/(decrease) in net assets resulting from operations attributed to unitholders

Unitholders' contributions

Manager's management fees settled in units

Manager's acquisition fees settled in units

Distribution to unitholders

Foreign currency translation reserve

Translation differences relating to financial statements of foreign subsidiaries¹

Total Unitholders' Funds

Perpetual securities

Balance at the beginning of the period

Amount reserved for distribution to perpetual securities holders

Distribution to perpetual securities holders

Balance at the end of the period

Total

| Group | | Trust | |
|--------------------|--------------------|--------------------|--------------------|
| 1H 2019 S\$'000 | 1H 2018 S\$'000 | 1H 2019 S\$'000 | 1H 2018 S\$'000 |
| 819,564 | 908,286 | 709,435 | 890,243 |
| 32,652 | 38,058 | 5,267 | 18,409 |
| (8,787) | (8,814) | (8,787) | (8,814) |
| 23,865 | 29,244 | (3,520) | 9,595 |
| 6,599 | 9,914 | 6,599 | 9,914 |
| - | 914 | - | 914 |
| (24,764) | (41,304) | (24,764) | (41,304) |
| 40,641 | (53,604) | - | - |
| 865,905 | 853,450 | 687,750 | 869,362 |
| 259,647 | 259,647 | 259,647 | 259,647 |
| 8,787 | 8,814 | 8,787 | 8,814 |
| (8,809) | (8,809) | (8,809) | (8,809) |
| 259,625 | 259,652 | 259,625 | 259,652 |
| 1,125,530 | 1,113,102 | 947,375 | 1,129,014 |

Footnote:

¹ The "Translation differences relating to financial statements of foreign subsidiaries" relate to exchange differences arising from translating items denominated in Indonesian Rupiah in the balance sheet of the respective Indonesia subsidiaries, principally the investment properties, into Singapore Dollar using period end exchange rate.

A translation gain of S\$40.6 million was recorded in 1H 2019 due to strengthening of Indonesian Rupiah against Singapore Dollar since the end of the last financial period of FY 2018.

The "Translation differences relating to financial statements of foreign subsidiaries" are recorded in the Statements of Changes in Unitholders' Funds and do not affect the calculation of the Distributable Income and Distribution Per Unit ("DPU").

LIPPO MALLS INDONESIA RETAIL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

1 (d) (ii) Details of Any Change in the Issued and Issuable Units

Issued units at the beginning of the period
 Issuance of new units for management fees
 Issued units at the end of the period

| 2Q 2019 | 2Q 2018 |
|---------------|---------------|
| 2,894,902,627 | 2,829,566,490 |
| - | 21,665,626 |
| 2,894,902,627 | 2,851,232,116 |

The Trust does not hold any treasury units and there is no subsidiary holding as at end of current financial period and as at end of the corresponding period of the immediately preceding financial year.

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

Issued units at the end of the period

| 30-Jun-19 | 31-Dec-18 |
|---------------|---------------|
| 2,894,902,627 | 2,859,933,585 |

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

1 (d) (v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The accounting policies and method of computation applied in the financial statement for the current financial year are consistent with those applied in the audited financial statements for the year ended 31 December 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of the new/ revised accounting policies has not resulted in any substantial changes to the LMIR Trust's accounting policies nor any significant impact on these financial statements.

6 Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU") for the Financial Period

| | Group | | | |
|---|---------------|---------------|---------------|---------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| Weighted average number of units in issue | 2,894,902,627 | 2,836,947,087 | 2,878,287,502 | 2,831,520,328 |
| Earnings per unit in cents (EPU) ⁽¹⁾ | 0.31 | 0.49 | 0.83 | 1.03 |
| Number of units in issue | 2,894,902,627 | 2,851,232,116 | 2,894,902,627 | 2,851,232,116 |
| Distribution per unit in cents (DPU) ⁽²⁾ | 0.60 | 0.59 | 1.15 | 1.26 |

Footnote:

- In computing the quarterly EPU, the weighted average number of units for the end of the period is used.
- In computing the quarterly DPU, the number of units in issue as at the end of the period is used.

7 Net Assets Value ("NAV") and Net Tangible Assets ("NTA") Per Unit Based on Units Issued at the End of the Period

| | Group | | Trust | |
|---|-----------|-----------|-----------|-----------|
| | 30-Jun-19 | 30-Jun-18 | 30-Jun-19 | 30-Jun-18 |
| Net Assets Value per unit in cents (NAV) | 29.91 | 29.93 | 23.76 | 30.49 |
| Net Tangible Assets per unit in cents (NTA) | 29.64 | 29.58 | 23.76 | 30.49 |

LIPPO MALLS INDONESIA RETAIL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

8 **Review of the Performance**

Statement of Total Return

Gross rental income
 Other revenue
 Total gross revenue
 Property operating expenses
Net Property Income

Interest income
 Financial expenses
 Administrative expenses
 Other losses (net)

Total Return For The Period Before Tax

Income tax
 Withholding tax

Total Return For The Period After Tax

Amount distributable to:

- Unitholders
 - Perpetual securities holders

Total distributable to unitholders/ perpetual securities holders

Unitholders' distribution:

- as distributions from operations
 - as return of capital

Total Unitholders' distribution

Distribution per Unit (cents)

| | Group | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2Q 2019 S\$'000 | 2Q 2018 S\$'000 | 1H 2019 S\$'000 | 1H 2018 S\$'000 |
| Gross rental income | 38,997 | 41,380 | 76,424 | 81,659 |
| Other revenue | 29,271 | 11,270 | 57,756 | 20,114 |
| Total gross revenue | 68,268 | 52,650 | 134,180 | 101,773 |
| Property operating expenses | (24,294) | (9,497) | (49,693) | (14,672) |
| Net Property Income | 43,974 | 43,153 | 84,487 | 87,101 |
| Interest income | 9 | 46 | 9 | 93 |
| Financial expenses | (10,062) | (8,289) | (18,664) | (16,328) |
| Administrative expenses | (4,143) | (4,079) | (7,661) | (7,530) |
| Other losses (net) | (7,059) | (2,279) | (7,211) | (5,444) |
| Total Return For The Period Before Tax | 22,719 | 28,552 | 50,960 | 57,892 |
| Income tax | (6,873) | (7,615) | (13,503) | (14,316) |
| Withholding tax | (2,494) | (2,648) | (4,805) | (5,518) |
| Total Return For The Period After Tax | 13,352 | 18,289 | 32,652 | 38,058 |
| Amount distributable to: | | | | |
| - Unitholders | 17,481 | 16,816 | 33,560 | 35,834 |
| - Perpetual securities holders | 4,418 | 4,445 | 8,787 | 8,814 |
| Total distributable to unitholders/ perpetual securities holders | 21,899 | 21,261 | 42,347 | 44,648 |
| Unitholders' distribution: | | | | |
| - as distributions from operations | 12,812 | 9,244 | 20,787 | 17,964 |
| - as return of capital | 4,669 | 7,572 | 12,773 | 17,870 |
| Total Unitholders' distribution | 17,481 | 16,816 | 33,560 | 35,834 |
| Distribution per Unit (cents) | 0.60 | 0.59 | 1.15 | 1.26 |

2Q 2019 vs 2Q 2018

Gross rental income is S\$2.4 million lower than 2Q 2018, mainly due to lower rental income generated from Lippo Plaza Batu and Palembang Icon due to the expiry of the master leases in July 2018 and lower casual leasing income.

Other revenue is S\$18.0 million higher than 2Q 2018, mainly due to collection of service charge and utilities recovery charges directly from tenants of the malls and Retail Spaces.

Property operating expenses are S\$14.8 million higher than 2Q 2018, mainly due to costs incurred of S\$20.4 million (2Q 2018: S\$4.1 million) for maintenance and operations of the malls and Retail Spaces.

Finance expenses are S\$1.7 million higher than 2Q 2018 mainly due to one-off unamortised expenses written-off of S\$0.9 million resulted from the early repayment of S\$175.0 million 4-year term loan facilities, as well as the higher all in cost of US\$250.0 million bond issued in June 2019 by S\$0.7 million.

Other losses (net) comprise realised and unrealised foreign exchange gains/(losses) and realised and unrealised hedging contracts gains/(losses). It also includes amortisation of intangible assets in relation to Picon, Kuta, Kendari and Jogja.

The Trust has various hedging contracts to mitigate its exposure on foreign currencies and interest rates movements. The unrealised gain/(loss) on various hedging instruments is non-cash item and does not affect the amount of distribution to unitholders.

1H 2019 vs 1H 2018

Gross rental income is S\$5.2 million lower than 1H 2018, mainly due to lower rental income from Lippo Plaza Batu and Palembang Icon due to the expiry of the master leases in July 2018 and lower casual leasing income.

Other revenue is S\$37.6 million higher than 1H 2018, mainly due to collection of service charge and utilities recovery charges directly from tenants of the malls and Retail Spaces.

Property operating expenses are S\$35.0 million higher than 1H 2018, mainly due to costs incurred of S\$40.4 million (1H 2018: S\$4.9 million) for maintenance and operations of the malls and the Retail Spaces.

Finance expenses are S\$2.3 million higher than 1H 2018, mainly due to one-off unamortised expenses written-off of S\$0.9 million resulted from the early repayment of S\$175.0 million 4-year term loan facilities, as well as the higher all in cost of US\$250.0 million bond issued in June 2019 by S\$0.7 million.

Other losses (net) comprise realised and unrealised foreign exchange gains/(losses) and realised and unrealised hedging contracts gains/(losses). It also includes amortisation of intangible assets in relation to Lippo Plaza Batu, Picon, Kuta, Kendari and Jogja.

The Trust has various hedging contracts to mitigate its exposure on foreign currencies and interest rates movements. The unrealised gain/loss on various hedging instruments is non-cash item and does not affect the amount of distribution to unitholders.

**LIPPO MALLS INDONESIA RETAIL TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

9 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

Not applicable.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Indonesia's inflation eased to 3.28% in June from 3.32% in May, and remains comfortably within the central bank's 2.5%-4.5% target band. Against the backdrop of low inflation and an expected rate cut by the US Federal Reserve, Bank Indonesia has cut its benchmark interest rate for the first time in nearly two years from 6.00% to 5.75% as it moves to stimulate domestic growth.

This comes as Indonesia's GDP grew 5.1% in the first quarter of the year, highlighting the languid pace of growth in the economy, which has consistently held at approximately 5.0% in recent years. The central bank has also forecast growth in 2019 to fall below the midpoint of its 5.0-5.4% outlook. While Indonesia recorded a second consecutive month of trade surplus in June, this was marred by a 9.0% decline in exports in the same month, reflecting softer global trade amid continued trade tensions between the US and China. However, the trade surplus has had the effect of further supporting the Indonesian Rupiah, which has continued to strengthen against the Singapore Dollar since the beginning of 2019.

Meanwhile, retail sales in Indonesia grew 7.7% in May, compared to 6.7% in April. The acceleration was mainly due to a seasonal spike in demand during the Muslim fasting month of Ramadan, which led to an increase in sales of clothing, auto spare parts and accessories, as well as food, beverages, and tobacco.

11 Distributions

(a) Current financial period

| | |
|--|---|
| Any distributions declared for the current financial period: | Yes |
| Name of distribution: | Second quarter distribution for the period from 1 April 2019 to 30 June 2019. |
| Distribution Type: | Tax-exempt and capital distribution. |
| Distribution Rate: | Tax-exempt distribution of 0.44 cents per unit and capital distribution of 0.16 cents per unit. |
| Par value of units: | NA |
| Tax rate: | NA |

(b) Corresponding period of the preceding financial period

| | |
|--|---|
| Any distributions declared for the corresponding period of the immediate preceding financial period: | Yes |
| Name of distribution: | Second quarter distribution for the period from 1 April 2018 to 30 June 2018. |
| Distribution Type: | Tax-exempt and capital distribution. |
| Distribution Rate: | Tax-exempt distribution of 0.32 cents per unit and capital distribution of 0.27 cents per unit. |
| Par value of units: | NA |
| Tax rate: | NA |

(c) Date payable: 27 August 2019

(d) Book closure date: 13 August 2019

12 If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13 Interested Person Transactions Mandate

LMIR Trust is not required to obtain a general mandate from the Unitholders for Interested Party Transactions.

14 Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of LMIRT Management Ltd do hereby confirm that, to the best of their knowledge, nothing has come to their attention in which may render these interim financial results to be false or misleading in any material aspect.

15 Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD OF
LMIRT MANAGEMENT LIMITED
(AS MANAGER OF LIPPO MALLS INDONESIA RETAIL TRUST)

Mr Liew Chee Seng James
Chief Executive Officer
1 August 2019