



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 2Q 2019 DPU of 0.6 cent, up 1.7% YoY
and 9.1% over last quarter**

- *Occupancy stays healthy at 92.2% against industry average of 80.7%*
- *Records a positive rental reversion of 4.4% on lease renewal*
- *Strong financial position with healthy gearing level at 35.2%*

Summary of Financial Results for period ended 30 June 2019

S\$'000	2Q 2019	2Q 2018	YoY % Variance	1Q 2019	QoQ % Variance
Gross Rental Income	38,997	41,380	(5.8)	37,427	4.2
Total Gross Revenue	68,268	52,650	29.7	65,912	3.6
Net Property Income	43,974	43,153	1.9	40,513	8.5
Distributable Income to Unitholders	17,481	16,816	4.0	16,079	8.7
DPU (cents)	0.60	0.59	1.7	0.55	9.1
Rp'million					
Gross Rental Income	407,318	433,269	(6.0)	390,016	4.4
Total Gross Revenue	713,074	551,046	29.4	686,849	3.8
Net Property Income	459,304	452,039	1.6	422,174	8.8

Singapore, 1 August 2019 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today reported a 1.7% year-on-year (“**YoY**”) growth in distribution per unit (“**DPU**”) to 0.60 Singapore cent for the three months ended 30 June 2019 (“**2Q 2019**”) on higher distributable income of S\$17.5 million, compared to S\$16.8 million a year ago (“**2Q 2018**”). On an annualised basis, the latest distribution translates to a yield of 9.6% based on closing price of S\$0.24 as at 28 June 2019.

Total gross revenue for the quarter rose 29.7% YoY to S\$68.3 million, mainly on higher service and utilities recovery charges collected directly from tenants. This was partially offset by lower gross rental income (“**GRI**”) which dipped 5.8% YoY to S\$39.0 million on lower income from Lippo Plaza Batu and Palembang Icon upon expiry of the master leases in July 2018 and lower casual leasing income in 2Q 2019. Net property income (“**NPI**”) gained 1.9% YoY to S\$44.0 million in 2Q 2019 from S\$43.2 million in 2Q2018, largely due to more stringent and effective operating cost management initiatives as well as positive rental reversions for renewed rental spaces. The improved performance was further aided by a stable Indonesian Rupiah currency, which depreciated at a lower YoY quantum of 0.6% against the Singapore Dollar in 2Q 2019.

On a quarter-on-quarter (“QoQ”) basis, the Trust achieved a respectable improvement in performance with DPU gaining 9.1% to 0.60 Singapore cents from 0.55 Singapore cents in 1Q 2019 on the back of distributable income increasing 8.7% QoQ to S\$17.5 million from S\$16.1 million in 1Q 2019. GRI and NPI also saw QoQ growth of 4.2% and 8.5% respectively.

Mr James Liew, Chief Executive Officer of the REIT Manager, said, “Despite the current challenging macroeconomic and operating landscape, the Trust has delivered a second consecutive quarter of creditable performance buoyed by the recovering Indonesian Rupiah against the Singapore Dollar, the disciplined cost management initiatives that we have implemented during the year, and the strength of our underlying portfolio which continues to deliver steady performance with an improved occupancy rate of 92.2% in 2Q 2019 compared to 91.5% in 1Q 2019 and against the industry average of 80.7%. As of year-to-date June 2019, we achieved a positive rental reversion of 4.4%.

“In addition, we remain committed to active asset management to refresh our malls to stay ahead of new consumer trends, and to optimise mall spaces and tenant mix to bolster performance. The extensive asset enhancement initiatives at Sun Plaza are proceeding as scheduled with expected completion in 2021. Gajah Mada Plaza, located at Jl. Gajah Mada, Central of Jakarta, has been identified as another candidate for asset enhancement to capitalise on its close proximity to the upcoming Sawah Besar MRT Station, which is expected to be operational in 2024. Other than organic growth, we continue to look at growing inorganically through the acquisition of quality assets to bolster our portfolio and generate long-term value for our Unitholders.”

During the quarter, LMIR Trust successfully launched its inaugural US\$250 million five-year bond, and proceeds from the issuance were utilised for the majority of the Trust’s refinancing requirements for 2019 and 2020.

Following the refinancing of the Trust’s debts, the average term of debt was extended to 4.3 years from 2.0 years previously. As at 30 June 2019, LMIR Trust’s gearing ratio stood at a healthy 35.2% with interest cover at 4.9 times. Additionally, the Trust’s portfolio of assets are fully unencumbered, granting greater financial flexibility.

Outlook

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 band¹. 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 year², highlighting the languid pace of growth in the economy, which has consistently held at approximately 5.0% in recent years.

¹ Bank Indonesia-Inflation Report

² 1 July 2019, Jakarta Post- Indonesia’s GDP grows 5.1 percent in Q1: World Bank

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.³ 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.⁴ 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.

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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.

³ 18 July 2019, Reuters- Indonesia Central Bank cuts rates for first time in nearly two years to fire up growth

⁴ 9 July 2019, Reuters- Indonesia’s retail sales growth accelerates to 7.7% in May