



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 declares 4Q DPU of 0.04 Singapore cents on enlarged unit base due to acquisition of flagship mall

- *Strategic acquisition of Lippo Mall Puri ensures steady stream of income; alongside successful fundraising initiatives that reposition the Trust for sustainable long-term growth*
- *Portfolio occupancy remains stable at 84.5%, higher than industry average of 77.1%¹*
- *Successfully priced and allocated second U.S. dollar bond of US\$200 million 7.50% 5-year Guaranteed Senior Notes*

Summary of Financial Results for period ended 31 December 2020

S\$'000	4Q 2020	3Q 2020	4Q vs.3Q 2020 % Variance	4Q 2019	4Q 2020 vs. 3Q 2019 % Variance
Gross Rental Income	13,822	15,272	(9.5)	39,527	(65.0)
Total Gross Revenue	27,352	28,872	(5.3)	69,573	(60.7)
Net Property Income	10,627	13,146	(19.2)	47,596	(77.7)
Amount Available for Distribution	-	-	n.m.	16,694	n.m.
Distribution to Unitholders	3,042	2,049	48.5	15,094	(79.8)
DPU (cents)	0.04	0.07	(42.9)	0.52	(92.3)
Rp'million					
Total Gross Revenue	305,063	310,053	(1.6)	706,759	(56.8)
Net Property Income	120,718	141,914	(14.9)	484,104	(75.1)

Singapore, 1 March 2021 – LMIRT Management Ltd (the “**Manager**”), the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today declared a distribution per unit (“**DPU**”) of 0.04 Singapore cents for the fourth quarter ended 31 December 2020 (“**4Q 2020**”), on the back of total distribution to Unitholders of S\$3.0 million. This includes distribution to the 4,682,872,029 units issued under the Rights Issue in January 2021.

Chief Executive Officer of the REIT Manager, Mr James Liew said, “We are extremely grateful for the support and continued faith from both our retail and institutional investors, and bankers. All our strategic pillars to support the recovery of the Trust are shaping up nicely. The successful strategic acquisition of our flagship Lippo Mall Puri will ensure a steady stream of income and together with our recent fundraising initiatives, such as our asset divestments, the Rights Issue, bank loan facilities and the Trust’s second U.S. Dollar bond offering, the Trust is well-positioned to capitalise on opportunities as the Indonesian consumer market rebounds. These will include the restarting of our delayed asset enhancement initiatives on our existing assets to further optimise their value.”

¹ Cushman & Wakefield

The Indonesia government continues to implement ad hoc or additional social restrictions across the islands of Java and Bali to combat the ongoing Covid-19 pandemic. These measures continued to impact LMIR Trust's performance in 4Q 2020 as the Trust extended both rental and service charges discounts to tenants based on shorter mall operating hours, as well as additional rental reliefs to selected key tenants to support their business recovery. For the quarter under review, the Trust registered gross rental income ("**GRI**") of S\$13.8 million, down from S\$15.3 million in 3Q 2020. The absence of income, amounting to S\$2.9 million, from Pejaten Village and Binjai Supermall that were divested in July and August respectively, also contributed to the quarter-on-quarter ("**QoQ**") dip in GRI. Including the income from both Pejaten Village and Binjai Supermall, the Trust would have reported a QoQ increase in GRI.

Similarly, total gross revenue declined 5.3% QoQ to S\$27.4 million in 4Q 2020 from S\$28.9 million in 3Q 2020, while net property income ("**NPI**") declined 19.2% QoQ to S\$10.6 million in 4Q 2020 from S\$13.1 million in 3Q 2020. Taking into account fixed and financing costs and revaluation loss recognised in 4Q 2020, the Trust recorded nil distributable income for the quarter.

On a full year basis ("**FY 2020**"), LMIR Trust posted DPU of 0.34 Singapore cents on distribution to Unitholders of S\$11.7 million compared to DPU of 2.23 Singapore cents and distribution to Unitholders of S\$64.9 million in the previous year ("**FY 2019**"). GRI for the year stood at S\$78.3 million, while total gross revenue and NPI were S\$148.5 million and S\$76.4 million, respectively.

General Business

Due to the Covid-19 outbreak and following resumption of mall operations in mid-June, retail malls in LMIR Trust's portfolio operated initially on a shorter, eight-hour basis instead of the regular 12 hours, as part of efforts to support the gradual recovery of tenants' businesses. Rental and service charge billings to tenants have correspondingly been reduced by a minimum 33% to account for the shorter mall opening hours. In addition, certain retail malls, primarily in the core Central Jakarta area, are subject to a 50% capacity limit as well as ad-hoc restrictions, such as 25-50% dining-in capacity restrictions, imposed by the Government. Certain segments, in particular the cinema and kids' entertainment segments, faced significant challenges as consumers avoid such outlets due to fear of Covid-19 infection. In support of selected key tenants' (including both related and non-related party tenants) business recovery, the Manager has also granted additional rental and service charge reliefs to these tenants until 31 December 2020.

To assure and protect the health of customers, tenants, staff and suppliers, LMIR Trust's retail malls implemented various strict health measures. These measures helped boost the confidence of shoppers and visitor traffic has gradually recovered to above 50% of pre-Covid levels on a portfolio basis, with retail malls outside Greater Jakarta region exhibiting a stronger recovery trend due to lower reported cases of Covid-19 in those regions.

Following this gradually improving trend, since January 2021 and subject to local regulations, LMIR Trust's retail malls have started to operate longer operating hours between 10 to 11 hours. Correspondingly, rental and service charge discounts have been reduced to 25% with the aim of further reducing such discounts over the course of 2021. The Manager expects the recovery from Covid-19 to be uneven across Indonesia. Tenants in certain retail segments will continue to face significant challenges and additional rental and service charge reliefs will need to be granted to such tenants in order to maintain occupancy and sustain their recovery.

With the completion of the acquisition of Lippo Mall Puri, and along with the rental guarantee extended by the vendor until 2024, the Trust expects a steady stream of income from this strategic asset but will nevertheless continue to adopt a cautious (though increasing) distribution policy given the uncertain environment and continued spread of Covid-19 in Indonesia. On a longer-term basis, this iconic premier lifestyle mall presents great potential for rental reversion growth and capital appreciation. It also repositions the Trust for sustainable growth trajectory.

The Trust also initiated a number of fundraising activities during the year which have boosted its financial flexibility and ability to continue to pay dividends and perpetual coupons, as well as provided support for future growth opportunities such as the acquisition of Lippo Mall Puri, refinancing needs and general working capital purposes. These included the S\$80.0 million term loan facilities from BNP Paribas and CIMB Bank Berhad, Singapore Branch in January 2001 and the successful S\$281.0 million Rights Issue in the same month, as well as the well-received US\$200.0 million 7.50% 5-year Guaranteed Senior Notes issued in February 2021.

The Trust's gearing stood at 41.9% as at 31 December 2020, below the regulatory limit of 50.0%. It has refinanced all its debt facilities due in 2021, with no refinancing needs until November 2022, which is only 7.9% of its total debt. Average weighted debt maturity has improved from 2.31 years to 3.55 years.

Market Outlook

Indonesia's gross domestic product ("GDP") contracted 2.19% year-on-year in the fourth quarter of 2020 and 2.07% on a full-year basis. This was mainly due to a 2.63% decline in household spending and a 4.95% decline in investment driven by the Covid-19 pandemic.² With its rising number of infected cases, the government has taken steps to enforce stringent measures to curb the spread of the virus in the country. In January 2021, it authorised and began efforts to vaccinate its vast population with an aim to vaccinate at least two thirds of its 270 million people.³

The International Monetary Fund projects Indonesia's real GDP to expand by 4.8% in 2021 and 6% in 2022⁴. On 5 October 2020, the Indonesian parliament also introduced a new Omnibus Law that would drive structural reforms in aid of boosting job and investment growth⁵.

² 6 February 2021, The Jakarta Post - Indonesia posts first annual GDP contraction since 1998

³ 13 January 2021, AP News - Indonesia starts mass COVID vaccinations over vast territory

⁴ 7 January 2021, IMF - IMF Staff Completes 2020 Article IV Mission to Indonesia

According to the latest Retail Sales Survey in December, on the back of increased demand during the Christmas and New Year festive period, retail sales achieved further improvements as the Real Sales Index (“RSI”) increased by 4.8% MoM in December compared with a 1.2% contraction in November. Retailers reported gains in most commodity groups including household equipment and communication equipment posting the highest sales performance. Moving forward, RSI is expected to contract 1.8% MoM in line with the normalisation of demand after the festive period, coupled with the introduction of new public activity restrictions (PPKM) in Java and Bali. Despite a monthly decline, retailers expect retail sales to improve annually with a shallower contraction of 14.2% YoY in January compared with a contraction of 19.2% in December⁶.

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 portfolio comprises 22 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 962,629 square metres and total valuation of Rp19,069.0 billion as at 31 January 2021 (inclusive of Lippo Mall Puri) 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.

⁵ 15 December 2020, Business Times - Indonesia poised for strong economic rebound in 2021

⁶ 17 February 2021, Bank Indonesia- Retail Sales Survey- December 2020