



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's 4Q 2019 DPU buoyed by stable Rupiah and effective cost management initiatives

- 4Q DPU jumps 73.3% while YoY improved by 8.8%
- Healthy portfolio occupancy of 91.5% against industry average of 81.1%

Summary of Financial Results for period ended 31 December 2019

S\$'000	4Q 2019	4Q 2018	% Variance	FY 2019	FY 2018	% Variance
Gross Rental Income	39,527	36,560	8.1	155,259	155,215	-
Total Gross Revenue	69,573	63,695	9.2	273,001	230,299	18.5
Net Property Income	47,596	38,402	23.9	176,205	164,967	6.8
Income Available for Distribution to Unitholders	16,694	8,685	92.2	68,250	58,415	16.8
Distribution to Unitholders ⁽¹⁾	15,094	8,685	73.8	64,850	58,415	11.0
DPU (cents)	0.52	0.30	73.3	2.23	2.05	8.8
Rp'million						
Gross Rental Income	401,527	400,525	0.3	1,602,944	1,641,639	(2.4)
Total Gross Revenue	706,759	693,116	2.0	2,818,551	2,435,769	15.7
Net Property Income	484,104	420,931	15.0	1,819,197	1,744,782	4.3

Singapore, 19 February 2020 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust ("LMIR Trust" or the "Trust"), rounded off the fourth quarter ended 31 December 2019 ("4Q 2019") with a 73.3% jump in distribution per unit ("DPU") to 0.52 Singapore cents from 0.30 Singapore cents of the same period last year ("4Q 2018"), on the back of income available for distribution to Unitholders increasing two-fold to S\$16.7 million. Excluding the negative impact of higher realised foreign exchange loss arising from an exercise to repatriate excess cash held by the Indonesia subsidiaries to partial refinance maturing debts in 4Q 2018 (an estimated negative impact of 0.13 Singapore cents), the increase in 4Q 2019 DPU over 4Q 2018 would be 20.9%.

Based on the closing price of S\$0.225 as at 31 December 2019, the latest distribution translates to an attractive yield of 9.9%.

⁽¹⁾ S\$1.6 million was retained from the income available for distribution in 4Q 2019 for capital management and to ensure overall stability of distributions.

Gross rental income for the quarter rose 8.1% to S\$39.5 million from S\$36.6 million in 4Q 2018. This was mainly due to positive rental reversion of 4.4% and the recovering Indonesian Rupiah against the Singapore Dollar which appreciated 2.4% year-to-date. Correspondingly, total gross revenue increased 9.2% year-on-year (“YoY”) to S\$69.6 million boosted by higher income from service and utilities recovery charges.

Net property income for 4Q 2019 grew 23.9% to S\$47.6 million from S\$38.4 million in 4Q 2018 led by lower property operating and maintenance expenses through more efficient cost management as well as lower allowance for doubtful debts.

For the full financial year (“FY 2019”), total gross revenue rose 18.5% YoY to S\$273.0 million due to the first full year of internalising the collection of service and utilities recovery charges directly from tenants which commenced in April 2018. NPI for the year grew 6.8% to S\$176.2 million, while income available for distribution to Unitholders and DPU climbed 16.8% and 8.8% to S\$68.3 million and 2.23 Singapore cents respectively.

“We are pleased with the improvement in the Trust’s performance in 2019 against 2018 which was largely supported by the recovering Rupiah, and our continuous efforts to enhance our assets to optimise space, value and tenant mix, as well as our stringent cost management. Going forward, we will continue to reinforce our asset management strategy to bolster the performance of our portfolio as well as capitalise on opportunities to grow inorganically,” said Mr James Liew, Chief Executive Officer of the REIT Manager.

“In December, we announced our first divestment initiative with the sale of Pejaten Village and Binjai Supermall. Divested at a premium of 33.3% and 19.3% respectively over their purchase prices, these disposals will free up capital for the Trust to pursue assets with higher value and growth prospects.

“The outbreak of the COVID-19 virus in Asia has not affected our operations in Indonesia to-date and we will continue to monitor the situation closely. Reflecting the continued resilience and diversity of our portfolio of 30 properties located in 12 major cities across Indonesia, shopper traffic from the start of 2020 to 16 February registered a 0.7% increase over the same period in 2019. Only Lippo Mall Kuta, which represents only 2.2% of our total net lettable area, our sole mall in Bali, a market that relies heavily on China-based visitors saw a decline in shopper traffic due to the imposed travel restrictions. This is, however, not expected to adversely affect our financial position. Nevertheless, contingency measures have been put in place within all our malls to protect the health of our staff, tenants and most importantly our shoppers to ensure their shopping experience is not compromised,” Mr Liew added.

Overall, LMIR Trust portfolio has delivered a creditable performance for the year with average occupancy at 91.5% against industry average of 81.1% and an increase in number of tenants to 3,767 from 3,697 a year ago. The Manager is actively managing the tenant mix of its portfolio to ensure a balanced mix of international and local brands of varying trade sectors to improve shopper traffic.

As at 31 December 2019, LMIR Trust's gearing ratio stood at a healthy 35.9% with interest cover at 4.3 times. 100% of the Trust's debt is on a fixed-rate basis to mitigate fluctuating interest rate.

Outlook

Indonesia's economy grew at 5.02% in 2019⁽²⁾ compared with 5.17% in 2018. While the trade war between the United States and China led to a slowdown in the global economy, impacting the Indonesian economy, household spending, which accounts for more than half of Indonesia's gross domestic product kept steady compared to the previous year, providing support to the economy. More recently, incoming investment flows have driven up the Rupiah value, with overall sentiment supported by the phase-one trade deal inked by the United States and China in January 2020. Indonesia's benchmark interest rate was left unchanged at 5.0% in January, a level maintained since October, and Bank Indonesia signalled room for further rate cuts in 2020⁽³⁾.

Indonesia's inflation was 2.72% for 2019, making this the fifth straight year of low inflation for the country⁽⁴⁾. Amidst modest price pressures, the Consumer Price Index rose 0.34% in December, primarily driven by price increases in foodstuffs and airline tickets. Core inflation cooled slightly to 3.02% from 3.08% in November. In general, inflation remained adequately within the central bank's 2.5% to 4.5% target band while the central bank targets inflation rate at a range of 2.0%-4.0% for 2020⁽⁵⁾.

Retail sales performance in the fourth quarter of 2019 improved over the third quarter, with the Retail Sales Index ("RSI") growth slightly accelerating to 1.5% (YoY) from 1.4% (YoY) in the third quarter of 2019. The main contributors to the increase were solid retail sales of food, beverages and tobacco, other household equipment as well as spare parts and accessories.⁽⁶⁾ Retail sales in Indonesia contracted 0.5% in December from a year earlier and Bank Indonesia predicts sales in January to remain weak, estimating an annual drop of 3.1% as public consumption returned to normal after the recent year end festive period.

⁽²⁾ 5 February 2020, The Jakarta Post, Indonesia's GDP growth stagnated at 5.02 percent last year, weakest since 2015

⁽³⁾ 23 January 2020, Bloomberg, Bank Indonesia Holds Key Rate, Leaves Door Ajar for Future Cuts

⁽⁴⁾ 8 January 2020, Indonesia Investments, Consumer Price Index Update: Indonesia's 2019 Headline Inflation Is Lowest in Two Decades

⁽⁵⁾ 2 January 2020, Business Times, Indonesia's Dec inflation slows more than expected

⁽⁶⁾ 11 February 2020, Bank Indonesia, Retail Sales Survey December 2019: Retail Sales Track Seasonal Decline in January 2020

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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 913,958 square metres and total valuation of Rp18,851.8 billion as at 31 December 2019, 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.