



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 FY 2018 DPU of 2.05 cents under challenging conditions

- Total gross revenue for the year up 16.7% to S\$230.3 million, with net property income at S\$165.0 million
- Gross rental income in Indonesian Rupiah terms registered steady growth of 3.5% with high occupancy rate of 92.9% and 14.6% jump in shopper traffic
- Steady portfolio performance with 61,576 square metres of new leases secured in FY 2018
- Healthy gearing level at 34.6%

Summary of Financial Results for period ended 31 December 2018

S\$'000	4Q 2018	4Q 2017	% Variance	FY 2018	FY 2017	% Variance
Gross Rental Income	36,560	40,506	(9.7)	155,215	164,203	(5.5)
Total Gross Revenue	63,695	49,298	29.2	230,299	197,376	16.7
Net Property Income	38,402	44,930	(14.5)	164,967	184,251	(10.5)
Distributable Income to Unitholders	8,685	22,286	(61.0)	58,415	96,960	(39.8)
DPU (cents)	0.30	0.79	(62.0)	2.05	3.44	(40.4)
Rp'million						
Gross Rental Income	400,525	405,513	(1.2)	1,641,639	1,586,424	3.5
Total Gross Revenue	693,116	493,250	40.5	2,435,769	1,906,921	27.7
Net Property Income	420,931	450,045	(6.5)	1,744,782	1,780,115	(2.0)

Singapore, 22 February 2019 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today reported a 16.7% growth in total gross revenue to S\$230.3 million for financial year ended 31 December 2018 (“**FY 2018**”) from S\$197.4 million a year ago (“**FY 2017**”).

The top line growth was primarily driven by the collection of service and utilities recovery charges from tenants and positive contributions from the Trust’s three acquisitions in 2017 - Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square; but partially offset by lower rental income contributions from two retail malls and seven retail spaces following the expiry of their master leases.

As a consequence of a significant weakening of the Indonesian Rupiah to Rp10,577 against the Singapore Dollar in FY 2018 from Rp9,661 in FY 2017 (equivalent to a sharp 9.5% year-on-year decline), coupled with one-time expenses related to the change in the service and utilities recovery arrangement and higher doubtful debt allowances, net property income (“NPI”) for the year experienced a 10.5% dip to S\$165.0 million from S\$184.3 million a year ago. However, gross rental income in Indonesian Rupiah terms grew 3.5% in FY 2018 as compared to FY 2017, supported by strong demand for retail spaces and higher than industry average occupancy rate.

Distribution per unit (“DPU”) for the quarter ended 31 December 2018 (“4Q 2018”) stood at 0.30 Singapore cents, compared to 0.79 Singapore cents in 4Q 2017, negatively impacted by the weak Indonesian Rupiah, 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), as well as higher income tax expenses arising from the change of Indonesian tax regulation on service and utilities recovery charges. DPU for FY 2018 was 2.05 Singapore cents.

As at 31 December 2018, LMIR Trust’s total portfolio value stood at Rp19,514.1 billion with the cumulative value remaining stable over FY 2017’s valuation exercise (2017: Rp19,475.4 billion).

Ms Gouw Vi Ven, Chief Executive Officer of the REIT Manager, said, “Despite the challenging environment caused by the weakening Indonesian Rupiah and negative effects of new Indonesian tax regulations, our underlying portfolio continues to show stable operational performance, whilst experiencing growth in gross rental income. Our overall portfolio occupancy remained healthy at 92.9%, against an industry average of 83.2%, while shopper traffic during the year witnessed an increase of 14.6% from a year ago. In addition, we also secured 61,576 square metres of new leases, a 60.9% jump from FY 2017, and obtained positive rental reversions of 3.6% on renewed leases. Attesting to the strong demand for retail spaces within our malls, international brands such as Uniqlo, Make Up Forever, Melissa and The North Face set up their pioneer stores in Sumatra, located within our mall, Sun Plaza in Medan.”

Prudent Capital Management

In line with the Manager’s prudent and proactive approach to capital management, LMIR Trust’s 2018 refinancing requirements were completed ahead of maturity. As the tenure of new loans committed in FY 2018 ranged from 4.0 to 5.0 years, the average term of debt was extended to 2.17 years as at 31 December 2018 compared to 2.13 years at the end of the previous year, with no refinancing requirement until 2020 (excluding the revolving facilities provided by our relationship banks). As at 31 December 2018, LMIR Trust’s gearing ratio stood at 34.6%, well below the regulatory limit of 45%. Despite the higher interest rate environment, LMIR Trust was able to maintain a stable all-in costs of debts (including costs of perpetual securities) at 5.5% per annum (FY 2017: 5.4% per annum).

Outlook

Since the beginning of 2019, the Indonesian Rupiah has strengthened 2.2% to Rp10,345 against the Singapore Dollar on the back of improvements in the Indonesian economic indicators, which has been perceived favourably by investors compared to its other emerging market peers. Indonesia's economy expanded at a faster year-on-year ("**y-o-y**") pace in 2018, with gross domestic product growth at 5.17% as compared with growth of 5.07% in 2017. Indonesia's growth forecast for 2019 has been set at 5.30%¹, on expectations of a stronger spending push planned for 2019, as announced by President Joko Widodo. The Rupiah's appreciation was also accompanied by a build-up in foreign exchange reserves which has been consistently improving since September 2018.

In 2018, price levels in Indonesia were muted with a decrease in annual inflation rate to 3.13%², from 3.61% in 2017, and this was also at a level below the 3.50% target set in the national budget. Inflationary pressures were mainly moderated by the government's decision to cap the prices of subsidised commodities such as fuel and electricity throughout the year, while the main inflationary pressure originated from the price increase of raw food. In a bid to defend the depreciating Rupiah, Bank Indonesia has raised its interest rate a total of 175 basis points in 2018 to its current level of 6.0%.

Stronger retail sales were reported in November 2018³ with growth in the Real Sales Index (RSI) accelerating to 3.40% y-o-y from 2.95% y-o-y in October 2018. This was mainly driven by growth in sale of clothing, automotive fuels as well as cultural and recreational goods. With the Christmas and New Year holiday season, retail sales are expected to surge in December 2018, pushing up both retail sales in 4Q 2018 as well as for the entire year.

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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

¹ 17 August 2018, Business Times - Jokowi plans record spending next year

² 2 January 2019, The Jakarta Post, Whole-year inflation recorded at 3.13 percent: BPS

³ Bank Indonesia - Retail Sales Survey November 2018