LMIR TRUST

LIPPO MALLS INDONESIA RETAIL TRUST
2020 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

TABLE OF CONTENTS

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 LMIRT 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 2020, 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.

The ongoing Covid-19 pandemic has created much uncertainty with LMIR Trust’s retail malls and retail spaces being closed from end of March to support the Indonesia government’s objective to curb the spread of the virus. This has affected LMIR Trust’s financial performance and has made it necessary for the Trust to deviate from its stated policy of distributing at least 90% of its tax-exempted income. A more modest and prudent distribution strategy was adopted in light of the challenging circumstances and uncertainties in the near future. The malls gradually reopened since mid May with majorities reopened 15 June 2020 and last two malls reopened on 3 July 2020 with shorter operating hours.

LMIR Trust’s distributable income is from its net tax-exempt income which comprises mainly tax-exempt (1-tier) dividends received from the Singapore subsidiaries of LMIR Trust (“SPCs”) that originated from the underlying rental and related income derived from the Indonesian properties. LMIR Trust may also at the discretion of its Manager make capital distributions to unitholders which comprise proceeds received from the redemption of redeemable preference shares in the SPCs. For the avoidance of doubt, as disclosed in LMIR Trust’s prospectus and in accordance with the trust deed of LMIR Trust, the actual level of distribution will be determined at the Manager’s discretion.

The tax transparency treatment applicable to S-REITs that derive specified income from Singapore immovable properties (“taxable income”) which requires a distribution to unitholders of at least 90% of the taxable income derived by the S-REITs in the same year the income is derived is not applicable to LMIR Trust.

Summary of Lippo Malls Indonesia Retail Trust Group Results

	Group Performance					
	2Q 2020 S$'000	2Q 2019 S$'000	Variance % Favourable/ (Unfavourable)	1H 2020 S$'000	1H 2019 S$'000	Variance % Favourable/ (Unfavourable)
Gross rental income (Note A)	12,627	38,997	(67.6%)	49,196	76,424	(35.6%)
Carpark income (Note A)	471	4,801	(90.2%)	2,935	9,411	(68.8%)
Other rental income (Note A)	360	772	(53.4%)	967	1,452	(33.4%)
Service charge and utilities recovery (Note A)	13,925	23,698	(41.2%)	39,213	46,893	(16.4%)
Total Gross Revenue (Note A)	27,383	68,268	(59.9%)	92,311	134,180	(31.2%)
Net Property Income (Note A)	12,823	43,974	(70.8%)	52,584	84,487	(37.8%)
Amount available for distribution :						
- Amount attributable for the period	(11,303)	17,481	NM	3,249	33,560	(90.3%)
Add back: retention sum from prior periods	14,440	-	NM	3,400	-	NM
- Distribution to Unitholders	3,137	17,481	(82.1%)	6,649	33,560	(80.2%)
- Perpetual securities holders	4,418	4,418	-	8,787	8,787	-
Distributable Amount for the period	**7,555**	**21,899**	**(65.5%)**	**15,436**	**42,347**	**(63.5%)**
Distribution to Unitholders (Note B)	3,137	17,481	(82.1%)	6,649	33,560	(80.2%)
Distribution per Unit (cents)	0.11	0.60	(81.7%)	0.23	1.15	(80.0%)

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

	Group Performance					
	2Q 2020 IDR'million	2Q 2019 IDR'million	Variance % Favourable/ (Unfavourable)	1H 2020 IDR'million	1H 2019 IDR'million	Variance % Favourable/ (Unfavourable)
Gross rental income	141,559	407,318	(65.2%)	513,809	797,335	(35.6%)
Carpark income	5,571	50,155	(88.9%)	30,653	98,190	(68.8%)
Other rental income	3,920	8,063	(51.4%)	10,099	15,149	(33.3%)
Service charge and utilities recovery	152,128	247,538	(38.5%)	409,545	489,243	(16.3%)
Total Gross Revenue	303,178	713,074	(57.5%)	964,106	1,399,917	(31.1%)
Net Property Income	144,451	459,304	(68.6%)	549,194	881,469	(37.7%)
Exchange rate (IDR to SGD)				10,444.12	10,433.09	(0.1%)

Note B:
At the end of March and early April, the Manager of LMIR Trust announced temporary closure of all of the Trust's 23 retail malls and seven retail spaces apart from essential services such as supermarkets, pharmacies and clinics which remain open with shorter operating hours during the malls' closure. Since 3 July 2020, all 23 retail malls and seven retail spaces have resumed operations albeit with shorter operating hours (8 hours compared to the usual 12 hours).

During the closure period, the Trust was not collecting rentals from its tenants that were not operating while also providing discounts on service charges. Amidst the malls' closure and in view of the uncertainty when the government would lifts its restriction, the Trust declared partial dividend in 1Q 2020 and retained 75% of its distributable income in 1Q 2020. Considering all the malls have been reopened, the Trust opted to utilise the retained sum from prior periods amounting to S$14.4 million to set off the loss incurred in 2Q 2020 and distribute the residual to Unitholders.

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

	Group					
	2Q 2020 S$'000	**2Q 2019 S$'000**	**Variance % Favourable/ (Unfavourable)**	**1H 2020 S$'000**	**1H 2019 S$'000**	**Variance % Favourable/ (Unfavourable)**
Gross rental income[1]	12,627	38,997	(67.6%)	49,196	76,424	(35.6%)
Carpark income[2]	471	4,801	(90.2%)	2,935	9,411	(68.8%)
Other rental income	360	772	(53.4%)	967	1,452	(33.4%)
Service charge and utilities recovery[3]	13,925	23,698	(41.2%)	39,213	46,893	(16.4%)
Total Gross Revenue	**27,383**	**68,268**	**(59.9%)**	**92,311**	**134,180**	**(31.2%)**
Property Operating Expenses						
Land rental	(315)	(472)	33.3%	(785)	(852)	7.9%
Property management fee[8]	(1,020)	(2,001)	49.0%	(2,882)	(3,880)	25.7%
Property operating and maintenance expenses[4]	(10,999)	(20,505)	46.4%	(31,765)	(40,415)	21.4%
Other property operating expenses[5]	(2,226)	(1,316)	(69.1%)	(4,295)	(4,546)	5.5%
Total Property Operating Expenses	(14,560)	(24,294)	(40.1%)	(39,727)	(49,693)	20.1%
Net Property Income	**12,823**	**43,974**	**(70.8%)**	**52,584**	**84,487**	**(37.8%)**
Interest income[6]	421	252	67.1%	1,175	384	NM
Financial expenses[7]	(12,138)	(10,062)	(20.6%)	(23,851)	(18,664)	(27.8%)
Administrative Expenses						
Manager's management fees[8]	(1,191)	(3,040)	60.8%	(3,979)	(5,896)	32.5%
Trustee's fee	(119)	(115)	(3.5%)	(229)	(230)	0.4%
Other trust operating expenses	(781)	(988)	21.0%	(1,365)	(1,535)	11.1%
Total Administrative Expenses	(2,091)	(4,143)	49.5%	(5,573)	(7,661)	27.3%
Other gain/(losses) (net) (See Note A)	12,464	(7,302)	NM	(5,718)	(7,586)	24.6%
Total Return For The Period Before Revaluation and Tax	**11,479**	**22,719**	**(49.5%)**	**18,617**	**50,960**	**(63.5%)**
Decrease in fair value of investment properties held for divestment[9]	(15,526)	-	NM	(15,526)	-	NM
Total (Loss)/Return For The Period Before Tax	**(4,047)**	**22,719**	**NM**	**3,091**	**50,960**	**(93.9%)**
Income tax	(2,636)	(6,873)	61.6%	(9,299)	(13,503)	31.1%
Withholding tax[10]	(2,280)	(2,494)	8.6%	(3,277)	(4,805)	31.8%
Deferred tax[9]	1,289	-	NM	1,289	-	NM
Total (Loss)/Return For The Period After Tax	**(7,674)**	**13,352**	**NM**	**(8,196)**	**32,652**	**NM**
Total (Loss)/Return For The Period After Tax attributable:						
Unitholders	(12,092)	8,934	NM	(16,983)	23,865	NM
Perpetual securities holders[11]	4,418	4,418	-	8,787	8,787	-
	(7,674)	**13,352**	**NM**	**(8,196)**	**32,652**	**NM**

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

	2Q 2020 S$'000	2Q 2019 S$'000	Variance % Favourable/ (Unfavourable)	1H 2020 S$'000	1H 2019 S$'000	Variance % Favourable/ (Unfavourable)
Total (loss)/return for the period after tax before distribution	(7,674)	13,352	NM	(8,196)	32,652	NM
Add back/(less) non-cash items and other adjustments:						
- Manager's fee payable in the form of units	513	1,760	(70.9%)	2,103	3,380	(37.8%)
- Amount reserved for distribution to perpetual securities holders[11]	(4,418)	(4,418)	-	(8,787)	(8,787)	-
- Depreciation of plant and equipment	831	848	(2.0%)	1,734	1,631	6.3%
- Decrease in fair value of investment properties held for divestment net of deferred tax	14,237	-	NM	14,237	-	NM
- Amortisation of intangible assets	544	571	(4.7%)	1,118	1,144	(2.3%)
- Unrealised loss/(gain) on hedging contracts	6,015	8,329	(27.8%)	(8,851)	7,349	NM
- Unrealised foreign exchange (gain)/loss	(21,351)	(2,961)	NM	9,891	(3,809)	NM
Total (loss)/income attributable to the period	**(11,303)**	**17,481**	**NM**	**3,249**	**33,560**	**(90.3%)**
Add back: retention sum from prior periods[16]	14,440	-	NM	3,400	-	NM
Amount available for distribution to Unitholders	**3,137**	**17,481**	**(82.1%)**	**6,649**	**33,560**	**(80.2%)**
Distribution to Unitholders[16]						
- as distributions from operations	-	12,812	NM	-	20,787	NM
- as return of capital[12]	3,137	4,669	(32.8%)	6,649	12,773	(47.9%)
Total Unitholders' Distribution	**3,137**	**17,481**	**(82.1%)**	**6,649**	**33,560**	**(80.2%)**

(Note A) **Other net loss comprises:**

	2Q 2020 S$'000	2Q 2019 S$'000	Variance % Favourable/ (Unfavourable)	1H 2020 S$'000	1H 2019 S$'000	Variance % Favourable/ (Unfavourable)
Realised gain/(loss) on hedging contracts, net of premium	199	(474)	NM	199	(1,235)	NM
Realised loss on foreign exchange[13]	(2,214)	(887)	NM	(3,296)	(1,822)	(80.9%)
Miscellaneous (loss)/income	(313)	(2)	NM	(463)	155	NM
Unrealised (loss)/gain on hedging contracts[14]	(6,015)	(8,329)	27.8%	8,851	(7,349)	NM
Unrealised foreign exchange gain/(loss)[15]	21,351	2,961	NM	(9,891)	3,809	NM
Amortisation of intangible assets	(544)	(571)	4.7%	(1,118)	(1,144)	2.3%
	12,464	(7,302)	NM	(5,718)	(7,586)	24.6%

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

Footnote:

1 Decrease in gross rental income is mainly due to the temporary closure of retail malls and retail spaces amid Covid-19 outbreak since end of March to support the Indonesia government's objective to curb the spread of the virus. 13 retail malls and four retail spaces outside Greater Jakarta have resumed operations on different dates since 13 May 2020. By 3 July 2020, all 23 retail malls and seven retail spaces have resumed operations albeit with shorter operating hours (8 hours compared to the usual 12 hours).

During the mall closure, no rental is billed except to tenants in essential services (e.g. supermarket, pharmacies and clinics) and to tenants who elected to remain open (to provide delivery services) during the period and the billing is adjusted to the shortened mall opening hours.

The decrease in gross rental income is also due to the expiry of master leases in Lippo Mall Kemang on 16 December 2019 by approximately S$1.9 million for 2Q 2020 and S$4.0 million for 1H 2020.

2 Decrease in carpark income is mainly due to the temporary closure of retail malls and retail spaces amid Covid-19 outbreak. During the mall closure, some of the malls are providing free parking and the carpark income represents the profit sharing from prior period and as well as the income after the malls' reopening.

Decrease in carpark income is also due to the expiry of master lease in Lippo Mall Kemang on 16 December 2019 by approximately S$2.0 million for 2Q 2020 and S$4.0 million for 1H 2020. This is further impacted by the increasing usage of online car hailing applications.

3 During the closure of the retail malls and retail spaces, service charge is billed at 40% discount to the tenants considering the services provided and the shorter opening hours. Utilities recovery income is substantially reduced too as a result of the temporary closure.

4 Decrease in property operating and maintenance expenses is mainly due to the lower operating expenses, mainly utilities, repair and maintenance and other outsourced services during the temporary closure of malls.

5 Higher other property operating expenses in 2Q 2020 is mainly due to higher provision made for trade receivables. As a small portion of tenants have opted not to reopen, the Manager has made additional provisions should the malls be unable to collect past dues from such tenants.

6 Increase in interest income is mainly due to higher fixed deposit income as compared to 2Q 2019 as part of the effort to maximize the interest income from the Group's surplus funds.

7 Increase in finance expenses is mainly due to higher all in cost of US$250.0 million bond issued in June 2019.

8 Both the Manager's base management fee and performance management fee reduced in 2Q 2020. Decrease in performance management fee is due to the lower net property income in 2Q 2020. Following the closure of the malls, coupled with the lack of substantial Covid-19 relief measures by the Indonesian Government (such as wage support schemes), the cashflow of the property manager was substantially and negatively impacted due to the fall in the respective malls' revenues (given the revenue sharing nature of the property management agreement). Consequently, in order to mitigate the potential negative impact on the mall operations, IDR10 bio property management fee was paid to the Property Manager in May 2020. IDR 6 bio was reallocated from the base fee due to the Manager while the balance IDR 4 bio was made as a prepayment which will be offset from subsequent property management fees over a 6 month period from July to Dec 2020 on an equal monthly basis. Overall, for FY 2020, there is no net financial impact on the Group level.

9 On 30 December 2019, the Group entered into a conditional sale and purchase agreement ("CSPA") to divest Pejaten Village and Binjai Supermall for a total consideration of Rp1,280.7 billion (approximately S$124.1 million). In view of the operational disruptions in Indonesia arising from the Covid-19 pandemic, and its effect on the valuation of the assets in the country, the parties to the CSPA have negotiated and entered into a Supplemental & Amendment Agreement ("SAA") to amend the Pejaten Village and Binjai Supermall CSPA for the divestment to proceed. The revised total sales consideration is Rp1,152.6 billion (approximately S$113.2 million). The difference between revised sales considerations and the value as of December 2019 is recognised as decrease in fair value of investment properties held for divestment. Deferred tax arising from the devaluation of the divestments assets is recognised accordingly.

10 Decrease in withholding tax is mainly due to lower dividend declaration from Indonesian subsidiaries in 1H 2020 as compared to 1H 2019.

11 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. These perpetual securities confer the right to receive distributions semi-annually but the Trust has the discretion to elect not to pay any distribution for each period. As these perpetual securities are subordinated in nature to senior obligations and in view of the uncertain situation around the Covid-19 pandemic, no distributions attributed to these perpetual securities was accrued in 1Q 2020. It was subsequently paid when it was due in June given the situation in Indonesia had improved with the malls gradually resuming operations. 1H 2020 included the coupon obligation paid as well as accruals for subsequent coupon obligations.

12 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.

13 Increased in realised loss on foreign exchange is mainly due to higher cash repatriation from Indonesian subsidiaries to Trust to repay the S$75.0 million EMTN notes due in June 2020. The cash is mainly used to redeem the Redeemable Preference Shares ("RPS") which are mainly denominated in Indonesian Rupiah ("IDR") and recognised in the financial statements of LMIR Trust at historical SGD/IDR exchange rates when the RPS were issued since 2007. As IDR has weakened since the RPS were issued, the redemption of RPS at the current SGD/IDR exchange rate has resulted in realised foreign exchange loss.

14 Unrealised hedging gain in 1H 2020 is mainly from the mark-to-market gain from cross currency swap contracts and partially offset by mark-to-market loss from interest rate swap. Unrealised hedging loss in 2Q 2020 is mainly from the revaluation loss from cross currency swap contracts and interest rate swap contracts, which is partially offset by the gain on currency option contracts.

15 Unrealised foreign exchange loss of S$9.9 million in 1H 2020 is mainly due to the revaluation of US$250.0 million Guarantee Senior Notes amounting to S$11.2 million as a result of appreciation of USD against SGD since December 2019. USD is depreciated against SGD since March 2020, thus the unrealised foreign exchange gain is recognised in 2Q 2020.

16 The Trust has retained distributable income of S$3.4 million from FY 2019 and S$11.0 million from 1Q 2020. Having considered the resumption of mall operations gradually from May 2020 onwards, the Trust opted to utilise the retained sum from prior periods amounting to S$14.4 million to set off the net loss incurred in 2Q 2020 and distribute the residual amount of S$3.1 million to the Unitholders.

1 (b) (i) **Statement of Financial Position**

	Group		Trust	
	30-Jun-20 S$'000	31-Dec-19 S$'000	30-Jun-20 S$'000	31-Dec-19 S$'000
Current Assets				
Cash and cash equivalents[1]	47,328	109,726	13,291	5,312
Trade and other receivables[2]	51,608	50,465	155,074	214,490
Investment properties held for divestment[3]	113,182	124,086	-	-
Other assets	14,663	15,967	1,189	949
Total Current Assets	**226,781**	**300,244**	**169,554**	**220,751**
Non-current Assets				
Investment properties[4]	1,723,308	1,696,813	-	-
Investments in subsidiaries	-	-	1,436,171	1,463,831
Intangible assets[5]	4,624	5,694	-	-
Plant and equipment	9,661	10,255	-	-
Derivative financial instrument, non-current[7]	4,578	-	4,578	-
Total Non-current Assets	**1,742,171**	**1,712,762**	**1,440,749**	**1,463,831**
Total Assets	**1,968,952**	**2,013,006**	**1,610,303**	**1,684,582**
Current Liabilities				
Unsecured borrowings[6]	44,000	74,815	44,000	-
Trade and other payables	40,729	47,547	411,680	482,270
Current tax payable	4,946	2,128	150	150
Security deposits	48,728	47,706	-	-
Derivative financial instrument, current[7]	406	-	406	-
Other financial liabilities, current	43	43	-	-
Total Current Liabilities	**138,852**	**172,239**	**456,236**	**482,420**
Non-current Liabilities				
Unsecured borrowings[6]	647,273	634,610	307,541	306,966
Deferred tax liabilities	10,186	11,475	-	-
Deferred income	91,360	103,910	-	-
Derivative financial instrument, non-current[7]	8,993	13,671	8,993	13,671
Other financial liabilities, non-current	1,015	1,156	-	-
Total non-current liabilities	**758,827**	**764,822**	**316,534**	**320,637**
Total Liabilities	**897,679**	**937,061**	**772,770**	**803,057**
Net Assets	**1,071,273**	**1,075,945**	**837,533**	**881,525**
Represented by:				
Unitholders' funds	811,696	816,298	577,956	621,878
Perpetual securities	259,577	259,647	259,577	259,647
Net assets attributable to unitholders and perpetual securities holders	**1,071,273**	**1,075,945**	**837,533**	**881,525**

Footnote:

1 Decrease in cash and cash equivalents is mainly due to repayment of S$75.0 million 4.10% Bond due in June 2020.

2 Trade and other receivables consist of trade receivables (net of allowance for doubtful debts) of S$27.8 million (31 December 2019: S$23.0 million), and other receivables of S$23.8 million (31 December 2019: S$27.5 million).

Trade receivables (before taking into account of allowance for doubtful debts) are S$33.4 million (31 December 2019: S$27.1 million), of which S$11.8 million (31 December 2019: S$11.2 million) are due from related party tenants and S$21.6 million (31 December 2019: S$15.9 million) are due from non-related party tenants.

Due to the mall closures in April and May, invoices relating to April and May service charges and June rental and service charges were billed to tenants only in mid June when the malls reopened, compared to the usual practice of billing tenants in the prior month before start of each month's rental period. Consequently, tenants had limited time to process payment which resulted in higher trade receivables.

3 On 30 December 2019, the Group entered into a conditional sale and purchase agreement ("CSPA") to divest Pejaten Village and Binjai Supermall for a total consideration of Rp1,280.7 billion (approximately S$124.1 million). In view of the operational disruptions in Indonesia arising from the Covid-19 pandemic, and its effect on the valuation of the assets in the country, the parties to the CSPA have negotiated and entered into a Supplemental & Amendment Agreement ("SAA") to amend the Pejaten Village and Binjai Supermall CSPA for the divestment to proceed. The revised total sales consideration is Rp1,152.6 billion (approximately S$113.2 million).

4 The carrying values of the properties are stated based on the independent valuation as at 31 December 2019 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.

Valuations of investment properties would be subject to significant estimation uncertainty. The Covid-19 outbreak has negatively affected the retail sector in Indonesia where the Trust's investment properties are located. Given that the potential impact of Covid-19 is constantly evolving, significant market uncertainty exists. The carrying values of the investment properties may change significantly after the balance sheet date.

5 Intangible assets represent the unamortised aggregate rentals receivable by the Group from certain master lease agreements for its 100% interest in Lippo Mall Kuta ("Kuta"), Lippo Plaza Kendari ("Kendari") and Lippo Plaza Jogja ("Jogja").

6 In 2019, LMIR Trust had S$75.0 million 4.10% Bond due in June 2020 (the Bond), established by its wholly owned subsidiary, LMIRT Capital Pte Ltd ("LMIRT Capital"). It has been fully repaid using internal cash upon maturity. The Trust also drew-down S$40.0 million and S$4.0 million from it's revolving credit facilities in March 2020 and June 2020 respectively.

7 The movements in derivative financial liabilities (current and non-current) are mainly due to the fair value changes in the cross currency swap contracts as well as currency options and interest rate swap contracts.

1 (b) (ii) Borrowings and Debt Securities

	Group	
	30-Jun-20 S$'000	31-Dec-19 S$'000
Unsecured borrowings:		
Amount payable within one year	44,000	75,000
Less: Unamortised transaction costs for unsecured borrowings	-	(185)
Amount payable after one year	657,946	646,725
Less: Unamortised transaction costs for unsecured borrowings	(10,673)	(12,115)
Total borrowings	**691,273**	**709,425**

Unsecured borrowings

In 2019, LMIR Trust has S$75.0 million 4.10% Bond due in June 2020 (the Bond), established by its wholly owned subsidiary, LMIRT Capital Pte Ltd ("LMIRT Capital"). It has been fully repaid using internal cash upon maturity.

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.

LMIR Trust has a 4-year term loan of S$67.5 million (FY 2019: 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 (FY 2019: S$67.5 million) maturing in November 2023 at an interest rate of 3.25% per annum plus SGD Swap Offer Rate.

LMIRT Trust has US$250 million 7.25% Guarantee Senior Notes due in 2024, established by its wholly owned subsidiary, LMIRT Capital.

LMIR Trust has drawn down S$40.0 million and S$4.0 million from its revolving credit facilities at an interest rate of 3.85%.

As of 30 June 2020, the leverage ratio of LMIR Trust is at 35.7% and its interest coverage ratio is 3.33 times under debt covenant.

1 (c) Statement of Cash Flows

	Group		Group	
	2Q 2020 S$'000	2Q 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000
Operating activities				
Total (loss)/return for the period before tax	(4,047)	22,719	3,091	50,960
Adjustments for				
- Manager's fee payable in units	513	1,760	2,103	3,380
- Interest income	(421)	(9)	(1,175)	(384)
- Amortisation of borrowing costs	859	1,810	1,740	2,373
- Interest expense	11,279	8,252	22,111	16,291
- Decrease in fair value of investment properties	15,526	-	15,526	-
- Depreciation of plant and equipment	831	848	1,734	1,631
- Amortisation of intangible assets	544	571	1,118	1,144
- Unrealised foreign exchange (gain)/loss	(21,351)	(2,961)	9,891	(3,809)
- Unrealised loss/(gain) on hedging contracts	6,015	8,329	(8,851)	7,349
Operating income before working capital changes	9,748	41,319	47,288	78,935
Changes in working capital				
Trade and other receivables	(12,979)	(3,895)	(470)	763
Other assets	135	(199)	1,483	4,233
Trade and other payables	(16,745)	(7,100)	(1,754)	(4,681)
Security deposits	9,593	2,605	1,665	3,980
Net cash from operating activities before income tax	(10,248)	32,730	48,212	83,230
Income tax paid	(3,813)	(8,749)	(9,758)	(14,104)
Cash flows (used in)/from operating activities	(14,061)	23,981	38,454	69,126
Investing activities				
Capital expenditures on investment properties	(3,881)	(2,293)	(7,865)	(3,855)
Purchase of plant and equipment	(296)	(412)	(1,022)	(803)
Interest received	421	9	1,175	384
Cash flows used in investing activities	(3,756)	(2,696)	(7,712)	(4,274)
Financing activities				
Repayment of bank borrowings	(75,000)	(295,000)	(75,000)	(295,000)
Proceeds from bond issuance	-	338,192	-	338,192
Proceeds from bank borrowings	4,000	-	44,000	-
Increase/(decrease) in other financial liabilities	30	(172)	(140)	41
Deferred income	(365)	4,204	(13,765)	3,548
Interest paid	(11,279)	(8,252)	(22,111)	(16,291)
Distribution to unitholders	(3,512)	(16,079)	(18,606)	(24,764)
Distribution to perpetual securities holders	(3,970)	(3,949)	(8,857)	(8,809)
Cash restricted in use for bank facilities	-	984	-	2,200
Cash flows (used in)/from financing activities	(90,096)	19,928	(94,479)	(883)
Net (decrease)/increase in cash and cash equivalents	**(107,913)**	**41,213**	**(63,737)**	**63,969**
Cash and cash equivalents at beginning of the period	**141,709**	**68,497**	**105,765**	**45,299**
Effect of exchange rate changes on cash and cash equivalents	9,571	126	1,339	568
Cash and cash equivalents at end of the period	**43,367**	**109,836**	**43,367**	**109,836**
Cash and cash equivalents in Statement of Cash Flows:				
Cash and cash equivalents per Statement of Cash Flows	43,367	109,836	43,367	109,836
Add: Cash restricted in use for bank facilities	3,961	3,961	3,961	3,961
Cash and cash equivalents in Statement of Financial Position	**47,328**	**113,797**	**47,328**	**113,797**

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

	Group		Trust	
	2Q 2020 S$'000	**2Q 2019 S$'000**	**2Q 2020 S$'000**	**2Q 2019 S$'000**
Total Unitholders' Funds at beginning of the period	643,758	854,630	571,035	710,317
Operations				
Total (loss)/return for the period	(7,674)	13,352	19,220	(2,070)
Less: Amount accrued for distribution to perpetual securities holders	(8,787)	(4,418)	(8,787)	(4,418)
Net (decrease)/increase in net assets resulting from operations attributed to unitholders	(16,461)	8,934	10,433	(6,488)
Unitholders' contributions				
Distribution to unitholders	(3,512)	(16,079)	(3,512)	(16,079)
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries[1]	187,911	18,420	-	-
Total Unitholders' Funds	811,696	865,905	577,956	687,750
Perpetual securities				
Balance at the beginning of the period	254,760	259,156	254,760	259,156
Amount accrued for distribution to perpetual securities holders	8,787	4,418	8,787	4,418
Distribution to perpetual securities holders	(3,970)	(3,949)	(3,970)	(3,949)
Balance at the end of the period	259,577	259,625	259,577	259,625
Total	**1,071,273**	**1,125,530**	**837,533**	**947,375**

	Group		Trust	
	1H 2020 S$'000	**1H 2019 S$'000**	**1H 2020 S$'000**	**1H 2019 S$'000**
Total Unitholders' Funds at beginning of the period	816,298	819,564	621,878	709,435
Operations				
Total (loss)/return for the period	(8,196)	32,652	(23,577)	5,267
Less: Amount reserved for distribution to perpetual securities holders	(8,787)	(8,787)	(8,787)	(8,787)
Net (decrease)/increase in net assets resulting from operations attributed to unitholders	(16,983)	23,865	(32,364)	(3,520)
Unitholders' contributions				
Manager's management fees settled in units	7,048	6,599	7,048	6,599
Distribution to unitholders	(18,606)	(24,764)	(18,606)	(24,764)
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries[1]	23,939	40,641	-	-
Total Unitholders' Funds	811,696	865,905	577,956	687,750
Perpetual securities				
Balance at the beginning of the period	259,647	259,647	259,647	259,647
Amount reserved for distribution to perpetual securities holders	8,787	8,787	8,787	8,787
Distribution to perpetual securities holders	(8,857)	(8,809)	(8,857)	(8,809)
Balance at the end of the period	259,577	259,625	259,577	259,625
Total	**1,071,273**	**1,125,530**	**837,533**	**947,375**

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 Indonesian subsidiaries, principally the investment properties, into Singapore Dollar using period end exchange rate.

A translation gain of S$187.9 million and S$23.9 million was recorded in 2Q 2020 and 1H 2020 respectively due to strengthening of Indonesian Rupiah against Singapore Dollar since the end of the last financial period of 1Q 2020 and FY 2019.

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").

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

	2Q 2020	2Q 2019
Issued units at the beginning and at the end of the period	2,926,795,018	2,894,902,627

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

	30-Jun-20	31-Dec-19
Issued units at the end of the period	2,926,795,018	2,894,902,627

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 2019.

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 2020	2Q 2019	1H 2020	1H 2019
Weighted average number of units in issue	2,926,795,018	2,894,902,627	2,913,126,850	2,878,287,502
Earnings per unit in cents (EPU) (1)	(0.41)	0.31	(0.58)	0.83
Number of units in issue	2,926,795,018	2,894,902,627	2,926,795,018	2,894,902,627
Distribution per unit in cents (DPU) (2)	0.11	0.60	0.23	1.15

Footnote:

1 In computing the quarterly EPU, the weighted average number of units for the end of the period is used.
2 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-20	30-Jun-19	30-Jun-20	30-Jun-19
Net Assets Value per unit in cents (NAV)	27.73	29.91	19.75	23.76
Net Tangible Assets per unit in cents (NTA)	27.58	29.64	19.75	23.76

8 **Review of the Performance**

	Group			
Statement of Total Return	**2Q 2020 S$'000**	**2Q 2019 S$'000**	**1H 2020 S$'000**	**1H 2019 S$'000**
Gross rental income	12,627	38,997	49,196	76,424
Other revenue	14,756	29,271	43,115	57,756
Total gross revenue	27,383	68,268	92,311	134,180
Property operating expenses	(14,560)	(24,294)	(39,727)	(49,693)
Net Property Income	**12,823**	**43,974**	**52,584**	**84,487**
Interest income	421	252	1,175	384
Financial expenses	(12,138)	(10,062)	(23,851)	(18,664)
Administrative expenses	(2,091)	(4,143)	(5,573)	(7,661)
Other gain/(losses) (net)	12,464	(7,302)	(5,718)	(7,586)
Total Return For The Period Before Tax	**11,479**	**22,719**	**18,617**	**50,960**
Decrease in fair value of investment properties	(15,526)	-	(15,526)	-
Total (Loss)/Return For The Period Before Tax	**(4,047)**	**22,719**	**3,091**	**50,960**
Income tax	(2,636)	(6,873)	(9,299)	(13,503)
Withholding tax	(2,280)	(2,494)	(3,277)	(4,805)
Deferred tax	1,289	-	1,289	-
Total (Loss)/Return For The Period After Tax	**(7,674)**	**13,352**	**(8,196)**	**32,652**
Amount attributable for the period:				
- Unitholders	(11,303)	17,481	3,249	33,560
- Perpetual securities holders	4,418	4,418	8,787	8,787
	(6,885)	**21,899**	**12,036**	**42,347**
Add back: retention sum from prior periods	14,440	-	3,400	-
Total distribution to Unitholders/perpetual securities holders	**7,555**	**21,899**	**15,436**	**42,347**
Distribution to Unitholders				
- as distributions from operations	-	12,812	-	20,787
- as return of capital	3,137	4,669	6,649	12,773
Total Unitholders' distribution	**3,137**	**17,481**	**6,649**	**33,560**
Distribution per Unit (cents)	**0.11**	**0.60**	**0.23**	**1.15**

2Q 2020 vs 2Q 2019

Decrease in gross rental income is mainly due to the temporary closure of retail malls and retail spaces amid Covid-19 outbreak since end of March to support the Indonesia government's objective to curb the spread of the virus. 13 retail malls and four retail spaces outside Greater Jakarta have resumed operations on different dates since 13 May 2020. By 3 July 2020, all 23 retail malls and seven retail spaces have resumed operations albeit with shorter operating hours (8 hours compared to the usual 12 hours).

During the mall closure, no rental is billed except tenants in essential services (e.g. supermarket, pharmacies and clinics) and tenants who elected to remain open (to provide delivery services) during the period and the billing is adjusted to the shortened mall opening hours.

The decrease in gross rental income is also due to the expiry of master leases in Lippo Mall Kemang on 16 December 2019 by approximately S$1.9 million for 2Q 2020.

Other revenue comprises of carpark income, other rental income and service charge and utilities recovery.

During the closure of the malls, service charge is billed at 40% discount to the tenants considering the services provided and the shortened opening hours. Utilities recovery income is substantially reduced as a result of the temporary closure.

Additionally, the master lease of car park in Lippo Mall Kemang expired on 16 December 2019 and the parking income is reduced by S$2.0 million in 2Q 2020 compared to 2Q 2019.

Decrease in property operating expenses by S$9.7 million is mainly due to the lower operating expenses, mainly utilities, repair and maintenance and other outsourced services during the temporary closure of malls.

Finance expenses are S$2.0 million higher than 2Q 2019 mainly due to higher all in cost of US$250.0 million bond issued in June 2019.

Both the Manager's base management fee and performance management fee reduced in 2Q 2020. Decrease in performance management fee is due to the lower net property income in 2Q 2020. Following the closure of the malls, coupled with the lack of substantial Covid-19 relief measures by the Indonesian Government (such as wage support schemes), the cashflow of the property manager was substantially and negatively impacted due to the fall in the respective malls' revenues (given the revenue sharing nature of the property management agreement). Consequently, in order to mitigate the potential negative impact on the mall operations, IDR10 bio property management fee payment was paid to the Property Manager in May 2020. IDR 6 bio was reallocated from the base fee due to the Manager while the balance IDR 4 bio was made as a prepayment which will be offset from subsequent property management fees over a 6 month period from July to Dec 2020 on an equal monthly basis. Overall, for FY 2020, there is no net financial impact on the Group level.

On 30 December 2019, the Group entered into a conditional sale and purchase agreement ("CSPA") to divest Pejaten Village and Binjai Supermall for a total consideration of Rp1,280.7 billion (approximately S$124.1 million). In view of the operational disruptions in Indonesia arising from the Covid-19 pandemic, and its effect on the valuation of the assets in the country, the parties to the CSPA have negotiated and entered into a Supplemental & Amendment Agreement ("SAA") to amend the Pejaten Village and Binjai Supermall CSPA for the divestment to proceed. The revised total sales consideration is Rp1,152.6 billion (approximately S$113.2 million). The difference between revised sales considerations and the value as of December 2019 is recognised as decrease in fair value of investment properties held for divestment. Deferred tax arising from the devaluation of the divestments assets is recognised accordingly.

Income tax expense is S$4.2 million lower than 2Q 2019, which is in line with the lower revenue in 2Q 2020 as a result of the mall closure.

8 Review of the Performance (cont'd)

2Q 2020 vs 2Q 2019 (cont'd)

Other gains/(losses) (net) comprise of 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 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 2020 vs 1H 2019

Decrease in gross rental income is mainly due to the temporary closure of retail malls and retail spaces amid Covid-19 outbreak since end of March to support the Indonesia government's objective to curb the spread of the virus. 13 retail malls and four retail spaces outside Greater Jakarta have resumed operations on different dates since 13 May 2020. By 3 July 2020, all 23 retail malls and seven retail spaces have resumed operations albeit with shorter operating hours (8 hours compared to the usual 12 hours).

During the mall closure, no rental is billed except for tenants in essential services (e.g. supermarket, pharmacies) and tenants who elected to remain open (to provide delivery services) during the period with the billing adjusted to the shortened mall opening hours.

The decrease in gross rental income is also due to the expiry of master leases in Lippo Mall Kemang on 16 December 2019 by approximately S$4.0 million for 1H 2020.

Other revenue comprises carpark income, other rental income and service charge and utilities recovery.

During the temporary closure, service charge is billed at 40% discount to the tenants considering the services provided and the shortened opening hours. Utilities recovery income is substantially reduced as a result of the temporary closure.

Additionally, the master lease of car park in Lippo Mall Kemang expired on 16 December 2019 and the parking income is reduced by S$4.0 million in 1H 2020 compared to 1H 2019.

Decrease in property operating expenses by S$10.0 million is mainly due to the lower operating expenses, mainly utilities, repair and maintenance and other outsourced services during the temporary closure of malls.

Finance expenses are S$5.2 million higher than 1H 2019 mainly due to higher all in cost of US$250.0 million bond issued in June 2019.

Both the Manager's base management fee and performance management fee reduced in 1H 2020. Decrease in performance management fee is due to the lower net property income in 1H 2020. Following the closure of the malls, coupled with the lack of substantial Covid-19 relief measures by the Indonesian Government (such as wage support schemes), the cashflow of the property manager was substantially and negatively impacted due to the fall in the respective malls' revenues (given the revenue sharing nature of the property management agreement). Consequently, in order to mitigate the potential negative impact on the mall operations, IDR10 bio property management fee payment was paid to the Property Manager in May 2020. IDR 6 bio was reallocated from the base fee due to the Manager while the balance IDR 4 bio was made as a prepayment which will be offset from subsequent property management fees over a 6 month period from July to Dec 2020 on an equal monthly basis. Overall, for FY 2020, there is no net financial impact on the Group level.

Decrease in fair value of investment properties refer to the above analysis under 2Q 2020 vs. 2Q 2019.

Income tax expense is S$4.2 million lower than 1H 2019, which is in line with lower revenue in 1H 2020.

Other gains/(losses) (net) comprise of 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 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.

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

The Indonesian government expects its gross domestic product (“GDP”) to contract 0.4% this year in the worst-case scenario or grow 1% under the baseline scenario. As a result of the large-scale social restrictions implemented in various regions, including the bustling Jakarta and West Java cities, the country’s GDP is expected to contract 3.8% in the second quarter and may shrink by a further 1.0% or grow 1.2% in the third quarter. As of May, more than 3.06 million Indonesians lost their jobs, leading the government to predict an additional 5.5 million of the nation’s workforce will lose their jobs this year. According to the International Monetary Fund, Indonesia’s economy is likely to contract 0.3% this year alongside a 4.9% contraction in the global economy.

The government expects the fiscal deficit in Indonesia to reach 6.34% this year as it allocates Rp695.2 trillion (US$48.23 billion) in stimuli to strengthen the country’s healthcare response and bolster the economy amid the pandemic.

Indonesia’s inflation was 0.18% in June despite increasing from 0.07% in May on a month-on-month (“MoM”) basis. Annually, Consumer Price Index inflation in June stood at 1.96% year-on-year (“YoY”), down from 2.19% in May. The decrease was influenced by lower core inflation and administered prices, while inflationary pressures on volatile foods intensified. Core inflation cooled to 2.26% from 2.65% YoY in May. In general, inflation remained within the central bank’s 2.0% to 4.0% target band for 2020.

Retail Sales contracted further in May 2020, with the Real Sales Index (“RSI”) declining 20.6% YoY compared with a 16.9% decline in April, according to the latest Retail Sales Survey in May. Retail sales shrank on the back of contractions affecting all commodity groups, with the deepest declines affecting clothing as well as cultural and recreational goods. Retailers predicted a slight sales improvement in June 2020 despite remaining in a contractionary phase, as reflected by RSI contraction of 14.4% YoY, supported by the sales of food, beverages and tobacco as well as automotive fuels.

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 2020 to 30 June 2020.
Distribution Type:	Capital distribution
Distribution Rate:	Capital distribution of 0.11 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 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

(c)	Date payable:	21 Aug 2020
(d)	Record date:	4 Aug 2020

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
Executive Director and Chief Executive Officer
24 July 2020