



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 maintains stable NPI of S\$39.8 million for 1Q 2020 despite challenging conditions

Nominal distribution for 1Q 2020 with major portion of income retained for contingencies arising from the Covid-19 pandemic

- S\$3.5 million to be distributed representing a DPU of 0.12 Singapore cent for 1Q 2020
- Balance of distributable income to be retained for expected expenses in relation to Covid-19

Summary of Financial Results for period ended 31 March 2020

S\$'000	1Q 2020	1Q 2019	% Variance
Gross Rental Income	36,569	37,427	(2.3)
Total Gross Revenue	64,928	65,912	(1.5)
Net Property Income	39,761	40,513	(1.9)
Income Available for Distribution to Unitholders	14,552	16,079	(9.5)
Distribution to Unitholders	3,512	16,079	(78.2)
DPU (cents)	0.12	0.55	(78.2)
Rp'million			
Gross Rental Income	372,250	390,016	(4.6)
Total Gross Revenue	660,928	686,849	(3.8)
Net Property Income	404,743	422,174	(4.1)

Singapore, 30 April 2020 – LMIRT Management Ltd, the manager of Lippo Malls Indonesia Retail Trust (“**LMIR Trust**” or the “**Trust**”), today announced a distribution per unit (“**DPU**”) of 0.12 Singapore cent for the first quarter ended 31 March 2020 (“**1Q 2020**”), being 24.1% of the amount available for distribution of S\$14.6 million. The balance has been retained as prudent contingency from the potential pandemic impact, including the loss of rental income as a result of the closure of all LMIR Trust’s retail malls and retail spaces to support the Indonesian government’s objective to curb the spread of the virus.

“In light of the Covid-19 pandemic that is impacting all economies and businesses globally, we have taken a precautionary stance to conserve cash for capital management, allowing us greater flexibility to manage our cash flows. Especially when we will be seeing greater impact of the pandemic in the second quarter as our malls have been temporarily closed in a staggered way from March.

“On 27 March 2020, the Trust announced the temporary closure of 11 retail malls within the Greater Jakarta region, Bandung and Bali from 27 March to 9 April 2020. This temporary closure was

extended to our entire portfolio of 23 retail malls and seven retail spaces on 1 April and continues in effect until 13 May 2020. All retail mall closures excluded essential services such as supermarkets, pharmacies and clinics which remain open at shorter operating hours from 11.00 am to 6.00 pm to provide services to our customers. The Trust also continues to support tenants who choose to continue operations to serve on-line delivery orders. The temporary closure might be further extended depending on the situation and guidelines by the Indonesia government.

“During the temporary closure period, the Trust will not be collecting rent from those tenants unable to operate their businesses in the mall. Despite reducing operating costs by 30 to 40% with a 70% reduction in utilities and 50% in outsourced security and cleaning services, net property income is expected to be significantly lower in 2Q 2020 due to the mall closures. Nevertheless, the Trust remains in compliance with our debt financial covenants and has adequate financial reserves to fulfil our obligations into the foreseeable future,” said Mr James Liew, Chief Executive Officer of the REIT Manager.

For the quarter under review, gross rental income dipped 2.3% year-on-year (“YoY”) to S\$36.6 million, largely due to the expiry of master leases under Lippo Mall Kemang (“**LMK**”) on 16 December 2019 which resulted in a rental income reduction of approximately S\$2.1 million for 1Q 2020, partially offset by positive rental reversions. Carpark income for the quarter was weighed down by a S\$1.9 million slide from the expiry of the LMK master leases, impact from the increasing use of ride-hailing applications and the commencement of the impact from the Pandemic. This was partially offset by the increase in service charge and utility recovery compared to 1Q 2019, resulting in total gross revenue for 1Q 2020 slipping 1.5% YoY to S\$64.9 million.

Consequently, net property income for 1Q 2020 decreased 1.9% to S\$39.8 million from S\$40.5 million in 1Q 2019. Total property operating expenses for 1Q 2020 declined 0.9% YoY or S\$0.2 million to S\$25.2 million on slightly higher property operating and maintenance expenses of S\$20.8 million. These expenses were partially offset by lower allowance for doubtful debts of S\$1.0 million compared to 1Q 2019.

“The Trust achieved commendable 1Q 2020 performance led by positive rental reversions of 4.1% for the quarter, continued enhancing value of our properties through optimising space and tenant mix, as well as rationalising our operations for greater cost efficiency. In fact, our average occupancy for 1Q 2020 remained at a high 90.9% against an industry average of 80.8%. Looking ahead when the malls are able to re-open for business, we will work closely with our mall operator to achieve retailer re-openings as quickly as feasible together with stabilisation of the mall operations to create a safe environment for our shoppers, tenants, staff and contractors ,” said Mr Liew.

As at 31 March 2020, LMIR Trust's gearing ratio stood at 42.1%, below the new regulatory limit of 50.0%¹, with interest cover at 4.3 times. The increase in LMIR Trust's current gearing ratio compared to 35.9% as at 31 December 2019 was mainly due to the sharp depreciation of the Indonesian Rupiah against the Singapore Dollar in 1Q 2020 resulting in a fall in the value of the Trust's investment properties. Close to 100% of the Trust's debt is on a fixed-rate basis to mitigate fluctuating interest rates.

Outlook

Indonesia started the year with strong macroeconomic fundamentals, but the Covid-19 pandemic has exerted significant impact on daily activities and consequently all sectors of both the domestic and global economy. The Indonesian government has adjusted its estimate of Indonesia's economic growth to a mere 2.3% this year, from a four-year low of 5.02% in 2019².

As part of emergency measures to safeguard people's health and the economy, the government will boost state spending by up to Rp405.1 trillion rupiah (S\$35.1 billion) and widen the budget deficit to 5.07% of gross domestic product breaching the limit of 3.0%³. Of the additional budget, Rp150.0 trillion, which is the largest portion, will be set aside for economic recovery programmes including credit restructuring and financing for small and medium businesses. However, the Indonesian Government has yet to announce any specific Covid-19 relief measures that directly benefit LMIR Trust, such as property tax rebates.

Indonesia's Consumer Price Index ("**CPI**") for March 2020 fell 0.18% to 0.10% on a month-on month ("**MoM**") compared to February 2020's index. On an annual basis, CPI inflation in March stood at 2.96% YoY compared with 2.98% YoY in February. The decrease was driven largely by deflationary pressures on volatile food prices due to price corrections on several food categories, while administered prices experienced continued deflation, due to ongoing corrections to airfares. Core inflation was under control and within expectations, increasing to 0.29% in March from 0.14% in February MoM. Bank Indonesia will continue to maintain low and stable inflation within the target corridor of between 2.0% to 4.0% for 2020⁴.

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¹ 16 April 2020, Media Release, Monetary Authority of Singapore, New measures to help REITs navigate operating challenges posed by COVID-19

² 6 April 2020, The Jakarta Post, ADB projects Indonesia's economy to grow 2.5% in 2020

³ 1 April 2020, The Straits Times, Indonesia announces \$35 billion coronavirus budget, anticipates 5% deficit in historic move

⁴ 2 April 2020, Bank Indonesia, Press Release - Low and Controlled Inflation Maintained in March 2020

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.