LMIR TRUST

LIPPO MALLS INDONESIA RETAIL TRUST

Quality creates Value

LIPPO MALLS INDONESIA RETAIL TRUST
Annual Report 2014

Our Vision

Lippo Malls Indonesia Retail Trust ("LMIR Trust") aims to be one of the premier retail REITs in Asia, creating and utilizing scale whilst leading the way in innovation and quality. We aim to create long term value for stakeholders by providing access to investment opportunities driven by strong economic and consumer growth.

Our Mission

We are committed to:

- delivering regular and stable distributions to Unitholders
- growing our portfolio by way of accretive investments in retail and/or retail related assets
- enhancing returns from existing and future properties
- achieving long-term growth to provide Unitholders with capital appreciation on their investments

Contents

Quality Creates Value

A strong and durable reputation is among the most valuable assets any organisation can possess. Such a reputation can only be sustained by embedding quality deep into the organisational fibre. Our seventeen high-quality retail malls and seven retail spaces in Indonesia remain at the forefront of consumer appeal largely through our commitment to quality.

Based on this commitment of delivering a quality experience, our malls remain a vibrant attraction to the middle income and to upper-middle income domestic consumers, thereby enabling us to develop a sustainable business model that creates value to our Unitholders.

Intricacy builds

With a steady hand and intricate moves utilising our scale, we will lead the way in innovation and quality in the management of our malls. Our detailed approach and meticulous management practices elevate consumer experience thus building a portfolio of stability.

Stability

About LMIR Trust

Lippo Malls Indonesia Retail Trust ("LMIR Trust") is the first and only Indonesian retail estate investment trust ("REIT") which was listed on the SGX-ST on 19 November 2007.

It aims to provide exposure to Indonesia's growing retail property sector. It is established with the principal 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. The Trust Manager's focus is to maintain good occupancy and balanced property and tenant diversification across the portfolio, through proactive asset management of the retail mall and spaces.

As at 31 December 2014, LMIR Trust's portfolio comprises seventeen (17) high quality retail malls (collectively, the "Retail Malls") and seven (7) major retail spaces located within other malls in Indonesia (collectively, the "Retail Spaces"). All of these properties are located in Indonesia with a combined net lettable area ("NLA") of 781,622 sqm and has a valuation of approximately SGD1.841 billion*.

* Including intangible asset arising from acquisition of Lippo Mall Kemang

Strategically located within the large urban middle-class population catchment areas in Greater Jakarta, Bandung, Medan, Palembang and Binjai, LMIR Trust's portfolio properties are everyday malls favoured by middle class to upper-middle income domestic consumers in Indonesia. Tenants at the Retail Malls and Retail Spaces include well known retailers, such as Matahari Department Store, Carrefour, Hypermart, H&M, Debenhams, Giant Hypermarket and Sogo. The anchor tenants are complemented by popular consumer brands such as Bread Talk, McDonald's, Starbucks, Ace Hardware, Fitness First, Timezone, M&S, Adidas and Giordano.

Occupancy for the portfolio remains higher than the industry average, with an occupancy rate of 94.7% as at 31 December 2014. The portfolio is very defensively placed with staggered lease expiries to ensure a steady earnings base.

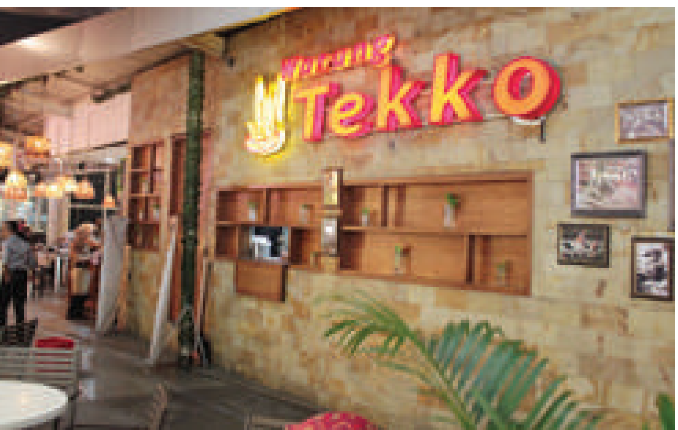
Going forward, LMIR Trust will look towards focusing on organic growth through proactive asset management to maintain its strong occupancy, as well as strategic acquisitions whenever it is appropriate.

ABOUT THE SPONSOR

The Sponsor of LMIR Trust is PT Lippo Karawaci Tbk, Indonesia's largest listed company by total assets, and revenue. It has a market capitalization of IDR23.5 trillion or USD1.9 billion as at 31 December 2014.

The Sponsor's businesses include urban development, large scale integrated development, hospitals, retail malls, hotels and asset management. As at the end of 2014, PT Lippo Karawaci Tbk manages 40 malls across Indonesia with total Net Leasable Area of approximately 1.1 million sqm and over 12,000 retailers located in 12 major cities. The malls have an average occupancy rate of over 90% and cater to more than 200 million visitors per year. The company plans to develop 15 new retail malls in Indonesia and to increase the number of malls under management to 50 retail malls by end of 2017, with a focus of developing and managing community malls which are located in cities with dense population.

> "LMIR Trust is the first and only Indonesian retail estate investment trust ("REIT") which was listed on the SGX-ST on 19 November 2007."



Diversity brings

We have built a team of people with diverse talents who work together as one. They strive to be creative, forward thinking and turn big ideas into even bigger opportunities to take us forward into the future.

Opportunities

Our Indonesia Presence

Over the years, we have established a growing presence in key cities in Indonesia, where we see a steady demand for quality retail enclaves.

Binjai:
- Binjai Supermall

Medan:
- Sun Plaza
- Plaza Medan Fair
- Grand Palladium Medan Units

Palembang:
- Palembang Square
- Palembang Square Extension

Jakarta

North:
- Pluit Village

Central:
- Gajah Mada Plaza

West:
- Metropolis Town Square Units
- Mall WTC Matahari Units

South:
- The Plaza Semanggi
- Pejaten Village
- Lippo Mall Kemang
- Depok Town Square Units

East:
- Mal Lippo Cikarang
- Lippo Plaza Kramat Jati
- Tamini Square
- Ekalokasari Plaza
- Cibubur Junction

Malang:
- Malang Town Square Units

Madiun:
- Plaza Madiun Units

Semarang:
- Java Supermall Units

Bandung:
- Istana Plaza
- Bandung Indah Plaza

- Retail Malls
- Retail Spaces

KEY STATISTICS

249.9 million
Total Population 2013

4th
Most Populous Nation in the World

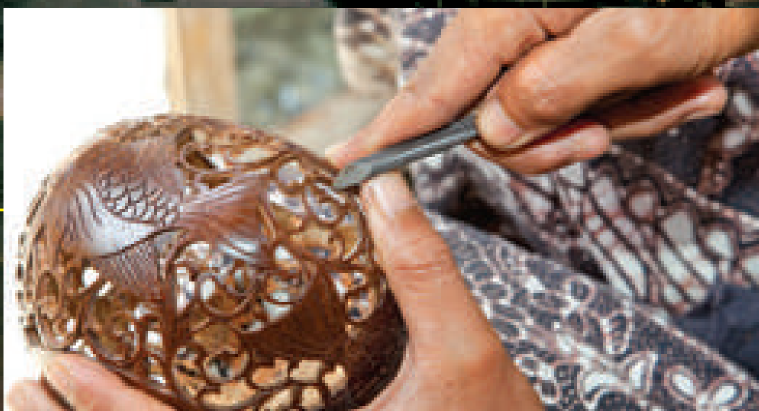
5.7%
Indonesia Government's forecast of annual GDP growth in 2015

US$3,475
GDP per capita (Indonesia) 2013

4.0 million sqm
Retail Space in Jakarta

Sources:
- World Bank
- Indonesia Government
- Cushman & Wakefield MarketBeat Q4 2014 report

Experience delivers



With our vision as our guiding light, we are moving toward its fulfillment, step by step, and with growing momentum. Anchored by experience, we are building an enduring company that will continue to deliver success on all fronts.

Success

Letter to Unitholders

From left to right:
Mr Alvin Cheng, Mr Albert Saychuan Cheok

“Gross Rental Income increased 7.9% from SGD27.9 million (IDR258.56 billion) in 1Q2014 to SGD30.1 million (IDR284.00 billion) in 4Q2014, whilst Distributable Income grew 5.4% from SGD16.7 million to SGD17.6 million during the same period.”

Dear Unitholders

On behalf of the Board of Directors and management of LMIRT Management Ltd, as Manager of Lippo Malls Indonesia Retail Trust ("LMIR Trust"), we are pleased to present the following report to LMIR Trust Unitholders for the Financial Year ended 31 December 2014 (FY2014).

For the year 2014, the underlying portfolio of LMIR Trust has delivered consistent growth and stable performance, whilst the acquisition of Lippo Mall Kemang ("LMK") at the end of the year increased the total asset value to IDR18.91 trillion (approximately SGD2.02 billion). On a year-on-year basis, the Gross Rental Income of the Trust grew by 5.5% in IDR terms, mainly from the rental reversions from the portfolio malls, as well as the maiden contribution from LMK commencing from 17 December 2014.

Despite the volatility of the IDR, growth of the quarterly Distribution Per Unit ("DPU") in 2014 has been stable and improving, resulting in 4Q2014 DPU 26.8% higher than that for 4Q2013. The contributory factors include additional effective currency hedging and capital management strategies implemented at end 2013.

LMIR Trust further strengthens its capital structure, through the issue of SGD45 million of new equity to the Sponsor, PT Lippo Kawaraci Tbk, as part of the consideration for LMK, and the private placement of approximately SGD40 million of new equity to strategic investors in December 2014.

INDONESIA MACROECONOMY: YEAR IN REVIEW

Indonesia achieved a 5.0% year on year GDP increase for 2014, which placed Indonesia as one of the leading South East Asian countries in terms of economic growth. According to the 2015 State Budget of Indonesia, GDP growth in 2015 is expected to be 5.7%, which is based on the backdrop of a growing population, mega trend of urbanisation, as well as prospects for narrowing of the current account deficit and slowing inflation. Foreign investment remains a core contributor of GDP growth for Indonesia with the Investment Coordinating Board (BKPM) attracting IDR463.1 trillion (USD $37 billion) in 2014, a 16.2% increase from the previous year.

Indonesia's vibrant middle class continues to be the primary driver of economic activities, and is expanding, whilst majority of the Indonesian GDP is currently coming from domestic demand, fuelled by a young demographic population profile and benign inflation. Meanwhile, retail spending has in fact increased by approximately 5.6 times between Q12000 and Q42014, and is forecasted to grow at double digits for the next 3-5 years.

This retail spending strength will continue to underpin the performance of LMIRT's portfolio and more so as the supply of new retail mall space is projected to remain modest for the near term.

CURRENCY VOLATILITY

Since the 2nd half of 2013, and throughout 2014, Indonesia saw sharp volatility in its currency exchange rate, whereby the average IDR/SGD rate in 2014 was approximately 11.07% lower than in the previous year. In spite of this, and as a result of the foreign exchange hedging strategy, we were able to minimise the negative impact on our operating results and distributable income and maintained a stable growth in the Distributable Income for LMIR Trust.

IDR reached its weakest level since the 1998 Asian Financial Crisis. The current market outlook for 2015 points to uncertainties and volatility coupled with the prospect of U.S. interest-rate increases, which will likely lead to further depreciation of the IDR. LMIR Trust has recently entered into a series of foreign exchange hedging contracts to ensure that the distributable income of the Trust will not be significantly affected by the currency market volatility during FY2015 as well as FY2016.

MAINTAINING A STABLE GROWTH PATH

Gross Rental Income increased 7.9% from SGD27.9 million (IDR258.56 billion) in 1Q2014 to SGD30.1 million (IDR284.00 billion) in 4Q2014, whilst Distributable Income grew 5.4% from SGD16.7 million to SGD17.6 million during the same period. These were achieved through rental reversions rate of approximately 10.5% during the year, and maintaining an average occupancy of 95% across the portfolio in 2014.

At the same time, in order to further enhance the income capacity of the portfolio, the Trust acquired the strategically located Lippo Mall Kemang from PT Lippo Karawaci Tbk, in December 2014, for a consideration of SGD362.0 million. This is a 5-storey shopping center, which is a key component of the Kemang Village Integrated Development and located in the highly cosmopolitan South Jakarta area. Given that the acquisition was completed on 17 December 2014, its contribution to the financial performance of LMIR Trust was limited during 2014, but will be making its full contributions from 1Q2015.

Letter to Unitholders

OPERATIONAL PERFORMANCE

Our portfolio malls remain well occupied at approximately 94.7% at end 2014, which is well above the industry average.

Leases for 110,336 sqm of total NLA expired throughout 2014, and we were able to achieve an average positive rental reversion rate of 10.5%. Furthermore, as we have been introducing annual step-up provision into the renewed and new leases since late 2009, annual rental growth from such leases are expected to become more regular. This will smoothen the earnings profile and supports overall rental growth.

These developments, together with a stable quarterly DPU growth in 2014, demonstrate strong testament to management's strategy and a continued positive outlook on Indonesia.

ACTIVE CAPITAL MANAGEMENT

Leveraging on its favourable credit profile and prudent capital management policies, LMIR Trust was able to secure a 4-year term loan facility of SGD155 million from a syndicate of three international banks to finance the acquisition of LMK in December 2014.

OUTLOOK

The economy of Indonesia continues to be supported by burgeoning domestic demand, increasing foreign investment and government infrastructure spending. The middle class continues to grow in number and with higher disposable income whilst the urban population accounts for approximately 50% of the total population.

High retail spending growth will continue to support the expectation of double digit retail sales growth for the coming years, providing the basis for continuing strong performance of our portfolio. The growth in economic activities is expected to provide LMIR Trust with a tremendous platform from which to further enhance growth and return to Unitholders and we look forward to benefit from these opportunities.

Management will continue to look out for good yield accretive assets in Indonesia to take advantage of the strong GDP and demand by the growing middle class. Management will also continue to focus on improving the tenancies in existing assets through asset enhancement initiatives and tenancy mix.

ACKNOWLEDGEMENT

We wish to express our appreciation to our tenants and business partners for their loyal support, and special gratitude to our Unitholders for the faith and confidence in us as the Manager for LMIR Trust. Last but not least, we like to acknowledge the outstanding contribution from our staff over the past year.

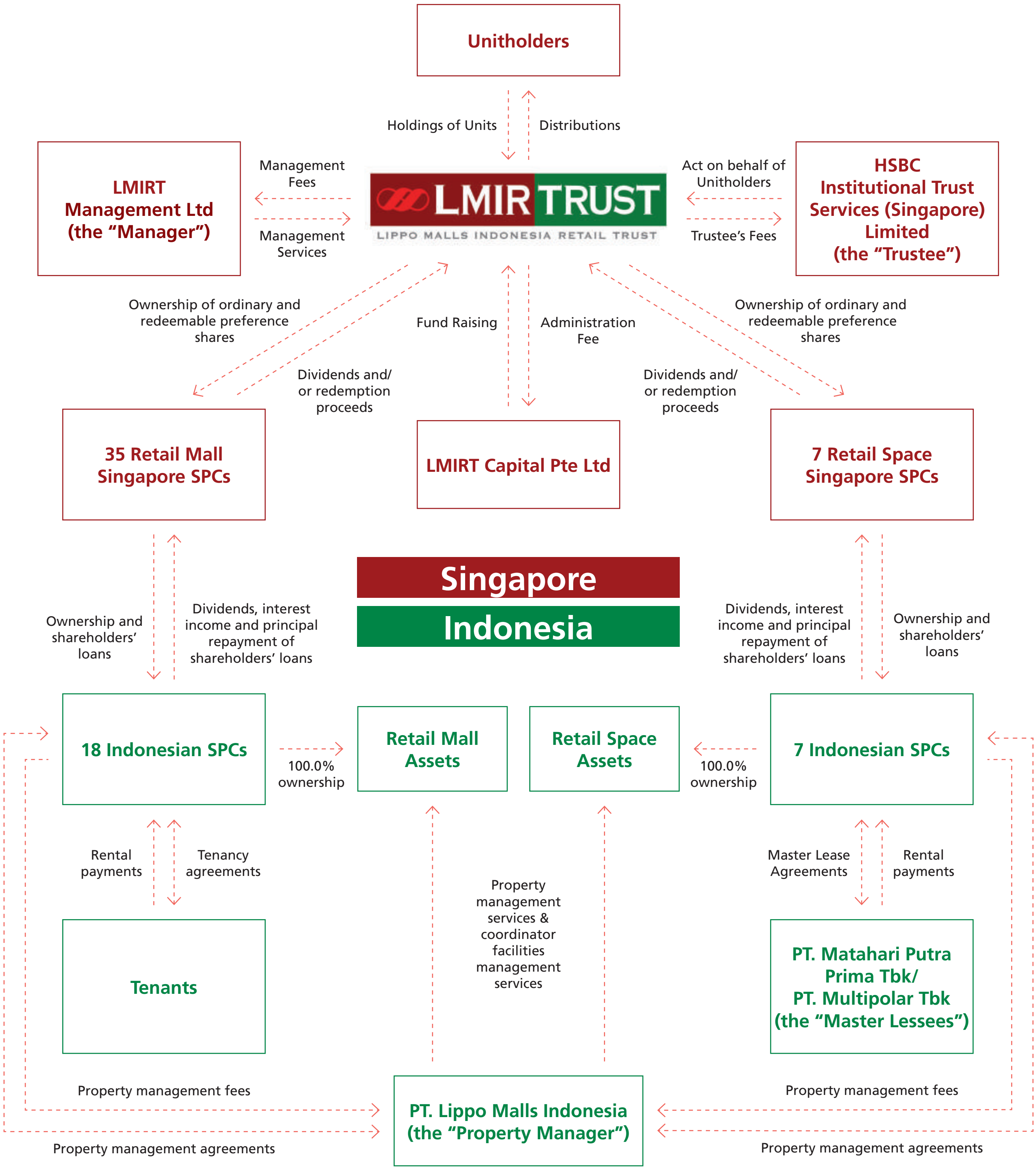
On behalf of the Board and the management of LMIRT Management Ltd, we look forward to working together with you to embark on the transformation journey of the Trust and achieve new milestones in 2015 and beyond.

Albert Saychuan Cheok
Chairman of the Board & Independent Director

Alvin Cheng
Executive Director of the Board & CEO

Trust Structure

The following diagram illustrates the relationships between LMIR Trust and its subsidiaries, the Manager, the Trustee, the Master Lessee, the Property Manager and the Unitholders.



Group Financial Highlights

SUMMARY OF RESULTS	FY 2014 (S$'000)	FY 2013 (S$'000)	Change Favourable/ (Unfavourable)
Gross Rental Income	136,985	152,599	-10%
Property Operating Expenses	(10,978)	(9,239)	-19%
Net Property Income	126,007	143,360	-12%
Net Income Before tax	89,915	81,095	11%
Distributable Income	68,014	73,023	-7%
Distribution Per Unit (cents)	2.76	3.25	-15%

BALANCE SHEET AS AT 31 DECEMBER 2014	31-Dec-14 (S$'000)	31-Dec-13 (S$'000)
Non-current assets	1,845,885	1,415,656
Current assets	171,604	398,212
Total assets	2,017,489	1,813,868
Current liabilities	305,278	204,546
Non-current liabilities	562,481	599,771
Net assets	1,149,730	1,009,551

NET ASSET VALUE (NAV)	31-Dec-14	31-Dec-13
Including fair value changes on investment properties (cents)	42.55	41.15

GEARING

31.2%

Gearing remained conservative as at 31 December 2014

INTEREST COVER RATIO

5.0 times

Refers to earnings before interest expense, tax, depreciation, amortisation and changes in fair value of investment properties (EBITDA), over interest expenses for FY 2014

TOTAL UNITS IN ISSUE	31-Dec-14	31-Dec-13
Issued units at the end of period	2,701,802,668	2,453,307,080
Total issued and issuable units including acquisition fee and management fee for 4Q 2014	2,716,426,568	2,456,428,504

DEBT INFORMATION	31-Dec-14	31-Dec-13
Term loan		
Loan drawdown	S$155.0 million	S$147.5 million
Maturity	Dec-18	Jun-14**
All in cost of debt	5.4% p.a***	6.7% p.a

** Fully repaid in January 2014

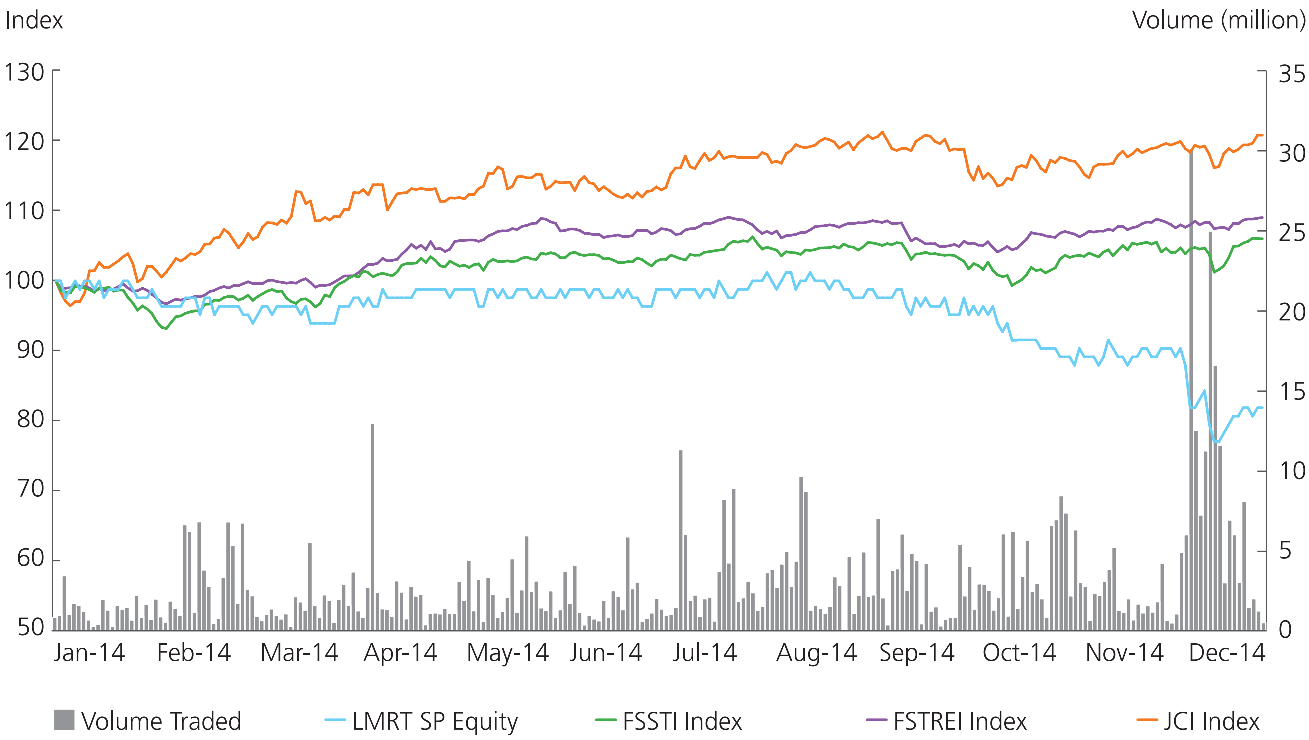
*** After taking into account interest rate swap contracts entered in 2015

Notes issued under the Guaranteed Euro Medium Term Note Programme ("EMTN Programme")		
4.88% Due July 2015 (All in cost of debt: 5.8%)	S$200 million	S$200 million
4.25% Due October 2016 (All in cost of debt: 4.5%)	S$150 million	S$150 million
5.875% Due July 2017 (All in cost of debt: 6.5%)	S$50 million	S$50 million
4.48% Due November 2017 (All in cost of debt: 5.0%)	S$75 million	S$75 million

UNIT PERFORMANCE	2014	2013
Last Trading Day	S$0.340	S$0.415
Highest Unit Price	S$0.420	S$0.458
Lowest Unit Price	S$0.305	S$0.390
Market Capitalisation (million)	S$919	S$1,018
Traded Volume for the Financial Year (million)	588	819

LMIR TRUST UNIT PRICE PERFORMANCE

(1 January 2014 to 31 December 2014)



Source: Bloomberg

TOTAL SHAREHOLDERS RETURN

Distribution Yield[1]

8.1%

FY 2014 Distribution Per Unit

2.76 cents

Note 1: Based on closing price as at 31 December 2014

Manager's Report
Market Review

INDONESIAN KEY ECONOMICS INDICATORS	2014	2013	2012	2011	2010
Economic growth (% YoY), Real GDP growth	5.0%*	5.7%	6.2%	6.5%	6.2%
Inflation rate	8.4%	8.4%	4.3%	3.8%	7.0%
Year-end Exchange Rate (IDR/SGD)	9,374	9,612	7,853	6,903	7,057
Average Exchange Rate (IDR/SGD)	9,338	8,305	7,860	6,939	6,698
Interest rate – Central Bank Rate	7.75%	7.5%	5.8%	6.0%	6.8%
10 Year – Indonesian Government Bond Rate	7.8%	8.4%	5.3%	6.0%	7.6%

Sources: Statistics Indonesia (BPS)

* BPS rebased its real GDP series to 2010, from 2000 previously.

ECONOMIC REVIEW

Indonesia's Q4 real GDP growth remained unchanged from the previous quarter at 5.0% YoY, according to Statistics Indonesia (BPS). Economic growth was at the lowest level since 2009 as tight monetary policy and soft demand for Indonesia's commodity exports contributed to the weak outturn. Indonesia's economy growth for 2014 is still commendable in a much less favourable global economic environment in view of the world economy growth of 2.6% in 2014.

Private consumption, or commonly known as household consumption, contributed approximately 54% of GDP in 2014. Despite real growth rate bottoming in Q4 at 5.0% as a result of a rise in the price of subsidised fuel, household consumption growth in 2014 overall was surprisingly resilient. Household consumption growth was 5.3% in 2014 (the same rate as in 2012 and 2013).

The highlight of 2014 was the inauguration of President Joko Widodo ("President Jokowi") as the new Indonesian president in October 2014. His appointment is perceived as one that is investor friendly. Notably, one of his key electoral promises was to develop public infrastructure, enhance domestic industry and create employment. Structural reforms initiated by President Jokowi's administration are expected to improve the business environment.

Looking ahead, Indonesia's economy will continue to receive a boost from the lower oil prices. Signs of headline inflation have already started to slow to 6.29% YoY in February 2015 from an average of 7.0% YoY in 2014. This also meant that the monetary authorities could relax their currently tight policy setting. Bank Indonesia (BI, the central bank) raised its main policy rate, the BI rate, from 7.5% to 7.75% in November 2014, in response to the government's decision to increase the cost of subsidised fuel.

ECONOMIC DEVELOPMENTS

The move to cut retail fuel price subsidies to realign government funds towards development and welfare-related spending by President Jokowi's administration in October 2014 was a welcomed one, although this momentarily weighed on consumer sentiments. In early January 2015, the government further announced that it would only subsidise diesel in future, removing the support that it had previously provided for petrol purchases in a move aimed at aligning local fuel prices more closely with those on the global market. This reduced upward pressure on transport and food costs.

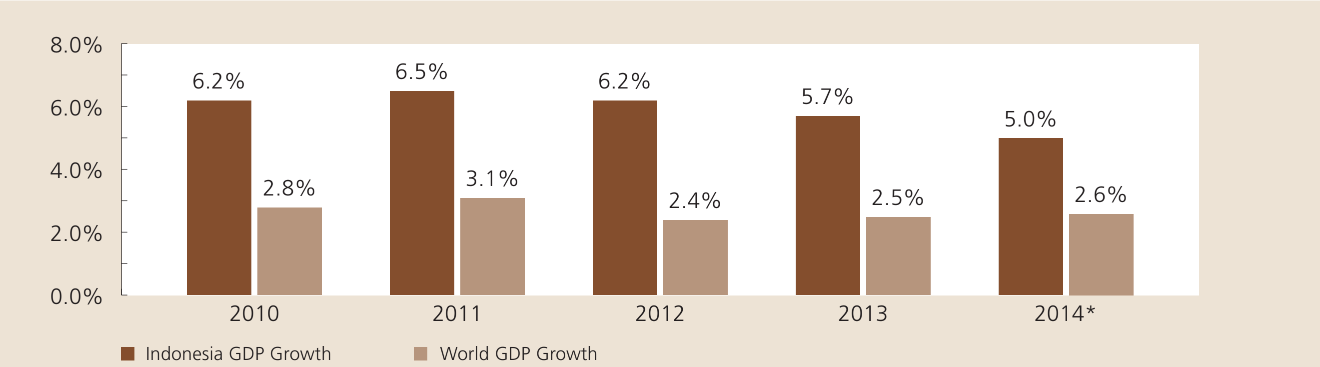
Market sentiment is improving as evidenced in the rebound of the Consumer Confidence Index ("CCI"). CCI rebounded sharply to 120.2 in January 2015 from the drop in December 2014 following the subsidised fuel hike. CCI survey released by the Indonesian central bank revealed that consumers continued to be optimistic about job opportunities, business activities and income expectations, affirming the confidence noted in the index. The expectation of tamer inflation throughout 2015 will continue to support consumer's buoyant mood.

RETAIL INDUSTRY

In 2014, average rental rates in Jakarta increased moderately by 5.9% as most of the prime retail centres have increased their base rentals due to the lack of new spaces. As of 31 December 2014, the average base rental rate for specialty shop units on the ground floor within premium locations was recorded at IDR678,200 per sqm per month, an increase of 4.6% YoY. The average service charge was increased to 13.2% from previous year.

Along with the CCI which rebounded by 3.2% in January 2015 right after its drop in December 2014, the retail sales index also grew by 12.5% YoY in January 2015 increase after the fuel price hike on 18 November 2014. Retail sales in Indonesia continue to be resilient and supported by an increasingly affluent and middle-class population.

INDONESIA GDP GROWTH VS WORLD GDP GROWTH (Y-O-Y %)



Sources: Statistics Indonesia (BPS), World Bank
* BPS rebased its real GDP series to 2010, from 2000 previously.

SUPPLY IN JAKARTA

The total Jakarta retail supply was recorded at 4,015,100 sqm (+0.8% YoY), comprising 2,900,100 sqm (or 72.2%) within retail centres for lease and 1,115,100 sqm (or 27.8%) in strata title spaces as of 31 December 2014.

Retail space supply of Jakarta's CBD and South Jakarta stood relatively on the same level and contributed the majority portion of supply (21.8% of the total supply) at 877,100 sqm and 875,200 sqm, respectively, followed by North Jakarta with 795,300 sqm (19.8%), and West Jakarta with 696,500 sqm (17.3%). Central and East Jakarta made up the remainder with 448,400 sqm (11.2%) and 322,600 sqm (8.0%) respectively.

During 2015, there will only be 217,000 sqm of additional supply coming in to the Jakarta market. Two of the notable new developments are the two shopping centres called PIK (Pantai Indah Kapuk) Mall in the North Jakarta and Shopping Mall at Pancoran in South Jakarta. Should these proposed new retail malls meet their completion schedule, the total supply within Jakarta will reach 4,232,100 sqm by the end of the year.

The near term retail space supply in Jakarta will likely be limited as the shopping centre moratorium continues. This will create a favourable market condition for existing shopping mall owners as retail space in Jakarta will be keenly sought after in the next few years.

DEMAND

International retailers are still very active in the Indonesian market and are competing with local retailers for the limited retail space supply. Uniqlo is expanding its business in Jakarta with the opening of its sixth store in Grand Indonesia. Thailand's Department store, Central also opened its first store in Grand Indonesia. One of the new ready-to-wear US brands – American Eagle also opened its first store in Indonesia at Central Park. IKEA's opening of its first 35,000 sqm standalone store at Alam Sutera also shows the international retailers' interests growing at the Greater Jakarta area.

The average occupancy rate of Jakarta retail market increased by 1.8% YoY and reached 85.3%, leaving approximately 591,000 sqm of vacant retail space as of 31 December 2014.

Retail malls' occupancy in Jakarta reached its highest since 2005 as it hit 91.4% by the end of 2014, while occupancy rate of the strata title spaces increased slightly to 69.1%, considerably below that of the retail malls.

As such, the average occupancy rate of Jakarta retail market increased to 85.2%.

OUTLOOK

The outlook for quality retail spaces looks promising in the next 12 months as both local and foreign retail players continue to remain active. At the same time, higher disposable income and large and growing consumer class coupled with emerging lifestyle trend of shopping mall are expected to fuel the demand for retail space.

Manager's Report
Portfolio Summary

NO.	PROPERTY	ACQUISITION DATE	PURCHASE PRICE (S$ MILLION)	VALUATION AS AT 31 DEC 2014 (S$ MILLION)
1	Bandung Indah Plaza	19 November 2007	98.5	85.5
2	Cibubur Junction	19 November 2007	74.8	52.5
3	Ekalokasari Plaza	19 November 2007	53.7	43.6
4	Gajah Mada Plaza	19 November 2007	77.9	80.3
5	Istana Plaza	19 November 2007	94.3	78.0
6	Mal Lippo Cikarang	19 November 2007	59.2	60.3
7	The Plaza Semanggi	19 November 2007	163.3	143.2
8	Sun Plaza	31 March 2008	144.8	179.3
9	Plaza Medan Fair	6 December 2011	152.5	121.7
10	Pluit Village	6 December 2011	233.1	139.2
11	Lippo Plaza Kramat Jati	15 October 2012	69.2	61.2
12	Palembang Square Extension	15 October 2012	28.4	27.3
13	Tamini Square	14 November 2012	23.1	25.2
14	Palembang Square	14 November 2012	59.9	68.4
15	Pejaten Village	20 December 2012	95.0	102.2
16	Binjai Supermall	28 December 2012	29.8	28.4
17	Lippo Mall Kemang*	17 December 2014	362.0	388.4
	RETAIL MALLS		**1,819.5**	**1,684.7**
18	Depok Town Square Units	19 November 2007	21.2	22.1
19	Grand Palladium Units	19 November 2007	21.6	20.1
20	Java Supermall Units	19 November 2007	21.4	20.5
21	Malang Town Square Units	19 November 2007	21.1	22.2
22	Mall WTC Matahari Units	19 November 2007	20.8	18.1
23	Metropolis Town Square Units	19 November 2007	27.7	27.4
24	Plaza Madiun Units	19 November 2007	27.6	25.9
	RETAIL SPACES		**161.4**	**156.3**
	TOTAL		**1,980.9**	**1,841.0**

* Including intangible asset

NPI FOR THE YEAR ENDED 31 DEC 2014 (S$ MILLION)	GROSS RENTAL INCOME FOR THE YEAR ENDED 31 DEC 2014 (S$ MILLION)	% OF GROSS RENTAL INCOME 2014	NETT LETTABLE AREA (SQM)	LAND LEASE EXPIRY	NO. OF TENANTS
9.7	10.7	8.0%	30,288	31 December 2030	270
7.4	7.9	6.0%	34,427	28 July 2025	207
1.1	1.3	1.0%	27,132	27 June 2032	53
5.8	6.2	5.0%	36,391	24 January 2020	204
8.1	8.3	6.0%	26,858	17 January 2034	208
5.8	6.0	4.0%	30,250	5 May 2023	135
10.4	11.4	9.0%	64,254	7 July 2054	494
14.3	15.3	11.0%	64,297	24 November 2032	351
11.8	12.8	9.0%	55,999	23 August 2027	442
11.4	12.7	10.0%	93,554	9 June 2027	176
3.7	4.0	3.0%	32,430	24 October 2024	87
2.8	3.4	2.0%	17,392	24 January 2041	54
2.1	2.4	2.0%	18,891	26 September 2035	14
5.2	7.2	5.0%	31,638	1 September 2039	149
9.7	10.5	8.0%	42,098	3 November 2027	155
1.7	1.9	1.0%	23,332	2 September 2036	87
1.3	1.3	1.0%	58,321	2 July 2036	223
112.3	**123.3**	**91.0%**	**687,552**		
1.9	1.9	1.0%	13,045	27 February 2035	
1.8	1.8	1.0%	13,417	9 November 2028	
1.8	1.8	1.0%	11,082	24 September 2017	
1.9	1.9	1.0%	11,065	21 April 2033	
1.6	1.6	1.0%	11,184	8 April 2018	
2.4	2.4	2.0%	15,248	27 December 2029	
2.3	2.3	2.0%	19,029	9 February 2032	
13.7	**13.7**	**9.0%**	**94,070**		
126.0	**137.0**	**100%**	**781,622**		

Manager's Report
Portfolio Review

RETAIL MALLS

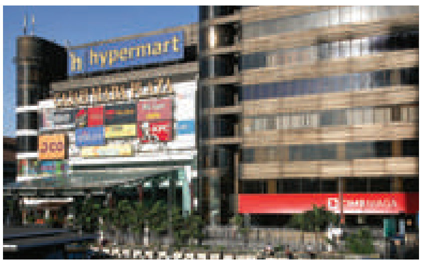
The seventeen Retail Malls have a total NLA of 687,552 sqm. Ten of the Retail Malls are well-located in Jakarta, Bogor, Cibubur, Cikarang and Bekasi ("Greater Jakarta"), two in Bandung (the fourth most populous city in Indonesia), two in Medan (the third most populous city in Indonesia), two in Palembang and one in Binjai. As at 31 December 2014, the Retail Malls had a weighted average occupancy of approximately 94.7%.

These properties are well complemented with both locally and internationally renowned "favourite" specialty brands such as H&M, Debenhams, Sogo, M&S, Giant Hypermarket, Ace Hardware, Fitness First, Sushi Tei, J.Co Donut & Coffee, Starbucks, McDonald's, Bread Talk, Timezone, Adidas, Giordano and leading household names including Matahari Department Store, Carrefour, Best Denki and Cinema 21 to enhance their appeal as "everyday" one-stop destination malls for both discretionary and non-discretionary consumer spending.

BANDUNG INDAH PLAZA Jalan Merdeka, Bandung, West Java	2014 Appraised Value: S$85.5m	Gross Floor Area: 75,868 sqm
Net Lettable Area: 30,288 sqm	Occupancy Rate: 99.9%	No. of Tenants: 270

CIBUBUR JUNCTION Jalan Jambore, Cibubur, East Jakarta	2014 Appraised Value: S$52.5m	Gross Floor Area: 66,071 sqm
Net Lettable Area: 34,427 sqm	Occupancy Rate: 98.6%	No. of Tenants: 207

EKALOKASARI PLAZA Jalan Siliwangi 123, Bogor, West Java	2014 Appraised Value: S$43.6m	Gross Floor Area: 57,223 sqm
Net Lettable Area: 27,132 sqm	Occupancy Rate: 94.1%	No. of Tenants: 53



GAJAH MADA PLAZA Jalan Gajah Mada, Central Jakarta	2014 Appraised Value: S$80.3m	Gross Floor Area: 66,160 sqm
Net Lettable Area: 36,391 sqm	Occupancy Rate: 77.1%	No. of Tenants: 204

ISTANA PLAZA Jalan Pasirkaliki, Bandung, West Java	2014 Appraised Value: S$78.0m	Gross Floor Area: 46,809 sqm
Net Lettable Area: 26,858 sqm	Occupancy Rate: 99.7%	No. of Tenants: 208

MAL LIPPO CIKARANG

Jalan MH Thamrin,
Lippo Cikarang, West Java

2014 Appraised Value:	S$60.3m
Gross Floor Area:	39,293 sqm
Net Lettable Area:	30,250 sqm
Occupancy Rate:	99.9%
No. of Tenants:	135

THE PLAZA SEMANGGI

Jalan Jendral Sudirman,
South Jakarta

2014 Appraised Value:	S$143.2m
Gross Floor Area:	155,122 sqm
Net Lettable Area:	64,254 sqm
Occupancy Rate:	90.3%
No. of Tenants:	494

SUN PLAZA

Jalan Haji Zainul Arifin Medan,
North Sumatera

2014 Appraised Value:	S$179.3m
Gross Floor Area:	100,000 sqm
Net Lettable Area:	64,297 sqm
Occupancy Rate:	97.9%
No. of Tenants:	351

PLAZA MEDAN FAIR

Jalan Jend. Gatot Subroto No.30,
Medan Petisah, Medan,
North Sumatera

2014 Appraised Value:	S$121.7m
Gross Floor Area:	99,345 sqm
Net Lettable Area:	55,999 sqm
Occupancy Rate:	97.8%
No. of Tenants:	442

PLUIT VILLAGE

Jalan Pluit Indah Raya,
Penjaringan, North Jakarta

2014 Appraised Value:	S$139.2m
Gross Floor Area:	134,576 sqm
Net Lettable Area:	93,554 sqm
Occupancy Rate:	87.7%
No. of Tenants:	176

LIPPO PLAZA KRAMAT JATI

Jalan Raya Bogor Km 19,
Kramat Jati, East Jakarta

2014 Appraised Value:	S$61.2m
Gross Floor Area:	65,957 sqm
Net Lettable Area:	32,430 sqm
Occupancy Rate:	86.8%
No. of Tenants:	87

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PALEMBANG SQUARE EXTENSION Jalan Angkatan 45/POM IX. Palembang, South Sumatera	2014 Appraised Value: S$**27.3**m	Gross Floor Area: **23,105** sqm
Net Lettable Area: **17,392** sqm	Occupancy Rate: **99.8**%	No. of Tenants: **54**

TAMINI SQUARE Jalan Raya Taman Mini, East Jakarta	2014 Appraised Value: S$**25.2**m	Gross Floor Area: **18,963** sqm
Net Lettable Area: **18,891** sqm	Occupancy Rate: **100.0**%	No. of Tenants: **14**

PALEMBANG SQUARE Jalan Angkatan 45/POM IX. Palembang, South Sumatera	2014 Appraised Value: S$**68.4**m	Gross Floor Area: **43,378** sqm
Net Lettable Area: **31,638** sqm	Occupancy Rate: **97.4**%	No. of Tenants: **149**

PEJATEN VILLAGE Jalan Warung Jati Barat, South Jakarta	2014 Appraised Value: S$**102.2**m	Gross Floor Area: **84,771** sqm
Net Lettable Area: **42,098** sqm	Occupancy Rate: **99.3**%	No. of Tenants: **155**

BINJAI SUPERMALL Jalan Soekarno Hatta No.14, Binjai, North Sumatera	2014 Appraised Value: S$**28.4**m	Gross Floor Area: **44,153** sqm
Net Lettable Area: **23,332** sqm	Occupancy Rate: **90.4**%	No. of Tenants: **87**

LIPPO MALL KEMANG Jalan Kemang VI, South Jakarta	2014 Appraised Value: S$**388.4***m	Gross Floor Area: **150,932** sqm
Net Lettable Area: **58,321** sqm	Occupancy Rate: **93.2**%	No. of Tenants: **223**

* Including intangible asset

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RETAIL SPACES

The seven Retail Spaces have a total NLA of 94,070 sqm, and are predominantly utilized as department stores, supermarkets and/or amusement centres and are housed within other retail malls. Three of the Retail Spaces are located in Greater Jakarta and the remaining four in the cities of Semarang, Madiun, Malang and Medan.

The Retail Spaces are master-leased to PT. Matahari Putra Prima Tbk (Indonesia's largest retailer by market share) and PT Multipolar Tbk for an initial term of 10 years with fixed rental growth of 8.0% per annum until 2011 and a base plus share of percentage of revenue growth thereafter.

DEPOK TOWN SQUARE UNITS

Jalan Margonda Raya, Depok, Greater Jakarta

2014 Appraised Value: S$22.1m

Net Lettable Area: 13,045 sqm

Current Utilisation: Hypermart, Matahari Department Store and Timezone

GRAND PALLADIUM MEDAN UNITS

Jalan Kapt. Maulana Lubis, Medan, North Sumatera

2014 Appraised Value: S$20.1m

Net Lettable Area: 13,417 sqm

Current Utilisation: Department Store, Hypermart, Entertainment and Game Centre

JAVA SUPERMALL UNITS

Jalan MT Haryono, Semarang, Central Java

2014 Appraised Value: S$20.5m

Net Lettable Area: 11,082 sqm

Current Utilisation: Matahari Department Store and Foodmart Supermarket

MALANG TOWN SQUARE UNITS

Jalan Veteran, Malang, East Java

2014 Appraised Value: S$22.2m

Net Lettable Area: 11,065 sqm

Current Utilisation: Hypermart, Matahari Department Store and Timezone

MALL WTC MATAHARI UNITS

Jalan Raya Serpong, Tangerang, Greater Jakarta

2014 Appraised Value: S$18.1m

Net Lettable Area: 11,184 sqm

Current Utilisation: Hypermart, Matahari Department Store and Timezone

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METROPOLIS TOWN SQUARE UNITS Jalan Hartono Raya, Tangerang, Greater Jakarta	2014 Appraised Value: S$27.4m	Net Lettable Area: 15,248 sqm
Current Utilisation: Hypermart, Matahari Department Store and Timezone		

PLAZA MADIUN UNITS Jalan Pahlawan, Madiun, East Java	2014 Appraised Value: S$25.9m	Net Lettable Area: 19,029 sqm
Current Utilisation: Matahari Department Store and Foodmart Supermarket		

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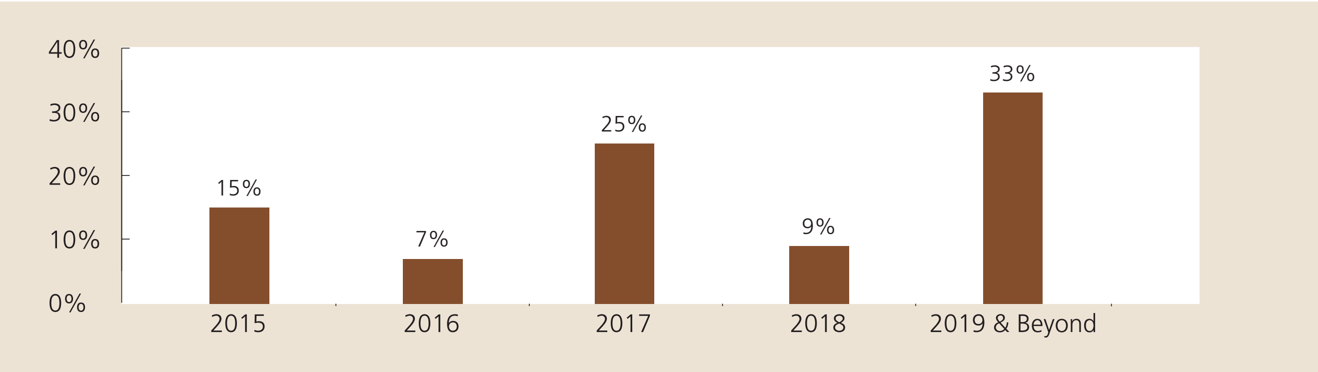
PORTFOLIO LEASE PROFILE

The average lease tenure for specialty tenants in our portfolio ranges between three to five years whilst the same for anchor tenants is ten years. The total weighted average lease term for the portfolio as of 31 December 2014 was 4.88 years.

Lease Expiry Profile by NLA as at 31 December 2014



WEIGHTED AVERAGE OCCUPANCY

As of 31 December 2014, LMIR Trust's portfolio occupancy of 94.7 percent remained higher than the industry average of 85.3 per cent as reported in Cushman & Wakefield's 4th Quarter 2014 MarketBeat report.

NO.	MALLS	FY2014*	FY2013
1	Bandung Indah Plaza	99.9%	99.8%
2	Cibubur Junction	98.6%	99.1%
3	Ekalokasari Plaza	94.1%	80.8%
4	Gajah Mada Plaza	77.1%	96.5%
5	Istana Plaza	99.7%	99.9%
6	Mal Lippo Cikarang	99.9%	99.5%
7	The Plaza Semanggi	90.3%	92.8%
8	Sun Plaza	97.9%	99.2%
9	Plaza Medan Fair	97.8%	97.0%
10	Pluit Village	87.7%	84.6%
11	Lippo Plaza Kramat Jati	86.8%	77.9%
12	Palembang Square Extension	99.8%	99.7%
13	Tamini Square	100.0%	100.0%
14	Palembang Square	97.4%	96.5%
15	Pejaten Village	99.3%	99.1%
16	Binjai Supermall	90.4%	98.8%
17	Lippo Mall Kemang	93.2%	-
A	**Mall Portfolio**	**93.9%**	**94.2%**
B	**Retail Spaces**	**100.0%**	**100.0%**
A+B	**Total Portfolio**	**94.7%**	**95.0%**

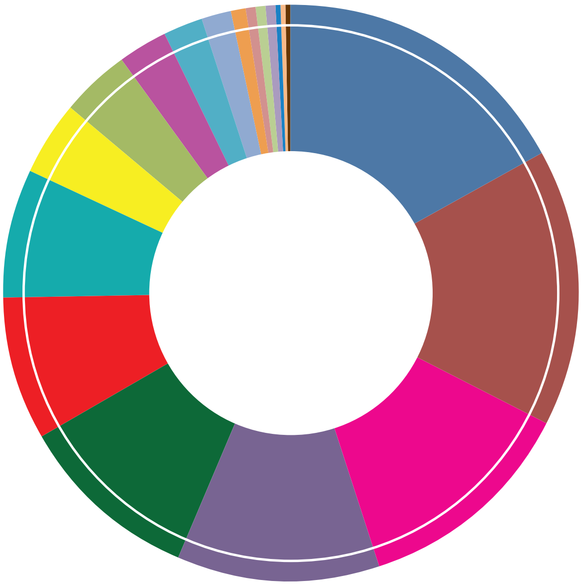
* including temporary leasing

Manager's Report
Operations Review

OPERATION INCOME & TRADE SECTOR ANALYSIS

LMIR Trust's portfolio remains well-diversified and relies on many different trade sectors for rental income. As at 31 December 2014, Food & Beverage remained as the largest contributor to gross rental income at 16.2% while occupying 10.2% of NLA. Fashion stores which occupy 8.0% of NLA are the second largest contributor to gross revenue at 14.6%.

Trade Sectors Breakdown by NLA



Department Store (Retail Malls)	17.2%
Supermarket / Hypermarket	15.5%
Department Store (Retail Spaces)	12.3%
Other	11.6%
F & B / Food Court	10.2%
Fashion	8.0%
Leisure & Entertainment	7.3%
Services	4.1%
Electronic / IT	4.0%
Home Furnishing	2.7%
Books & Stationary	2.1%
Sports & Fitness	1.8%
Optic	0.8%
Education / School	0.6%
Gifts & Specialty	0.6%
Jewelry	0.5%
Hobbies	0.3%
Toys	0.3%
Storage	0.1%

Trade Sectors Breakdown by Gross Rental Income

F & B / Food Court	16.2%
Fashion	14.6%
Department Store (Retail Spaces)	13.4%
Department Store (Retail Malls)	10.7%
Other	10.3%
Supermarket / Hypermarket	10.0%
Services	6.3%
Electronic / IT	3.7%
Leisure & Entertainment	3.6%
Home Furnishing	2.0%
Sports & Fitness	1.7%
Jewelry	1.6%
Books & Stationary	1.5%
Optic	1.4%
Gifts & Specialty	1.3%
Education / School	0.7%
Hobbies	0.7%
Toys	0.3%

KEY ASSET ENHANCEMENT INITIATIVES ("AEIs")

Cibubur Junction

Following the success of the first AEI Flavor Junction outdoor F&B precinct which opened in Dec 2011, the mall management embarked on the second phase AEI project which began in February 2014 and completed in May 2014. Flavor Junction 2 created 321 sqm NLA occupied by 5 F&B tenants. Flavor Junction 2 provides mall customers with wider choices of exciting food offerings.

Ekalokasari Plaza

In Feburary 2013, Ekalokasari Plaza commenced asset enhancement works to reposition the mall as a preferred one-stop family and lifestyle mall in Bogor through the upgrading of interior and exterior façade, enhancement of customer facilities and amenities, increase in parking spaces, re-layout of floor spaces, and tenancy remix.

The mall, which will remain open throughout the asset enhancement period, will be revamped to reflect current retail trends and requirements. More national and international branded retailers will be invited to create an eclectic mix of retail experiences. In addition, the mall will be renamed Lippo Plaza Ekalokasari to reflect its new positioning and branding. Hypermart had already replaced Foodmart supermarket. Matahari Department Store, another current anchor tenant will be expanding and upgrading its department store too.

The AEI is expected to complete in the second half of 2015.

Sun Plaza

As part of the continuous effort to improve and enhance the mall, Sun Plaza carried out further asset enhancement work in 2014. This round of asset enhancement work entailed the re-layout of a section of the mall where the escalators were repositioned to improve accessibility and better shoppers circulation. At the same time, a number of the low yielding mini-anchor units were converted into higher yielding and crowd pulling retailer unit for H&M.

TOP 10 TENANTS

As at December 2014, LMIR Trust has 3,309 tenants from diverse trade sectors. Collectively, the top 10 largest tenants accounted for 20.5% of the total gross rental income.

S/N	NAME OF TENANTS	% OF GROSS RENTAL INCOME
1	MATAHARI	8.1%
2	HYPERMART	4.0%
3	CARREFOUR	3.8%
4	SOLARIA	0.7%
5	ELECTRONIC SOLUTION	0.7%
6	CENTRO	0.7%
7	GRAMEDIA	0.7%
8	FITNESS FIRST	0.7%
9	ACE HARDWARE	0.6%
10	CINEMA 21	0.5%


Cibubur Junction

Sun Plaza - H&M


Cibubur Junction

Sun Plaza - Repositioning of Escalators

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GROSS RENTAL INCOME
Gross Rental Income for the FY2014 was SGD137.0 million, which is 10.2% lower than FY2013. The decrease was mainly due to the depreciation of IDR against SGD by 11.1%, which was partly reduced by the positive rental reversion in IDR and the addition of Lippo Mall Kemang in December 2014.

Sun Plaza	11.0%
Pluit Village	10.0%
Plaza Medan Fair	9.0%
The Plaza Semanggi	9.0%
Bandung Indah Plaza	8.0%
Pejaten Village	8.0%
Cibubur Junction	6.0%
Istana Plaza	6.0%
Gajah Mada Plaza	5.0%
Palembang Square	5.0%
Mal Lippo Cikarang	4.0%
Lippo Plaza Kramat Jati	3.0%
Palembang Square Extension	2.0%
Tamini Square	2.0%
Binjai Supermall	1.0%
Ekalokasari Plaza	1.0%
Lippo Mall Kemang	1.0%
Metropolis Town Square	2.0%
Plaza Madiun	2.0%
Depok Town Square	1.0%
Grand Palladium	1.0%
Java Supermall	1.0%
Malang Town Square	1.0%
Mall WTC Matahari	1.0%

NET PROPERTY INCOME
Net property income ("NPI") for FY2014 was at SGD126.0 million, which is SGD17.4 million or 12.1% lower compared to FY2013. This is mainly due to the increase in property operating and maintenance expenses.

Sun Plaza	11.0%
Plaza Medan Fair	9.0%
Pluit Village	9.0%
Bandung Indah Plaza	8.0%
Pejaten Village	8.0%
The Plaza Semanggi	8.0%
Cibubur Junction	6.0%
Istana Plaza	6.0%
Gajah Mada Plaza	5.0%
Mal Lippo Cikarang	5.0%
Palembang Square	4.0%
Lippo Plaza Kramat Jati	3.0%
Palembang Square Extension	2.0%
Tamini Square	2.0%
Binjai Supermall	1.0%
Ekalokasari Plaza	1.0%
Lippo Mall Kemang	1.0%
Depok Town Square	2.0%
Malang Town Square	2.0%
Metropolis Town Square	2.0%
Plaza Madiun	2.0%
Grand Palladium	1.0%
Java Supermall	1.0%
Mall WTC Matahari	1.0%

DISTRIBUTIONS

Distributable income for FY2014 was at SGD68.0 million, which is a decrease of SGD5.0 million or 6.9% compared to FY2013. This is mainly due to the decrease in the NPI, which is partly offset by the positive hedging gains.

For FY2014, LMIR Trust made distribution of 2.76 cents per unit. This is 0.49 cents (or 15.1%) below FY2013 distribution of 3.25 cents.

ASSETS

The regulatory annual revaluation exercise for LMIR Trust's portfolio was completed on 31 December 2014 which recorded a total revaluation of SGD1.84 billion as at 31 December 2014, an increase of 30.3% compared to SGD1.41 billion as at 31 December 2013. This was mainly due to the acquisitions of Lippo Mall Kemang on 17 December 2014. Excluding the acquisition asset, the revaluation exercise resulted in a 0.3% increase in the value of LMIR Trust's pre-acquisition portfolio in Indonesian Rupiah terms.

	2014 VALUATION		2013 VALUATION	
PROPERTY	**IDR'BILLION**	**SGD'MILLION[1]**	**IDR'BILLION**	**SGD'MILLION[2]**
Bandung Indah Plaza	801.5	85.5	832.0	86.5
Cibubur Junction	492.5	52.5	507.0	52.7
Ekalokasari Plaza	409.0	43.6	388.0	40.4
Gajah Mada Plaza	752.8	80.3	744.0	77.4
Istana Plaza	730.7	78.0	742.0	77.2
Mal Lippo Cikarang	565.0	60.3	523.0	54.4
The Plaza Semanggi	1,342.2	143.2	1,385.0	144.1
Sun Plaza	1,680.4	179.3	1,613.0	167.8
Plaza Medan Fair	1,140.6	121.7	1,102.0	114.7
Pluit Village	1,305.1	139.2	1,405.0	146.2
Lippo Plaza Kramat Jati	573.7	61.2	565.2	58.8
Palembang Square Extension	256.1	27.3	236.1	24.6
Tamini Square	236.3	25.2	247.0	25.7
Palembang Square	641.4	68.4	627.0	65.2
Pejaten Village	958.4	102.2	939.2	97.7
Binjai Supermall	266.6	28.4	264.0	27.5
Lippo Mall Kemang[3]	3,640.6	388.4	-	-
TOTAL RETAIL MALLS	15,792.9	1,684.7	12,119.5	1,260.9
Depok Town Square Units	207.2	22.1	204.1	21.2
Grand Palladium Units	188.0	20.1	192.8	20.1
Java Supermall Units	192.6	20.5	186.1	19.4
Malang Town Square Units	207.8	22.2	192.4	20.0
Mall WTC Matahari Units	169.7	18.1	175.7	18.3
Metropolis Town Square Units	256.6	27.4	271.3	28.2
Plaza Madiun Units	242.5	25.9	231.8	24.1
TOTAL RETAIL SPACES	**1,464.4**	**156.3**	**1,454.2**	**151.3**
TOTAL PORTFOLIO	**17,257.3**	**1,841.0**	**13,573.7**	**1,412.2**

1 Exchange Rate (IDR/SGD): 9,374
2 Exchange Rate (IDR/SGD): 9,612
3 Including intangible asset

Capital Management

A PRUDENT CAPITAL MANAGEMENT STRATEGY

The Manager pursues a prudent capital management strategy through adopting and maintaining a conservative gearing level as well as an active currency and interest rate management policy.

This strategy aims to:
- Optimize Unitholder's returns;
- Provide stable returns to Unitholders;
- Minimize refinancing risks;
- Maintain flexibility for working capital requirements; and
- Retain flexibility in the funding of future acquisitions.

HEDGING AGAINST INTEREST RATE RISKS

It is the policy of the Manager to work towards delivering stable and growing returns through sourcing attractively priced capital and adopting appropriate hedging strategies.

LMIR Trust has in place interest rate swap contracts for a period of 3.75 years commencing March 2015 on a notional principal amount of SGD155.0 million to hedge against the floating interest rate of the borrowings.

HEDGING AGAINST FOREIGN EXCHANGE RISKS

LMIR Trust has entered into foreign exchange hedges to hedge its estimated quarterly cash flows in Indonesian Rupiah until the end of 2016. The foreign exchange hedges are entered into so as to provide a degree of certainty that changes in the exchange rate between the Indonesian Rupiah and the Singapore Dollars will not have a significant negative impact on the distributions in Singapore Dollars to Unitholders.

MODERATE GEARING LEVEL PROVIDES STABILITY IN CURRENT TIGHT CREDIT MARKET

Under the Property Fund Guidelines, a REIT is permitted to borrow up to 35.0% of the value of its Deposited Property (or up to a maximum of 60.0% if a credit rating is obtained and disclosed to the public).

In June 2012, LMIR Trust established a SGD750,000,000 Guaranteed Euro Medium Term Note Programme (EMTN Programme) and the following notes had been issued pursuant thereto as illustrated below:

Amount	Coupon	Maturity Date
$200,000,000	4.88%	6 July 2015
$150,000,000	4.25%	4 October 2016
$50,000,000	5.875%	6 July 2017
$75,000,000	4.48%	28 November 2017

In December 2014, LMIR Trust drew down a SGD155.0 million 4-year loan to part finance the acquisition of Lippo Mall Kemang.

As at 31 December 2014, LMIR Trust's gearing ratio stood at 31.2%**, which is below the allowed aggregate leverage limit of 35%.

LMIR Trust has continued to perform in accordance with the loan provision and have met all covenants to date. We will continue to focus on prudent capital management strategy by conserving cash through tight controls over operating and capital expenditure.

** Based on total deposited assets as at 31 December 2014.

Risk Management

RISK MANAGEMENT FRAMEWORK

The Manager has developed a comprehensive risk management framework that enables the Board and Audit And Risk Committee ("ARC") to review and manage the risks arising from LMIR Trust's portfolio of assets from time to time on a consistent and systematic basis.

The framework quantifies key property-related risks such as occupancy and rental rates, credit-related risks and financial market risks, including counter-party risks, foreign currency exposure and interest rate volatility. Tenant and business sector concentration risks are also monitored as part of the risk framework. The risk framework is supplemented by internal processes and procedures that are formalized in the Manager Organisational and Reporting Structures, Standard Operating Procedures and Delegation of Authority guidelines. These cover significant strategic, operational and financial risks. The overall risk framework is managed by the Manager who reports to the Board and ARC on a quarterly basis or whenever it is deemed necessary.

The internal audit function of the Manager has been outsourced to a third party, KPMG LLP, who plans its internal audit work in consultation with the Manager, but works independently by submitting its reports to the ARC for review at Audit And Risk Committee meetings.

RISK MANAGEMENT STRATEGY

Property, financial market, operational and strategic risks and other externalities such as regulatory changes, natural disasters and act of terrorism may occur in the normal course of business. The Manager has an established risk management strategy to manage these risks as they arise, and is aligned with its overall business objectives which aim to balance risks and returns in order to optimise LMIR Trust's portfolio values and returns.

Some of the key risks faced and how these are being monitored and managed are detailed below:

1. OPERATIONAL RISK

The Manager has an established risk management strategy towards the day-to-day activities of the properties portfolio, which are carried out by the third party Property Manager. These include planning and control systems, operational guidelines, information technology systems, reporting and monitoring procedures, involving the management and the Board of Directors of the Manager. The risk management system is regularly monitored and examined to ensure effectiveness. The risk management framework is designed to ensure that operational risks are anticipated so that appropriate processes and procedures can be put in place to prevent, manage, and mitigate risks that may arise in the management and operation of LMIR Trust.

2. INVESTMENT RISK

As LMIR Trust's growth is partly driven by acquisition of properties, the risk involved in such investment activities is managed through a rigorous set of investment criteria which includes accretion yield, growth potential and sustainability, location and specifications. The key financial projection assumptions and sensitivity analysis conducted on key variables are reviewed by the Board. The potential risks associated with proposed projects and the issues that may prevent their smooth implementation are to be identified at the evaluation stage. This enables us to determine actions that need to be taken to manage or mitigate risks as early as possible.

3. INTEREST RATE RISK

The Manager adopts a proactive strategy to manage the risk associated with changes in interest rates on any loan facilities while seeking to ensure that LMIR Trust's ongoing cost of debt capital remains competitive. As at 31 December 2014, more than 75% of LMIR Trust borrowings had been locked into a fixed interest rate, through fixed interest rate borrowings (EMTN notes). Subsequent to the end of the financial year, LMIR Trust entered into interest rate swap contracts commencing March 2015 to hedge against the floating interest rate of the borrowings. With such interest rate swap contracts in place, 100% of LMIR Trust borrowings are on fixed rates.

Risk Management

4. FOREIGN EXCHANGE RISK

LMIR Trust will be subjected to foreign exchange exposure due to changes in foreign exchange rates arising from foreign currency transactions and balances as well as changes in the fair values from its investment in Indonesia. The value of the Indonesian Rupiah has been subjected to fluctuations in the past and may be subjected to fluctuations in the future. The Manager has a policy to undertake foreign exchange hedging of the expected distributions of LMIR Trust to minimise its exposure to movements in exchange rates.

The Trust has entered into foreign exchange hedges based on LMIR Trust's estimated quarterly distributions, so as to provide a degree of certainty that changes in the exchange rate between the Indonesian Rupiah and the Singapore Dollar will not have a significant negative impact on the distributions in Singapore Dollars to Unitholders.

5. CREDIT RISK

Credit risk relates to the potential earnings volatility caused by tenants' inability and/or unwillingness to fulfill their contractual lease obligations. To minimise the risk of tenant default on rental payment, the Manager has put in place standard operating procedures for debt collection and recovery of debts. Other than the collection of security deposits, in the form of cash or bankers guarantee, the Manager also have a monitoring system and a set of procedures on debt collection.

6. LIQUIDITY RISK

The Manager actively monitors LMIR Trust's cash flow position so as to ensure sufficient liquid reserves of cash and credit facilities to meet short term obligations. In addition, the Manager also observes and monitors compliance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore to govern limits on total borrowings.

Corporate Social Responsibility

Since IPO in 2007, LMIR Trust, through its various mall activities, has been committed towards fostering environmental awareness, encouraging social volunteerism and imparting sense of community. LMIR Trust believes that these activities would collectively bring long term benefits for the Trust, its asset portfolio, local community and the whole society as well.

"BLOOD DONATIONS"

In collaboration with the Indonesian Red Cross Society (*Palang Merah Indonesia*) LMIR Trust malls such as Sun Plaza, Gajah Mada Plaza and Istana Plaza spearheaded blood donations in 3 separate occasions in March, July and October 2014, where people from all walks of life, including the mall employees, tenants and shoppers at the malls, provided their active support for this activity.

Palang Merah Indonesia is a humanitarian organization in Indonesia and a member of the International Federation of Red Cross and Red Crescent Societies which aims to improve the lives of people through various activities specially in times of emergencies and disasters.

"CHARITABLE ACTIVITIES"

On 23 July 2014, under the theme "*Berbagi Bersama Menuju Kemenangan*" or "Victory in Giving", Gajah Mada Plaza mall sponsored a donation event which emphasised that sharing one's resources (both time and material goods) with less fortunate people is a noble cause. This coincided with the festive celebration of Ramadhan.

Similarly, at Istana Plaza at Bandung, as part of the anniversary celebrations of the founding of the city of Bandung, the mall organised a voluntary donation of 204 pairs of shoes to the children of a number of orphanages located in Bandung, Indonesia.

In Medan, voluntary donations were also undertaken by the mall employees and staff of Sun Plaza, Plaza Medan Fair and Binjai Supermall on 25 October 2014 for the victims of the volcanic eruption of Mt. Sinabung. This volcano is located in North Sumatra, Indonesia and erupted on several occasions in January, February and October 2014, which resulted in the loss and destruction of lives and properties of the residents at the surrounding areas.

"ENVIRONMENTAL CAUSES"

Recognising the global environmental issues such as climate change and global warming, LMIR Trust is continuously vigilant to human activities that cause ill effects and degradation of our ecosystem.

As an annual event by the LMIR Trust malls, in February 2014, the mall employees and staff of Ekalokasari Plaza participated in the annual "Earth Hour", whereby they showcased the use of bicycles, to conserve energy and a seminar on ecological balance. This is in addition to the turning off of lights for an hour, which was observed globally to symbolise the commitment to save mother earth.

Likewise, on 31 March 2014, Ekalokasari Plaza, in cooperation with Green Peace Indonesia, conducted a seminar with the aim of teaching students on how to recycle products. Recycling, which involves the use of material that would otherwise be thrown away, is considered to be one of the ways to conserve natural resources such as water, timber and minerals.

Board of Directors

From left to right:
Mr Lee Soo Hoon, Phillip, Ms Viven Gouw Sitiabudi, Mr Albert Saychuan Cheok, Mr Alvin Cheng Yu Dong, Mr Douglas Chew, Mr Goh Tiam Lock

MR ALBERT SAYCHUAN CHEOK

Chairman and Independent Non-Executive Director

Mr Cheok is a Fellow of the Australian Institute of Certified Public Accountants. He has over 30 years experience in banking within the Asia-Pacific region. Between May 1979 and February 1982, Mr Cheok was an adviser to the Australian Government Inquiry into the Australian Financial System which introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995.

From September 1995 to November 2005, Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia, a wholly owned-subsidiary of Bangkok Bank of Thailand. Mr Cheok also served as the Deputy Chairman of Asia Life (M) Berhad, a major life insurer in Malaysia from January 1999 to June 2008. Mr Cheok was appointed as non-executive director of Eoncap Islamic Bank Berhad and MIMB Investment Berhad from June 2009 to June 2011. He was also appointed non-executive director of Amplefield Limited in November 2009. In May 2006, Mr Cheok was appointed Chairman of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust. He is likewise a member of the Board of Governors of the Malaysian Institute of Corporate Governance.

Mr. Cheok is currently the Chairman of Auric Pacific Group Limited, a diversified food group with operations in Singapore.

Mr Cheok graduated from the University of Adelaide, Australia with First Class Honours in Economics.

MR LEE SOO HOON, PHILLIP

Independent Non-Executive Director

Mr Lee is the Managing Director of Phillip Lee Management Consultants Pte Ltd, a company of which he is the sole shareholder. He also serves as an Independent Director of a number of companies listed on the Singapore Stock Exchange and on the Malaysian Stock Exchange including IPC Corporation Ltd, CSE Global Limited and Transview Holdings Ltd. Prior to this, he was a Partner at Ernst & Young from 1978 to 1997. Mr Lee's areas of experience included audit, investigations, reorganisations, valuations and liquidations.

Mr Lee is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Singapore Chartered Accountants, the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and a member of the Institute of Directors.

He has received awards for his community work, including the UK Order of St John in 1998, the Singapore Public Medal in 1998 and the Singapore Public Service Star in 1997.

MS VIVEN GOUW SITIABUDI

Executive Director

Ms Sitiabudi has more than 25 years of experience in management, marketing and sales and was the President Director of the Sponsor. During her stewardship, the Sponsor has become the largest listed property company in Indonesia by assets. She has been integral in identifying the opportunity for the Sponsor to invest in retail properties (the strata malls and the planned leased malls), enhancing existing assets and ensuring the delivery of the Sponsor's development projects, which span across a variety of real estate sectors, including urban/township, residential clusters, condominium, hospitals as well as hotel projects, throughout Indonesia.

Ms Sitiabudi graduated from the University of New South Wales, Australia with a degree in Computer Science and Statistics.

MR ALVIN CHENG YU DONG

Executive Director and Chief Executive Officer

Mr Alvin Cheng joined the Manager on 1 October 2010 as the Chief Financial Officer, with more than 25 years of working experience in the banking and transportation industries, as well as executive management experience in the Business Trust and the REIT sector.

Since joining the company, Mr Cheng has been a key contributor to the implementation of the recalibration and transformational plan of LMIR Trust, and was appointed CEO and Executive Director on 27 April 2013. He also concurrently serves as the Investor Relations Officer of the Manager.

Mr Cheng spent most of his career in the area of corporate finance/advisory, and has held several senior positions with international institutions in London, Hong Kong and Singapore. Prior to joining the Manager, he was the Chief Executive Officer & Executive Director of the PST Management Ltd (as trustee-manager of Pacific Shipping Trust) from 2008-2009.

Mr Cheng graduated with a Bachelor of Science (Hon) in Naval Architecture & Shipbuilding from the University of Newcastle-Upon-Tyne, UK and then went on to receive a Master of Science (Ocean Engineering) degree and a Master of Science (Economic of Transportation) degree from the Massachusetts Institute of Technology, USA.

Board of Directors

MR DOUGLAS CHEW

Independent Non-Executive Director

Mr Douglas Chew is currently a board member of the board of governors of SymAsia Singapore Fund, part of SymAsia Foundation Ltd (SymAsia). SymAsia is an umbrella philanthropic foundation which is a wholly owned subsidiary of Credit Suisse. He is also a member of the Investment Review Committee of SymAsia.

He has served from January 2010 to February 2012 as the Regional Manager for the Asia-Pacific Regional Office of Raiffeisen Bank International AG (formely known as RZB-Austria) with responsibilities for risk management, financial controlling, compliance, audit and human resources. He was appointed to the board of Bowsprit Capital Corporation Ltd (Manager of First REIT) as an Alternate Director from October 2009 to February 2012.

With extensive experience in general management, business strategies and risk management stretching back as far as 1977, he kick started his career in 1977 as a Credit Officer in ABN Bank, where he looked into credit analysis and evaluation. Thereafter, Mr Chew was an Account Manager at the Bank of Montreal from 1979 to 1984, where he was responsible for the development and maintenance of a sound and profitable loan portfolio. From 1984 onwards, Mr Chew served as a Manager of the Michigan-based Chemical Bank in Singapore where he was responsible for business development of corporate and trade businesses.

In 1988, he was appointed as the Assistant General Manager of Banque Worms where he oversaw the business strategy and management of risks in the Singapore Branch. He served as the General Manager of RZB-Austria Singapore Branch and was involved in the bank's general management from 1997 to 2005.

Mr Chew holds a degree in Bachelor of Business Administration from the National University of Singapore.

MR GOH TIAM LOCK

Independent Non-Executive Director

Mr Goh Tiam Lock is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Singapore Institute of Surveyors & Valuers and its President from 1986 to 1987, as well as a Fellow of the Singapore Institute of Arbitrators and its Vice President from 1985 to 1987. He is currently a member of the Strata Titles Board, a position that he has held since 1999. In 1971, he held the position of Property Manager in Supreme Holdings Ltd before joining Jones Lang Wootton as a senior executive in 1974.

In 1976, he became a partner in MH Goh, Tan & Partners. The firm was renamed Colliers Goh & Tan in 1980, Colliers Goh & Tan Pte Ltd in 1989 and Colliers Jardine (S) Pte Ltd in 1990. He is currently the Managing Director of Lock Property Consultants Pte Ltd a position he has held since 1993, and advises clients on real estate development and management. Likewise, Mr Goh is currently an independent director of Bowsprit Capital Corporation Limited (as manager of First REIT). He was actively involved in civil and community work, holding positions such as Chairman of the Singapore Chinese Chamber of Commerce & Industry Property Management Sub-committee from 1987 to 1989, the Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001 and was also a Master Mediator at the Marine Parade Community Mediation Center. He is now a Patron of the Marine Parade Community Club Management Committee.

He has received awards in recognition of his contribution to Singapore, including the Pingkat Bakti Masyarakat (Public Service Medal) (PBM) in 1988 and the Bintang Bakti Masyarakat (Public Service Star) (BBM) in 1997.

He completed his education through the Chartered Auctioneers' & Estate Agents' Institute of the College of Estate Management.

Management Team

From left to right:
Mr Wong Han Siang, Ms Viven Gouw Sitiabudi, Mr Alvin Cheng Yu Dong, Mr Lo Shye Ru, Mr Teo Kah Ming, Mr Cesar Agor

MR ALVIN CHENG

Executive Director, Chief Executive Officer and Investor Relations Officer

For Mr Alvin Cheng's biography, please refer to Page 37 – the "Board of Directors" section of this report.

MS VIVEN GOUW SITIABUDI

Executive Director

For Ms Viven Gouw Sitiabudi's biography, please refer to Page 37 – the "Board of Directors" section of this report.

MR LO SHYE RU

Chief Financial Officer

Mr Lo Shye Ru joined the Manager in May 2013 as its Chief Financial Officer. He has more than 25 years of accounting, auditing and corporate finance experience, holding senior finance positions in USA, China and Singapore. He was previously the CFO of Keppel Land China Limited, Sino-Singapore Tianjin Eco-City Investment and Development Co., and Bowsprit Capital Corporation Ltd (as REIT Manager of First REIT).

Mr Lo graduated with a Master's degree in Accountancy from the University of Georgia, USA and Bachelor's degree in Business Administration from the University of Windsor, Canada. He received his certification as a Certified Public Accountant (CPA) from AICPA, USA and as a Certified Management Accountant (CMA) from IMA, USA.

MR WONG HAN SIANG

Financial Controller

Mr Wong Han Siang oversees the execution of the financial management and asset acquisition activities of LMIR Trust. Mr Wong has more than 15 years of accounting and auditing experience. Prior to joining the Manager, Mr Wong was an Audit Manager with PricewaterhouseCoopers Singapore where he was responsible for handling audit engagements in various local-listed companies and multinational companies.

Mr Wong is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA).

MR TEO KAH MING

Asset Manager

Mr Teo Kah Ming has more than 10 years of experience in the real estate industry, spanning in areas such as contracts management, property development and asset management. Mr Teo has prior overseas experience working in India and Indonesia with CapitaLand and PT Farpoint respectively. Mr Teo has also previously held asset management roles covering a mixed commercial portfolio of office, retail and serviced apartments in CapitaCommercial Trust Management Limited and PT Farpoint.

Mr Teo graduated with a Bachelor's degree in Science (Building) and obtained a Graduate Certificate in Real Estate Finance from the National University of Singapore.

MR CESAR AGOR

Legal and Compliance Support Manager

Mr Cesar Agor supports the activities of the Manager in the areas of legal and compliance works.

Prior to joining the Manager and from 2007, Mr Cesar Agor was a practicing lawyer in the Philippines, having worked as an associate lawyer in various law offices in Manila. He served as an in-house legal counsel at Vista Land & Lifescapes, Inc., one of the largest real estate companies in the Philippines.

He obtained his Bachelor of Arts in Legal Management and Bachelor of Laws both at the Catholic University of Santo Tomas, Philippines.

Corporate Information

MANAGER

LMIRT Management Ltd
50 Collyer Quay
OUE Bayfront, #06-07
Singapore 049321
Tel: (65) 6410 9138
Fax No: (65) 6509 1824

DIRECTORS OF THE MANAGER

Mr Albert Saychuan Cheok
Chairman & Independent Non-Executive Director

Mr Alvin Cheng Yu Dong
Executive Director and Chief Executive Officer

Ms Viven G. Sitiabudi
Executive Director

Mr Lee Soo Hoon, Phillip
Independent Non-Executive Director

Mr Goh Tiam Lock
Independent Non-Executive Director

Mr Douglas Chew
Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Lee Soo Hoon, Phillip (Chairman)
Mr. Albert Saychuan Cheok
Mr. Goh Tiam Lock

STOCK EXCHANGE QUOTATION

BBG: LMRT SP
RIC: LMRT.SI

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Tel: (65) 65365355
Fax: (65) 65361360

AUDITORS OF THE TRUST

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
(Partner-in-charge: Chow Khen Seng)
(Appointment since financial year ended 31 December 2013)

COMPANY SECRETARIES OF THE MANAGER

Ms Lynn Wan Tiew Leng
Ms Elizabeth Krishnan

WEBSITE & EMAIL ADDRESS

www.lmir-trust.com
ir@lmir-trust.com

Corporate Governance Report

LMIRT Management Ltd (the "Manager" or "LMIRT Management") is appointed as the manager of Lippo Malls Indonesia Retail Trust (the "LMIR Trust") in accordance with the terms of the Trust Deed dated 8 August 2007, as amended or supplemented (the "Trust Deed").

The Manager and its officers are licensed under the Securities and Futures Act, Cap 289 ("SFA") to conduct Real Estate Investment Trust Management with effect from 6 May 2010.

LMIRT Management is committed to good corporate governance as it believes that such self-regulation is essential to protect the interests of the Unitholders, as well as critical to the performance of the Manager.

It uses the Code of Corporate Governance 2012 (the "Code") as its benchmark for its corporate governance policies and practices. The following segments describe the Manager's main corporate governance policies and practices.

This report sets out the corporate governance practices for the financial year ended 31 December 2014. Where there are deviations from the principles and guidelines of the Code, an explanation has been provided within this report.

THE MANAGER OF LMIR TRUST

The Manager has general power of management over the assets of LMIR Trust.

LMIRT Management's main responsibility is to manage LMIR Trust's assets and liabilities for the benefit of Unitholders. The Manager's key financial objectives are to provide Unitholders of LMIR Trust with a competitive rate of return on their investment by ensuring regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value of LMIR Trust.

The role of the Manager includes setting strategic direction of LMIR Trust and recommending to HSBC Institutional Trust Services (Singapore) Limited, as trustee of LMIR Trust (the "Trustee"), the acquisition, divestment and enhancement of assets of LMIR Trust in accordance with its stated investment strategy. The Manager is also responsible for the risk management of LMIR Trust.

Other functions and responsibilities of the Manager include:

- Using its best endeavors to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of, LMIR Trust at arm's length;

- Preparing property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances from previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover and any other relevant assumptions. The purpose of these plans is to explain the performance of LMIR Trust's assets;

- Ensuring compliance with the applicable provisions of the Securities and Futures Act, and all other relevant legislation, the Listing Manual issued by SGX-ST, the Code on Collective Investment Schemes issued by Monetary Authority of Singapore ("MAS") (including Appendix 6 on Property Funds), the Trust Deed, any tax ruling issued by Inland Revenue Authority of Singapore and all relevant contracts;

- Attending to communications with Unitholders; and

- Supervising the property managers who perform the day-to-day property management functions (including leasing, accounting, marketing, promotion, coordination and operations management) for LMIR Trust assets pursuant to the property management agreements signed collectively and for each mall.

LMIR Trust, constituted as a real estate investment trust, is managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager. The Manager has in place procedures to comply with existing rules and regulations affecting listed REITs. The Legal and Compliance officer handles compliance with MAS' requirements.

Corporate Governance Report (Cont'd)

Principle 1: "Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board."

BOARD OF DIRECTORS OF THE MANAGER

Role of the Board

The Board of Directors of the Manager (the "Board") is entrusted with the responsibility for overall management and corporate governance of the Manager including establishing goals for management, monitoring the achievement of these goals and reviewing the Manager's key activities. The Board is also responsible for:

1. the strategic business direction and risk management of LMIR Trust, and reviewing and assessing Management's performance;

2. matters relating to corporate governance, business operations and risk assessments, financial performance, and the nomination of Directors;

3. reviewing the strategies and policies of LMIR Trust, including any significant acquisitions and disposals, the annual budget, the financial performance of LMIR Trust against previously approved budget, and to approve the release of the quarterly and full year results;

4. reviewing the risks to the assets of LMIR Trust, and acts judiciously upon the comments from the auditors of LMIR Trust.

The Board meetings are held once every quarter and when necessary, additional Board meetings will be held to address significant transactions or issues. The Articles of Association of the Manager provide for Board meetings to be held by way of telephone conference and/or video-conference.

The Board is supported by the Audit and Risk Committee (the "ARC") which provides independent supervision of management. The Board has adopted guidelines whereby certain matters are reserved for the Board's decision. These include but may not be limited to:

1. major capital expenditure;

2. material acquisitions, investments, disposals and divestments;

3. corporate and financial restructuring;

4. bank borrowings as well as arrangement in relation to cheque signatories; and

5. unit issuances, distributions and other returns to unitholders.

Moreover, changes to regulations, policies and accounting standards are monitored closely. Where the changes have a significant impact on LMIR Trust or have an important bearing on the Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially-convened sessions involving relevant professionals.

Six (6) Board meetings were held during the financial year 2014 and the attendance at the Board meetings are set out on page 46 of this Annual Report.

Principle 2: "There should be a strong and independent element of the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from the Management and 10% shareholders. No individual or small group of individual should be allowed to dominate the Board's decision making."

Corporate Governance Report (Cont'd)

Board Composition

The composition of the Board is determined using the following principles:

- The Chairman of the Board should be a Non-Executive independent Director;
- At least one-third of the Board should comprise Independent Directors; and
- The Board should be of appropriate size and mix of expertise and experience in business, finance, and management skills critical to LMIR Trust's businesses and that each director brings to the Board an informed and objective perspective to enable balanced and well considered decisions to be made.

The Board presently consists of six Directors and the Board considers this number to be appropriate for the nature and scope of LMIR Trust's operations. Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew are Non-Executive Independent Directors. The Chairman of the Board is Mr Albert Saychuan Cheok and the Chief Executive Officer is Mr Alvin Cheng Yu Dong who likewise sits in the Board as an Executive Director. The other Board member is Ms Viven Sitiabudi who is an Executive Director.

The Board comprises business leaders and professionals with accounting, property, retail, banking and finance as well as risk management backgrounds. The Manager is of the view that the current composition of the Board provides the required diversity in skills, experience, gender and knowledge.

The profiles of the Directors are set out on pages 36 to 38 of this Annual Report.

Principle 3: "There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power."

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Board and Chief Executive Officer are held by two separate persons. The Chairman, Mr Albert Saychuan Cheok is a non-executive and an Independent Director while the Chief Executive Officer, Mr Alvin Cheng Yu Dong is an Executive Director. This ensures effective oversight and clear segregation of responsibilities. The Chairman and the Chief Executive Officer are not related to each other.

The Chairman is responsible for the overall management of the Board as well as ensuring that members of the Board work together with management in a constructive manner to address strategies, business operations and enterprise issues. The Chief Executive Officer has full executive responsibilities over business direction and operational decisions concerning the management of LMIR Trust. He works closely with the Board to implement the policies set by the Board to realise the Trust's vision.

Principle 4: "There should be a formal and transparent process for the appointment and re-appointment of directors to the Board."

Board Membership

As the Manager is not itself a listed entity, the Manager does not consider it necessary for the Board to establish a nominating committee as it believes that the performance of the Manager, and hence, its Board, is reflected in the long term success of LMIR Trust. The Board reviews the structure, size and composition of the Board and the ARC periodically. The independence of each independent Director is reviewed upon appointment and reaffirmed annually by the Board.

Under the Code, the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, is determined using the following principles:

(a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry, and banking; and

(b) at least one-third of the Board should comprise independent Directors. Where, amongst other things, the Chairman of the Board is not an independent Director, at least half of the Board should comprise independent Directors.

Corporate Governance Report (Cont'd)

Renewal or replacement of Board members does not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the evolving needs of LMIRT Management and its business.

The selection of candidates is evaluated taking into account various factors including the current and mid-term needs and goals of LMIRT Management, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations.

Under Guideline 4.4 of the Code, it recommends that the Board determines the number of listed companies' board representations which any director may hold and disclose this in the annual report. The Board is of the view that, the limit of the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time, attention and effort may be affected by various factors such as whether they are employed on a full time basis and their other duties. Notwithstanding that the Directors have multiple listed company Board representations and/or other principal commitments, the Board is of the view that each of them is able to and has adequately carried out his duties as a Director of the Manager. Such capacity to assume multiple directorship of the Directors is considered by taking into account some factors such as but not limited to regular attendance in the Board meetings, prompt discharge of their duties and responsibilities and ability to deliver outputs on matters needing the directors' advice, proposal and recommendations to the Manager.

Principle 5: "There should be a comprehensive and tailored induction on joining the Board for the incoming directors as well as regular trainings on new laws, regulations and changing commercial risks from time to time."

Board's induction and training

Whilst there is no incoming or new Director to the Board for this financial year, the Manager has an adequate induction for incoming or new Directors. Upon appointment, a Director is provided with a formal letter of appointment as well as information on matters relating relating to the role of a Director. All Directors on appointment will be required to undertake induction programme to familiarise themselves with the Trust's business and strategies. This shall include meeting with the Chairman of the Board and its members and the executive management of the Manager as well as other key personnel of the Manager. Likewise, on-site visits are organised to familiarize Directors with the Trust's properties and to facilitate better understanding of the Group's operations.

Both the new and existing Directors receive regular trainings such as but not limited to participation in seminars and training programmes, in connection with their duties as well as on relevant new laws and regulations and commercial risks which affect the Trust. These trainings are fully arranged and funded by the Manager. Some of these trainings attended by the Directors include those sponsored by the Singapore Institute of Directors, Singapore Business Federation and by audit firms on accounting issues, corporate governance as well as other related matters.

Principle 6: "The Board should implement a process for assessing the effectiveness of the Board as a whole and its board committees."

Board Performance and Evaluation

The majority of the Directors are non-executive and independent of management. This enables management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to work with management through robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles between the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and the Manager, with clarity of roles and robust oversight as they deliberate on business activities of the Manager.

Reviews of Board performance are carried out on an informal basis. The Manager believes that collective Board performance and that of individual Board members are better reflected through proper guidance, diligent oversight and able leadership, and the support that it lends to Management in steering LMIRT Management in the appropriate direction, and the long-term performance of LMIR Trust whether under favourable or challenging market conditions. The Board is also able to assess the board committees through their regular reports to the Board on their activities.

Principle 7: "There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board."

Corporate Governance Report (Cont'd)

Independence of the Board

The Board presently consists of six Directors of which, four are independent non-executive directors. By this composition, the Manager has complied with the required independence, as set out by the Code.

Principle 8: The Board shall establish an Audit Committee with written terms of reference which clearly set out its authority and duties."

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the ARC) is appointed by the Board from among the Directors and comprises three members, all of whom (including the Chairman of the ARC) are Independent Directors.

The ARC consists of the following members:

Mr. Lee Soo Hoon, Phillip (Chairman)	(Non-executive and Independent)
Mr. Albert Saychuan Cheok	(Non-executive and Independent)
Mr. Goh Tiam Lock	(Non-executive and Independent)

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARCalso reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. With the assistance of the auditors, the ARC assesses changes in accounting standards and issues that impact LMIR Trust. The ARC has recommended the outsourcing of the Manager's internal audit function and this has been accepted by the Board.

The ARC's responsibilities include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions") (as defined therein) (both such types of transactions constituting "Related Party Transactions");
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- reviewing arrangements by which whistle-blowers may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- examining the effectiveness of financial, operating, compliance and information technology controls and risk management policies and systems at least annually;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing the adequacy of external audits in respect of cost, scope and performance;
- making recommendations to the Board on the appointment, reappointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors and where the external auditors also provide a substantial volume of non-audit services to LMIR Trust, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing internal audit reports annually to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is adequately resourced and has appropriate standing with LMIR Trust;
- ensuring, at least annually, the adequacy of the internal audit function;

Corporate Governance Report (Cont'd)

- meeting with external and internal auditors, without the presence of the executive officers of the Manager, at least on an annual basis;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of LMIR Trust and any formal announcements relating to LMIR Trust's financial performance;
- investigating any matters within the ARC's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

In relation to the above enumerated responsibilities of the ARC, it is hereby confirmed that for the financial year under review, the ARC has undertaken the review of all the non-audit services provided by the auditors, and they would not, in the ARC's opinion, affect the independence of the external auditors. The aggregate amount of audit fees paid and payable to external auditors for FY 2014 was SGD357,000, of which audit fees amounted to SGD322,000 and non-audit fees amounted to SGD35,000.

The ARC has full access to and co-operation from the management and enjoys full discretion to invite any director and executive officer of the Manager to attend its meetings. The ARC also has full access to reasonable resources to enable it to discharge its functions properly.

RSM Chio Lim LLP audited LMIR Trust and the Singapore subsidiaries. Member firms of RSM International of which RSM Chio Lim LLP is a member, audited foreign subsidiaries. LMIR Trust has complied with Rules 712 and 715 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited in relation to its auditors.

The ARC meets with the external auditor as well as the internal auditor without the presence of management, at least once a year.

The re-appointment of the external auditors will be subject to approval by way of an ordinary resolution of Unitholders at LMIR Trust's fifth Annual General Meeting, to be held on 29 April 2015.

Four (4) ARC meetings were held during the financial year 2014.

The attendance at the Board and ARC meetings held is set out below.

Name of Directors / ARC Members	Board Meetings	ARC Meetings
	Attendance/No. of meetings held	Attendance/No. of meetings held
Mr Albert Saychuan Cheok	6/6	4/4
Ms Viven Gouw Sitiabudi	6/6	N/A
Mr Lee Soo Hoon, Phillip	6/6	4/4
Mr Douglas Chew	6/6	N/A
Mr Goh Tiam Lock	6/6	4/4
Mr Alvin Cheng Yu Dong	6/6	N/A

Principle 9: "There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration package of individual directors. No director should be involved in deciding his own remuneration."

The remuneration of Directors and staff of the Manager is paid by the Manager and not LMIR Trust. It is hence not necessary for the Manager to have a remuneration committee or to include a report on remuneration of its Directors and key executives.

Principle 10: "In order to fulfill their responsibilities, directors should be provided with complete, adequate information in a timely manner prior to the board meeting and on an on-going basis so as to enable them to make informed decisions to effectively discharge their duties and responsibilities."

Corporate Governance Report (Cont'd)

The Manager should provide the Board with complete, adequate and timely information through regular updates on financial results, market trends and business developments prior to any Board meetings and/or when necessary.

As the Manager's policy, the Directors are furnished a copy of the board papers at least five days prior to the Board meeting in order to give them ample time to prepare for the Board meeting. This will enable them to peruse the contents of the reports and papers to be presented during the Board meeting and provide an opportunity for relevant questions and discussions. Proposals on certain corporate undertakings are likewise provided to the Directors prior to the Board meeting set for this purpose.

The Board has separate and independent access to senior management and the Company Secretary at all times and vice versa. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings and provides relevant and complete information to the Directors timely when requested.

More importantly, the Manager provides timely, adequate and complete information to the Board relating to the Board affairs and matters requiring its decision or approval. Reports such as but not limited to operations and financial performance of the Trust are likewise provided. Prompt communication to the Directors (other than Board meeting) is made through several mediums such as electronic email, teleconferencing and video conference.

The Board also has access to independent professional advice where appropriate. The ARC also meets the external and internal auditors separately at least once a year, without the presence of the Management, in order to have unrestricted access to any information that the Directors may need or require.

Principle 11: "The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits. The Board should likewise comment on the adequacy and effectiveness of the internal controls and whether it has received assurance from CEO and CFO that the financial records have been properly maintained and regarding the effectiveness of the company's risk management and internal control."

INTERNAL AUDIT

The internal audit function of the Manager is outsourced to KPMG Services Pte Ltd. The internal auditors report directly to the ARC. The ARC is of the view that the internal auditors have adequate resources to perform their functions.

The Manager has put in place a system of internal controls of procedures and processes to safeguard LMIR Trust's assets and Unitholders' interest, as well as to manage risks.

Based on the reports of the auditors, the Board with the concurrence of the ARC is of the view that the existing internal controls are adequate and effective to address the financial, operational, compliance and information technology and risk management systems of the business.

MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of LMIR Trust's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. LMIR Trust operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board reviews the business risks of LMIR Trust, examines liability management and acts upon any comments from the auditors of LMIR Trust. In assessing business risk, the Board considers the economic environment and risk relevant to the property industry. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Management meets regularly to review the operations of the Manager and LMIR Trust and to discuss any disclosure issues.

Corporate Governance Report (Cont'd)

For the financial year under review the Chief Executive Officer and the Chief Financial Officer of the Manager have provided assurance to the Board that the financial records of LMIR Trust have been properly maintained and the financial statements give a true and fair view of the operations and finances and that the risk management and internal control system which has been put in place is effective in addressing the material risks faced by LMIR Trust in its current business environment.

Principle 12: The company undertake the steps to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' day briefings."

COMMUNICATION WITH UNITHOLDERS AND INVESTORS

The Listing Manual of the SGX-ST requires that a listed entity disclose to the market matters that would be likely to have a material effect on the price of the entity's securities. The Manager strives to uphold a strong culture of timely disclosure and transparent communication with the LMIR Trust Unitholders and the investing community.

The Manager's disclosure policy requires timely and full disclosure of all material information relating to LMIR Trust by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on LMIR Trust's website at www.lmir-trust.com.

The Manager also uses other channels of communication with Unitholders and Investors to keep them informed of the corporate development such as:

- Media and analysts' briefings on a quarterly basis;
- One-on–one / group meetings or conference calls, local/overseas non-deal specific roadshows;
- Participation in forums and seminars organised by various financial institutions and attended by selected investors;
- Responding to queries submitted to the Manager via electronic email or phone calls; and
- Annual reports.

As recommended by the Code, all resolutions at general meetings are voted by poll.

ADDITIONAL INFORMATION

DEALINGS IN LMIR TRUST UNITS

The Board has adopted a code of conduct to provide guidance to its directors or officers dealing in LMIR Trust's units ("Units"). A Director is required to give notice to the Manager of his/her acquisition of Units or changes in the number of Units he/she holds or in which he/she has an interest, within two business days after such acquisition or occurrence.

In general, the Manager's policy permits directors and employees of the Manager to hold Units but prohibits them from dealing in such Units:

1. during the period commencing one month before the public announcement of LMIR Trust's full year results and (where applicable) property valuation and two weeks before the public announcement of LMIR Trust's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuation; and

2. on short term considerations or at any time whilst in possession of price sensitive information.

The Directors and employees of the Manager are expected to observe insider trading rules at all times.

In addition, as part of its undertaking to the MAS, the Manager has undertaken that it will not deal in the Units during the period commencing one month before the public announcement of LMIR Trust's full year results and where applicable, property valuation, and two weeks before the public announcement of LMIR Trust's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuation.

Corporate Governance Report (Cont'd)

DEALING WITH CONFLICT OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues, which the Manager may encounter, in managing LMIR Trust:

- The Manager will not manage any other real estate investment trust which invests in the same type of properties as LMIR Trust;
- All executive officers will be employed by the Manager;
- All resolutions in writing of the Directors in relation to matters concerning LMIR Trust must be approved by a majority of the Directors, including at least one Independent Director;
- At least one-third of the Board shall comprise Independent Directors; and
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/ their interest will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude the nominee Directors of the Sponsor and/ or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of LMIR Trust with a related party of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trust has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors shall have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of LMIR Trust with a related party of the Manager and the Trustee may take any action it deems necessary to protect the rights of Unitholders and/or which is in the interest of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

WHISTLE BLOWING POLICY

The ARC has put in place procedures to provide whistle-blowers with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to LMIR Trust or the Manager, and for the independent investigation of any reports by employees or any third party and appropriate follow-up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that a whistle-blower making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

RELATED PARTY TRANSACTIONS

In general, the Manager has established procedures to ensure that all Related Party Transactions will be undertaken on an arms' length basis and on normal commercial terms and will not be prejudicial to the interests of LMIR Trust and the Unitholders.

The Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuation from independent professional valuers (in accordance with the Property Funds Appendix).

The ARC reviews and approves all Related Party Transactions on a quarterly basis or, if the situation requires, as soon as the Related Party Transactions arise. In addition to the foregoing, the following procedures will be undertaken,:

- for Related Party Transactions (either individually or aggregated during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of LMIR Trust's net tangible assets/net asset value, the ARC shall only give its approval for such transactions if they are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

Corporate Governance Report (Cont'd)

- Related Party Transactions (either individually or aggregated during the same financial year) equal to or exceeding 5% of the value of LMIR Trust's net tangible assets/net asset will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transactions from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders; and

- aggregate value of Related Party Transactions entered into during the financial year under review will be disclosed in the Annual Report.

For Related Party Transactions entered into or to be entered into by the Trustee (as trustee of LMIR Trust), the Trustee will review that contract to satisfy itself that such transactions contemplated therein are on normal commercial terms, are not prejudicial to the interests of LMIR Trust and the Unitholders, and will ensure that it complies with requirements relating to interested party transactions and to interested person transactions as well as such other guidelines relating to interested person transactions as may from time to time be prescribed by the SGX-ST or other relevant Recognised Stock Exchange to apply to the real estate investment trust.

Role of the ARC for Related Party Transactions

All Related Party Transactions will be subjected to regular periodic reviews by the ARC. The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interest of Unitholders.

The Manager will maintain a register to record all Related Party Transactions (and the bases, including any quotations from unrelated third parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by LMIR Trust. The Manager will incorporate into its internal audit plan a review of all Related Party Transactions entered into by LMIR Trust. The ARC shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Guidelines and/or the Listing Manual. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he/she is required to abstain from participating in the review and approval process in relation to that transaction.

Financial Contents

Trustee's Report

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("unitholders"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of LMIRT Management Ltd (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 8 August 2007 (as amended by the First Supplemental Deed dated 18 October 2007 and the Second Supplemental Deed dated 21 July 2010) between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year 2014 covered by these financial statements, set out on pages 55 to 124 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Antony Wade Lewis
Director

Singapore

25 March 2015

Statement by the Manager

In the opinion of the directors of LMIRT Management Ltd, the accompanying financial statements of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 55 to 124 comprising the statements of total return, statements of distribution, statements of financial position and statements of changes in unitholders' funds of the Group and of the Trust, statement of cash flows and statement of portfolio of the Group and summary of significant accounting policies and other explanatory Notes, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust and portfolio of the Group as at 31 December 2014, the total returns, distributions and changes in unitholders' funds of the Group and of the Trust and cash flows of the Group for the reporting year ended on that date are in accordance with the provisions of the Trust Deed and the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

The board of directors of the Manager approved and authorised these financial statements for issue on 25 March 2015.

For and on behalf of the Manager,
LMIRT Management Ltd

Alvin Cheng Yu Dong
Director

Singapore

25 March 2015

Independent Auditor's Report

To the Unitholders of Lippo Malls Indonesia Retail Trust

Report on the financial statements

We have audited the accompanying financial statements of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group"), as set out on pages 55 to 124 which comprise the statements of financial position of the Group and of the Trust and the statement of portfolio of the Group as at 31 December 2014, the statements of total return, statements of distribution, statements of changes in unitholders' funds of the Group and of the Trust, and the statement of cash flows of the Group for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the financial statements

LMIRT Management Ltd (the "Manager" of the Trust) is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2014, and the returns, changes in unitholders' funds of the Group and of the Trust and cash flows of the Group for the reporting year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2015

Partner-in-charge of audit: Chow Khen Seng
Effective from year ended 31 December 2013

Statements of Total Return

Year Ended 31 December 2014

	Notes	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Gross revenue	4	136,985	152,599	81,564	86,016
Property operating expenses	5	(10,978)	(9,239)	–	–
Net property income		126,007	143,360	81,564	86,016
Interest income		2,925	1,687	541	–
Other gains	6	642	3,645	558	3,645
Manager's management fees	7	(9,408)	(10,349)	(9,408)	(10,349)
Trustee's fees		(300)	(322)	(300)	(322)
Finance costs	8	(34,409)	(30,602)	(34,583)	(30,373)
Other expenses	9	(1,355)	(1,470)	(1,265)	(1,132)
Net income before the undernoted		84,102	105,949	37,107	47,485
Increase/(decrease) in fair values of investment properties	14	4,536	(24,022)	–	–
Realised gains/(losses) on derivative financial instruments		7,454	(8,409)	7,454	(8,409)
Increase in fair values of derivative financial instruments	26	221	9,492	221	9,492
Realised foreign exchange adjustment losses		(5,035)	(3,542)	(5,221)	(3,791)
Unrealised foreign exchange adjustment (losses)/gains		(1,363)	1,627	2,869	(23,767)
Total return for the year before income tax		89,915	81,095	42,430	21,010
Income tax expenses	10	(26,093)	(10,655)	(367)	(1,721)
Total return for the year after income tax		63,822	70,440	42,063	19,289
Other comprehensive return/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		52,467	(321,109)	–	–
Total comprehensive return/(loss)		116,289	(250,669)	42,063	19,289

	Notes	Group 2014 Cents	Group 2013 Cents
Earnings per unit in cents			
Basic and diluted earnings per unit	11	2.59	3.17

The accompanying notes form an integral part of these financial statements.

Statements of Distribution

Year Ended 31 December 2014

	Group		Trust	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Total return for the year after income tax	63,822	70,440	42,063	19,289
Less: net adjustments (Note A below)	4,192	2,583	25,951	53,734
Income available for distribution to unitholders	68,014	73,023	68,014	73,023
Distributions to unitholders:				
Total interim distribution paid in the year ended 31 December (Note 12)	50,418	59,217	50,418	59,217
Total return available for distribution to unitholders for the quarter ended 31 December paid after year end (Note 12)	17,596	13,806	17,596	13,806
	68,014	73,023	68,014	73,023
Unitholders' distribution:				
- As distribution from operations	46,422	53,668	46,460	53,668
- As distribution of unitholders' capital contribution	21,592	19,355	21,554	19,355
	68,014	73,023	68,014	73,023

Note A

Net adjustments:

	Group 2014	Group 2013	Trust 2014	Trust 2013
(Increase)/decrease in fair values of investment properties, net of deferred tax	(2,716)	7,397	–	–
Manager's management fees settled in units	5,040	5,734	5,040	5,734
Depreciation of plant and equipment	726	571	–	–
Increase in fair values of derivative financial instruments	(221)	(9,492)	(221)	(9,492)
Unrealised foreign exchange adjustment losses/(gains)	1,363	(1,627)	2,869	23,767
Capital repayment of shareholders' loans	–	–	21,592	19,355
Exchange differences arising from recognising dividend income	–	–	1,063	5,281
Allocation of realised exchange differences to capital repayment of shareholder's loan	–	–	(2,419)	3,788
Other adjustments [1]	–	–	(1,973)	5,301
	4,192	2,583	25,951	53,734

(1) Including income not distributed to the Trust of $2,279,000 (2013: $5,045,000) due to foreign exchange differences.

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2014

	Notes	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Assets					
Non-current assets					
Plant and equipment	13	4,908	3,324	–	–
Investment properties	14	1,806,944	1,412,204	–	–
Derivatives financial instruments	26	–	128	–	128
Intangible asset	15	34,033	–	–	–
Investments in subsidiaries	16	–	–	1,723,517	1,383,965
Total non-current assets		1,845,885	1,415,656	1,723,517	1,384,093
Current assets					
Trade and other receivables	17	19,893	14,893	192,095	257,199
Other assets	18	47,675	12,093	6	56
Derivatives financial instruments	26	116	515	116	515
Cash and cash equivalents	19	103,920	370,711	18,589	–
Total current assets		171,604	398,212	210,806	257,770
Total assets		2,017,489	1,813,868	1,934,323	1,641,863
Unitholders' funds and liabilities					
Unitholders' funds					
Issued equity		1,357,399	1,269,285	1,357,399	1,269,285
Retained earnings/(accumulated losses)		291,603	292,005	(184,081)	(161,920)
Currency translation adverse		(499,272)	(551,739)	–	–
Total unitholders' funds	20	1,149,730	1,009,551	1,173,318	1,107,365
Non-current liabilities					
Deferred tax liabilities	10	51,107	49,287	–	–
Other financial liabilities	22	425,365	470,160	151,473	344
Other liabilities	23	86,009	80,324	–	–
Total non-current liabilities		562,481	599,771	151,473	344
Current liabilities					
Income tax payable		6,538	9,010	466	3,022
Trade and other payables	24	70,982	24,222	608,920	384,518
Other financial liabilities	22	199,140	146,650	146	146,614
Other liabilities	25	28,618	24,664	–	–
Total current liabilities		305,278	204,546	609,532	534,154
Total liabilities		867,759	804,317	761,005	534,498
Total unitholders' funds and liabilities		2,017,489	1,813,868	1,934,323	1,641,863
		Cents	**Cents**	**Cents**	**Cents**
Net asset value per unit in cents					
Net asset value per unit	20	42.55	41.15	43.43	45.14

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Unitholders' Funds

Year Ended 31 December 2014

	Total Unitholders' Funds	Units in Issue	Retained Earnings	Currency Translation Adverse
	$'000	$'000	$'000	$'000
Group				
Current Year:				
Opening balance at 1 January 2014	1,009,551	1,269,285	292,005	(551,739)
Movements in unitholders' funds:				
Total comprehensive return for the year	116,289	–	63,822	52,467
Distribution to unitholders (Note 12)	(64,224)	–	(64,224)	–
Manager's management fees settled in units	4,969	4,969	–	–
Issuance of new units net of related costs (Note 20)	83,145	83,145	–	–
Closing balance at 31 December 2014	1,149,730	1,357,399	291,603	(499,272)
Previous year:				
Opening balance at 1 January 2013	1,230,895	1,164,584	296,941	(230,630)
Movements in unitholders' funds:				
Total comprehensive (loss)/return for the year	(250,669)	–	70,440	(321,109)
Distribution to unitholders (Note 12)	(75,376)	–	(75,376)	–
Manager's management fees settled in units	5,710	5,710	–	–
Manager's acquisition fees settled in units	1,248	1,248	–	–
Issuance of new units net of related costs (Note 20)	97,743	97,743	–	–
Closing balance at 31 December 2013	1,009,551	1,269,285	292,005	(551,739)

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Unitholders' Funds (Cont'd)

Year Ended 31 December 2014

	Total Unitholders' Funds	Units in Issue	Accumulated Losses
	$'000	$'000	$'000
Trust			
Current year:			
Opening balance at 1 January 2014	1,107,365	1,269,285	(161,920)
Movements in unitholders' funds:			
Total comprehensive return for the year	42,063	–	42,063
Distribution to unitholders (Note 12)	(64,224)	–	(64,224)
Manager's management fees settled in units	4,969	4,969	–
Issuance of new units net of related costs (Note 20)	83,145	83,145	–
Closing balance at 31 December 2014	1,173,318	1,357,399	(184,081)
Previous year:			
Opening balance at 1 January 2013	1,058,751	1,164,584	(105,833)
Movements in unitholders' funds:			
Total comprehensive return for the year	19,289	–	19,289
Distribution to unitholders (Note 12)	(75,376)	–	(75,376)
Manager's management fees settled in units	5,710	5,710	–
Manager's acquisition fees settled in units	1,248	1,248	–
Issuance of new units net of related costs (Note 20)	97,743	97,743	–
Closing balance at 31 December 2013	1,107,365	1,269,285	(161,920)

Statement of Cash Flows

Year Ended 31 December 2014

	Group	
	2014	**2013**
	$'000	**$'000**
Cash flows from operating activities		
Total return before tax	89,915	81,095
Adjustments for:		
Interest income	(2,925)	(1,687)
Interest expense	29,767	24,835
Amortisation of borrowing costs	4,642	5,767
Depreciation of plant and equipment	726	571
(Increase)/decrease in fair values of investment properties	(4,536)	24,022
Fair value gains on derivatives financial instruments	(221)	(9,492)
Unrealised foreign exchange adjustment losses/(gains)	1,363	(1,627)
Net effect of exchange rate changes	(1,350)	11,743
Manager's management fees settled in units	5,040	5,734
Operating cash flows before changes in working capital	122,421	140,961
Trade and other receivables, current	(5,000)	4,896
Other assets, current	(35,582)	2,871
Trade and other payables, current	42,394	1,882
Other liabilities, current	3,954	(1,083)
Net cash flows from operations before tax	128,187	149,527
Income tax paid	(26,745)	(27,890)
Net cash flows from operating activities	101,442	121,637
Cash flows from investing activities		
Acquisition of an investment property [(1)]	(317,000)	–
Capital expenditure on investment properties	(5,654)	(3,741)
Purchase of plant and equipment	(2,232)	(1,498)
Interest received	2,925	1,687
Net cash used in investing activities	(321,961)	(3,552)
Cash flows from financing activities		
Repayment of bank borrowings	(147,500)	–
Proceeds from bank borrowings	155,000	–
Net proceeds from issuance of new units [(1)]	38,145	97,743
Distributions to unitholders	(64,224)	(75,376)
Other financial liabilities [(2)]	(4,979)	(1,814)
Other liabilities, non-current	5,685	(21,249)
Interest paid	(29,767)	(24,835)
Proceeds from notes issued under EMTN programme	–	150,000
Net cash flows (used in)/from financing activities	(47,640)	124,469

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows (Cont'd)

Year Ended 31 December 2014

	Group	
	2014	**2013**
	$'000	**$'000**
Net (decrease)/increase in cash and cash equivalents	(268,159)	242,554
Effect of exchange rate changes on cash and cash equivalents	1,368	(11,253)
Cash and cash equivalents, statement of cash flows, beginning balance	369,211	137,910
Cash and cash equivalents, statement of cash flows, ending balance (Note 19)	102,420	369,211

(1) Acquisition of an investment property is in relation to the acquisition of Lippo Mall Kemang. The total settlement amount is $362,000,000, which consists of an amount settled in cash of $317,000,000, and an amount settled in units of $45,000,000 respectively.

(2) Includes unamortised transaction costs from issuance of the Euro Medium Term Note Programme and bank loan payable of $7,169,000 (2013: $8,031,000).

Statement of Portfolio

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia Retail Malls						
Gajah Mada Plaza Address: Jalan Gajah Mada 19-26 Sub-District of Petojo Utara, District of Gambir, Regency of Central Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	66,160	Strata Title constructed on Hak Guna Bangunan ("HGB") Title common land Expires on 24 January 2020 Revalued at 31 December 2014	80,304	6.98	77,406	7.67
Cibubur Junction Address: Jalan Jambore No.1 Cibubur, Sub-District of Ciracas, Regency of East Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	66,071	Build, Operate and Transfer ("BOT") Scheme Expires on 28 July 2025 Revalued at 31 December 2014	52,543	4.57	52,748	5.22
The Plaza Semanggi Address: Jalan Jenderal Sudirman Kav.50, Sub-District of Karet Semanggi, District of Setiabudi, Regency of South Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	155,122	BOT Scheme Expires on 7 July 2054 Revalued at 31 December 2014	143,187	12.45	144,095	14.27

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia						
Retail Malls (Cont'd)						
Mal Lippo Cikarang Address: Jalan MH Thamrin, Lippo Cikarang, Sub-District of Cibatu, District of Lemah Abang, Regency of Bekasi, West Java-Indonesia Acquisition date: 19 November 2007	39,293	HGB Title Expires on 5 May 2023 Revalued at 31 December 2014	60,272	5.24	54,413	5.39
Ekalokasari Plaza Address: Jalan Siliwangi No. 123, Sub-District of Sukasari, District of Kota Bogor Timur, Administrative City of Bogor, West Java-Indonesia Acquisition date: 19 November 2007	57,223	BOT Scheme Expires on 27 June 2032 Revalued at 31 December 2014	43,626	3.79	40,368	4.00
Bandung Indah Plaza Address: Jalan Merdeka No. 56, Sub-District of Citarum, District of Bandung Wetan, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	75,868	BOT Scheme Expires on 31 December 2030 Revalued at 31 December 2014	85,507	7.44	86,561	8.57

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia Retail Malls (Cont'd)						
Istana Plaza Address: Jalan Pasir Kaliki No. 121 – 123, Sub-District of Pamayonan, District of Cicendo, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	46,809	BOT Scheme Expires on 17 January 2034 Revalued at 31 December 2014	77,953	6.78	77,198	7.65
Sun Plaza Address: Jalan Haji Zainul Arifin No. 7, Madras Hulu, Medan Polonia, Medan, North Sumatra-Indonesia Acquisition date: 31 March 2008	100,000	HGB Title Expires on 24 November 2032 Revalued at 31 December 2014	179,260	15.59	167,816	16.62
Pluit Village Address: Jalan Pluit Indah Raya, Sub-District of Pluit, District of Penjaringan, City of North Jakarta, Province of DKI Jakarta, Indonesia Acquisition date: 6 December 2011	134,576	BOT Scheme Expires on 9 June 2027 Revalued at 31 December 2014	139,225	12.12	146,176	14.48

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia Retail Malls (Cont'd)						
Plaza Medan Fair Address: Jalan Jendral Gatot Subroto, Sub-District of Sekip, District of Medan Petisah, City of Medan, Province of North Sumatera, Indonesia Acquisition date: 6 December 2011	99,345	BOT Scheme Expires on 23 August 2027 Revalued at 31 December 2014	121,677	10.59	114,652	11.36
Palembang Square Extension Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 15 October 2012	23,105	BOT Scheme Expires on 24 January 2041 Revalued at 31 December 2014	27,325	2.38	24,569	2.43
Lippo Plaza Kramat Jati (previously known as Kramat Jati Indah Plaza) Address: Jalan Raya Bogor Km 19, Kramat Jati Sub District, Kramat Jati District, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 15 October 2012	65,957	HGB Title Expires on 24 October 2024 Revalued at 31 December 2014	61,198	5.32	58,798	5.82

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia Retail Malls (Cont'd)						
Tamini Square Address: Jalan Raya Taman Mini Pintu 1 No.15, Pinang Ranti Sub District, Makasar Distrik, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 14 November 2012	18,963	Strata Title constructed on HGB Title common land Expires on 26 September 2035 Revalued at 31 December 2014	25,208	2.19	25,700	2.55
Palembang Square Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 14 November 2012	43,378	Strata Title constructed on HGB Title common land Expires on 1 September 2039 Revalued at 31 December 2014	68,428	5.95	65,229	6.46
Pejaten Village Address: Jalan Warung Jati Barat No.39, Jati Padang Sub District, Pasar Minggu District, South Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 20 December 2012	84,771	HGB Title Expires on 3 November 2027 Revalued at 31 December 2014	102,237	8.89	97,713	9.68

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia Retail Malls (Cont'd)						
Binjai Supermall Address: Jalan Soekarno Hatta No.14, Timbang Langkat Sub District, East Binjai District, Binjai City, North Sumatera Province, Indonesia Acquisition date: 28 December 2012	44,153	HGB Title Expires on 2 September 2036 Revalued at 31 December 2014	28,443	2.47	27,467	2.72
Lippo Mall Kemang Address: Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia Acquisition date: 17 December 2014	150,932	Strata Title Constructed on HGB Title common land Expires on 2 July 2036 Revalued at 31 December 2014	354,340	30.82	-	-
Indonesia Retail Spaces						
Mall WTC Matahari Units Address: Jalan Raya Serpong No. 39, Sub-District of Pondok Jagung, District of Serpong, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	11,184	Strata Title constructed on HGB Title common land Expires on 8 April 2018 Revalued at 31 December 2014	18,105	1.57	18,280	1.81

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia **Retail Spaces (Cont'd)**						
Metropolis Town Square Units Address: Jalan Hartono Raya, Sub-District of Cikokol, District of Cipete, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	15,248	Strata Title constructed on HGB Title common land Expires on 27 December 2029 Revalued at 31 December 2014	27,373	2.38	28,226	2.80
Depok Town Square Units Address: Jalan Margonda Raya No. 1, Sub-District of Pondok Cina, District of Depok, Regency of Depok, West Java-Indonesia Acquisition date: 19 November 2007	13,045	Strata Title constructed on HGB Title common land Expires on 27 February 2035 Revalued at 31 December 2014	22,098	1.92	21,235	2.10
Java Supermall Units Address: Jalan MT Haryono, No. 992-994, Sub-District of Jomblang, District of Semarang Selatan, Regency of Semarang, Central Java-Indonesia Acquisition date: 19 November 2007	11,082	Strata Title constructed on HGB Title common land Expires on 24 September 2017 Revalued at 31 December 2014	20,541	1.79	19,362	1.92

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio (Cont'd)

As at 31 December 2014

By Geographical Area

Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31 December 2014	Percentage of Total Net Assets as at 31 December 2014	31 December 2013	Percentage of Total Net Assets as at 31 December 2013
			$'000	%	$'000	%
Indonesia Retail Spaces (Cont'd)						
Malang Town Square Units Address: Jalan Veteran No. 2, Sub-District of Penanggungan, District of Klojen, Regency of Malang, East Java-Indonesia Acquisition date: 19 November 2007	11,065	Strata Title constructed on HGB Title common land Expires on 21 April 2033 Revalued at 31 December 2014	22,172	1.93	20,017	1.98
Plaza Madiun Units Address: Jalan Pahlawan No. 38-40, Sub-District of Pangongangan, District of Manguharjo, Regency of Madiun, East Java-Indonesia Acquisition date: 19 November 2007	19,029	HGB Title Expires on 9 February 2032 Revalued at 31 December 2014	25,863	2.26	24,116	2.39
Grand Palladium Units Address: Jalan Kapten Maulana Lubis, Sub-District of Petisah Tengah, District of Medan Petisah, Regency of Medan, North Sumatera-Indonesia Acquisition date: 19 November 2007	13,417	Strata Title constructed on HGB Title common land Expires on 9 November 2028 Revalued at 31 December 2014	20,059	1.74	20,059	1.99
Portfolio of Investment Properties at Valuation			1,806,944	157.16	1,412,204	139.88
Other Net Liabilities			(657,214)	(57.16)	(402,653)	(39.88)
Net Assets Attributable to Unitholders			1,149,730	100.00	1,009,551	100.00

Please refer to Note 14 for the description of the various titles held for the retail malls and spaces.

Notes to the Financial Statements

31 December 2014

1. GENERAL

Lippo Malls Indonesia Retail Trust ("LMIR Trust" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the Trust Deed dated 8 August 2007 ("Trust Deed") entered into between LMIRT Management Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore.

The Trust is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The financial statements are presented in Singapore dollars, recorded to the nearest thousands, and they cover LMIR Trust and its subsidiaries (collectively the "Group").

The board of directors of the Manager approved and authorised these financial statements for issue on 25 March 2015.

The principal activity of the Group and of the Trust is to invest in a diversified portfolio of income-producing real estate properties in Indonesia. These are primarily used for retail and/or retail-related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The registered office of the Manager is located at 50 Collyer Quay, #06-07 OUE Bayfront, Singapore 049321.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk, foreign currency risk, interest rate risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in performance, show that the Group should be able to operate within its current facilities. The Group has considerable financial resources together with good relationship with its tenants and suppliers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the recommendations of the revised Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("FRS") issued by the Accounting Standards Council. The financial statements are prepared on a going concern basis under the historical cost convention except where the FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive return comprises items of income and expenses (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosure required by FRSs need not be made if the information is immaterial.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted for as available-for-sale financial assets in accordance with FRS 39.

Basis of preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes and discounts. Revenue is recognised as follows:

Rental income from operating leases

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the leased term.

Interest income

Interest revenue is recognised on a time-proportion basis using the effective interest rate.

Dividend income

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Revenue from rendering of services

Revenue from rendering of services that are short of duration is recognised when the services are completed.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income tax

The income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in unitholders' funds if the tax is related to an item recognised directly in unitholders' funds. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not be reversed in the foreseeable future or for deductible temporary differences, they will not be reversed in the foreseeable future and they cannot be utilised against taxable profits.

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit or loss except when recognised in other comprehensive return and if applicable deferred in equity as qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in currencies other than the functional currency of the Group are translated at end of the reporting year rates of exchange and the income and expense items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive return and accumulated in a separate component of unitholders' funds until the disposal of that relevant reporting entity.

Segment reporting

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Segment information has not been presented as all of the Group's investment properties are used primarily for retail purposes and are all located in Indonesia. They are regarded as one component by the chief operating decision maker.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Unit based payments

The cost is recognised as an expense when the units are issued for services. The issued capital is increased by the fair value of the transaction. Incidental costs directly attributable to the issuance of units are deducted against unitholders' funds.

Plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment – 25%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Contingent rents receivable are recognised in the periods in which they occur.

Intangible asset

Intangible asset, which relates to the rental guaranteed payments from certain master lease agreements, is measured initially at cost, being the fair value as at the date of acquisition. Following the initial recognition, intangible asset is measured at cost less any accumulated amortisation and any impairment losses. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at each financial year-end.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use.

The useful live is as follows:

Rental guaranteed payment – Over the guarantee period, which is, 33%.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the Trust's separate financial statements, the investments in subsidiaries are stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through the profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss. They are classified as non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting year.

#2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

#3. Held-to-maturity financial assets: As at year end date there were no financial assets classified in this category.

#4. Available for sale financial assets: As at year end date there were no financial assets classified in this category.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, and on demand deposits. For the statement of cash flows, the items include cash and cash equivalents less cash subject to restriction. Cash flows arising from hedging instruments are classified as operating, investing or financing activities, on the basis of the classification of the cash flows arising from the hedged item.

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below, in the notes to the financial statements.

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

#2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Net assets attributable to unitholders

Net assets attributable to unitholders represent residual interest in the net assets of the Trust. Distributions on units are recognised as liabilities when they are declared. Units issued are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Fair values of investment properties:

Certain judgements and assumptions are made in the valuation of the investment properties based on calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 14.

Income tax amounts:

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10.

Deferred tax: Recovery of underlying assets:

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in FRS 40 Investment Property or when fair value is required or permitted by a FRS for a non-financial asset. Management has taken the view that as there is clear evidence that it will consume the relevant asset's economic benefits throughout its economic life. The amount is stated in Note 10.

Determination of functional currency:

In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices and of the country whose competitive forces and regulations mainly determines the sales prices. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Notes to the Financial Statements (Cont'd)

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical judgements, assumptions and estimation uncertainties (Cont'd)

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed.

At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 17.

Fair value of derivatives financial instruments:

Some of the financial instruments stated at fair values are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this valuation. Management has determined it is necessary to use a model to value these instruments based on their structure and terms and to make any adjustments where necessary to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances. The assumptions and the fair values are disclosed in Note 26 on derivatives financial instruments.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is PT Lippo Karawaci Tbk.

3A. Related companies:

There are transactions and arrangements between the reporting entity and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Notes to the Financial Statements (Cont'd)

31 December 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. Related parties other than related companies:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(A) Trustee's fees

The Trustee's fees shall not exceed 0.03% per annum of the value of the Deposited Property (as defined in the Trust Deed), subject to a minimum of $15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property, subject to a minimum sum per month. Any increase in the rate of the remuneration of the Trustee above the permitted limit or any change in the structure of the remuneration of the Trustee shall be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

(B) Manager's management fees

Under the Trust Deed, the Manager is entitled to management fees as follows:

(i) A base fee ("Base Fee") of 0.25% per annum of the value of the Deposited Property;

(ii) A performance fee ("Performance Fee") is fixed at 4.0% per annum of the Group's Net Property Income ("NPI") (calculated before accounting for this additional fee in the reporting year). NPI in relation to real estate, whether held directly by the Trust or indirectly through a special purpose company, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units or and/or cash;

(iii) An authorised investment management fee of 0.5% per annum of the value of Authorised Investments which are not in the form of real estate (whether held directly by the Trust or indirectly through one or more subsidiaries). Where such authorised investment is an interest in a property fund (either a REIT or private property fund) wholly managed by a wholly-owned subsidiary of PT Lippo Karawaci Tbk ("Sponsor"), no authorised investment management fee shall be payable in relation to such authorised investment;

(iv) Manager's acquisition fee ("Acquisition Fee") is determined at 1.0% of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting); and

(v) Divestment fee ("Divestment Fee") at the rate of 0.5% of the sales price of any Authorised Investment directly or indirectly sold or divested from time to time by the Trustee on behalf of the Trust. The Manager may opt to receive the divestment fee in the form of units and/or cash.

Notes to the Financial Statements (Cont'd)

31 December 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. Related parties other than related companies: (Cont'd)

(C) Property manager's fees

Under the Property Management Agreements in respect of each Retail Mall, the Property Manager is entitled to the following fees:

(i) 2% per annum of the gross revenue for the relevant Retail Mall;

(ii) 2% per annum of the net property income for relevant Retail Mall (after accounting for the fee of 2% per annum of the gross revenue for the relevant Retail Mall);

(iii) 0.5% per annum of the net property income for the relevant Retail Mall in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents; and

(iv) Rp.60,000,000 (2013: Rp.60,000,000) per annum for the relevant Retail Space.

Under each existing Property Management Agreement, each of the Indonesian subsidiaries that are owners of Retail Malls ("Retail Mall Property Companies") agrees to reimburse the Property Manager, for its expenses incurred in connection with the provision of property management services and with the performance of its duties which are in compliance with the approved annual business plan and budget as stated in the existing Property Management Agreement. Such expenses include but are not limited to rent, service charge and Value-Added Tax ("VAT") payable by the Property Manager of its lease of its office premises; advertising and promotion costs; and salaries of the Property Manager's employees who are approved by the relevant Retail Mall Property Companies. In the event that the mall maintenance and operation services are outsourced from the Property Manager to a third party company, the fees (or equivalent remuneration) payable to or retained by such third party company shall be included as fees to the Property Manager.

Notes to the Financial Statements (Cont'd)

31 December 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. Related parties other than related companies: (Cont'd)

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
The Manager [1]				
Manager's management fees expense (Note 7)	9,408	10,349	9,408	10,349
Manager's acquisition fees [2]	3,620	–	3,620	–
The Trustee				
Trustee's fees expense	300	322	300	322
The Property Manager [3]				
Property Manager fees expense	3,478	3,320	–	–
Master Lessee [4]				
Rental revenue	(13,463)	(14,551)	–	–
Affiliates of Sponsor [5]				
Rental revenue, service charge and utilities recovery [6]	(8,538)	(7,779)	–	–
Acquisition of Lippo Mall Kemang	362,000	–	–	–
Rental guarantee income from vendor of Pluit Village	–	(5,461)	–	(5,461)
Indemnity recovery for loss of income from vendor of Pluit Village	–	(1,239)	–	(1,239)
Compensation income for delay in completion of asset enhancement from vendor of Binjai Supermall	(503)	(1,199)	(503)	(1,199)

The Manager held 97,993,616 (2013: 85,566,080) units in the Trust at the end of the year.

(1) The parent company of the Manager is PT Lippo Karawaci Tbk ("Sponsor"), incorporated in Indonesia and it is a substantial unitholder.

(2) Please refer to Note 14 on the acquisition fees payable to the Manager.

(3) The Property Manager of the properties is PT Lippo Malls Indonesia, a wholly-owned subsidiary of PT Lippo Karawaci Tbk.

(4) The Master Lessees of the retail spaces are PT Matahari Putra Prima Tbk and PT Multipolar Tbk, in which the Sponsor has an interest.

(5) The Affiliates of Sponsor are PT First Media Tbk, Yayasan Universitas Pelita Harapan, PT Bank National Nobu, PT Matahari Putra Prima Tbk, PT Gratia Prima Indonesia, PT Matahari Graha Fantasi, PT Momo Trimultiprima, PT Nusantara Trimultiprima, PT Cinemaxx Global Pasifik, PT Internux, PT Indonesia Media TV, PT Trias Mitra Investama, Excel Investment Limited, and PT Almaron Perkasa. The Affiliates of the Sponsor are entities that either have common shareholders with the Sponsor, or in which the Sponsor has an interest.

(6) The amount also includes revenue from Lippo Mall Kemang under Sponsor Lessees with PT Multiguna Selaras Maju, PT Harapan Insan Mandiri, and PT Violet Pelangi Indah.

Notes to the Financial Statements (Cont'd)

31 December 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3C. Key management compensation:

The Group and the Trust have no employees. All its services are provided by the Manager and others.

4. GROSS REVENUE

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Rental revenue	115,096	122,663	–	–
Car park revenue	13,995	13,033	–	–
Dividend income from subsidiaries	–	–	80,294	78,571
Rental guarantee income [1]	1,270	7,445	1,270	7,445
Income from rental of mechanical, electrical and mall operating equipment [2]	3,704	5,548	–	–
Other rental income	2,920	3,910	–	–
	136,985	152,599	81,564	86,016

(1) The Trust has minimum rent guarantee agreements, whereby the vendors guarantee to make good any shortfall between the actual rent income derived and the guaranteed rent from Pluit Village vendor for the quarters ended 2013, and Lippo Plaza Kramat Jati vendor for the quarters ending 2013 and 2014. The total rent guarantee earned from vendors of Lippo Plaza Kramat Jati amounted to $1,270,000 (2013: from the vendors of Pluit Village and Lippo Plaza Kramat Jati amounted to $5,461,000 and $1,984,000 respectively).

(2) A third party operating company was engaged to co-manage the individual retail malls. Pursuant to the operating agreements entered into between the Property Manager and the third party operating company, the third party operating company agreed to be responsible for all costs directly related to the maintenance and operation of the individual malls, as well as pay for the rental of office and use of electrical, mechanical and mall operating equipment of the individual malls.

5. PROPERTY OPERATING EXPENSES

	Group	
	2014	2013
	$'000	$'000
Land rental expense	1,541	1,492
Property management fees	3,478	3,320
Legal and professional fees	718	1,119
Depreciation of plant and equipment	726	571
Allowance for impairment on trade receivables - loss/(reversal)	218	(743)
Property operating and maintenance expenses	4,297	3,480
	10,978	9,239

Notes to the Financial Statements (Cont'd)

31 December 2014

6. OTHER GAINS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Indemnity recovery for loss of income	–	1,239	–	1,239
Compensation income for delay in completion of asset enhancement	503	2,406	503	2,406
Other income	139	–	55	–
	642	3,645	558	3,645

7. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2014	2013
	$'000	$'000
Base fees	4,368	4,615
Performance fees	5,040	5,734
Total (Note 3)	9,408	10,349

The Manager elected to receive certain of the above fees in the form of units. These were as follows:

	Number of Units		Group and Trust	
	2014	2013	2014	2013
			$'000	$'000
Settled during the year through the issuance of units	12,427,536	11,937,621	4,969	5,710
Settled subsequent to year end through the issuance of units (Note 20)	–	3,121,424	–	1,244
	12,427,536	15,059,045	4,969	6,954

Notes to the Financial Statements (Cont'd)

31 December 2014

8. FINANCE COSTS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Interest expense	29,767	24,835	30,147	24,835
Amortisation of borrowing costs	4,642	5,767	4,436	5,538
	34,409	30,602	34,583	30,373

9. OTHER EXPENSES

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Bank charges	60	108	3	3
Professional fees	650	534	644	510
Investor relation expenses	19	13	19	13
Listing expenses	39	60	35	57
Security agent fees	53	26	53	26
Valuation expenses	137	177	137	177
Other expenses	397	552	374	346
	1,355	1,470	1,265	1,132

	Group and Trust	
	2014	2013
	$'000	$'000
Audit fees to the independent auditors of the Trust	322	310
Audit fees to the other independent auditors	204	208

Total fees to independent auditors are included in property operating expenses (Note 5) and other expenses (Note 9).

During the reporting year, the independent auditors were paid fees and expenses totalling $35,000 for their services as reporting accountants in connection with the acquisition of Lippo Mall Kemang.

Notes to the Financial Statements (Cont'd)

31 December 2014

10. INCOME TAX

10A. Components of tax expense recognised in statements of total return include:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current tax expense:				
Singapore income tax	406	1,727	367	1,721
Foreign income tax	14,325	15,268	–	–
Foreign withholding tax	9,542	10,286	–	–
Subtotal	24,273	27,281	367	1,721
Deferred tax expense (income):				
Deferred tax expense (income)	570	(4,565)	–	–
Change in foreign exchange rates	1,250	(12,061)	–	–
Subtotal	1,820	(16,626)	–	–
Total income tax expense	26,093	10,655	367	1,721

The income tax in statements of total return varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2013: 17%) to total return before income tax as a result of the following differences:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total return before tax	89,915	81,095	42,430	21,010
Income tax expense at the above rate	15,286	13,786	7,213	3,572
Not deductible (Not liable to tax) items	9,167	8,830	(6,846)	(1,851)
Foreign withholding tax	9,542	10,286	–	–
Effect of different tax rates in different countries	(9,233)	(10,197)	–	–
Deferred tax adjustments due to changes in foreign exchange rates	1,250	(12,061)	–	–
Other minor items less than 3% each	81	11	–	–
Total income tax expense	26,093	10,655	367	1,721
Effective tax rate	29.0%	13.1%	0.9%	8.2%

Notes to the Financial Statements (Cont'd)

31 December 2014

10. INCOME TAX (CONT'D)

10A. Components of tax expense recognised in statements of total return include (Cont'd):

The amount of current income taxes outstanding for the Group as at end of reporting year was $6,538,000 (2013: $9,010,000). Such an amount is net of tax advances, which, according to the tax rules, was paid before the year-end.

Please refer to Note 12 for income tax on distributions to unitholders.

10B. Deferred tax expense/(income) recognised in statements of total return includes:

	Group	
	2014	2013
	$'000	$'000
Deferred tax expense/(income) relating to the changes in fair value of investment properties	1,820	(16,626)

10C. Deferred tax balance in the statements of financial position:

	Group	
	2014	2013
	$'000	$'000
Deferred tax liabilities recognised in statements of total return:		
Deferred tax relating to the changes in fair value of investment properties	51,107	49,287

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

Taxation of Income from Indonesia Properties

Corporate Income Tax in Indonesia

Article 3 of Indonesian Government Regulation No. 5 /2002 on the payment of income tax on income from the lease of land and/or building stipulates that income tax on income received or acquired by individuals or entities from the leasing of land and/or buildings consisting of land, houses, multi-storey houses, apartments, condominiums, office buildings, office-cum-living space, shops, shop cum house, warehouse, and industrial space which is received or earned from a tenant acting or appointed as a tax withholder, is to be withheld by the tenant. The tax rate is 10% of the gross value of the land and/or building rental and is final in nature.

Notes to the Financial Statements (Cont'd)

31 December 2014

10. INCOME TAX (CONT'D)

10C. Deferred tax balance in the statements of financial position: (Cont'd)

Withholding Tax in Indonesia

Under the income tax treaty between Singapore and Indonesia, the Indonesia withholding tax is capped at 10% in respect of:

(a) Dividends paid by a company resident in Indonesia to a company resident in Singapore which owns directly at least 25% of the capital of the company paying the dividends; and

(b) Interest paid to a resident of Singapore.

Indonesia withholding tax is at 15% in respect of dividends paid by a company resident in Indonesia to a company resident in Singapore who owns directly less than 25% of the capital of the company paying the dividends.

Dividends from Indonesia Subsidiaries

Dividends received by the Singapore subsidiaries of the Trust from their respective Indonesia subsidiaries are exempt from Singapore income tax under section 13(8) of the Income Tax Act provided the following conditions are met:

(a) In the year the dividends are received in Singapore, the headline corporate tax rate in the foreign country from which the dividends are received is at least 15%;

(b) The dividends have been subject to tax in the foreign country from which they are received; and

(c) The Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the Singapore subsidiaries.

Dividends from Singapore Subsidiaries

Dividends received by the Trust from the Singapore subsidiaries are exempt from Singapore income tax provided that the Singapore subsidiaries are tax residents of Singapore for income tax purposes.

Interest Income from Indonesia Subsidiaries

Interest received by the Singapore subsidiaries of the Trust on loans made to the Indonesia subsidiaries is exempt from Singapore income tax under section 13(12) of the Income Tax Act on the condition that the full amount of remitted interest, less attributable expenses, is distributed by the Singapore subsidiaries to the Trust for onward distribution to its unitholders.

Redemption of Redeemable Preference Shares in Singapore Subsidiaries

Proceeds received by the Trust from the redemption of its redeemable preference shares in the Singapore subsidiaries at the original cost of the redeemable preference shares are regarded as capital receipts and hence not subject to Singapore income tax.

Receipt from Indonesia Subsidiaries for Repayment of Shareholder Loans

Proceeds received by the Singapore subsidiaries for the repayment of the principal amount of the shareholder loans from their Indonesia subsidiaries are capital receipts and hence not subject to Singapore income tax.

Notes to the Financial Statements (Cont'd)

31 December 2014

11. EARNINGS PER UNIT

The following table illustrates the numerators and denominators used to calculate earnings per unit of no par value:

	Group	
	2014	**2013**
Denominator: weighted average number of units	2,468,501,608	2,219,673,295
	$'000	**$'000**
Numerator: Earnings attributable to Unitholders		
Total return after tax	63,822	70,440
	Cents	**Cents**
Earnings per unit	2.59	3.17
Adjusted earnings per unit [1]	2.48	3.51

(1) Adjusted earnings exclude changes in the fair value of investment properties (net of deferred tax).

The weighted average number of units refers to units in circulation during the reporting year.

Diluted earnings per unit are the same as the basic earnings per unit as there were no dilutive instruments in issue during the reporting year.

12. DISTRIBUTIONS

Distribution Type

Name of Distribution	Distribution during the year (interim distributions)
Distribution Type	Income / Capital

	Group and Trust			
	2014	**2013**	**2014**	**2013**
	Cents per unit	**Cents per unit**	**$'000**	**$'000**
Tax-exempt income [1] :	1.41	2.01	34,742	43,973
Capital [2] :	0.64	0.68	15,676	15,244
Subtotal :	2.05	2.69	50,418	59,217

Notes to the Financial Statements (Cont'd)

31 December 2014

12. DISTRIBUTIONS (CONT'D)

Distribution Type (Cont'd)

Name of Distribution	Distribution declared subsequent to year end (final distribution) (Note 33)
Distribution Type	Income / Capital

	Group and Trust			
	2014	2013	2014	2013
	Cents per unit	Cents per unit	$'000	$'000
Tax-exempt income [(1)] :	0.48	0.40	11,718	9,695
Capital [(2)] :	0.23	0.16	5,878	4,111
Subtotal :	0.71	0.56	17,596	13,806
Total distributions [(3)]	2.76	3.25	68,014	73,023

(1) Unitholders are exempt from tax on such distributions.

(2) Such distributions are treated as returns of capital for Singapore income tax purposes. For unitholders who are liable to Singapore income tax on profits from the sale of the Trust's units, the amount of capital distribution will be applied to reduce the cost base of their LMIR Trust units for Singapore income tax purposes.

(3) The Trust makes the distribution quarterly. The distribution rates above are based on the amount distributed quarterly divided by the units outstanding as at the end of the relevant quarters.

The amount of the distributions paid in the year totalled $64,224,000 (2013: $75,376,000).

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90% (2013: at least 90%) of its tax-exempt income (after deduction of applicable expenses) and capital receipts. The tax-exempt income comprises dividends received from the Singapore tax resident subsidiaries. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares in the Singapore subsidiaries. The Trust has distributed 100% of its tax-exempt income (after deduction of applicable expenses) and capital receipts to-date.

13. PLANT AND EQUIPMENT

	Group Plant and Equipment	
	2014	2013
	$'000	$'000
Cost:		
At beginning of year	4,558	3,949
Additions	2,232	1,498
Exchange difference adjustments	107	(889)
At end of year	6,897	4,558
Accumulated depreciation:		
At beginning of year	1,234	794
Depreciation for the year	726	571
Exchange difference adjustments	29	(131)
At end of year	1,989	1,234
Net book value:		
At beginning of year	3,324	3,155
At end of year	4,908	3,324

The depreciation expense is charged to statements of total return as property operating expenses.

Notes to the Financial Statements (Cont'd)

31 December 2014

14. INVESTMENT PROPERTIES

	Group	
	2014	**2013**
	$'000	**$'000**
At valuation:		
Fair value at beginning of year	1,412,204	1,753,322
Acquisition of investment properties [1]	333,062	–
Enhancement expenditure capitalised	5,654	3,741
	1,750,920	1,757,063
Increase/(decrease) in fair value included in profit or loss	4,536	(24,022)
Translation differences	51,488	(320,837)
Fair value at end of year	1,806,944	1,412,204
Rental and service income from investment properties	136,985	152,599
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the year	(10,978)	(9,239)

(1) The addition in 2014 was relating to the acquisition of Lippo Mall Kemang. This amount also included an acquisition fee of $3,620,000 and other acquisition related expenses of $1,475,000.

These investment properties include the mechanical and electrical equipment located in the respective properties. The fair value of each investment property was measured in December 2014 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on valuations made by independent professional valuers on a systematic basis at least once yearly. The independent professional valuers hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. The valuations were based on discounted cash flow method. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

Notes to the Financial Statements (Cont'd)

31 December 2014

14. INVESTMENT PROPERTIES (CONT'D)

The fair values were made by the following firms of independent professional valuers:-

2014:

Name of Independent Professional Valuer		Name of Retail Malls and Spaces
KJPP Wilson & Rekan	-	Bandung Indah Plaza, Gajah Mada Plaza, Mal Lippo Cikarang, Ekalokasari Plaza, Plaza Semanggi, Istana Plaza, Cibubur Junction and Sun Plaza.
KJPP Rengganis, Hamid & Rekan	-	Mall WTC Matahari Units, Java Supermall Units, Plaza Madiun Units, Depok Town Square Units, Malang Town Square Units, Metropolis Town Square Units, Grand Palladium Units and Lippo Mall Kemang.
KJPP Hendra Gunawan dan Rekan	-	Tamini Square, Lippo Plaza Kramat Jati, Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall, Pluit Village and Plaza Medan Fair.

2013:

Name of Independent Professional Valuer		Name of Retail Malls and Spaces
KJPP Winarta & Rekan	-	Bandung Indah Plaza, Gajah Mada Plaza, Mal Lippo Cikarang, Ekalokasari Plaza, Plaza Semanggi, Istana Plaza, Cibubur Junction and Sun Plaza.
KJPP Wilson & Rekan	-	Mall WTC Matahari Units, Java Supermall Units, Plaza Madiun Units, Depok Town Square Units, Malang Town Square Units, Metropolis Town Square Units and Grand Palladium Units.
KJPP Rengganis, Hamid & Rekan	-	Tamini Square, Lippo Plaza Kramat Jati, Palembang Square, Palembang Square Extension, Pejaten Village and Binjai Supermall.
KJPP Hendra Gunawan dan Rekan		Pluit Village, Plaza Medan Fair

All fair value measurements of investment properties are based on discounted method and are categorised within Level 3 of the fair value hierarchy. The information about the significant unobservable inputs used in the fair value measurements are as follows:

		2014	2013
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	12.5% to 13.3%	12.5% to 13.6%
2.	Growth rates	1.0% to 7.5%	3.0% to 7.5%
3.	Terminal discount rates	8.0% to 9.1%	8.0% to 11.5%
4.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Note 1	Note 1

Note 1: Discounted cash flow analysis over the remaining lease period for existing Build, Operate and Transfer ("BOT") malls, over a 10-year projection for non-BOT malls and for retail spaces.

Relationship of unobservable inputs to fair value:

1. Discount rates – The higher the discount rates, the lower the fair value.
2. Growth rates – The higher the growth rates, the higher the fair value.
3. Terminal discount rates – The higher the terminal discount rates, the lower the fair value.

Notes to the Financial Statements (Cont'd)

31 December 2014

14. INVESTMENT PROPERTIES (CONT'D)

Sensitivity analysis on management's estimates:

1. Discount rates

   A hypothetical 10% (2013: 10%) increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by $168,555,000; higher by $205,346,000 (2013: lower by $112,500,000; higher by $134,291,000).

2. Growth rates

   A hypothetical 10% (2013: 10%) increase or decrease in the rental income would have an effect on return before tax of – higher by $129,518,000; lower by $128,231,000 (2013: higher by $117,337,000; lower by $117,306,000).

3. Terminal discount rates

   A hypothetical 10% (2013: 10%) increase or decrease in the terminal discount rate would have an effect on return before tax of – lower by $67,419,000; higher by $82,405,000 (2013: lower by $29,003,000; higher by $35,728,000).

By relying on the valuation reports, the management is satisfied that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. Other details on the properties are disclosed in the Statement of Portfolio.

The types of property titles in Indonesia which are held by the Group are as follows:

(a) Hak Guna Bangunan ("HGB") Title

This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title where the state retains "ownership". However, for practical purposes, there is only little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia. The commencement date of each title varies.

(b) Build, Operate and Transfer Schemes ("BOT Schemes")

This title gives the Indonesia subsidiaries ("BOT Grantee") the right to build and operate the retail mall for a particular period of time as stipulated in the BOT Agreement by the land owner ("BOT Grantor"). A BOT scheme is not registered with any Indonesian authority. Rights under a BOT scheme do not amount to a legal title and represent only contractual interests.

In exchange for the right to build and operate the retail mall on the land owned by the BOT Grantor, the BOT Grantee is obliged to pay a certain compensation (as stipulated in the BOT agreement), which may be made in the form of a lump sum or staggered.

A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both parties. Upon the expiration of the term of the BOT agreement, the BOT Grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

(c) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other strata title unit owners.

Notes to the Financial Statements (Cont'd)

31 December 2014

14. INVESTMENT PROPERTIES (CONT'D)

(d) Hak Pengelolaan ("HPL") Title

A HPL Title provides the land owner the "right to manage" a land created by the state. The holder of a Right to Manage title may use the granted executing authority for the purpose of land utilisation and allocation planning, utilisation of the land related to the role of such Indonesian government entities, partial assignment of the land to third parties and/or land management in cooperation with third parties.

(e) Kiosks Sale and Purchase Binding Agreement

This agreement could be entered into prior to entering into a deed of sale and purchase of land. Under a Kiosks Sale and Purchase Binding Agreement, each of the parties agrees on the terms and conditions for the sale and purchase but this agreement does not have the effect of transferring the ownership of the land to the other party. Instead, subject to certain conditions in the agreement, the vendor is bound to sell the land and the purchaser is bound to purchase the land. These agreements shall be executed in good faith and cannot be revoked except by mutual agreement or pursuant to certain reasons which have been legally declared as sufficient.

The investment properties are leased out to tenants under operating leases.

Certain investment properties at a carrying value of $478,872,000 (2013: $462,811,000) are pledged as security for the bank facilities (Note 22A).

15. INTANGIBLE ASSET

	Group	
	2014	2013
	$'000	$'000
Cost:		
Additions	34,033	–
At end of year	34,033	–
Net carrying amount:		
At end of year	34,033	–

Intangible asset represents the unamortised aggregate rental guarantee amounts receivable by the Group from certain master lease agreements for its 100% interest in Lippo Mall Kemang (Note 30). The remaining rental guarantee period is for 3 (2013: Nil) years.

Notes to the Financial Statements (Cont'd)

31 December 2014

16. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	981,423	918,441
Redeemable preference shares, at cost	716,852	437,467
Quasi equity loans [1]	25,242	28,057
	1,723,517	1,383,965
Net book value of subsidiaries	1,723,066	1,413,169
Analysis of above amount denominated in non-functional currency:		
United States Dollars	5,882	8,741
Indonesian Rupiah	1,262,166	1,282,140

(1) The quasi-equity loans are unsecured, interest-free loans to three Singapore subsidiaries with no fixed repayment terms. They are, in substance, part of the Trust's net investment in the subsidiaries.

The list of the subsidiaries is in Note 37.

17. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	4,442	4,654	448	557
Less: Allowance for impairment	(310)	(298)	–	–
Related parties (Note 3)	1,001	514	–	–
Subtotal	5,133	4,870	448	557
Other receivables:				
Subsidiaries (Note 3) [1]	–	–	189,146	254,297
Related parties (Note 3)	6,046	503	–	–
Other receivables	8,714	9,520	2,501	2,345
Subtotal	14,760	10,023	191,647	256,642
Total trade and other receivables	19,893	14,893	192,095	257,199
Movements in above allowance:				
Balance at beginning of the year	(298)	(1,207)	–	–
Bad debt written-off	212	–	–	–
(Charge)/reversal for trade receivables to profit or loss included in property operating expenses (Note 5)	(218)	743	–	–
Effect of changes in exchange rates	(6)	166	–	–
Balance at end of the year	(310)	(298)	–	–

(1) Other receivables include the balance of net proceeds from issuance of units of $26,711,000 (2013: $97,700,000) received on behalf by a wholly-owned subsidiary of the Trust.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants and credit policy of obtaining security deposits from most tenants for leasing the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

Notes to the Financial Statements (Cont'd)

31 December 2014

18. OTHER ASSETS, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Prepayments	1,019	1,074	6	56
Prepaid tax	46,656	11,019	–	–
	47,675	12,093	6	56

19. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not restricted in use	102,420	369,211	17,089	–
Cash pledged for bank facilities	1,500	1,500	1,500	–
Cash at end of the year	103,920	370,711	18,589	–
Interest earning balances	69,041	313,321	–	–

The rate of interest for the cash on interest earning accounts is between 0.50% and 9.75% (2013: 0.25% and 8.0%) per annum.

For the purpose of presenting the statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2014	2013
	$'000	$'000
Amount as shown above	103,920	370,711
Less: cash pledged for bank facilities	(1,500)	(1,500)
Cash and cash equivalents per statement of cash flows	102,420	369,211

19A. Non-cash and other transactions

During the year, there were the following significant non-cash transactions:

1. Units issued as settlement of performance fee element of the Manager's management fees (Note 7); and

2. Units issued as payment for consideration in relation to the acquisition of Lippo Mall Kemang (Note 20).

Notes to the Financial Statements (Cont'd)

31 December 2014

20. TOTAL UNITHOLDERS' FUNDS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net assets attributable to unitholders at beginning of the year	1,009,551	1,230,895	1,107,365	1,058,751
Net assets attributable to unitholders at end of the year	1,149,730	1,009,551	1,173,318	1,107,365
Units in issue (Note 21)	2,701,802,668	2,453,307,080	2,701,802,668	2,453,307,080
Net assets attributable to unitholders per unit (in cents)	42.55	41.15	43.43	45.14

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Issues in 2014:

Pursuant to the approval from the unitholders at the extraordinary general meeting held on 12 November 2014, the Trust acquired Lippo Mall Kemang, which is located in Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia, for a total purchase consideration of $362,000,000, from PT Almaron Perkasa. PT Almaron Perkasa is an indirect subsidiary of PT Lippo Karawaci Tbk (Sponsor).

The acquisition of Lippo Mall Kemang was carried out by the Trust indirectly via its subsidiaries, namely KMT1 Holdings Pte Ltd, KMT2 Investment Pte Ltd, and PT Kemang Mall Terpadu. The acquisition was funded from the issuance of new units, bank borrowings and the Group's operating cashflows. Management's rationale for the acquisition of Lippo Mall Kemang was to benefit from the strategic acquisition of a prominent retail mall within an integrated development with sustainable retail traffic.

On 17 December 2014, 117,647,000 units ("Placement Units") were issued at an issue price of $0.34 per unit. The Placement Units, upon issue and allotment, rank pari passu in all respect with the units prior to the Placement Units, and are entitled to any distributions from the period from 17 December 2014, being the date on which the Placement Units were issued, to 31 December 2014, as well as all distributions thereafter.

On 19 December 2014, 118,421,052 units were issued at an issue price of $0.38 per unit ("Consideration Units") as part of the consideration for the acquisition of Lippo Mall Kemang. The Consideration Units are not entitled to participate in the distribution of any distributable income accrued by the Trust for the period from the date of issue of the Consideration Units to 31 December 2014. From 1 January 2015, the Consideration Units will rank pari passu in all respect with the existing units, including the right to any distributions which may be paid thereafter. The unit issue expenses totalled $1,855,000.

Notes to the Financial Statements (Cont'd)

31 December 2014

20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

Issues in 2013:

In connection with the acquisitions of Pejaten Village and Binjai Supermall, acquisition fees paid to the Manager pursuant to the Property Funds Guidelines and the Trust Deed were in the form of units. The Manager elects to receive the Pejaten Village and Binjai Supermall acquisition fees in units based on the volume weighted average traded price for all trades done on SGX-ST for the period of 10 business days immediately preceeding the completion dates of the respective acquisition, as disclosed in the Circular to Unitholders of LMIR Trust dated 26 November 2012.

On 7 October 2013, 2,028,496 Units have been issued, at an issue price of $0.4684 per unit, as full payment of the Pejaten Village acquisition fee of $950,148 and 629,344 Units have been issued, at an issue price of $0.4732 per unit, as full payment of the Binjai Supermall acquisition fee of $297,806. The total units issued were 2,657,840 (Note 21).

A total number of 246,913,000 new Units were issued on 28 November 2013 at an issue price of $0.405 per new Unit. The unit issue expenses totalled $2,256,000. The new units, upon issue and allotment, rank pari passu in all respect with the Units of the Trust.

Issuable at end of the reporting year:

At the end of the reporting year, 4,001,835 (2013: 3,121,424) units and 10,622,065 (2013: Nil) units are issuable as settlement for the performance fee element of the Manager's management fees for the last quarter of the reporting year (Note 7), and for the acquisition fee for purchase of Lippo Mall Kemang respectively. The new units, upon issue and allotment, rank pari passu in all respect with the units of the Trust.

The issue price for determining the number of units issued and issuable as Manager's management fees and acquisition fees is calculated based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

Each unit in the Trust presents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- receive audited financial statements and the annual report of the Trust; and
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceed its assets.

Under the Trust Deed, every unit carries the same voting rights.

Notes to the Financial Statements (Cont'd)

31 December 2014

20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

Capital management:

The objectives when managing capital are: to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders, and to provide an adequate return to unitholders by pricing services commensurately with the level of risk. The Manager sets the amount of capital in proportion to risk. The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in economic conditions and the risk characteristics of the underlying assets. Please refer to Note 12 on the distribution policy.

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the registrars frequently on substantial unit interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST requirement on the 10% limit throughout the year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 35% of the Group's deposited property. It was 31.1% (2013: 34.3%) as at the end of the reporting year. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public. The Group met the aggregate leverage ratio as at the end of the reporting year.

21. UNITS IN ISSUE

	Group and Trust	
	2014	2013
Units at beginning of the year	2,453,307,080	2,191,798,619
Manager's management fees settled in units	12,427,536	11,937,621
Manager's acquisition fees settled in units	–	2,657,840
Issuance of new units (Note 20)	236,068,052	246,913,000
Units at end of the year	2,701,802,668	2,453,307,080

Notes to the Financial Statements (Cont'd)

31 December 2014

22. OTHER FINANCIAL LIABILITIES

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loan (secured) (Note 22A)	155,000	–	155,000	–
Less: Unamortised transaction costs	(3,527)	–	(3,527)	–
	151,473	–	151,473	–
Derivatives financial instruments (Note 26)	–	344	–	344
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 22B)	275,000	475,000	–	–
Less: Unamortised transaction costs	(2,596)	(6,595)	–	–
	272,404	468,405	–	–
Finance lease (Note 22C)	1,488	1,411	–	–
Non-current, total	425,365	470,160	151,473	344
Current:				
Financial instruments with floating interest rates:				
Bank loan (secured) (Note 22A)	–	147,500	–	147,500
Less: Unamortised transaction costs	–	(1,436)	–	(1,436)
	–	146,064	–	146,064
Derivatives financial instruments (Note 26)	146	550	146	550
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 22B)	200,000	–	–	–
Less: Unamortised transaction costs	(1,045)	–	–	–
	198,955	–	–	–
Finance lease (Note 22C)	39	36	–	–
Current, total	199,140	146,650	146	146,614
Total	624,505	616,810	151,619	146,958

Notes to the Financial Statements (Cont'd)

31 December 2014

22. OTHER FINANCIAL LIABILITIES (CONT'D)

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
The non-current portion is repayable as follows:				
Due within 2 to 5 years	425,365	469,188	151,473	344
After 5 years	–	972	–	–
Total non-current portion	425,365	470,160	151,473	344

The range of floating interest rates paid per annum was as follows:

	Group and Trust	
	2014	2013
Bank loan (secured)	3.70% to 4.15%	4.15% to 4.29%

The ranges of fixed interest rates paid per annum were as follows:

	Group	
	2014	2013
Medium term notes (unsecured)	4.25% to 5.875%	4.25% to 5.875%
Finance lease	14%	14%

The weighted effective interest rates paid per annum were as follows:

	Group		Trust	
	2014	2013	2014	2013
Bank loan (unsecured)	4.28%	6.76%	4.28%	6.76%
Medium term notes (unsecured)	5.36%	5.41%	–	–

Notes to the Financial Statements (Cont'd)

31 December 2014

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22A. Bank loan (secured)

The bank loan of $147,500,000 was fully repaid in January 2014. Interest was payable quarterly at the swap offer rate ("SOR") plus a margin. However, as described in Note 26A, an interest rate swap had been entered into that partially converted interest rates to fixed rates.

In December 2014, the Trust draw down on its secured bank loan facility of $155,000,000, maturing in December 2018 at an interest rate of 3.0% per annum plus SGD swap offer rate ("SOR").

The bank loan agreement provides among other matters for the following:

(i) The Trust to procure that none of its subsidiaries will create or have any outstanding security over the relevant retail malls and spaces, the shares and the charged assets (collectively "Relevant Assets"). The carrying amount of the relevant assets at the end of the reporting year was $478,872,000 (2013: $462,811,000).

(ii) The Trust shall not without prior consent in writing from the lender:

   (a) sell, transfer or dispose any of the Relevant Assets on terms whereby they are leased or re-acquired by any other members of the Group;

   (b) sell, transfer or dispose any of its receivables in relation to the Relevant Assets on recourse terms;

   (c) enter into any arrangement in relation to the Relevant Assets, under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; and

   (d) enter into any preferential arrangement in relation to the Relevant Assets having a similar effect;

in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset.

The bank loan is at floating rates of interest. The fair value (Level 2) of the bank loan is reasonable approximation of the carrying amount as it is a floating rate instrument that is frequently re-priced to market interest rates.

22B. Medium term notes (unsecured)

On 25 June 2012, a wholly-owned subsidiary, LMIRT Capital Pte Ltd ("LMIRT Capital") established a $750,000,000 Guaranteed Euro Medium Term Note Programme ("EMTN Programme"). Under this EMTN Programme, LMIRT Capital may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches. Each series or tranche of notes may be issued in various currencies and tenor, and may bear fixed, floating or variable rates of interest. Zero coupon notes, Dual currency notes, or Index Linked notes may also be issued under the EMTN Programme. All sum payable in respect of the notes will be unconditionally and irrevocably guaranteed by the Trustee.

The total facility drawn down by the Group as at 31 December 2014 under the EMTN Programme is $475,000,000 (2013: $475,000,000), consisting of:

(i) $200,000,000 4.88% notes due 2015. The $200,000,000 notes were issued on 6 July 2012 and will mature on 6 July 2015 and bear a fixed interest rate of 4.88% per annum payable semi-annually in arrears;

(ii) $50,000,000 5.875% notes due 2017. The $50,000,000 notes were issued on 6 July 2012 and will mature on 6 July 2017 and bear a fixed interest rate of 5.875% per annum payable semi-annually in arrears;

(iii) $75,000,000 4.48% notes due 2017. The $75,000,000 notes were issued on 28 November 2012 and will mature on 28 November 2017 and bear a fixed interest rate of 4.48% per annum payable semi-annually in arrears; and

(iv) $150,000,000 4.25% notes due 2016. The $150,000,000 notes were issued on 4 October 2013 and will mature on 4 October 2016 and bear a fixed rate of 4.25% per annum payable semi-annually in arrears.

The fair value of the fixed rate notes (Level 1) is $479,999,000 (2013: $480,348,000).

The notes were listed on the Singapore Exchange Securities Trading Limited.

Notes to the Financial Statements (Cont'd)

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22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance lease

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2014			
Minimum lease payments payable:			
Due within one year	41	(2)	39
Due within 2 to 5 years	664	(85)	579
Due after 5 years	1,240	(331)	909
Total	1,945	(418)	1,527

	Minimum payments $'000	Finance charges $'000	Present value $'000
2013			
Minimum lease payments payable:			
Due within one year	38	(2)	36
Due within 2 to 5 years	576	(137)	439
Due after 5 years	1,306	(334)	972
Total	1,920	(473)	1,447

Finance lease represents Build, Operate and Transfer ("BOT") fees payable.

PT Cibubur Utama ("Cibubur") entered into a BOT agreement with Perusahaan Daerah Pembangunan Sarana Jaya DKI Jakarta ("Sarana"). Cibubur has the right to build, operate and transfer the property for a period of 20 years commencing July 2005 and the first priority to extend the agreement.

Cibubur has the following payment obligations to Sarana:

(a) US$2,260,000 including VAT that is to be paid by instalments from the year 2004 until 2024 as follows:

(i) US$75,500 per year for the first 5 years;

(ii) US$100,500 per year for the second 5 years;

(iii) US$125,500 per year for the third 5 years; and

(iv) US$150,500 per year for the fourth 5 years.

The pegged rate of payment shall be US$1 equal to Rp. 8,500.

Notes to the Financial Statements (Cont'd)

31 December 2014

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance lease (Cont'd)

(b) Goodwill compensation of Rp.1,500,000,000 that was paid as follows:

(i) Rp.500,000,000 was paid on 20 December 2004; and

(ii) Rp.1,000,000,000 was paid from 2005 until 2009 in 5 instalments of Rp.200,000,000 per year with the first instalment commencing 1 February 2005.

(c) Monitoring fee of Rp.5,000,000 per month including VAT that is to be paid quarterly on 15 January, 15 April, 15 July and 15 October from 2004 until 2024.

PT Duta Wisata Loka ("PT DWL") entered into a BOT agreement with Governor of Special City of Jakarta. PT DWL has the right to build, operate and transfer the property for a period of 33 years commencing June 1995.

PT DWL has the following payment obligations:

(a) Rp.19,500,000,000 including VAT that is to be paid by instalments from the year 1996 until 2021 as follows:

(i) Rp.1,812,500,000 was paid in 1996;

(ii) Rp.1,993,750,000 was paid in 2001;

(iii) Rp.2,193,125,000 was paid in 2006;

(iv) Rp.4,212,437,500 was paid in 2011;

(v) Rp.4,453,681,250 is to be paid in 2016; and

(vi) Rp.4,834,506,250 is to be paid in 2021.

PT DWL has entered into an agreement with the previous owner of Pluit Village, whereby the previous owner has agreed to undertake the payment portion of the fee of Rp.732,050,000 in 2016 and Rp.805,255,000 in 2021.

(b) Goodwill compensation of Rp.500,000,000 that was paid in 1995.

PT Anugrah Prima ("PT AP") entered into a BOT agreement with Regional Government of City of Medan. PT AP has the right to build, operate and transfer the property for a period of 25 years commencing July 2002.

PT AP has the following payment obligations:

(a) US$1,089,770 including VAT that is to be paid by instalments of US$49,535 per year from the year 2005 until 2026.

(b) Goodwill compensation of US$99,070 that was paid as follows:

(i) US$84,000 was paid in 2002; and

(ii) US$15,070 was paid in 2003.

PT Palembang Paragon Mall ("PT PPM") entered into a BOT agreement with South Sumatera Provincial Government. PT PPM has the right to build, operate and transfer the property for a period of 30 years commencing January 2011.

Notes to the Financial Statements (Cont'd)

31 December 2014

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance lease (Cont'd)

PT PPM has the following payment obligations:

(a) Rp.3,750,000,000 that is to be paid by instalments from year 2011 until 2040 as follows:

(i) Rp.100,000,000 per year for the first 5 years;

(ii) Rp.110,000,000 per year for the second 5 years;

(iii) Rp.120,000,000 per year for the third 5 years;

(iv) Rp.130,000,000 per year for the fourth 5 years;

(v) Rp.140,000,000 per year for the fifth 5 years; and

(vi) Rp.150,000,000 per year for the sixth 5 years.

(b) 40% retribution tax from the net parking income received by PT PPM each year.

The fixed rate of interest for finance lease is 14% per year. The finance lease is on fixed repayment term and no arrangements have been entered into for contingent rental payments.

The carrying amount of the lease liabilities is not significantly different from the fair value.

23. OTHER LIABILITIES, NON-CURRENT

	Group	
	2014	2013
	$'000	$'000
Deferred income	86,009	80,324

This is for the rental received in advance from certain tenants.

24. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	20,998	11,874	11,616	3,458
Related parties (Note 3)	37,958	267	–	–
Subtotal	58,956	12,141	11,616	3,458
Other payables:				
Loan payable to a subsidiary [(1)]	–	–	480,738	335,152
Subsidiaries (Note 3)	–	–	116,109	45,451
Other payables	12,026	12,081	457	457
Subtotal	12,026	12,081	597,304	381,060
Total trade and other payables, current	70,982	24,222	608,920	384,518

(1) This amount is loan payable to LMIRT Capital Pte Ltd of $480,738,000 (2013: $335,152,000) (Note 22B). The loan payable agreements provide that they are unsecured, with fixed interest rates ranging from 4.25% to 5.875% (2013: 4.25% to 5.875%) per annum and repayable on demand. The carrying amount is a reasonable approximation of fair value (Level 2).

Notes to the Financial Statements (Cont'd)

31 December 2014

25. OTHER LIABILITIES, CURRENT

	Group	
	2014	2013
	$'000	$'000
Security deposits from tenants	28,618	24,664

26. DERIVATIVES FINANCIAL INSTRUMENTS

The table below summarises the fair value of derivatives engaged into at the end of year. All derivatives are not designated as hedging instruments.

	Group and Trust	
	2014	2013
	$'000	$'000
Assets – Derivatives with positive fair values:		
Currency option contracts (Note 26B)	116	643
Non-current portion	–	128
Current portion	116	515
	116	643
Liabilities – Derivatives with negative fair values:		
Interest rate swap (Note 26A)	–	(312)
Currency option contracts (Note 26B)	(146)	(582)
	(146)	(894)
Non-current portion (Note 22)	–	(344)
Current portion (Note 22)	(146)	(550)
	(146)	(894)
The movements during the year were as follows:		
Balance at beginning of year	(251)	(9,743)
Gains recognised in profit or loss	221	9,492
Total net balance at end of the year	(30)	(251)

The maximum exposure to credit risk at the reporting date is the fair value of derivative assets.

26A. Interest rate swap

The notional amount of interest rate swaps for 2013 was $75,000,000. The Group paid a fixed rate interest at 1.05% per annum and received a variable rate equal to the swap offer rate ("SOR") on the notional contract amount (Level 2). The interest rate swap expired on 22 June 2014.

Notes to the Financial Statements (Cont'd)

31 December 2014

26. DERIVATIVES FINANCIAL INSTRUMENTS (CONT'D)

26B. Currency option contracts

	Principal 2014	Principal 2013	Reference currency	Maturity	Fair value 2014	Fair value 2013
	$'000	$'000			$'000	$'000
Currency Option Contracts	3,556	17,340	Indonesian Rupiah	Feb 2014 - Feb 2015	109	643
Currency Option Contracts	10,134	49,419	Indonesian Rupiah	Feb 2014 - Feb 2015	7	(71)
Currency Option Contracts	10,134	49,419	Indonesian Rupiah	Feb 2014 - Feb 2015	(146)	(511)
	23,824	116,178			(30)	61

The purpose of the currency option contracts is to mitigate the fluctuation of income denominated in Indonesian Rupiah arising from (i) dividends received or receivable by the Singapore subsidiaries, and (ii) capital receipts from repayment of shareholders loan to Singapore subsidiaries.

Currency derivatives are utilised to hedge significant future transactions and cash flows. The Trust is a party to a variety of foreign currency options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currency of the entity's principal market. As a matter of principle, the Trust does not enter into derivative contracts for speculative purposes.

26C. Fair values of derivatives financial instruments

The derivatives financial instruments are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

The fair value (Level 2) of currency option contracts is based on option model. The valuation technique uses market observable inputs including forward rate curves and annualised volatility of exchange rate.

In 2013, the fair value (Level 2) of interest rate swap was measured on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The valuation technique used market observable inputs including interest rate curves.

27. FINANCIAL RATIOS

	Group 2014	Group 2013	Trust 2014	Trust 2013
Expenses to average net assets ratio – excluding performance related fee [(1)]	0.56%	0.53%	0.52%	0.55%
Expenses to average net assets ratio – including performance related fee [(1)]	1.02%	1.05%	0.96%	1.08%
Portfolio turnover ratio [(2)]	–	–	–	–

(1) The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group and Trust levels excluding any property related expenses, borrowing costs, foreign exchange losses (gains), tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

Notes to the Financial Statements (Cont'd)

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28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

28A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	103,920	370,711	18,589	–
Loans and receivables	19,893	14,893	192,095	257,199
Financial assets at fair value through profit or loss designated as such upon initial recognition	116	643	116	643
At end of the year	123,929	386,247	210,800	257,842
Financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	146	894	146	894
Measured at amortised cost:				
- Borrowings	622,832	614,469	151,473	146,064
- Trade and other payables	70,982	24,222	608,920	384,518
- Finance lease	1,527	1,447	–	–
At end of the year	695,487	641,032	760,539	531,476

Further quantitative disclosures are included throughout these financial statements.

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks and actions to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off -setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. Enter into derivatives or any other similar instruments solely for hedging purposes.
4. All financial risk management activities are carried out and monitored by senior management staff.
5. All financial risk management activities are carried out following good market practices.
6. May consider investing in shares, bonds or similar instruments.

The Chief Financial Officer of the Manager who monitors the procedures reports to management of the Manager.

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables, and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers are controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 19 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period granted to trade receivables customers is about 30 (2013: 30) days. But some customers take a longer period to settle the amounts.

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2014	**2013**
	$'000	**$'000**
Trade receivables:		
Less than 30 days	410	390
31 to 60 days	191	189
Over 61 days	1,485	1,010
At end of year	2,086	1,589

The allowance totalling $310,000 (2013: $298,000) is based on individual accounts that are determined to be impaired at the reporting year end date. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

There is no concentration of credit risk with respect to trade receivables, as there are a large number of tenants.

Revenue from the Group's top customer amounted to $15,995,000 (2013: $15,155,000) of the Group's total revenue.

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28E. Liquidity risk – financial liabilities maturity analysis

The following table analyses non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities:					
2014					
Group					
Gross borrowings commitments	223,409	302,160	160,501	–	686,070
Gross finance lease obligations	41	397	267	1,240	1,945
Trade and other payables	70,982	–	–	–	70,982
At end of the year	294,432	302,557	160,768	1,240	758,997
Trust					
Gross borrowings commitments	5,737	11,473	160,501	–	177,711
Trade and other payables	608,920	–	–	–	608,920
At end of the year	614,657	11,473	160,501	–	786,631

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities:					
2013					
Group					
Gross borrowings commitments	172,717	378,809	129,561	–	681,087
Gross finance lease obligations	38	387	189	1,306	1,920
Trade and other payables	24,222	–	–	–	24,222
At end of the year	196,977	379,196	129,750	1,306	707,229
Trust					
Gross borrowings commitments	150,285	–	–	–	150,285
Trade and other payables	384,518	–	–	–	384,518
At end of the year	534,803	–	–	–	534,803

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28E. Liquidity risk – financial liabilities maturity analysis (Cont'd)

The following table analyses the derivative financial liabilities by remaining contractual maturity:

	Less than 1 year	1 to 3 years	Total
	$'000	$'000	$'000
Derivative financial liabilities:			
2014:			
Group and Trust			
Net settled:			
Currency option contracts	(30)	–	(30)
At end of the year	(30)	–	(30)

	Less than 1 year	1 to 3 years	Total
	$'000	$'000	$'000
Derivative financial liabilities:			
2013:			
Group and Trust			
Net settled:			
Currency option contracts	(278)	216	(62)
Interest rate swap	312	–	312
At end of the year	34	216	250

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short-term durations. Apart from the classification of the assets in the statement of financial position, no further analysis is deemed necessary.

A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management of Manager to assist in monitoring the liquidity risk. The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities which are both fixed rate and floating rate. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Trust	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities with interest:				
Fixed rates	472,886	469,852	–	–
Floating rates	151,473	146,064	151,473	146,064
Total at end of the year	624,359	615,916	151,473	146,064

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

A proactive interest rate management policy has been adopted to manage the risk associated with the changes in interest rates on the Group's loan facilities.

For 2013, the Group had minimised the level of interest rate risk by locking 51% of its bank borrowings at fixed rates as described in Notes 22A and 26A. The interest rate swap expired in 2014. Subsequent to the year-end, several interest rate swap contracts had been entered into by the Trust to convert the floating interest rate to fixed rate (Note 33(ii)).

The Group does not designate interest rate derivatives as hedging instruments under a fair value hedge accounting model as described in Note 2. The derivatives are carried at fair value, changes in the fair value are recognised directly in the profit or loss. However, there is no impact to distributable income until realised.

Sensitivity analysis:

	Group	
	2014	**2013**
	$'000	**$'000**
Financial liabilities:		
A hypothetical variation in interest rates by 10 basis points with all other variables held constant, would have an increase/decrease in total return before tax for the year by	155	73

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	Singapore Dollars	United States Dollars	Total
	$'000	$'000	$'000
Group			
2014:			
Financial Assets:			
Cash and cash equivalents	17,463	323	17,786
Total financial assets	17,463	323	17,786
Financial Liabilities:			
Other financial liabilities	–	–	–
Net financial assets at end of the year	17,463	323	17,786

	Singapore Dollars	United States Dollars	Total
	$'000	$'000	$'000
2013:			
Financial Assets:			
Cash and cash equivalents	80,400	480	80,880
Total financial assets	80,400	480	80,880
Financial Liabilities:			
Other financial liabilities	–	–	–
Net financial assets at end of the year	80,400	480	80,880

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28G. Foreign currency risk (Cont'd)

	Indonesian Rupiah
	$'000
Trust	
2014:	
Financial Assets:	
Trade and other receivables	139,152
Financial Liabilities:	
Trade and other payables	12,622
Net financial assets at end of the year	126,530
2013:	
Financial Assets:	
Trade and other receivables	134,855
Financial Liabilities:	
Trade and other payables	14,391
Net financial assets at end of the year	120,464

There is exposure to foreign currency risk as part of its normal business. In particular, there is significant exposure to Indonesian Rupiah currency risk due to the operations of the malls in Indonesia. In this respect, foreign currency contracts are entered into to take into consideration of anticipated revenues in Indonesian Rupiah over operating expenses. Notes 26B and 26C illustrate the foreign currency derivatives in place at end of the reporting year.

Sensitivity analysis:

	Group	
	2014	2013
	$'000	$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency IDR against USD with all other variables held constant would have an adverse effect on total return before tax of	(32)	(48)
A hypothetical 10% strengthening in the exchange rate of the functional currency IDR against SGD with all other variables held constant would have an adverse effect on total return before tax of	(1,746)	(8,040)

Notes to the Financial Statements (Cont'd)

31 December 2014

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28G. Foreign currency risk (Cont'd)

Sensitivity analysis: (Cont'd)

	Trust	
	2014	2013
	$'000	$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency SGD against IDR with all other variables held constant would have an adverse effect on total return before tax of	(12,653)	(12,046)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure. The analysis above has been carried out without taking into consideration hedged transactions.

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction on the profit or loss and reserves.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

29. CAPITAL COMMITMENTS

Estimated amounts committed at end of reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2014	2013
	$'000	$'000
Commitments for purchase of plant and equipment and assets enhancements in retail malls	3,517	1,462

In addition, the Manager has entered into non-binding memorandum of understanding ("MOU") at Listing Date (19 November 2007) with a third party owner, PT Pakuwon Permai for the acquisition of Supermal Pakuwon Indah and Pakuwon Trade Center.

There has been no progress on this MOU.

Notes to the Financial Statements (Cont'd)

31 December 2014

30. OPERATING LEASE INCOME COMMITMENTS – AS LESSEE

At the end of reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Not later than one year	95,421	73,861
Later than one year and not later than five years	203,932	143,920
More than five years	123,509	104,783
Rental income for the year (Note 4)	115,096	122,663

The Trust has no operating lease income commitments at the end of the reporting year.

The Group has entered into commercial property leases for retail malls and spaces. The lease rental income terms are negotiated for an average term of five to ten years for anchor tenants and an average of three to five years for speciality tenants. These leases are cancellable with conditions and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed to a certain percentage.

On 18 October 2007, each of the Indonesian subsidiaries that are owners of retail spaces ("Retail Spaces Property Companies") (as landlord) and the Master Lessee (as tenant) entered into a Master Lease Agreement, pursuant to which the retail spaces were leased to the Master Lessee in accordance with the terms and conditions of the Master Lease Agreements. The term of each of the Master Lease Agreements is for 10 years with an option for the Master Lessee to renew for a further term of 10 years based on substantially the same terms and conditions, except for renewal rent. The renewal rent for the further term shall be at the then prevailing market rent, as may be agreed by the relevant landlord and the Master Lessee in good faith. If there is no agreement by the relevant landlord and the Master Lessee on such prevailing market rent, the relevant landlord and the Master Lessee may refer the determination of the prevailing market rent to an independent property valuer or valuers.

Upon the completion of the acquisition of Lippo Mall Kemang, the Group would enter into 3 Master Lease Agreements, pursuant to which certain retail spaces of Lippo Mall Kemang were leased to the Sponsor Lessees for guaranteed rental receivable, in accordance with the terms and conditions of the Master Lease Agreements. The Master Lease Agreements were valid for a period of 3 years with an option for the Sponsor Lessees to renew for a further term of 2 years based on substantially the same terms and conditions.

31. OTHER MATTERS

(i) Right of First Refusal ("ROFR")

On 14 August 2007, an agreement was entered into between the Trustee and the Sponsor pursuant to which the Sponsor granted the Trust, for so long as (a) LMIRT Management Ltd remains the Manager of the Trust; and (b) the Sponsor and/or any of its related corporations, alone or in aggregate, remains a controlling shareholder of the Manager; a ROFR over any retail properties located in Indonesia (each such property to be known as a "Relevant Asset"): (i) which the Sponsor or any of its subsidiaries (each a "Sponsor Entity") proposes to sell or transfer (whether such Relevant Asset is wholly-owned or partly-owned by the Sponsor Entity and excluding any sale of Relevant Asset by a Sponsor Entity to any related corporation of such Sponsor Entity pursuant to a reconstruction, amalgamation, restructuring, merger or any analogous event) to an unrelated third party; or (ii) for which a proposed offer for sale or transfer of such Relevant Asset has been made to a Sponsor Entity.

At statements of financial position date, the scope of the ROFR encompasses two Indonesia properties, namely Kuta Beach Mall and Puri "Paragon City". Some of these properties are currently under development by the Sponsor and/or its subsidiaries.

Notes to the Financial Statements (Cont'd)

31 December 2014

31. OTHER MATTERS (CONT'D)

(ii) Build, Operate and Transfer ("BOT") Agreements

Plaza Semanggi

An Indonesian Retail Mall Property Company, PT Primatama Nusa Indah ("PT Primatama") entered into a BOT agreement with Yayasan Gedung Veteran Republik Indonesia ("Yayasan Veteran"). PT Primatama has the right to build, operate and transfer the property for a period of 30 years commencing July 2004. The BOT agreement can be extended automatically for another 20 years under the same terms and conditions of the current lease with at least 6 months prior written notice, and to such notice, Yayasan Veteran has to automatically grant its approval for the extension.

PT Primatama shall pay to Yayasan Veteran annually 5% of its gross income from the lease of premises and parking spaces (excluding taxes) of each year, commencing from the date of commencement of operations to the 15th year.

From the 16th year (2020), PT Primatama shall pay Yayasan Veteran 10% of its gross income from the lease of premises and parking spaces (excluding taxes) for each year.

Bandung Indah Plaza

An Indonesia Retail Mall Property Company, PT Megah Semesta Abadi ("PT Megah") entered into a BOT agreement with Perusahaan Daerah (PD) Jasa dan Kepariwisataan Jawa Barat (previously known as PD Kerta Wisata Jawa Barat) ("PDJK"). PT Megah has been granted the right to build, operate and transfer the property up to 31 December 2030. If PDJK does not intend to manage the building and facilities, PDJK will give first option to PT Megah to become a partner of PDJK under a new agreement. PDJK must notify the PT Megah on whether or not it has the intention to operate the building and facilities. This notification must be provided at least 6 months prior to expiration of the BOT agreement. BOT agreement cannot be assigned without prior approval.

PT Megah has the following obligations to PDJK:

(a) Revenue sharing for shopping centre I for the period from 19 August 1992 to 31 December 2030 at 2% of the rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced in May 2008;

(b) Revenue sharing for shopping centre II for the period 1 May 1994 to 31 December 2030 at 2% of rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced in May 2008;

(c) 5% of net operational profits, commenced in August 1995;

(d) 5% of net income from rental of open areas, promotional spaces and corridors commenced in August 2005;

(e) Profit sharing with respect to parking spaces from August 2005 at 40% of parking net income after deducting contribution to Parking Management Institution (Badan Pengelola Perparkiran – "BPP") and other expenses, VAT of 10%, interest expense, depreciation of parking facility, with maximum threshold of the expenses is 76% of rental income, provided that if the VAT no longer prevails or the government changes the figure of the VAT then the percentage of expenses will be mutually agreed by both parties;

(f) Both PT Megah and PDJK will share the net rental revenue of the cinema up to August 2020 based on 50% ratio each. Profit share after 2020 will be determined later; and

(g) The revenue sharing for commercial space is at 2% of the rental income of commercial space per year and shall increase 0.25% every 4 years. The increase commenced in May 2008.

Notes to the Financial Statements (Cont'd)

31 December 2014

32. CONTINGENT MATTER

Matter in relation to Pluit Village

In 2010, PT Carrefour Indonesia (now known as PT Trans Retail Indonesia ("PT TRI") filed a claim against PT Duta Wisata Loka ("PT DWL"), owner of Pluit Village and acquired by the Trust in December 2011, before the District Court of North Jakarta for a violation of its lease agreement ("Carrefour case").

On 19 December 2012, PT DWL and PT TRI entered into a settlement agreement, of which both parties had submitted relevant court papers withdrawing/dropping the cases and/or any appeals in relation to the Carrefour case and settling any claim of losses out of court. The revocation of confiscation of Land Certificate No. 7073 (Pluit Village) had been undertaken in accordance with the provisions of the law in Indonesia, in order to effect the implementation of the settlement agreement agreed upon by the parties. PT TRI had resumed it business in Pluit Village in June 2013 in view of such settlement.

In order to mitigate the risks relating to the Carrefour case, during the acquisition of PT DWL, the Trustee obtained indemnities from PT Metropolis Propertindo Utama ("PT MPU") under the Pluit Village Deed of Indemnity for all and any losses which the Trust may suffer as a result of such case.

33. EVENTS AFTER THE END OF THE REPORTING YEAR

(i) On 12 February 2015, a final distribution of 0.71 cents per unit was declared totalling $17,596,000, in respect of the quarter ended 31 December 2014.

(ii) Subsequent to the year-end, several interest rate swap contracts had been entered into by the Trust to convert the floating interest rate to the fixed rate, ranging from 1.85% to 1.88% per annum, for a total notional amount of $155,000,000. The contracts would expire on 16 December 2018.

(iii) Subsequent to the year-end, the Trust entered into 3 foreign currency option contracts to take into consideration the anticipated revenues in Indonesian Rupiah over operating expenses. The total notional amount of the contracts amounted to $258,161,000, and would expire on 15 February 2017.

34. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

Notes to the Financial Statements (Cont'd)

31 December 2014

35. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions (*)	1 July 2014
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102, Share-based Payment FRS 103, Business Combinations FRS 108, Operating Segments FRS 113, Fair Value Measurement FRS 16, Property, Plant and Equipment FRS 24, Related Party Disclosures FRS 38, Intangible Assets	1 July 2014
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 103, Business Combinations FRS 113, Fair Value Measurement FRS 40, Investment Property	1 July 2014
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	Regulatory Deferral Accounts (*)	1 January 2016
Various	Improvements to FRSs (November 2014)	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

(*) Not relevant to the entity.

Notes to the Financial Statements (Cont'd)

31 December 2014

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

37. LISTING OF INVESTMENTS IN SUBSIDIARIES

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

	Cost	
	2014	2013
Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	$'000	$'000
Singapore		
Gajah Mada Investments Pte Ltd Investment holding	83,789	84,173
Mal Lippo Investments Pte Ltd Investment holding	61,980	62,784
Cibubur Holdings Pte Ltd Investment holding	66,568	68,380
Tangent Investments Pte Ltd Investment holding	91,384	93,129
Magnus Investments Pte Ltd Investment holding	99,040	98,897
Elok Holdings Pte Ltd Investment holding	45,084	45,518
PS International Holdings Pte Ltd Investment holding	162,159	164,521
Great Properties Pte Ltd Investment holding	46,021	46,021
Grace Capital Pte Ltd Investment holding	23,132	25,946
Realty Overseas Pte Ltd Investment holding	20,546	20,546
Java Properties Pte Ltd Investment holding	19,327	19,613
Serpong Properties Pte Ltd Investment holding	17,790	18,502
Metropolis Properties Pte Ltd Investment holding	26,853	27,241
Matos Properties Pte Ltd Investment holding	20,785	21,004
Detos Properties Pte Ltd Investment holding	20,767	21,018
Palladium Properties Pte Ltd Investment holding	21,573	21,573
Madiun Properties Pte Ltd Investment holding	25,310	25,624

Notes to the Financial Statements (Cont'd)

31 December 2014

37. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2014 $'000	Cost 2013 $'000
Singapore		
GMP International Holdings Pte Ltd Investment holding	765	765
MLC Holdings Pte Ltd Investment holding	765	765
CJ Retail Investments Pte Ltd Investment holding	89	89
Maxia Investments Pte Ltd Investment holding	535	535
Fenton Investments Pte Ltd Investment holding	1,256	1,256
EP International Investments Pte Ltd Investment holding	60	60
Plaza Semanggi Investments Pte Ltd Investment holding	161	161
PV International Holdings Pte Ltd Investment holding	172,935	172,822
Pluit Village Investments Pte Ltd Investment holding	29,189	29,189
PMF Holdings Pte Ltd Investment holding	51,648	56,226
Plaza Medan Investments Pte Ltd Investment holding	1*	1*
PSX Holdings Pte Ltd (previously known as Novicio Investment Pte Ltd) Investment holding	12,614	13,287
Palembang Square Holdings Pte Ltd (previously known as Elsinor Investment Pte Ltd) Investment holding	61,193	61,891
Taminis Holdings Pte Ltd (previously known as Estilo Investment Pte Ltd) Investment holding	20,054	20,340
Kramati Holdings Pte Ltd (previously known as Ultimo Investment Pte Ltd) Investment holding	41,866	44,144
Binjaimall Holdings Pte Ltd (previously known as Sagacity Investment Pte Ltd) Investment holding	30,161	30,382
Pejaten Holdings Pte Ltd (previously known as Requis Investment Pte Ltd) Investment holding	89,622	91,193
Maxi Magna Investment Pte Ltd Investment holding	1*	1*
Pejatenmall Investment Pte Ltd (previously known as Gaillard Investment Pte Ltd) Investment holding	1*	1*

Notes to the Financial Statements (Cont'd)

31 December 2014

37. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2014 $'000	Cost 2013 $'000
Singapore		
Kramat Jati Investment Pte Ltd (previously known as Alegro Investment Pte Ltd) Investment holding	1*	1*
Tamini Square Investment Pte Ltd (previously known as Ayuda Investment Pte Ltd) Investment holding	1*	1*
Palem Square Investment Pte Ltd (previously known as Alcazar Capital Pte Ltd) Investment holding	1*	1*
PSEXT Investment Pte Ltd (previously known as Agrado Investment Pte Ltd) Investment holding	1*	1*
LMIRT Capital Pte Ltd Provision of treasury services	1*	1*
KMT 1 Holdings Pte Ltd Investment holding	362,050	1*
KMT 2 Investment Pte Ltd Investment holding	16,104	1*
Indonesia		
PT Graha Baru Raya Owner of Gajah Mada Plaza	805	805
PT Graha Nusa Raya Owner of Mal Lippo Cikarang	805	805
PT Cibubur Utama Owner of Cibubur Junction	1,772	1,772
PT Megah Semesta Abadi Owner of Bandung Indah Plaza	10,692	10,692
PT Suryana Istana Pasundan Owner of Istana Plaza	25,112	25,112
PT Indah Pesona Bogor Owner of Ekalokasari Plaza	1,208	1,208
PT Primatama Nusa Indah Owner of The Plaza Semanggi	3,222	3,222
PT Manunggal Wiratama Owner of Sun Plaza	9,835	9,835
PT Duta Wisata Loka Owner of Pluit Village	30,031	30,031
PT Anugrah Prima Owner of Plaza Medan Fair	14,630	14,630
PT Amanda Cipta Utama Owner of Binjai Supermall	6,270	6,270

Notes to the Financial Statements (Cont'd)

31 December 2014

37. LISTING OF INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2014 $'000	Cost 2013 $'000
Indonesia		
PT Panca Permata Pejaten Owner of Pejaten Village	15,929	15,929
PT Benteng Teguh Perkasa (previously known as Kramat Jati Indah Plaza) Owner of Lippo Plaza Kramat Jati	10,263	10,263
PT Cahaya Megah Nusantara Owner of Tamini Square	2,566	2,566
PT Jaya Integritas Owner of Palembang Square	2,566	2,566
PT Palembang Paragon Mall Owner of Palembang Square Extension	4,362	4,362
PT Cahaya Bimasakti Nusantara Owner of Palembang Square Extension	2,566	2,566
PT Dinamika Serpong Owner of Mall WTC Matahari Units	805	805
PT Gema Metropolis Modern Owner of Metropolis Town Square Units	805	805
PT Matos Surya Perkasa Owner of Malang Town Square Units	805	805
PT Megah Detos Utama Owner of Depok Town Square Units	805	805
PT Palladium Megah Lestari Owner of Grand Palladium Units	805	805
PT Madiun Ritelindo Owner of Plaza Madiun Units	805	805
PT Java Mega Jaya Owner of Java Supermall Units	805	805
PT Kemang Mall Terpadu Owner of Lippo Mall Kemang	64,417	–

* Amount is less than $1,000.

The subsidiaries incorporated in Indonesia are audited by RSM Aryanto, Amir Jusuf, Mawar & Saptoto (RSM AAJ Associates), a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

The subsidiaries incorporated in Singapore are audited by RSM Chio Lim LLP in Singapore.

The investments include investment in redeemable preference shares that are redeemable at the option of the subsidiaries.

The share certificates of certain subsidiaries are pledged as security for bank facilities (Note 22A).

Related Party Transactions

Year ended 31 December 2014

The transactions entered into with related parties during the financial year, which fall under the Listing Manual and the CIS Code, are as follows:

Name of Related Party	Aggregate value of all related party transactions during the financial year under review $'000
PT Lippo Karawaci Tbk and its subsidiaries or associates	
- Management fees [1]	9,408
- Acquisitions fees	3,620
- Property management fees	3,478
- Rental revenue	22,001
- Acquisition of Lippo Mall Kemang	362,000
- Indemnity recovery for loss of income	503
HSBC Institutional Trust Services (Singapore) Limited	
- Trustee fee	300

1 For the purposes of Clause 907 of the Listing Manual of the SGX-ST, in arriving at this figure, the market price of the LMIR Trust Units (being the closing price of the Units traded on the SGX-ST on the relevant date of issue of the Units) issued to the Manager for the performance component of its management fees, was used to determine the amount of the aggregate asset management fees paid to the Manager for the period from 1 January 2014 to 31 December 2014. A total of 13,307,947 LMIR Trust Units amounting to an aggregate of S$5,040,225 have been or will be issued to the Manager as payment of the performance component of the asset management fees (as computed pursuant to the Trust Deed) for the period from 1 January 2014 to 31 December 2014. In respect of the period from 1 January 2014 to 31 March 2014, a total of 3,143,222 LMIR Trust Units at issue prices of $0.3954* per Unit, were issued on 15 May 2014 to the Manager. The market price at the date of issue was 41 cents per Unit and the aggregate market value of these Units was S$1,288,721 based on this market price. In respect of the period from 1 April 2014 to 30 June 2014, a total of 3,076,826 LMIR Trust Units at issue prices of $0.4050* per Unit, were issued on 18 August 2014 to the Manager. The market price at the date of issue was 42 cents per Unit and the aggregate market value of these Units was S$1,292,267 based on this market price. In respect of the period from 1 July 2014 to 30 September 2014, a total of 3,086,064 LMIR Trust Units at issue price of $0.4006* per Unit, were issued on 21 November 2014 to the Manager. The market price at the date of issue was 37 cents per Unit and the aggregate market value of these Units was S$1,141,844 based on this market price. In respect of the period from 1 October 2014 to 31 December 2014, a total of 4,001,835 LMIR Trust Units at issue price of $S0.3286* per Unit, will be issued to the Manager in due course. The market price and the aggregate market value of these Units will be announced upon issuance of the units.

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues. Please also see Significant Related Party Transactions on note 3 in the financial statements.

SUBSCRIPTIONS OF LMIR TRUST UNITS

For the financial year ended 31 December 2014, an aggregate of 2,701,802,668 units were issued and subscribed for.

Statistics of Unitholdings

As at 13 March 2015

ISSUED UNITS

There were 2,701,802,668 Units (voting rights: one vote per Unit) issued in LMIR Trust as at 13 March 2015.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	37	0.39	441	0.00
100 - 1,000	206	2.15	201,480	0.01
1,001 - 10,000	3,164	32.97	21,069,973	0.78
10,001 - 1,000,000	6,136	63.94	425,945,039	15.76
1,000,001 and above	53	0.55	2,254,585,735	83.45
TOTAL	**9,596**	**100.00**	**2,701,802,668**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	OCBC SECURITIES PRIVATE LIMITED	718,641,040	26.60
2.	RAFFLES NOMINEES (PTE) LIMITED	321,022,251	11.88
3.	UOB KAY HIAN PRIVATE LIMITED	250,641,337	9.28
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	217,562,934	8.05
5.	DBS NOMINEES (PRIVATE) LIMITED	217,071,212	8.03
6.	LMIRT MANAGEMENT LTD	97,993,616	3.63
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	96,631,505	3.58
8.	DBSN SERVICES PTE. LTD.	57,834,958	2.14
9.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	35,651,000	1.32
10.	KO OON JOO	30,100,000	1.11
11.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	26,173,000	0.97
12.	KGI FRASER SECURITIES PTE LTD	18,597,400	0.69
13.	DB NOMINEES (SINGAPORE) PTE LTD	18,448,671	0.68
14.	BANK OF SINGAPORE NOMINEES PTE. LTD.	13,606,324	0.50
15.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	13,206,630	0.49
16.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	13,150,520	0.49
17.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	10,942,304	0.41
18.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,122,091	0.37
19.	PHILLIP SECURITIES PTE LTD	9,487,835	0.35
20.	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,770,009	0.32
	TOTAL	**2,185,654,637**	**80.89**

Statistics of Unitholdings

As at 13 March 2015

SUBSTANTIAL UNITHOLDERS

(As at 13 March 2015)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd ("BIL")	709,444,940	-
2.	PT. Sentra Dwimandiri ("PTSD")[1]	-	709,444,940[(1)]
3.	PT. Lippo Karawaci Tbk ("LPKR")[2]	-	807,438,556[(2)]
4.	Wealthy Fountain Holdings Inc	183,760,000	-
5.	Shanghai Summit Pte Ltd		203,760,000[(3)]
6.	Tong Jinquan		203,760,000[(4)]

Notes:

1. BIL is controlled by PTSD. PTSD is therefore deemed to be interested in 709,444,940 Units in which BIL has an interest.
2. (i) BIL is controlled by PTSD, which is in turn controlled by LPKR. LPKR is therefore deemed to have an interest in 709,444,940 Units in which BIL has an interest.
   (ii) The Manager, LMIRT Management Ltd is controlled by Peninsula Investment Limited, which in turn, is controlled by LPKR. LPKR is therefore also deemed to be interested in 97,993,616 Units held by the Manager.
3. Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and is therefore deemed to be interested in 183,760,000 units held by Wealthy Fountain Holdings Inc and 20,000,000 units held by Skyline Horizon Consortium Ltd.
4. Tong Jinquan is the sole shareholder of Shanghai Summit Pte Ltd which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly is deemed to be interested in 183,760,000 units held by Wealthy Fountain Holdings Inc and 20,000,000 units held by Skyline Horizon Consortium Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2015)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Albert Saychuan Cheok	400,000	-

FREE FLOAT

Based on the information made available to the Manager as at 13 March 2015, approximately 62.56% of the Units in LMIR Trust are held in the hands of the public. Accordingly Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting of the Unitholders

LIPPO MALLS INDONESIA RETAIL TRUST
(Constituted in the Republic of Singapore
pursuant to a trust deed dated 8 August 2007)

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("**AGM**") of the Unitholders of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**") will be held at Marina Mandarin Singapore, Leo and Capricorn, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Wednesday, 29 April 2015 at 3:00 p.m. to transact the following businesses:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee, HSBC Institutional Trust Services (Singapore) Limited, the Statement by the Manager, LMIRT Management Ltd, and the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2014 together with the Auditors' Report thereon.

(Ordinary Resolution 1)

2. To re-appoint RSM Chio Lim LLP as Auditors of LMIR Trust and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration.

(Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

3. That pursuant to Clause 5 of the trust deed constituting LMIR Trust (the "**Trust Deed**") and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Manager be authorised and empowered to:

(a) (i) issue units in LMIR Trust ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued Units (excluding treasury Units, if any) in LMIR Trust (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to existing Unitholders of LMIR Trust (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per centum (20%) of the total number of issued Units (excluding treasury Units, if any) in LMIR Trust (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting of the Unitholders

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) in LMIR Trust at the time of the passing of this Resolution, after adjusting for:

(a) new Units arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new Units arising from exercising unit options or vesting of unit awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed of LMIR Trust for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting of LMIR Trust, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of LMIR Trust or the date by which the next AGM of LMIR Trust is required by law to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments; and

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued.

(Please see Explanatory Note)

(Ordinary Resolution 3)

4. To transact any other business as may properly be transacted at an AGM.

By Order of the Board
LMIRT Management Ltd
(Company Registration No. 200707703M)
as Manager of Lippo Malls Indonesia Retail Trust

Lynn Wan Tiew Leng
Elizabeth Krishnan
Company Secretaries

Singapore
10 April 2015

Notice of Annual General Meeting of the Unitholders

Explanatory Note:

The Ordinary Resolution (3) in item 3. above, if passed, will empower the Manager from the date of this Meeting until the date of the next AGM of the Unitholders of LMIR Trust, or the date by which the next AGM of the Unitholders of LMIR Trust is required by law to be held or such authority is varied or revoked by LMIR Trust in a general meeting, whichever is the earlier, to issue Units, make or grant instruments convertible into Units and to issue Units pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Units (excluding treasury Units, if any) in LMIR Trust, with a sub-limit of twenty per cent. (20.0%) for issues other than on a *pro rata* basis to Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units in LMIR Trust will be calculated based on the total number of issued Units (excluding treasury Units, if any) in LMIR Trust at the time this Ordinary Resolution is passed after adjusting for new Units arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of unit options or the vesting of unit awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

1. A Unitholder entitled to attend and vote at the AGM of the Unitholders of LMIR Trust is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of LMIR Trust.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. The instrument appointing a proxy must be deposited at the office of LMIR Trust's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by LMIR Trust (or its agents) for the purpose of the processing and administration by LMIR Trust (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for LMIR Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to LMIR Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by LMIR Trust (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify LMIR Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Proxy Form

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

LIPPO MALLS INDONESIA RETAIL TRUST
(Constituted in the Republic of Singapore
pursuant to a trust deed dated 8 August 2007)

IMPORTANT:
1. For investors who have used their CPF monies to buy units in Lippo Malls Indonesia Retail Trust, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2015.

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a Unitholder/Unitholders of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**"), hereby appoint:

Name	**NRIC/ Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/ Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Sixth Annual General Meeting (the "**Meeting**") of Unitholders of LMIR Trust to be held at Marina Mandarin Singapore, Leo and Capricorn, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Wednesday, 29 April 2015 at 3:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Resolutions relating to:**	**No. of votes 'For'***	**No. of votes 'Against'***
1	Report of the Trustee, Statement by the Manager, the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2014 and the Auditors' Report thereon (Ordinary Resolution)		
2	Re-appointment of RSM Chio Lim LLP as Auditors of LMIR Trust and authorise the Manager to fix the Auditors' remuneration (Ordinary Resolution)		
3	Authority to the Manager to issue new Units (Ordinary Resolution)		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ________________ 2015

Total No. of Units in:	**No. of Units**
(a) CDP Register	
(b) Register of Unitholders	

____
Signature of Unitholder(s)/
Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. Please insert the total number of Units held by you. If you have Units entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.

2. A Unitholder of LMIR Trust entitled to attend and vote at a meeting of LMIR Trust is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of LMIR Trust.

3. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, LMIR Trust reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of LMIR Trust's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.

6. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the office of LMIR Trust's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for holding the Meeting.

General:

The Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

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Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 08564

LMIRT MANAGEMENT LTD.
(The Manager of Lippo Malls Indonesia Retail Trust)
c/o Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

2nd fold here

Glue and seal overleaf. Do not staple.

LMIRT MANAGEMENT LTD

50 Collyer Quay, OUE Bayfront #06-07, Singapore 049321
Tel: (65) 6410 9138 Fax: (65) 6509 1824

www.lmir-trust.com